

# SBF National Business Survey 2025 – Manpower and Wages Edition Business Confidence Weakened, with Softening Outlook for Hiring and Wages

*Perception of U.S. tariffs' impact on businesses has eased, with the proportion of businesses rating it as "negative" declining from 81% in April 2025 to 59% in July 2025, but more businesses still expect conditions to worsen (35%) than improve (14%) in the next 12 months.*

Thursday, 28 August 2025 [Singapore]

The Singapore Business Federation's (SBF) National Business Survey 2025 – Manpower and Wages Edition revealed Singapore businesses' bearish outlook on the current state of economy. Businesses are lowering revenue and profitability expectations, holding off expansion and hiring due to the uncertain macroeconomic outlook. More companies expect conditions to worsen (35%) than improve (14%) over the next 12 months. The overall Business Sentiment Index (BSI), which measures business confidence, softened by 1.1 points from 56.5 in Q1 2025 to 55.4 in Q2 2025.

2. At the sectoral level, businesses in the Hotels, Restaurants & Accommodations, Administrative & Support Services, and IT & Related Services sectors hold a more negative outlook, while those in Health & Social Services and Education are slightly more optimistic. Notably, the Hotels, Restaurants & Accommodations sector records the lowest overall Business Sentiment Index score among all sectors, with its hiring outlook indicator falling sharply from 67.4 in Q1 2025 to 51.6 in Q2 2025.

3. Many businesses are bracing for more turbulent conditions ahead amid U.S. tariff changes. This comes on the back of uncertainty given the lack of clarity on the trade front and how ongoing developments might impact business margins going forward. Although initial shock from U.S. tariffs appears to be easing, 59% of businesses (down from 81% in Apr 25) still reported that they were "negatively" exposed to the evolving tariff situation.

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Hiring and wages set to slow down, with an exception for lower-wage workers

4. Hiring and wage outlook has softened amid cautious business sentiment. Only 36% of businesses plan to expand their full-time employee base in the next 12 months, down from 40% in 2024. This is consistent with findings on tapering growth sentiments and business operations being at near optimal levels, with larger companies maintaining a more optimistic outlook than SMEs.

5. Wage growth is also set to slow in the coming year, as fewer businesses (59% vs 64% in 2024) intend to raise salaries, while the proportion planning wage freezes has risen from 35% to 41%, driven largely by SMEs. An exception lies with lower wage workers, whereby two in three businesses (66%) intend to raise their salaries in the next 12 months, up from 64% in 2024. This reflects alignment with the National Wages Council's recommendations, though businesses cite market-rate wages (42%), weak business performance (36%), and cost pressures (34%) as barriers to further increases.

Manpower costs and talent development emerge as key challenges; more needs to be done to promote skills-first hiring

6. Rising manpower costs remain as the top manpower challenge but the proportion citing it as a concern have declined from 75% in 2024 to 65% in 2025. However, the proportion of businesses citing talent upskilling and reskilling as a challenge almost doubled from 25% in 2024 to 47%. Cost burden, a lack of manpower to cover staff who undergo training amid optimised business operations and difficulty in measuring the return on investment (ROI) are the biggest challenges faced when investing in employee training. With informal and non-structured training as the increasingly preferred mode of employee training by SMEs and Large Companies alike, there is scope to evolve support programmes to meet business needs while augmenting the link between training and business outcomes.

7. Only 18% of businesses have fully adopted skills-first hiring practices. Among businesses that had not fully implemented skills-first hiring, key barriers include uncertainty

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over whether candidates with adjacent skills can perform the required tasks (42%) and the need for more training compared to candidates hired based on experience (32%).

Removal of Maximum Employment Period for foreign workers welcomed but increases in S Pass qualifying salaries are a concern

8. Businesses welcomed the removal of the maximum employment period and the raising of the maximum employment age for work permit holders, with about one in three firms anticipating benefits to their operations. But the increases in S pass qualifying salaries for both new and renewal applications are hurting businesses. Companies are adjusting their manpower strategies in response, including expanding recruitment of locals (43%), increasing wages to attract locals (40%) and outsourcing to local third-party contractors (35%).

Career planning and job redesign practices taken up by about a third of businesses

9. Around one in three businesses (31%) has provided career planning to their employees in the last 12 months. Businesses that have offered structured career planning in the last 12 months reported better employee morale or engagement (77%), more effective workforce planning (62%) and higher retention rates (58%).

10. 30% of businesses have implemented job redesign in the last 12 months. Among these businesses, they have implemented job redesign in areas such as productivity/innovation (63%), digitalisation (40%), sustainability (34%) and internationalisation (15%).

11. Commenting on the overall survey findings and recommendations for businesses moving forward, Mr Kok Ping Soon, Chief Executive Officer, Singapore Business Federation, said, "The survey findings reflect a more cautious business outlook, reinforcing the need for companies to adapt quickly to cost pressures and shifting market dynamics. Singapore businesses should leverage the strong public-private support and available schemes to alleviate challenges and remain competitive. SBF will work alongside our



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ecosystem partners to help local enterprises build resilience, manage rising costs, and position themselves for long-term growth.”

Annex A: SBF National Business Survey 2025 – Manpower and Wages Edition

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About Singapore Business Federation (新加坡工商联合总会)

Singapore Business Federation (SBF) is the apex business chamber with over 32,000 members across diverse industries. With a vision to advance Singapore towards a globally competitive and sustainable economy, SBF mobilises the business community to be future-ready and magnify transformation opportunities through policy advocacy, partnership platforms and capability programmes.

For more information, please visit: [www.sbf.org.sg](http://www.sbf.org.sg).

About the SBF National Business Survey 2025 - Manpower and Wages Edition

The Singapore Business Federation (SBF) conducts the SBF National Business Survey annually, providing insights on the prevailing state of affairs in the business environment. The SBF National Business Survey 2025 – Manpower and Wages Edition provides insights into the manpower strategies adopted by businesses, as well as concerns and issues related to manpower and wages faced by the Singapore business community. 555 businesses, comprising of 85% small and medium-sized enterprises (SMEs) and 15% large companies, across all key industries, participated in the survey, which was carried out from 25 June to 18 July 2025.