

Will basic wage become all the rage?

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The practice of paying a basic wage to employees may spread to other low-wage sectors, said political observers, but it is unlikely to ever become a nationwide phenomenon.

Dr Gillian Koh, senior research fellow at the Institute of Policy Studies, said: "The government has announced that it will be addressing the productivity and wage issues sector by sector especially where lower-waged jobs are found, so perhaps this system may be applied to other sectors if it is the only way to provide low-waged workers better prospects in terms of salary increases and career development."

For now, it has been confirmed that a mandatory progressive-wage model - which sets out a career ladder with pay standards for low-wage workers in various sectors - will be applied to the cleaning and security sectors. However, applying it to sectors across the board may be problematic.

Such a base wage could, for instance, be used as a bargaining chip by staff to force employers to pay more, said economist Tan Khee Giap of the Lee Kuan Yew School of Public Policy.

"(It) will eventually become a wage minimum and employees will bargain that this is the minimum you have to pay me to work for me to accept. This will not be good for employers because that is not pro-market."

Political observer Eugene Tan, an associate professor of law at Singapore Management University, said conversely it could even hinder incentivisation by employers.

"There is still resistance in using basic wage because it may not reward workers who are productive and doesn't incentivise the company to raise their game," said Prof Eugene Tan.

Political observers pointed out that unlike minimum wages set elsewhere, the new base salary requirements are tacked to training and skills development.

Former nominated Member of Parliament Calvin Cheng explained: "Progressive wage has as its basic tenet the sound principle that real wage rises cannot be sustainable without a corresponding increase in productivity."

Ang Mo Kio GRC MP Inderjit Singh, however, said the latest move by the Government appears to be a step towards minimum wage.

"It shows that the Government is willing to accept some sort of minimum wage, something I have been advocating for the last three years," he said.