

EMBARKING ON THE FLEXIBLE WAGE SYSTEM (FWS)

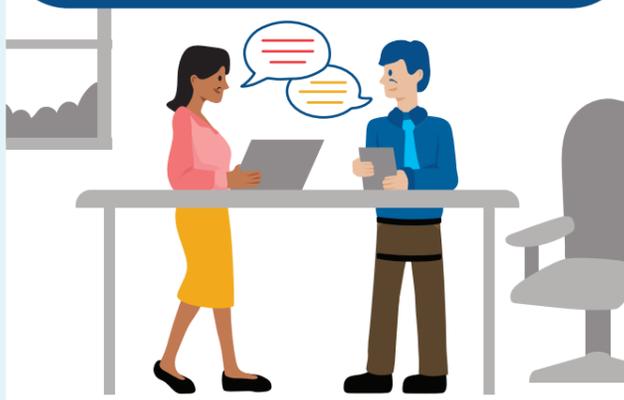
Before adopting the Flexible Wage System (FWS), companies are strongly encouraged to follow these steps to ensure the smooth implementation of the FWS.

Review and Plan



- Review the existing wage structure and identify the recommended level of adjustments to be made
- Determine clear key performance indicators (KPIs) that are relevant to business operations
- Plan and build up the MVC/AVC components for all employees
- Consider tapping on government grants such as the Productivity Solutions Grant to upgrade existing HR payroll systems to incorporate the FWS

Consult and Reach a Consensus



- Consult with unions and employees and agree on:
 - ▶ Sequence of adjustments (e.g. non-wage cuts could be implemented first, but if wage cuts are still necessary, determine which variable component is to be adjusted first)
 - ▶ Principles of wage adjustments (e.g. management to take the lead)
- Consult with and seek the support of unions and employees on the KPIs to trigger wage adjustments and restoration plans

Communicate Regularly



- Ensure that the KPIs and trigger levels for adjustments are clearly communicated and understood by employees
- Establish and activate communication channels whenever adjusting wages
- Clearly explain the reason(s) for wage adjustments to help employees better cope with the change(s) and better contribute to business recovery

Note: The FWS should apply to all levels of employees with different variable components applied to each group — management, executive and rank-and-file — whether unionised or not. Special consideration should be given to low-wage workers (i.e. a wage freeze may be implemented for low-wage workers instead of a wage cut).

Enable greater business agility with the Flexible Wage System today.

Find out more from the FWS Guidebook



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