

# 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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