

## Raising pay, raising hope

From the perspective of an employer, what are the pros and cons of the Wage Credit Scheme?

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The WCS, reviewed in light of the tightening of foreign manpower policies, offers employers momentary relief. Labour-intensive industries as well as sectors with heavy reliance on foreign labour face mounting cost pressures where financial assistance could help mitigate the perils of business failure. By the same token, the three-year grace offers bandwidth for companies to drive productivity to counteract labour shortage and to match increased wages.

Knee-jerk reactions are expected once the three years are up, where employers have to shoulder the full cost of increments and experience heightened budgetary impact. It is, therefore, crucial for employers to apply the scheme tactfully with long-term sustainability as key to ensure wage increments and productivity move in tandem.