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MEF: RM1,500 new minimum wage would derail economic recovery

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Datuk Dr Syed Hussain Syed Husman, MEF president

KUALA LUMPUR, Feb 6 -- The Malaysian Employers Federation (MEF) reiterated that now is not the right time to increase the cost of doing business and the proposed RM1,500 new minimum wage implementation would derail economic recovery.

President Datuk Dr Syed Hussain Syed Husman said the majority of Malaysian businesses are not ready and not in a position to implement the proposed new minimum wage as they are still reeling from the economic shock brought about by COVID-19 and the devastating impact of the recent major floods.

“More efforts should be directed towards business recovery in the private sector and controlling the rising cost of products and services. We must remember that most Malaysian businesses are micro, small and medium enterprises (MSMEs), whereby 98.9 per cent are in this group.

“So, when we talk about wages and cost, we must think of their survival and sustainability," he said in a statement today.

Syed Hussain said the MSMEs were already suffering and even a small increase in business cost would aggravate their plight and they might close down, what more with an increase of RM300/400 per month on top of the existing national minimum wage.

"The RM1,500 minimum wage will push up the cost of goods and services and operation costs will definitely increase. This is not the time to implement any increase in minimum wage.

"The RM1,500 minimum wage would mostly go to foreign labour as the locals are already paid higher wages than this, and the outflow of money will further increase."

An employee whose current wages are well above the minimum wage could be demotivated with no salary adjustment, he said.

"Any increase in minimum wage will benefit employees whose wages are lower than the new national minimum wage rate and the bulk of them will be the foreign workers,” added Syed Hussain.

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