

Be open over bleak outlook for pay rise and bonuses, companies told

By **Imran Ariff** - October 30, 2020 10:02 AM



A study by a leading regional human resource consultancy has cast doubts over the ability of most businesses to pay big salary increases and bonuses.

PETALING JAYA: Employer groups have advised companies to be transparent with their workers about the bleak outlook for annual increments and yearly bonuses following the economic downturn caused by the Covid-19 pandemic.

A study conducted by Mercer, a leading regional human resource consultancy, projected that 2021 annual increments could hit a five-year-low of 4.5% on average, if given at all.

Mercer also reported that most companies would either be revising their bonuses or not giving them this year.

Malaysian Employers Federation executive director Shamsuddin Bardan said companies must do their utmost to ensure workers understand the financial stresses felt by businesses so that the missed or lowered payments would not cause conflict.

“What employers can do is share with their workers the things their companies are going through,” he told FMT.

“They should be open and transparent. Rather than employees hearing the news through the grapevine, it’s better if it comes from the company.”

He said this would help ease dissatisfaction among workers, many of whom would face an unfriendly job market should they choose to leave.

Shamsuddin added that with some companies facing revenue reductions of more than 30%, “a lot of them are in survival mode” and would need to take cost cutting measures to avoid retrenching workers.

Soh Thian Lai, president of the Federation of Malaysian Manufacturers, said some companies would have great difficulty “keeping to the rate of payment for bonuses and increments which were granted in past years”.

He said transparency would be “the most important factor” in handling potential worker unrest, adding that employees and unions must be made to understand why their employers could not afford to match the rate of payments of past years.

Referring to companies that are beginning to see signs of recovery, Soh said they could opt to defer these payments until business had stabilised rather than cancelling them completely.

This would help appease employees who themselves might be struggling financially, he said.

“The utmost priority of employers would be to ensure that they can continue to secure employment for their workers, albeit with some cost cutting measures in place where needed to tide over the impact of the pandemic,” he said.