



RM1,500 minimum wage will kill small businesses, says MEF

FMT Reporters

February 6, 2022 1:15 PM



The Malaysian Employers Federation says most businesses are still recovering from the economic shock brought about by the Covid-19 pandemic.

PETALING JAYA: The Malaysian Employers Federation (MEF) said the proposed increase in the national minimum wage to RM1,500 will kill businesses, which are still in economic recovery mode.

In a statement today, MEF president Syed Hussain Syed Husman said most businesses were not in a position to implement the proposed new minimum wage because they were still reeling from the economic shock brought about by the Covid-19 pandemic and

the recent floods.

“The new minimum wage will push up the cost of goods and services. Operational costs will definitely increase, so this is not the right time.”

He said most small and medium-sized businesses were suffering, and even a small increase in costs, like the increase in the minimum wage, could cause them to shut down.

“Micro, small and medium enterprises (MSMEs) make up over 90% of Malaysian businesses. The government must consider their survival and sustainability.”

Instead, he said the government should focus on efforts to help the private sector recover and control the rising cost of products and services.

He said raising the minimum wage to RM1,500 was not the solution for workers to earn higher wages, and that remuneration should be based on performance of employees and profitability of employers.

Yesterday, human resources minister M Saravanan said a minimum wage of “around RM1,500 a month” was expected to be implemented before the end of this year.

He said the new rate had yet to be finalised as the ministry was awaiting Cabinet approval.

The minimum wage was last increased in February 2020, from RM1,100 to RM1,200 per month.