

# Businesses still in the dark

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PETALING JAYA: Just a fortnight away from its implementation, worried businessmen are still awaiting details on the RM1,500 minimum wage ruling which takes effect on May 1.

Having little information on how it is going to be enforced and which businesses would be exempted, they are urging the government to sort things out and come up with clear guidelines.

They also said the May 1 implementation is bad timing, as businesses are only just beginning to recover amid challenges such as the Covid-19 pandemic, global inflation and the ongoing Russia-Ukraine war.

Malaysian Employers Federation (MEF) president Datuk Dr Syed Hussain Syed Husman (*pic*) said many stakeholders are still in the dark on the details of the minimum wage as the ministries involved have yet to brief them on the matter.

“It is not clear at the moment whether the announcement by the Prime Minister will be incorporated into the new Minimum Wages Order that needs to be gazetted for the RM1,500 minimum wage to be implemented initially by big companies, government-linked companies (GLCs) and government-linked investment companies (GLICs) starting May 1.

“There are still many details that need to be discussed with stakeholders, especially on businesses exempted from the policy. If they are saying businesses that are making a profit are not exempted then they need to explain better because even RM1 is still considered profit, but it doesn’t explain their financial status,” he said.

He added that there are about 16,000 big companies, GLCs and GLICs which constitute about 2% of the total companies in the country.

Syed Hussain also said that since the ruling hasn’t been gazetted, no action can be taken against companies that fail to adhere to the new minimum wage.

Prime Minister Datuk Seri Ismail Sabri Yaakob in March announced that Malaysia will implement the RM1,500 minimum wage starting May 1.

He said discussions would be held between the Human Resources Ministry and the Entrepreneur Development and Cooperative Ministry to allow small and micro companies to postpone the implementation since they may not have the financial ability to adopt the policy.

Ismail Sabri also said the implementation of the policy, for now, would only involve private sector companies with a minimum of five workers.

On Wednesday, Human Resources Minister Datuk Seri M. Saravanan said among those exempted are farmers, hotels and tourism industry players, and companies with fewer than five employees.

Syed Hussain said the government should implement the minimum wage based on whether individual businesses and industries can afford it.

He also said he hopes the government would review the policy and exempt companies with 20 employees and below.

He said a sudden cost increase of between 25% and 36% would put a lot of pressure on businesses that are trying to rebuild after being affected by the Covid-19 pandemic and floods.

“When companies are imposed with a financial burden beyond their means, they will likely implement cost-cutting such as a freeze in the intake of new employees, a freeze in salary increase for those above RM1,500, pay cuts for those earning above RM1,500, shorter working days or hours, voluntary or mutual separation schemes (VSS/MSS), retrenchment and shutting down.

“We hope the government will intervene to mitigate the increasing cost to ensure sustainability and, at the same time, assist us to create more jobs and stabilise the labour market,” he added.

He said MEF is also of the view that the higher cost of living cannot be passed on to employers as businesses would not survive.

“The cost of living is rising and this is putting pressure on the B40 and M40 groups, but the higher cost of living must be addressed and controlled by the government to make life easier for all Malaysians,” he added.

The government, he said, should incentivise industries to contain costs and improve efficiency to control inflation and enhance productivity and competitiveness.