

# MEF: Micro enterprises need more time for RM1,500 minimum wage

By RAHIMY RAHIM

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PETALING JAYA: More time should be given to micro enterprises so that they can implement the RM1,500 minimum wage gradually, says Malaysian Employers Federation (MEF) president Datuk Dr Syed Hussain Syed Husman (*pic*).

He said micro enterprises were facing various challenges during and after the Covid-19 pandemic.

“MEF hopes that the government will allow time to roll out RM1,500 across all sectors and only then look at a method of gradual increases that will not hurt the micro enterprises.

“This balancing act is vital for success in terms of managing the minimum wage,” he said when contacted yesterday.

Starting May last year, Malaysia began implementing a minimum wage of RM1,500, which used to be RM1,200.

However, for companies with fewer than five workers, the date to comply has been pushed to July 1 this year.

These small businesses were initially slated to comply with the RM1,500 minimum wage order on Jan 1.

Human Resources Minister V. Sivakumar had said the government deferred enforcement of the order as it expected these businesses to face economic and financial challenges.

Syed Hussain said micro enterprises faced many difficulties in recent years, including inflation, supply chain disruptions due to geopolitical conflicts and the aftermath of the pandemic as well as labour shortages.

“All these factors combined resulted in about 120,000 small businesses, including micro enterprises, ceasing operations in 2020, 2021 and 2022.

“These issues are still not fully resolved and will likely to continue for the rest of 2023, making it difficult for micro enterprises to absorb the additional cost of about RM300 per month for each worker.

“The inability to absorb such an increase may result in these micro enterprises reducing their workforce. Some may decide to call it a day,” he said.

Syed Hussain said some micro enterprises were also facing difficulties in keeping up with the digitalisation of business due to its high cost.

“Some micro enterprises are still stuck in the old ways of doing business. As such, they are not able to be cost-efficient,” he said.

“Micro enterprises need a helping hand from the government to keep up with technology.”

He said many of them were still not able to get financing due to a lack of collateral.

The government, he said, should find ways to address the high cost of living which he described as a “complex issue beyond the minimum salary”.

“Any increase in basic salary will not address the issue of having cash in hand for employees if the cost of living keeps going up,” he said.

Syed Hussain said South Korea had exempted micro enterprises with 10 employees or fewer from its minimum wage policy.