

MEF: Take the haircut

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PETALING JAYA: The situation for most employees is dire. As the economic fallout of Covid-19 deepens, the fight to keep their pay checks coming escalates.

While trade unions are critical of businesses that target the workforce in their austerity drive, there is little they can do to save the day for employees.

It has reached a point where the Malaysian Trades Union Congress (MTUC) is forced to advise employees to take the lesser of the two evils, pay cut or retrenchment, even as the Malaysian Employers Federation (MEF) warns the surge in infections is portent of worse to come.

MTUC vice-president Effendy Abdul Ghani

Staff of struggling firms advised to accept lower pay in order to keep jobs

said that pay cuts are not the best solution.

“Employees, who are already struggling with rising costs, are forced to take on a heavier load.

“Some people have already started dipping into their savings, which will last them six months at best,” he added.

He pointed out that 60% of employees in Malaysia do not have any savings to fall back on in times of need, apart from their Employees Provident Fund nest egg.

On the other hand, it has become a choice between many employees taking pay cuts or

some losing their jobs.

As MEF executive director Datuk Shamsuddin Bardan warned, employees will have to deal with pay cuts at least until June 2021.

It boils down to employees having to make difficult choices. If a company wishes to introduce a pay cut, it needs the nod from all employees. The refusal of even one employee can scupper the deal.

“Pay cuts cannot be done unilaterally,” Shamsuddin stressed.

“If it is implemented without the consent of

all employees, it amounts to a breach of contract, leaving the door open for employees to take (legal) action against their employers.”

However, he also pointed out that if employees refuse to take pay cuts, the employer may be forced to opt for a retrenchment exercise, and this does not require employees to cooperate.

In the end, most employees take the safer option.

“You either keep your job but take home a smaller pay packet, or you lose everything,” Effendy pointed out.

Unfortunately, this is not the end game yet for employers. Even if employees agree to have their salaries reduced, some employers can still go for a retrenchment exercise.

'Consider staff welfare in enforcing austerity moves'

"It's not right. We understand that times are hard but the welfare of employees must also be taken into consideration," Effendy said.

Saiful Nizam is one of many who lost their jobs. The former employee in the

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hospitality sector had his livelihood taken from him when the hotel he was working in closed down in July.

"I now depend on my savings to survive and I am actively looking for a new job. But as you know, jobs are hard to

come by at this time."

He estimated that 70% to 75% of his friends have either lost their jobs or taken pay cuts.

Saiful found a job as a swimming coach but lost that too when the conditional movement control order was implemented in the wake of the recent surge in

Covid-19 infections.

Another hotel employee who has also lost his job now regrets he had not agreed to a pay cut.

Just like many others in the same situation, he is prepared to reinvent himself to enable him to serve in other sectors. But for now, that may still be a long shot.