

Ensure interests of both workers and employers in Progressive Wage Model: MEF

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PETALING JAYA: Before the Progressive Wage Model (PWM) is introduced in Malaysia, the government must lay down adequate foundation for it to be implemented, said Malaysian Employers Federation (MEF) president Datuk Dr Syed Hussain Syed Husman (*pix*).

He said stakeholders should be consulted and a tripartite committee made up of unions, employers and the government be formed to formulate and implement PWM as it will shape the future of the economy.

“The committee must discuss how to map clear career pathways for wages to be linked to training, upskilling, reskilling and improvement in productivity and standards.

“Upskilling and reskilling are critical as we are now in the artificial intelligence (AI) and IR4.0 (fourth industrial revolution) era.

“PWM must be used as a means to improve productivity and competitiveness as this would benefit employees through higher wages and better career pathways,” he said.

PWM is not only about adjusting wages that will commensurate with work productivity, skills and experience. It includes ensuring employers improve productivity and profits while consumers get better products and services at affordable prices, Syed Hussain explained.

He said under PWM, as employees acquire certified skills, gain more experience and show improved job performance, they will be eligible for higher wages.

He added that PWM would encourage employees to continuously go for certified upskilling and reskilling to ensure their skills are relevant to employers’ needs as skill requirements constantly change.

“The percentage of certified skilled employees is expected to increase to the targeted level of 35% by 2025. Currently, it is only at 29%.

“Under PWM, higher wages are linked to performance and productivity. The cost increases associated with higher wages come from the increased revenue and profits gained from improved productivity and performance.

“If the interests of businesses are not taken into account in implementing PWM, employers will end up paying higher wages without the corresponding productivity increase. In such a scenario, PWM will not be sustainable.”

Syed Hussain said PWM encourages employees to continuously upskill and reskill and as such, they will always be relevant to businesses and avoid losing their jobs.

However, he said if the parties that monitor the implementation of PWM overlook employers’ interests, then the model will fail.

Syed Hussain said MEF is convinced that a successful plan must have well-thought-out execution steps in place.

Universiti Utara Malaysia economics professor Dr K. Kuperan Viswanathan said PWM aims to add value to deal with the higher cost of living while increasing disposable wages.

He said as income rises, there will be inflationary pressures and the prices of goods will increase. But this will be temporary.

He added that many employers have used this excuse as a way to avoid increasing wages, but the argument does not hold water.

“Minimum wage will not help the economy to grow as employees will remain stuck in the same rut.

“The question that must be asked is why Western nations that are highly indebted are still able to pay their employees high salaries.

“There is also the claim that higher wages will increase cost and make products more expensive, thus becoming uncompetitive. If this is true, how are Western countries with high wages still managing to export their products globally?”

He said employees need to survive as the cost of living goes up and progressive wages will help them earn more and allow them to live better lives.

Kuperan said as wages increase, people will have higher disposable incomes and this extra money will promote economic expansion due to increased spending.

He also said the money could be used by employees for their children’s education, housing and other family and personal use adding that with higher wages, a person could afford better accommodation, which will contribute to higher living standards as well.

“Although the initial downside is an increase in the prices of goods, there are overall benefits with PWM as it will result in economic growth and healthier lifestyles.”