

MALAYSIA

We can't afford any salary hike, what more min wage of RM1,500: MEF

Employers association says many businesses still reeling from pandemic shock, recent floods

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Malaysian Employers Federation president Datuk Syed Hussain Syed Husman says raising the minimum wage rate to RM1,500 would also be more likely to benefit foreign workers, as locals are currently already earning more than that. – MEF pic, February 6, 2022

KUALA LUMPUR – The Malaysian Employers Federation wants the government to scrap any proposal to increase the country's minimum wage to RM1,500, saying such a move “will kill businesses”.

Its president Datuk Syed Hussain Syed Husman noted that with many still reeling from the economic shock of Covid-19 and the recent floods, they would not be ready or in a position to implement the increased salary hike.

Considering that the majority of local businesses are micro, small and medium enterprises – which make up 98.9% of all companies in the country – Syed Hussain said the government ought to think about their survival and sustainability.

“They will suffer and close down even if there is a small increase in their cost, what more an increase of RM300 to RM400 per month on top of the existing minimum wages,” he said in a statement today.

Currently, the minimum wage is set at RM1,200 for 57 major cities and towns across Malaysia, while other locations are set at RM1,100.

“The grim economic scenario does not allow any space for an increase in existing minimum wages. It is important that decision-makers keep this in mind before implementing any increase.

Syed Hussain’s statement comes just a day after Human Resources Minister Datuk Seri M. Saravanan said the increase in minimum wage to around RM1,500 is expected to be implemented by year-end.

He had said yesterday that this has yet to be finalised and approved by the cabinet, but revealed that the new rate proposed by his ministry will be around this figure.

For Syed Hussain, instead of raising the minimum wage, the government should instead focus more efforts towards ensuring business recovery and controlling the rising costs of products and services.

He warned that a hike in salary will push these costs further up, as operation costs are also expected to skyrocket, adding that a minimum wage increase will lead to further unemployment.

“Debts will increase, and businesses will find it difficult to service their loans. Some are saying that it is better for them to move their operations to other Asean

countries where the overall cost of doing business is much cheaper.”

He stressed that wages and remuneration should be paid based on the performance of employees and profitability of employers.

According to Syed Hussain, raising the minimum wage rate to RM1,500 would also be more likely to benefit foreign workers, as locals are currently already earning more than that.

In this case, he said, the country could see more outflow of cash, with foreigners tending to remit an additional RM4 billion each year on average for every RM100 increase in their salary.

“The increase of RM300 to RM400 will cause additional outflow of between RM12 billion to RM14 billion per year.”

He added that at present, it is estimated that legal migrant workers are remitting about RM34 billion a year through official channels to the source countries. – The Vibes, February 6, 2022