

MEF opposes making annual pay raise mandatory

President says nation has open economy, not 'state-owned' one

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Datuk Syed Hussain Syed Husman says the Malaysian Employers' Federation has expressed shock that the economy minister is speaking and acting on wages. – MEF pic, July 13, 2023

KUALA LUMPUR – The Malaysian Employers' Federation (MEF) today said it was inappropriate for the government to make it mandatory for private sector employers to grant annual salary increments.

Its president Datuk Syed Hussain Syed Husman said Malaysia was an open economy and not one controlled by the state.

“This is a very important factor for the minister to understand and take into consideration and should not be making salary increment mandatory under PWM (the progressive wage model),” said Syed Hussain in a statement, adding that MEF was of the view that the government should have laid proper foundations before bringing in the wage model.

Economy Minister Rafizi Ramli had earlier said that the government hopes the private sector will be committed to offering its close cooperation so that a policy of progressive wage increases can be implemented to combat the rising cost of living.

He said the government needed a comprehensive policy involving the private and public sectors as it is now the government's priority to bridge the significant gap between wage growth and rising living costs.

Syed Hussain also said MEF was shocked that Rafizi was speaking and acting on wages.

“This should be under the purview of the human resources minister.

“The (human resources minister and his ministry) have done much to engage businesses, unions, and employees to come up with policies on what is best for the labour market,” he said.

He said it was important that the progressive wage model be utilised as a means to improve the nation’s productivity and competitiveness.

“Improvements in productivity and competitiveness will benefit the rakyat and employees will be able to enjoy higher wages and better career pathways,” he said, adding that the wage model was not just intended to fix wages but also to boost productivity and provide better products and services at affordable prices.

Syed Hussain said if the government intends to make increments mandatory, it should provide grants or allocation for topping up to meet the determined salaries.

He said there were existing tripartite committees where MEF, the Malaysian Trades Union Congress, and the Congress of Unions of Employees in the Public and Civil Services met and discussed matters including wages.

“Within the tripartite mechanisms the National Wages Consultative Council is formed to discuss minimum wages and related issues.

“We have various committees and the National Labour Advisory Council that meets to discuss these matters,” he added. – The Vibes, July 13, 2023