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MEDIA RELEASE

MEF: INCREASED MINIMUM WAGES OF RM 1,700 ENABLES EMPLOYERS TO ATTRACT AND RETAIN TALENT, IMPROVE JOB PERFORMANCE AND BETTER ECONOMIC GROWTH

PETALING JAYA: MEF fully supports the implementation of RM 1,700 minimum wage, effective 1st February 2025, as a positive step towards improving the well-being of employees and strengthening Malaysia’s workforce. MEF recognizes that fair and competitive wages are essential for employee motivation and overall economic growth which will at the same time improve productivity ensuring better competitiveness and sustainability of businesses. The National Wages Consultative Council Act mandates that minimum wages be reviewed every 2 years. The new minimum wages of RM 1,700 is expected to benefit more than four million employees.

MEF President, Datuk Dr Syed Hussain Syed Husman, PJN, JP, states that “The adjustment of minimum wages to RM1,700 with effect from 1st February 2025 for employers with 5 and more employees reflects employers commitment to better establish sustainable and inclusive workplace where every employee is valued. MEF believes that investing and enhancing skills of employees will enhance job satisfaction and contribute to long term business success. MEF is confident that the increased minimum wages will enable employers to better attract and retain talent, improve job performance, and stronger economic growth. MEF remains dedicated to work with all stakeholders, employees and their trade unions and the government to ensure smooth transition and continued positive growth for all”.

As Malaysian businesses, particularly SMEs that constitute about 98% of registered businesses in Malaysia implement the new RM1,700 minimum wage, MEF recognizes this as an opportunity for employers to enhance employee well-being and drive productivity. The National Wages Consultative Council Act

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mandates that minimum wages will be reviewed every 2 years. MEF believes that investing in the workforce will lead to higher employee motivation, better retention, and improved business sustainability in the long run.

MEF acknowledges the government's commitment to improving workers' welfare through the minimum wage review to RM 1,700. MEF emphasizes the need for balanced implementation to ensure businesses, particularly SMEs will be able to adapt to the requirements of new minimum wages without undue financial strain. MEF appreciates the decision of the government to give grace period of 6 months to 1st August 2025 for micro enterprises with less than 5 employees to implement the new minimum wages of RM 1,700 . MEF remains committed to work closely with the government to find practical solutions that support both employees' livelihoods and the long-term sustainability of businesses". Adds Datuk Dr Syed Hussain.

"Generally, employers including MSMEs started to take initiatives to optimize operations, upskill employees, and explore technology adoption to maintain competitiveness. MEF hopes that the government. MEF hopes that the government will continue to give appropriate support to employers especially the MSMEs, with financial incentives and training programs that will enable businesses to transition smoothly to the new minimum wages requirements while continuing to grow their businesses".

MEF urges businesses not to pass the increased minimum wages costs to consumers. Price increases in products and services will lead to higher inflation and reduce competitiveness. Employers may explore several strategies to avoid passing the increased costs to consumers by putting in place improvements in operational efficiencies, invest in employee upskilling and reskilling to improve productivity and embrace new technologies to improve operations and processes.

Datuk Dr Syed Hussein also urges the government agencies having contracts with private sector service providers, GLCs, GLICs and larger Corporations, both local and foreign, to immediately review the existing contracts from 1st Feb 2025 to enable the service providers to meet their obligation to comply with the new minimum wages of RM1,700. The often-used excuse that it was signed contract or a running contract cannot be reviewed is no longer acceptable. All Malaysians must come together to make this new minimum wages a success. Many SMEs need this support and adjustments immediately from RM1,500 to RM1,700 wages for the remaining period of the contracts

Datuk Dr Syed Hussain states further that “MEF supports the new minimum wages of RM 1,700 as a commitment to fair wages that will lead to better skills and productive workforce. MEF urges all employers to comply with the new RM 1,700 minimum wages so as to enable Malaysian businesses to attract and retain talent, enhance their resilience and contribute to Malaysia’s economic progress”.

MEF thanks The Minister of Human Resources YB Tuan Stevan Sim, KESUMA, MPGN, employers, employees and their Trade Unions and other industry stakeholders who all work very hard to find a suitable solution for all.

For further information, please contact the MEF Secretariat at 03-7498 7200 or email mef-hq@mef.org.my.

31st January 2025