

Minimum wages for maximum impact

THE National Wages Consultative Council Bill going through Dewan Rakyat is part of the government's effort to provide long-term economic empowerment to the less fortunate.

For the poor, an increased wage or one that is fair and proportionate to the work undertaken means living a little further from the edge of the economy.

If Malaysia had sound labour laws and provided welfare for the poor, then one could debate the legitimacy of having a minimum wage and the appropriateness of government interference in the relationship of employer and employee.

However, labour laws in Malaysia are inadequate and this is one way of protecting the rights of the underprivileged.

Instead of debating whether there should be a minimum wage, perhaps we should discuss whether the minimum wage will translate into a living wage or whether this kicks that hope further out of reach.

The minimum wage does not include healthcare coverage, days off, superannuation and vacation time.

There are many concerns about the implementation of a minimum wage in Malaysia.

However, what is being implemented by the government is a mechanism that endeavours to improve the standard of living of the most vulnerable to a tolerable level.

Furthermore, with the reduction of subsidies and increase in tariffs, the minimum wage seeks to cushion the difficulty of making ends meet.

The debate that minimum wage reduces employment, increases

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poverty and puts a strain on business is in sharp contrast to conventional wisdom and compassion that we should be looking after the poorest in society.

Implementing a minimum wage is a tool to improve the economy, increase productivity and wage growth.

Wages in Malaysia have been based on market forces. However, it has not benefited the country or the people as expected.

Salaries have been suppressed and do not match the rising cost of living in the country. Enforcing a minimum wage will allow for higher purchasing power and improve the standard of living.

To become a high-income nation, wage inequality needs to be reduced.

However, employers are concerned that this will cause retrenchment and affect the country's competitiveness.

To calm such fears, certain factors need to be considered in finalising the end figure of a minimum wage. Issues such as the cost of living, threats to profitability, the cost of running businesses and the strategy to become a fully-developed nation in nine years have to be taken into consideration.

Other issues that the National Wage Consultative Council will take into consideration before coming up



Setting a minimum wage level will help the poor put food on the tables of their families.

with the minimum wage rate is the adequate wage range, living costs, productivity, employment sectors and who is exempted — seasonal employees and companies that record a minimal revenue.

Another issue is the standardising of the minimum wage across the country. In the United States, there are 13 minimum wage ranges based on region and divided by occupation, sector and region.

However, the US is larger than Malaysia and this segregation method has worked for them but might not translate as well with us.

Having one national rate within our country though might not be the answer either.

It does not seem feasible now as wages and the cost of living vary across the country, and a drastic change in employer spending will

likely cause companies to fold due to a sudden increase in wages paid and inevitably trigger job losses.

As inequitable as it sounds, remuneration between the east and west of the country is very pronounced and this will be a factor in determining whether to have distinct rates within the country.

Alternatively, varying rates could spark large amounts of internal migration. For these purposes, and to ensure that the proposed minimum wage does not stagnate, the council will review the rates once every two years.

The bill, which mandates the formation of the National Wage Consultative Council, includes an employee protection mechanism that allows for employers to be fined RM10,000 for each employee that is not paid the minimum wage.

Paying people proportionately is not just a deserved right but a sign of respect and an empowering tool in acknowledging their hard work in building up businesses and our country.

The question is, how long will the wait be until there is a minimum wage sum and how long until it is implemented?

The poor, underprivileged, unskilled and foreign workers have been mistreated by the lack of a minimum wage and, therefore, the bill is a welcome start and will only be as effective as its implementation.

Now, the next step is to ensure a liveable minimum wage.

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