PETALING JAYA: The Malaysian Employers Federation (MEF) has hit out at a directive under the movement control order (MCO) requiring full payment throughout the two-week period for employees in non-essential services, saying this is unfair to employers.

MEF executive director Shamsuddin Bardan said the directive, coupled with the present economic climate, could cause businesses to go bust.

He said the MCO, which came into effect on March 18, had led to “zero business” for retailers although employers still had to bear operation costs such as rent and payments to suppliers.

Under the directive, he said, employers need to pay their workers in full on top of contributing to the Employees Provident Fund and Socso as well as servicing bank loans.

“It’s an unrealistic policy and could see a bigger number of people being retrenched at a faster rate,” he told FMT.
He also questioned whether the ministry had considered where employers would get their revenue throughout the MCO.

The human resources ministry said last week that employers are compelled to pay their workers in full throughout the MCO, including employees who are paid on a daily basis.

In a FAQ sheet, it said employees could file complaints with the Labour Department if their bosses refuse to pay them.

Shamsuddin said this requirement went against the Employment Retention Programme (ERP) announced by Prime Minister Muhyiddin Yassin when he introduced the MCO to curb the outbreak of Covid-19.

Under the ERP, monthly financial assistance of RM600 is provided for between one and six months for those earning RM4,000 and below and who are forced to take unpaid leave beginning March 1.

Noting that the human resources ministry had since said that employees must be paid in full, Shamsuddin said it seemed as though “the right hand does not know what the left hand is doing”.

He warned that a lack of coordination could send the wrong message, confusing employers, employees and trade unions as well as civil servants.

“It also seems that employees, unions and the government are not interested in retaining employment during this challenging period,” he said.

“Maybe they prefer companies to just collapse and for everyone to be out of a job.”

Shamsuddin also noted that under the Employment Act, wages are to be paid for work done.

“So how can the government and unions insist that employers pay wages during the MCO when no work is done?”
He suggested that Putrajaya instead emulate what is done in the UK where the government pays 80% of a worker’s salary.

He also said the government should assist both the people and employers by using the national reserves to boost the economy.

He proposed that the human resources ministry discuss with the finance ministry how to encourage employers to maintain their businesses while at the same time retain employment.

“We have proposed a few ways to manage the cash flow of employers to the finance ministry. Hopefully they will review a lot of the existing policies to create a more business-friendly environment to ensure business continuity and retain employment,” he said when asked for a win-win situation.