Salary hike prospects ‘bleak’

THE Malaysian Employers Fund (MEF) announced its findings of four latest publications for 2018. The publications focus on the forecast of salary increases and bonuses for 2019. The outlook was “bleak,” according to the survey due to the global recession, increasing social costs and political uncertainties following GE14 which were among factors influencing the employers’ cautious attitude.

A few incentives were placed into the labour structure of the companies surveyed including productivity linked wage system (PLWS) and the Discrimination Reporting Procedure.

About 90% of companies and more indicated that the main reasons that they implemented PLWS was to reward good employees followed by aiming to improve productivity (which more than 80% responded) and to motivate average employees (more than 70%).

The findings also focused on the types of leaves provided where all participating companies provided annual leave and sick leave for top/senior managers, managers, executives and non-executives. About 42.5% of respondent companies implemented flexible working hours at the workplace. With implementation of flexible work arrangements 62.4% of the respondent companies indicated that there was increased employees’ engagement, commitment and satisfaction, quality of work and quantity of output (62.7%) and the company’s ability to retain talent (62.7%). The survey for executives and non-executives were participated by 242 companies from manufacturing and non-manufacturing sectors.

The executive report covered 160 benchmark positions of 14330 executives while the non-executives report covered 324654 non executives with 109 benchmark positions.

Average total working hours per week

The type of flexible work arrangements implemented at the workplace shows 68.5% of the respondent companies provided flexible working hours to top/senior managers, followed by staggered working hours (42.6%) and work from home (22.2%).

Executive: 41 hours

Non-executive: 43 hours

Reason for implementing PLWS

All participating companies provided annual leave and sick leave for top/senior managers, managers, executives and non-executives. 95.3% of participating companies provided paid bereavement or compassionate leave to employees. 92% of the respondent companies granted 60 days paid maternity leave to their women employees while 7% the respondent companies provided for 90 days of paid maternity leave. Other types of common leaves included marriage leave (89.9%), paternity leave (87.4%) and prolonged illness leave (63.6%).

Types of flexible working arrangements (FWAs) implemented

69.3% of collective agreements in 2017 provided for productivity or performance linked bonus while 51.7% provided for performance linked annual increment.

Forecast of salary increase 2019

The average forecasted bonus for executives for 2019 is 2.06 months which is slightly lower than the 2.18 months of actual bonus in 2018. The average forecasted salary increase for 2019 is 4.89% as compared to the actual average salary increase of 4.88% in 2018.

Forecast of bonus 2019

7.29% of the respondent companies have implemented productivity/performance linked wage system (PLWS) for their executives and 69.4% for their non-executives. Approximately 80% of respondent companies adopted annual salary increment as one of the fixed components of PLWS for their employees; as well as non-executives followed by basic salary (executives: 71.2%, non-executives: 72.7%) and contractual bonus (executives: 40%, non-executives: 35.8%). From the companies surveyed, 72.9% of executives reported positive to these performance incentives, 22.2% said no, and 4.9% indicated no change. On the non-executives perspective, 69.4% said yes, 25.7% said no and 5% said there was no impact.