

# Smaller pay rise, **bonus** next year: MEF Survey

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**PETALING JAYA:** The quantum of salary increment next year is expected to be lower compared to this year, the Malaysian Employment Federation (MEF) revealed in a survey report yesterday.

The survey, conducted on more than 200 member companies for both executives and non-executives, also revealed that the average forecast for bonus next year will also be lower compared to the actual bonus this year.

MEF vice-president Abdul Wahab Abu Bakar told reporters yesterday at the launch of the latest four MEF publications: "Overall average forecasted salary increase for executives in 2010 is 5.10%, which is lower as compared to the actual average salary increase of 5.36% in 2009."

In the case of non-executives, he said the average forecasted pay rise for next year is 5.14%, which is lower compared to the actual average salary increase of 5.22% this year.

The publications are *MEF Salary Survey for Executives 2009*, *MEF Salary for Non-Executives 2009*, *MEF Allowances and Reimbursements Survey 2009* and *Analysis of Collective Agreements & Awards on Terms & Conditions of Employment 2008*.

"Today's economic challenges require organisations to find ways to not only reward top performers, but to motivate employees to improve performance while maintaining or increasing business value," Abdul Wahab said.

The report said that 85% of the respondent companies ranked the performance of employees as the most important criterion in determining the quantum of salary increase.

"About 92.8% of the respondent companies increased the salaries of

their executives annually. More than half of the respondents indicated they gave the pay raise in January."

Thus in general, 59.1% of the respondent companies granted salary increase to their executives in the first quarter of the year.

Abdul Wahab said in view of the economic downturn, about 76% of the respondents companies gave smaller bonuses to their executives this year as compared to last year.

It is the same case with salary increment this year where 56% of the respondent companies granted salary increases to all executives, which was lower as compared to 79.5% last year, while for non-executives 58% granted salary increments this year, also lower compared to 83% last year.

Abdul Wahab said these are reflections of the current economic, and the industry that is most affected is the electric and electronics industry.

"Successful companies know how to minimise expenses while retaining the valuable talent needed to survive the challenges of the downturn, and in order to analyse its impact on the human resource management, a few sections were added to this year's report," he said.

"About two-thirds of the respondent companies maintained the staff levels of executives and non-executives in 2009," Abdul Wahab pointed out, adding that the policy is expected to be continued next year.

The major cost-cutting measure adopted by half of the respondents this year is to implement hiring freeze for executives while other measures include doing away with or cutting back on training and reducing overtime.

As for non-executives the major step taken was to cut down on working overtime and on rest days in addition to a freeze on hiring.