

Ministry of Economy expects progressive wage policy to incur minimal additional costs to employers

By Bernama / Bernama

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KUALA LUMPUR (Oct 25): The progressive wage policy is expected to involve minimal additional costs to employers, as the government intends to provide cash incentives to participating employers to offset the increased employee wage costs, the Ministry of Economy said.

It said employers would receive cash incentives if they meet the conditions outlined in the annual wage increase guidelines to be issued by the government.

The ministry said collectively setting wages based on the tripartite concept involving employers, the government and labour unions played a crucial role in raising employee wages.

“Given the low participation rate in labour unions in Malaysia, the government will take appropriate steps to increase the number of workers joining unions through continuous exposure

to the roles and benefits of unions to workers,” the ministry said in a written answer published on Parliament’s website on Wednesday.

The progressive wage policy aims to increase employee wages and achieve fairer income distribution.

In 2022, the median wage was recorded at RM2,424, compared with the target in the 12th Malaysia Plan Mid-Term Review, which is RM2,700 by 2025.

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