Lower pay for fresh grads due to Covid-19 impact on economy, employers’ financial contraints

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KUALA LUMPUR: The Covid-19 impact on Malaysia's economy as well as financial constraints faced by most employers have caused fresh graduates to receive lower starting salaries in 2020, compared to the previous year, says Malaysian Employers Federation (MEF) president Datuk Dr Syed Hussain J.P.

He said the majority of the employers were currently suffering from cash flow problems, with over 32,000 companies shut down last year due to the pandemic.

Syed Hussain said some employers were still downsizing, besides implementing multi-skilling and multi-tasking efforts at the workplace to remain sustainable.

"Many employees have experienced pay cuts and reduced benefits, while employers are dependent on subsidies granted by the government via the Prihatin, Penjana and the Pemerkasa initiatives to avoid further retrenching staff, all due to Covid-19."
“Employers are also looking at shorter-term employment, hourly pay, and outsourcing their non-core activities in order to remain viable,” he said in a statement today.

Therefore, he said having employment even at a lower starting pay would be a blessing these days, and it was not a surprise that fresh graduates were getting lower salaries, as this is being dictated by market forces.

Syed Hussain was responding to a recent report from the Department of Statistics which indicated that fresh graduates recorded a decrease in monthly income, where the majority of them earned between RM1,001 and RM1,500 in 2020 compared to RM2,001-RM2,500 in 2019.

However, he said the situation was only temporary, and with the rollout of the National Immunisation Programme, the forecast for 2021 onwards would be bright as companies would be allowed to operate at full capacity, as well as with the opening of borders.

“We believe all will soon return to normal. Graduates need not be too concerned by the current low starting pay as private sector employers value performances and once the employee begins to contribute and perform, they will be rewarded accordingly.

“The work experience will also make the graduates more marketable and more employable,” he added. — Bernama