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Ensuring fairness all round

THE National Wages Council of Singapore has proposed another year of wage restraint even as the republic's economy appears to have emerged from recession in the first quarter of this year. The tripartite council contends that another year of moratorium on wages would be necessary to achieve full economic recovery. Last year Singapore adopted sweeping pay cuts to help pull the island out of recession and sharpen its competitive edge against lower-cost neighbours. They included a reduction in employer contributions to a state pension fund from 20 per cent to 10 per cent of workers' salaries for two years from January 1 1999 and wage cuts of 5 to 8 per cent.

Malaysia was more affected by the crisis than Singapore. In fact, we could do with a wage restraint even more than our neighbour. Since the Asian crisis began in July 1997, the ringgit was subject to relentless speculation and manipulation, the Kuala Lumpur Stock Exchange was battered by fund managers who took advantage of various loopholes and flaws, and industries were forced to sack over 80,000 workers last year alone. For the first quarter of 1999, the Malaysian Government expects great improvements in gross domestic product (GDP) figures but the numbers would still be in the negative zone, therefore it is not out of recession yet. Some workers and unions are even now threatening to picket over the question of better salaries.

Even then there has been no wage restraint in Malaysia as there has been in Singapore. What the authorities have done is to call for moderate wage demands. The results, nevertheless, have been very heartening. Throughout the country calls for moderation in wage demands have been met with a sympathetic response from trade unions and their workers. Apart from a few cases that generally involved long-standing salary disputes, workers in the private sector as well as in the government have accepted small increments, the status quo and even pay cuts, particularly last year when the full impact of the regional financial crisis hit industries. Last Saturday Prime Minister Datuk Seri Dr Mahathir Mohamad thanked workers and their unions for exercising restraint during the economic crisis.

Malaysian workers have done so even though their income could no longer buy all the goods they used to buy because prices had gone up. Another year of such priceless cooperation from the trade unions and their workers will contribute significantly to efforts to put the Malaysian economy back on the growth track. The impact of voluntary restraint by trade unions in the manufacturing sector, along with other cost-cutting measures by companies, led last year to more industries hitting RM1 billion in annual sales. Those who signed collective agreements without the traditional demands for more have effectively guaranteed a three-year period for companies to concentrate on surviving the tough conditions without worries about having to cough up 10 or 15 per cent more every month on wage bills. But there are instances, too, when workers have been made to feel that their employers were making use of the economic crisis as an excuse not to reward them, even though the company was making even more profits than the previous year. This happens usually at the expense of workers' morale. Employers must remember that profits in bad times are profits all the same, and their workers should be rewarded. In Malaysia some companies have continued to reward their workers in the last two years because their operations have thrived. Probably many others

that should are not doing so. In many enterprises, increments and rewards are given to all instead of the few who have performed or who have been very productive. Some of the major establishments in Singapore have faced no problems because of a variable component in the wage system that allows them to adjust wages upwards or downwards according to profitability, the economy and the individual worker's productivity. Very few Malaysian companies practise this flexible wage system, and this is one area the authorities may want to examine if it desires a more established format of ensuring fairness to both employers and their workers.

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