

25/07/2000

Dr M advises private sector companies not to overpay execs

PRIME Minister Datuk Seri Dr Mahathir Mohamad yesterday reminded the private sector not to overpay their executives as it could be detrimental to companies.

Citing cases in the US, he said overpaid executives there are only interested in quarterly reports showing how much they made and in getting perks such as share options.

"In the end, the company doesn't do as well," he said during a dialogue session after presenting a keynote address at the Malaysia Inc Summit in Kuala Lumpur.

The two-day conference discusses the effectiveness of the Malaysia Inc concept introduced in 1983, which is based on close cooperation between the public and private sectors.

Dr Mahathir said the phenomenon in the US could happen in Malaysia if companies offer too high a salary to executives. He advised them to give reasonable wages although he acknowledged the problem of Malaysians migrating overseas to earn higher salaries.

Dr Mahathir was responding to an observation by a participant on signs of deteriorating quality in public service as the best people are not inclined to join the Government.

The Prime Minister said in jest that he feels like leaving the Government to join the private sector as his pay is lower than those of chief executives officers (CEOs).

"If I may, I would like to complain. I am the CEO of Malaysia Inc and they pay me only RM16,000 (a month), but people working under me draw as much as RM40,000.

"I feel like leaving the Government," he said, drawing laughter and applause from the floor, comprising captains of industry, business associations, union leaders and representatives from non-governmental organisations and government agencies.

Unlike in the past, Dr Mahathir said, the private sector now has done well and is able to pay high salaries which draw the best talent into the sector. The Government cannot reciprocate by increasing the salaries of public servants as the private sector will do the same, thus causing a wide income disparity.

"While we would like to increase the income of civil servants, our hands are tied because our revenue is not big. That's why we want to make the private sector as prosperous as possible (so that the Government will have sufficient revenue from taxes to pay civil servants well)," he added.

Asked on the fate of displaced rubber tappers when their estates are sold, Dr Mahathir said they should be prepared to switch jobs. He acknowledged that the change might be difficult but the Government and the private sector should make such a shift in employment less painful.

On another issue, the Prime Minister took to task foreign news agencies for exaggerating Malaysia's haze problem.

"When we had haze for one day here, it was reported on the BBC (British Broadcasting Corp) three days consecutively that there is haze in Malaysia," he said.

Later, Malaysian Trades Union Congress (MTUC) president Senator Zainal Rampak said he shares the Prime Minister's view on reasonable salaries for executives.

Acknowledging that some of the top and middle executives here are

overpaid, he said workers of lower ranks should be allowed to enjoy a bigger of the cake as they work hard to contribute to the companies' revenue.

Binary College president and CEO Joseph Adaikalam said he feels the Government does not have to pay higher salaries to lure the best talents.

"The Government should come out with other incentives to attract intellectuals to join the public sector, such as offering scholarships to them or their children to further their studies.

"This way, the Government will not only able to attract the best brains but also provide opportunities to Bumiputeras to further their studies at private colleges," he added.

Institute of Strategic and International Studies chairman and chief executive Tan Sri Dr Nordin Soviee said importing the world's best talents in key areas can help solve the problem of overpaid executives in the country.

"At present, we have too few talents and if we can have a large pool of talents, then we don't have to pay atrocious salaries," he said.

(END)