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Focus on the situation, not statistics

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WHEN the Human Resources Ministry last Friday came out with an estimate of RM80 billion extra wages a year that will have to be paid to all workers including foreign labour if the minimum wage of RM1,200 is implemented in the country, the Malaysian Trades Union Congress (MTUC) was puzzled by the ministry's action.

Its president Senator Zainal Rampak questioned the ministry's move in issuing statistics after statistics to discredit the union's call for the implementation of a statutory minimum wage.

He said the ministry is trying to create public alarm with "big" figures to discourage the public from supporting the proposal for a minimum income.

Human Resources Minister Datuk Dr Fong Chan Onn had said the RM80 billion additional wage Bill represents 25 per cent of the country's gross domestic product (GDP), emphasising the point that high minimum wage will burden the country as a whole.

The ministry arrived at the estimate after taking into account the consequential increase of about RM500 in monthly pay, including having to pay the same minimum income to foreign workers.

This is the latest development in the "battle of statistics" between the ministry and the MTUC, which started when the Congress released its survey findings in March to support its demand for fixing a minimum income in the country.

The MTUC had been asking the Government to implement a minimum wage law in the country to protect the interest of low-income earners from the escalating cost of living.

Fong, on receiving a copy of the study, had immediately slammed the MTUC over the data it had used to base its study as well as the conclusion that about one million workers were living below poverty income level.

He said the statistics were misleading and that the study painted a negative picture of the country.

Zainal retaliated by challenging the ministry to come out with its own study and statistics on minimum income before running down the union's recent findings.

The MTUC had also revised its earlier demand of RM1,200 a month to be between RM600 and RM1,200.

One may have realised that the ministry's brush with the MTUC on the issue has kept the ministry on its toes regarding wages for the workers.

The minister has recently directed the Wages Council to be reactivated to cover "vulnerable workers" in non-unionised sectors such as domestic workers and other sectors which will be identified later.

Wages Councils have been established under the Wages Council Act 1947 to determine reasonable wage levels for workers at the ports, cinemas and sundry shops.

Fong had also promised that the on-going study on the monthly wage for estate workers, conducted by Universiti Malaya's Faculty of Economics and Administration, will be extended to other sectors.

The ministry's officers are currently collecting statistics from the government surveys on household and expenditure to determine the individual income and expenditure pattern in Malaysia.

"We want to get the real picture on the actual income and expenditure pattern," he said, adding that the officers will also study the

improvement of income received by workers over the years.

Meanwhile, Prime Minister Datuk Seri Dr Mahathir Mohamad, in his Workers' Day's message on May 1, had said that the minimum RM1,200 a month is beyond the affordability of the Government and private sector.

At this point of time, he said the Government is unable to set a minimum wage of RM1,200 a month for them as this would lead salaries to go up to very high levels for all categories of workers including executives.

The Prime Minister had called on the workers to strive for higher productivity as productivity is the key to higher salaries.

Malaysian Institute of Economic Research executive director Dr Mohamed Ariff Abdul Kareem said workers should be equipped with skills so that their productivity would improve and they would earn more.

He said the fixing of minimum wage will introduce rigidity in the economy that would cause distortions in the system.

"We should adopt a flexible system and leave it to the market forces to determine the wage," he said when contacted last week.

Dr Ariff said although the market forces are not efficient, it is better to work through such a system by upgrading the workers' skills to improve their productivity.

In fact, the productivity-based wage system had been agreed by the National Labour Advisory Council (NLAC) in a meeting few years back.

However, the agreement reached at the tripartite forum has not been widely implemented industry wide with one of the reasons being the employers' reluctance to be transparent over financial performance.

It should also be remembered that productivity enhancement does not come from the workers only.

Workers can work hard, putting in more hours and carry out their tasks efficiently, but it would beat the purpose if the management does not contribute towards fostering workers' productivity such as creating a conducive working environment, maintaining harmonious industrial relations and creating a sense of partnership or belonging among the workers.

All these intangible factors, and not just pay increase or minimum wage, are essential to improve workers' productivity.

As the country moves into the knowledge-based economy, employers must respond to it by not only focusing on the shift in businesses but also towards human resource development.

Employers should be prepared to invest in sophisticated machinery or computers for workers to work on and also set aside some expenditure to upgrade the equipment.

What use if there are 10 computers in the office but only six can be used? How can employees' efficiency and productivity be increased if there are not provided with adequate equipment to work on?

At the same time, we cannot deny efforts by the Government, particularly the Human Resources Ministry, in providing protection to the workers through legislative means and improving the workers' skills to enhance their marketability.

It would be wise to note that any measure taken should be based on the reality of the situation and not on statistics because statistics can be manipulated.

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