

Press Release

EMPLOYERS GRANT LOWER SALARY INCREASES AND BONUSES

PETALING JAYA: Employers granted lower salary increases and bonuses to executives throughout 2016 and the forecasted outlook for salary increases and bonuses in 2017 is just as bleak, as revealed in the 2016 *MEF Salary Surveys for Executives and Non-Executives*.

MEF President Y.Bhg. Tan Sri Azman Shah Dato' Seri Haron, who launched the latest MEF surveys here today, stated that 93.6% of respondents granted salary increase to executives as compared to 96.5% in 2015, while it was 95.4% for non-executives (96.5% in 2015).

"The average salary increase for executives in 2016 was also lower at 5.55% (5.97% in 2015), but it was slightly higher at 5.51% for non-executives (5.44% in 2015). The overall average forecasted salary increase for executives in 2017 is 5.30% as compared to 5.55% in 2016, while it is also forecasted lower at 5.43% in 2017 (5.51% in 2016) for non-executives," said Tan Sri Azman.

"In terms of bonus, only 63% of respondent companies granted bonus to all executives as compared to 74.4% in 2015, and for non-executives it's 61.3% compared to 72.6% in 2015. Average forecasted bonus for 2017 also dipped for executives with 2.15 months (2.3 months in 2016) but increased for non-executives with 2.11 months which was higher than the 1.97 months of actual bonus in 2016."

Besides the MEF Salary Surveys, Tan Sri Azman also launched the *MEF Survey on Management of Foreign Workers*, the *MEF Survey on Managing Employees during Economic Downturn*, the *MEF Fringe Benefits Survey 2016* and the *MEF Analysis of Collective Agreements & Awards on Terms and Conditions of Employment 2015*.

Present at the launching ceremony were Vice Presidents En. A Ramadass, Dr Michael Chiam Tow Hui, En. Abdul Wahab Abu Bakar, Council Members Tuan Hj Razali b Dato' Hj Rahmat @ Ali Mhd, En. Mohd Syukri Ahmad Sudari and Executive Director Datuk Hj. Shamsuddin Bardan.

The respondents of the *MEF Survey on Management of Foreign Workers* indicated that high turnover rate of local employees was the main reason employers opt to recruit foreign workers (85.2%), that foreign workers were willing to work harder (76.4%), and due to difficulties in recruiting locals to perform 3D jobs (72.4%). The survey also indicated that 86.4% viewed the new revised levy rates, which took effect on 18 March 2016, were too high, and 85.4% indicated that the revised levy rates increased cost of doing business.

The survey also gathered feedback on the government's proposal to impose strict liability conditions on employers for recruitment of foreign workers. Under the strict liability principle, employers are required to pay a security bond of RM1,500 per foreign worker which is deposited with the government at point of entry, and would only be returned to the employers upon proof of repatriation.

About 85.3% of the respondent companies were not agreeable to this proposal for security bond and 93.3% objected to the element of payment of annual levy for absconded foreign workers.

The *MEF Survey on Managing Employees During Economic Downturn* is a comprehensive guide on policies and best practices currently being implemented by companies embarking on voluntary separation schemes (VSS), mutual separation schemes (MSS) and retrenchment exercises.

About 83% of the respondent companies indicated that they were affected by the economic downturn in 2016. Among the common human resource strategies that were adopted include to control overtime work (78.2%), to freeze on new recruitment except for critical areas (75.5%), to limit work on weekly rest days and public holidays (50.9%), to reduce usage of electricity/water (50%), and to reduce outstation / overseas business travel (40.9%).

The survey revealed that 12.7% of the respondent companies implemented retrenchment during the current economic slowdown, 8.2% offered VSS, 5.5% introduced MSS, while 3.6% implemented temporary lay-off. None had implemented pay-cut.

Some of the common reasons for this were for cost savings, optimisation and efficiency (88.8%), to avoid retrenchment (48.6%), increase in cost of doing business (38.3%), global economic downturn (35.5%) and difficult financial circumstances (28%).

The survey also collected, among others, data on amount of termination benefits offered to employees who were affected by VSS exercise, the criteria used to select employees who will be involved in retrenchment exercise, and entitlement to termination benefits for retrenchment.

For further information, contact the MEF Headquarters at 03-7955-7778 or fax 03-7955-9008, or email mef_hq@mef.org.my.

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