

Average salary increase of more than 5 percent for both executive and non-executive roles in Malaysia in 2022

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This is per MEF data, which also found that 93% of employers surveyed in the nation did, in fact, grant salary increases in 2022.

The latest salary surveys by the **Malaysian Employers Federation (MEF)** have recorded that 93% of employers granted salary increases to all or certain executive and non-executive employees in 2022, which was a significant increase from 65.2% and 66.4% respectively in 2021.

Specifically, the average salary increase for executives was 5.26%, while it was 5.35% for non-executives. Looking ahead, the forecasted salary increase for 2023 indicated a 5.44% and 5.43% increase for executives and non-executives respectively.

Approximately 90% of companies surveyed attributed **employees' performance as the main criteria** for determining executive and non-executive salary increases.

At the same time, more than 80% of the respondent companies granted bonuses in 2022. The **forecast for bonuses in 2023** is recorded at 2.18 and 2.06 months for executives and non-executives respectively, higher than the actual bonus in 2022 of 2.06 months and 1.77 months.

The *MEF Salary Surveys for Executives* was participated in by 252 companies from manufacturing and non-manufacturing sectors, while 250 member companies participated in the *Salary Survey for Non-Executives*.

The surveys also covered the implementation of the Minimum Wages Order 2022, which increased the monthly minimum wage to RM1,500 and impacted 70.3% of the respondent companies. Following the implementation of the order, 53.4% of the respondent companies anticipated an increase in their overall salary or wage costs.

Among the measures adopted by companies to cope with the increased expenses as a result of this new ruling, 59.7% of the respondent companies reduced their operating expenses, followed by an increase in the price of their products or services (48.8%).

At the same time, 43.8% of respondent companies intend to implement cost-cutting measures in other areas of production, while 36.8% intend to shift from labour intensive to technology-intensive production.

Apart from the Salary Surveys, MEF also launched the *MEF Fringe Benefits Survey 2022* and the *Analysis of Collective Agreements and Awards on Terms and Conditions of Employment 2021*. While the former provided data on fringe benefits provided by employers, such as leave, medical benefits, allowances, retirement benefits, retrenchment benefits and other benefits; the latter contains data analysis from 153 collective agreements (CA) taken cognizance by the industrial Court on terms and conditions of employment in 2021.

In 2021, 78 CAs provided for across-the-board salary adjustment based on percentage increase at an average of 5.3%.

Based on 136 CAs that provided for bonus in 2021, 54.1% provided for discretionary bonus, only followed by 32.3% provided for contractual bonus only and 13.5% provided for both contractual and discretionary bonus. The average amount of contractual bonus granted was 1.7 months.

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