

Painful cost transfers ahead

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Sin Chew Daily

2018 is drawing near, and the five new measures to be introduced in the new year in Malaysia are poised to significantly raise the operating cost of local business owners, some of whom have expressed their intention of transferring the additional cost to consumers.

2018 is not going to be a good year for both businesses and consumers. Consumers will have to bear the added burden if such cost is transferred to them, with some already anticipating a new wave of inflationary pressure.

Among the new measures to be implemented next year include compulsory annual physical examinations for foreign workers, standardized central hostels for foreign workers, EIS (employee insurance scheme), 90 days maternity leave and readjustment of minimum wage scheme from July 1.

While the above measures will provide better benefits and protection for workers, they nevertheless put additional burden on the shoulders of employers.

According to MEF executive director Shamsuddin Bardan, the 90 days maternity leave to be implemented from next January will cause employers to incur additional RM50 million in cost annually. And the yearly physical check-ups for foreign workers will further increase their burden.

We have no idea how high the minimum wages will go after next July, from RM1,000 for West Malaysia and RM920 for East Malaysia today. The increase will translate into extra operating cost for employers.

In view of this, many business owners are prepared to transfer the additional cost to consumers, signaling a new round of price hikes soon.

Goods prices have been rising steadily in recent years, making life more difficult for average Malaysians. If the additional cost of doing business is eventually transferred to consumers, another round of price hikes is easily foreseeable.

Business owners should within their ability absorb any additional cost of operation instead of transferring every bit of it to consumers as this will further squeeze the market demand, which in turn will take a toll on their business sales.

Meanwhile, the government must strive to lessen the operating cost of local businesses by drawing up more effective regulations and creating a more business-friendly environment to help them expand their business scopes in a bid to boost their sales.

In other words, the government must engage in more amiable dialogues with business owners and work hand-in-hand with them to promote business development in the country.

If local businesses are growing robustly, they will pay more taxes to the government and enrich the national coffers.