

MALAYSIA

New employment act will hit businesses badly, says MEF



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Datuk Syed Hussain Syed Husman says there is a need for the government to provide clear direction and more assistance for businesses to grow

SHAH ALAM - The Malaysian Employers Federation (MEF) has told the government to give clear direction and assistance to businesses as companies and industries play a critical role in the nation's growth.

Its president Datuk Syed Hussain Syed Husman said bosses want more business-friendly policies and incentives through the 2023 Budget to be tabled in October, including deferring amendments to the Employment Act.

"We hope the government will give due consideration to the current challenges and predicament of employers.

"We urge the government to defer the implementation of the amendments to the Employment Act as this will add further cost burdens to businesses at this very critical period of recovery," he said in a statement.

The amendments to the Employment Act scheduled to be implemented on September 1 will significantly add to the cost of doing business, and it should be introduced gradually over time, he added.

The Federation also thanked the government to put in place the right policies which contributed to the country's gross domestic product (GDP) growth of 8.9% in Q2 2022.

He also praised the nation's success to reduce unemployment to 3.8% and the positive trade surplus record.

"Our nation has done well to reduce unemployment to 3.8% almost to pre-lockdown levels of under 4% and based on International Labour Organisation (ILO) definition, it means full employment.

"In addition, during the same period Malaysia recorded a trade surplus over RM2 trillion and this is encouraging for our future GDP outlook," he said.

Last week, Syed Hussain said there will be various additional costs from the amendments that employers will be subjected to, including an increase in minimum wages from RM1,100 or RM1,200 per month to RM1,500 per month.

The amendment also states that the cost of overtime per year will increase from RM 2,000 per month to RM4,000 per month.

Working hours will be reduced from 48 hours per week to 45 hours per week, maternity leave is increased from 60 days to 98 days and paternity leave is granted for 7 continuous days per birth.

From all these amendments, Syed Hussain had said employers will have to absorb an estimated additional cost of RM110.99 billion per year.