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**THE IMPACTS OF MINIMUM WAGES IMPLEMENTATION ON SELECTED
ORGANIZATIONS IN MALAYSIA**

By

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ABSTRACT

National minimum wage is a government initiative to ensure fair and reasonable wages and to avoid discrimination. Implementation of the minimum wage has created significant impacts on the organization. The purpose of this study is to examine the impacts and challenges face by the organization due to the minimum wage requirement. In this study 7 companies from Kuala Lumpur were selected randomly regardless of industries to obtain relevant information as required for the study. Companies represented by the Human Resource Manager or Head of Human Resource Department since they are subject matter experts particularly in the minimum wage implementation. Due to the geographical and time constraint, the study was conducted by an interview via phone with the selected participants during the interview, semi-structured depth interview set of questions was used to get the explanation from the participant's data gathered from the interviews are analysed accordingly by using content analysis. The findings indicate that there are significant impacts incurred due to minimum wage and the increase of the operational cost become significant challenge to organization. Hope this study will support to identify useful input on minimum wage impacts and challenges. Future study should include larger number of companies.

Keywords : Minimum Wage, Human Resource, Semi-structured depth interview,

ABSTRAK

Gaji minimum negara adalah inisiatif kerajaan untuk memastikan gaji yang adil dan munasabah dan untuk mengelakkan diskriminasi. Sejak pelaksanaannya pada tahun 2012, gaji minimum telah memberi impak besar kepada organisasi. Tujuan kajian ini adalah untuk mengkaji kesan dan cabaran yang dihadapi oleh organisasi selepas pelaksanaan gaji minimum. Dalam kajian ini 7 syarikat dari Kuala Lumpur dipilih secara rawak tanpa mengira jenis industri untuk mendapatkan maklumat yang diperlukan. Syarikat-syarikat diwakili oleh Pengurus Sumber Manusia atau Ketua Jabatan Sumber Manusia berdasarkan kepakaran and pengetahuan mereka dalam pelaksanaan gaji minimum. Oleh kerana kekangan geografi dan masa, teknik temuduga melalui telefon diadakan dengan peserta terpilih. Semasa sesi temubual soalan yang berstruktur menjurus kepada pelaksanaan gaji minima digunakan untuk mendapatkan penjelasan yang terperinci daripada peserta. Data yang dikumpulkan dari temubual dianalisis dengan menggunakan analisis kandungan. Hasil kajian mendapati bahawa terdapat impak akibat gaji minimum dan peningkatan kos operasi menjadi cabaran penting kepada organisasi. Diharap kajian ini dapat memberi input yang berguna mengenai impak dan cabaran pelaksanaan gaji minimum. Di harap lebih banyak syarikat dilibatkan untuk kajian pada masa hadapan.

Kata kunci: Gaji Minimum, Sumber Manusia, Temubual mendalam yang berstruktur

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NMW – National Minimum Wage

NWCC – National Wage Consultative Council

ILO – International Labour Organization

DWA – Decent Work Agenda

NEM – New Economic Model

HR – Human Resource

MWSC – Minimum Wage Study Commission

BNM – Bank Negara Malaysia

LPC – Low Pay Council

DDP - Gross Domestic Product

PLI – Poverty Line Income

CPI – Consumer Price Index

P – Productivity

MEF – Malaysian Employer Federation

MNC – Multi-National Company

SME – Small Medium Enterprise



CHAPTER ONE

INTRODUCTION

1.0 Introduction

The main objective of the National Minimum Wage (NMW) in Malaysia is to ensure the employee receives fair and reasonable wages and to avoid discrimination. Besides that, the government wants to ensure better income distribution among the lower-income group and to achieved government aimed to be a high-income nation by the year 2020, can be seen as an excellent step by the government towards developing the nation (Saari, Rahman, Hassan & Habibullah, 2016), (Mahyut, 2013).

According to Saari et al. (2016), in 2005, basic wage in Malaysia that are below than RM800.00 monthly was considered salary below the poverty rate. The purpose of the minimum wage Consultative Council (NWCC) was to propose a minimum salary rate to the policymakers and after that to present the recommendation at parliament. Upon the approval from the respective Minister of Human Resources, the Minimum Wages Orders are implemented.

The International Labour Organisation [ILO] (1970) has defined that minimum wage as the lowest wage guaranteed by law. Referring to ILO (1970) convention No 131 and recommendation given in No 135 in the year 1970 which explained that, the minimum wage should not be fixed below than the poverty rate to ensure reasonable welfare for labour and dependents. Malaysia has ratified in the above convention in the year 2012

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