

Question

[Business](#), [Employment](#)



Question Examine the possible effects of implementing a minimum wage in Malaysia from a microeconomic perspective. Abstract Minimum wages has always been a worldwide topic that is constantly argued in many countries. It has always been argued that once minimum wages is applied, there would not be enough competition among workers in the country. As a result, an important question had been brought out; who will benefits when the minimum wage rises? How is the distribution of income for poor families, and the high income interest ladder? Summary The minimum wage is a must meet or it must exceed all employment contracts stated for the employees. The wage levels under the Fair Labor Standards Act contained that minimum wage changes from time to time in order to adjust to the high prices from individual economic units; such as single-parent families, businesses or personal micro-finance issues. From the microeconomics view, the minimum wage would produce positive and negative impacts on enterprises, individuals (workers), and families of those earning the minimum wage rate. The effect of minimum wage on workers In the perspective of job motivation, with minimum wage, low-skilled workers do not know what to expect when they are out looking for a job. Job searching efforts could offset whereby; they would accept low-wage offer, as a result, it would be more conducive to low-skilled workers. Hence with the minimum wage rate, these workers would not consider to depend on the public assistance income, and would be actively looking for employment because the public income assistance offered by the NGO (Non Government Organization) is relatively low. As a result, more individuals would stop applying or depending on public assistance. Secondly, the creation of employment opportunities would then

be low. This is because of, " the instability of the economy and sometimes to avoid hiring new workers which is caused by the minimum wage rate", according to the article published by the National Center for Policy Analysis on the negative impact of the minimum wage rate. Employers would then be willing to pay for existing staffs' working hours, staff cost ratio, and the minimum wage employment. This would then make it more difficult to find a job in a bad economy where minimum wage is implied. On the other hand, morale effects would also affect workers because when a country decides to apply the minimum wage, it would affect all the country's' current employees minimum wage rate. According to the full impact on the measurement of the post, against money, the minimum living wage law and in the sense that the amplifier is slightly higher than the minimum wage, employees would feel that it is not fair. The decrease in wages for employees that are receiving the minimum wage in a company, especially when there's nobody that gets a raise in salary, the company would face a crisis whereby its workers would leave the company to look for a better pay. The effects of minimum wage on enterprise Commonly encountered by enterprises that relies heavily on unskilled labor, substantial increase in the minimum wage virtually eliminates the ability to negotiate the lowest level of wage and salary income. According to the Malaysian Department of Labor in 2003 and 2013, the minimum wage increased by 100%, from RM3. 50 to RM7. 00 per hour. Profits and expenses must be regulated to increase the employment of unskilled workers. This is because, economic decision-making and the introduction of new variables with motivated workers would result in high economic growth. Out of all the businesses in Malaysia, more than 60% are

small businesses. Therefore, the economy consists mainly by small businesses and all the operating costs of enterprises, wages and benefits, including the largest part, is the only have one controllable costs. With government regulations, small businesses must pay employees minimum wages and with the rise of skilled and experienced workers, they would then become more valuable. Therefore, small businesses must reduce their labor or not to employ any additional worker or reduction of working hours and / or interests. Raising the minimum wage would consequently force small businesses to stop expanding because it would then be unprofitable for them to continue their business. On the other hand, in labor market such as the agricultural sector, labor is a commodity. A direct impact on the price of labor is determined by its market forces. The economic prosperity is that, with the rise in the price of labor, skilled and experienced workers would earn higher wages. During the recession, price of labor declines as unemployment rises. Therefore, skilled and experienced workers are replaced with unskilled and inexperienced workers which is employed with a lower salary. With these effects, small businesses' progress would decline because the experienced and skilled staffs are no longer employed making their production slower and less productive. Consequences There has always been different perspectives from other groups surrounding the question; What happens if the minimum wage is applied? For example, the "vested interests" whereby it seeks to determine how influences impact a persons' attitude. Based on the Institutional Management Act on minimum wage laws, trade unions and its members have been regulating on these problems. Low-wage employer-sponsored under the Employment Policy Institute has

released a lot of research, these powerful groups are the opposition on minimum wage. In addition, it is difficult to achieve the minimum wage independent of all other variables affect employment. Based on our studies of those arguments, we have found that there are more disadvantages rather than advantages in applying the minimum wages into an economy. The advantages of applying the minimum wages are, the low-salary job will be vanished, workers are forced to improve their skill and knowledge to get a higher paid job. In addition, it motivates the workers to work hard in order to get bonus salary because the pay is too low. It also encourages people who have lesser skill and knowledge to search for employment in any field possible rather than doing illegal works like robbing or snatching. On the other hand, the disadvantages are those fresh graduates that just came out of the university will be facing the price discrimination whereby, they will be getting the lowest of the wages or salaries because of having no experiences. Secondly, by applying the minimum wage, it will only benefit the company and would consequently hurt those working in the company, those that just changed their job, and those who doesn't have much working experience. Thirdly, there will be challenges on the current labor market, because too low of a wage or salary would make the local labors to walk off their jobs. Fourthly, once the minimum wage is applied, many companies will employ a large number of labor or maids from other countries like Indonesia , Nepal, India and Philippines, consequently, forcing our currency to depreciate in its' value. Last but not least, because of the unskilled and the lack of knowledge, the company with labor intensive will have a bad quality of output, hence, affecting the branding where lesser output will be

produced. All in a nuts' shell, applying the minimum wage will only cause more disadvantages rather than advantages that are being argued. Issues about minimum wages in Malaysia In the July of 2012 when Malaysia government have announce for the minimum wages RM900 for the west Malaysia and RM 800 for the east Malaysia, the Malaysia trade union the public society have come to a meeting and call on Malaysia government to withdraw the cabinet meeting but things had come to the end which our government have make their decision that force execution in the 1 January 2013. On the other hand, a huge number of short-term employment contract workers are in the condition of afraid and curious, they do not speak the right because wish to sign their re-new contract to continue their job. In addition, Malaysia in December 28, 2012, the minimum wage (Amendment) Order, allowing employers can be exempted from applying for payment of minimum wages. Correct delay of more than 500 employers to pay the minimum wage, however, in the process, the Government workers or trade unions to participate in space, and then deal with the employer's application. Of foreign workers, the employer can be deducted from the wages of foreign workers, employers to hire foreign workers to recover the costs, including the levy payable to the Government. However, the Government in April 1, 2009 had stop this practice. But on January 30, 2003, the Malaysian Cabinet decided to allow employers of migrant workers, recycling, net of wages for migrant workers pay to the Government. Trade unions and public society activists, on February 5, 2013 also joint statement expressing serious concern, the government need only burden is passed on to the direction of the migrant workers. 75 around the world civil society organizations and

trade unions called on the Government of Malaysia said that " all workers, including migrant workers, are entitled to the minimum wage, which is the basic wage, not including allowances, benefits and other incentives to employers should not be deleted before 2012 April, minimum wage workers in 2012 from the effective date of the rights and interests, from existing and future employment contract. " Last but not least, they called on the Government of Malaysia, and immediately quit the Cabinet of Ministers of Malaysia and terminate all forms of discrimination against workers

Conclusion As a conclusion, after the journals and articles we read and analyze a wide range of reading and critical to a large extent consolidation; minimum wages may reduce employment of low-skilled workers. In addition, the low-wage labor market competition in the neo-classical model can be a reasonable approximation. Therefore, the impact of the minimum wage on employment, we believe that this means that in other places the necessary analysis to assess whether the minimum wage is a very useful policy tool to improve the economic status. At the bottom of the income distribution is we believe this is the ultimate goal of the minimum wage policy. In particular, the minimum wage, employment and working time, income and human capital accumulation more comprehensive review and consider alternative policies, wage levels and distribution, will eventually need to assess whether or not to raise the minimum wage as a good economic policy . In view of the employment difficulties faced by the evidence, it is conducive to the pursuit the weight of any parameters of the higher minimum wage seems to need the job than those workers adversely affected by higher minimum wages loss benefits. Reference 1) Most Asked Questions about Minimum Wages in

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