

PERSPECTIVE

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Malaysia's Progressive Wage Policy: Looming Questions for the Pilot Project

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Workers in protective suits in a production facility of a medical technology manufacturer in Penang, Malaysia. Photo taken on 16 February 2023 by BERND VON JUTRCZENKA/DPA/dpa Picture-Alliance via AFP).

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EXECUTIVE SUMMARY

- Wage stagnation is a perennial problem in Malaysia which the country has addressed primarily through enforcing the minimum wage. The Progressive Wage Policy (PWP) piloted in June-September 2024 will introduce multiple wage floors above minimum wage and help employers pay Malaysian workers PWP-determined wages.
- Malaysia's PWP is modelled after Singapore's Progressive Wage Model (PWM). Both set wage floors corresponding with occupations, skills and training. Whereas Singapore enforces mandatory compliance and a proportional wage credit, Malaysia will start with a voluntary scheme with fixed amounts of wage subsidy.
- Promoting wage increases above the mandated minimum is a timely policy priority, and the top-down mechanism might help compensate for weak labour bargaining power.
- Nonetheless, Malaysia's approach faces questions on how it will: credibly set multiple wage floors and account for cost-of-living variations; effectively raise productivity and enable employers to be self-reliant; establish an enforcement framework and manage the ramifications of exclusive application to Malaysians; adequately facilitate worker representation in governance structures.
- The piloting phase must subject the above to rigorous scrutiny before deciding to institutionalise the progressive wage policy. At the same time, Malaysia should consider wage policies that account for geographic cost-of-living differentials and maintain focus on the structural causes of weak labour bargaining power.

INTRODUCTION

Low wages continually mar Malaysia's quests for equitable distribution and high-income status. In the past decade, stagnant wage growth in the middle segment has emerged as a salient problem while wages at the bottom end remain bolstered by the statutory minimum wage. The mandatory wage floor primarily benefits workers in elementary occupations and has been increased at intervals since its introduction in 2013. Malaysia's development policy has recognised that wages in swathes of the economy remain below desired levels, to the detriment of both worker well-being and national objectives of becoming a high-productivity, high-income economy. Wage growth has also lagged behind productivity growth, and concomitantly the wage share of national income was a lowly 32.4 per cent in 2022, far beneath South Korea and Japan where the wage share hovers around 50 per cent (Ministry of Economy 2023). Over the past decade, Malaysia has also trailed China, Indonesia, Thailand and Vietnam in terms of real wage growth. Workers' bargaining power is severely curtailed by tepid progress in skills and technology, and dismal two per cent union membership in the private sector.

This Perspective provides an overview of Malaysia's Progressive Wage Policy (PWP), highlighting its key features and comparisons with Singapore's Progressive Wage Model (PWM), the primary reference in the design of the PWP. Malaysia is piloting its PWP from June to September 2024 as outlined in the government's November 2023 white paper, involving the determination of wage floors by occupation or sector and ladders for wage increments corresponding with training and productivity improvement. Malaysia's PWP resembles Singapore's PWM, but considerably varies in structure, scope and implementation.

The greater complexity of Malaysia's economic geography and labour markets render the PWP an onerous and uncertain endeavour. The initiative has undertaken to set wages and training requirements for an exceedingly wide range of occupations. The attendant goal of raising productivity and supporting employers through wage subsidies also entail a complex mapping of wage ladders and skill requirements, as well as a schedule of graduating employers out of receiving subsidies. The lack of a clear enforcement framework, restriction of benefits to citizens, and lack of worker representation in the policy's governance structures pose further challenges. Malaysia must use the piloting phase of the PWP to acquire data and experience to address these concerns. It should not rule out regionally determined minimum wage and more localised living wage programmes, and must continually cultivate workers' bargaining power.

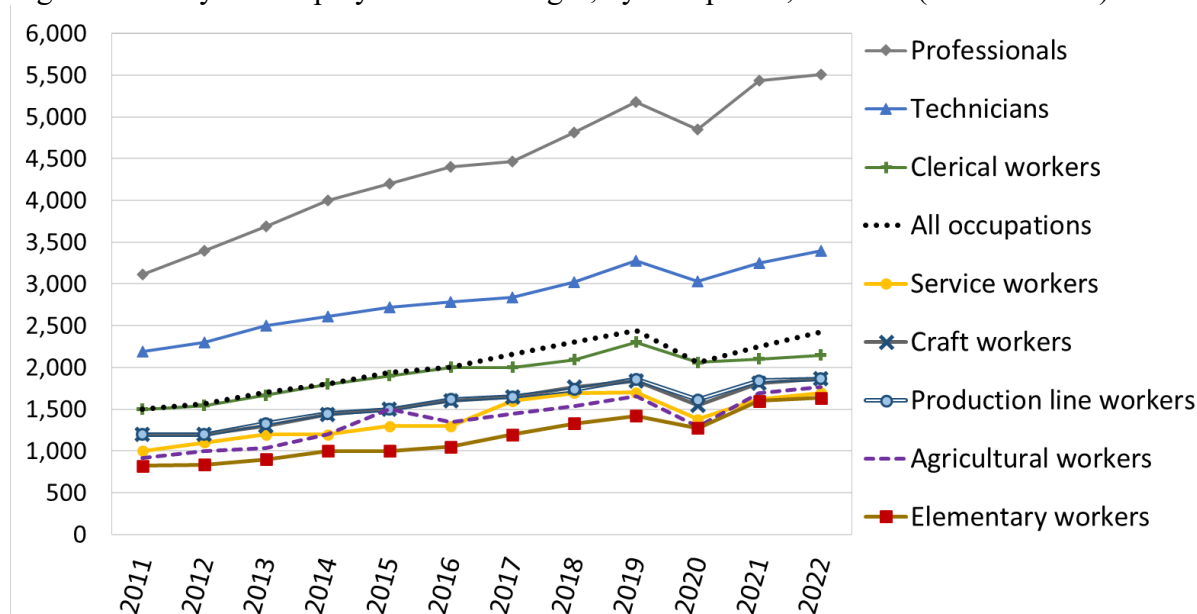
WAGES LEVELS AND WAGE-IMPACTING INSTITUTIONS

The Progressive Wage Policy is premised on the low share of wages in national income and stagnant wage growth for swathes of the labour force. Malaysia's Madani economy framework aspires to raise the wage share of national income from 32.4 per cent in 2022 to 45 per cent by 2035, and to raise monthly median wage from RM2,424 in 2022 to RM2,700 in 2025. The PWP addresses two key problems: Malaysia's slow growth in both productivity and wages which has been compounded by the Covid-19 pandemic, and privileging of profits over wages in the distribution of income. Two issues warrant a closer look to set the context for this policy intervention: first, the state of wage growth, specifically low- to middle-wage workers earning above the minimum wage; second, wage-setting institutions and worker bargaining power.

Slow Wage Growth in the Middle

Patterns of wage growth by occupation groups are potentially instructive. In Figures 1 and 2, which report findings of the annual *Salaries and Wages Survey* started in 2009-10, the dotted line in Figure 1 shows steady gains in the national median wage for employees (excluding the self-employed) in the years running up to the Covid-19 pandemic, then a decline in 2020 from which the labour market barely recovered by 2022. At the upper and lower ends, professionals and elementary workers have enjoyed steady wage increases and less pandemic disruption. The lower-middle and middle rung jobs, such as production line workers, craft workers and service workers who comprise about 43 per cent of all employees (see Figure 2 for occupation groups’ shares of employment), earn only 18-19 per cent more than elementary workers and were slower to recover to pre-Covid levels.

Figure 1. Malaysian employee median wages, by occupation, 2011-22 (current MYR)

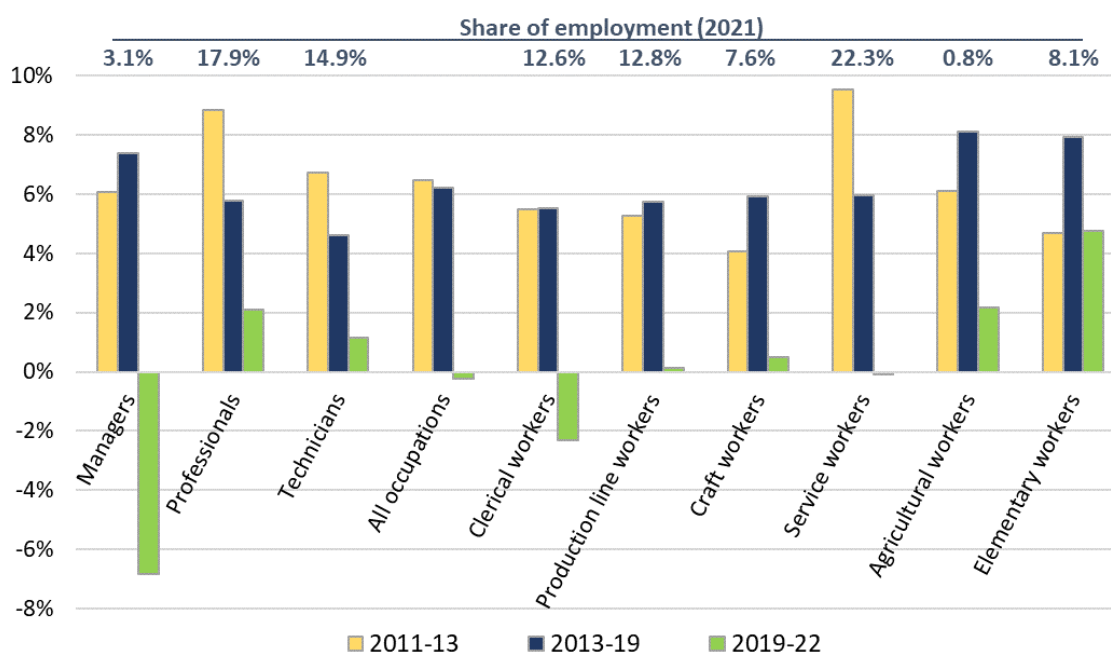


Source: *Salaries and Wages Survey Report*.

Note: “all occupations” includes managers.

Figure 2 presents the same data in annual growth terms, with time brackets corresponding with the implementation of minimum wage from 2013, and the pre- and post-pandemic periods with 2019 as the cut-off. The figures show a boost to elementary worker wages in 2013-19 and continued growth across 2019-22. Production line workers, craft workers and service workers experienced slower median wage growth in the years preceding the pandemic, and negligible growth thereafter. These differentials in occupational wage growth correspond with Muthusamy, Abu Rahim and Khalidi’s (2023a) analysis of wage inequality dynamics based on wage brackets, in which they find a “squeezed middle” phenomenon of stagnating growth among middle-wage earners.

Figure 2. Annual median wage growth by time period and occupation group, 2011-22.



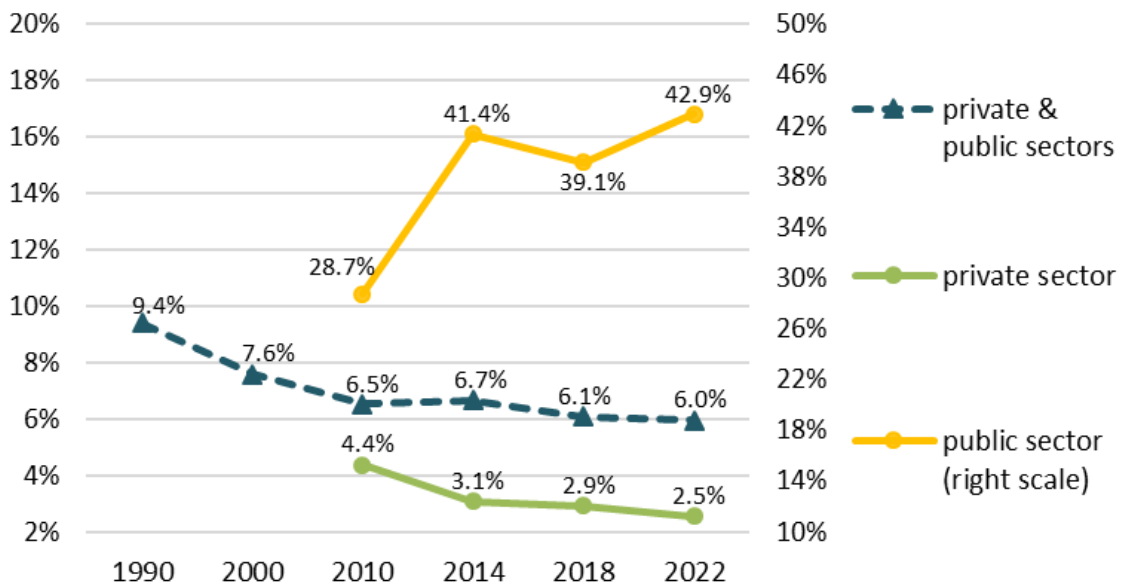
Source: Author’s calculations from *Salaries and Wages Survey Reports*.
Note: nominal figures.

Malaysia’s wage distribution stems from multiple factors – individual, collective, systemic and institutional – that ultimately affect labour bargaining power. A worker’s credentials, skills and experience can augment individual capacity to demand higher wages at recruitment, or to extract wage increments based on superior job offers. These dynamics clearly apply to well-remunerated workers with high-level qualifications and more specialised skills, but may also be a factor for middle-wage workers. At the same time, tertiary education is also less and less impactful in wage bargaining, as reflected in the declining wage premium associated with holding post-secondary diplomas or degrees, and the persistently low starting salary for fresh graduates (Muthusamy, Abu Rahim and Khalidi 2023b).

Wage-Setting Institutions: Unionisation and Public Policy

In general, labour organisation empowers workers’ collective wage bargaining. Malaysia’s low unionisation – often cited at 6-7 per cent of the workforce – recurs in discourses on wage stagnation, but the effective share of workers who belong to private sector unions that collectively bargain for their members is much lower. Unions in the government or statutory bodies (public sector), which do not engage in collective bargaining, account for the bulk of union membership growth in recent years.¹ Correspondingly, the private sector unionisation rate regressed from 4.4 per cent in 2010 to 2.5 per cent in 2022 (Figure 3). Various factors beyond size, such as union leadership and finances, impact on the efficacy of the union in representing workers’ interest (Eden *et al.* 2017). Nonetheless, low union membership and small unions generally translate into poorer contracts. A miniscule 2 per cent of employees enjoy the terms of collective bargaining agreements (Ministry of Economy 2023).

Figure 3. Union membership per employed population

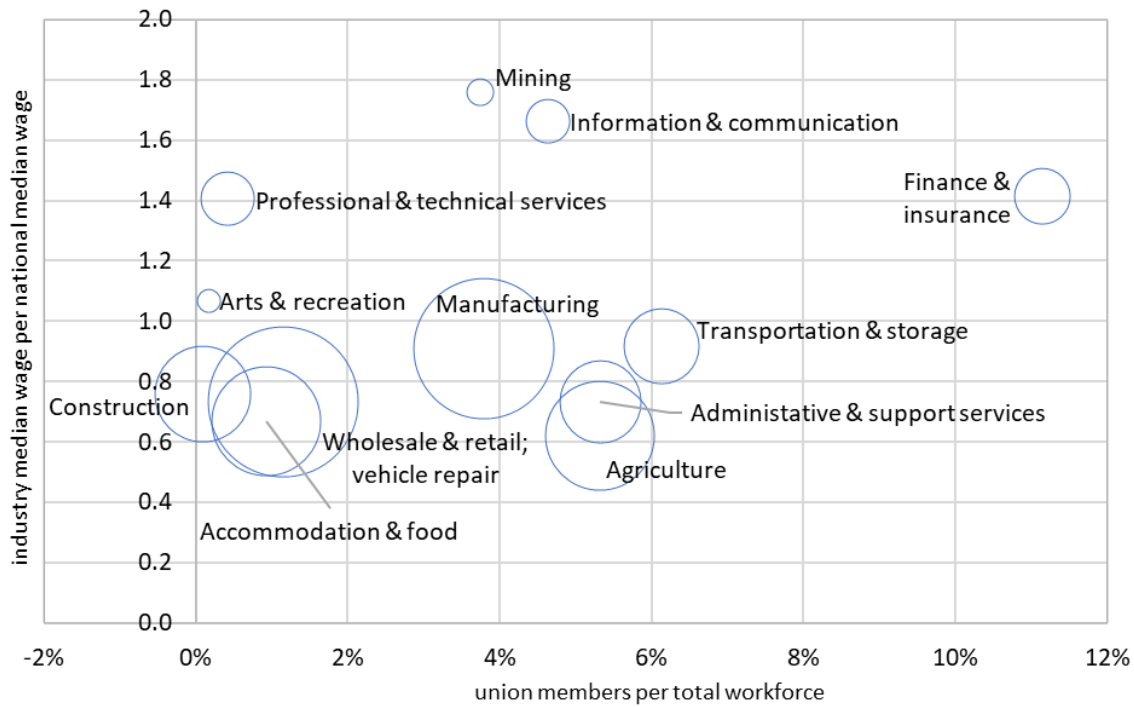


Notes: Figures represent the number of union members per employed population; public sector includes government and statutory bodies.

Sources: Author’s calculations from Trade Union Affairs Department data (<https://jheks.mohr.gov.my/>) and *Labour Force Survey Reports*.

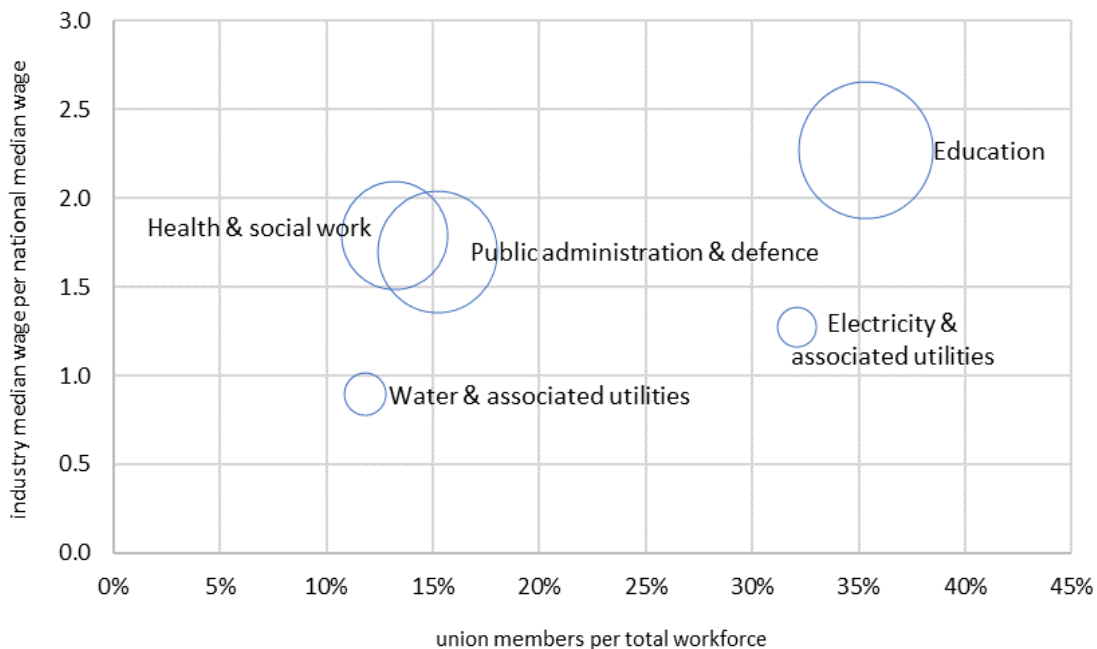
When plotting unionisation rate against median wage by industry, we observe some significant patterns. Less unionised industries — notably, construction, wholesale/retail trade and vehicle repairs, and accommodation and food — record lower median wages. Higher unionisation in finance corresponds with higher wages, an outcome partly attributable to the banking employee union’s effective campaigning (Figure 4a). Employees in information and communication, professional and technical services, and arts and entertainment command higher wages despite low unionisation, given the greater premium on skills, credentials and individual bargaining power in these industries; arguably, workers in these industries could get even better terms with more collective representation. Employees in industries with a significant public sector presence enjoy higher median wages, but this results from the public sector’s higher median pay and the political importance of public service remuneration, not collective bargaining (Figure 4b). Of course, unionisation remains important for worker advocacy more generally.

Figure 4a. Unionisation and median wage by industry, 2022 (predominant private sector)
(size of circle reflects the industry's share of employment)



Sources: Author's calculations from Trade Union Affairs Department data (<https://jheks.mohr.gov.my/>) and *Labour Force Survey Reports*.

Figure 4b. Unionisation and median wage by industry, 2022 (significant public sector)
(size of circle reflects the industry's share of employment)



Sources: Author's calculations from Trade Union Affairs Department data (<https://jheks.mohr.gov.my/>) and *Labour Force Survey Reports*.

Malaysian public policy has had to intervene to promote wage growth, specifically in the private sector through enforcing a minimum wage law and promoting productivity-linked wage systems. Minimum wage has been in effect since 2013, with revision every two years. It is noteworthy that the current minimum wage of RM1,500 per month (since 2022) for full-time employment has been standardised across the country after Malaysia abolished Peninsula vs Sabah/Sarawak differentials in 2019, and backtracked on an urban-rural distinction introduced in 2020 (Table 1). Additionally, the rate also falls short of the poverty line income of RM2,200. Ongoing revisions will do well to consider reintroducing regional variations, and aligning the wage floor more closely with the poverty line income – which is also calculated based on geographic differences in basic consumption items and in cost of living (Lee and Zhang 2023).

Table 1. Minimum wage and poverty line income

	Minimum wage (per month)	Poverty line income (per month, for household of 4)
2013 ¹	RM900 (Peninsula) RM800 (Sabah/Sarawak)	RM930 (Peninsula) RM1080 (Sabah/Sarawak)
2016	RM1000 (Peninsula) RM920 (Sabah/Sarawak)	RM1080 (nationwide)
2019	RM1100 (nationwide)	RM2200 (nationwide)
2020	RM1200 (56 urban districts) RM1100 (rest of country)	
2022	RM1500	

Note: ¹ minimum wage was introduced in 2013, but compliance was widely waived until 2014.

Minimum wage is by definition focused on the lowest paid workers, but its introduction or upward revision can exert ripple effects on the economy, as workers earning above the wage floor demand wage increments in tandem. However, the scope of these impacts is limited, and there tends to be a concentration of workers paid the legal minimum. Malaysia launched a National Wage Index in February 2019, supposedly to provide a credible reference point for wage revisions, but this initiative never gained traction and appears to have dissipated entirely.² The PWP addresses wages above the minimum, while also jointly raising labour productivity with wages, akin to the productivity-linked wage system (PLWS). The government, together with employers, have promoted the PLWS for over 25 years. PLWS ideally incentivises worker productivity and aligns productivity with wage by rewarding workers proportionate to their output. The practice is harder than the concept. A worker’s contribution to output is often difficult to compute, and bonuses and rewards are left to management discretion, and while a variable wage scheme could incentivise an employee’s effort on the job, it might minimally impact the technological advancement that is also crucial for raising productivity.

PROGRESSIVE WAGE POLICY: CORE ELEMENTS

Malaysia’s proposed Progressive Wage Policy (PWP) is being piloted with 1,000 employers from June to September 2024. The government expects to spend up to MYR5 billion in wage

subsidy. This section briefly outlines the PWP's core elements and how they compare with Singapore's Progressive Wage Model (PWM) (Table 2). One marked difference is the stringent enforcement with lesser scope in Singapore, where PWM is compulsory in specific occupations within designated sectors. In contrast, Malaysia will start on a voluntary basis, with micro, small and medium scale enterprises (MSMEs) in any sector eligible to participate. Whereas the PWM operates in the absence of minimum wage in Singapore, Malaysia will apply the PWP in tandem with minimum wage.³ Job specifications, training requirements and corresponding wage floors have been developed in greater detail in Singapore,⁴ while Malaysia has only generally prescribed that employers must provide formal training programmes for their workers. Nationality or residency requirements are clearly stipulated: progressive wage schemes in both countries limit the beneficiaries to citizens. Singapore includes permanent residents as well, appending an advisory note: "Employers are encouraged to adopt the PWM's principles for their foreign [workers] by upgrading their skills and implementing productivity-based wage progression pathways."⁵

Table 2. Key Features of Progressive Wage in Singapore and Malaysia

	Singapore (Progressive Wage Model)	Malaysia (Progressive Wage Policy)
Mechanism and participation basis	<ul style="list-style-type: none"> ▪ <i>Wage floor</i> for designated PWM occupations and sectors ▪ Ladder of wage floors corresponding with job specification, training and skill development <ul style="list-style-type: none"> ▪ Mandatory compliance for designated employers 	<ul style="list-style-type: none"> ▪ <i>Wage floor</i> for designated PWP occupations ▪ Ladder of wage floors corresponding with occupation, training and skill development <ul style="list-style-type: none"> ▪ Voluntary participation in pilot project
Scope of application	<ul style="list-style-type: none"> ▪ PWM applies to employees in designated occupations within 7 sectors: <ul style="list-style-type: none"> ▪ cleaning, security, landscape, lift and escalator, retail, food services, waste management ▪ occupational PWs for administrators and drivers ▪ Singaporean citizens and permanent residents (“locals”) 	<ul style="list-style-type: none"> ▪ Participation in PWP pilot open to micro, small and medium scale enterprises ▪ PWP applies to employees in designated occupations earning between minimum wage (MYR1,500) and MYR5,000 ▪ Malaysian citizens
Incentives and financial support	<ul style="list-style-type: none"> ▪ Progressive Wage Credit Scheme co-funds a <i>proportion</i> of wage increases (of at least SGD100, up to SGD3,000 gross monthly wage): <ul style="list-style-type: none"> ▪ Co-funding rates and implementation schedule differ year to year for 2022-26 	<ul style="list-style-type: none"> ▪ <i>Fixed</i> subsidy for paying PWP wages <ul style="list-style-type: none"> ▪ MYR200 for entry-level jobs ▪ MYR300 for non-entry-level jobs
Governance, wage-setting and enforcement	<ul style="list-style-type: none"> ▪ PWM wages determined on sectoral basis by Tripartite Clusters ▪ Oversight by Ministry of Manpower ▪ Employers hiring foreign workers must pay PWM wages to local workers to obtain or renew foreign worker permits ▪ PWM compliance <i>prerequisite</i> for: <ul style="list-style-type: none"> ▪ <i>licensing</i> of cleaning and security companies ▪ official <i>registration</i> of landscaping companies ▪ <i>Progressive Wage Mark</i> administered by Singapore Business Federation: <ul style="list-style-type: none"> ▪ Voluntary in general; mandatory for companies participating in public procurement 	<ul style="list-style-type: none"> ▪ Oversight by Special Cabinet Committee chaired by Deputy Prime Minister II ▪ PWP wage determination and policy coordination by Executive Committee jointly under Ministry of Economy and Ministry of Human Resources ▪ Working Committees responsible for wage setting recommendations, tripartite negotiations, skill development, policy monitoring ▪ <i>Progressive Wage Employer</i> rating for participating employers

Sources: <https://www.mom.gov.sg/employment-practices/progressive-wage-model>; Ministry of Economy (2023).

Both countries avail government financial support to employers, though through different mechanisms. Singapore's Progressive Wage Credit Scheme aids employers who need to comply with raised PWM wages or who are moving employees up the PWM wage ladder. The scheme co-funds on a proportional basis, covering a share of the wage increase based on a stipulated schedule. Malaysia's PWP provides fixed-amount wage subsidies, with two tiers for entry-level jobs and non-entry-level jobs. These different modes continue from the Covid-19 wage subsidy implemented in 2020-21 in both countries. Malaysia then also opted to provide a fixed amount of subsidy per employee (with two tiers based on company size); the simplicity of that practice appears to be the reason it is applied to the PWP as well.

Other important differences pertain to implementation and government incentives for employers. The Ministry of Manpower (MOM) oversees Singapore's PWM, and tripartite sectoral clusters set wage levels. Malaysia has formulated committees for policy oversight and implementation mainly comprised of government ministries overseeing economic development, human resources, and cost of living, and departments responsible for statistics, national productivity, and social security. Industry representatives participate in a working committee on skills development, while research institutions and the National Wages Consultative Council (NWCC), which primarily oversee minimum wage will participate in the PWP working committee that recommends wage levels. The NWCC is also a member of the PWP executive committee. Overall, Malaysia's approach is government-heavy and scarcely tripartite, and involves minimal worker and employer representation.

Another difference within similarity concerns the recognition accorded to employers for abiding by progressive wage requirements. Singapore confers a Progressive Wage Mark on companies that meet standards of compliance. Attaining the mark is not compulsory in general, but it is a prerequisite for companies intending to participate in public procurement. Malaysia has proposed conferring the title "Progressive Wage Employer" on compliant participants, but benefits beyond enhancing companies' reputation have not been formulated.

LEARNING FROM PILOTING

Singapore's PWM, with a decade of experience, has been and will continue to be a reference. Cheng and Zhang (2024) methodically point out where Malaysia's PWP falls short of Singapore's PWM, and how Malaysia can more closely emulate Singapore. Malaysia's greater geographic disparity and economic complexity, and gaps in its plan regardless of the cross-country comparison, raise certain questions. The piloting period will need to provide answers on four main themes.

First, the wide scope of PWP wage floors pose exceedingly steep challenges to the wage-setting process. The prescribed wage levels must be credible, the system must operate reliably and efficiently, and it must avoid becoming cumbersome or unwieldy. Singapore's PWM applies only to service sector occupations, and a reference to the stipulated wage ladders — in some cases, with 4-5 job rungs and corresponding wage progression — underscores the magnitude of the challenge for Malaysia, where the PWP presumably covers manufacturing, agriculture and construction as well.⁶

The problem of low wages is compounded by insufficient adjustment for geographic differences — particularly, the higher cost of living in metropolises and urban areas. Bank Negara’s 2017 Annual Report contained a cost-of-living survey in Kuala Lumpur to shed light on income needed to support a “minimal acceptable standard of living”. The study concluded that a single individual needed MYR2,700 per month, married households without children needed MYR4,500, and households with children MYR6,500 (Chong and Khong 2018). The median wage in Kuala Lumpur was MYR2,650 in 2017, indicating that half of the city’s workers were earning less than the single individual living wage. The study did not deliver the definitive word, but was well received for highlighting wage inadequacies after accounting for local costs of living. In 2022, Malaysia reversed the previous practice of setting urban-rural differences when it imposed a single nationwide minimum wage of MYR1,500. Living wage policies, which generally operate at the subnational level — by provincial or city governments — and often induce or enforce compliance through the public procurement system, present an alternative of lesser scope but potentially more viability, should the PWP prove too complicated.

Second, the PWP’s aspiration to raise productivity will also need to prove its efficacy and long-term viability. The policy’s emphasis on skills and training fills a gap in productivity-linked wage practices which focus on the reward but encounter problems with computing worker productivity without necessarily enhancing worker capability. Providing training also may not raise productivity if workers are not given better technology to work with. Moreover, in some jobs, notably security, cleaning and non-sales service jobs, there are also limits to measuring “productivity”. In these cases, training can equip security guards to provide better service or respond to emergency situations, while wage ladders can provide clearer pathways for cleaners and others to move up to a supervisory role that entails increased responsibility more than quantifiable productivity. The scheme can coherently function as an alignment of wage paid with work done. For the PWP to contribute as it intends, the content of training and skills development must be relevant and effective. The PWP must convincingly formulate the training and skills development in the piloting phase.

Public funding for employers must also be suitably portioned and well-designed as an effective and transitory support. In Singapore, the PWM’s schedules of staggered decrease in co-funding rates incorporate a phase-out of assistance for employers — and is, again, manageable due to the policy’s limited scope. As with wage-setting, Malaysia’s PWP risks getting overwhelmed by the magnitude of its ambition also in the training and subsidy aspects. The PWP started out with a two-tiered framework of fixed subsidy amounts for one year, but whether the subsidy continues at these rates or how employers will graduate out of the assistance remains unspecified. The additional element of official recognition — Singapore’s Progressive Wage Mark (PWM) and Malaysia’s Progressive Wage Employer — also demands clarification as to its purpose and implications. Singapore’s PWM, with two levels (Progressive Wage Mark and Progressive Wage Mark Plus) was recently introduced as a prerequisite for companies bidding for government contracts, and an optional label that companies can seek for their own strategic considerations. These matters will need to be firmed up on the Malaysia side.

Third, the PWP needs to clarify its enforcement framework and manage possible negative ramifications of its limitation to Malaysian workers. A shift from voluntary participation to mandatory compliance will entail a greater degree of enforcement. The policy will likely

remain a regulatory intervention without legal institutionalisation, unlike the minimum wage which is a legal mandate over which employers can be prosecuted for non-compliance. Nonetheless, the PWP will require effective formalisation – whether through licensing and registration, as practiced in Singapore — or other mechanisms and implementing agencies.⁷ In addition to the enforcement aspects, the PWP will also need to address the likelihood that employers will continue recruiting foreign migrant workers at lower wages. Singapore’s PWM arguably does not address structural factors that keep wages low, in particular, the recruitment of lower-waged foreign workers to whom employers are not obligated, but encouraged (without wage credit), to provide PWM wages.⁸ The participation of Singapore citizens could be attributed to the designation of service sector jobs, and routine jobs that do not involve intensive manual labour or dangerous and difficult tasks. The feasibility of Malaysia’s multi-sectoral approach is again called into question, and the pilot PWP — which has scheduled a review in September 2024 — should plumb its database for critical insight.

Fourth, the PWP pilot review must assess the adequacy of PWP governance structures in general, and worker representation in particular. The various executive and working committees conceived to implement the PWP are overwhelmingly populated with government representatives. Potential benefits could be derived from the inclusion of nationally important and well-resourced stakeholders such as the Department of Statistics, Social Security Organisation, and Malaysia Productivity Corporation, which could add valuable data and information. The joint leadership of the Ministry of Economy and Ministry of Human Resources could enhance the multidimensional impact, in line with the twin objectives of productivity and wages, the respective mandates of the ministries; however, this dual structure may encumber policy clarity and coordination.

The bureaucracy-heavy structure could also detract from both the moral principle and practical advantages of having more balanced tripartite representation. Industry is under-represented, but labour is more conspicuously absent. The proposed working committee does not even include trade union representation and seems to only allow workers’ interests to be indirectly advocated by the tripartite National Wages Consultative Council. Notwithstanding the weakness of Malaysian organised labour, more worker representation still tends to translate into better outcomes for workers. Indeed, in line with Malaysia’s employment law amendments of 2023 include provisions enabling trade union growth, and the country’s commitment to decent work and expansion of social protection, workers should be empowered to advocate their interests and sustain the momentum of wage increases (Lee 2023).

CONCLUSION

Malaysia’s Progressive Wage Policy aims to bolster the wages of Malaysian workers who earn above the legal minimum but whose wage growth has been stagnating, and to raise productivity jointly with wage through productivity-linked incentives. These goals are difficult to dispute, and in Singapore’s Progressive Wage Model (PWM), Malaysia has a distinct reference point. Nonetheless, gaps and omissions in PWP’s design raise questions about policy mechanisms and implementation, while Malaysia’s greater geographic and socioeconomic complexity compared to Singapore suggests more fundamental structural challenges ahead. It remains unclear how the PWP will avoid becoming unwieldy in its prescription of multiple wage floors

in diverse sectors and layers of occupations, and how the intervention will raise productivity and represent workers' interests.

The PWP pilot must proceed in the spirit of learning, conducting critical self-evaluation along the way. Meanwhile, labour policy dialogues should look seriously at living wage policies, which are applied at the local level to account for specificities in cost of living, and expansion of workers' collective bargaining coverage.

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ENDNOTES

¹ The average membership of public sector unions grew from 1,571 in 2010 to 2,294 in 2022, while the private sector unions concurrently decreased from 976 to 715. Of the total 759 unions in 2022, 498 were in the private sector (66 per cent of the total), with the balance in the public sector which do not engage in collective bargaining. However, only 356,150 of 954,990 union members (37 per cent of the total) were in the private sector, given the much larger average membership of public sector unions (Author's calculations from Trade Union Affairs Department data, <https://jheks.mohr.gov.my/>).

² The National Wage Index, as published by its secretariat the Institute of Labour Market Information and Analysis (ILMIA), only covers 2016-18, apparently without any updating after its February 2019 launch (<https://www.ilmia.gov.my/index.php/en/national-wage-index>).

³ Singapore enforces a local qualifying wage which amounts to a limited version of a minimum wage for citizens and permanent residents that employers must comply with in order to obtain foreign worker permits.

⁴ <https://www.skillsfuture.gov.sg/skills-framework/>

⁵ <https://www.mom.gov.sg/employment-practices/progressive-wage-model/>

⁶ The examples of food and beverage cleaners and outsourced security workers are illustrative. For food and beverage cleaners, the ranks and wage floors for July 2024 – June 2025 are (in Singapore \$): general cleaners (\$1,740), table-top cleaners (\$1,840), dishwashers/refuse collectors/restroom cleaners (\$2,060), multi-skilled cleaners/machine operators (\$2,270), supervisors (\$2,455). For outsourced security officers (2024): security officer (\$2,650), senior security officer (2,950), security supervisor (\$3,250), senior security supervisor (\$3,550).

⁷ The intention of applying this policy only for Malaysian workers may also be a reason for steering clear of the legal system; encoding such preferential treatment by nationality may become problematic. The minimum wage again serves as a reference of exclusionary clauses that are deemed acceptable in the labour market. Citizens and non-citizens alike are entitled to the minimum wage. Exemptions are permitted, and Malaysia has set the precedent of a sectoral approach that excludes only domestic workers.

⁸ “The economic case for a Minimum Wage: a conversation with Linda Lim”, 25 July 2020, <https://www.academia.sg/academic-views/minimum-wage-conversation/>.

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