

Depressed with low wages

Michelle Ng, 24

Starting pay: RM2,500; finance executive in a multinational accounting firm

Net pay:	RM2,200
Fuel:	RM500
Parking:	RM210
Entertainment:	RM400 (RM100 every weekend)
Food:	RM300
Parents:	RM300
Savings:	RM490

I am actually very lucky because my family is able to finance my education and car. I also don't have to help finance my sibling's education. But I think the pay is still too low for me to save. If I want to travel, the savings will be gone in a blink of an eye. Entertainment is just for a movie and dinner during weekends. It's not as if I actually shop for anything. I don't know how my other friends, who have more financial burdens, can survive.

Sheryl Wong, 24

Starting pay: RM2,200; audit assistant in a local audit firm

Net pay:	RM1,900
Fuel:	RM200
Study loan:	RM45,000 (RM350 per month)
Parents:	RM400
Food:	RM300
Entertainment:	RM300
Insurance:	RM167
Savings:	RM533

I just started work last month and so haven't started repaying my study loan. I understand that I have to start paying after about half a year working. I know it's going to be very tight once I start paying that RM350 per month. Yes, my pay is less than what my counterparts in other companies would get but it is in Kuchai Lama, much closer to my home, and not in downtown Kuala Lumpur. So, I save on petrol and the food here is slightly cheaper.

For now, my pay seems to be enough, but the cost of living is too high. If I want to do more, see more and experience life more, then I won't be able to save.

Shaza Afifah Alias, 25

Starting pay: RM1,600, finance executive in a five-star hotel

Net pay:	RM1,400
Car:	RM400
Fuel:	RM250
Toll:	RM50
Food:	RM200
Entertainment:	RM100
Insurance:	RM130
Parents:	RM200
Savings:	RM70

That was my pay and breakdown of expenses when I got my job last year in April. There were some months when a friend got married or somebody had a birthday, and my savings would be wiped out. I have just changed my job last month and now, I work for another five-star hotel after a year on the last job — with just a RM200 increment. So, I have about RM200 more for savings now because I don't, no... because I can't afford to spend on anything extra. Luckily, the new job is closer to home, so there's no toll and the money for fuel has gone down to RM150-200 per month. But I really don't have much to save. My employers, past and present, told me that my starting pay and what I'm getting now are still considered the average pay for the hotel industry, simply because food is provided.

Well, I'm a graduate with a finance degree working in my field, yet to what I'm getting is no different from someone who comes in with an unrelated degree. So, how to get married? How to have children? I don't dare think what the future will be like.

"So, how can they command better wages?"

But the situation has not stopped most fresh graduates from asking for higher than the average pay during job interviews.

In the Jobstreet.com survey, an overwhelming 87 per cent do not have any other supplementary income while prices of goods and services continue to scale new heights.

Of those surveyed, 60 per cent expected a salary of RM3,500 for their first job, while 30 per cent thought they would get as much as RM6,500 as their starting pay, a figure which they thought would allow them to "live comfortably".

True to Shamsuddin's and Yeah's observations, Jobstreet.com found that most employers are not willing to pay an inexperienced fresh graduate more than between RM2,500 and RM2,800 a month.

NOTHING WRONG WITH JOB-HOPPING

Hence, to cope with the increasing cost of living, fresh grads are always on the lookout for new jobs with a higher salary, says the recruitment agency, and this has created high turnover rates in companies.

But Shamsuddin believes there is nothing wrong with job-hopping.

"It's enriching. It's for the employers to try to hold on to the real good performers because the good ones are always in demand, so they will offer and counter-offer. Employers have their own mechanism to retain and attract people to stay on."

His advice to fresh graduates?

"Because of the type of labour market now, you have to first get the job, irrespective of the salary offered. Then do your level best, show your maximum effort. Wages are performance-driven in the private sector, so if an employee shows true potential, then the pay can be more rewarding.

"It won't be just a one to two per cent jump. It can be easily RM1,000 or more. There's also the bonus — some companies can pay up to 10 months. That's something you can look forward to."

In the meantime, make some changes in lifestyle, he advises.

"We know that the (repayment for a) car is taking a big chunk of their pay, so they need to think if they really need a car for the time being.

"Some people say it's necessary, but we should look at the prospects of the public transport now. It's being upgraded and it's more consumer-friendly. So, why not make do first?"

He believes there is definitely room for change because some fresh graduates' lifestyle is close to lavish.

"You don't really need to buy a new car, for one. A used one will do. And their gadgets — a phone is a

phone, you don't necessarily have to spend so much on a new smartphone."

His views are echoed by Claire Yap, a human resource manager with a construction and development company in Kuala Lumpur.

"Of course, the cost of living is getting higher, and so is rental. For example, a tiny room for one in Taman Tun Dr Ismail costs RM400 to RM500. But our fresh graduates can still survive, although I think most don't really save.

"They still go and watch movies and even catch them on IMAX, although it can be as costly as RM40 per ticket. They still go to Starbucks, where one cup of coffee is over RM10. They can still travel overseas for a vacation. I think if they adjust their lifestyle a little bit, survival is not an issue."

Yap's company employs a good number of fresh engineering graduates and they are paid RM2,500 and above per month, with a slight increment upon confirmation.

"There are also allowances given for overtime work as well as weekend work. Most of our fresh graduates stay with us.

"Turnover is not an issue," she reveals, although she admits that the company creates a strong bond with its employees through various training courses and seminars.

GOVERNMENT CAN STEP IN

To increase entry-level salaries, Yeah believes the government has a role to play — by upping their starting pay.

"The public sector's starting pay is generally low. So if we were to raise it, it'll act as competition for the private sector. It'll set a new benchmark.

"Of course, this will be added costs for businesses, but it's inevitable as we move towards a high-income and knowledge economy. Salaries have to go up in tandem. Those who can pay will get the best, while those who can't won't be able to attract the right talent."

But the best way to help companies afford better pay to these young graduates is to provide a more conducive investment climate.

"That, above all, should still be the main driver underlying wage increases. It has to be a demand pull, driven by the market.

"So, the government needs to look at encouraging more businesses or industries to be set up; to ensure that entrepreneurship is nurtured and made more dynamic. These will result in the creation of jobs, and will act as a pressure for wages to go up," adds Yeah.

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uates will now have to compete with those already in the labour market (who are) people with experience. And this makes it tougher for them to enter the labour market."

Economist Dr Yeah Kim Leng, who is the Malaysia University of Science and Technology School of Business dean, agrees with Shamsuddin that the retirement age has impacted the employability of fresh graduates in the market.

"There's impact on the upward mobility (of workers), which will affect the new intakes. So, any new intake will have to come from the expansion of businesses.

"Unless businesses can expand, where they will need to expand their labour force... we will see marginal effects from the extension of the retirement age."

Added to this is the fact that the country has been experiencing depressed wages between 2000 and 2010, according to the World Bank, especially in skilled labour.

"That would include entry-level grads as well. So, the entry-level salaries have actually been stagnant for more than a decade already," says Yeah.

For certain high-value, high-reach sectors, however, the entry-level pay has moved up to between RM3,000 and RM3,500, indicating that there are some among the spectrum of employers who are able to pay higher entry-level salaries.

"Bigger firms, like multinationals, will generally be paying much higher. But the bulk of it, the SMEs, will still be paying about RM2,200 to RM2,500."

He says the current wage trend is also a reflection of the general value, growth and productivity of companies operating here.

"That means that firms that are able to grow faster, generate higher value-added products and services that are more profitable, will be able to pay more."

Yeah thinks Malaysia is not experiencing a rate of growth that will result in an immediate absorption of the influx of fresh graduates in the market every year.

"If we grow at a breakneck speed like China, then labour shortage will result in a demand pull for our fresh graduates and they will be able to demand higher wages. But suddenly, there's a surplus and a lot are not ready to start work immediately — they need retraining.