

## Productivity Linked-Wage System (PLWS)

The PLWS establishes a closer link between wages and productivity in order to enhance the country's competitiveness. It will benefit employees and employers whether in the unionised or non-unionised sectors in this country.

### OBJECTIVES OF PLWS

1. To establish a closer link between wages and productivity in order to enhance competitiveness and ensure job stability;
2. To enable employers to create broader and systematic approach towards improving productivity and wages through the active participation and cooperation of their employees;
3. To enable employees to obtain fair share of gains that arise from productivity improvement thereby promoting equity, social unity and improving the quality of life besides developing career advancement opportunities and enhancing job satisfaction.

### MAIN COMPONENT OF PLWS

#### i. Fixed Component

- Basic salary
- Annual increment
- Contractual bonus

#### ii. Variable Component

- Annual salary increment is based on increased productivity / profit distribution formula jointly agreed upon.
- The productivity and performance of the individual, work group or organisation may be linked to determine the variable components. The indicators used must be made transparent and measurable and consideration must be given based on the current situation.

### PLWS MODELS

#### i. Profitable Model

The variable components are determined based on the profit distribution model. Both the employers and employees must agree upon this formula. Companies with trade unions must include such agreed formula in the Collective Agreement.

#### ii. Productivity Model

The variable components are determined according to company performance and / or the productivity of each worker

### iii. Combined Model

This is a combination of both the profitability and productivity models.

## Benefits of Implementing PLWS

- The payment of wages will be adjusted according to economic performance and this will alleviate the negative impacts on employers and employees;
- Ensuring employment stability and reducing the probability of retrenchment during an economic showdown;
- Creating a win-win situation for both parties;
- Enabling companies to adjust their policies according to the current economic situation;
- Improving job specialisation according to skill and enhancing the career of employees;
- Improving employees' motivation and job satisfaction.