

KRI: State of Households II report backed by official data [VIDEO]

By ZARINA ZAKARIAH - 2 September 2016 @ 11:01 AM

KUALA LUMPUR: Khazanah Research Institute (KRI) has strongly defended its recently released “State of Households II” report, saying it was backed by official data.

Its managing director, Datuk Charon Wardini Mokhzani, said he was aware of the mixed responses from the public over the report findings, but explained that the report was mostly sourced from the Department of Statistics (DOS).

Among topics touched in the report were low wages and youth unemployment, food prices which have risen faster than overall inflation, households faring better and wealth inequality exceeding income inequality.

Charon said the research institute was in talks with policymakers and government agencies over the findings of the report.

“And household income is not the same as salaries. Household incomes are incomes from all working members of the household.

“What we don’t understand at the moment is the composition of the household, but household incomes have gone up. This was reflected in the new numbers and signalled a better household income.

“The DOS statistics, derived from 6.68 million people from 80,000 households nationwide, has been carried since 1973 and the methods used were of global standards.”

The report stated that at the national level, 65 per cent of household income is sourced from paid employment and for household incomes to improve, the focus should be on increasing workers’ remuneration.

However, between 2012 and 2014, median wages rose by only 3.3 per cent (cumulated average growth rate) in nominal terms, despite median household income rising by 12.5 per cent.

Asked on why the wages level did not move in tandem with labour productivity, Charon said from 2010 to last year, growth in average salaries and wages for the overall economy outstripped that of productivity.

“For the manufacturing sector, average wage growth began to outpace productivity growth after 2011. It would seem that the slower pace of productivity growth compared with that of average salaries and wages is a relatively recent phenomenon.

“The relationship between productivity and wages may also be affected by skill levels in the labour force. Across all ethnicities, households headed by professionals and skilled workers earn more.”

He said wage premiums for workers at each education level beyond the primary level (Ujian Pencapaian Sekolah Rendah) differed markedly.

“In percentage terms, the median monthly wage premium is the highest between degree and diploma holders. In comparison, the wage premium of diploma holders compared with certificate holders is proportionately lower.”

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