

Challenges and Implications of Implementing and Enforcing Minimum Wage Orders in Malaysia and Impacts towards Employee Motivation

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Abstract

With an emphasis on the context of human resource management and employee motivation, this article examines the implementation and effects of minimum wage policies in Malaysia. This review of the literature looks at several research that look into the connections between minimum wage laws, employment, income disparity, and worker motivation. The results imply that, depending on variables including labor market conditions and sector-specific dynamics, minimum wage rules may have both favorable and unfavorable effects on employment. Furthermore, the impact on employee motivation is managed and the function of human resource management in guaranteeing adherence to minimum wage laws is examined. In order to motivate workers and improve organizational performance, the article emphasizes the significance of fair and competitive salaries. In order to fully comprehend the effects of minimum wage laws, it also highlights the necessity of efficient enforcement techniques as well as the inclusion of other elements like labor market institutions and collective bargaining. The study ends by urging more investigation to properly understand the intricate connection, specific to Malaysia, between minimum salaries, employee motivation, and organizational outcomes. Overall, this article sheds light on the significance of sustainable salaries and efficient HRM techniques in fostering employee engagement and business success within the framework of Malaysia's minimum wage laws.

Keywords: human resource management, wage, motivation, employee, salary, incentive

1. Introduction

There has been interest in the state of affairs regarding the enforcement and implementation of minimum wage orders in Malaysia. The Minimum Pay Order 2012 was gazetted on July 16, 2012, and it imposed minimum wage rates on firms with more than five workers as of January 1, 2013, and on employers with five or less workers as of July 1, 2013. (Ibrahim and Said, 2015). It is noteworthy, therefore, that companies offering professional services that fall under the Malaysian Standard Classification of Occupation (MASCO) were left out of this arrangement. In order to guarantee that minimum wage rules are followed, enforcement tactics are essential. The task of selecting an effective enforcement strategy to establish and enforce the minimum wage is one that the government must tackle. Importantly, though, this directive did not apply to businesses that provided professional services as defined by the MASCO. The use of enforcement tactics is essential to guaranteeing that minimum wage regulations are followed. In order to successfully implement and enforce minimum wage legislation, the government must decide on an appropriate enforcement strategy (Basu et al., 2009). The success of minimum wage laws as a whole may depend on how well they are enforced. Research has indicated that minimum wages have the ability to reduce measured pay inequality by compressing salaries among high and low-paid workers (Bell, 1997). Further investigation is necessary to determine the precise effect of minimum wage regulations on wage inequality in Malaysia. It is important to remember that minimum wage laws may have different economic effects in underdeveloped nations than in industrialized ones. Because more workers are impacted by minimum wage in developing nations like Malaysia, it can have a more widespread effect (Lemos, 2009). More research would be necessary to fully comprehend the implications of minimum wage laws in the context of Malaysia's economy. As a result, Malaysia has continued to enact and enforce minimum wage orders. Minimum pay rates were established for several categories of employers by the Minimum Wage Order of 2012. When assessing the current state of affairs, it is crucial to take into account the efficiency of enforcement tactics as well as the influence minimum wage regulations have on income inequality. To completely comprehend the particular consequences of minimum wage laws in Malaysia, more research is required.

2. Literature Review

There are various angles from which to examine human resource management and the establishment and enforcement of minimum wage rules in Malaysia. One facet pertains to the function of human resource management in guaranteeing adherence to minimum wage regulations. Implementing and enforcing minimum wage regulations within firms is a critical responsibility of human resource managers. They are in charge of making certain that workers receive at least the legally required minimum wage and that the company complies with all applicable legislation (Guest, 2002). This includes administering payroll systems, keeping an eye on them, doing routine audits, and resolving any problems with minimum wage compliance.

Moreover, human resource management is in charge of controlling how minimum wage laws affect both the general performance of the company and the welfare of its workforce.

Minimum wage rules may have an impact on productivity, work happiness, and employee motivation (Guest, 2002). Managers of human resources must think about how minimum wage laws might affect worker morale and engagement and devise plans to counteract any unfavorable effects. Human resource management also contributes to mitigating the risks and difficulties that may arise from implementing a minimum wage. This include controlling the financial effects of rising personnel expenses, making sure the company maintains its competitiveness in the marketplace, and adjusting benefit and pay packages as needed (Pilcher & Morris, 2020). Human resource managers must strike a balance between the necessity to pay the minimum wage and the organization's ability to sustain its finances.

The current state of Malaysia's minimum wage laws' implementation and enforcement is intimately related to human resource management. In addition to managing the effects of minimum wage regulations on employee well-being and organizational performance, human resource managers are in charge of overseeing compliance with minimum wage legislation and handling the risks and difficulties involved in implementing minimum wage rules. Their function is vital in managing the intricacies of minimum wage laws and preserving an efficient and obedient staff.

As a result, this essay will succinctly summaries the main points of the issue while underlining the difficulties and ramifications of establishing and upholding minimum wage laws in Malaysia. It highlights the viewpoint of human resource management as well, emphasizing the importance of HRM in resolving this issue and its involvement in it. This research implies that it will examine the difficulties in putting minimum wage orders into effect and the particular consequences for HRM policies and procedures in Malaysia.

2.1 Factors Influenced the Implementation of Minimum Wage's Salary

The minimum wage problem has been discussed in a number of sectors and nations. There are a number of elements that affect minimum wage among workers, and human resource management must properly address these aspects. Impact on employee pay is one aspect influencing the minimum wage. Employees believe that their pay has increased somewhat as a result of the minimum wage regulation (Balasingam et al., 2020). This implies that workers' wages may not be much enhanced by the minimum wage. The impact on employment is another thing to think about. Research has yielded inconsistent findings about how minimum wages affect employment. Employment effects have been found in some studies to be almost nil or even positive, especially in low-wage industries like restaurants (Allegretto et al., 2011). On the other hand, additional evidence indicates that raising the minimum wage could result in a significant rise in unemployment among workers with low skill levels (Sitompul & Simangunsong, 2019).

Furthermore, wage disparity may be impacted by the minimum wage. Establishing a minimum wage can help to lessen wage disparity, especially for those with lower incomes (Grimshaw et al., 2013). It is crucial to remember that the additional impact of raising the minimum wage to a living wage could be negligible because it would rely on how beneficiaries are distributed across household income and how means-tested cash transfers counteract each other (Atkinson et al., 2017). The minimum wage may sometimes have

unintended consequences for businesses. Businesses may experience pressure to boost worker productivity through cross-training, multitasking, and more rigid work schedules in response to increases in the minimum wage (Bodnár et al., 2018). This implies that businesses may have to modify their management and operational procedures in reaction to rises in the minimum wage. The minimum wage outcomes are also greatly influenced by the role of collective bargaining and labor market institutions. Certain tactics used by employers and unions increase the influence of labor market institutions on pay disparity (Martíšková et al., 2021). This emphasizes how crucial it is for labor unions and companies to work together and engage in successful collective bargaining when it comes to minimum wage concerns.

2.2 Relationships Between the Implementation of Minimum Wage's Towards Employee's Motivation

Numerous researches have looked into the connection between minimum wage implementation and employee motivation. After reviewing the literature, Neumark & Wascher (2006) concluded that raising the minimum wage typically has a detrimental impact on employment, which may have an influence on employee motivation. This implies that because of possible employment implications, minimum wage adoption may have unforeseen ramifications on employee motivation. When minimum wages were introduced to a low-wage sector, Machin et al. (2003) looked at who benefited and discovered that there was systematic variance in this regard. This suggests that depending on the unique traits of the workforce and the industry in which they work, the effect of minimum wages on employee motivation may differ. A minimum wage can aid in both attracting workers and identifying the most motivated candidate among job applicants, according to Delfgaauw & Dur's 2007 investigation into the signaling and screening of workers' motivation.

According to this, by drawing in and favoring motivated workers, a minimum wage may be able to increase employee motivation. Employee motivation may be impacted by union salary impacts, according to Fitzenberger et al (2013)'s analysis of union density and coverage variations. Although the relationship between minimum wages and motivation is not specifically examined in this study, it does emphasize the significance of labor market institutions and collective bargaining in determining wage results, which may have an impact on employee motivation. A number of complicated elements, including employment effects, sector-specific dynamics, signaling and screening processes, and labor market institutions, influence the implementation of minimum wages and employee motivation. In order to fully comprehend the ways that minimum wages affect employee motivation in various

Human resource managers are particularly concerned about the effect that a pay cut will have on worker motivation. Even while there might not be a single reference that discusses the connection between a lower wage and motivation, we can still learn from related research on pay, employee commitment, and attrition. Trevor et al. (1997) investigated the connection between wage growth, job performance, and voluntary turnover. They discovered that a more marked curvilinear association between performance and turnover was linked to low compensation growth. This implies that employees may be more inclined to think about leaving their positions when income growth is restricted, which may have an effect on their

motivation. Mahmood et al. (2019) also investigated the connection between particular HR procedures and worker dedication. Although the impact of lower pay is not specifically addressed in this study, it does emphasize the significance of different HR procedures in affecting employee commitment. One of the main elements that influences employee commitment is income, hence a drop in pay may have the opposite effect on commitment and drive.

Although the impact of lower pay is not specifically addressed in this study, it does emphasize the significance of different HR procedures in affecting employee commitment. One of the main elements that influences employee commitment is income, hence a drop in pay may have the opposite effect on commitment and drive. It is significant to note that a number of factors, including the total compensation package, the perception of fairness of the wage drop, and the availability of alternative work options, are likely to have an impact on the relationship between a lower salary and employee motivation. To fully understand how a reduction in compensation directly affects employee motivation, more research is required.

3. Methodology

The systematic literature review (SLR) methodology used in this study. We performed a literature review, which involved looking through and evaluating preliminary data gathered from databases pertinent to the investigation, in order to address the research issue. The Preferred Reporting Items for Systematic Reviews were followed in conducting the systematic review of the literature. To search the included articles, use the electronic databases Web of Science (WOS), Scopus, ERIC, PsycINFO (EBSCO), Springlink, and ScienceDirect. To provide a comprehensive understanding of these difficulties, inclusion and exclusion criteria were defined based on: 1) English-language empirical research published in a peer-reviewed publication; 2) The paper addressed the academic consequences of related fields; 3) A publication falling under the categories of "essay, book review, letter, opinion, or anecdotal article"; 4) a non-relevance; and 5) a population sample comprising adults, employees, and employers were the exclusion criteria.

4. Results

The authors independently divided the selected journal articles into groups according to their themes in order to facilitate our comprehension. The chosen publications were analyzed according to year, place, journal, study objectives, technique, and significant discoveries.

4.1 Contexts and Characteristics of the Articles

Researchers Balasingam et al. (2020) discovered that, from managers' perspectives, the establishment of a minimum wage had no effect on worker productivity and motivation, as indicated by the literature studies in Table 1. To save labor expenses and minimize the amount of service charges that employees were charged, managers implemented payment schemes (Balasingam et al., 2020). Estimates of how the minimum wage affects employment frequently don't take variable employment patterns and economic shocks into consideration. The employment and hours elasticities were identical to zero when these factors were taken into account, indicating that the impacts of misemployment were negligible. Sitompul &

Simangunsong (2019) discovered that while Foreign Direct Investment (FDI) had no effect on employment, Gross Domestic Product (GDP) and minimum wages had a favorable and significant impact on employment in Indonesia (Sitompul & Simangunsong, 2019).

However, Grimshaw et al. (2013) emphasized how minimum wage laws and collective bargaining affect the results of pay equity. The combination of minimum wage policy and collective bargaining affected the nature of pay negotiating and the results of pay equity (Grimshaw et al., 2013). Upon reviewing research on minimum wage effects on employment, Neumark and Wascher (2006) discovered scant evidence of beneficial benefits, particularly for the lowest-skilled groups. For these categories, greater consequences of unemployment were noted. Employee compensation satisfaction and turnover intention were found to be mediated by work motivation, work engagement, and job satisfaction (Ahmat & Arendt, 2019). The association between job engagement and remuneration satisfaction was also mediated by work motivation (Ahmat & Arendt, 2019).

According to Aderemi & Ogwumike (2017), minimum wage laws in Nigeria caused firms to replace minimum wage workers with other labor categories, raising the pay rates for those workers. However, the simulations showed that minimum wage laws had a detrimental effect on pricing and employment, which harmed the wellbeing of the intended beneficiaries (Aderemi & Ogwumike, 2017). Maré and Hyslop (2021) did not discover any conclusive evidence that hikes in New Zealand's minimum wage had a detrimental impact on the job prospects of impacted populations. However, when a large percentage of workers such as young people and low-skilled worker were directly impacted by the minimum wage, the risk of losses rose significantly. The results collectively imply that the effect of enacting a minimum wage on employees' motivation is complicated and influenced by a number of variables. Some studies show very slight increases in motivation and production, while others show a favorable influence on welfare and employment. A few examples of the variables that affect this relationship are labor market conditions, worker perceptions of fairness, and sector-specific dynamics. To fully comprehend the precise processes by which the imposition of a minimum wage influences employees' motivation, more research is required.

It is evident from the data that the relationship between pay and motivation is a hot topic in organizational psychology and economics. Numerous research studies have investigated the correlation between employee motivation and earnings, indicating that wages can exert a noteworthy influence on motivation. Alam et al. (2020) discovered a positive correlation between employee work motivation and pay. Higher pay has a favorable impact on employee motivation, according to the study's findings. The idea that financial incentives, like pay, can be utilized to inspire employees is supported by this research. Takahashi (2006) discovered in a study that pay and promotions have a favorable impact on workers' motivation at work. This shows that professional progression prospects as well as monetary benefits may be important factors in employee motivation. Relational incentives are another tool for employee motivation in addition to monetary ones. According to Ding et al. (2016), relational incentives like friendship and respect as well as economic incentives like higher salary and promotions might be useful in inspiring workers.

Moreover, the enforcement of minimum wage regulations may also affect workers' motivation. According to Ahmat & Arendt (2019), employee perceptions of the minimum wage regulation had a substantial impact on their motivation at work and level of satisfaction with their income. This implies that paying workers a fair and sufficient compensation may help to motivate them. It is crucial to remember that there isn't always a clear-cut correlation between motivation and pay. Research has yielded inconsistent findings. For instance, Pinto (2011) discovered that there was no discernible difference in the incentive to work when a performance-based wage system was implemented. This implies that a number of variables, including the particular situation and individual characteristics, may affect how effective wage incentives are. According to research, salaries may have a big influence on how motivated employees are. Employees may be motivated by more pay and monetary benefits, as well as by chances for professional growth and interpersonal rewards. However, human characteristics and the particular circumstances may have an impact on how effective wage incentives are.

Furthermore, there is a strong correlation between motivation and pay, and businesses can gain a lot from knowing this relationship. Individual variations in pay reactions have been demonstrated to have an impact on motivation (Fulmer & Shaw, 2018). For instance, motivated and involved workers are more likely to believe that their pay is reasonable and competitive (Bal, 2020). Furthermore, the adoption of minimum wage laws can benefit worker motivation and compensation satisfaction (Ahmat & Arendt, 2019). This shows that paying workers fairly and adequately can influence their motivation and general job satisfaction. Additionally, using variable pay for performance can be a successful staff motivation tactic (Kuvaas et al., 2020). Employee incentive to work well and accomplish goals might rise when rewards are given according to individual performance. Furthermore, human resource management techniques like offering perks and fostering a favourable work atmosphere can affect how motivated and devoted employees are to their employers (Khuong et al., 2020).

According to study, firms in the industry may find themselves in a more competitive position if their wages are greater (Li, 2016). This shows that paying competitive salaries can help employers recruit and retain talented workers, so strengthening their competitive advantage. Furthermore, introducing gain-sharing schemes, in which workers receive a portion of the money earned as a result of their efforts, can also be a successful strategy for boosting worker motivation and productivity (Slović et al., 2016). Employers can instill a sense of motivation and ownership in their workforce by tying pay to performance and giving workers a part in the company's success. Employers must comprehend the relationship between incentive and pay. Businesses may increase employee motivation, engagement, and loyalty through fair and competitive wage policies, performance-based compensation systems, and the creation of a happy work environment. These actions will boost productivity and contribute to the success of the firm.

Table 1. The Characteristics of the Articles

No.	Authors	Titles	Aim of the Study	Main Findings
1.	Balasingam, A., Hussain, K., & Manaf, A. (2020).	Industry Perspectives on Malaysian Hotel Minimum Wage Issues: Worldwide Hospitality and Tourism Themes	The purpose of this paper is to investigate and compare the impact of the minimum wage order from the perspectives of two different stakeholders, namely, hotel managers and employees, in the Malaysian hotel industry.	From the managers' perspective, minimum wage implementation has resulted in managers adopting the best payment structure to reduce labor costs for the operators, deciding to reduce the service charge allocation to employees and having to deal with minimal improvement in employee productivity and motivation
2.	Allegretto, S., Dubé A., & Reich, M. (2011).	Do Minimum Wages Really Reduce Teen Employment? Accounting for Heterogeneity and Selectivity in State Panel Data.	Using CPS data on teens for the period 1990–2009, we show that such estimates fail to account for heterogeneous employment patterns that are correlated with selectivity among states with	As a result, the estimates are often biased and not robust to the source of identifying variation. Including controls for long-term growth differences among states and for heterogeneous

			minimum wages	economic shocks renders the employment and hours elasticities indistinguishable from zero and rules out any but very small misemployment effects.
3.	Sitompul, T. and Simangunsong, Y. (2019).	The Analysis of the Impact of GDP, FDI, Minimum Wage on Employment in Indonesia.	Examines the impact of Gross Domestic Product (GDP), Foreign Direct Investment (FDI) and Minimum Wages on labor absorption in Indonesia which take the national scope and aggregate labor by using secondary series of time series data (1990-2015)	GDP and Minimum Wages have a positive and significant impact to increase employment while FDI does not affect employment in Indonesia
4.	Grimshaw, D., Bösch, G., & Rubery, J. (2013).	Minimum Wages and Collective Bargaining: What Types of Pay Bargaining can Foster Positive Pay Equity Outcomes?	Analyses the relationship between collective bargaining and the minimum wage. In a context of changing minimum wage policy and competing	Intersections of minimum wage policy and collective bargaining, together with country and sector contingencies, shape the form of pay bargaining

			<p>government objectives, the findings illuminate how pay bargaining strategies of trade unions and employers shape the pay equity effects of minimum wage policy</p>	<p>and pay equity outcomes.</p>
5.	<p>Neumark, D. and Wascher, W. (2006).</p>	<p>Minimum Wages and Employment: A Review of Evidence From the New Minimum Wage.</p>	<p>Review the burgeoning literature on the employment effects of minimum wages in the United States and other countries that was spurred by the new minimum wage research beginning in the early 1990s.</p>	<p>First, we see very few - if any - studies that provide convincing evidence of positive employment effects of minimum wages, especially from those studies that focus on the broader groups (rather than a narrow industry) for which the competitive model predicts misemployment effects. Second, the studies that focus on the least-skilled groups provide relatively</p>

				overwhelming evidence of stronger misemployment effects for these groups.
6.	Ahmat, N. and Arendt, S. (2019).	Examining Work Factors after Malaysia's Minimum Wage Implementation.	This study aims to generate novel insights about minimum wage policy implementation through a joint assessment of the mediating roles of work motivation, work engagement and job satisfaction in predicting outcomes such as turnover intention and work engagement.	Results reveal that work motivation, work engagement and job satisfaction significantly mediated the relationship between employee compensation satisfaction and employee turnover intention. Work motivation was found to mediate the relationship between employee compensation satisfaction and employee work engagement. Additionally, work engagement and job satisfaction mediated the relationship between employee work

				motivation and employee turnover intention.
7.	Aderemi, T. and Ogwumike, F. (2017).	Welfare Implications of Minimum Wage Increase in Nigeria.	The primary motive of a minimum wage policy is to provide a wage floor for poorly paid workers and improve their welfare. In Nigeria, real minimum wage declined by 60 per cent between 1974 and 2011, thus reducing the welfare of workers. The wage gap between low skilled and high skilled workers have also widened over the years in favor of the latter. There are concerns that the series of minimum wage increase in Nigeria may not be welfare-enhancing	The findings show that employers substituted other labor categories for minimum wage workers. This increases the wage rates of other labor. The consumer price index also increased as firms partly pass-on increased labor cost to consumers. Generally, the simulations show that minimum wage policies worsen the welfare of its intended beneficiaries, due to negative impact on prices and employment.
8.	Maré D. and Hyslop, D. (2021).	Minimum Wages in New	Reviews the changes and	No clear evidence that increases in

		Zealand: Policy and Practice in the 21st Century.	impacts of the Statutory Minimum Wage in Aotearoa New Zealand over the past 20 years. The research finds minimum wage policies are not as effective as claimed by its supporters – or as damaging as claimed by its critics.	the minimum wage have led to negative employment losses for affected groups. However, the risk of losses is found to increase disproportionately when the minimum wage directly affects a high proportion of workers, as it does for youth and low skilled workers.
9.	Machin, S., Manning, A., & Rahman, L. (2013).	Where the Minimum Wage Bites Hard: Introduction of Minimum Wages to a Low Wage Sector.	The effects of the introduction of a National Minimum Wage (NMW) in April 1999 on one heavily affected sector, the residential care homes industry. This sector contains a large number of low paid workers and as such can be viewed as being very vulnerable to minimum wage legislation.	There is some evidence of employment and hours reductions after the minimum wage introduction, though the estimated effects are not that sizable given how heavily the wage structure was affected.
10.	Delfgaauw, J. and Dur, R.	Signaling And	Characterize	While posting a

	(2007).	Screening of Workers' Motivation	optimal incentive schemes and examine how the firm can attract and select highly motivated workers to fill a vacancy when workers' motivation is private information.	higher wage increases the probability of filling the vacancy, it decreases the expected average quality of job applicants because less motivated workers are induced to apply. The optimal wage scheme entails a trade-off between the probability of filling the vacancy, the rents left to the worker, and the expected worker's motivation.
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5. Discussion

The imposition of minimum salaries may have an effect on employees' motivation. Research has looked into this relationship and produced a range of findings. Increases in the minimum wage did not significantly alter employment, according to Card & Krueger's (1993) case study in the fast-food industry, indicating that motivation might not be much impacted. Nonetheless, Neumark & Wascher (2006) reviewed the data from numerous researches and discovered that raising the minimum wage typically has a detrimental impact on employment, which may have an influence on employee motivation. Ahmat & Arendt (2019) looked at job-related aspects in Malaysia following the minimum wage's introduction, they discovered that employee perception of the legislation had a substantial impact on motivation at work and employee satisfaction with compensation. This shows that if minimum wages are implemented and employees feel they are fair and sufficient, then it may have a good effect on motivation. Aderemi & Ogwumike (2017) investigated the welfare effects of raising the minimum wage in Nigeria and discovered that higher pay brought about by minimum wage laws can improve workers' welfare, which may raise motivation. Maré and Hyslop (2021)

conducted an analysis on the reasons behind New Zealand's minimum wage laws and their impact on workers' results. They discovered that raising the minimum wage can enhance employees' well-being, which may have a favorable effect on motivation. It is crucial to remember that the effects of minimum wages on motivation might differ based on the particular situation and the makeup of the labor force. Furthermore, there is a complicated relationship between minimum wages and motivation that is influenced by a number of variables, including the minimum wage's amount, the state of the labor market generally, and the perception of fairness among workers.

The precise impact of minimum wage implementation on worker motivation may vary depending on a number of circumstances, even though it can have both positive and negative effects on employment and wellbeing. In order to sustain and improve employee motivation, human resource management must take these aspects into account and make sure that the introduction of minimum wages is followed by efficient communication, equitable compensation policies, and encouraging work environments. It is impossible to overestimate the significance of sustainable pay for employers since it has a direct effect on employees' incentive to work. Fair, sufficient remuneration that offers a respectable quality of living to workers is referred to as sustainable wages. This idea is consistent with the values of social responsibility and moral business conduct. A number of sources provide light on the importance of sustainable wages and its motivation for businesses. Keynes (2018) highlights the importance of wages in promoting aggregate demand and economic growth in "The General Theory of Employment, Interest, and Money." Workers who receive sustainable earnings are said to have greater purchasing power, which boosts consumption and boosts the economy as a whole. In turn, this helps employers by expanding the market for their products and services, which in turn encourages them to make investments and grow their companies.

In "Capital in the Twenty-First Century," Silva (2015) addresses the connection between income inequality and wages. The author makes the case that maintaining salaries over time is essential to closing the wealth gap and fostering social cohesion. A more stable and peaceful society may result from firms paying sustainable salaries because they promote a more equitable distribution of income. Employers may become more motivated as a result, as it creates a more favorable work atmosphere and eases social tensions. The rewards on self-employment are examined in Hamilton (2000)'s "Does Entrepreneurship Pay? Employers may become more motivated as a result, as it creates a more favorable work atmosphere and eases social tensions. Hamilton (2000) investigates the benefits of working for oneself in "Does Starting a Business Pay? An Empirical Study of the Benefits of Independent Work." The report emphasizes how important it is to pay sustainably in order to draw and keep talented entrepreneurs. People who believe that working for yourself can lead to stable income and stable finances are more likely to be inspired to launch and expand their own companies. Increased innovation, the creation of jobs, and economic growth may result from this. In "Survival of the best fit: Exposure to low-wage nations and the (uneven) expansion of U.S. manufacturing plants," Bernard et al. (2006) investigate the effect of exposure to low-wage countries on the growth of U.S. manufacturing facilities. According to the study, higher plant survival rates, output growth, and employment growth are all correlated with

sustainable salaries. Paying sustainable salaries helps employers draw and keep qualified personnel, which boosts productivity and increases competitiveness in the global market. In "Precarious Employment: Understanding an Emerging Social Determinant of Health," Benach et al. (2014) address precarious employment as one of the social determinants of health. The authors contend that encouraging workers' well-being and job satisfaction requires paying wages that are sustainable. Employee motivation, engagement, and commitment to their work are more likely when companies offer fair and sufficient compensation. Increased productivity, decreased attrition, and a happier workplace are possible outcomes of this.

In summary, companies must prioritize sustainable wages because they have a direct effect on employees' incentive to work. Citations show how sustainable salaries boost workers' well-being, encourage economic growth, lessen income disparity, draw in talent for entrepreneurship, and increase competitiveness. Prioritizing sustainable pay allows employers to improve employee engagement, build a great work environment, and ultimately accelerate organizational performance.

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