PART B: LECTURE 10 - MALAYSIAN INDUSTRIAL RELATIONS
OVERVIEW

- INTRODUCTION
- INDUSTRIAL RELATIONS IN LOCAL CONTENT
- INDUSTRIAL HARMONY
- MINISTRY OF HUMAN RESOURCE
- 3 MAJOR LAWS THAT GOVERN THE MALAYSIAN INDUSTRIAL RELATIONS
- WHO NEEDS TO UNDERSTAND?
1. INTRODUCTION
1.1 INTRODUCTION TO SUBJECT

- Industrial relations/labour relations: study of relationship between employees and their employers pertaining to the employees employment or non-employment, terms and conditions of work, grounds of termination of employment, etc.

- It also refers to the management of employees welfare and internal communications.

- Industrial relations stresses the importance of 3 major areas:
  - Relationship between employers and trade unions
  - The framework provided by the employment laws
  - Disciplinary procedures and termination of the employment contract
1.2 DEFINITION

- **Interaction** between the employer and the employee or the trade union in the workplace.
- Its role is to strengthen the harmonious **relation** between the employer and to avoid any form of **exploitation and discrimination** in the workplace or outside of the workplace.
1.3 INGREDIENTS IN AN INDUSTRIAL RELATIONSHIP

The employer
• Party that offers an employment. Employer can be individual, a company or any type of organization or society which has paid employees for the job done

The employee
• People who accept an employment offered by the employer on terms and conditions of service agreed either verbally or properly written in a contract of service.

An employment
• Employment can be full-time job or part-time job that agreed by both employee and employer.
2. INDUSTRIAL RELATIONS IN LOCAL CONTENT
INDUSTRIAL RELATION IN LOCAL CONTEXT
2.1 INDUSTRIAL RELATIONS SYSTEMS IN MALAYSIA

- Is recognised as a tripartite system and is made up of 3 groups and Ministry of Human Resources act as a president. His role is to oversee the overall development of discussion.

- Includes:
  - Employers and their organizations.
  - Employees and their unions.
  - Government.

- **Machinery for discussion in tripartite system.**
  - National Labor Advisory Council (NLAC) which is made up of 14 representatives from employees, 14 from employers and 12 from government.
  - Minister of Human Resources will chair the NLAC meetings and appoints the government representatives.
  - Other representatives are appointed after consultation from Malaysian Employer’s Federation (MEF), Malaysian Trade Union Congress (MTUC) and Congress of Unions of Employees in Public and Civil Service (CUEPACS).
  - Meeting is held twice a year or when there is urgency (e.g. to approve amendments to the law).
2.2 ROLE OF EMPLOYERS AND THEIR ORGANIZATIONS

- Promote and protect the interest of their members
- To negotiate and deal with trade unions of employees
- To represent their members in any trade dispute between an individual member and employee’s union
2.3 ROLE OF EMPLOYEES AND THEIR UNIONS

- An employee has a right under Section 4 of the Industrial Relations 1967 to join a trade union

- Types of union
  - Private sector
    - Represented by Malaysian Trade Union Congress (MTUC)
    - Issues include minimum wages for workers, cost of living, foreign workers
  - Public sector
    - Represented by The Congress of Unions in The Public and Civil Service (CEUPACS)
2.4 ROLE OF GOVERNMENT IN THE INDUSTRIAL RELATIONS SYSTEMS

- Legislator through parliament
- Administrator - through the Ministry of Human Resources
  - To protect the welfare of employees - safety, health and rights
  - Promote good employer-employee relationship through a stable and peaceful Industrial Relations system
  - To equip the unemployed with basic industrial skills and to improve the skill level of the workforce
  - To assist in maximizing country’s manpower resources through manpower planning
- Participant - by being the largest employer in the country
  - Employee in the public, private and government sectors
3. INDUSTRIAL HARMONY
3.1 DEFINITION

- Existence of a peaceful relationship between trade unions representing
  - Workers
  - Workers’ employees
3.2 IMPORTANCE

- Increase productivity
- Attract more investment opportunities
- Help realizing Vision 2020
- Workers are more motivated and committed
- Prevent industrial actions from employees
- To promote the development of trade union and its members and the employer to be democratic and responsible
To promote and help voluntarily collective bargaining between the employer and the employee related to the responsibility, working environment and other related condition to uphold self interest of parties

To promote the conducive working environment for the purposes of balancing dispute resolution and to increase high productivity between the employer and the employee

To cooperate with other interested agencies for the purposes of labour relation management

To cooperate and to settle disputes towards peace and harmony
4. MINISTRY OF HUMAN RESOURCE
4.1 SCOPE

- Encompass employee and workers state of safety, health and welfare and human resource matters such as training, employment, labor rights and industrial relations.

- It includes the PERKESO (Pertubuhan Keselamatan Sosial), PSMB (Pembangunan Sumber Manusia Berhad), JTM (Jabatan Tenaga Malaysia), JKKP (Jabatan Keselamatan dan Kesihatan Pekerja)
4.2 ROLE & STRUCTURE

- Government’s overall goal in the area of Industrial Relations is to encourage harmonious relationships between employers and employees in the interest of the nation’s productivity.
4.3 OBJECTIVES

- To protect the welfare of the employees- safety, and rights
- To promote good employer-employee relationship through a stable and peaceful Industrial Relations system
- To equip the unemployed with basic industrial skills and to improve the skill level of the workforce
- To assist in maximizing country’s manpower resources through manpower planning
4.4 DEPARTMENTS IN THE MINISTRY OF HR


- Department of Industrial Relations – administers Industrial Relations Act 1967 and attempts to help settle disputes between employers and employees through conciliation.

- Department of Trade Unions – enforces Trade Union Act 1959 and play central role in the growth of the trade union movement.


- Manpower department.

- Department of Skill Development.

- Industrial court.
4.5 3 MAJOR LAWS THAT GOVERN MALAYSIA INDUSTRIAL RELATIONS

- **Employment Act 1955.** This act stipulates regulations covering all aspects of employment of workers. Among provisions covered are termination, working hours, maternity and sick leave benefits and wage payments. The provisions aim to safeguard against exploitation by employers. The specific coverage including:
  - To provide minimum benefits for those workers covered by the act.
  - To establish certain rights for employers.
  - To establish certain rights for employees.

- **Industrial Relations Act 1967.** This act regulates the relationships between employers and their workmen through trade union including:
  - To provide and encourages harmonious relation between employers and employees.
  - To provide guidelines on collective bargaining between employers and employees.
  - To establish procedures for settlement of trade disputes.

- **Trade Unions Act 1959.** This act establishes the responsibilities of trade unions and their members including:
  - To provide the rules on the right of employees to form, join and participate in any lawful trade union activities.
  - To provide the rules on the right of employers to form, join and participate in any lawful employer’s association activities.
  - To establish and promote legislation affecting the interest of the trade union member.
### 4.6 Essential Sections of Employment Act 1955

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<tr>
<th>Section</th>
<th>Employment Period</th>
<th>Minimum</th>
<th>Maximum</th>
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<tbody>
<tr>
<td>Notice of termination</td>
<td>&lt;= 2 years</td>
<td>4 weeks</td>
<td>8 weeks</td>
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<td></td>
<td>2-5 years</td>
<td>6 weeks</td>
<td>10 weeks</td>
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<td>&gt;5 years</td>
<td>8 weeks</td>
<td>16 weeks</td>
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<tr>
<td>Annual Leave</td>
<td>&lt;= 2 years</td>
<td>8 days</td>
<td>14 days</td>
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<td></td>
<td>2-5 years</td>
<td>12 days</td>
<td>18 days</td>
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<td>&gt;5 years</td>
<td>16 days</td>
<td>22 days</td>
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<td>Sick leave</td>
<td>&lt;= 2 years</td>
<td>10 days</td>
<td>16 days</td>
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<td>2-5 years</td>
<td>15 days</td>
<td>20 days</td>
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<tr>
<td></td>
<td>&gt;5 years</td>
<td>20 days</td>
<td></td>
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<tr>
<td>Termination, Lay Off &amp; Retrenchment</td>
<td>&lt;= 2 years</td>
<td>10 days</td>
<td>16 days</td>
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<td></td>
<td>2-5 years</td>
<td>15 days</td>
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<td></td>
<td>&gt;5 years</td>
<td>20 days</td>
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<td>Retirement Benefits</td>
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<td>Subject to a maximum of 5 years services</td>
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<td>Overtime Work</td>
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<td></td>
<td>Subject to a maximum of 104 hours services</td>
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| Working on Rest Days | - Payable at twice the normal daily basic wage or payment  
|                     | - Payable at twice the normal hourly rate |
| Maximum Hours of Work | - 5 consecutive hours with rest of at least 30 minutes  
|                     | - Not more than 8 hours in 1 day |
| Maternity Leave      | - Maternity leave of 60 days (42-60) commencing any time within 30 days from confinement, with the exception that she has been duly advised by the doctor that her leave is required to begin within 14 days prior to her confinement  
|                     | - After 60 days, she may apply to a total of 90 days confinement (additional 30 days) without pay (non-pay leave) on condition till to the 5th child  
|                     | - Earnings do not exceed RM1500 per month and all manual workers irrespective of their earnings |
| Public holiday       | - An employee shall be paid 2 days wages on any one of the 10 gazette public holidays  
|                     | - Any overtime work on any one of the chosen public holidays will be paid at 3 times normal ordinary rate of pay |
5. WHO NEEDS TO UNDERSTAND?
1.8 PEOPLE WHO NEEDS TO UNDERSTAND THE THEORY AND PRACTICE OF INDUSTRIAL RELATIONS

Workers

- To know their *rights* under the labor law, to be aware of *benefits* they can gain by joining a trade union, to understand that there may be certain *risks* associated with being a member to a union and they should know to whom they could *complain* if their employer fail to provide them with benefits provided under the law.

Managers

- IR is important to managers because there is a *direct link between profitability and good industrial relations*. *Bad management will cause conflict, miscommunication, negative attitudes, high turnover rates as workers leave to look for more satisfying workplaces else where. Productivity will be low amongst those who stay and morale will be poor. Therefore good management is required for good industrial relations to avoid conflict, miscommunication, negative attitude etc.*
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<tr>
<th>Category</th>
<th>Description</th>
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<tr>
<td>Lawyers</td>
<td>They are often called upon to represent workers or employees at the Industrial Court or at Labor Department hearings, High Court, Court of Appeals or Federal Court.</td>
</tr>
<tr>
<td>Trade Unions Leaders</td>
<td>To know how to play their role effectively so that workers will be protected from exploitation by greedy employers.</td>
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<tr>
<td>Officers &amp; Executives in HR &amp; IR department</td>
<td>They need to have strong working knowledge of principles, concepts and laws so that they can carry out their job responsibilities well.</td>
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