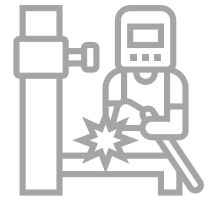


CHAPTER

5

## MANPOWER FOR INDUSTRY





## **1. MALAYSIA'S LABOUR FORCE**

## **2. MANPOWER DEVELOPMENT**

- 2.1 Facilities for Training in Industrial Skill
- 2.2 Human Resources Development Fund

## **3. LABOUR COSTS**

## **4. FACILITIES FOR RECRUITMENT**

## **5. LABOUR STANDARDS**

- 5.1 Employment Act 1955
- 5.2 The Labour Ordinance, Sabah and the Labour Ordinance, Sarawak
- 5.3 Employees Provident Fund Act 1991
- 5.4 Employees' Social Security Act 1969
- 5.5 Workmen's Compensation Act 1952
- 5.6 Occupational Safety and Health Act 1994

## **6. INDUSTRIAL RELATION**

- 6.1 Trade Unions
- 6.2 Industrial Relations Act 1967
- 6.3 Relations in Non-Unionised Establishments



# MANPOWER FOR INDUSTRY

## 1. MALAYSIA'S LABOUR FORCE

Malaysia offers the investor a diligent, disciplined, educated and trainable labour force. Malaysian youths who enter the labour market would have undergone at least 11 years of school education i.e. up to secondary school level, and therefore easy to be trained in new skills. In addition, 27% of the labour force has tertiary education.

To cater for the manufacturing sector's expanding demand for technically trained workers, the Malaysian government has taken measures to increase the number of engineers, technicians and other skilled personnel. Emphasis is given to Technical and Vocational Education and Training (TVET) with industries being given platforms to collaborate with TVET providers to ensure that the supply of graduates could meet industries requirements.

In addition, Malaysia enjoys a free and competitive labour market where employer-employee relationship is cordial and harmonious. The Government continuously review labour related legislation to meet labour market requirements. Upskilling and reskilling programmes are available to ensure stable employer-employee relations.

Labour costs in Malaysia are relatively low while productivity levels remain high in comparison with industrialised countries. Many programmes and facilitation are available for productivity improvements including productivity linked wage system, automation and skills training.

## 2. MANPOWER DEVELOPMENT

Currently, the Manpower Department of the Ministry of Human Resources runs 32 Skills Training Institutes i.e. 23 Industrial Training Institutes (ITIs), eight (8) Advanced Technology and Training Centre (ADTEC) and the Japan Malaysia Technical Institute (JMTI). The ITIs offer industrial skills training programmes at basic, intermediate and advanced levels for pre-employment or job entry. The programmes are in 5 fields namely Mechanical, Electrical & Electronic, Printing, Building Technology, ICT and Non Metal Technology. In addition, the Ministry also conducts programs to upgrade skills of the existing workforce as well as training for the instructors under the Centre for Instructors and Advanced Skills Training (CIASST).

## 2.1 Facilities for Training in Industrial Skill

In Malaysia, vocational and technical schools, polytechnics and industrial training institutions prepare youths for employment in various industrial trades. While they are mostly run by government agencies, several private initiatives complement the government's efforts in producing the skilled workers needed by industry.

The main government agencies involved in training are:

- **The Manpower Department Ministry of Human Resources** runs 23 industrial training institutes (ITIs). The ITIs offer industrial skills training programmes at basic, intermediate and advanced levels for pre-employment or job entry level. These include apprenticeship programmes in the mechanical, electrical, building and printing trades as well as programmes to upgrade skills and train instructors. The Ministry also operates the Centre for Instructors and Advanced Skills Training (CIASST), the Japan-Malaysia Technical Institute (JMTI) and eight advanced technology training centres (ADTECs).
- **Ministry of Education** runs more than 90 technical schools offering technical and vocational courses. School leavers from the technical schools can either seek employment at entry level or pursue their post-secondary education at diploma level in Polytechnics or certificate level in Community Colleges or other training institutions under the supervision of other ministries.
- **Ministry of Youth and Sports**, which provides basic, intermediate and advanced levels of industrial skills training through its 16 National Youth Skills Training Centres and Higher National Youth Skills Training Centre. Short-term courses and skills upgrading programmes are also being conducted.
- **Majlis Amanah Rakyat (MARA)**, or the Council of Trust for the Indigenous People under the purview of the Ministry of Rural and Regional Development. MARA operates more than 20 skills training institutes in different parts of the country which offer programmes at basic, intermediate, advanced and professional levels.

## 2.2 Human Resources Development Fund

Tracing its origin to the Year 1993 as Majlis Pembangunan Sumber Manusia, the Pembangunan Sumber Manusia Berhad (PSMB), also known as the Human Resources Development Fund (HRDF) is an agency under the purview of the Ministry of Human Resources Malaysia.

Governed by the Pembangunan Sumber Manusia Berhad Act 2001 (PSMB Act 2001), HRDF was given the mandate by the Malaysian Government to catalyse the development of competent local workforce that will contribute to Malaysia's vision of becoming a high-income economy.



Since its inception, HRDF has evolved from managing a sizeable fund to becoming a one-stop-centre for providing novel human capital development solutions to its registered employers and the critical mass of Small, Medium Enterprises in Malaysia.

Additionally, HRDF continues to be steadfast in its effort towards encouraging employers covered under the PSMB Act 2001 to re-train and upgrade the skills of their local employees, apprentices and trainees in keeping with the fast-evolving global business landscape while meeting the aspirations of their respective company/companies.

#### • PSMB Act 2001

An act to provide for the imposition and collection of a human resources development (HRD) levy for the purpose of promoting the training and development of employees, apprentices and trainees, the establishment and the administration of the Fund by the Corporation and for matters connect therewith.

Sectors covered under PSMB Act 2001:

- » Manufacturing
- » Services
- » Mining and Quarrying

#### • Eligibility Criteria for Registration

The PSMB Act 2001 is applicable to employer within the 63 sub-sectors (*Full list of the 63 sub-sectors can be downloaded from the HRDF portal; [www.hrdf.com.my](http://www.hrdf.com.my)*)

Category	Criteria
Mandatory (1% Levy)	Employers with 10 Malaysian Employees and above
Voluntary (0.5% Levy)	Employers with 5 to 9 Malaysian Employees

Source: *Pembangunan Sumber Manusia Berhad (PSMB)* - [www.hrdf.com.my](http://www.hrdf.com.my)

### 3. LABOUR COSTS

Salary and fringe benefits for employees vary according to industry, location and employment size. The common types of leave provided by companies include annual leave, public holiday, sick leave, hospitalization leave, maternity leave and compassionate leave. In some companies, additional benefits include provision of uniforms, transport, incentives payments, shift allowance and insurance coverage. Bonus payments are given by some companies based on the companies' performance and individual performance.

*The Minimum Wages Order (Amendment) 2018 [P.U. (A) 305/2018]* takes effect from 1st January 2019. With this amendment, all employers in the private sector irrespective of the number of employees under their employment will have to comply with new minimum wages rates.

The minimum wages rates effective from 1 January 2019 are as follows:-

Minimum Wages Rates			
Monthly	Daily		
	Numbers of day work		Hourly
RM1,100	6	RM42.31	RM5.29
	5	RM50.77	
	4	RM63.46	

For more information on salaries and fringe benefits in the manufacturing sector, please visit Malaysia Employers Federation (MEF) at [www.mef.org.my](http://www.mef.org.my).

### 4. FACILITIES FOR RECRUITMENT

Besides registered private employment agencies, employers and job seekers can register free thru JobsMalaysia Portal in order to seek for suitable candidates and available vacancies throughout the countries. There are about 90 JobsMalaysia Centre all over the country which operated at Urban Transformation Centre (UTC), Rural Transformation Centre (RTC) and Labour Offices. Employers and job seekers are also invited to join Jobs Carnival organized by JobsMalaysia.

### 5. LABOUR STANDARDS

The Department of Labour is responsible for the administration of labour laws in order to maintain industrial harmony. The labour laws stipulate the minimum requirements that must be followed by the employers to protect employees rights and benefit. Some flexibility in the operation of businesses is facilitated by application for exemption to the Director of Labour, Department of Labour.

## 5.1 Employment Act 1955

The main legislation, the Employment Act 1955 applies to all employees in Peninsular Malaysia and the Federal Territory of Labuan whose monthly wages do not exceed RM2,000 and all manual labourers irrespective of their wages. Employers may draw up the employment contract but it should not contravene or less the minimum benefits stipulated under the law. Employees has the right to monetary claim thru Labour Court if there is argument between employers and employees regarding their benefits such as wages, overtime claim, termination benefit, maternity benefit, etc. Besides that, employees who earn between RM2,001 and RM5,000 a month can also seek redress at the Labour Court on terms and conditions in their employment contracts.

Some of the obligations of an employer under the Employment Act 1955 are as follows:

- i. Every employee must be given a written contract containing the terms and conditions of the employment, including provisions relating to the termination of contract.
- ii. Maintaining of labour register pertaining to personal particulars of employees, payment of wages and deduction of wages.
- iii. Special provisions for the protection of female employees pertaining to night work and maternity benefits.
- iv. Normal hours of work and other provisions relating to numbers of working hours.
- v. Entitlement of paid annual leave, sick leave, hospitalisation leave and public holidays. Rate of payment for overtime.
- vi. Responsibility of the employer in employment of foreign employees.
- vii. Special provision on the conduct of sexual harassment at workplace.

## 5.2 The Labour Ordinance, Sabah and the Labour Ordinance, Sarawak

The Labour Ordinance (Sabah Cap. 67) and the Labour Ordinance (Sarawak Cap. 76) regulate the administration of Labour Laws in their respective states. The provisions of the Labour Ordinance, Sabah and the Labour Ordinance, Sarawak are similar to the provisions of the Employment Act 1955. However, there are some provisions which are different and pertinent to note:

These provisions are:-

### Coverage

The Employment Act 1955 covers employees whose wage does not exceed RM2,000.00 per month whereas for the Labour Ordinance Sarawak the coverage is extended up to RM2,500.00 per month. As far as the Labour Ordinance of Sabah is concerned, employees covered are person who has entered into contract of service with an employer and receive wages not more than RM2,500.00 a month, and person regardless of wages he receives is engaged in manual labour or in the operation and maintenance of any mechanically propelled vehicle for purpose of transport or commercial purposes, or engaged as supervisor of manual labour employee or engaged on any vessel registered in Malaysia with certain exceptions or domestic servant.

### Special Provisions Relating to the Employment of Children and Young Persons

The Ordinances prescribe the conditions under which a "child" and "young person" may be employed. A "child" is a person under the age of 15 years and a "young person" is a person who has attained 15 years of age but below 18 years old which is now same coverage with Children and Young Person (Employment) Act 1966 that is apply to Peninsular Malaysia

### Employment of Non-Resident Employees

It is mandatory for any employer wishing to employ any "non-resident employee" must first obtain a licence to employ "non-resident employee" from the Director of Labour Sabah/Sarawak. A "non-resident employee" is defined as any person who does not belong to Sabah/Sarawak as provided for under Section 71 of the Immigration Act, 1959/1963.

### Information Relating To Supply of Employees

The Employment Act 1955 requires an employer who employed foreign workers to inform Director General in the prescribed form within fourteen days of the employment.

## 5.3 Employees Provident Fund Act 1991

The statutory contributions under the Employees Provident Fund (EPF) Act 1991 effective 1 January 2019:

### Age Group 60 Years and Below

#### i. Employer's share

- a) **Monthly Wages RM5,000 (US\$1,171) and below**  
Statutory rate of 13% of the employees' monthly wages
- b) **Monthly Wages Exceed RM5,000 (US\$1,171)**  
Statutory rate of 12% of the employees' monthly wages

## ii. Employee's share

Statutory rate of 11% of the employees' monthly wages  
[Refer to Third Schedule (Part A) of the EPF Act 1991]

## Age Group 60 – 75 Years

### i. Malaysian citizens

#### a) Employer's share

Statutory rate of 4% of the employers' monthly wages

#### b) Employee's share

Statutory rate of 0% of the employees' monthly wages  
[Refer to Third Schedule (Part E) of the EPF Act 1991]

### ii. Permanent residents

#### a) Employer's share

##### i) Monthly Wages RM5,000 (US\$1,171) and below

Statutory rate of 6.5% of the employees' monthly wages

##### ii) Monthly Wages Exceed RM5,000 (US\$1,171)

Statutory rate of 6% of the employees' monthly wages

#### b) Employee's share

Statutory rate of 5.5% of the employee's monthly wages  
[Refer to Third Schedule (Part C) of the EPF Act 1991]

All foreign workers and expatriates and their employers are exempted from statutory contributions. They can, however, choose to contribute and the applicable rates are as follows:-

## Age Group 60 Years and Below

- |                             |  |
|-----------------------------|--|
| <b>i. Employer's share</b>  | RM5.00 (US\$1.17) per employee per month |
| <b>ii. Employee's share</b> | 11% of the employees' monthly wages      |

[Refer to Third Schedule (Part B) of the EPF Act 1991]

## Age Group 60 – 75 Years

- |                             |  |
|-----------------------------|--|
| <b>i. Employer's share</b>  | RM5.00 (US\$1.17) per employee per month |
| <b>ii. Employee's share</b> | 5.5% of the employees' monthly wages     |

[Refer to Third Schedule (Part D) of the EPF Act 1991]

## 5.4 Employees' Social Security Act 1969

The Social Security Organisation (SOCSO) provides two social security schemes to protect the welfare of employees and their dependents under the Employees' Social Security Act 1969 (Act 4). The two social security schemes are:

- i. Employment Injury Insurance Scheme
- ii. Invalidity Scheme

### Employment Injury Insurance Scheme

The Employment Injury Insurance Scheme provides protection to employees who suffer from work related accidents or occupational diseases arising out of and in the course of employment in an industry. The benefits provided under the Employment Injury Insurance Scheme consists of Medical Benefit, Temporary Disablement Benefit, Permanent Disablement Benefit, Constant-attendance Allowance, Dependants' Benefit, Funeral Benefit, Rehabilitation Benefit and Education Benefit.

### Invalidity Scheme

The Invalidity Scheme provides 24-hour coverage to employees against invalidity or death due to any cause not connected with his employment. However, the employee must fulfil the condition to be eligible for invalidity pension. Benefits provided under the Invalidity Scheme are Invalidity Pension, Invalidity Grant, Constant-attendance Allowance, Survivors' Pension, Funeral Benefit, Rehabilitation Benefit and Education Benefit.

### Contributions

Contributions to SOCSO are compulsory under the Act for eligible employers and employees.

These schemes are classified into 2 categories of contribution:

#### i. First Category

The Employment Injury Insurance Scheme and Invalidity Pension Scheme. The contribution payment is made by both the employer and employee. The rate of contribution under this category comprises 1.75% of employer's share and 0.5% of employees' monthly wages according to the contribution schedule.

#### ii. Second Category

The rate of contribution under this category is 1.25% of employees' monthly wages, payable by the employer, based on the contribution schedule. All employees who have reached the age of 60 must be covered under this category for the Employment Injury Scheme only.

### Employer Eligibility

Any employer who hires one or more employees as defined under the Act is required to register and make contributions to SOCSO.

### Employee's Eligibility

All employees who are employed under a contract of service or apprenticeship in the private sector and contractual/temporary staff of Federal/State Government as well as Federal/State Statutory Bodies need to be registered and covered by SOCSO. The rate of contribution is capped at monthly wage ceiling of RM4,000.00.

Employees exempted from the coverage of the Employees' Social Security Act, 1969 are as follows:

- i. Federal and State Government permanent employees
- ii. Domestic servants
- iii. Self-employed
- iv. Spouses of a sole proprietor or a partnership owner

### Self-Employment Social Security Act 2017 (Act 789)

The Self-Employment Social Security Act 2017 (Act 789) came into force on 1 June 2017. Currently, this Act provides protection under the Self-Employed Employment Injury Scheme to self-employed taxi drivers and individuals providing similar services including e-hailing drivers such as GrabCar as well as self-employed bus drivers such as stage buses, charter buses, express buses, mini buses, employees buses, feeder buses, school buses and airport busses. The scheme provides protection to self-employed insured persons and their dependants from employment injuries including occupational diseases and accidents during work-related activities. It provides cash benefits to taxi drivers and their dependants besides providing medical care, physical rehabilitation and vocational training. The duration of protection is 12 months from the date and time the contribution is paid. The contribution rate stipulated is 1.25% per month from the insured salary option.

### Employment Insurance System Act 2017 (Act 800)

The Employment Insurance System (EIS) was implemented in January 2018 to provide immediate financial assistance to insured workers who lost their employment. The affected workers will also be assisted to find new jobs and if necessary, they are given training to improve their employability.

### EIS Objectives

- i. Provide immediate financial assistance to contributing employees who have lost their jobs.

- ii. Help unemployed workers find new employment through the Re-Employment Placement Program.
- iii. Increase the employability of unemployed workers through vocational training.

### EIS Coverage

- i. All employers in the private sector are required to pay monthly contributions for each of their employees. (Government employees, domestic workers and the self-employed are exempted).
- ii. An employee is defined as a person who is employed for wages under a contract of service or apprenticeship with an employer. The contract of service or apprenticeship may be expressed or implied and may be oral or in writing.
- iii. All employees aged 18 to 60 are required to contribute. However, employees aged 57 and above who have no prior contributions before the age of 57 are exempted.
- iv. Contribution rates are capped at insured salary of RM4000.00.

### EIS Contribution Rate

Employer: 0.2%

Employee: 0.2%

### EIS Benefits

- Job Search Allowance (JSA)
- Reduced Income Allowance (RIA)
- Training Fee (TF)
- Training Allowance (TA)
- Early Re-Employment Allowance (ERA)
- Re-Employment Placement Program
- Career Counselling

### Extension of Social Security Coverage

#### i. Spouse

As of 1 July 2018, SOCSO has expanded social security protection to a spouse working with his or her spouse in an enterprise under Act 4 and Act 800. With the extension of the social security protection, qualified wives or husbands who are employed by their respective spouses to work for their spouses under Act 4 and Act 800 will be covered by social security under both Acts.

## ii. Foreign Workers

SOCSCO has also extended its coverage for all legal foreign workers (excluding domestic servants) in Malaysia, effective 1 January 2019, whereby they will be covered by Employment Injury (EI) Scheme under Act 4. The rate of contribution is 1.25% of the insured monthly wages and to be paid by the employer. The EI Scheme provides protection to an employee against accident or an occupational disease arising out of and in the course of his employment as well as commuting accidents.

### Return to Work Programme (RTW)

The RTW programme was introduced in 2007 as a proactive approach in helping SOCSCO's Insured Persons suffering from employment injury or illness. Injured or sick workers who have successfully undergone SOCSCO's RTW programme are now able to continue financially supporting themselves and their families as well as become part of the nation's productive workforce again, thus contributing to the country's economic growth.

### SOCSCO Tun Razak Rehabilitation Centre (TRRC)

The SOCSCO TRRC, which is located at Hang Tuah Jaya in Banda Hijau, Melaka, commences its operations on 1 October 2014. The centre supports the RTW programme by providing comprehensive facilities to referred participants until the Insured Persons are able to get back actively into the working world, contributing to the socio-economic development of families, communities and the country.

### Health Screening Programme (HSP)

SOCSCO introduced the Health Screening Programme (HSP) in 2013 where it distributes health screening vouchers to insured workers once they turn 40. The HSP programme is as part of efforts to promote healthy lifestyle practices and subsequently address the non-communicable diseases among workers.

## 5.5 Workmen's Compensation Act 1952 (Act 273)

The Act provides an obligation on the employers to insure workers and payment of compensation for injuries sustained by workers in accidents arising out of and in the course of the employment. There are three types of protection under this Act that is for permanent total disablement, permanent partial disablement and death.

## 5.6 Occupational Safety and Health Act 1994

The Department of Occupational Safety and Health (DOSH) under the Ministry of Human Resources is responsible for administering and enforcing legislation related to occupational safety and health. DOSH ensures that the safety, health and welfare of people at work as well as others are protected from hazards resulting from occupational activities in the various sectors of work such as:

- manufacturing;
- mining and quarrying;
- construction;
- agriculture, forestry and fishing;
- utilities (gas, electricity, water and sanitary services);
- transport, storage and communication;
- wholesale and retail trades;
- hotels and restaurants;
- finance, insurance, real estate and business services; and
- public services and statutory authorities.

This enforcement activity is governed by three legislations as follows:

- Occupational Safety and Health Act 1994
- Factories and Machinery Act 1967; and
- Petroleum (Safety Measures) Act 1984.

The Occupational Safety and Health Act (OSHA) 1994 provides the legislative framework to promote, stimulate and encourage high standards of health and safe working culture among all Malaysian employers and employees through self-regulation schemes designed to suit the particular industry of organisation.

OSHA 1994 defines the responsibilities of employers, employees, the self-employed, designers, manufacturers, importers and suppliers of plant or substances. Under OSHA 1994, employers must safeguard so far as is practicable, the health, safety and welfare of the people who work for them. This applies in particular to the provision and maintenance of a safe plant and system of work.

Arrangements must be made to ensure safety and health in the use, handling, storage and transport of plant and substances. 'Plants' include any machinery, equipment, appliance, tool and component, whilst 'substances' mean any natural or artificial substance whether in the form of solid, liquid, gas, vapour or a combination thereof.

Risks to health from the use, storage or transportation of substances must be minimised. Employers must provide necessary information, instruction, training and supervision for safe practices, including information on the legal requirements with particular reference to processes with special hazards.



Employers employing 40 or more persons must establish a safety and health committee at the workplace. The main function of the committee is to ensure that safety and health measures are regularly reviewed as well as investigation of matters related to safety and health is carried out by the committee.

Employers must notify the nearest occupational safety and health office of any accident, dangerous occurrence, occupational poisoning and disease which has occurred or is likely to occur at the workplace.

Processes that use hazardous chemicals require competent persons to conduct the chemical health risk assessment, personal monitoring and safety while occupational health doctors are required to conduct proper medical surveillance of the workplace.

There are eight regulations under OSHA 1994 enforced by DOSH which are:

1. Employers' Safety and Health General Policy Statements (Exception) Regulations 1995
2. Control of Industrial Major Accident Hazards Regulations 1996
3. Safety and Health Committee Regulations 1996
4. Safety and Health Officer Regulations 1997
5. Use and Standards of Exposure of Chemicals Hazardous to Health Regulations 2000
6. Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Regulations 2004
7. Classification, Labelling and Safety Data Sheet of Hazardous Chemicals Regulation, 2013
8. Noise Exposure Regulations 2019

Contravention of the requirements in the law may lead to prosecution in court.

The objective of the Factories and Machinery Act (FMA) 1967, on the other hand, is to provide for the control of factories on matters relating to the safety, health and welfare of persons, as well as the registration and inspection of machinery. All certificated machinery such as boilers, unfired pressure vessels, passenger hoists, overhead travelling cranes and gondolas must be approved in terms of design requirements, technical specifications, testing and inspection. The manufacturer should submit the drawing, technical calculation, manufacturer certificate and other supporting documents on-line through the SKUD system ([www.dosh.gov.my](http://www.dosh.gov.my)) for the purpose of acquiring design approval from DOSH.

All factories and general machinery must be registered with DOSH before they can be installed and operated in Malaysia.

The operation, installation, maintenance and dismantling of specific equipment and process requires the service of competent persons. Thus, during the installation of machinery and equipment such as cranes, lifts and scaffolding, the service of competent persons is compulsory to ensure safe erection. Other competent persons such as boiler men and steam engineers are required to operate high risk equipment such as steam boilers.

DOSH enforces 15 regulations under FMA 1967. They are:

1. Electric Passenger and Goods Lift Regulations 1970
2. Fencing of Machinery and Safety Regulations 1970
3. Notification, Certification of Fitness and Inspection Regulations 1970
4. Persons-In-charge Regulations 1970
5. Safety, Health and Welfare Regulations 1970
6. Steam Boilers and Unfired Pressure Vessel Regulations 1970
7. Certificates of Competency – Examinations Regulations 1970
8. Administration Regulation 1970
9. Compoundable Offences Regulations 1978
10. Compounding of Offences Rules 1978
11. Lead Regulations 1984
12. Asbestos Process Regulations 1986
13. Building Operations and Works of Engineering Construction (Safety) Regulations 1986
14. Mineral Dust Regulations 1989
15. Special Scheme of Inspection (Risk-Based Inspection) Regulations 2014

Petroleum (Safety Measures) Act was enforced in the year 1984. The objective of this Act is to regulate the safety in the transportation, storage and utilization of petroleum. The scope of this Act covers the transportation of petroleum by road and railway, water, pipelines and the storage and handling of petroleum.

For the purpose of increasing the awareness and understanding on safety aspects in handling petroleum, the Petroleum (Safety Measures) Act 1984 was gazetted with two regulations. The regulations under this Act are:

1. Transportation of Petroleum by Pipelines Regulations 1985
2. Transportation of Petroleum by Water Regulations 1985

## 6. INDUSTRIAL RELATION

### 6.1 Trade Unions

Generally, employers and employees both have the right to form and join their own unions to safeguard their interest and must satisfy the conditions within any particular establishment, trade, occupation or industry. Membership of union is limited geographically. For instance, employees or employers in Peninsular Malaysia shall only join a union all of whose members based in the Peninsular whereas employees or employers in Sabah or Sarawak shall only be members of union established in Sabah or Sarawak.

The main objectives of trade unions are as follows:

- i. Regulation of relations between workmen and employers for the purpose of promoting good industrial relations between workmen and employers, improving working conditions or enhancing their economic and social status or increasing productivity;
- ii. Regulation of relations between workmen and workmen or between employers and employers;
- iii. Representation of either workmen or employers in trade disputes;
- iv. Conducting of, or dealing with, trade disputes and matters relating thereto; or
- v. Promotion or organization or financing of strikes or lockouts in any trade or industry or the provision of pay or other benefits for its members during a strike or lockout

Policies and guidelines for the formations, functions obligations and activities of trade unions are generally featured in the Trade Unions Act 1959 and Trade Unions Regulations 1959 which come under the purview of the Trade Unions Affairs Department, Ministry of Human Resources.

### 6.2 Industrial Relations Act 1967

The Industrial Relations system in Malaysia operates within the legal framework of the Industrial Relations Act 1967 (Act 177). The Act is enforced by the Department of Industrial Relations, Malaysia (DIRM) and it regulates the relations between employers and their workmen' and their trade unions in the country. The Act, among others, outlines the following:

- i. Provisions outlining the process relating to claims for recognition and scope of representation of trade unions;
- ii. Provisions relating to the facilitation of effective collective bargaining between the trade union and the employer and subsequent conclusion of a collective agreement;
- iii. Provisions relating to prevention and settlement of trade disputes including referral to the Minister of Human Resources and Industrial Court for a decision;
- iv. Provisions relating to industrial action such as pickets, strikes and lockouts;
- v. Provisions relating to the representations for claims for reinstatement by workmen;
- vi. Provisions relating to the operation of the Industrial Court; and
- vii. Provisions relating to the investigative powers of the officers of the Department of Industrial Relations, Malaysia

In addition, DIRM also provides advisory services on all issues and questions relating to employment relations vide its branch offices located throughout the country.

### 6.3 Relations in Non-Unionised Establishments

In a non-unionised establishment, the normal practice for settling disputes is for the employee to try to obtain redress from his supervisor, foreman or employer directly. An employee can also lodge a complaint with the Ministry of Human Resources which will then conduct an investigation.