



Minimum Conditions of Employment

The Employment Act, 1955 is the main legislation on labour matters in Malaysia.

Paid maternity leave	: 60 days
Normal work hours	: Not exceeding eight hours in one day or 48 hours in one week
Paid Public holiday	: At least 11 gazetted public holidays (inclusive of five compulsory public holidays; National Day, Birthday of the Yang Dipertuan Agong, Birthday of Ruler/Federal Territory Day, Labour Day and Malaysia day) in one calendar year and on any day declared as a public holiday under section 8 of the Holiday Act 1951

Paid annual leave for employees:

Less than two years of service	: 8 days
Two or more but less than five years of service	: 12 days
Five years or more	: 16 days

* Minimum paid annual leave to be provided for employees.

Paid sick leave per calendar year:

Less than two years of service	: 14 days
Two or more but less than five years of service	: 18 days
Five years or more	: 22 days
Where hospitalisation is necessary	: Up to 60 days (inclusive of the paid sick leave entitlement stated above.)

* Minimum paid sick leave to be provided for employees.

Payment for overtime work:

Normal working days	: one-and-a-half times the hourly rate of pay
Rest days	: two times the hourly rate of pay
Public holidays	: three times the hourly rate of pay

Minimum Wages Order 2016

Generally, wages in Malaysia are not regulated and it is dependent on the demand and supply of the market forces. The Minimum Wages Order 2012 had laid down the minimum wages to be paid for all employees who fall within the First Schedule of the Employment Act 1955. Minimum wages is defined as basic wages, excluding any allowances or other payments. The minimum wages of RM1,100 (US\$269) was set for Peninsular Malaysia and RM920 (US\$225) for Sabah, Sarawak and Labuan. No employer shall pay below the stipulated amount. All local and foreign employees shall be entitled to receive the minimum wages as per the Order.

Minimum Retirement Age Act 2012

The minimum retirement age of an employee shall be upon the employee attaining the age of sixty years. The Schedule in the Act exempts certain persons who will not be subject to the Minimum Retirement Age Act 2012.

Source: Ministry of Human Resources – www.mohr.gov.my

Human Resources - Statutory Contributions

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

Age Group 60 Years and Below	
Employers	Employees
a) Monthly wages RM5,000 (US\$1,222) and below. Statutory rate of 13% of the employees' monthly wages	Statutory rate of 11% of the employees' monthly wages
b) Monthly wages exceed RM5,000 (US\$1,222). Statutory rate of 12% of the employees' monthly wages (Third Schedule (Part A) of the EPF Act 1991)	
Age Group 60-75 Years	
Employers	Employees
(i) Malaysian Citizens	
Statutory rate of 4% of the employers monthly wages (Third Schedule (Part E) of the EPF Act 1991)	Statutory rate of 0% of the employees' monthly wages
(ii) Permanent Residents	
a) Monthly wages RM5,000 (US\$1,222) and below. Statutory rate of 6.5% of the employees' monthly wages	Statutory rate of 5.5% of the employees' monthly wages
b) Monthly wages exceed RM5,000 (US\$1,222). Statutory rate of 6% of the employees' monthly wages (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

Employer's share – RM5.00 (US\$1.22) per employee per month
Employee's share – 11% of the employees' monthly wages

(Third Schedule (Part B) of the EPF Act 1991)

Source: Employees Provident Fund – www.kwsp.gov.my

Age Group 60-75 Years

Employer's share – RM5.00 (US\$1.22) per employee per month
Employee's share – 5.5% of the employees' monthly wages

(Third Schedule (Part D) of the EPF Act 1991)



Statutory Contributions

Employees' Social Security Act 1969 (Act 4)

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:

- Employment Injury Insurance Scheme
- Invalidity Scheme

Employment Injury Insurance Scheme

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 18 Medical Benefit, Temporary Disablement Benefit, Permanent Disablement Benefit, Constantattendance 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:

- First Category
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.
- 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 (US\$978). Employees exempted from the coverage of the Employees' Social Security Act, 1969 are as follows:

- Federal and State Government permanent employees
- Domestic servants
- Self-employed (excluding self-employed taxi drivers and individuals providing similar services including e-hailing drivers such as GrabCar as well as self-employed bus drivers)
- 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

- Provide immediate financial assistance to contributing employees who have lost their jobs
- Help unemployed workers find new employment through the Re-Employment Placement Program
- Increase the employability of unemployed workers through vocational training

EIS Coverage

- 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).
- 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.
- 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.
- Contribution rates are capped at insured salary of RM4000.00 (US\$978).

EIS Contribution Rate

Employer: 0.2% Employee: 0.2%

EIS Benefits

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

Extension of Social Security Coverage

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.

Statutory Contributions

Cont...

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, commence 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.

Source : Social Security Organisation (SOCSCO) – www.perkeso.gov.my

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-stopcentre 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
- Mining and Quarrying
- Services

• Eligibility Criteria for Registration

The PSMB Act 2001 is applicable to employer within the 63 sub-sectors (Full list of the 63 subsectors can be downloaded from the HRDF portal; 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

Employment of Expatriates

An employment pass is issued to expatriate to enable him to stay and work legally in the country. There are two types of passes issued by the Immigration Department subject to the period of employment's contract and the monthly salary received by the expatriates.

No.	Types of Passes	Payments of Fees
A.	Employment Pass (PG) This pass is issued for key-post and term-post position subject to the following conditions: <ul style="list-style-type: none"> • Minimum period of employment's contract is two (2) years and stamping - Salary not less than RM 5,000.00 (US\$1,222.00). 	<ul style="list-style-type: none"> i. Employment Pass: <ul style="list-style-type: none"> - Key post RM300.00 (US\$73.35) - Term post RM200.00 (US\$48.90) ii. Processing fees – RM125.00 (US\$30.56) iii. Journey perform visa RM500.00 (US\$122.00) per post/application (subject to visa entry requirement according to each country of origin) iv. No levy
B.	Visit Pass [VP(TE)] – PLKS Visit Pass (Temporary Employment) is issued only for temporary domestic helper (maid)	<ul style="list-style-type: none"> i. Levy: RM410 (US\$100.00) ii. Processing Fees : RM125.00 (US\$30.56) iii. Journey perform visa (if applicable): RM500 (US\$122.00). (include Visa based on the country of origin) - (if applicable)

Source: Immigration Department - www.imi.gov.my



Salaries of Executives in the Manufacturing Sector

In manufacturing sector, the average basic monthly salary of the Executives ranges from RM4,004 (US\$979) (Executives) to RM33,135 (US\$8,101) (Top Executives). The following table shows the average minimum and maximum of salary range for selected Executives position.

EXECUTIVE POSITION	RM		US\$	
	Min	Max	Min	Max
General Manager	15,533	23,538	3,798	5,755
Financial Controller/Director	15,598	30,166	3,814	7,376
Finance/Accounts Manager	7,287	12,446	1,782	3,043
Finance/Accounts Executive	2,905	5,418	710	1,325
Administration Executive	2,751	5,254	673	1,285
General Manager – Sales & Marketing/Business Development	15,843	24,200	3,874	5,917
Business Development Manager	7,678	13,022	1,877	3,184
Marketing Executive	2,982	5,413	729	1,323
Human Resource Manager	6,942	12,404	1,697	3,033
Human Resource Executive	2,853	5,343	698	1,306
Senior Production/Manufacturing Manager	12,334	23,840	3,016	5,829
Chief Engineer/Engineering Manager	8,622	15,005	2,108	3,669
Production Planner/Controller	3,504	6,508	857	1,591
Electrical/Electronics Engineer	3,675	6,920	899	1,692
Production Engineer	3,481	6,684	851	1,634
Industrial Engineer	3,501	6,366	856	1,556
Safety/Security Manager	6,638	12,530	1,623	3,064
Safety Executive	2,987	5,336	730	1,305
Quality Assurance Manager	7,095	13,151	1,735	3,215
Quality Assurance Executive	2,841	5,118	695	1,251
Purchasing Manager	7,129	12,640	1,743	3,090
Logistics/Shipping Manager	6,529	12,373	1,596	3,025
Warehouse Manager	6,877	11,843	1,681	2,896
IT Manager	7,665	14,849	1,874	3,631

Source: MEF Salary Survey for Executives 2018 – www.mef.org.my



Salaries of Non -Executives in the Manufacturing Sector

An analysis of the salaries of Non Executives in the manufacturing sector shows at the average monthly basic monthly salary ranged from RM1,553 (US\$380) (Unskilled Employees) to RM3,835 (US\$938) (Supervisors). The following table shows the average minimum and maximum monthly salary range for selected Non Executive position.

NON-EXECUTIVE POSITION	RM		US\$	
	Min	Max	Min	Max
Administration Supervisor	2,211	4,329	541	1,058
Administration Clerk	1,365	3,021	334	739
General Clerk	1,345	2,888	329	706
Receptionist/Telephone Operator	1,501	2,833	367	705
Accounts Assistant	1,801	3,261	440	797
Human Resource Supervisor	2,092	3,925	511	960
Human Resource Assistant	1,902	3,113	465	761
Safety Supervisor	2,340	4,310	572	1,054
IT Assistant	2,188	3,660	535	895
Chargeman (Medium Pressure)	2,302	4,221	563	1,032
Production Supervisor	2,355	4,447	576	1,087
Line Leader	1,329	2,798	325	684
Service Technician	1,717	3,649	420	892
Technician (General)	1,528	3,446	374	843
Boilerman	2,100	3,809	513	931
Production Clerk	1,405	2,796	344	684
Machinist	1,483	3,191	363	780
Operator (Semi-Skilled)	1,178	2,422	288	592
Operator (Unskilled)	1,039	2,105	254	515
Store/Warehouse Supervisor	2,509	4,216	613	1,031
Store/Warehouse Assistant	1,387	2,806	339	687
Quality Assurance/Control Supervisor	2,429	4,360	594	1,066
Quality Assurance/Control Clerk	1,372	2,825	335	691
Lorry/Truck Driver	1,475	2,805	361	686
Forklift Driver	1,404	2,892	343	707

Source : MEF Salary Survey for Non Executives 2018 - www.mef.org.my

