

**STAMFORD COLLEGE KUALA LUMPUR**



**DIPLOMA IN HUMAN RESOURCE  
MANAGEMENT**

**DHRM 702: Employment Relations**

# 1. MALAYSIAN INDUSTRIAL RELATIONS

## Introduction

- Definition and purpose
- Actors in industrial relations
- Historical perspective of Malaysia industrial relations
- The importance of employee relations
- Workplace trends
- The impact of employee relations

# DEFINITION AND PURPOSE

(Maimunah Aminuddin and D'Cruz)

The term, employment relations, is gaining popularity in some developed countries, like Australia and New Zealand, since it is a more accurate representation of the subject matter, which is the relationship between parties at work.

Synonyms of employment relations:

- Industrial relations – relationships between employees and their employers
- Employee relations – management of employee welfare and internal communications. An employee relations department in an organisation is often charged with the provision of services by the employer to the employees.
- Labour relations has similar meaning to industrial relations which has greater usage in the United States.

For this course, employment relations is taken to have the same meaning as industrial relations, and as such its continued usage.

# *continuation*

According to D'Cruz (2003), Industrial Relations involves the relationship between an employee/employees and his/their employer concerning employment or non-employment, terms of employment, conditions of work, rights and obligations of each party.

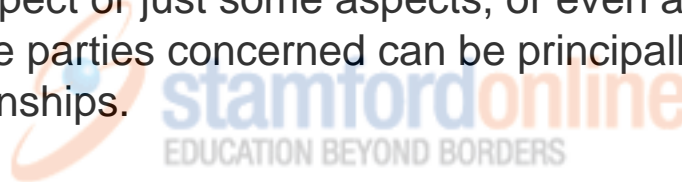
Industrial relations emphasises the following three critical areas:

1. The relationship between employers and trade unions.
2. The operational framework as instituted by the employment laws.
3. Procedures of discipline and termination of the employment contract.

Employment for work is the vital link between the employee/employees and the employer, and the monetary consideration for getting work done is offered by the employer and accepted by the employee/employees as the reward.

## *continuation*

According to Ayadurai D. (1998), there is no commonly accepted definition of industrial relations. He defined industrial relations as the relations created by employment between the parties who are affected with employment. It can also be defined as the study of the regulation of the relations between employers, employees and their trade unions. The field of industrial relations can be defined broadly or narrowly, encompassing every aspect or just some aspects, or even a single aspect of these relations. In addition, the parties concerned can be principally or even marginally involved in these relationships.

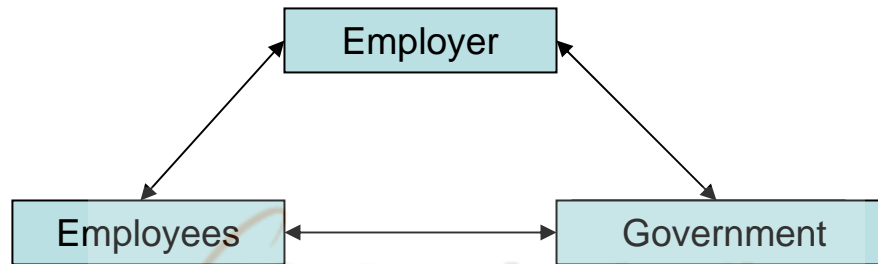


People who need to acquire knowledge of industrial relations:

- workers,
- trade union leaders,
- managers
- lawyers, and
- specialists working in human resource and industrial relations departments.

# ACTORS IN INDUSTRIAL RELATIONS

Almost all industrial relations systems are tripartite, meaning that they consist of three parties. The three parties are:



A key element in industrial relations is decision-making covering activities that are work related.. Rules and regulations involving pay, employees' rights, discipline and duties, and work performance can be undertaken in any of three ways, namely unilaterally, bilaterally or in a tripartite form.

Unilateral decision-making – made by management representing the employer, excluding the workers or any third party.

Bilateral decision-making – made by management (employer's representative) and workers when they form trade unions.

Tripartite decision-making – made by the management (employer's representative), employees (as trade union members) and the government.

# *continuation*

A tripartite industrial relations organisation

## NATIONAL LABOUR ADVISORY COUNCIL (NLAC)

Advisory body's representation:

- 14 representatives for the workers
- 14 representatives for the employers
- 12 representatives for the government

Council meets at a minimum of twice a year, chaired by the Minister of Human Resources who appoints the government representatives. Additional meetings are held to discuss important matters like making amendments to the labour laws.

Other council members are appointed through consultation with workers' organisations like the Malaysian Trades Union Congress (MTUC), and the Congress of Unions of Employees in the Public and Civil Service (CUEPACS); and for employers through consultation with the Malaysian Employers Federation (MEF).

# HISTORICAL PERSPECTIVE OF MALAYSIA INDUSTRIAL RELATIONS

Historically industrial relations in this country can be considered to have commenced during the British colonial era. Development and industrial projects required the use of an enlarged workforce. Initially such projects are found in the tin and gold mining and the rubber and oil palm plantation sectors. In tin mining areas the British constructed dredges to conduct mining on a mechanised scale. The managers are often British citizens, and the clerical and production staff are locals. For managers and local staff, each company provides housing with free water and electricity supply, along with medical and retirement benefits. Medical dispensaries were set up near the work site to give medical treatment. For more severe cases, the patients can seek medical treatment from government hospitals. The maintenance of company housing is undertaken by the company. This type of system applies also among the rubber and oil palm plantations.

The British administration set up its administration offices at the capital of the country, in each state, and at district centres. The top-level administrators were British, while the clerical, teaching and manual workers were locals. Government servants were provided with staff quarters, medical and pension benefits.

The British administration also set up the railway system in Peninsular Malaysia in the west and east coasts from the Thai border to Singapore. To operate this system the authorities established railway yards and machine shops in centres like Brickfields, Sentul, Gemas, etc. At such centres, housing facilities are provided.

# THE IMPORTANCE OF EMPLOYEE RELATIONS

Some key elements in good employee relations:

- Effective communications
- Trust
- Perceived fairness
- Managed expectations
- Conflict resolution
- Available counselling and development
- Effective leadership



# WORKPLACE TRENDS

- The Global Economy
- The Aging Population
- Restructuring the Workplace
- The Shift of HR Departments to Administrative/Value Added Departments
- Telecommuting and Home Based Workers
- Continued Job Flexibility
- Sustainability Issues
- Working Parents
- The Drive for Independence
- Growth of the Contingent Workforce
- The Impact of Technology on Privacy Issues
- The Rate of Change
- Mergers and Acquisitions
- Greater Separation of Wealth



# THE IMPACT OF EMPLOYEE RELATIONS

- General industrial peace and harmony
- Fostering employee commitment and participation
- Stress quality of work life
- Increase the size of the (cake)
  - Generate competitive advantage
  - Increase market share
  - Reduce costs and waste
  - Attracting and maintaining talented employees
- Encourage foreign direct investment

# REVIEW

- Definition and purpose
- Actors in industrial relations
- Historical perspective of Malaysia industrial relations
- The importance of employee relations
- Workplace trends
- The impact of employee relations