

Forward Looking Mindset Change Critical Towards Achieving a High Income Economy

The Federation of Malaysian Manufacturers (FMM) is strongly of the view that it is timely to review the country's employment regulatory environment, which is an important element in determining an economy's competitiveness and attractiveness for investments. As seen in The World Bank's Doing Business 2010 report, Malaysia had further dropped in its ranking on difficulties faced in hiring and firing. Malaysia was ranked 61 out of a total of 183 countries, down by 7 places as compared to 54 in 2009. The cost of firing in Malaysia remained at 75 weeks of salary.

A review of the employment regulatory environment has become more urgent in light of the country's target to become a high income economy by 2020. High income must be accompanied by higher productivity, upgrading of skills and multi-tasking. With unemployment rate at 3.7%, which is not only full employment but also indicating very tight manpower supply, the employment regulatory environment must be able to provide flexibility to employers/investors to manage human resources in the most efficient manner. There should be more affirmative action including changes to existing legislation to promote productivity linked wage systems in line with the push for a high income policy.

For instance, while employers could accept that the threshold of the Employment Act needs to be raised in moving towards achieving Malaysia's aspirations to become a high income economy, there should also be check and balance to ensure that those having responsibility of scheduling overtime and roster for workmen are not entitled to overtime pay.

Flexibility in working hours based on the need of a business or industry such as the annualised working hours concept as practiced in Europe should be considered to allow employers and employees to better manage the deployment of resources, including allowing overtime work to be converted to leave. This would be particularly useful in industries that are regularly affected by ups and downs in their business cycles.

Another key amendment is to review the definition of manual workers under the Employment Act to be more in line with new job categories; to remove longstanding confusion and ambiguity over what is considered a manual worker and manual work.

Removal of access to the Industrial courts for managers who earn more than RM10,000 a month would not deprive the manager from taking civil action in the civil courts against his past employer. It would mean that the Industrial courts would have more resources to attend to the clerical and manual workers problems, and the managers who feel aggrieved can still pursue their cases in the civil courts.

The time has come to holistically relook our labour laws and regulations, many of which have been enacted decades ago; and to take the steps necessary for the country to move forward. As responsible employers, FMM stands ready to engage in discussions with the Government and other stakeholders on this exercise.