

MEDIA RELEASE

MEF: FLEXIBLE WORK ARRANGEMENTS (FWAs) SHOULD NOT BE DICTATED TO BUSINESSES BUT LET INDUSTRIES DETERMINE BASED ON REQUIREMENTS OF BUSINESSES

PETALING JAYA: The Deputy Minister of Human Resources Datuk Awang Hashim said employees in the country who want to work on a flexible basis can apply for Flexible Working Arrangements (FWA) with their respective employers under the amendment to the Employment Act 1955 which will come into force on September 1, 2022. FWAs application must be made in writing and can cover changes in working hours, working days and also the place of work.

The MEF President Datuk Dr Syed Hussain Syed Husman, PJN, JP, states that it is important to recognise that businesses hire employees to run and operate their businesses. The businesses are from various industries and sectors of the economy such as manufacturing, banking, tourism and hotels and retail trade, construction, plantation and many others. Each of the businesses has its unique structures and production needs. All of them are different. Some are locally based some are international based and governed by rules and regulations. Therefore, one must understand this before seeking to change the existing system of work. It should be recognised that not all business change and not all processes can change. FWAs can only be done only after understanding these issues. In some cases, certain areas of business can have flexibility and some cannot. The final decision really depends on the industry and conditions of the particular business.” adds Datuk Dr Syed Hussain.

Covid 19 pandemic transformed the way people work. As Malaysia transitioned to endemic stage w.e.f. from 1st April 2022, many organisations are adopting new working systems. Organisations that can take into account the WFH experience during the pandemic will reap benefits in business productivity and sustainability. Companies are continuously reimagining new strategies in attracting, retaining, and engaging talent. In a study conducted by UNDP

Malaysia and TalentCorp, 92% of employees stated that they would like to have regular WFH arrangements. FWAs, if implemented well, can improve both employees' quality of life and productivity.

The Organisation for Economic Co-operation and Development (OECD) notes that WFH benefits for employees include less time spent commuting, Quality of life and productivity benefits, all of which were experienced across gender, age, and child caregiving and disabled groups.

The top three FWAs adopted by organisations are:

- (i) Hybrid or work-from-home,
- (ii) Flexi hours, and
- (iii) Staggered hours

Datuk Dr Syed Hussain stated further that "the main concerns of organisations is on how to implement a structured and sustainable FWA suited for their nature of business. Organisations have different ways of making their FWA work depending on the nature of their business, for e.g.:

- (i) tracking employees' attendance and productivity,
- (ii) setting a timeline for employees to respond to work-related matters,
- (iii) minimum number of days employees are required to be in the office.

Companies' general criteria for employees who want to be on FWAs:

- (i) Will the job's deliverables be effectively achieved from FWAs
- (ii) Will the employee have safe and healthy work environment
- (iii) Does employee have access to necessary equipment and data

“The main challenges in implementing FWAs are:

- (i) Lack of commitment from the top management
- (ii) Management struggle to adapt to new working models that incorporate FWAs
- (iii) Lack of engagement among employees that may lead to lower productivity and higher attrition rate
- (iv) Confidential data/ information may be compromised
- (v) Difficulty in ensuring that employees' remote workspaces comply with OSH Act
- (vi) Difficulties in cultivating trust between managers and employees
- (vii) Ensure that FWAs policy is for all employees i.e. when only certain job functions are allowed to be on FWAs, other staff may deem this practice as unfair
- (viii) Most organisations in the hospitality sector (e.g., restaurants, hotels) and manufacturing sectors are unable to implement fully remote working and FWAs for their employees due to their nature of business.”

Datuk Dr Syed Hussain expressed the hope that “the government should support organisations in adopting and sustaining FWAs through the followings:

- (i) Provide clear guideline on the rights and obligations of organisations ie. decision on employees request for FWAs, any guideline to reject employees' applications, consequences for employers who fail to comply to the FWAs requests, and the appeal process if applicable.
- (ii) Offer flexibility and relaxing some regulations as appropriate i.e. size (number of employees and nature of business) that may affect its ability of implementing certain types of FWAs

- (iii) Conduct awareness programmes on FWAs as to educate employers on all types of FWAs and how FWAs can meet their business needs and a strategy to attract and retain talent
- (iv) Provide concise information and awareness on compliance and governance related to FWAs including safety and health, good practices, work-related accidents that happen when on FWAs i.e., working from home and cybersecurity threats
- (v) Review existing regulations in Employment Act 1955 as appropriate to accommodate provision of FWs such as in Section 60a on the terms and conditions of the working hours, holidays, rest periods, wages, overtime, to complement FWAs models.
- (vi) FWA approvals in organisations are discretion of Head of Departments, the need to equip HR and HODs with knowledge to develop FWAs policy that defines the FWAs eligibility, expectations, and responsibility.
- (vii) Introduce tax measures beyond software but to include purchase of software/ hardware to enable employees to go on FWAs”

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