

Malaysia needs flexible labour laws

RIGID labour laws are a major obstacle to setting a higher retirement age for the private sector because employers are reluctant to retain those they deem as unfit for any number of reasons, including disciplinary and health reasons.

Malaysian Employers Federation executive director Shamsuddin Bardan says the high costs of letting workers go is a major employer concern.

"They will want to know if labour laws will be amended to make firing people for disciplinary problems easier," he adds.

Efficiency

Human resource experts cite issues of efficiency and productivity as reasons why employers are objecting to the higher retirement age. Kelly Services managing director for Singapore and Malaysia Melissa Norman says it is undeniable that the current rigidity in terminating staff in Malaysia is a critical factor that prevents most employers from agreeing to the proposed retirement bill.

"The engagement of the more senior workforce should be based on the expertise and experience they bring to the table with clear expectations of the organisation," she says in an email reply.

Melissa says this will ensure efficiency and productivity levels are maintained which is critical to the growth of an organisation. She adds that understanding and leveraging the differences between generational groups and their levels of experience is critical for organisations in order to get optimum performance outcomes.

"Organisations will need to be prepared to integrate the culture within generational workforce and design a systematic knowledge transfer programme between their ageing workforce with the incoming and younger workforce to maximise productivity," she says.

Melissa says employers want the bill to address all gaps and concerns well after in-depth study and consultation with stakeholders instead of having it amended following grouses raised by employees.

She says the bill should include a tier-format approach where employment of senior employees is concerned.

"Senior employees aged 55 should be re-employed under the retirement bill as per their current employment terms till they reach the age of 60," Melissa says.

She adds that from age 60 to 65, these pool of senior employees will be re-employed based on their capabilities and new terms of employment will be in place where they may be posted into a new role such as in training and mentoring programs for knowledge transfer to the younger generation.

Shift in mindset

Robert Walters Malaysia country manager Sally Raj says there needs to be a shift in mindset before the policy can work its intended benefits.

"The teething phase may see some reluctance on the part of employers, who may remain reluctant to hire a potential candidate



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who is 50, compared to one in the 30s or 40s," she says.

Sally suggests that the Government can consider offering subsidies or medical benefits for hiring older employees as an incentive, which is the case in Singapore where the upcoming budget proposes offering subsidies to employers who hire older workers.

She says if the new bill is passed for a later retirement age, Malaysia's labour laws will need to be redesigned to protect most employees as only employees earning below RM1,500 are fully protected by labour laws.

"Older employees with the relevant skill sets and experience should stand equal opportunity to be hired; and should not be let go without valid reasons," Sally says.

— **By Fintan Ng**