

Edge Weekly

Cover Story: The first 100 days - Employers' prayer on labour

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Transparent hiring, rethink levy

There needs to be a clear, efficient and transparent hiring process for businesses to engage migrant workers. The elimination of illegal foreign workers can be achieved by ensuring the availability of foreign workers for all sectors in a transparent, timely and cost-effective manner. Third-party intermediaries in the recruitment process must be eliminated. The difficulties and high cost of recruiting new foreign workers have resulted in loss of business and competitiveness. Many companies are operating below capacity due to a shortage of workers. Businesses are unable to take more orders. Many industries pay higher overtime rates to less efficient and unproductive workers.

A levy should be paid by foreign workers as a form of income tax for them to utilise public utilities. It should not be used as a mechanism to increase government revenue or cut Malaysia's dependency on foreign workers. Instead, it should be ploughed back into industry to develop skilled local workers and assist employers, especially small and medium enterprises, in introducing more mechanisation and automation. Stakeholder engagement can help minimise disruption for industries. The shifting of the levy burden from foreign workers to employers also impact the ringgit through the repatriation of additional funds by the former. The shifting of the levy with effect from January resulted in an increase of about 20% in overall labour costs, thus affecting Malaysia's export competitiveness. There was also the reduction of RM3.5 billion in terms of available working capital annually.

Wider Socso coverage

The Social Security Organisation should implement a "no-fault accident" claim whereby the insured employee would be paid the benefits regardless of whether an accident was work-related or not. This would result in the saving of much time and resources in determining the matter.

We also propose that Socso extend the coverage to 24 hours and not just during work hours. Since employers already pay 1.25% of wages to protect employees under the Socso workman injury scheme, it is reasonable for employees to pay for extra coverage.

Re-examine minimum wage

Any increase in the minimum wage directly benefits unskilled workers, who are mainly foreign workers. The entire wage scale would also need to be reviewed, resulting in higher costs for employers, likely without any corresponding productivity gains. The passing on of costs to consumers would also cause the price of goods to rise. Some exporters may not be able to pass on higher costs.

Minimum wages should not be standardised throughout the country. Instead, wages should reflect the productivity and economic level of the state and be based on skill, sector or occupation.

Incentivise automation and mechanisation

The country's dependence on foreign workers can be cut by incentivising automation and mechanisation as well as skills retraining for a change in the nature of jobs. For example, the job of a road sweeper could be revamped and rebranded as a skilled job by introducing mechanisation whereby the human would operate or monitor a fleet of road-sweeping machines instead of being the sweeper.

Flexi-hours for better work-life balance

The labour laws are outdated and need to be more progressive and business-friendly while protecting the interests of employers and employees. For instance, work-life balance should be enhanced but legal provisions hinder flexibility in terms of hours of work. Any change to labour laws should be carried out in consultation with stakeholders in a clear and transparent manner.

Employers could also be encouraged to hire retirees with tax breaks and other incentives. Employees above 60 years old should be given full tax relief. Women, the elderly and persons with disability are a large part of Malaysia's latent workforce that could be encouraged to return to work through training, flexi-work and proper implementation of part-time work regulations.