

About ILO

Established since 1919, the International Labour Organization (ILO) is a specialized United Nations agency devoted to advancing social justice and promoting decent work, based on the foundation of tripartism and social dialogue. ILO brings together governments, employers and workers of 187 member states to collectively set international labour standards, develop policies and devise programmes promoting decent work for all around the world.

Support for Labour Law and Industrial Relations Reform in Malaysia

Established since 2016, the ILO's Labour Law and Industrial Relations Reform Project supports the Ministry of Human Resources (KESUMA) and social partners in two key areas: (i) Labour Law Reform and (ii) Implementation and Enforcement of Labour Law.

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Labour Law and Industrial Relations Reform Malaysia





Labour Law Reform

Malaysia has taken important steps and demonstrated its strong commitments towards progressively improving the protection of worker rights in the recent years. However, it remains imperative to continue to strengthen Malaysia's labour laws and practices to be in line with International Labour Standards, especially relating to the topic of freedom of association and collective bargaining, working conditions, occupational safety and health, employment discrimination, and elimination of forced labour and child labour.

To that end, the ILO Labour Law and Industrial Relations Reform Project is established to provide technical support to the tripartite constituents in Malaysia, including the Government of Malaysia, workers and employers' organizations, to promote legislative and policy reforms in a number of key areas:

- Enhancing freedom of association and collective bargaining practices in Malaysia;
- Improving working conditions of the workers, including in the aspect of occupational safety and health, maternity protection, minimum wage setting;
- Ensuring equal opportunities for women and men alike in the labour force; and
- Strengthening the labour dispute resolution system and social dialogue mechanism in Malaysia.

Implementation and Enforcement



Labour laws that are fully enforced and effectively is a prerequisite of a strong industrial relations system. To achieve this goal, there are two important vehicles:

Labour inspection (LI)

While it is important to increase inspection resources in Malaysia, in particular the number of labour inspectors, there are other measures that can and should be taken simultaneously to ensure a strong labour inspectorate. To that end, the ILO has carried out a needs assessment of Malaysia's LI system, and the Project is working closely with the Labour Departments and Department of Occupational Safety and Health (DOSH) to promote changes through a series of **high impact, low cost measures**.

Labour dispute resolution (LDR)

It is imperative that workplace disputes are being addressed effectively at the earliest possible stage to prevent it from escalating into major disruptive disputes. This can be achieved through sound industrial relations and social dialogue, effective collective bargaining, conciliation, mediation and a strong Industrial Court. To this end, the project supports a series of capacity development activities and training for key actors in the LDR system. The project has also carried out a comprehensive review of the LDR system as a whole and is working with Ministry and social partners to address issues identified in review.

Benefits of Greater FOA

Contrary to popular belief, studies have shown that strong and independent trade unions and employer organizations contribute to economic development and a positive business environment by helping to ensure:

- Broad-based support for policy and legal reforms across a variety of social and economic areas
- A more equitable distribution of income through collective negotiation
- Labour standards are put into practice, e.g.: working time, wages, safety and health.

Effects of Equal Employment Opportunity in Numbers

The ILO predicts that by closing gender participation gaps by **only 25%** Malaysia's GDP will grow by

US\$54 billion

Effect of Strong LDR on Businesses

Effective dispute management systems reduce the cost and time associated with disputes, and lessen work disruptions which affect the cost of doing business.

