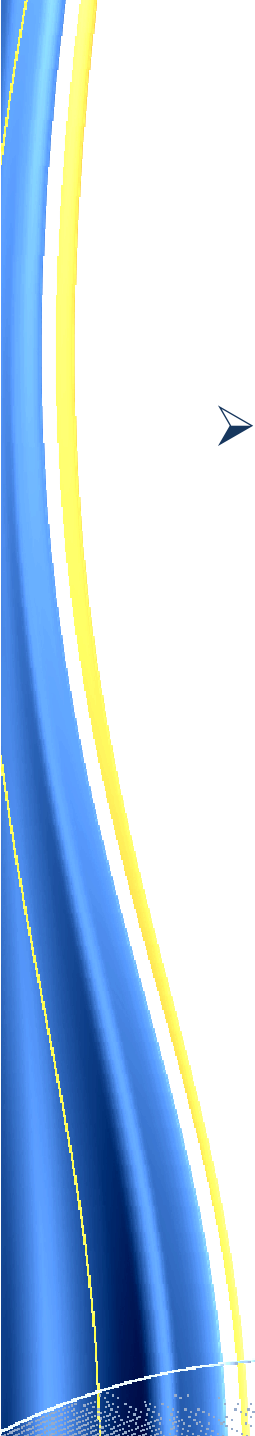


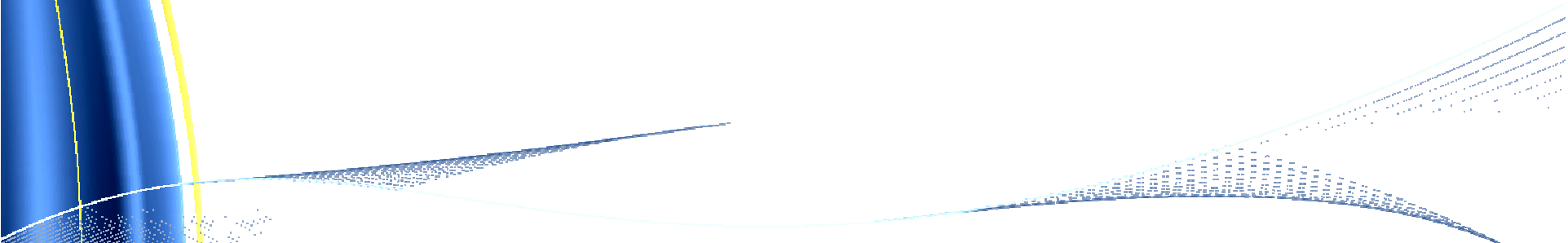
DECENT WORK IN MALAYSIA

Regional Workshop on Monitoring and Assessing Progress on Decent Work in
Asia,
28-30 June 2010
Bangkok, Thailand

Ministry of Human Resources, Malaysia (MHR)
Department of Statistics, Malaysia (DOSM)

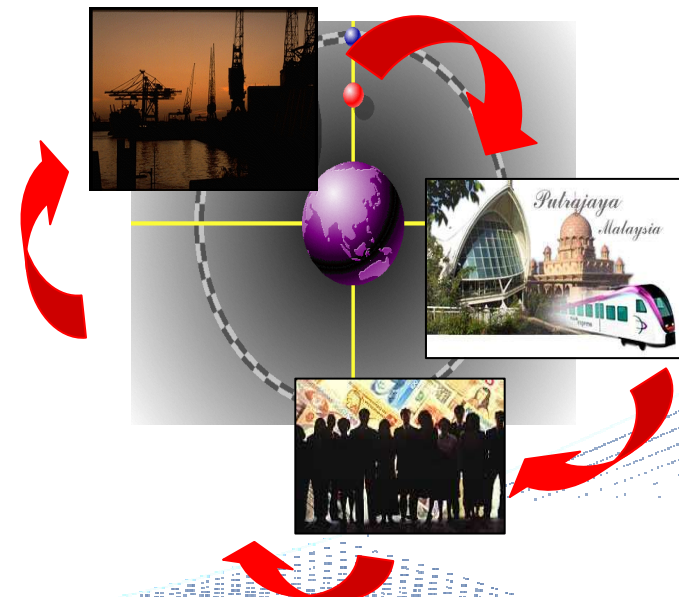


BACKGROUND

- In Malaysia, the decent work agenda has well been articulated by the Ministry of Human Resources (MOHR) under its deliverable within the national developmental policies.
- 

MOHR: STRATEGIC OBJECTIVES 2007-2010

DIMENSIONS OF DECENT WORK



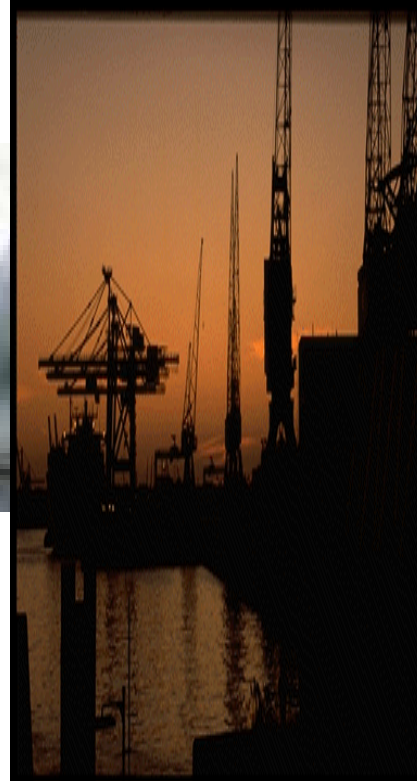
STRATEGIC ACTION INFLUENCES AND PROMOTES ...

Welfare of a
worker

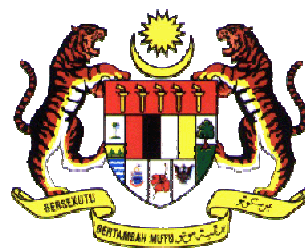


Employability
of workforce

Enterprise
competitiveness



Nation resilience
and progress



STATISTICAL INDICATORS FOR MONITORING DECENT WORK PROGRESS

List of statistical indicators for monitoring and assessing progress on decent work

Elements of the Decent Work Agenda	Indicators Identifier	No	MAIN	Indicator (M= main indicator, A = additional indicator, C = context indicator; all indicators marked 'S' should also be disaggregated by sex)	Sources	Remarks
Employment opportunities	EMPL - 1	1	1	M - Employment-to-population ratio, 15-64 years (S)	LFS, DOS	1982-2009
	EMPL - 2	2	2	M - Unemployment rate (S)	LFS, DOS	1982-2009
	EMPL - 3	3	3	M - Youth not in education and not in employment, 15-24 years (S)	LFS, DOS	1982-2009
	EMPL - 4	4	4	M - Informal employment (S)		n.a.
	EMPL - 5	5		A - Labour force participation rate, 15-64 years	LFS, DOS	1982-2009
	EMPL - 6	6		A - Youth unemployment rate, 15-64 years	LFS, DOS	1982-2009
	EMPL - 7	7		A - Unemployment by level of education (S)	LFS, DOS	1982-2009
	EMPL - 8	8		A - Employment by status in employment (S)	LFS, DOS	1982-2009
	EMPL - 9	9		A - Proportion of own-account and contr. family workers in total employment (S)	LFS, DOS	1982-2009
	EMPL - 10	10		A - Share of wage employment in non-agricultural employment (S)	EPU	
Adequate earnings and productive work	EARN - 1	11	5	M - Working poor (S)	HIS, EPU	1999, 2002, 2004, 2007
	EARN - 2	12	6	M - Low pay rate (below 2/3 of median hourly earnings) (S)		n.a.
	EARN - 3	13		A - Average hourly earnings in selected occupations (s)	DOS	
	EARN - 4	14		A - Average real wages (S)	DOS	
	EARN - 5	15		A - Minimum wage as % of median wage (n.a.)	DOS	
	EARN - 6	16		A - Manufacturing wage index	DOS	
	EARN - 7	17		A - Employees with recent job training (past year / past weeks) (S)	PSMB	1997-2008

List of statistical indicators for monitoring and assessing progress on decent work

Elements of the Decent Work Agenda	Indicators Identifier	No	MAIN	Indicator (M= main indicator, A = additional indicator, C = context indicator; all indicators marked 'S' should also be dissaggregated by sex	Sources	Remarks
Decent hours	HOUR - 1	18	7	M -Excessive hours (more than 48 hours per week; 'usual' hours (S)	LFS, DOS	1982-2009
	HOUR - 2	19		A - Usual hours worked (standardized hour bands) (S)	DOS	
	HOUR - 3	20		A - Annual hours worked per employed person (S)	DOS	
	HOUR - 4	21		A - Time-related underemployment rate (S)	LFS, DOS	1982-2009
Work to be abolished	ABOL - 1	22	8	M - Child labour (as defined by draft ICLS resolution) (S)		n.a.
	ABOL - 2	23		A - Hazardous child labour (S)		n.a.
Stability and security of work	STAB - 1	24	9	M - Precarious work (informal employment)		n.a.
	EMPL - 4	25	10	M - Informal Employment (S)		n.a.
	STAB - 2	26		A - Employment tenure (S)		n.a.
Equal opportunity and treatment in employment	EQUA -1	27	11	M - Occupational segregation by sex (19)	LFS, DOS	1982-2009
	EQUA - 2	28	12	M - Female share of employment in ISCO-88 groups 11 and 12 (19a)	LFS, DOS	1982-2009
	EQUA - 3	29		A - Gender wage gap (n.a.)	NER, MOHR	2007
	EQUA - 5	30		A - Measure for discrimination by race / ethnicity / of indigenous people / of (recent) migrant workers / of rural workers where relevant and available at the national level.	LFS, DOS	Proxy (Non Malaysian Citizen)
Safe work environment	SAFE - 1	31	13	M - Occupational injury rate, fatal	PERKESO	1997-2008
	SAFE - 2	32		A - Occupational injury rate, non-fatal	PERKESO	1997-2008
	SAFE - 3	33		A - Time lost due to occupational injuries	PERKESO	1997-2008
	SAFE - 4	34		A - Labour inspection (inspectors per 10,000 employed persons	JTK	2004-2008 Total inspection only

List of statistical indicators for monitoring and assessing progress on decent work

Elements of the Decent Work Agenda	Indicator s Identifier	N o	MAI N	Indicator (M= main indicator, A = additional i'cator, C = context i'cator; all indicators marked 'S' should also be dissaggregated by sex	Sources	Remarks
Social security	SECU - 1	35	14	M - Share of population aged 65 & above benefiting from a pension (S)	PERKESO	1997-2008
	SECU - 2	36	15	M - Public social security expenditure (% of GDP)	PERKESO	1997-2008
	SECU - 3	37		A - Health-care expenditure not financed, out of pocked by private households	MOH	1997-2006
	SECU - 4	38		A - Share of population covered by (basic) health care provision (s)	MOH	n.a
Social dialogue, workers and employers representation	DIAL - 1	39	16	M - Union density rate (S)	JHEKS	1996-2008
	DIAL - 2	40	17	M - Enterprises belonging to employer organization (rate)	JHEKS	1996-2008 By category & sector
	DIAL - 3	41	18	M - Collective bargaining coverage rate (S)	JPP	1997-2008 By sector
	DIAL - 4	42	19	M - Indicator for Fundamental Priciples and Rights at Work (Freedom of Association and Collective Bargaining) to be developed by the Office		To be prepared by ILO
	DIAL - 5	43		A - Strikes and lockouts / rates of days not worked	JPP	1997-2008

List of statistical indicators for monitoring and assessing progress on decent work

Elements of the Decent Work Agenda	Indicator s Identifier	No	MAI N	Indicator (M= main indicator, A = additional i'cator, C = context i'cator; all indicators marked 'S' should also be dissaggregated by sex	Sources	Remarks
Economic and social context for decent work	CONT - 1	44	20	C - Children not in school (% by age) (S)	MOE (EPRD)	2007 & 2008 only
	CONT - 2	45	21	C - Estimated % of working-age population who are HIV positive	MOH	1997-2008
	CONT - 3	46	22	C - Labour productivity (GDP per employed person, level and growth rate)	MPC	1990-2006 (based on CPI=1987)
						2000-2008 (based on CPI=2000)
	CONT - 4	47	23	C - Income inequality (percentile ratio P90/P10, income or consumption)	EPU	1999, 2002, 2004, 2007
	CONT - 5	48	24	C - Inflation rate (CPI)	DOS	1995-2009
	CONT - 6	49	25	C - Employment by branch of economic activity	LFS, DOS	1982-2009
	CONT - 7	50	26	C - Education of adult population (adult literacy rate, adult secondary-school graduation rate) (S)	LFS, DOS	1982-2009 (Proxy)
	CONT - 8	51		C - Labour share in GDP	DOS	1995-2004 Data for 1998, 2005-2008 are n.a. due to data inavailability of the Compensation of Employee data's)
	CONT - 9	52		C (additional) - Real GDP per capita in PPP\$ (level and growth rate)	DOS	
	CONT - 10	53		C (additional) - Female share of employment by industry (ISIC tabulation category)	LFS, DOS	1982-2009
	CONT - 11	54		C (additional) - Wage / earnings inequality (percentile ratio P90/P10)	EPU	
	CONT - 12	55		C (additional) - Poverty indicators (gap and rate)	EPU	

MALAYSIA : EMPLOYMENT ESTIMATES BY SECTOR 2000 - 2015

Employment ('000 persons)

INDUSTRY					Annual Growth	
	2000	2005	2010	2015	2006-2010	2011-2015
Agriculture, Forestry, Livestock & Fishing	1,423.0	1,401.3	1,389.7	1,385.2	-0.2	-0.1
Mining & Quarrying	41.7	42.7	43.3	43.9	0.3	0.3
Manufacturing	2,565.8	3,133.2	3,267.6	3,638.1	0.8	2.2
Construction	752.2	759.6	765.4	776.5	0.2	0.3
Services	4,491.9	5,556.0	6,307.3	7,381.9	2.6	3.2
<i>Electricity, Gas & Water</i>	75.0	93.0	99.0	105.6	1.3	1.3
<i>Transport, Storage & Communications</i>	461.6	630.6	682.7	810.8	1.6	3.5
<i>Wholesale & Retail Trade, Hotels & Restaurants</i>	1,584.5	1,861.5	2,178.5	2,782.2	3.2	5.0
<i>Finance, Insurance, Real Estate & Business Services</i>	500.1	734.4	832.0	959.6	2.5	2.9
<i>Government Services</i>	979.5	1,118.4	1,249.5	1,264.4	2.2	0.2
<i>Other Services</i>	891.2	1,118.1	1,265.6	1,459.3	2.5	2.9
TOTAL	9,274.6	10,892.8	11,773.3	13,225.6	1.6	2.4
Labour Force ('000 persons)	9,571.6	11,290.5	12,216.8	13,654.0	1.6	2.2
Unemployed ('000 persons)	297.0	397.7	443.5	428.4		
Unemployment rate (%)	3.1	3.5	3.6	3.1		

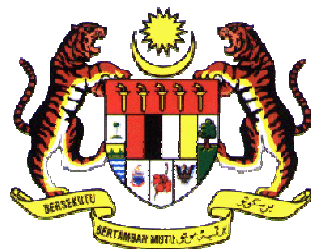
Source: 10th Malaysia Plan, Economic Planning Unit

Employment by Major Occupational Group, 2006 - 2015

('000 persons)

Major Occupational Group			Estimates				Average Annual Growth Rate, %	
			2010		2015		Expected Achievement	Target
	000'	%	000'	%	000'	%	2006-2010	2011-2015
Senior Officials & Managers	903.9	8.1	941.9	8.0	1,097.7	8.3	2.3	3.1
Professionals	613.8	5.5	741.7	6.3	1,031.6	7.8	4.4	6.8
Technicians & Associate Professionals	1,417.2	12.7	1,660.0	14.1	2,248.4	17.0	3.9	6.3
Clerical Workers	1,048.9	9.4	1,142.0	9.7	1,256.4	9.5	1.2	1.9
Service Workers & Shop & Market Sales Workers	1,729.6	15.5	1,942.6	16.5	2,274.8	17.2	3.8	3.2
Skilled Agricultural & Fishery Workers	1,450.7	13.0	1,295.1	11.0	1,230.0	9.3	(1.2)	(1.0)
Craft & Related Trade Workers	1,249.8	11.2	1,259.7	10.7	1,322.6	10.0	0.3	1.0
Plant & Machine Operators & Assemblers	1,528.8	13.7	1,495.2	12.7	1,362.2	10.3	(2.4)	(1.8)
Elementary Occupations	1,216.3	10.9	1,295.1	11.0	1,401.9	10.6	3.5	1.6
Total	11,159.0	100.0	11,773.3	100.0	13,225.6	100.0	1.6	2.4

Source: Economic Planning Unit

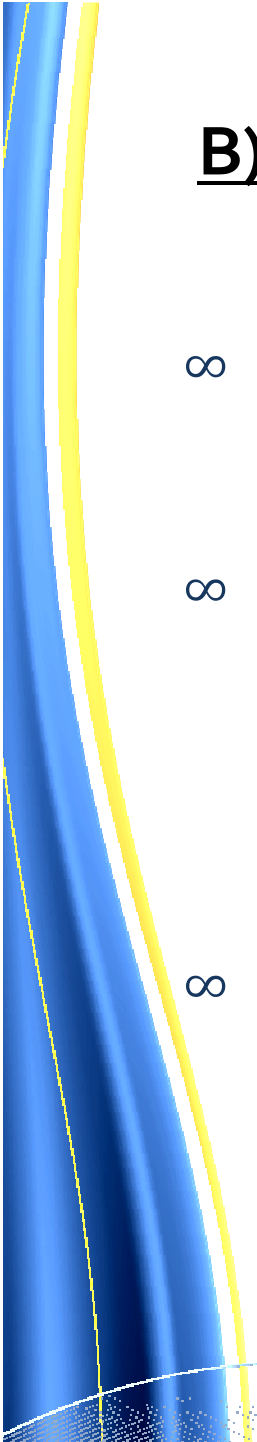


MAKING WORK PAY DECENT WAGES

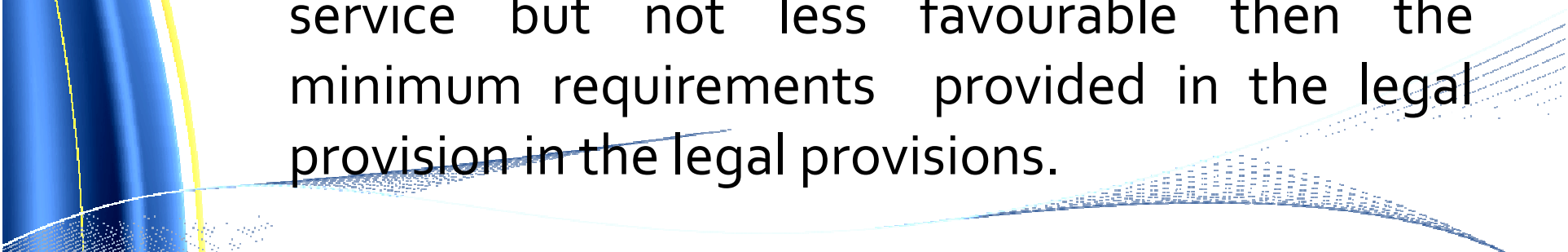
OVERVIEW OF WAGE SYSTEMS IN MALAYSIA

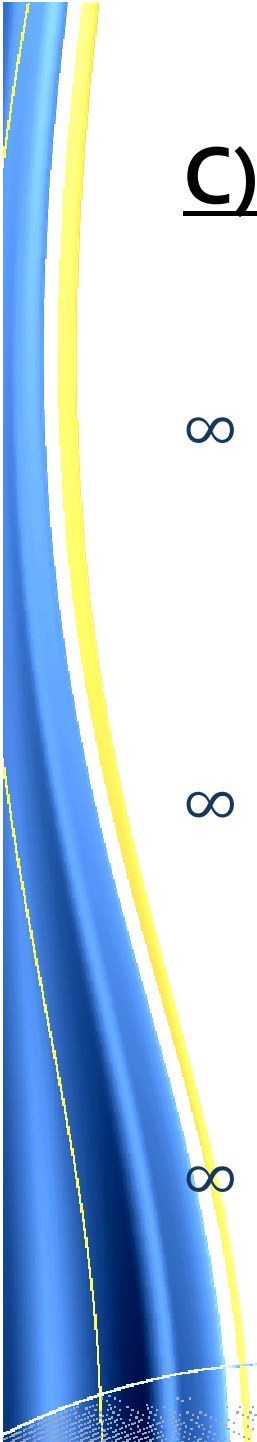
A) Legal Provisions on Wage and Salary Determination

- ∞ The legal framework for salary and wage payment in Malaysia is governed by the **Employment Act 1955**, the **Labour Ordinance (Sabah, Chapter 67)**, and the **Labour Ordinance (Sarawak, Chapter 76)**.
- ∞ The legislations define wages as basic pay and all other cash payments made to employees for their contract of service.

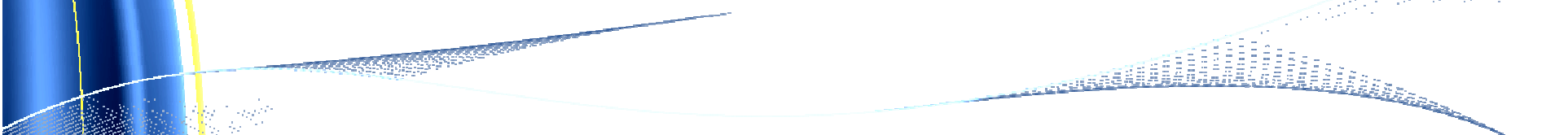


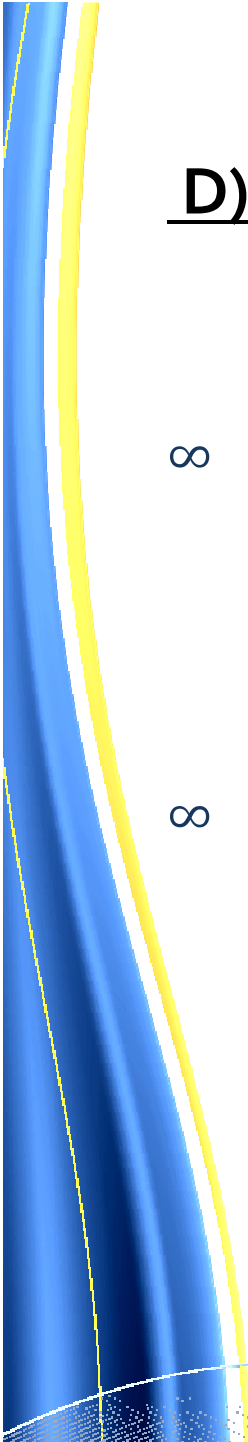
B) The Contract Of Service

- ∞ A contract of service can be either **oral or writing.**
 - ∞ Where an employee begins employment with an employer for a period exceeding 1 month, the employer shall give to the employee a written statement of particulars of employment.
 - ∞ Employers can provide better terms and conditions to the employee in a contract of service but not less favourable than the minimum requirements provided in the legal provision in the legal provisions.
- 

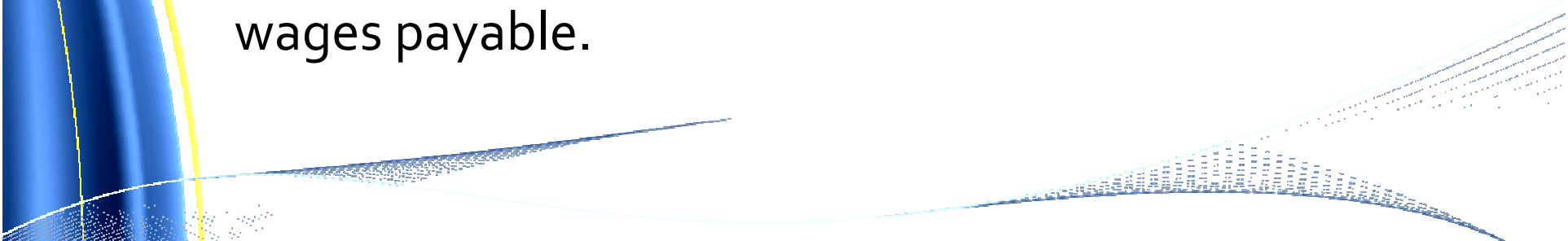


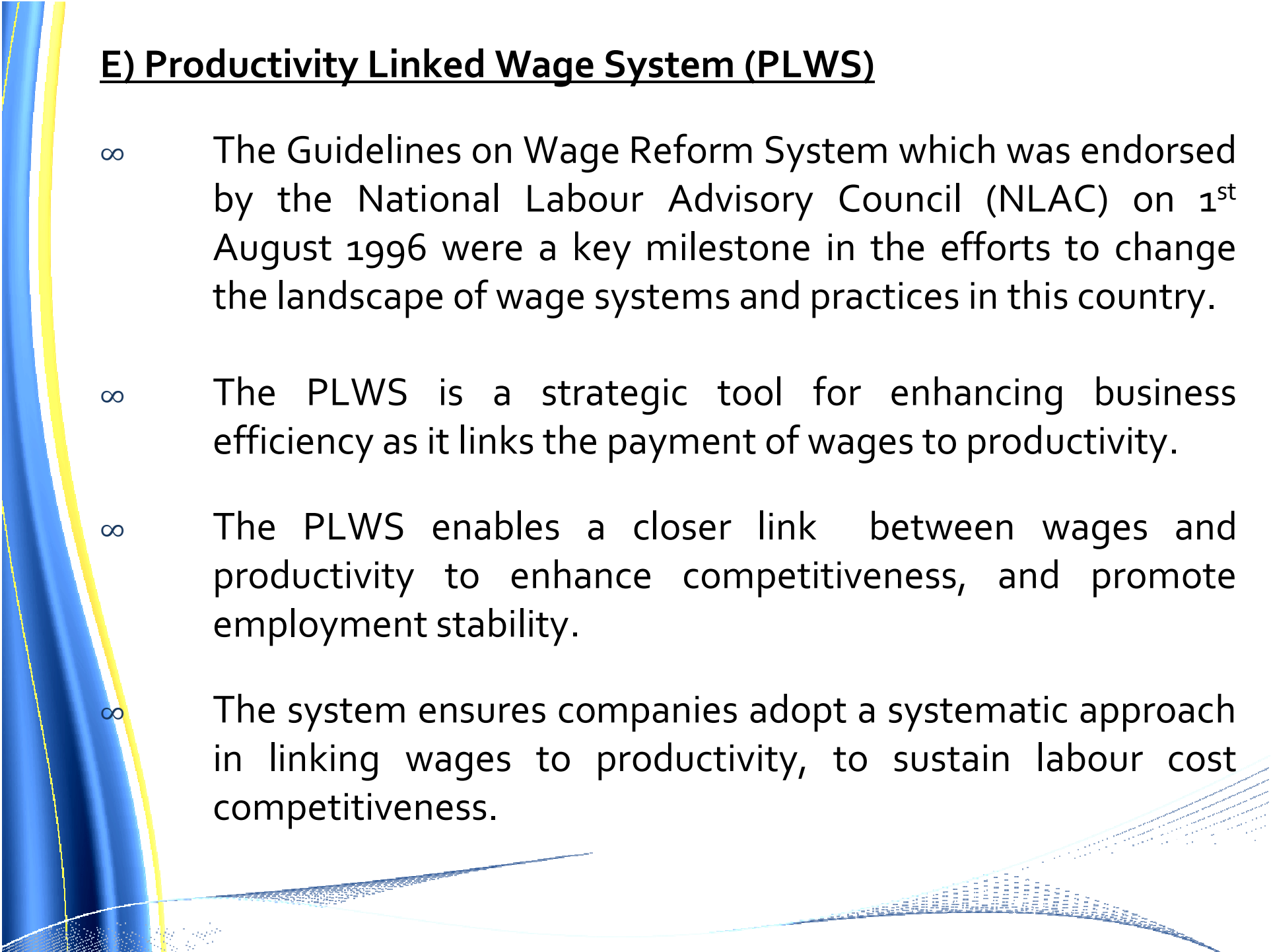
C) Paying Wages To The Employees

- ∞ Wages less any lawful deductions are payable not later than the 7th day after the end of the wage period.
 - ∞ Where a wage period is not specified in the contract of service, the wage period shall deem to be 1 month.
 - ∞ A wage period shall not exceed 1 month.
- 



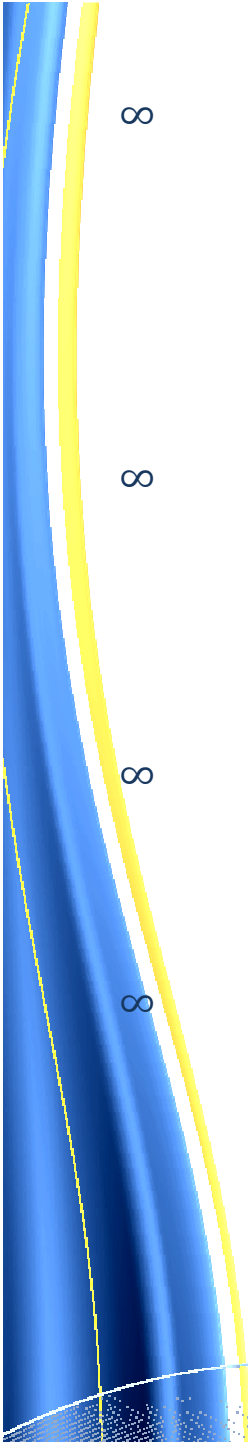
D) EPF, SOCSO Contributions, Income Tax And Other Items As Authorized By Law

- ∞ An employee has the right to be given by an employer, at or before the time at which any payment of wages is made to him, a written itemized pay statement.
 - ∞ The statement shall contain particulars of the gross amount of wages, the amounts of any variable any fixes deductions from the gross amount and the purposes for which the are made such EPF, SOCSO contribution and income tax, and the net amount of wages payable.
- 



E) Productivity Linked Wage System (PLWS)

- ∞ The Guidelines on Wage Reform System which was endorsed by the National Labour Advisory Council (NLAC) on 1st August 1996 were a key milestone in the efforts to change the landscape of wage systems and practices in this country.
- ∞ The PLWS is a strategic tool for enhancing business efficiency as it links the payment of wages to productivity.
- ∞ The PLWS enables a closer link between wages and productivity to enhance competitiveness, and promote employment stability.
- ∞ The system ensures companies adopt a systematic approach in linking wages to productivity, to sustain labour cost competitiveness.



∞

Through the implementation of PLWS, employers will be able to develop performance measurements for improving productivity to ensure that productivity increase is the foundation for determining wage increases.

∞

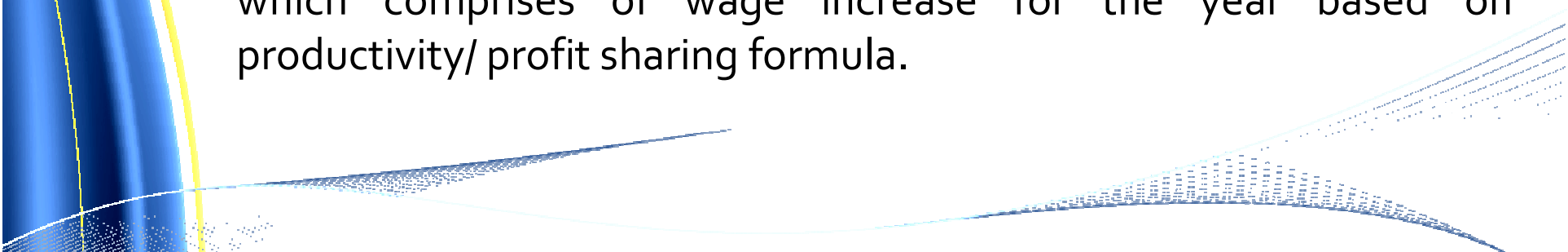
This will enable employees to obtain a fair share of gains that rise from productivity growth and performance improvement, thereby promoting equity, social cohesion, and enhancing the quality of life.

∞

The key elements of PLWS are the fixed component and the variable component.

∞

The fixed component comprises of basic wage, annual increment, contractual bonus (where applicable) and the variable component which comprises of wage increase for the year based on productivity/ profit sharing formula.



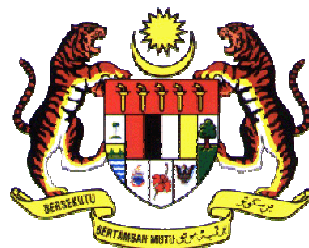
SOURCE OF WAGES DATA

A) Primary Data

- Establishment Survey, Department of Statistics, Malaysia;
- National Employment Return (NER), Ministry of Human Resource;
- Salary and Fringe Benefit Survey of Executives and Non-Executives, Malaysian Employers Federation (MEF); and
- Salaries and Wages Survey (Household approach), Department of Statistics, Malaysia.

B) Secondary Data

- Employer information, Department of Labour;
- Employees Provident Fund (EPF); and
- Social Security Organisation (SOCSSO).



WAGES STATISTICS IN MALAYSIA

Average Monthly Income By Industry And Occupation

Sector	Senior officers & managers	Professionals	Technicians and affiliated professionals	Clerical workers	Service and retail workers	Agriculture, fishing skill edworker	Skills related wokers	Plant and machine operator / installer	General workers	Overall
A- Agriculture, forestry	4563	2974	1913	1302	923	703	1116	1017	628	864
B- Fishery	4670	2202	1928	1526	1248	735	1058	740	568	936
C- Mining & quarry	7105	4546	3215	1660	1327	1347	1365	1733	1233	2463
D-Manufacturing	5594	3667	2276	1476	1242	959	1105	993	848	1471
E- Electrical, gas and water supply	8133	4705	3031	2032	1190	1590	1693	1491	1137	2621
F- Construction	5471	4056	2423	1446	1134	899	1348	1310	952	2030
G- Trading, retailing, motor vehicles repair and personal goods	4109	3443	2093	1319	984	852	1098	995	853	1146
H-Hotel & Restaurant	3088	2376	4230	1081	803	926	1098	1531	697	1062
I- Transportation, Warehouse and Communication	5406	3990	2600	1450	1165	1044	1287	1188	1014	2001
J- Finance Transfer	2376	3248	3031	1779	1770	859	1185	1035	1274	2114
K- Properties Development, Rental and Business Activity	5221	3492	2411	1492	908	918	1322	1039	954	1938
L- Educaton	3729	2629	1778	1088	865	1151	1121	940	825	1768
M- health & Social Works	4833	3797	2287	1257	904	1282	1286	1461	834	1706
N- Services & Social Activity, Other Personal	4723	3242	2092	1329	899	770	1376	854	735	1364

Table 2.1: Working Poor and Labour Force Participation

		1995	1999	2002	2004	2007
(1) Poverty rate (%)		8.7	8.5	6.0	5.7	3.6
(2) Labour force		8,256,800 (5.4)	9,177,800 (3.7)	9,886,200 (1.9)	10,846,000 (4.0)	11,775,100 (2.0)
(3) Working poor [(1)/100x(2)]		718,342	780,113	593,172	618,222	423,904
(4) Employment		7,999,200 (5.2)	8,869,600 (3.5)	9,542,100 (2.1)	10,463,700 (4.1)	11,398,000 (2.1)
(5) Worker's poverty rate (%) [(3)/(4)x100%]		9.0	8.8	6.2	5.9	3.7
(6) Labour force participation rate (%)	Overall	64.5	64.4	64.3	66.1	63.4
	Male	83.8	83.9	85.6	86.2	79.5
	Female	44.3	43.8	45.4	45.1	46.4
(7) Working age (15-64) population		12,447,700 (3.2)	14,129,100 (3.2)	15,318,500 (2.5)	16,090,800 (2.5)	17,237,900 (2.2)
(8) Unemployment Rate (%)		3.1	3.4	3.5	3.5	3.2

Note:

Sources:

Figures in parenthesis are rates of annual change (percent).

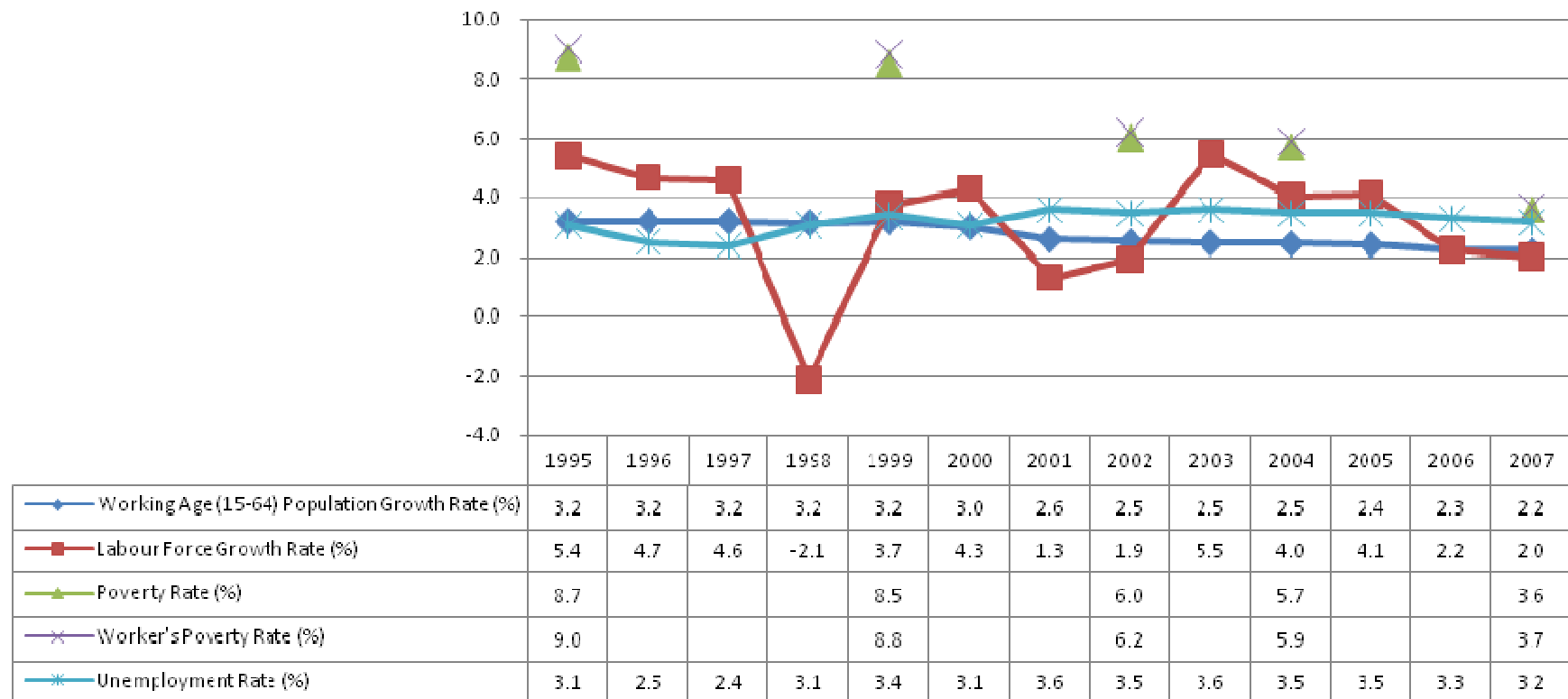
(1) Ministry of Finance. 2008. *Economic Report 2008/2009*. Table 9.1.

(2), (4), (6) and (8) Ministry of Finance. *Economic Report* (various years).

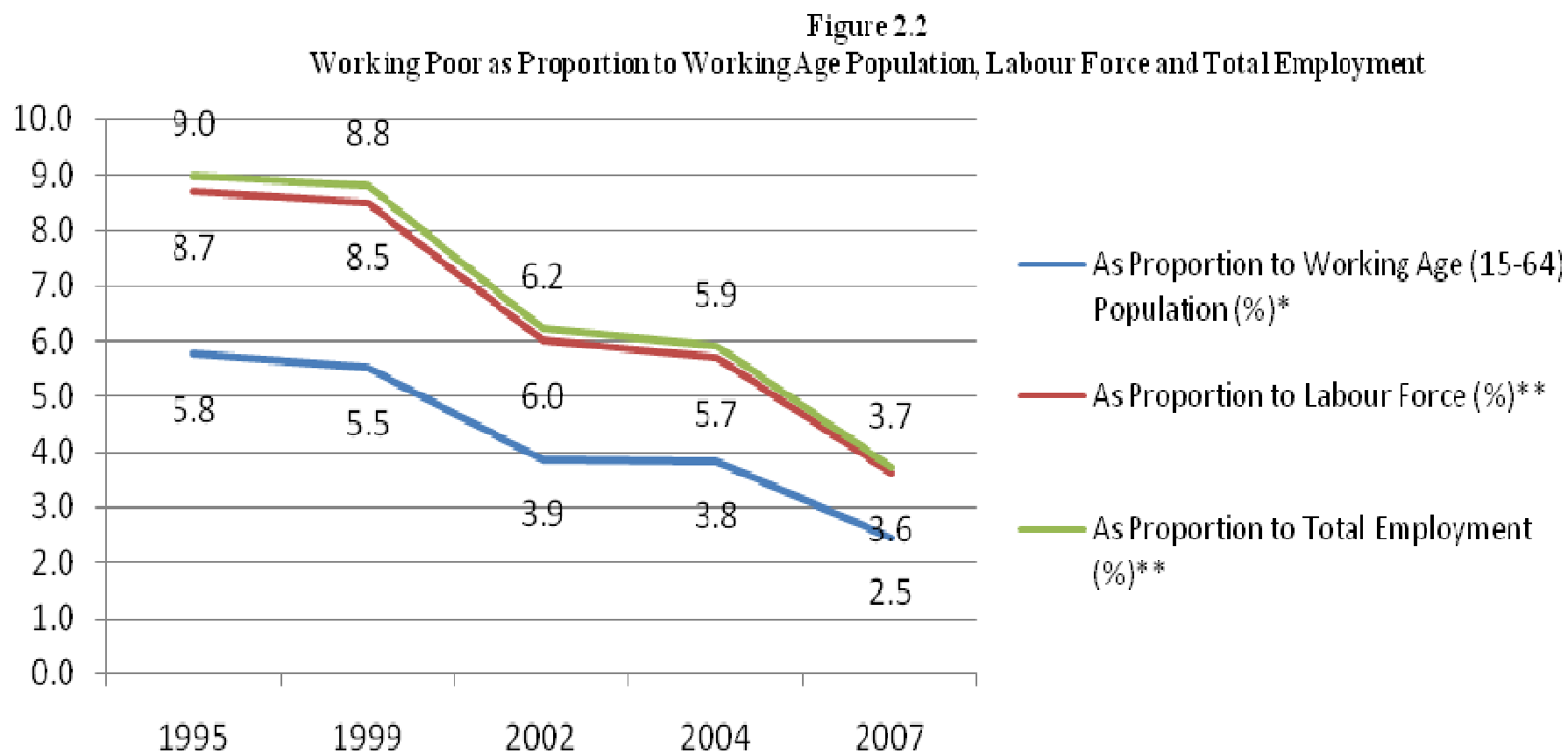
(7) Department of Statistics, Population by Age Group, Malaysia, 1963-2009.

http://www.statistics.gov.my/portal/index.php?option=com_content&view=article&id=404&Itemid=14 (accessed December 6, 2009).

Figure 2.1
Comparing Worker's Poverty Rate with Rates of Poverty, Unemployment and Growth of Working Age (15-64) Population and Labor Force



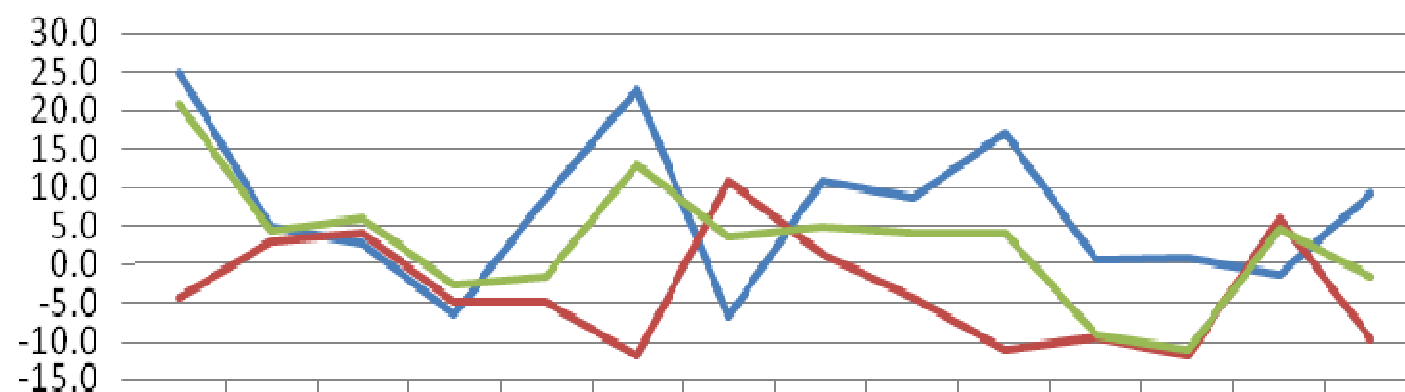
Source: Ministry of Finance, *Economic Report* (various years).



Sources * Calculated from Department of Statistics, *Population by Age Group, Malaysia, 1963-2009*.

** Calculated from Ministry of Finance, *Economic Report* (various years).

Figure 2.1
Real Productivity, Unit Labour Cost and Real Average Wage in Manufacturing Sector
(% Growth)



Source: Ministry of Finance. *Economic Report*(various years).

Table 2.2: Total Employment and Human Resources Development Fund Statistics

Year	Total Employment	Workers Approved for Training			Registered Employers		Human Resource Development Levy Collected	
		Number	Annual change (%)	Proportion to Total Employment (%)	Number	Annual change (%)	Amount (RM million)	Annual change (%)
1997	8,818,800	533,227	-	6.0	714	-	144.5	-
1998	8,571,800	409,814	-23	4.8	469	-34.3	63.1	-56.3
1999	8,869,600	247,673	-39.6	2.8	404	-13.9	83.7	32.6
2000	9,271,200	301,732	21.8	3.3	909	125.0	188.28	124.9
2001	9,348,100	400,022	32.6	4.3	756	-16.8	209.13	11.1
2002	9,542,100	420,008	5.0	4.4	722	-4.5	121.87	-41.7
2003	10,047,200	440,881	5.0	4.4	865	19.8	210.02	72.3
2004	10,463,700	460,651	4.5	4.4	828	-4.3	231.06	10.0
2005	10,892,800	537,040	16.6	4.9	1,190	43.7	260.44	12.7
2006	11,159,000	608,962	13.4	5.5	806	-32.3	289.29	11.1
2007	11,398,000	690,875	13.5	6.1	1,001	24.2	311.86	7.8
2008	11,576,500	736,410	6.6	6.4	1,504	50.2	323.39	3.7

Sources: All data are from PSMB except for total employment from Ministry of Finance *Economic Report* (various years).

MEASURES TO PROMOTE THE PAYMENT OF DECENT WAGE FOR EMPLOYMENT

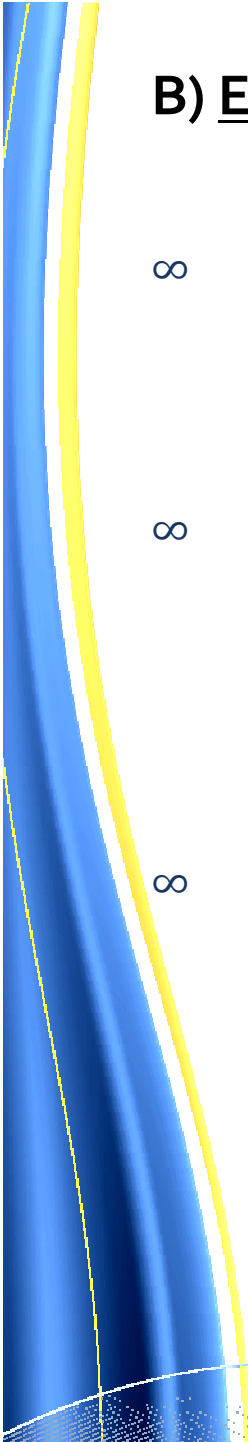
A) Using Dialogues And Adopting Collective Agreements (CA) Between Employers And Employees

- ∞ The Industrial Relations Act 1967 deals with the freedom of adopting CA by employers and trade unions in Malaysia.
- ∞ It is aimed at regulating the manner in which industrial relations should be maintained.
- ∞ CA take either of the following forms:
 - a. An agreement between an employer and a trade union of workmen; or
 - b. An agreement between a trade union of employers and a trade union of workmen.

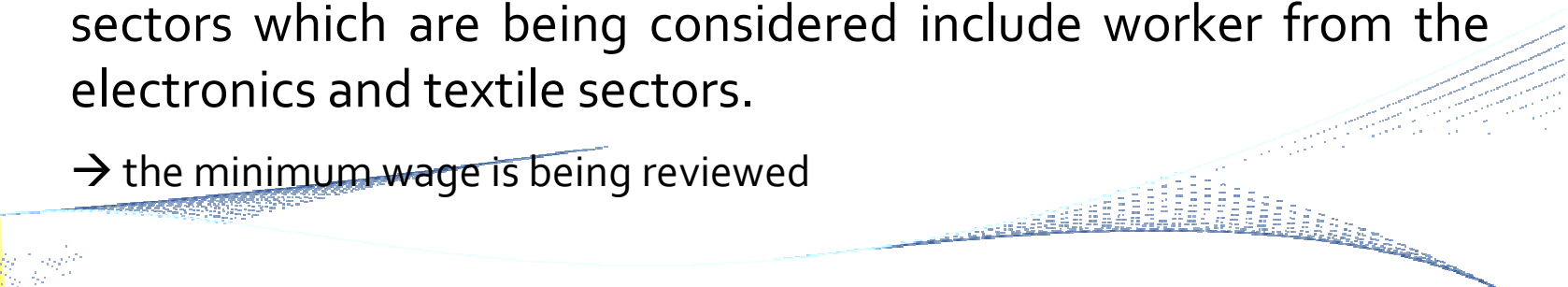
Wages In Selected Occupations From CA For The Year 2006

Sector	Cercial Staff		Technicians		General Workers	
	Min	Max	Min	Max	Min	Max
Agriculture, Hunting & Forestry	600	1267	600	1267	548	1144
Mining, Quarry/Petroleum	1210	2350	1519	3120	900	2150
Manufacturing	700	1300	750	2400	510	1280
Electricity, Gas & Water supply	580	2530	630	2530	550	1930
Construction	1500	4041	1288	114	750	2110
Trading, Distribution & Retailing, Motor Vehicle Repair, Motorcycle and Personal & Household Goods	590	3080	590	3080	510	2950
Hotel and Restaurant	460	1335			320	1140
Transport, Warehouseing & Communication	850	1170	1907	3813	450	955
Health & Social Works	553	1280	780	1820	490	1170
External Organisation & bodies	695	1889	395	1889	550	1645
AVERAGE	773.80	2084.20	1019.88	2225.89	557.80	1647.40

Source: National Employment Return (NER) Report 2008, MOHR



B) Establishment Of Wage Councils

- ∞ A wage council can be established under the Wages Council Act 1947 (Revised 1977) to look into the issue of low wages of workers in specific industry sectors.
 - ∞ The wage council will conduct a nation wide inquiry by interviewing workers and attending to complaints, and ultimately coming up with recommendations on improving their remuneration and term of service.
 - ∞ To date, Wages Council Orders have been enforce in Malaysia pertaining to the employment of shop assistants, cinema workers, unloading and cargo handling workers, hotel and catering service workers and security guards, other industry sectors which are being considered include worker from the electronics and textile sectors.
 - the minimum wage is being reviewed
- 

C) Adopting the PLWS

Chart 1: Companies Implementing PLWS
According To Sector Up To December 2007

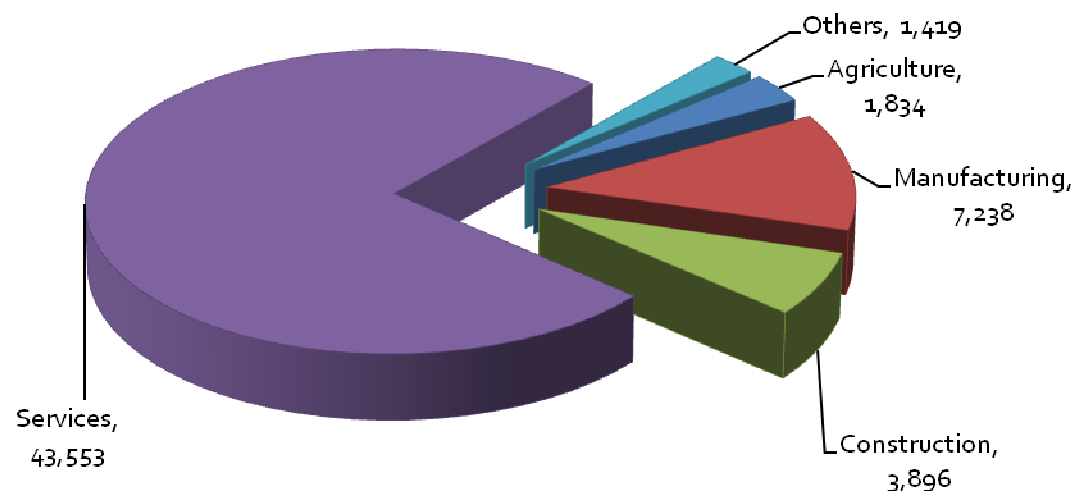
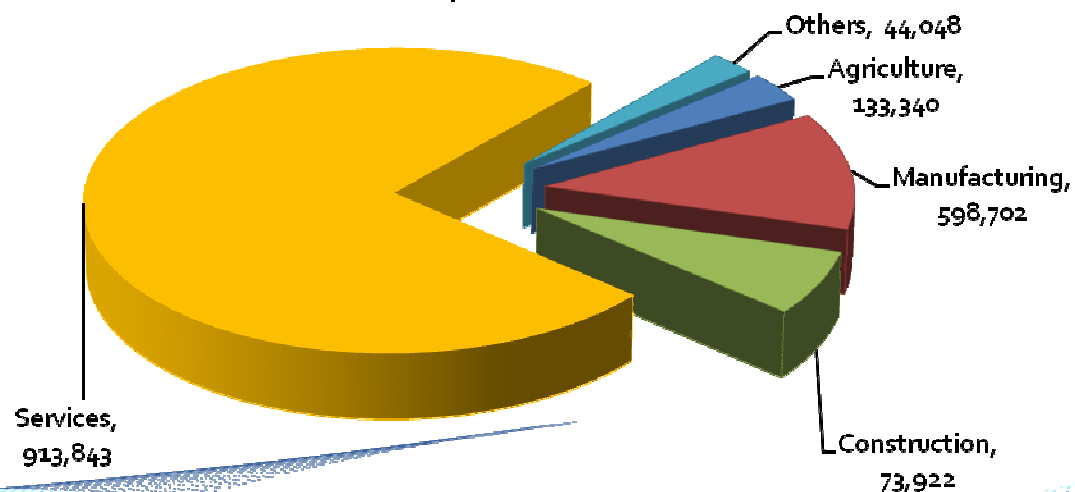
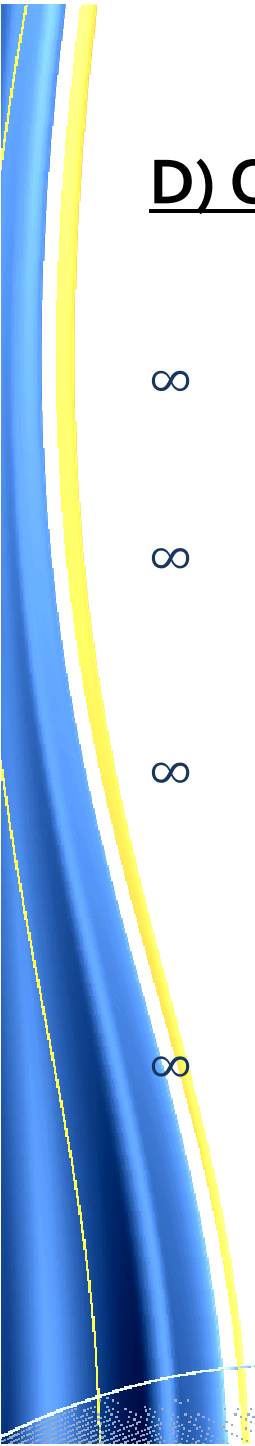
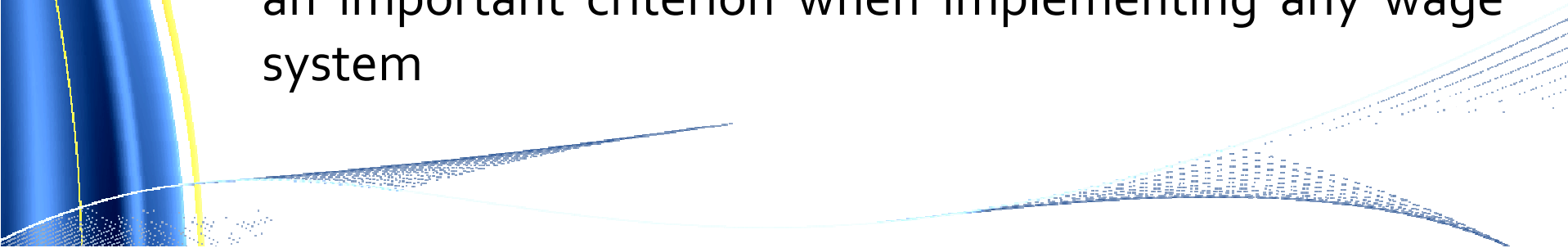


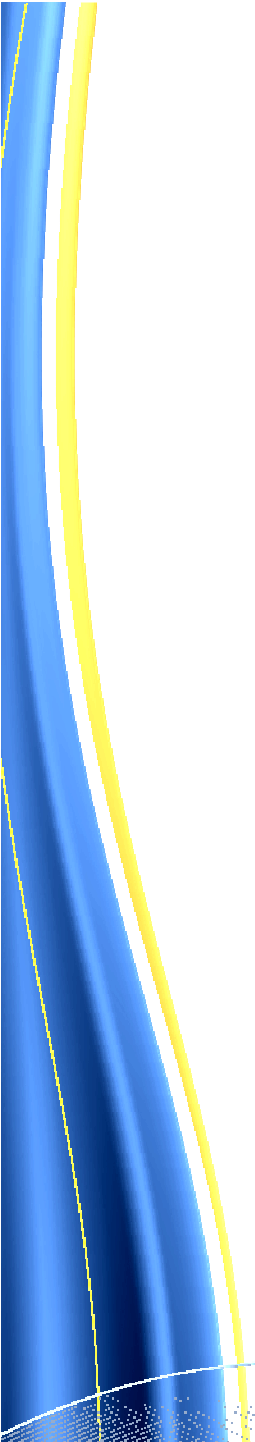
Chart 2: Number of Workers Receiving Benefits
From The Implementation of PLWS According To
Sector Up To December 2007





D) Other Measures and Consideration

- ∞ Top management commitment is essential.
 - ∞ Employees should be provided with the necessary knowledge and information.
 - ∞ Employers must be willing to share pertinent information and emplace productivity improvement program.
 - ∞ Workers' likelihood and welfare should be embraced as an important criterion when implementing any wage system
- 



THANK YOU ...

