

HUMAN RESOURCE DEVELOPMENT CORPORATION



HRD CORP WEBINAR SERIES 4, 2021: POST-COVID RECOVERY: MANAGING INDUSTRIAL RELATIONS EFFECTIVELY

Industrial relations refers to all forms of relationships between employers and employees, whether at the national, regional or corporate level. It also covers social and economic issues such as wage setting, working time and condition, and includes the management of employees' welfare and internal communications. Each country's industrial relations system will vary based on the country's historical, economic and political settings.

The industrial relations system in Malaysia operates within the legal framework of the Industrial Relations Act 1967 (Act 177). The Act regulates the relations between employers, their workmen and the trade unions in the country. Its purpose is to strengthen employer-employee relationship and prevent exploitation or discrimination in the workplace or elsewhere.



In an effort to prevent conflict and overcome work-related challenges, HRD Corp organised a webinar titled “Managing Industrial Relations Effectively” on 19 November 2021. The session discussed and explored various perspectives by industry experts on the strategies for managing industrial relations in the post-pandemic landscape. Three recognised industrial relations professionals were invited to share their opinions and insights on the subject:

Moderator



SITI SURYATI KAMA ASNAWI
Chief Human Resources Officer
Human Resource
Development Corporation
(HRD Corp)

Panellists



MOHD AZMI MUHAMMUD
Deputy Director
Department of Trade Union
Affairs (JHEKS)



AZMA ABDUL RAHMAN
Senior Assistant Director
Research & Policy Planning
Division
Department of Industrial
Relations Malaysia (JPPM)



JOHN RITCHOTTE
Deputy Director Labour
Relations Specialist
International Labour
Organisation (ILO)

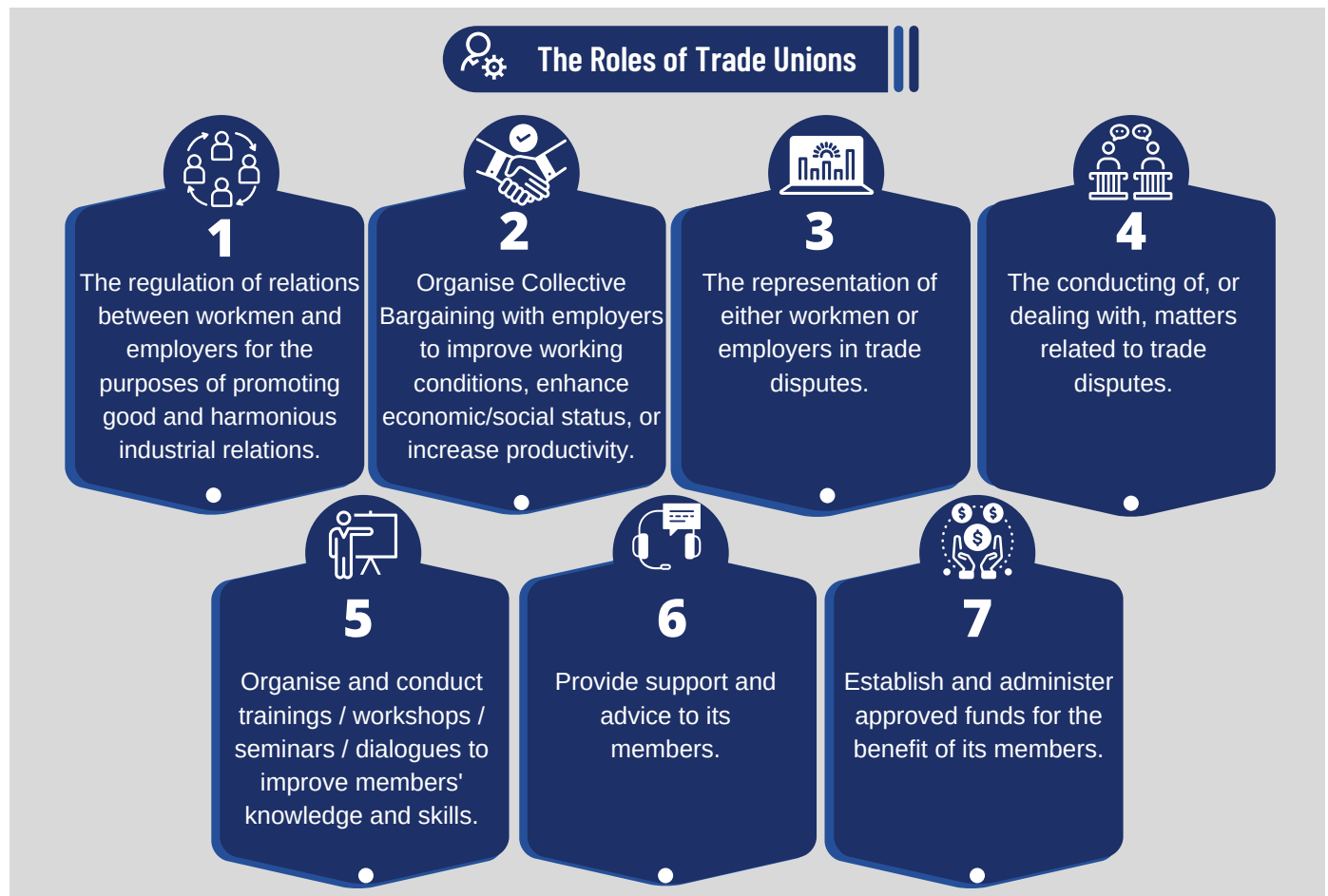
Figure 1: Moderator and Panellist Line-up

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The Role of Trade Unions in Industrial Relations



Mr Mohd Azmi Muhammad highlighted Article 10 (1) (c) of the Federal Constitution which states that all citizens have the right to form associations, and Section 8 of Employment Act states that nothing in any contract of service shall in any manner restrict the right of any employee to join a registered trade union or to participate in the activities of a registered trade union or to form a trade union. In addition, under Section 5 (1) of the Industrial Relations Act 1967, no employer shall impose any condition to restrain the right of a person to join a trade union, or to continue his membership in a trade union.



The COVID-19 pandemic has affected not only workers but also trade unions. Some of the challenges faced by trade unions are changes in employment norms that require employees to respond to changes, the declining number of trade union memberships, dissemination of information, closure of companies resulting in massive job losses and poor succession plans during a pandemic.

He also mentioned that both employers and employees should be willing to accept the new norms in employment and work environment, in response to the latest changes. Hence, union officials must play a role in assisting its members. In conclusion, despite the challenges faced during this pandemic, trade unions play an important role in assisting employers and employees with regards to workers' rights, fair working conditions and social justice.

CHALLENGES



- 1 COVID-19 Pandemic & New Norms**
 - Changes in employment norms
 - Response to changes
- 2 Trade Union Membership**
 - Trade Unions density
- 3 Technological Changes**
 - Dissemination of information
- 4 Economy & Globalisation**
 - Closure of companies
 - Massive job losses
- 5 Leadership**
 - Succession plan

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Employers' Strategies for Industrial Relations Harmonisation



Madam Azma pointed out that the Industrial Harmony Index (IHI) is the first instrument developed in ASEAN to measure employer-employee relationships in the country. Therefore on 9 July 2019, the IHI instrument was successfully registered under the Intellectual Property Corporation (MyIPO) as the Department of Industrial Relations's (DIRM) first intellectual property. The 5 dimensions of IHI are listed as below:-

INDUSTRIAL HARMONY INDEX

- 1 NURTURING RELATIONSHIP**  Refers to the efforts of employees and employers in building and maintaining ongoing good relations among themselves
- 2 CONNECTEDNESS**  Refers to the mutual bond or intimacy between employees and employers
- 3 MUTUAL COOPERATION**  Refers to the willingness of members to coordinate activities in an effort to help all members achieve their goals
- 4 MUTUAL PEACEMAKING**  Refers to the willingness of employees and employers to help prevent, resolve or reduce unconstructive conflicts between employees and employers
- 5 BEING RESPONSIBLE**  Refers to the sense of responsibility of the organisation and employees in discharging promises and carrying out their obligations

Madam Azma informed that by adapting IHI, the employer can benefit in terms of increasing productivity, as well as knowing IR strengths and weaknesses within the IHI 5 Dimensions. They can also improve on existing weaknesses with reference to the IHI and Code of Conduct for Industrial Harmony 1975 (COC). IHI can also act as the source of valid information that enables local and foreign investors to make accurate investment decisions by considering internal factors, such as the atmosphere of employer-employee relationships that can influence the success of a company.

Additionally, since the COVID-19 pandemic has changed the way harmonious employer-employee relationships work, business models need to be revised to adapt to the current situation. For long-term survival, business owners need to focus on the redevelopment of their companies during the COVID-19 pandemic. She also emphasised that if the workplace is not harmonious, employers have to face internal organisational challenges that may affect the company's future plans and strategies.

For more information and guidelines on the Industrial Harmony Index (IHI) application, visit :
<https://jpp.mohr.gov.my/>

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Global Best Practices for Effective Industrial Relations



Mr John Ritchotte from the International Labour Organisation (ILO) shared how COVID-19 has had a great impact on labour productivity, which has resulted in negative growth in many low- and lower-middle-income countries. As a result, the 'productivity gap' between developing and advanced economies has grown. With rising concern on this issue, many countries have taken preventive measures to prevent a higher gap in their country by taking into account the element of emergency, making adjustments and adopting recovery measures.

Social dialogue and **collective bargaining** should take place in all sectors of activity, whether public or private. The impact of the crisis on groups that are more vulnerable to adverse labour market outcomes should be taken into account. Dialogue between social partners, including collective bargaining during the early stages of the crisis, has enabled them to address a broad set of issues. The responses from several countries are as follows:

COUNTRY RESPONSES: SOCIAL DIALOGUE AND INDUSTRIAL RELATIONS



SRI LANKA

COVID-19 tripartite taskforce was established to provide recommendations on measures needed to protect workers and businesses.



SWEDEN

Bipartite social partners at the national level recommended to extend the applicability of collective agreements during the pandemic.



SRI LANKA

Tripartite negotiations led to an agreement where employees in the private sector who could not work receive 75 per cent of regular salary.



AUSTRALIA

Bipartite agreement on a temporary set of measures to provide support to businesses and employees during the pandemic, such as flexible hours for those working from home (in terms of minimum shift and working hours), allowing staff to work more flexibly across classifications (without reductions in remuneration) and leave flexibility.

He also greatly emphasised that governments have a crucial role to play in facilitating effective social dialogue. Besides, having an early crisis response illustrates the relevance and complementarity of different forms and levels of social dialogue. He added that **good practices** in social dialogue and **collective bargaining** can be better promoted following principles of the ILO Conventions 87 & 98 on Freedom of Association and Collective Bargaining, and C 144 on Tripartite

Consultation. Last but not least, social dialogue and good industry relations are best practices to be taken to improve labour conditions and quality of productivity if social dialogue is clearly articulated and understood by all parties concerned.

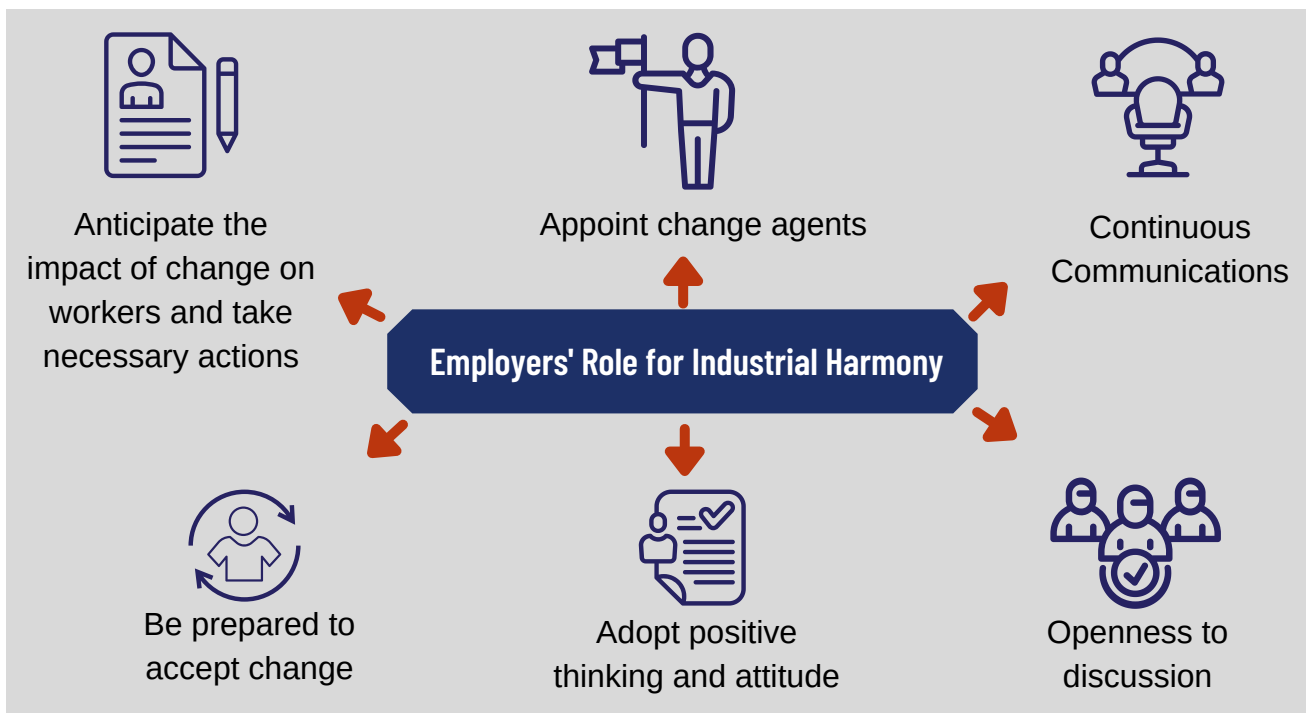
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Conclusion and Review



The social and economic impact of the COVID-19 pandemic has extended to industrial relations as a result of major changes to the way companies plan their strategies and the labour market. It has a great impact on the world of work and has led to conflict and work-related challenges.

With rising concerns on this issue in some countries, trade unions were also weakened through a decline in membership due to lay-offs and allegations of anti-union discrimination. Hence, social dialogue and good IR will be the key to a robust recovery and an excellent opportunity to begin on a new path forward.



Source: Department Of Industrial Relations Malaysia (DIRM), 2021

Having said that, adequate and harmonious industrial relations create a sense of belonging and togetherness among workers and a pleasant environment, resulting in less industrial unrest, injustice and disagreement. This will ensure organisations benefit massively from good work relations, a safer environment for workers, and provide a proper platform to facilitate employee-employer negotiations.

A safe working environment improves employee and employer experience and satisfaction, which is necessary to improve the quality of work and maintain harmonious relationships. This will reflect favourably on the government and the country's policies, ease economic and social tensions during economic crisis or transitions, as well as have a good impact on labour productivity.

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