MEF warns of sicker economy if retrenchment not allowed

By Sean Augustin  -  April 8, 2020 11:00 AM

PETALING JAYA: The Malaysian Employers Federation (MEF) has criticised a proposal for the introduction of a regulation to make it temporarily illegal for employers to lay off workers.

Reacting to a call by the Malaysian Trades Union Congress (MTUC), MEF executive director Shamsuddin Bardan warned of “serious implications” on the economy if Putrajaya were to take it up.

It could negate efforts to attract investments to the country, he told FMT.

It would also run contrary to the Industrial Relations Act, he added, noting that the 1967 law recognises the right of employers to terminate the services of workers by reason of redundancy or business reorganisation.

MTUC secretary-general J Solomon proposed yesterday that the government introduce an emergency regulation that would, for a certain period, criminalise the retrenchment of workers.
Solomon said Putrajaya's recently announced wage subsidy package had failed to protect 30% to 40% of workers in small and medium-sized enterprises. Those earning between RM4,000 and RM8,000 a month were at their employers' mercy, he added.

Shamsuddin said no one would be willing to invest in Malaysia if businesses were not allowed to adjust the size of their work force according to their requirements.

“Making it illegal to retrench employees will be most unfair to employers, even if it is limited to the MCO (movement control order) period and its aftermath,” he said.

“Nobody should be forced to continue to do business against his free will.”

Shamsuddin also said employers would usually try other cost cutting measures before laying off employees.

This is why, he added, it was critical that employers and employees be allowed to discuss proposals such as leave without pay and the shortening of working hours.

“Retrenchment is not an easy thing to do,” he said. “Most employers would carry out retrenchment as a last resort. Letting go of employees that have been trained will be costly.”

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