

# Industrial Relations

**Employee**

**Employer**

**Government**

**Trade  
Unions**

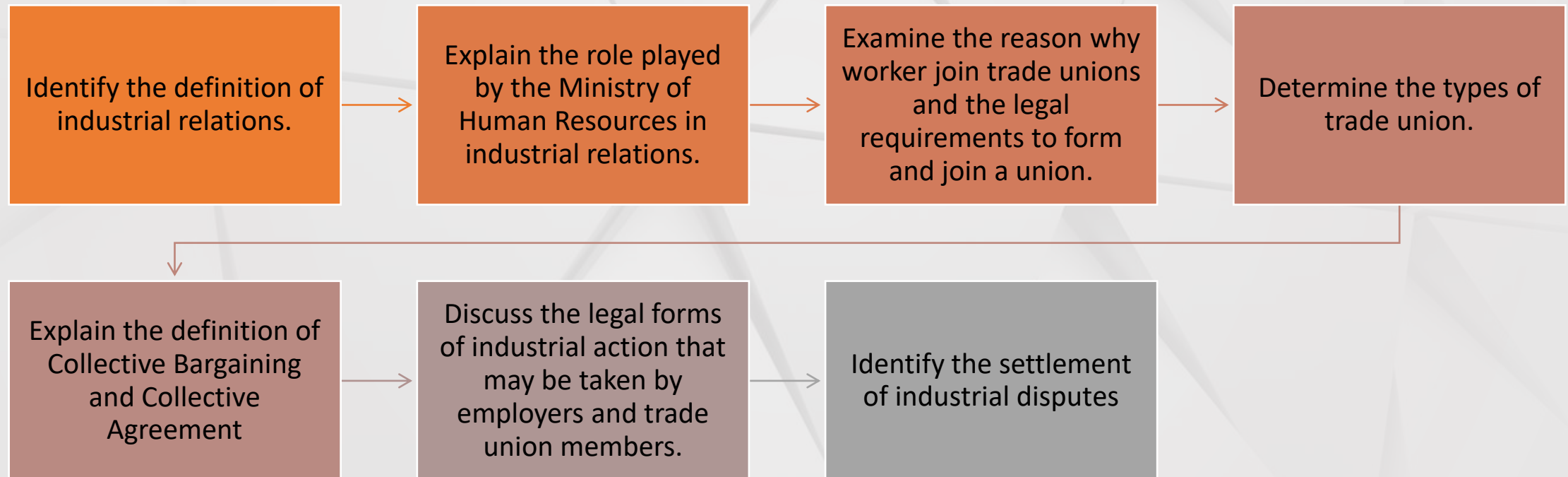


**MGT340**  
**HUMAN RESOURCE MANAGEMENT**

**TOPIC 8: INDUSTRIAL RELATIONS**

# COURSE OBJECTIVE

After completing this chapter, students should be able to:



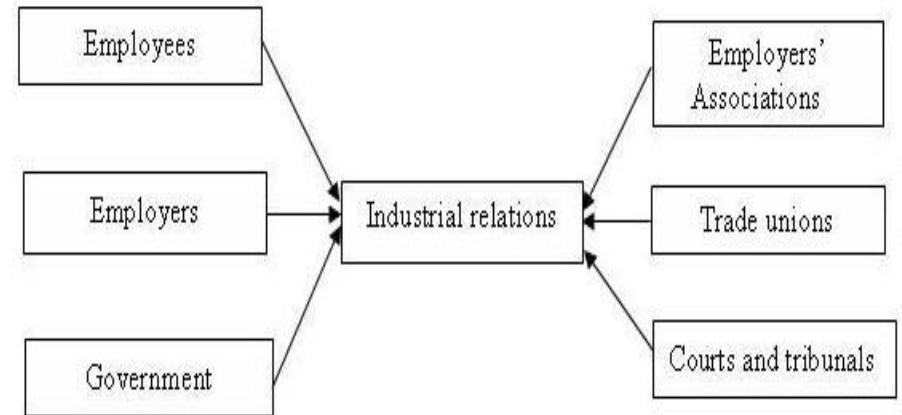
# DEFINITION OF INDUSTRIAL RELATIONS

Industrial relations is the relationship between an employer and the trade union which represents his workers.

An industrial relations systems consists of (tripartite system):

- Employers and their associations
- Employees and their trade unions
- The government

The purpose of regulating industrial relations procedures is to encourage a harmonious relationship between the two parties (employers & employees)



# ROLES OF MINISTRY OF HUMAN RESOURCES IN INDUSTRIAL RELATIONS

Responsible for preparing the legislation which establishes the rights of employers and employees.

Responsible to enforce labor standards, encourage of safe practices at work and provision of training of the workforce.


Actively involved in settling trade disputes

Ensuring the maintenance of a harmonious relationship between workers and employers.




# THE RIGHT/ LEGAL REQUIREMENT TO ESTABLISH A TRADE UNION


All trade unions must be registered with the Department of Trade Unions BEFORE they can begin any activities.



Any group of seven or more workers can form a trade union providing they work in the same trade, occupation or industry.



Applications to register must be made within one month of the first meeting held at which it was agreed to start a trade union. All union are required to registered with Director-General of Trade Union (DGTU). If this period is insufficient, a request for an extension of up to 6 month may be filed to the Director General of Trade Union.



A temporary committee may be appointed to carry out the necessary paperwork.

# THE LEGAL REQUIREMENTS TO JOIN A TRADE UNION (MEMBERSHIP)

## 01

All workers over the age of 16 years old have the right to join the trade union depending on where the worker is employed.

## 02

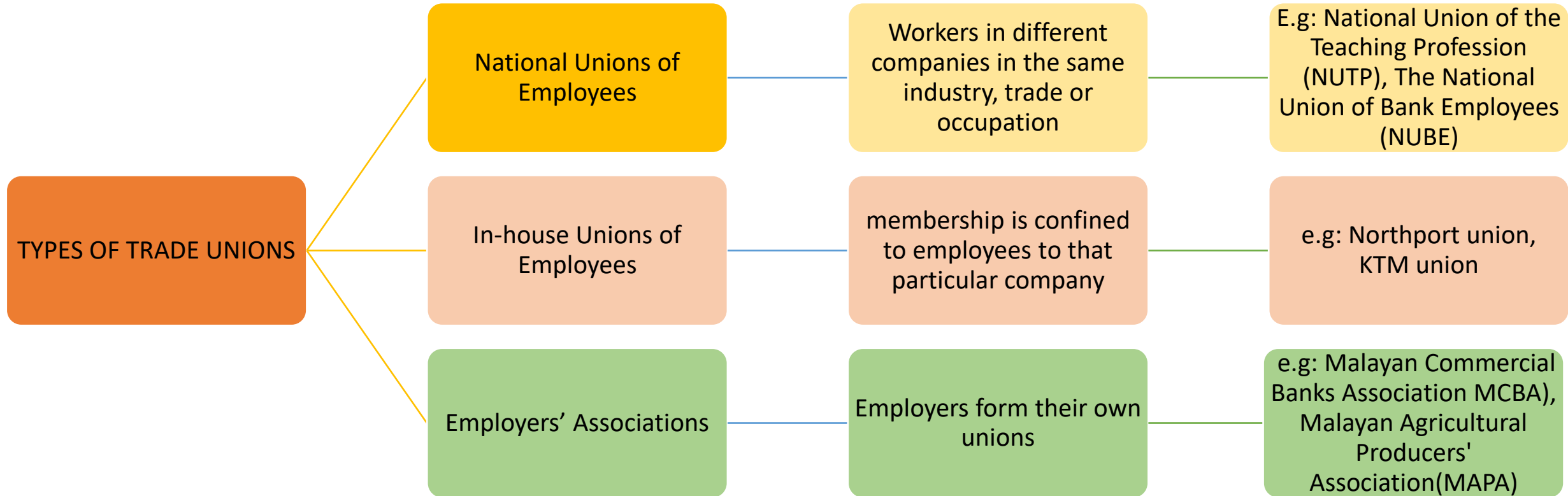
However, the workers under the age 16 to 21 cannot stand for election as an executive of the union and cannot participate in a strike ballot.

## 03

Members of the Royal Malaysian Police; members of any prison service; and members of the Armed Forces cannot join or be a member of any trade union or shall be accepted as a member of any trade union .

Source: Trade Unions Act 1959:

# TYPES OF TRADE UNIONS



# COLLECTIVE BARGAINING

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Collective bargaining is a process whereby a trade union negotiates with an employer or association of employers over the terms and conditions of service of employees; such as on

- salaries, allowances ,working hours , annual increment, rest days/ public holidays, annual leave, sick leave/ maternity benefits

A trade union can only invite an employer to commence collective bargaining once it has been recognized by the employer as the legitimate representative of the employer's workers.



# COLLECTIVE AGREEMENTS

A collective agreement is a written agreement between a trade union and an employer, or association of employers, concerning the terms and conditions of employment of the employer's workers.

A collective agreement is the outcome of collective bargaining.

**Duration:** A minimum of 3 years.

**Contents:**

- Terms and conditions of employment of the workers concerned
- Special provisions/facilities for the trade union



# MANAGERIAL PREROGATIVES NOT TO BE INCLUDED IN A COLLECTIVE AGREEMENT

Section 13(3) of Industrial Relations Act 1967:  
It is important to note that there is a list of nonbargainable subjects on which collective bargaining is not possible if employer refuse to bargain on these subjects.

Managerial prerogatives are also referred to as the functions and rights of management which is considered as the discretion of the employer or manager on how to manage its business, not bound by collective bargaining

Examples of managerial prerogatives are:

- Promotion by an employer of any workman from lower grade to higher grade.
- Transfer by an employer of a workman within the organization of an employer's profession, business, trade of work, provided that such transfer does not entail a change of detriment of a workman in regards to his term of employment
- Employment by an employer of any person in the event of a vacancy arising in his establishment
- Termination by an employer of the service of a workman by reason of redundancy of reorganization of an employer's profession, business, trade of work
- Dismissal and reinstatement of a workman by an employer
- The assignment or allocation by an employer of duties or specific tasks to a workman that is compatible with the terms of employment

## DEFINITION OF TRADE DISPUTES AND INDUSTRIAL ACTIONS

### Trade Dispute

- Sec 2 - IRA: trade dispute can be defined as “any dispute between an employer and his employee which is connected with the employment or the non-employment or the terms of employment, or the conditions of work of any such employee.”

### Industrial action

- Any measure taken by employers or employees to settle a workplace dispute about working conditions.
- Picket
- Strike
- Lockout

# CAUSES OF TRADE DISPUTES

## Wages

- The demand for wage increase is the prime-most cause of the industrial disputes. A large number of strikes are being organised to raise a voice against the rise in prices and cost of living.

## Working Condition and Working Hours

- There is not ample provision of water, heating, lighting, safety etc. Working hours are also greater. The demand of pleasant working conditions and shorter hours of work are also responsible for labour disputes.

## Managerial Causes

- These causes include autocratic managerial attitude and defective labour policies etc.

## Modernisation and Automation of Plant and Machinery:

- The attempt at modernisation and introduction of automatic machinery to replace labour

# TRADE DISPUTE SETTLEMENT

Direct  
Negotiation

Conciliation

Arbitration.

Once a dispute has been referred to the Industrial Court, **it is illegal for the workers to strike on the issues under dispute.**

# DIRECT NEGOTIATION



This is the ideal method of settling dispute where both parties come to the negotiation table to solve the dispute amicably.



This negotiation process is seen as a matured and harmonious way of settling dispute. This method is highly encouraged in the Industrial Relation Act.



If both party fail to settle the dispute, the solution may have to go to the third party

# CONCILIATION

Process of arriving at a settlement of a trade dispute with help of a third, neutral party. It is carried out by officers of Dept. of Industrial Relations.



Can be voluntarily requested by either of disputing parties or Director General of Industrial Relations (DGIR) may intervene in a dispute related to public interest – requiring parties to attend a conciliation meeting. The DG cannot intervene until he is sure the parties' efforts to settle the problem themselves through negotiations have failed.



This is called “compulsory conciliation”. Compulsory conciliation is common in public utilities & other important industries where public might be inconvenienced if a settlement is not found quickly.



Conciliation is carried out by Industrial Relations Officer(s) who will meet the parties either separately or together. After a briefing on the problem, he will help them arrive at a compromise which is acceptable to both.

# ARBITRATION

If even after the intervention of officers from the DIR, the dispute cannot be settled, arbitration may be the only way to settle the issues.

The impartial 3<sup>rd</sup> party is given the authority to settle the dispute by examining information and evidence given by both party before making judgment.

In Malaysia only **Industrial Court** has the power to arbitrate.





# THE RIGHT TO TAKE INDUSTRIAL ACTION

Malaysian law recognizes two weapons that could be used by workers (when a trade dispute occurs) which are **Picket** and **Strike**,.

And employers have the right to **lockout** the workers when a trade dispute occurs.



# PICKET

- Can be conducted by one or more employees at or near place of work
- Reasons for picketing:
  - to obtain or communicate information
  - to persuade or induce other employees to stop work

## A picket is legal providing:

- ⦿ The workers involved are members of a trade union.
- ⦿ A trade dispute between the employees and their employer exists.
- ⦿ It is held at or near the employees' workplace.
- ⦿ It does not obstruct the entrances or exits to the workplace.
- ⦿ It is peaceful and does not intimidate anyone.



# STRIKES

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- “the cessation of work by a body of workmen acting in combination or concerted refusal or a refusal under common understanding of a number of workmen to continue work or to accept employment”
- It generally involves quitting of work by a group of workers for the purpose of bringing the pressure on their employer so that their demands get accepted. When workers collectively cease to work in a particular industry, they are said to be on strike.
- It includes stoppages of work, go slow, restriction, reduction, limitation in the performance or execution of the whole or any part of the duties connected with their employment

## **A strike is legal providing:**

- ⦿ The strikers are members of a trade union.
- ⦿ The strikers have a trade dispute with their employer.
- ⦿ A secret ballot is held prior to starting the strike.
- ⦿ Two-thirds of the workers agree to strike.
- ⦿ The ballot papers must be sent to the Department of Trade Unions for verification.
- ⦿ The workers must wait for at least 7 days before commencing the strike.





# LOCK OUT

- Almost similar to strike only this time action is by the employer.
- The Industrial Relations Act (IRA) 1967 defines lock out as:
  - the closing of a place of employment
  - the suspension of work
  - the refusal by any employer to continue to employ any number of employee employed by him
- Purpose of a lockout is to force employee to accept the terms and conditions or as a tool to counter the industrial action taken by the trade union of the employees.
- Procedures for lockout is almost similar to strike.

# SUMMARY

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- Industrial relations is the relationship between an employer and his worker, where those workers belong to a trade union.
- When an employer and a trade union are unable to agree on the contents of a collective agreement, their dispute will be conciliated by the Department of Industrial Relations.

