

**INDUSTRIAL RELATIONS PRACTICES IN
THE MALAYSIAN PUBLIC SECTOR: A CASE
STUDY OF CUEPACS**

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INDUSTRIAL RELATIONS PRACTICES IN THE MALAYSIAN PUBLIC
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ABSTRACT

Industrial relations are a cornerstone in shaping the intricate dynamics between employees, employers, and government entities within a nation's labor landscape. This research paper embarks on a comprehensive exploration of industrial relations practices within Malaysia's public sector, casting a specific spotlight on the Congress of Unions of Employees in the Public and Civil Services (CUEPACS). The primary objective of this study, examining industrial relations practices in Malaysia's public sector from the vantage point of CUEPACS, is to gain a profound understanding, conduct a meticulous analysis, and shed light on the distinctive experiences, hurdles, and contributions of CUEPACS in molding industrial relations within this sector. Employing a qualitative research approach, the study navigates the intricate terrain of industrial relations in Malaysia's public sector through a single-case study framework. Qualitative interviews, taking the form of semi-structured conversations, stand as the linchpin of data collection. These dialogues unfold with senior trade union leaders representing a diverse tapestry of trade unions spanning various employment sectors, complemented by insights from a public representative. The research embarks on its journey by meticulously tracing the historical underpinnings of industrial relations in Malaysia, harking back to the colonial era when trade unions emerged as stalwart responses to exploitative labor practices. The study meticulously underscores key legislative landmarks and milestones that have left an indelible imprint on labor relations in the nation. Furthermore, the research meticulously dissects prominent industrial relations theories, including unitarism, pluralism, and the human resource management perspective. These theoretical frameworks act as prisms, elucidating the ideological foundations of industrial relations in Malaysia's public sector and their resonance with the objectives and endeavors of CUEPACS. The research delves deep into the distinctive challenges confronting Malaysia's public sector, including bureaucratic rigidity, political interventions, and the far-reaching impacts of globalization on the civil service workforce. These challenges serve as crucibles for comprehending CUEPACS' advocacy for the rights and well-being of public sector employees, furnishing valuable insights into the broader landscape within which the organization operates. Moreover, the research interweaves specific case studies and empirical research germane to industrial relations in Malaysia's public sector. These empirical narratives yield invaluable insights into the perspectives and experiences of public sector employees, their engagement with entities like CUEPACS, and the efficacy of collective bargaining mechanisms in addressing their concerns. This research serves as a clarion call, underscoring the paramount importance of grasping the intricacies of industrial relations within the public sector. Its significance extends beyond the realms of academia, encapsulating a pragmatic imperative for policymakers, trade union leaders, and public sector employees alike. This research lays a solid foundation for a deeper exploration of CUEPACS, with subsequent chapters poised to unfurl the organization's history, organizational structure, activities, and the formidable challenges it confronts while championing the interests of public sector workers. The findings of this study in Malaysia's public sector reverberate widely, laying the groundwork for a more profound comprehension of the role played by organizations like CUEPACS in shaping labor relations and advocating for the welfare of public sector employees. It cogently underscores the importance of proactive advocacy for employee rights, the adaptability of labor relations practices to evolving workforce dynamics, and the indelible impact of harmonious industrial relations on organizational triumph.

Keywords: Industrial relations, public sector, Malaysia, CUEPACS, qualitative research, trade unions, labor landscape, historical overview, industrial relations theories, challenges, collective bargaining, employee advocacy, organizational success, harmonious relations.

APPROVAL

This is to certify that this thesis conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, for the fulfilment of the requirements for the degree of Doctor of Business Administration

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DECLARATION

I hereby declare that the thesis submitted in fulfilment of the DBA degree is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

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A handwritten signature in black ink, consisting of several overlapping loops and a final horizontal stroke.

Signature of Candidate:

Date: 2 October 2023

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LIST OF ABBREVIATION

CUEPACS	Congress of Unions of Employees in the Public and Civil Services
IRP	Industrial Relationship Practices

CHAPTER 1

INTRODUCTION

1.0 Research Background

The research background on trade unions and industrial relations practices within the Malaysia public sector offers a multifaceted exploration of the historical, socio-economic, and legislative factors that have profoundly influenced the landscape of labour organizations and their interactions with governmental bodies. This comprehensive background provides a strong foundation for understanding the intricate dynamics, persistent challenges, and enduring significance of trade unions within the unique context of the Malaysian public sector.

Historically, trade unions in Malaysia have played a pivotal and courageous role in advocating for the fundamental rights and welfare of workers (Ganesan, 2016). The roots of trade unionism in Malaysia can be traced back to the early 20th century, coinciding with the emergence of labour movements during the colonial era. These movements arose as a direct response to exploitative working conditions, paltry wages, and the absence of job security that plagued the working class. However, these early endeavours faced severe repression under colonial rule, primarily because they were perceived as a direct threat to the established order.

The post-independence period represented a significant turning point in the trajectory of trade unions in Malaysia. The establishment of the Malaysian Trades Union Congress (MTUC) in 1949 marked a historic milestone in the labour movement's journey, reflecting concerted efforts to unify and collectively address workers' concerns. Simultaneously, this era witnessed the enactment of crucial labour legislations, such as the Trade Unions Act and the Industrial Relations Act. These legislative developments provided a much-needed legal framework for the formation

and functioning of trade unions and, significantly, established mechanisms for resolving disputes between employers and employees.

Within the Malaysia public sector, the industrial relations landscape assumes a distinctive character, primarily due to the government's dual role as both a significant employer and regulator. The government assumes a central role in shaping labour policies, determining wage structures, and defining working conditions for public sector employees (A. Ayandibu, 2017). Notably, the introduction of the Public Services Act in 1967 stands out as a pivotal moment in the realm of industrial relations within the public sector. This act laid the foundational framework for formalizing employment conditions, specifying disciplinary procedures, and establishing mechanisms for resolving disputes involving civil servants.

The role of trade unions within the Malaysia public sector is multifaceted and invaluable. These organizations act as intermediaries between the employees and the government, actively engaging in negotiations spanning a wide spectrum of issues. These include matters related to wages and benefits, working conditions, and job security. Prominently, trade unions such as the Congress of Unions of Employees in the Public and Civil Services (CUEPACS) play a critical role in voicing the concerns and interests of public sector employees. Their unwavering advocacy ensures that the rights and well-being of public servants are vigilantly safeguarded.

Nevertheless, it is crucial to acknowledge that trade unions operating within the Malaysia public sector confront a distinct set of challenges. The public sector's intricate hierarchical structure, entwined with political considerations and bureaucratic processes, can significantly impact the efficacy of collective bargaining and dispute resolution. Achieving a delicate balance between safeguarding the interests of public sector employees and the government's imperative to uphold fiscal discipline and

efficient public service delivery presents a formidable challenge, further complicating the industrial relations landscape.

Moreover, the forces of globalization and technological advancement have ushered in new dynamics within the labour landscape of the Malaysia public sector. These transformative changes necessitate discussions on workforce skills development, job retraining, and adaptation to emerging forms of employment. Trade unions are progressively entrusted with the critical task of advocating for the welfare of workers in the face of these evolving challenges. Simultaneously, they must collaborate closely with the government to ensure that labour policies remain responsive and relevant to the ever-changing job market.

In conclusion, the research background on trade unions and industrial relations practices within the Malaysia public sector offers a holistic understanding of the historical evolution, legislative frameworks, and the enduring challenges faced by labour organizations. This background underscores the indispensable role of trade unions in safeguarding workers' rights, shaping employment conditions, and fostering harmonious relationships between employees and the government. It emphasizes the critical importance of ongoing research efforts aimed at addressing emerging issues, promoting equitable labour practices, and ensuring the enduring relevance of trade unions in the continuously evolving world of work.

1.0.1 Definition of Trade Union

A trade union, as defined within the academic discourse and labor context, stands as a collective organization that emerges through the voluntary association of workers or employees across diverse industries and occupations. The primary aim of these organizations is to promote and safeguard the common interests, rights, and overall welfare of their members within the workplace. This comprehensive definition

underscores the multifaceted and indispensable role played by trade unions in contemporary labor landscapes.

At its core, trade unions serve as unwavering advocates for workers, championing causes that are pivotal to ensuring fair and just working conditions. Among their key objectives are the pursuit of improved working conditions, equitable and fair wages, the assurance of job security, and the enhancement of employment benefits for their members. In essence, trade unions are dedicated to elevating the overall quality of work-life experienced by employees across various sectors.

One of the central functions of trade unions is to act as a unified voice for workers, representing their collective interests when negotiating with employers and management. This role is particularly crucial when seeking improvements in the terms of employment. Through the mechanism of collective bargaining, trade unions engage in constructive dialogue with employers to address critical issues such as wage levels, working hours, employee benefits, and the establishment of health and safety standards within the workplace.

The power of trade unions extends beyond individual advocacy to the realm of collective influence. By harnessing the combined strength and solidarity of their membership, trade unions aspire to create a more balanced power dynamic between employees and employers. This equilibrium ensures that the legitimate concerns and aspirations of workers are given due consideration in the decision-making processes that affect their professional lives. In this sense, trade unions serve as vital instruments in promoting fairness and equity within labor relations.

Moreover, trade unions often extend a gamut of support services to their members. These services encompass legal assistance in addressing workplace grievances, comprehensive education and training programs to enhance workers' skills

and knowledge, and valuable guidance on understanding and asserting workplace rights. Through these auxiliary offerings, trade unions empower their members not only to navigate the complexities of employment but also to assert their rights effectively.

Beyond their immediate constituency, trade unions are integral components of the broader labor movement. They actively participate in discussions on labor-related policies, both at local and national levels, and even engage in international labor discussions. In doing so, trade unions contribute to the development and implementation of policies that uphold the rights and well-being of workers worldwide. This multifaceted involvement amplifies their influence, extending the reach of their advocacy beyond individual workplaces.

In conclusion, a trade union represents more than a mere organization; it embodies a collective voice and force that stands as a bulwark against workplace challenges and injustices. By steadfastly championing better working conditions, fair compensation, job security, and enhanced benefits, trade unions foster an environment conducive to the welfare of workers. They exemplify the strength in unity and solidarity among workers, collectively influencing workplace policies, regulations, and conditions, and ultimately, contributing to the establishment of more equitable and harmonious work environments.

1.0.2 Trade Union

A trade union holds significant importance for a worker due to three fundamental reasons: economic motives, social needs, and protection of rights. These facets form the backbone of a trade union's role and influence in the workplace.

Economic Motives (EM):

At the heart of a trade union's purpose lies the empowerment of workers through collective bargaining with their employers. This critical exercise allows workers to advocate for and secure improved economic conditions, including fair wages, job security, reasonable working hours, and enhanced working conditions. By consolidating their collective strength, trade unions aim to establish equilibrium between employees and employers, ensuring that decisions affecting the lives of workers consider their interests.

This economic dimension of trade unions gains further significance when considering international standards. Bodies such as the International Labour Organization (ILO) have recognized the pivotal importance of FA (Freedom of Association) as one of the four Core Labour Standards on the global stage. Moreover, national laws, such as Section 5 of the Industrial Relations Act, protect workers' rights to join trade unions by prohibiting employers from imposing conditions in employment contracts that restrict union membership. Employers are also barred from discriminating against or threatening workers who opt to join trade unions.

Protection of Rights (PR):

Trade unions play a crucial role in safeguarding the political, social, and economic rights of their members. Their primary objective is to engage with employers on various issues, including pay, job security, working hours, and other essential employment terms. Leveraging the collective strength of their members, trade unions act as advocates for the rights and welfare of workers, ensuring protection against unjust practices by employers.

Social Needs (SN):

Beyond economic considerations, trade unions also serve as platforms for workers to communicate with their employers. This communication enables workers to articulate their concerns and preferences, ensuring that their voices are heard and their issues addressed. While each trade union operates independently, collectively, they create a framework through which management can make informed decisions that consider workers' perspectives.

Trade Unions in Malaysia:

In the Malaysian context, trade unions are recognized as associations of workers serving as collective voices to regulate interactions between workers and employers. Their objectives extend beyond individual workplaces, aiming to enhance working conditions, elevate social and economic statuses for all parties involved, and identify avenues for increasing overall productivity.

According to the legal definition provided in Section 2 of the Trade Unions Act, trade unions in Malaysia are limited to operating within Peninsular Malaysia, Sabah, or Sarawak. It is essential to note that trade unions are typically limited to members from specific industries, and employers retain the right to establish their unions.

In summary, trade unions address three crucial aspects in the workplace: EM, SN, and PR. They are instrumental in promoting equitable working conditions, protecting workers' rights, and ensuring that their voices are heard. Despite facing criticisms and long-standing regulations affecting workers' rights to organize, trade unions continue to thrive in Malaysia, with 762 unions and 948,772 members. Nevertheless, there remain ongoing concerns regarding the government's regulations that impact employees' rights to organize and operate freely.

1.0.3 Effects of Industrial Relationship Practices on Public Sectors Performance

The dynamics of industrial relations practices within the public sector can have a profound impact on the performance of government agencies and ministries. This is particularly true in the context of Malaysia, where industrial relations practices have evolved alongside the nation's shifting industrialization focus. The Congress of Unions of Employees in the Public and Civil Services (CUEPACS) plays a central role in shaping these practices and, consequently, influencing public sector performance. To understand the effects of industrial relationship practices on public sector performance, we must delve into the intricacies of CUEPACS' role and the broader context of Malaysia's public sector.

Public Sector Performance encompasses a range of dimensions, including efficiency, effectiveness, service quality, and overall organizational effectiveness. In the Malaysian context, public sector agencies and ministries are responsible for delivering essential services, implementing government policies, and ensuring the welfare of citizens. As such, their performance directly affects the well-being of the population and the nation's development.

Efficiency in public sector operations is crucial to ensure that resources are utilized effectively and public funds are optimized. Effectiveness, on the other hand, pertains to the extent to which public sector agencies achieve their intended outcomes and objectives. Service quality measures the satisfaction of citizens and stakeholders with the services provided, reflecting the responsiveness and accountability of public sector organizations. Overall organizational effectiveness considers the ability of public sector entities to adapt to changing circumstances, innovate, and fulfill their mandates.

The Role of CUEPACS in Shaping Industrial Relations Practices, as the national center representing trade unions within the public sector, wields considerable influence over industrial relations practices. These practices, in turn, have a direct bearing on public sector performance.

One of the key functions of CUEPACS is to advocate for the rights and interests of public sector employees. This advocacy extends to matters such as employment conditions, benefits, and workplace policies. When industrial relations practices are conducive to open dialogue and negotiation between employees and government authorities, it can lead to mutually beneficial outcomes.

For example, agreements reached through collective bargaining can address employee concerns while also promoting organizational goals. However, when industrial relations practices are characterized by adversarial approaches, disputes, and confrontations, the potential for disruptions to public sector performance increases. Strikes, work stoppages, and other forms of industrial action can disrupt essential services, impacting citizens and the nation's development agenda.

The Effects on Efficiency and Effectiveness in the public sector is closely linked to the ability to manage labor relations effectively. When industrial relations are harmonious and cooperative, agencies can focus on their core functions without being bogged down by protracted disputes. This contributes to streamlined operations and resource optimization. In contrast, adversarial industrial relations can lead to inefficiencies. The allocation of resources to address labor disputes and conflicts diverts funds and attention away from essential services. Moreover, a contentious relationship between labor unions and government authorities can erode trust and cooperation, hindering the timely implementation of policies and programs. Effectiveness in the public sector is measured by the extent to which agencies achieve

their objectives. When industrial relations practices facilitate collaboration and problem-solving, agencies are better equipped to meet their mandates. For instance, the effective delivery of public services relies on a motivated and engaged workforce, which is more likely to exist in an environment of positive industrial relations.

Conversely, when industrial relations are marked by tensions and confrontations, employee morale can suffer. This can lead to decreased productivity and a reluctance to go above and beyond in fulfilling organizational goals. In extreme cases, it may result in attrition and a loss of talent, which can be particularly detrimental to specialized government agencies. Service quality in the public sector is a critical component of public satisfaction and trust. Industrial relations practices that foster a culture of accountability, responsiveness, and continuous improvement can enhance service quality. When public sector employees feel valued and empowered to voice concerns constructively, it can lead to improvements in service delivery.

Conversely, if industrial relations are characterized by grievances, disputes, and a lack of cooperation, service quality can suffer. Employees who are disengaged or demotivated are less likely to provide exceptional service, potentially leading to citizen dissatisfaction and complaints.

Organizational effectiveness in the public sector considers the ability of agencies to adapt to changing circumstances and fulfill their mandates efficiently. When industrial relations practices encourage flexibility, innovation, and collaboration, agencies can respond more effectively to emerging challenges and opportunities. However, if industrial relations are marked by rigidity and resistance to change, organizations may struggle to adapt. This can hinder their ability to meet evolving public needs and government priorities, ultimately affecting their overall effectiveness.