

A Practical Guide to Negotiating Collective Agreements with Trade Unions in Malaysia

Table of Contents

	Page
Foreword	1
Preface	2
Acknowledgement	4
About the Author	6
Table of Contents	7
Appendices	11
Introduction	13

CHAPTER 1

Understanding the Significance of the Employment Act (EA) 1955 and Collective Agreement (CA) Negotiations

1.1	Stakeholders in the Malaysian Industrial Relations System	16
1.2	Rights of Employees to Join a Worker's Union	16
1.3	Number of Registered Trade Unions & Membership in Malaysia	17
1.4	Unionised Workers in Companies with Collective Agreements (CAs)	17
1.5	Minimum Benefits under the Employment Act 1955	18
	References	19

CHAPTER 2

An Overview of the Legal Procedures on Collective Bargaining in Malaysia

2.1	Collective Bargaining and Collective Agreements in Malaysia	21
2.2	Union and Company to meet for CA Negotiations	21
2.3	Declaration of a Deadlock during CA Negotiations	21
2.4	Role of Minister of Human Resources or Director-General of Industrial Relations in CA Dispute Resolution	22
2.5	Award of the Industrial Court in CA Disputes	22
2.6	The Law governing Leave on Trade Union Business	23
2.7	Conditions and Restrictions in Employment Contracts	23
2.8	Complaints on Contravention of Restrictions in Employment Contracts	24
	References	25

CHAPTER 3

Theories on Collective Agreement Negotiations

3.1	Walton and McKersie's "A Behavioral Theory of Labor Negotiations"	27
3.2	A Critique of Walton and McKersie's "A Behavioral Theory of Labor Negotiations"	28
3.3	Magenau and Pruitt's Model of Negotiating Behavior	29
3.4	A Critique of Magenau and Pruitt's Model of Negotiating Behavior	29
3.5	Walton and McKersie's Settlement Range Model	30
3.6	A Critique of Walton and McKersie's Settlement Range Model	30
3.7	Stevens' Cycle of Negotiations Concept	30
3.8	A Critique of Stevens' Cycle of Negotiations Concept	32
3.9	A General Critique of the Four (4) Theories	32
	References	32

CHAPTER 4**Key Aspects of Collective Bargaining**

4.1	Views and Prejudices of Key Stakeholders in Collective Bargaining	34
4.2	Conducting of Market Surveys	34
4.3	Compendium of Industrial Court Awards on CA Disputes	34
4.4	Cost Analysis of Union’s Proposal and Company’s Counter Proposals	35
4.5	Setting Objectives for the Union and Company	36
4.6	Self-Administered Survey Questionnaires on Negotiation Styles of Union Leaders	36
4.7	Self -Administered Survey Questionnaires on Conciliation Styles of Officers At Industrial Relations Department, Malaysia	36
4.8	Self -Administered Survey Questionnaires on Adjudication Styles of Presidents/Chairmen of the Industrial Court, Malaysia	37
4.9	Judicial Trends on Collective Agreement Disputes in Malaysia	37
	References	38

CHAPTER 5**Collective Bargaining Preparations**

5.1	Introduction on Collective Bargaining Preparations	40
5.2	Selecting Company’s Chief Negotiator and other team members	40
5.3	Reviewing Financial Position of the Company over the last three (3) years	43
5.4	Survey on Market Practice of Unionised Companies Within the Same or Similar Industries in All Regions	44
5.5	Survey on Current Market Practice of Unionised Companies Within the Same or Similar Industries in Same Regions	44
5.6	Studying Collective Agreements Signed Between the Union and Other Companies Within Similar Industries	45
5.7	Consumer Price Index (CPI) Increase over the last three (3) years	46
5.8	Compendium of Industrial Court Awards on disputed Collective Agreement Items	47
5.9	Amending Existing Clauses with Implementation Problems	48
5.10	Enhancing Relationship with Union Leaders	48
5.11	Cost Analysis of Union’s and Company’s CA Proposals	49
5.12	Obtaining CA Mandate from Top Management	50
5.13	Grouping Issues and Setting Objectives for Union and Company	50
5.14	Planning out strategies to achieve Company’s Objectives	52
5.15	Comparison of Salary Range and Increments by Job Grades	53
5.16	Statistics of Bargainable Employees by Grades and Seniority	53
5.17	Status quo Articles for Signing by Union and Company	55
5.18	Spreadsheet on Union versus Company’s Clauses/Proposals	55
	References	55

CHAPTER 6**The Negotiations Process in Collective Bargaining**

6.1	Collective Bargaining Process – Proposal till Conclusion of CA	57
6.2	Union’s CA Proposal to the Company	57
6.3	Agreeing on Ground Rules prior to CA Negotiations	58

6.4	Briefing on the Company's Financial Position and Future Directions	59
6.5	Preliminary Discussions and Signing of Status quo Articles	59
6.6	Offering Company's 1 st Packaged Counterproposal to the Union	60
6.7	Union's Response to the Company's 1 st Packaged Proposal	61
6.8	Documenting Agreed Articles/Items after each CA session	63
6.9	Documenting Sensitive Issues in a Memorandum of Understanding (MOU)	63
6.10	Passing Signals and Watching Out for Union's Signals	64
6.11	Offering Concessions and Encouraging the Union to Reciprocate	65
6.12	Establishing and Maintaining Linkages Between Issues	66
6.13	Striving for Reciprocity and Controlling the Momentum Continuum	66
6.14	Analysing the Ratios of Movement (ROM) from the Union and the Company	67
6.15	Acquiring and Using Information to Revise Company's Strategy	68
6.16	Managing the Final Momentum	71
6.17	Escalating and Communicating Finality at Packaged Offer	71
6.18	Looking for Signs of Tacit Acceptance by the Union	71
6.19	Positioning the Company for the Close of CA Negotiations	72
	References	73

CHAPTER 7

Resolution of Trade Disputes – Deadlocks in CA Negotiations

7.1	Deadlock at the Closing Stage of CA Negotiations	75
7.2	Industrial Actions during a Deadlock in CA Negotiations	75
7.3	Referring CA Dispute to the Industrial Relations Department For Conciliation	76
7.4	Role of IR Conciliation Officer in resolving CA Disputes	77
7.5	The IRA 1967 on Intimidation during CA Trade Disputes	78
7.6	Picketing by TNB Executives' Association	79
7.7	Picketing by National Union of Bank Employees (NUBE)	80
7.8	Laws governing Picketing and Assemblies in Malaysia	81
7.9	Laws on Strikes by Unions and Lockout by Employers	82
7.10	Strike Actions – South-East Asia Firebricks Case	86
7.11	Strike Actions – Malaysian Airlines System's Case	87
7.12	Reference of CA Trade Dispute to Industrial Court	88
7.13	Giving evidence in Court – Conciliation Proceedings at IR Department	89
7.14	Court Award binding on Successor, Assignees and Transferees	89
7.15	Conclusion	90
	References	90

CHAPTER 8

Post Collective Agreement Negotiations

8.1	Preparing Collective Agreement Documents for Signing	94
8.2	Collective Agreement for Cognisance by the Industrial Court	94
8.3	Post-Mortem on the Collective Agreement Negotiations	95
8.4	Analysing difficult issues and planning for the next Collective Agreement Negotiations	95
8.5	Conducting Post Collective Agreement Briefing	95
8.6	Open Communications with Employees and Union Officers	96
	References	97

CHAPTER 9

Links between Theories, Concepts and Practical Aspects of Collective Bargaining

9.1	Summary of Findings	98
9.2	Conclusion	99
	Bibliography	99