

# LHAG Insights

Industrial Relations & Employment



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### Appointment of MTUC Representatives to the Board of GLCs and GLICs: A Case to be Made?

Recently, the Prime Minister announced that all government-linked companies (**GLCs**) and government-linked investment companies (**GLICs**) will have to appoint a member from the Malaysian Trades Union Congress (**MTUC**) to their board of directors. The Prime Minister added that the presence of representatives from the workers' union will lead to greater transparency in government-owned firms<sup>1</sup>.

Across the world, it is established that unions through their collective voice are crucial to protect workers' rights. This is especially relevant now in the current social climate where employers are obligated to pay closer heed to their employees' desires or risk an influx of resignations and shrinking workforce.

Currently, MTUC representatives are also board members of several bodies, including the National Labour Advisory Council, Employees Provident Fund (**EPF**), and the Social Security Organisation (**Socso**) which serves as a precedent for this move.

### Rationale of the Proposal

It is the government's hope that this move will enable the voice of workers to be taken into consideration in decisions made by the board of directors of GLCs and GLICs, particularly on issues relating to workers' rights and interests. Whilst there are aspects to the proposal concerning corporate governance and other technicalities to be considered, there may be a case to be made from an industrial relations perspective.

<sup>1</sup> <https://www.theedgemarkets.com/article/all-glcs-glics-need-appoint-mtuc-representatives-board-members-%E2%80%94-pm>

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Firstly, the presence of representatives would also serve as a check and balance mechanism in ensuring that companies adhere to the provisions in relation to the general protection of workmen and trade unions, as laid down in the *Industrial Relations Act 1967*<sup>2</sup>. On a broader scale, in a possible scenario where a GLC / GLIC is considering a revision of their employee benefits or remuneration scale, or a manpower rationalization exercise that would affect employees at all levels, having a board member who is well versed on the principles of industrial relations could provide the necessary input on labour laws and good practices such as those enshrined in the Code of Conduct of Industrial Harmony.

There may also be instances where board members are taken to task to sanction a dismissal of an employee. Having a union representative on board would, with hope, provide insight on whether the proper process and procedures have been adhered to and whether the employee has been afforded the right to be heard. Such an input could align any decision making with trite industrial relations principles and may prove to be a necessary step to take in respect of risk management for the company.

### Issues Arising

There may be concerns from GLC / GLIC management that the onboarding of the union representatives may invite overzealous interference and calls for immediate systemic changes that would interrupt their managerial prerogative. However, this could be tackled by ensuring that the newly onboarded union representatives receive the necessary training to clarify their roles and expectations to ensure the effectiveness of the board. Thus, with the proper training and engagement sessions for representatives who would be maiden members of the board, these concerns may be alleviated.

### Conclusion

In the current economic and social climate, the need for industrial harmony between employers and workers has become more crucial than ever before. It would be interesting to see whether the implementation of this proposal in the GLCs and GLICs could ensure that decisions and policies would be shaped to balance business needs with the requirements of labour laws for the benefit of both employers and workers in the long run.

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