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An examination of employee participation in the private sector: Malaysian case studies

Balakrishnan Parasuraman
University of Wollongong

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An Examination of Employee Participation in the Private Sector: Malaysian Case Studies

A thesis in fulfilment of the requirements for the award of the degree

Doctor of Philosophy

from

The University of Wollongong



by

BALAKRISHNAN PARASURAMAN

B. Soc. Sc Hons (USM, Malaysia)

Dip. in Education (Malaysia)

MSc (Industrial Relations) (Stirling, UK)

School of Management and Marketing
March 2007

CERTIFICATION

I, Balakrishnan Parasuraman, declare that this thesis, submitted in fulfilment of the requirements for the award of Doctor of Philosophy, in the School of Management, and Marketing, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualification at any other academic institution.

Balakrishnan Parasuraman

30 March 2007

In loving memory of my father and my mother

Mr Parasuraman Manickam (66)

Ms Munichy Dharman (55)

(Kedah-born, Sungai Petani-bound)

who passed away on October 25, 1997 and April 18, 1986

Their legacy to their children:

**We shall support you till you've achieved the
highest level of education or as long as you
want to study, but never ever give up when
you know you can succeed'.**

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Glossary of Abbreviations and Acronyms

| | |
|------------------|---|
| AEU | Airlines Employees Union |
| ASRC | Autoco Sports and Recreation Committee |
| CCP | Chinese Communist Party |
| CCR | Cabinet Committee Report |
| CA | Collective agreement |
| CB | Collective Bargaining |
| CFL | Chinese Federation of Labour |
| CLA | Council of Labour Affairs |
| CUEPACS | Congress Unions of Employees in Public Sector and Civil Service |
| DAP | Democratic Action Party |
| EBA _s | Enterprise Bargaining Agreements |
| ECOP | Employer Confederation of Philippine |
| EIWU | Electrical Industry Workers Union |
| EOI | Export-Oriented Industrialisation |
| EP | Employee Participation |
| ESS | Employee Suggestion Scheme |
| EW _{Cs} | European Works Councils |
| GDP | Gross Domestic Product |
| HIP | Heavy Industry Policy |
| HICOM | Heavy Industries Corporation of Malaysia |
| HRM | Human resource management |
| IR | Industrial Relations |
| ISA | Internal Security Act |
| ISI | Import Substitution Industrialisation |
| JCC _s | Joint Consultation Committees |
| LMC _s | Labour-Management Councils |
| MAPA | Malayan Agricultural Producers Association |
| MAS | Malaysian Airline System |
| MASEU | Malaysian Airlines Employees Union, Peninsular Malaysia |
| MCA | Malaysia Chinese Association |
| MCBA | Malaya Commercial Banks Association |
| MCEO | Malayan Council of Employers' Organization |
| MCP | Malayan Communist Party |
| MESA | Malaysian Airlines Executive Staff Association |
| MEOA | Malaysian Estates Owners' Association |
| MGLU | Malaya General Labour Union |
| MIEU | Metal Industry Employees Union |
| MLO | Malaysian Labour Organisation |
| MNC _s | Multinational Corporations |
| MMEA | Malayan Mining Employers' Association |
| MSC | Multimedia Super Corridor |
| MTUC | Malaysian Trade Union Congress |
| NCCIM | National Chamber of Commerce and Industry of Malaysia |
| NEP | New Economic Policy |
| NIC _s | Newly Industrialised countries |

| | |
|-------|--|
| NJCs | National Joint Councils |
| NST | New Strait Times |
| NUBE | National Union of Bank Employees |
| NUPW | National Union of Plantation Workers. |
| NUTW | National Union of Transport Workers |
| OECD | Organisation for Economic Co-operation and Development |
| OSHA | Occupational Safety and Health Act |
| PAS | Malaysian Islamic Party |
| PAEU | Postal Assistant Executive Union |
| PSD | Public Services Department |
| PST | Public Services Tribunal |
| PSRC | Posco Sports and Recreation Committee |
| PMGLU | Pan-Malayan General Labour Union |
| PMFTU | Pan-Malayan Federation of Trade Union |
| PIO | Pioneer Industry Ordinance |
| RTU | Registrar of Trade Union |
| SHC | Safety and Health Committee |
| SSRC | Steelco Sports and Recreation Committee |
| TPS | Toyota Production System |
| UMNO | United Malay National Organisation |
| UPCW | Union Postal Clerical Workers |
| UPUS | Union Postal Uniform Services |
| VSS | Voluntarily Separation Scheme |

ABSTRACT

Employee participation refers to a wide variety of policies, mechanisms, and practices that enable employees to take part in decision-making, frequently at the level of the enterprise or workplace. The subject of employee participation (EP) in the organisation has attracted a great deal of international interest as attested by the considerable amount of research in the issue. However, whereas the issues have been fairly well researched in OECD countries, especially those in Europe, EP has been rather less emphasised in Asia. The few studies that have been conducted on EP in this Malaysia have been from the organisational behaviour perspective with a narrow set of variables under consideration. The present study makes significant contributions across all areas of EP for scholarly researchers as well as practitioners and policy-makers in Malaysia.

The primary objective of this study has been to provide an insight in to why private companies (Steelco, Autoco and Posco) in Malaysia have developed direct and indirect forms, and what have been the major determinants and influences on the choice of forms of EP. The next objective of the study is to understand whether or not unions and non-managerial employees have any capacity to influence management final decision-making process at the firm level. To achieve these research objectives, a qualitative case research strategy was selected, which was appropriate given the paucity of information on EP in the Malaysian private sector. An extensive empirical research was undertaken through interviews with national union leaders, employers, managers, union representatives, and non-managerial employees. In addition to the interview technique, direct participation, memos, and reflective journal data were also utilised in this study. The results of the interview, direct observation, memos and reflective journal were triangulated for validity of study. These methods were also discussed in terms of their academic contributions to understanding why EP was implemented at company and workplace level, and concomitantly to study the capacity of the unions and non-managerial employees to influence management final decisions.

The findings from the case study research of Steelco, Autoco and Posco found new factors, only rarely discussed in the international EP literature, to be important. These included mergers and acquisitions, privatisation policy, Malaysia's Look East Policy, cross-cultural management styles and the influence of British colonial system.

Other major research findings are related to the second objective of this study. The research results from studying Steelco, Autoco and Posco demonstrated that unions and non-managerial employees have very limited capacity to influence the management final decisions at company level. This is due to the Industrial Relations Act (managerial prerogative clause) 1967, the management attitudes towards union and workers, cultural orientation and values among Malaysia employees, and ineffectiveness of the Code of Conduct for Industrial Harmony 1975. The findings of present research have some implication for analytical models of EP, particularly the Favourable Conjunctures Model. As a consequence, a new model of EP which incorporates these findings from the Malaysian private sector is proposed in this research.

The study concludes that this research not only contributes to the academic literature on EP but it should be of value of practitioners in industrial relations and human resource management, unions, the government agencies (Ministry of Human Resources Malaysia). In future research, similar studies can be applied more widely in Malaysia.

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Such knowledge is too wonderful for me, to lofty me to attain, I praise you because I am fearfully and wonderfully made; your works are wonderful, I know that full well (Psalm 139:6,14).

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