

Managing HR Compliance in Malaysia: From Law to Workplace Practice

Introduction

Human resource compliance is increasingly important for Malaysian employers as employment practices are governed by a combination of legislation, subsidiary regulations, statutory contribution requirements and workplace policies. HR decisions involving recruitment, employment contracts, wages, working hours, leave, discipline, termination and employee welfare can expose an organisation to financial, operational and legal risks when they are not managed correctly.

The Employment Act 1955 [Act 265] forms the fundamental legal framework for this programme. Following the Employment (Amendment) Act 2022, which took effect on 1 January 2023, the Act was expanded to cover private-sector employees irrespective of salary, although certain benefits such as overtime remain subject to specific eligibility rules. Major changes include the 45-hour work week, 98 days of maternity leave, seven days of paternity leave, flexible working arrangements, protection against discrimination, prohibition of forced labour and additional employer responsibilities relating to sexual harassment and foreign workers.

The programme takes a practical employer-focused approach. Participants will learn how legal requirements should be translated into HR policies, employment documentation, payroll processes, disciplinary procedures, termination practices and internal controls. In addition to the Employment Act 1955, the programme introduces relevant obligations under the Industrial Relations Act 1967, Employees Provident Fund Act 1991, Employees' Social Security Act 1969, Employment Insurance System Act 2017, Occupational Safety and Health Act 1994 and the Minimum Wages Order 2024.

The programme is primarily designed around the legal framework applicable to Peninsular Malaysia and the Federal Territory of Labuan. Organisations operating in Sabah and Sarawak should additionally consider the respective labour ordinances applicable in those jurisdictions.

Programme Objectives

1. To provide participants with a practical understanding of the Employment Act 1955 and key Malaysian employment compliance requirements.
2. To strengthen HR practices relating to employment contracts, working hours, leave, wages, statutory contributions, discipline and termination.
3. To enable participants to identify common HR compliance risks before they develop into employee disputes, regulatory issues or financial liabilities.
4. To develop a systematic approach for reviewing HR policies, procedures, records and management practices for compliance.

Learning Outcomes

By the end of the programme, participants will be able to:

- Interpret key employer obligations under the Employment Act 1955 and related employment legislation.
- Review employment contracts, working arrangements, leave and payroll practices for potential compliance gaps.
- Apply appropriate procedures when managing misconduct, poor performance, resignation, termination and retrenchment.
- Identify employer obligations relating to EPF, SOCSO, EIS, minimum wages, workplace safety and employee protection.
- Conduct a basic HR compliance review and recommend corrective actions for identified risks.

Who Should Attend

HR Managers, HR Executives, HR Business Partners, Payroll Officers, Administration Managers, Department Heads, Line Managers, Compliance Officers, Finance Personnel, Business Owners and other employees involved in managing people.

Methodology

Case study, simulation, lecturing, discussion, presentation

Why This Programme Matters

Employment compliance problems often arise not because employers intentionally disregard the law, but because policies, employment contracts and actual workplace practices are inconsistent. A clause may exist in an employee handbook, while supervisors apply a different practice. Payroll may interpret overtime differently from HR, or a manager may terminate an employee without completing the necessary documentation. This programme helps organisations close these gaps by connecting employment law with actual HR operations.

Program Outline

Day One:

Fundamentals of Employment Compliance

Time	Topic	Key Coverage
9.00 am – 10.30 am	Session 1 Employment Act 1955: The Foundation of HR Compliance	Understanding the Malaysian employment law framework, coverage of the Employment Act, employer and employee responsibilities, major amendments, employment rights and common compliance risks.
10.30 am – 1.00 pm	Session 2 Employment Contracts, Probation and Employment Documentation	Contract of service, appointment letters, terms and conditions, probation, confirmation, changes to employment terms, employee versus contractor issues and essential HR records.
2.00 pm – 3.30 pm	Session 3 Working Hours, Overtime, Rest Days, Public Holidays and Leave	45-hour work week, normal hours, overtime eligibility, rest days, public holidays, annual leave, sick leave, hospitalisation leave, maternity, paternity and flexible working arrangements.
3.30 pm – 5.00 pm	Session 4 Wages, Payroll and Statutory Contributions	Wage payment, lawful deductions, incomplete-month salary, minimum wage, overtime payments, payslips, EPF, SOCSO and EIS obligations, payroll records and common payroll errors.

Day Two: Managing Employee Relations and Compliance Risk

Time	Topic	Key Coverage
9.00 am – 10.30 am	Session 5 Misconduct, Discipline and Domestic Inquiry	Misconduct versus poor performance, show-cause process, investigation, principles of natural justice, domestic inquiry, disciplinary action and documentation requirements.
10.30 am – 1.00 pm	Session 6 Termination, Resignation, Retrenchment and Industrial Relations	Notice requirements, resignation, dismissal, termination for cause, poor performance, redundancy and retrenchment, benefits, Industrial Relations Act 1967 and risks arising from dismissal disputes.
2.00 pm – 3.30 pm	Session 7 Employee Protection and Employer Responsibilities	Pregnancy protection, discrimination, sexual harassment, forced labour, foreign workers, workplace safety and health, employee welfare and management responsibilities.
3.30 pm – 5.00 pm	Session 8 HR Compliance Audit and Practical Case Studies	Reviewing HR policies, personnel files, contracts, payroll, leave, discipline and termination records; identifying compliance gaps; case discussions and development of an HR compliance action plan.