

## EXECUTIVE SUMMARY

<b>TITLE</b>	:	<b>Budget for PLWS Activities as follows:</b> <ul style="list-style-type: none"> <li>• E-Certification</li> <li>• Review of PLWS Guideline</li> <li>• Steering Committee of PLWS</li> </ul>
<b>DATE &amp; VENUE</b>	:	<b>February – December 2020</b>
		<b>PJ Hilton, Petaling Jaya</b>
<b>OBJECTIVES</b>	:	<ul style="list-style-type: none"> <li>• Provide PLWS implementation guidance and direction</li> <li>• Ensure implementation of initiatives towards strengthening PLWS in line with the objectives set out in MPB and SPV 2030</li> <li>• Monitor the implementation of PLWS programs and activities to keep pace with the country's productivity.</li> </ul>
<b>OUTPUT</b>	:	<ul style="list-style-type: none"> <li>• Number of outreach PLWS implementation among SMEs</li> <li>• Database on PLWS</li> </ul>
<b>DIVISION / UNIT</b>	:	<b>SHARED PROSPERITY AND SUSTAINABILITY DIVISION / PLWS UNIT</b>
<b>TOTAL COST</b>	:	<b>RM 145,250.00</b>
<b>BUDGET</b>	:	<b>SECTOR PRODUCTIVITY NEXUS (SPN)</b>

# **PERBADANAN PRODUKTIVITI MALAYSIA (MPC) PROPOSAL FOR BOARD OF MANAGEMENT ON BUDGET FOR PLWS ACTIVITIES**

## **1.0 Purpose**

The purpose of this paper is to request for Board of Management (BOM) approval on the overall logistics arrangement required for PLWS activities: E-Certification, Review of PLWS Guideline and establishment of PLWS Steering Committee.

## **2.0 Background**

PLWS is a system that linked wages to productivity of performance of employees, companies or both. The PLWS will ensure employment stability through wage structure that is flexible enough to adjust to industry and economic requirement. The Malaysia Productivity Blueprint (MPB) had identified PLWS as one of the initiatives under Thrust 1 “Building Workforce of the Future”. MPC and Ministry of Human Resource initiated efforts to promote PLWS through various platforms as well as assisting companies in implementing PLWS.

The transformation of Malaysia towards becoming develop nation is realized when the nation achieves high-income level. Therefore, one of the reforms is to reinforce PLWS. The benefits of adopting PLWS is by making wages more flexible and competitive. The relationship between wages and productivity must be reinforced to ensure workers' wages are commensurate with their respective productivity levels and growth. PLWS implementation will contribute to the generating quality labor demand, reduce labor mismatch, reinforcing wage productivity linked and creating a conducive labor market through regulation and legislative intervention. While PLWS has been advocated since 1996, its outreach remains suboptimal, hampered by the lack of legislative power, low transparency on the employer sides and resistance by trade unions.

On 5 October 2019, the Shared Prosperity Vision 2030 is launched. One of the strategic thrusts is strengthening the Labor Market and Compensation of Employees. According to the thrust, there should be an effort on the workers to earn wages that are commensurate with productivity. Hence, the strategy recommended is to expand the PLWS implementation. This indicates that our government is fully

committed in strengthening the wage structure as one of the key enablers towards enhancing the productivity of the nation. Due to the mandated needs, PLWS Unit would like to undertake several initiatives as the strategic moves towards the aspiration of MPB and SPV 2030.

### **3.0 Objective**

- Provide PLWS implementation guidance and direction
- Ensure implementation of initiatives towards strengthening PLWS in line with the objectives set out in MPB and SPV 2030
- Monitor the implementation of PLWS programs and activities to keep pace with the country's productivity.

### **4.0 Estimated Cost – As attached in Appendix 1**

### **5.0 Output - As attached in Appendix 2**

### **6.0 Approval From BOM**

The approval of the Board of Management (BOM) on the budget of **RM 148,250.00** is sought upon.

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PLWS Unit

Checked by : Mr. Sugumar Saminathan  
Director  
PLWS Unit

Date : 8 February 2020

Estimated Cost

Appendix 1

No.	Scope of Work	Qty	RM Per Unit	Total (RM)
1.	<b>E-Certificate</b> <ul style="list-style-type: none"> <li>Establish PLWS Database – MPC Associates</li> <li>Workshop 2 days (Refreshments RM200 per pax)</li> <li>Engagement with main stakeholders – 1 day (Refreshment RM200 per pax)</li> <li>Facilitators -3 days</li> <li>Soft Launching (Refreshment RM200 per pax)</li> </ul>	1 20 20 3 30	20,000.00 200.00 @2days 200.00 2000.00 200.00	20,000.00 8,000.00 4,000.00 6,000.00 6,000.00 <b>44,000.00</b>
2.	<b>Review of PLWS Guideline</b> <p>Workshop 1 day Facilitator Public Consultation 2 sessions Facilitator 2 sessions Rapporteur 2 sessions Engagement with main stakeholders Facilitator Finalizing Guideline Facilitator Sharing Guideline Facilitator</p>	15 1 30 2 2 15 1 15 1 30 1	200 2000.00 200.00 @2days 2000.00 1000.00 200.00 2,000.00 200.00 2,000.00 200.00 2,000.00	3,000.00 2,000.00 12,000.00 4,000.00 2,000.00 3,000.00 2,000.00 3,000.00 2,000.00 6,000.00 2,000.00 <b>41,000.00</b>
3.	<b>Steering Committee of PLWS</b> <p>TOR Preparation Session Writer Steering Committee Meeting (3 times) Minute Writer</p> <p>Honorarium for Steering Committee Members           <ul style="list-style-type: none"> <li>Co-Chair</li> <li>Members</li> <li>Report Writer</li> </ul> </p> <p>Logistic for meetings – 3 days</p>	10 1 20 1  1 20 1 25	200.00 1000.00 200.00 1000.00 @3days  750.00 @3 days 500.00 @3 days 2000.00 @3 reports 200.00 @ 3 days	2,000.00 1,000.00 4,000.00 3,000.00  2,250.00 30,000.00 6,000.00 15,000.00 <b>63,250.00</b>
	<b>TOTAL</b>			<b>148,250.00</b>

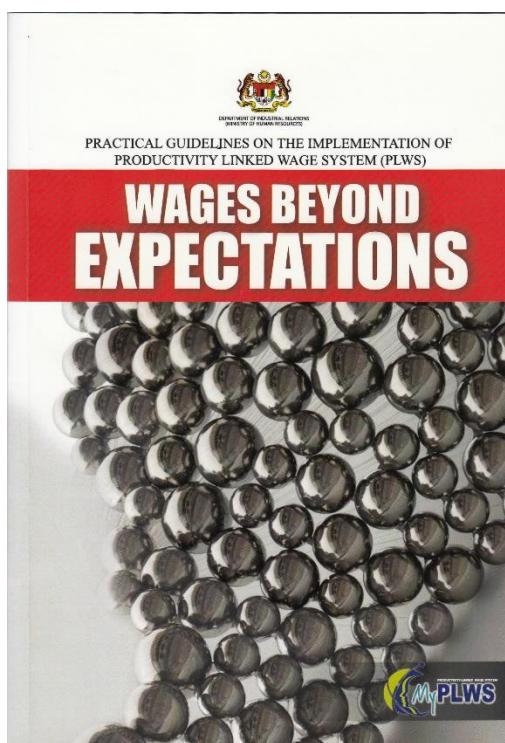
## Appendix 2

### E-Certificate

E-Certificate is a self-assessment tool for a company to get an online certified as Shared Prosperity (PLWS) company. This tool provides a quick assessment of productivity linked wage system adoption of the firm / organization. There are four segment which are categorized as: Company Information, Company Main Activities by Sector, Unionization and PLWS Adoption (Profitability Bonus, Productivity/Performance Incentives and Multiskilling).

The objective of E-Certification is for MPC to obtain the baseline data for PLWS company by sectorial and industry size. It will also assist in getting the data on employee compensation used by the company. Participating company from all types of industries will be recognized as Shared Prosperity (PLWS). Once a company complete the online forms and fulfill the criterias, the system will display the result and company will be issued the E-Certificate Shared Prosperity Company.

### Review of PLWS Guideline



The Practical Guidelines on The Implementation of PLWS published by MOHR and approved by National Labour Advisory Council (NLAC) since year 2014. This guideline is to serve as a reference to the officers of the

Department of Industrial Relations Malaysia (DIRM) in handling and providing advisory services on issues relating to the PLWS. It is also used to facilitate the implementation of PLWS and subsequently become a pillar in improving the productivity of companies, employees and the country specifically towards achieving the status of high-income economy and a developed country by the year 2020.

Upon mandate given by MPC Board of Directors meeting in November 2019, it is essential to review the guideline. The meeting agreed for MPC to review the PLWS guidelines by involving government, employers and workers. MPC as a secretariat should also ensure that everyone understands that the factor of income should be related to the level of productivity.

## **Steering Committee of PLWS**

The need to establish Steering Committee of PLWS to provide guidance, monitor the PLWS activities and to ensure the implementation of the MPC PLWS initiative in line with the objectives in MPB and SPV 2030. The steering committee comprise of :

Chairman – MPC  
Co-Chair – MOHR

Members – 2 representatives from the following:

- MOHR
- MEA
- MEF
- FMM
- MTUC
- HRDF
- SME Corp