

RETENTION THROUGH RELATIONS: *HOW INDUSTRIAL RELATIONS SHAPES LONG-TERM TALENT LOYALTY*

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Kerbau dipegang pada talinya Manusia dipegang pada janjinya

"A man is only as good as his word"



'Industrial Relations' – What first comes to mind?



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Most HR & IR practitioners would link Industrial Relations to

- Governance
- Compliance – EA, IRA, TUA, OSHA, EPFA, ESSA
- Performance Management
- Disciplinary Processes
- Internal Policies
- Litigation



TODAY'S AGENDA

- Today's presentation is aimed to discuss:
 - Understanding the Malaysian Employment Landscape
 - Reinventing & Transforming IR Functions
 - Preventing Conflict through "Social Dialogue"
 - Employer Branding & Loyalty



Yang lama dikelek, yang baharu didukung

"Honoring the past, embracing the future."



Malaysian Landscape of Employability

- ❑ "Resilient but Restless" labour market in 2025/2026
- ❑ Unemployment rate remains low (approx. **3.1%**), the "intent to leave" has spiked significantly.
- ❑ Research & survey shows:

Metric	2023 (Actual)	2024 (Actual)	2025 (Estimated/Trend)
Average Attrition Rate	16.2%	15.9%	17.2%
Voluntary Turnover	9.5%	10.2%	12.5%
Intent to Switch Jobs	24%	35%	62%

- ❑ FMCG : talent war for sales and supply chain professionals.

Malaysian Landscape of Employability

Why are there changes?

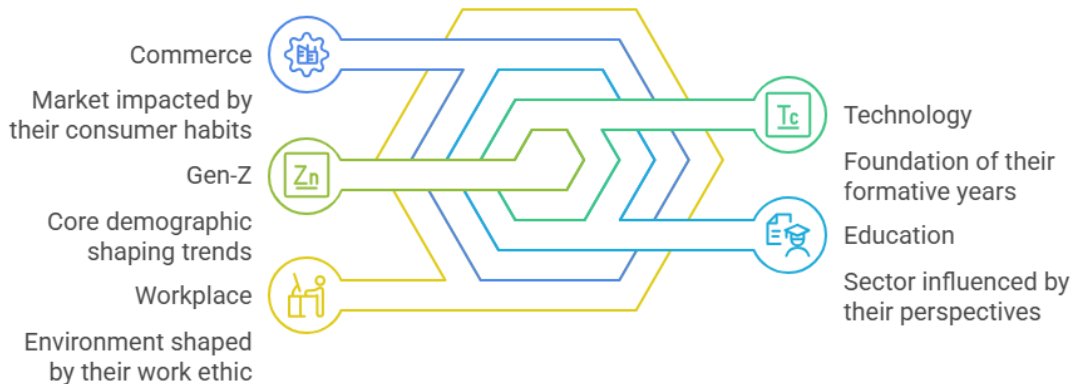
- Post-Covid realization of personal priorities
- “Gen-Zs” – toxicity, Work-Life Integration, Culture, Benefits
- Moving trend – loyalty is no longer “in”
- Career aspirations & financial challenges
- Technology

QUESTION : HOW DOES INDUSTRIAL RELATION PLAY A PART?

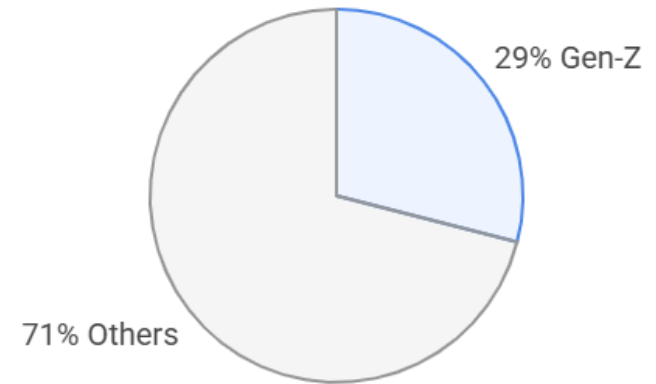


Defining Generation Z: Demographics and Digital Native Characteristics (Malaysian context)

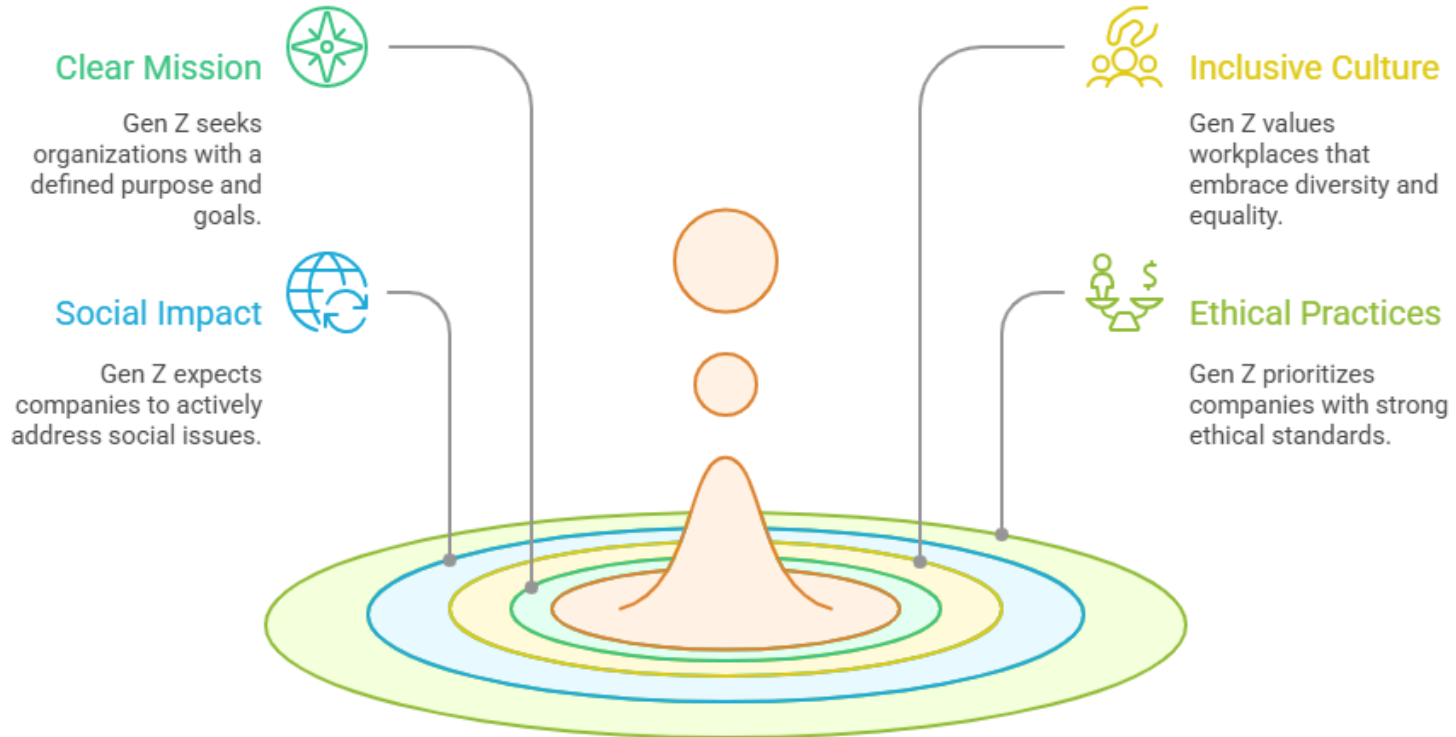
Gen-Z's Influence in Malaysia



Gen-Z Population Share in Malaysia

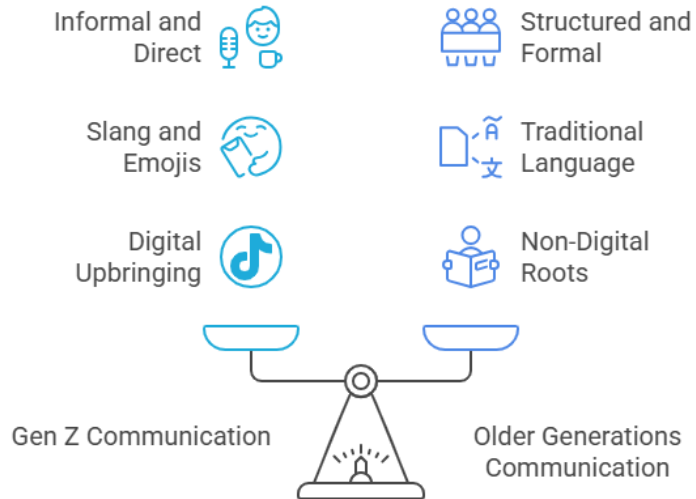


Purpose-Driven Work and Social Impact: Aligning Values with Organizational Mission

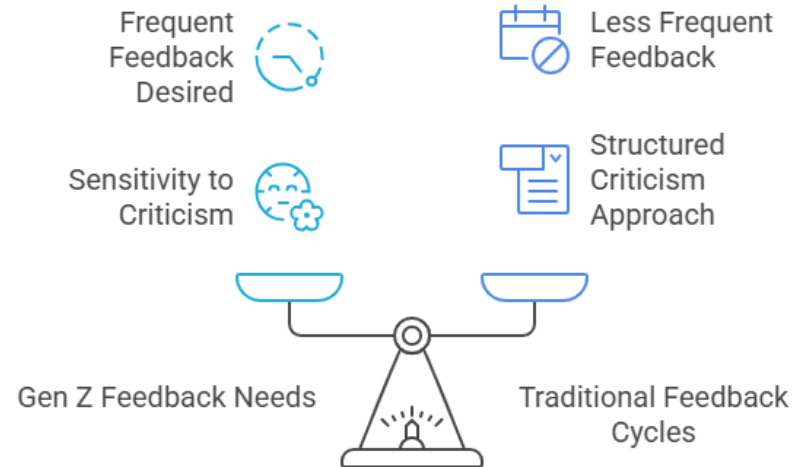


Communication and Feedback: The Demand for Transparency and Continuous Dialogue

Gen Z's Informal Communication Style vs. Older Generations' Formal Approach



Balancing Gen Z's Feedback Needs with Traditional Practices



**Sebutir pasir tidak dapat
membina gunung, tetapi tanpa
pasir gunung tidak akan ada.**

"The whole is greater than the sum of its parts."



Why IR is the Foundation of Retention

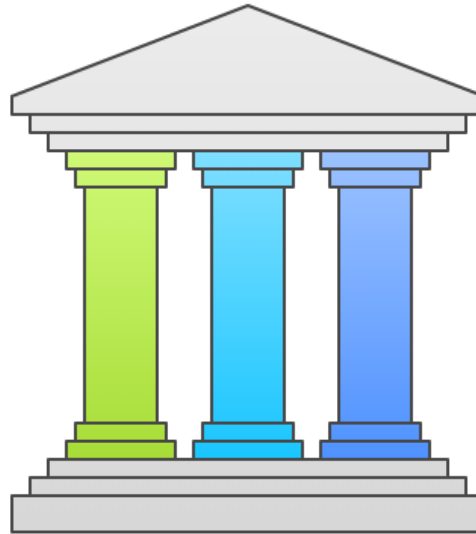
- ❑ Talent no longer stays just for the paycheck; they stay for **procedural justice**.
- ❑ While **Talent Management (TM)** attracts people with "promises," **Industrial Relations (IR)** keeps them with "fairness." If TM is the "marketing," IR is the "warranty."
- ❑ Ergo, you cannot build a high-performance culture on a cracked foundation of labor distrust. If the IR climate is toxic, no amount of "perks" will stop the attrition.

The 2026 Reality: IR is no longer about "policing" employees; it's about **Relationship Management**.



The Core Philosophy: Procedural Justice

- ❑ The #1 reason talent stays isn't just "happiness" — it's **procedural justice**. This is the belief that the processes used to make decisions are fair, transparent, and unbiased.



Distributive Justice

Is my pay fair? (The "What")



Procedural Justice

Is the way my pay/promotion/discipline decided fair? (The "How")

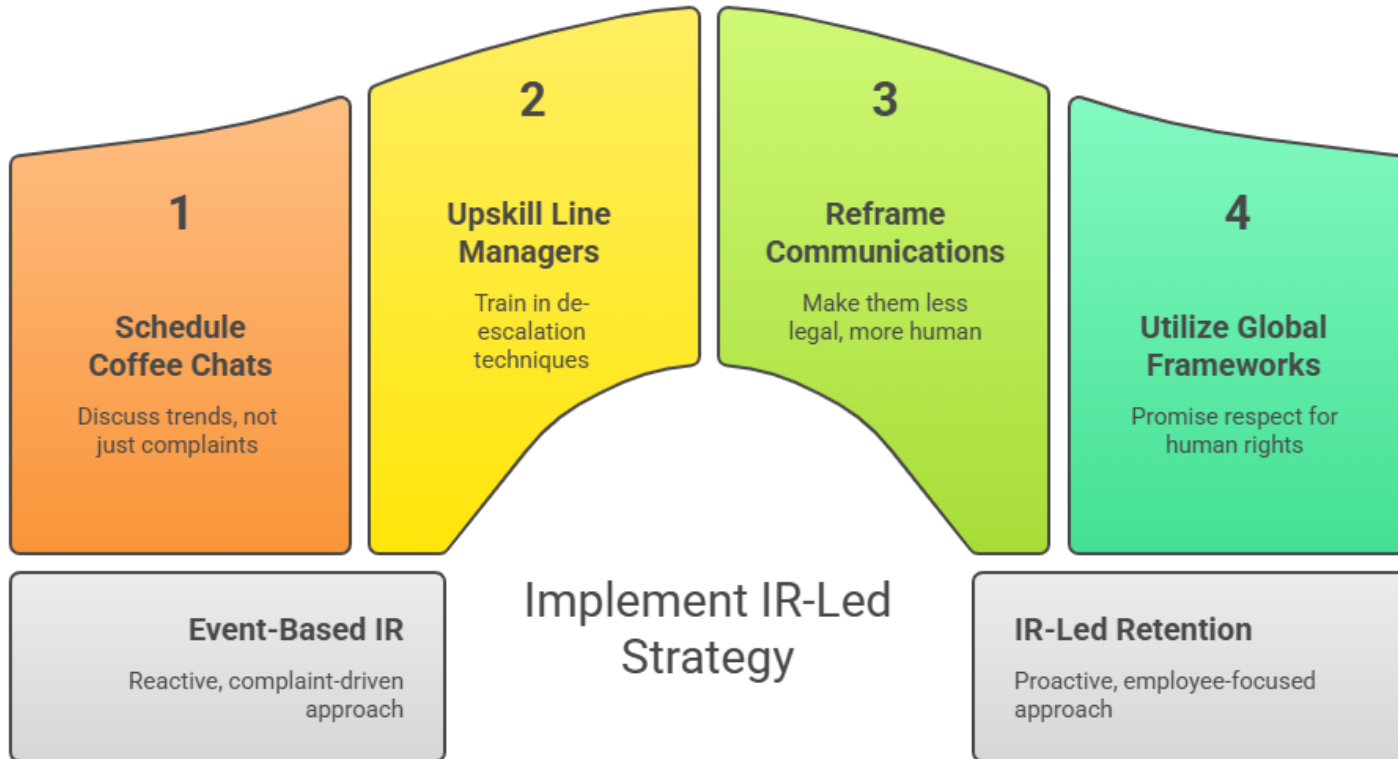


Interactional Justice

Am I treated with dignity during the process? (The "Who")

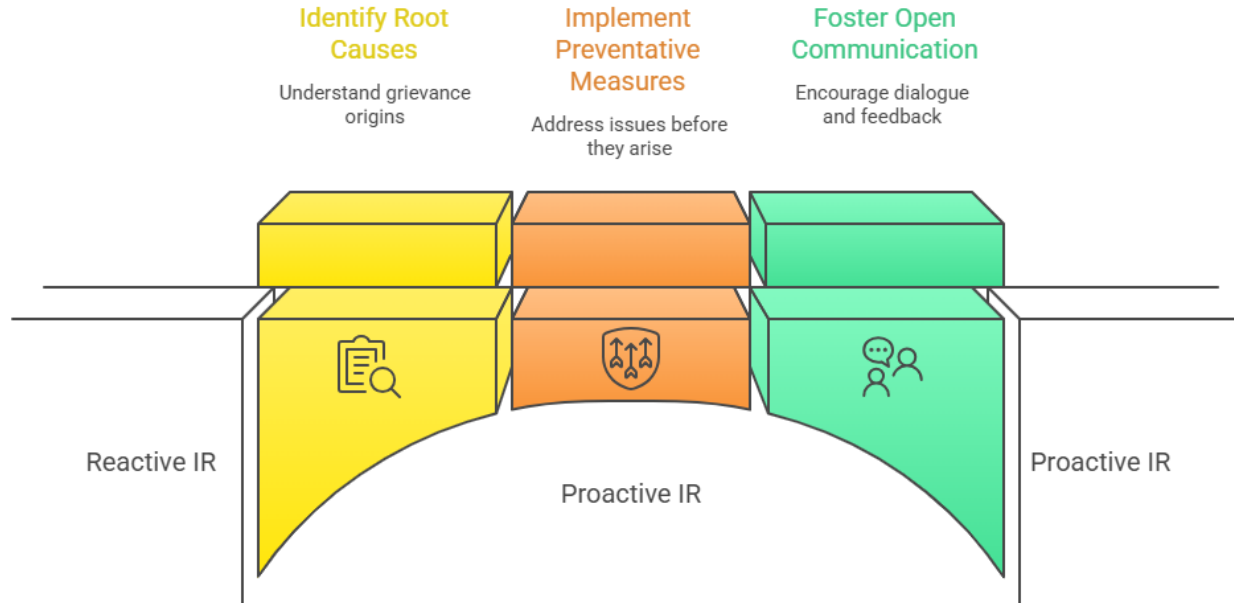
Why it matters for retention: An employee can accept a "No" on a salary increment if they believe the process was fair. But they will quit over a "Yes" if they feel the process was biased or disrespectful.

Aligning Retention with the IR Framework



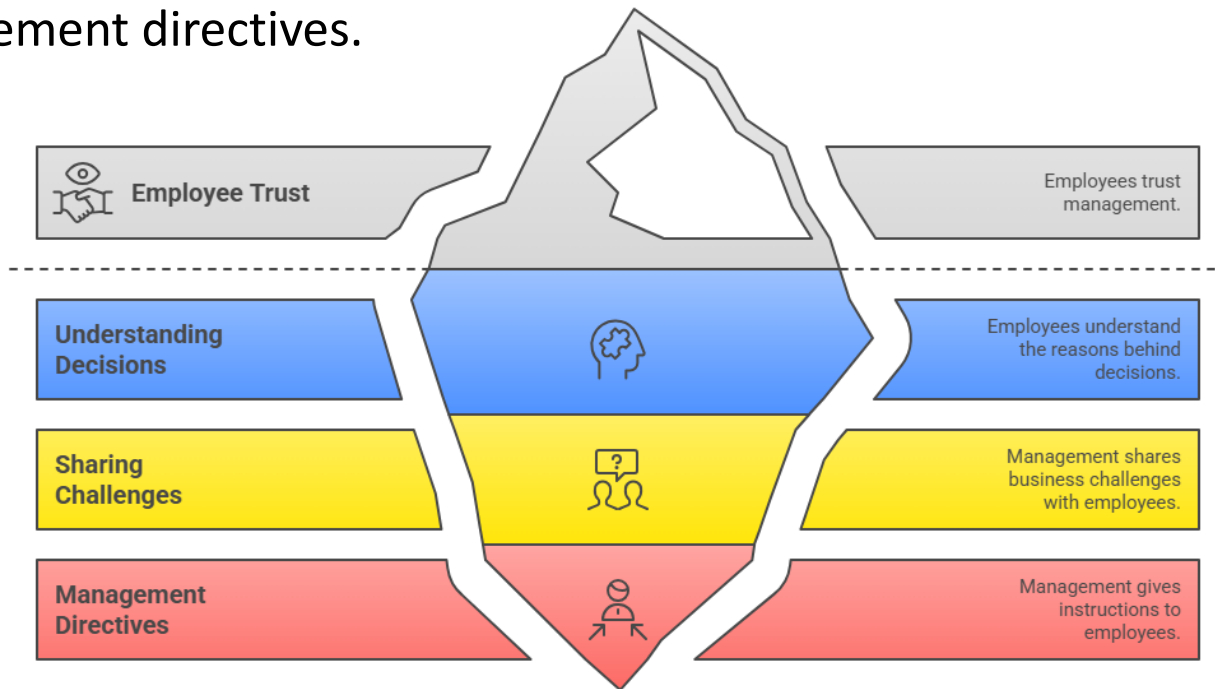
Preventing Conflict through "Social Dialogue"

- ❑ What is a conflict? Conflict is often just the result of a *communication vacuum*.



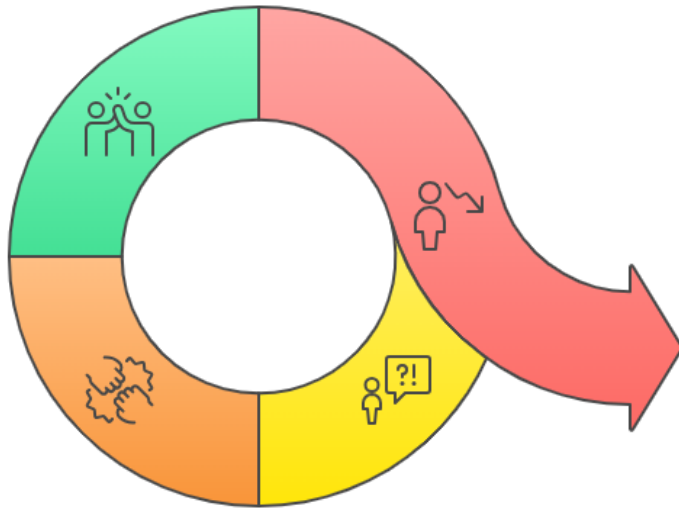
Preventing Conflict through "Social Dialogue"

- ❑ **The Transparency Pivot:** Trust is built when employees understand the *why* behind decisions. This involves sharing business challenges, not just management directives.



Preventing Conflict through "Social Dialogue"

- ❑ **The "Safety Valve":** A healthy IR framework provides employees with a voice. When employees feel they have a legitimate "safety valve" to express concerns, they are less likely to "quiet quit" or look for the exit.



1

Employees Express Concerns

Employees voice their issues and feedback.

2

Management Addresses Concerns

Management listens and takes action on feedback.

3

Employee Engagement Increases

Employees feel valued and more involved.

4

Reduced Quiet Quitting

Employees are less likely to disengage or leave.

**Apa guna pasang pelita, Jika
tidak dengan sumbunya;**

**Apa guna bermain mata, Jika
tidak dengan sesungguhnya**

"Execution is everything."

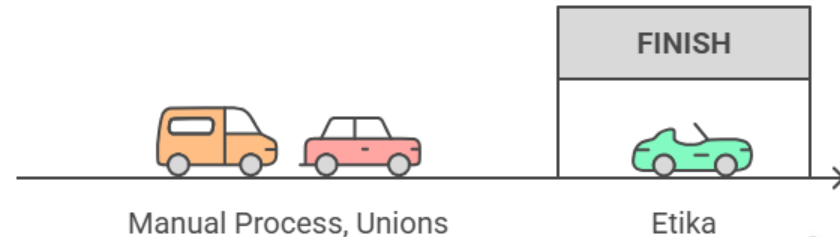


The ETIKA story

- ❑ **The Complexity:** Managing 6 Unions as a partnership, not a battle.
- ❑ **The Global Benchmark:** How subscribing to RBA/SMETA standards gave Etika a "Fairness Framework" that talent respects.
- ❑ **The Digital Overhaul:** Solving the "Manual Process" and listening to employees' pain point.
- ❑ **The Result:** 96% completion rate, 90 score.



Etika's Success Story



eTika

THANK YOU!



Tropicana



Revive

