



A Labour Day Special

# The Role of the Employment Insurance System in Safeguarding the Rights of the Malaysian Workforce



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Social Security Organisation (SOCSO) social security schemes offer protection to workers in both the formal and informal sectors in case of emergencies such as workplace accidents, sudden debilitating illness, and retrenchment. Recently, SOCSO took steps to extend the social safety net to public sector employees hired on short-term contracts under the MySTEP

programme. These actions, together with the implementation of the 1969 Employees' Social Security Act (Act 4), the 2017 Self-Employment Social Security Act (Act 789), and the 2017 Employment Insurance System Act (Act 800) prove SOCSO's commitment to safeguarding workers' welfare in line with the 'no one left behind' concept.

## Explaining the Differences Between Act 4, Act 789, and Act 800

	Act 4	Act 789	Act 800
Enactment Rationale	To offer workers in the formal sector income security and the opportunity to receive suitable medical treatment in the event they suffer employment-related injuries or are rendered permanently unable to work	To extend key Act 4 benefits to workers in the informal sector	To offer workers in the formal sector income security and the necessary resources to secure new employment in the event they lose their employment
Strengths	Provides protection to the vast majority of workers in the private sector, as well as those employed by local authorities and statutory bodies	Extends Act 4 protections to informal workers, a vulnerable demographic that is frequently overlooked by policymakers	<ul style="list-style-type: none"> <li>Compensates workers for loss of income caused by loss of employment</li> <li>Complements Act 4 by ensuring workers receive government support in emergencies, regardless of the nature of the emergency</li> </ul>

## Understanding Act 800, In-Depth

Act 800 was approved by the Malaysian Parliament to complement Act 4 and Act 789. All 3 statutes are administered by SOCSO, with the Employment Insurance System (EIS) being the SOCSO department responsible for the implementation of Act 800.

The EIS supports local employees both directly and indirectly via:

### *Direct Support*

The EIS directly supports workers who have lost their employment directly by providing them with:

### Allowances to Cover the Cost of Living

Payment rates start at 80% of the benefit recipient's assumed monthly salary for the 1<sup>st</sup> month. Benefit recipients are also eligible to receive an additional financial incentive if they manage to secure new employment within a certain period of time.

### Practical Assistance With Searching for New Employment

Depending on their background and career plans, benefit recipients may take part in, among others,

The EIS also hosts various free employability events such as career fairs, interview workshops, and career guidance webinars with the aim of nurturing globally

competitive workers who are able to harness their respective strengths to catalyse the development of the local economy.

### *Direct Support*

A special division under EIS management is responsible for collecting and analysing labour market data from EIS operations to generate actionable insights for labour market policymakers. Among others, the Ministry of Human Resources, the Ministry

of Education, and the Ministry of Economic Affairs all rely on EIS statistical reports to gain a deeper understanding of current labour market issues, which is necessary for them to develop targeted policies that address the real needs of the workforce.

## What the EIS Has Accomplished Over the Last 4 Years

The EIS has made great progress since it was established on 1 January 2018. In the past 4 years, the EIS has provided financial and job search assistance to millions of Malaysian jobseekers, especially during the Covid-19 pandemic.

At present, 6.90 million workers employed

by 452,067 companies are actively contributing to the EIS, which represents a 13% increase from the 6.12 million EIS contributors recorded in 2018 when the EIS was first established. Of these 6.90 million workers who are actively contributing, many have received various forms of assistance from the EIS, such as:

### Financial Support After Losing Employment

2018	2019	2020	2021	2022 (as of 22 April)
18,012	35,140	85,116	45,237	7,276
<b>Total : 190,781 Payments</b>				

### Secured Placement With EIS Assistance\* General Jobseekers

2018	2019	2020	2021	2022 (as of 22 April)
6,970	18,745	160,554	320,864	63,733
<b>Total : 570,866</b>				

\*Please note that the totals for 2020, 2021, and 2022 include placements made under various government initiatives to expedite the post-pandemic economic recovery,

such as the PenjanaKerjaya Hiring Incentive and Training Programme and the JaminKerja Employment Incentive Programme.

### Successful Candidates for Return-to-Work Programme Insured Persons with Disabilities Cases

2018	2019	2020	2021	2022 (as of 22 April)
3,845	7,019	5,286	7,163	3,221
<b>Total : 26,534</b>				

## EIS Aspirations

Going forward, the EIS will intensify its efforts to create an efficient labour market with a skilled workforce, low unemployment, conducive working conditions, and comprehensive worker protections. The EIS intends to achieve

these objectives by strengthening its employment support services, producing high-quality labour market information, expanding worker protections, and enhancing active labour market policies.