



Workplace Realities, Legal Perspectives:

Lessons from 2025, Priorities for 2026

E2 Workforce Consulting Webinar

3pm to 4pm, 2 Dec 2025



2025: A Year That Reshaped IR in Malaysia

The year 2025 brought more than incremental change, it fundamentally altered Malaysia's industrial relations framework. Employers now face heightened legal scrutiny, stricter procedural expectations, and evolving workplace behavioural norms that carry genuine legal consequences.

This session provides an in-depth overview of what transpired in 2025 and what organisations must prioritise in 2026 to remain compliant, competitive, and culturally responsible.



Major Legal Developments of 2025



IR Regulations 2025

Strengthened union recognition procedures, refined secret ballot conduct, and introduced defined timelines for dismissal representations—effective 15 May 2025.



Anti-Bullying Laws

New Penal Code provisions criminalised bullying, cyber harassment, and targeted harassment, transforming workplace culture from HR matter to legal liability.



HR need to know on IR Cases

- Patterns in cases being filed
- Analysis on the Cost impact (so far in 2025)

These changes demand far greater discipline in maintaining evidence, timelines, and process consistency. Union-related matters will now be examined through stricter procedural lenses.

WHAT CHANGED IN 2025?

1. The New Minimum Wage Standard

Citation: Minimum Wages Order 2024 (Gazetted Dec 2024)

2. The "Trade Union" New Reality

Citation: Trade Unions (Amendment) Act 2024 (enforced in September 2024)

3. Time to Stamp!

Citation: Stamp Act 1949

4. Mandatory EPF for Foreign Workers

Citation: Employees Provident Fund (Amendment) Act updates (Budget 2025 measure)

5. Personal Data Protection enhanced

Citation: Personal Data Protection Act (PDPA) Amendments 2025

6. Occupational Safety & Health Expansion

Citation: Occupational Safety and Health (Amendment) Act 2022 (Enforced June 2024, full impact felt in 2025)

7. Sexual Harassment: The Tribunal is Active

Citation: Anti-Sexual Harassment Act 2022 (Act 840)

8. Workplace Bullying is Now a Crime

Citation: Penal Code (Amendment) Act 2025 (Enforced July 2025)

9. The Gig Economy Legal Framework

Citation: Gig Workers Bill 2025 (Passed Parliament in Sept 2025)

Anti-Bullying: From HR Issue to Criminal Exposure

A Fundamental Shift in Accountability

Employers can no longer treat bullying as merely an internal matter. The 2025 Penal Code amendments introduced potential criminal exposure, civil liability, and industrial relations consequences—especially when employees resign due to hostile or unsafe environments.

What this means: Complaint processes, investigation procedures, and supervisor training must now be clear, defensible, and prompt. Delayed or superficial inquiries will be criticised by courts.



❏ **Key takeaway:** Culture and conduct are now legal risks, not just operational concerns.

INDUSTRIAL COURT CASES

Unlawful Dismissal Claims : By the numbers Q3 2025 snapshot



Total of
119 cases
awarded by the
Industrial Court in Q3
2025.

Total of
~RM8.5 million
awarded for unlawful
dismissal claims in
Q3 alone.



Employers have lost over
~RM37.8 million
due to unlawful
dismissal claims in
2025.

Top 5 types of cases in 2025 :

- Misconduct
- Retrenchement
- Constructive Dismissal
- Fixed Term Contracts
- Poor Performance

414 cases decided in 2025.

232 won by employers

182 won by employees



Employer win rate is at

~56%



The Rising Cost of Getting It Wrong

RMXXXK+

Typical Dismissal Awards

Courts routinely exceeded this threshold in 2025 for poorly handled cases

7 Figures

Exceptional Cases

Some awards reached into the millions where misconduct or procedural failures were severe

Interest

Additional Penalties

Courts now routinely impose interest on monetary awards, increasing financial exposure

The message is unambiguous: poorly handled disciplinary or dismissal cases can escalate into expensive, high-stakes battles. Documentation, consistency, and procedural fairness are non-negotiable.

Critical Case-Law Lessons from 2025

Constructive Dismissal Realities

Poor communication, unclear instructions, and ambiguous treatment proved just as damaging as improper termination. Sidelining, forced leave, or vague redeployment can breach mutual trust and confidence.

Fixed-Term Contract Scrutiny

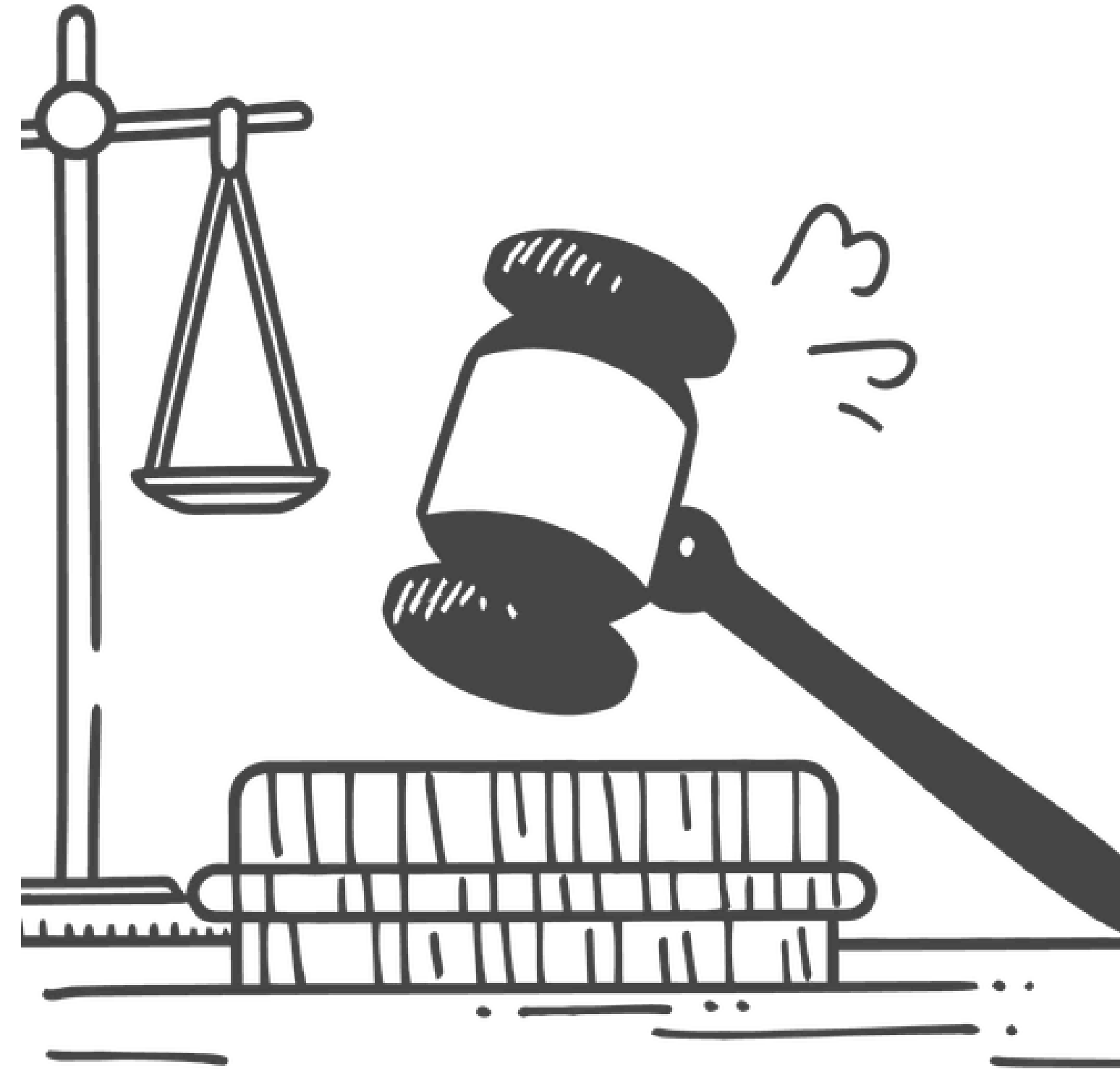
Courts upheld genuine fixed-term arrangements for senior roles—provided terms were clearly drafted and consistently applied. Inconsistent renewals or behaviour resembling permanent employment risk reclassification.

Escalating Dismissal Costs

Awards that are very high—and in exceptional cases reaching seven figures—were upheld. Courts also reinforced their power to impose interest and, where appropriate, costs against claimants abusing the process.

Labour Rights Centric

The focus and consideration towards equality of work. The employees are protected from unfair workplace practice, the underhand effort of bullying through legal and mandated grievance processes.



What's Coming in 2026

Contract Stamping Requirement

From 1 January 2026, employment contracts for employees earning RM3,000 and below must be formally stamped. Review onboarding checklists urgently.

Anti-Bullying Enforcement

Laws introduced in 2025 enter enforcement phase. Anticipate increased formal complaints and closer alignment between internal processes and external proceedings.

1

2

3

4

Tightening Labour Market

Unemployment projected toward 3%, creating wage pressure, retention challenges, and increased union interest. Expect more scrutiny on redundancies.

Union Activity Intensifies

Secret ballot procedures, recognition appeals, and process challenges will require employers to demonstrate compliance in both substance and procedure.

Documentation: The New Battleground

The Industrial Court's approach to dismissal cases is becoming more structured and evidence-driven. In 2026, expect every element of your process to be examined:

01

Show Cause Letters

Must be clear, specific, and issued promptly

02

Performance Improvement Plans

Documented expectations, timelines, and support provided

03

Disciplinary Minutes

Accurate records of proceedings, questions, and responses

04

Digital Evidence

Emails, WhatsApp messages, and witness statements

Claimants are appearing more prepared, represented, and aware of their rights. Your documentation standards must rise to match.



IR Priorities for 2026

1

Update Anti-Bullying Policy

Formalise policies in line with Penal Code amendments and Employment Act responsibilities. Ensure complaint mechanisms are clear and accessible.

2

Review Dismissal Documentation

Ensure consistency, clarity, and compliance with current case-law expectations across all performance and disciplinary processes.

3

Audit Fixed-Term Contracts

Scrutinise contracts—especially for senior roles—for authenticity, clarity, and consistent application to avoid reclassification risks.

4

Map Union-Handling Processes

Align your procedures with the Industrial Relations Regulations 2025, focusing on recognition, secret ballots, and appeals.

5

Update Contract Stamping Workflows

Revise onboarding processes to reflect the new RM3,000 stamping threshold effective 1 January 2026.

The Workplace as a Legal Ecosystem

The workplace is no longer merely an operational environment. It has become a **legal ecosystem** shaped by behavioural expectations, procedural discipline, and cultural duty.

The lessons of 2025 must translate into structured, evidence-based preparation for 2026. Organisations that invest in compliance, documentation, and cultural accountability will navigate this landscape with confidence.



Prepare now. Document thoroughly. Lead responsibly.

Thank You & Q&A

We appreciate your time and attention.

Questions?



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Connect with us for further discussion.

Navigating the evolving IR landscape together.