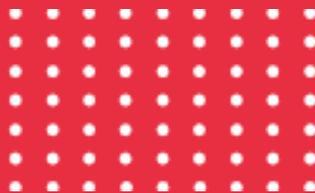


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IMPROVE EFFICIENCY

# Employers' group calls for integrated system to reduce complexities

**KUALA LUMPUR:** The Malaysian Employers Federation (MEF) has called for an integrated system to ease the registration of foreign workers under the Social Security Organisation (Perkeso).

Its president, Datuk Dr Syed Hussain Syed Husman, said the lack of a seamless system had resulted in duplication of processes and added administrative burden.

"Employers are required to submit similar information each to Perkeso, Immigration and the Labour Department.

"A centralised, interoperable system for foreign workers verification, work permit approval and Perkeso registration will significantly reduce complexity," he said.

Syed Hussain said some employers found the online portal unfriendly, with frequent downtime, complex forms and technical errors hindering timely registration and payment, especially for first-time or small employers.

Syed Hussain said delays in work permit approvals and biometric clearance had also hampered timely Perkeso registration, leaving some employers flagged for non-compliance despite the issues being beyond their control.

He called for a review of enforcement to ensure fairness, including safeguards for employers facing technical delays after applying for coverage.

MEF said while it welcomed the extension of the social protection scheme to foreign workers, the additional cost burden — 0.5 per cent of a worker's monthly wage — would certainly affect employers, particu-

larly in sectors with a large foreign labour pool and thin profit margins, such as plantations, construction, manufacturing and cleaning services.

He recommended the government to consider financial incentives and contribution subsidies for micro, small and medium enterprises (MSMEs).

"Employers also have to bear other costs, including levies, housing and transport under the Minimum Standards of Housing and Amenities Act, medical insurance and renewal fees.

"Coupled with rising business costs, thin margins in sectors with capped prices or intense global competition and labour shortages reducing productivity, this makes compliance challenging," he said.

Syed Hussain noted that while cost did not justify non-compliance, overlapping schemes like the Foreign Workers Compensation Scheme (FWCS) and unclear benefits were deterrents to register foreign workers.

He said clearer guidelines were needed to educate employers and address confusion, such as whether refugees, asylum seekers, undocumented workers, and outsourced or subcon-

tracted foreign workers should be registered under Perkeso.

MEF also suggested more compliance programmes be carried out with amnesty elements for employers who come forward to register their workers.

Perkeso group chief executive officer Datuk Seri Dr Mohammed Azman Aziz Mohammed said the organisation was working with relevant agencies to improve system integration and streamline data-sharing, including work permit and biometric information.

He said clear guidelines were issued regularly to outline the registration responsibilities of principal employers and subcontractors, including joint liability provisions under the law.

Perkeso also frequently engaged employers and industry associations, and was working with enforcement authorities to address issues relating to undocumented workers.

It had enhanced its registration process through its ASSIST system, which was integrated with its

MYFutureJobs job-seeking portal to streamline foreign worker quota approvals and social protection coverage.

Azman noted that many employers had wrongly assumed that registration with FWCS alone was enough, which concurred with Syed Hussain's concern about duplication.

He clarified that since Jan 1, 2019, Perkeso coverage under Act 4 has been made mandatory for foreign workers, whereas FWCS is optional.

To address this confusion, Perkeso had conducted awareness campaigns, published comparison guidelines and integrated its registration into Immigration work pass processes.

"Once registered under Perkeso, employers no longer need FWCS as Perkeso offers more comprehensive benefits, income replacement through monthly pensions in case of invalidity, medical care, temporary and permanent disability coverage, dependents' benefit and rehabilitation," he said.



Datuk Seri Dr Mohammed Azman Aziz Mohammed



**6** A centralised, interoperable system for foreign workers verification, work permit approval and Perkeso registration will significantly reduce complexity.

DATUK DR SYED HUSSAIN SYED HUSMAN  
Malaysian Employers Federation (MEF) President

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"However, if legal action is required, such as taking the employer to court, the process may take longer due to legal procedures and timelines," he said, adding that while Perkeso treated all complaints equally, cases involving a larger group of workers might be prioritised due to their wider impact.

In the case of foreign workers, Azman said Perkeso was still determining the latest compliance rate among employers, pending cross-data validation with the Immigration Department.

Azman said estimating the number of unregistered foreign workers was challenging due to constant new entries, renewals, repatriations and database discrepancies, but Perkeso was working to improve its data alignment with relevant agencies.

A key measure included integrating its system with the Immigration Department to require employers to register their foreign workers for workplace coverage before work permits were issued by the latter.

"This proactive approach aims to ensure that all eligible foreign workers are covered under Malaysia's social protection system from the outset of employment," he said.

Azman said industries with the highest non-compliance rates in registering foreign workers were construction, plantation and agriculture, manufacturing, and services such as cleaning, hospitality and security.

"These industries often rely heavily on foreign labour, including contract or casual workers, which can contribute to under-registration and non-compliance," he said.

Azman said many employers cited ignorance or confusion of the process for not registering their foreign workers.



"They assume that coverage under a private insurance scheme is sufficient or perceive that foreign workers are temporary or short-term hires and thus, not required to register.

"Cost-related concerns, administrative oversight or failure to update employment records are also factors of non-compliance,"

he said.

To address this, Perkeso had intensified enforcement in high-risk industries with the Labour and Immigration Departments, besides running multilingual awareness campaigns and engaging industry groups to drive compliance.

It provides advisory support to help employers, especially small

and medium-scale enterprises, resolve technical barriers in registration.

It is also integrating its MYFutureJobs database with the Immigration Department's Expatriate Pass Application System to identify unregistered foreign workers based on work permit issuances and job placements.