

# Reemployment after Retirement/Retrenchment: Insights from the Malaysian Corporate Development Centre

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# I shall talk on:



Technology advancement

Systemic change

1

2

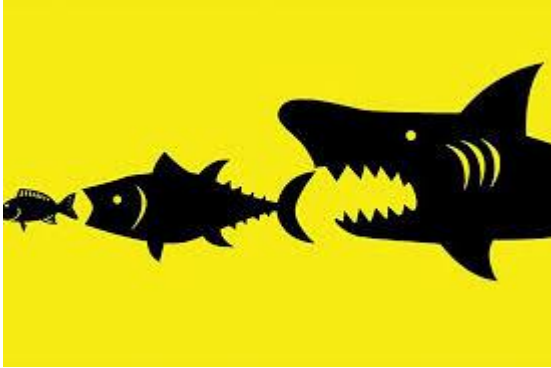
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- FACTORS CAUSING RETRENCHMENT
- CASE STUDY ON THE CORPORATE DEVELOPMENT CENTRE
- LESSONS LEARNT

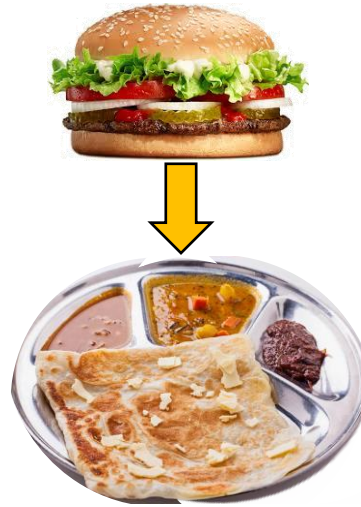
# Various Developments Can Prompt An Organizational Re-Think



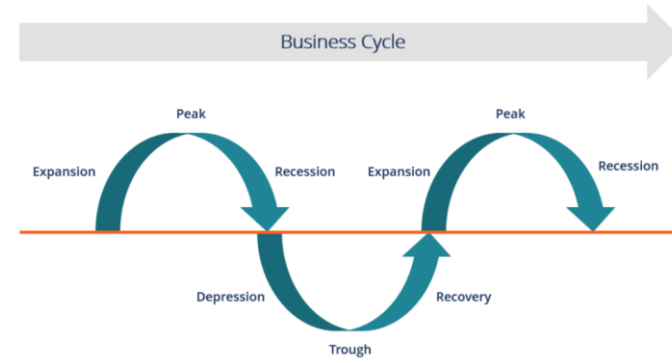
MERGER



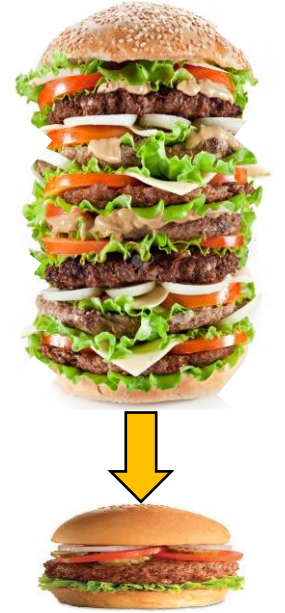
ACQUISITION



CHANGE OF  
BUSINESS MODEL



SHORTER BUSINESS  
CYCLES



RIGHTSIZING

LOSS OF TENDER  
OR CONTRACT

25% of jobs in the US are at high risk of displacement from automation  
40% of tasks can be automated with current technologies in the US

McKinsey Global Institute: By 2030, AI and automation could replace 30% of the world's current workforce.



AUTOMATION

Robot automation will take 800 million jobs by 2020. It will then require 375million people to switch jobs (McKinsey Global Institute)

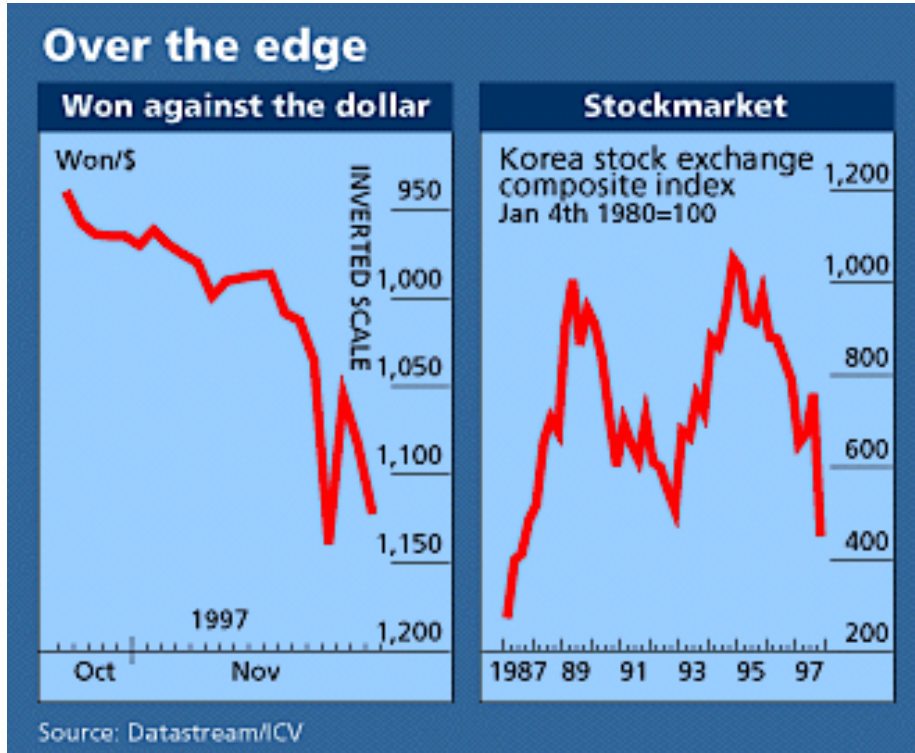
And over 200 million manufacturing jobs

Source: Business-Review EU

Automation at Malaysia's Top Glove, the world's largest glove maker, resulted in 2000 job losses in 2019



# Organisations Restructure to Survive in a Turbulent World



South Korea in 1997/8 and 2015 –economic downturn

Global downturns have hit E&E and IT sectors badly



Global supply chain disruptions



<https://www.channelnewsasia.com/news/business/hp-jobs-cut-restructuring-retrench-11968830> (4/10/19)

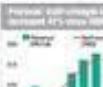


2016

**RESEARCH DESIGN**

Expects separation exercise for affected employees to be completed in six months

Result: To help make better choices, we've put together a list of 10 tips to help you get the most out of your trip.



**Resulting impact on staff  
employment is inevitable:  
VSS, early retirement,  
retrenchment**

© 2000 Blackwell Science Ltd *Journal of Internal Medicine* 247: 395–402



# Reemployment is imperative in an ageing society

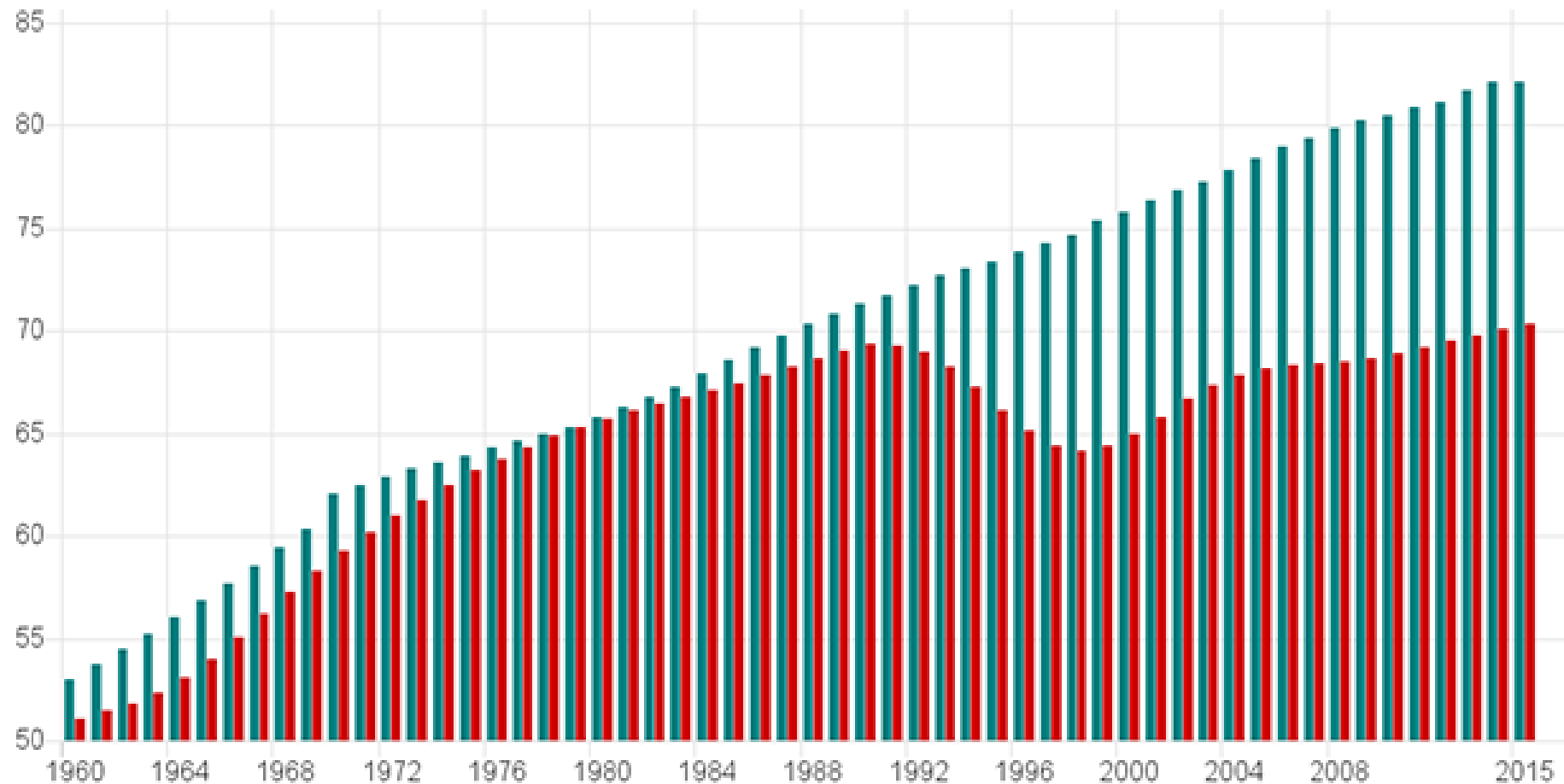
- By 2050 25% in Asia-Pacific will be over 60 years
- Fertility rate is declining in the developed world
  - 0.98% in South Korea



# South Koreans live longer

Average life expectancy, 1960-2015    Live to 90 years by 2030

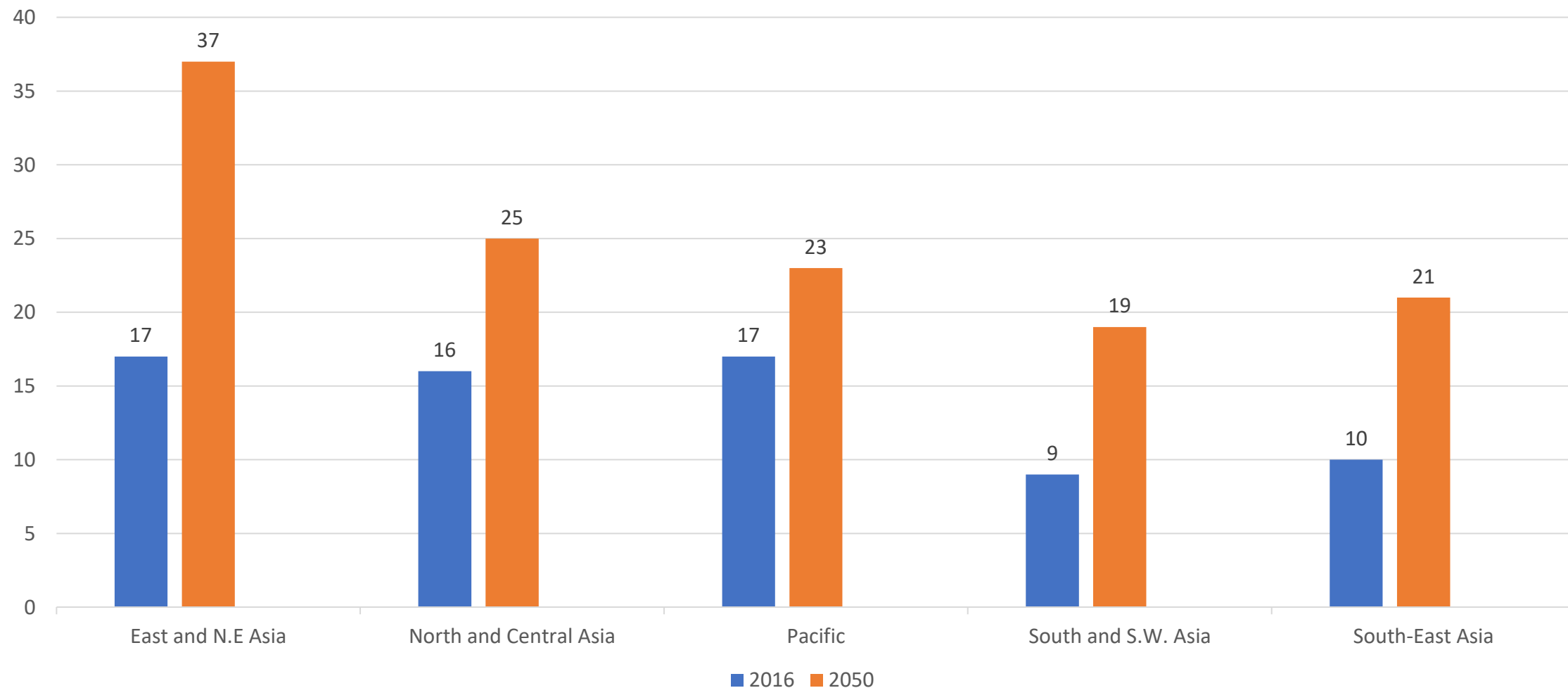
■ South Korea    ■ North Korea



Source: World Bank



# Proportion of total population aged 60 and over in 2016 and 2050 Asia-Pacific



Source: ESCAP Statistical Database (2016)

# Organisations Have a Higher Responsibility

**An exit event (restructuring, downsizing) affects on average, 5 people per exited employee**



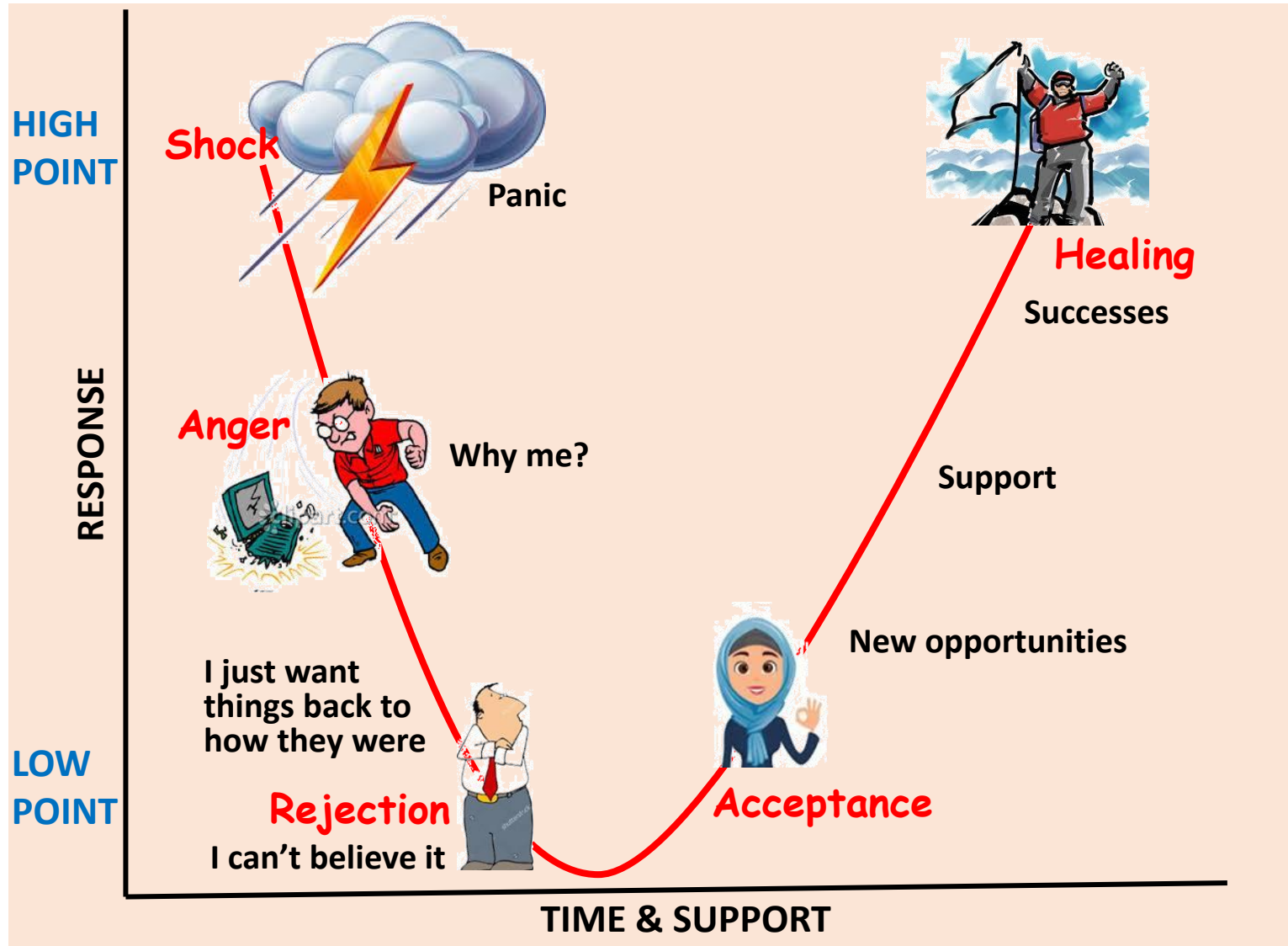
For those who are retired early or retrenched, transition support is required:

- reskilling and
- support for reemployment

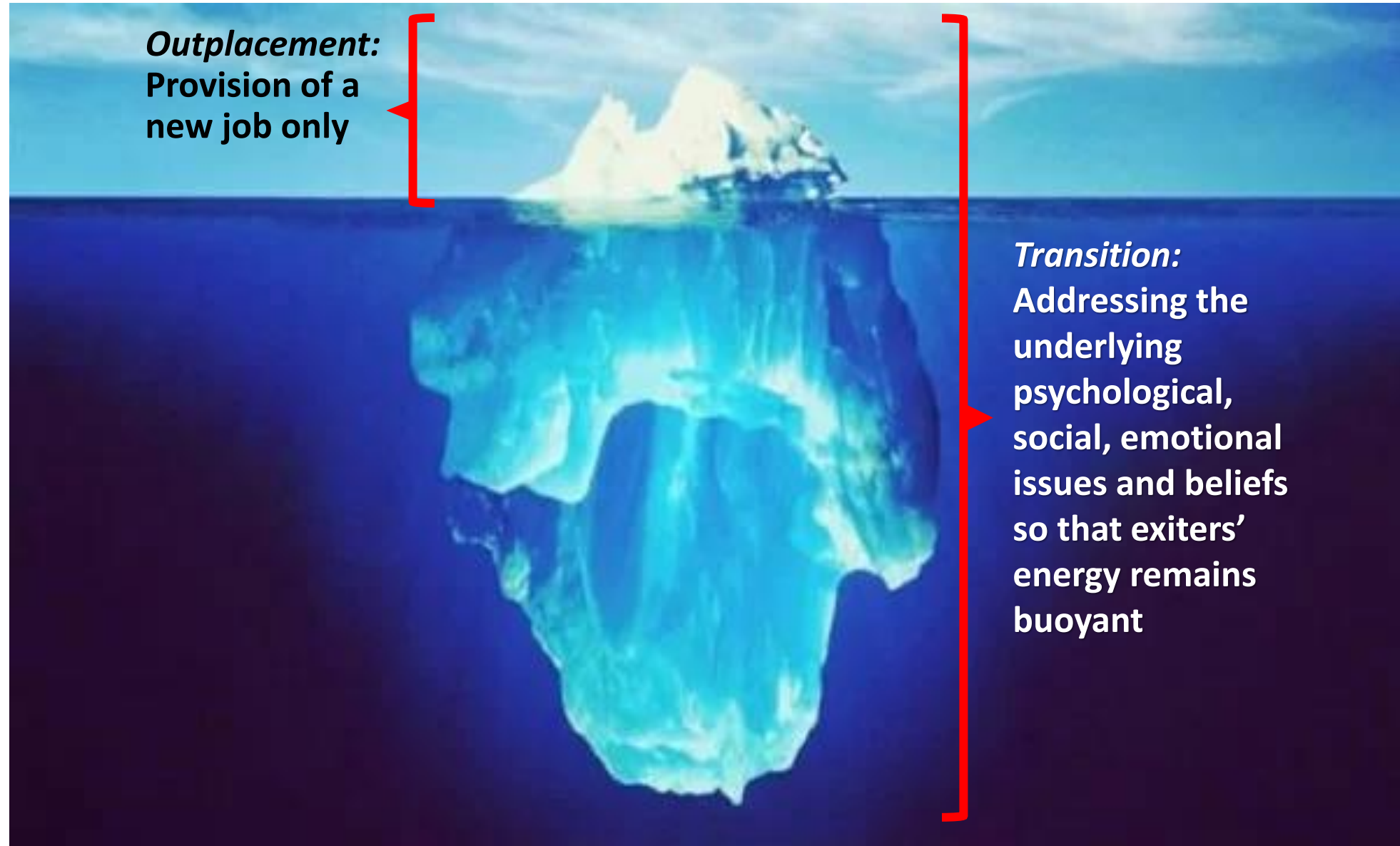
People can't do it by themselves quickly !



# Transitioning Is Emotionally Taxing

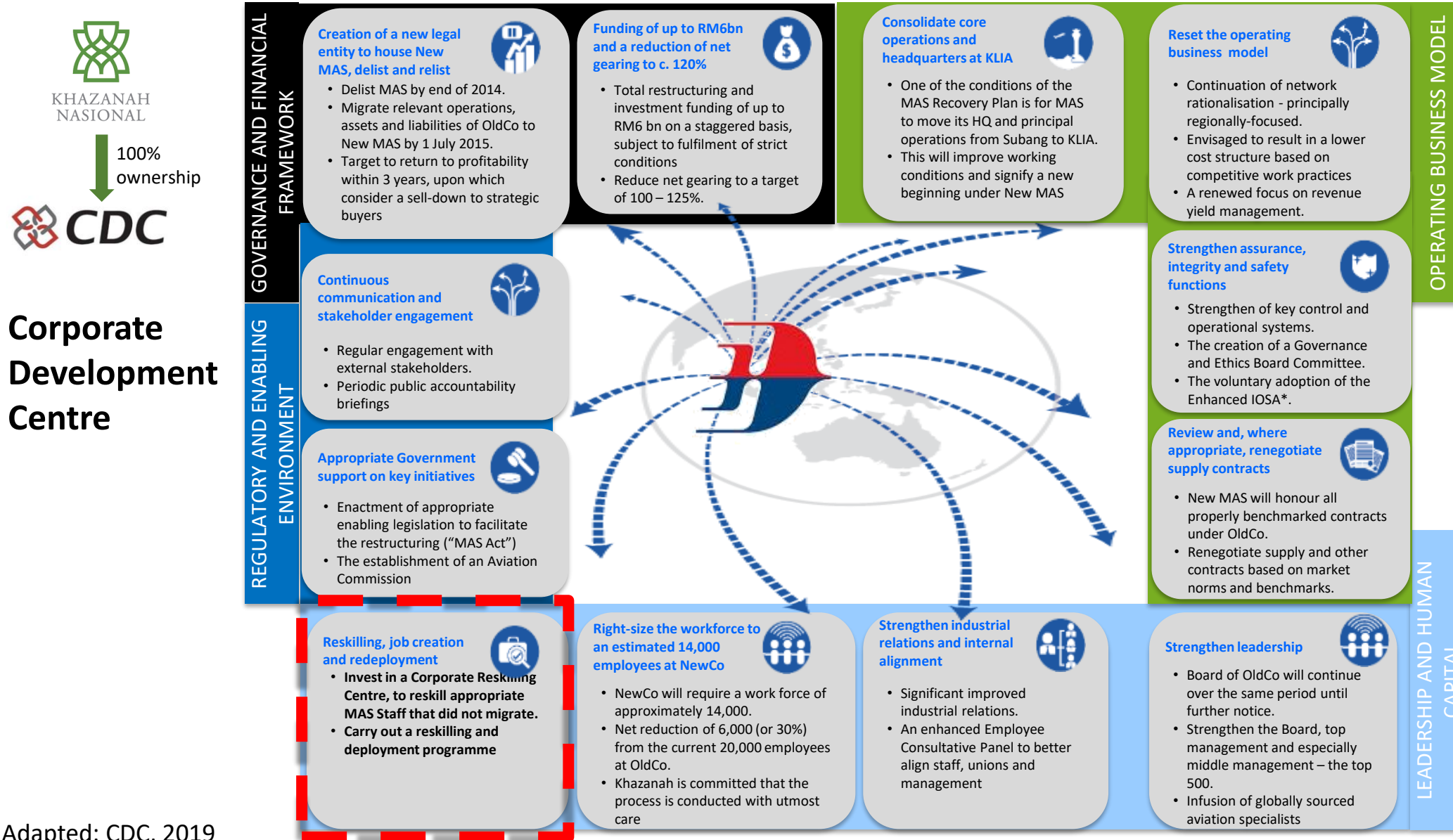


# Transition Support Is Not (Just) About Another Job



# The Malaysian Airlines Retrenched 6,000 employees in 2015

## The MAS Recovery Plan (MRP) through an act of parliament





# Retrenchment at the Malaysian Airlines in 2015

- 6,000 retrenched out of a total workforce of 30,000
- CDC provided transition support
- RESULT: 63% reemployed; 32% - went into business; 5% took early retirement
- Overall satisfaction rate 91%

How did they do it?

# How did CDC do it?

- Outplacement services
- Provision of office space and a list of relevant contacts to find a new job
- Counselling and training programmes for reskilling and upskilling
- Arranging job interviews and preparing them for these interviews
- Personalised CDC services to suit the needs of the retrenched
- The services were fully funded from public funds and therefore free

## CDC combined the roles of:



of an employment agency



a training institute



a counselling centre



And an outplacement provider

CDC offered transition support to help individuals move on to their next professional phase of life





# How did CDC do it?

- 60 trainers and counsellors nationwide
- Operates its own training centre and leverages on other skills development centres
- Offers over 400 training programmes that are relevant across many industries
  - Entrepreneurship
  - Engineering
  - Marketing and information technology
  - Writing business plan
  - Financial management
  - Computer literacy
  - Communication skills
  - CV writing and
  - Personal grooming.

# CDC took a longer term view

**CDC delivered high quality by playing the 'Long Game'.**



# CDC's Guiding Principles



2018: 7 in 10 retrenched workers in Singapore helped by taskforce found jobs within 6 months

Provide hope...  
...and restore confidence.

**CDC support freed up  
companies to focus on  
rebuilding their business and  
reskilling their remaining talent**



# Lessons Learnt from the Retrenchment Exercise



- 1 **Transition support is essential**
- 2 **Need for a dedicated transition support centre**
- 3 **Employers should be educated on responsible retrenchment**
  - **Our workforce needs to know that employers are empathetic to the retrenched**
- 4 **Workers to embrace disruptions with the right attitude to reinvent themselves to be relevant**

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