Malaysia

The contributory social security system in Malaysia provides income security to employees and their dependents in cases of work-related accidents and occupational disease, as well as non-work-related invalidity and death. The scheme is supplemented by a holistic network of services, including occupational safety and health promotion programmes, healthy lifestyle campaigns and rehabilitation centres that prevent accidents and diseases and facilitate the reintegration of injured workers into the workforce.

The Social Security Organisation of Malaysia (SOCSO) is the main public institution governing the provision and management of the Employment Injury Insurance (EII) and Invalidity Pension (IP) schemes. SOCSO has been running the schemes for more than 40 years and is recognized for its practices in prevention of work-related injuries as well as rehabilitation of injured workers. SOCSO complements the EII and IP schemes by providing support services through its Occupational Safety and Health Promotion programme, Health Screening programme and Return to Work programme in its newly established Rehabilitation Centres.

Main lessons learned

- Contrary to employers’ liability programmes, EII schemes anchored in a strong legal framework protect employers against the financial consequences of catastrophic accidents. Thanks to EII, brands and buyers are no longer held responsible for compensating injured workers in factories.
- Income security provided by EII and IP schemes secures the purchasing power of injured workers and dependents of deceased workers to smooth aggregate demand and consumption.
- The Occupational Safety and Health Promotion programme and healthy lifestyle campaigns reduce the incidence of work-related accidents and diseases and therefore reduce the costs of the EII and IP schemes.
- The Return to Work programme, Rehabilitation Centres and Vocational Rehabilitation help injured and disabled workers to recover and rejoin the workforce faster. This not only supports families and the effective functioning of the labour market, but extends the contribution base of existing schemes.

National social protection floors (SPFs) guarantee access to essential health care and basic income security for children, persons of working age and older persons.

185 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202), an approach to achieve universal social protection.

This note presents a successful country experience of expanding social protection.
1. How did the employment injury and invalidity pension schemes develop?

The Employment Injury Insurance Scheme and Invalidity Pension Scheme were created in 1969 and are legislated by the Employees’ Social Security Act of 1969.

Employees are eligible to participate in the EI and IP schemes if they are Malaysian citizens, earn no more than 4,000 Malaysian Ringgit (MYR) per month or, when their monthly wages exceed MYR 4,000, if they have previously contributed to the schemes or have a mutual agreement with their employer.

Foreigners are not covered by the scheme. As of 2016, coverage is extended to the self-employed, own-account workers, workers of the informal sector, business owners and to the liberal professions.

As of December 2014, SOCSO had 948,219 registered employers and 15.25 million registered employees. Among the latter, 6.2 million were active contributors while 570,625 were recipients of benefits. A total number of 63,331 accident cases were reported in 2014, with a reduction of 0.36 per cent in comparison to the previous year. Of these accidents, 55.73 per cent were industrial accidents, while the remaining were commuting accidents.

2. What benefits are provided?

The EI scheme provides compensation to employees who suffer from accidents and occupational disease arising out of and in the course of employment, including commuting accidents. The IP scheme provides compensations to injured workers and to dependents of deceased workers irrespective of the causes of injuries and deaths.

The contribution rate of the EI scheme is set at 1.25 per cent of insurable earnings and is solely borne by employers, while the contribution rate of the IP scheme is set at 1 per cent of insurable earnings, equally shared by employers and workers.

Benefits under the EI scheme include medical, temporary disablement, permanent disablement, dependents’, funeral and education benefits, as well as allowances to attend medical rehabilitation sessions. Benefits provided under the IP scheme include invalidity pensions and grants, survivors’ pensions, funeral benefits and rehabilitation benefits.

Benefits of the EI scheme are classified into short- and long-term benefits. Short-term benefits include medical and rehabilitation benefits, temporary disability benefits and funeral benefits. Long-term benefits refer to permanent disability benefits and dependents’ benefits provided in principle in the form of pensions for life, although partly or fully converted into a lump sum under specified conditions. The amount of pension depends on the salary of the insured and, in the case of permanent disability benefits, on the degree of disability, but does not depend on a past service period of the individual.

3. What are the complementary services provided?

The EI and IP schemes provide a variety of complementary services to promote health and safety, to improve peoples’ ability to return to work (RTW), to recover from accidents and to develop new skills and capacities in case of job relocation. These services, the RTW programme in particular, are embedded in legislation.

Promoting occupational safety and health

Central to SOCSO is the promotion of awareness for occupational safety and health (OSH) and a healthy lifestyle. In 2014, 248 programmes were carried out by SOCSO across the country, including the Best Practice in Implementing Commuting Safety Management, National Safe Commuting to Work Campaign and Commuting Accident Prevention Seminars.

Encouraging a healthy lifestyle

In 2013, SOCSO introduced its Health Screening Programme, aimed at improving its members’ health, in particular concerning non-communicable diseases (NCDs). Free health checks are given to all SOCSO
contributors aged 40 years and above who are actively working. Since its inception, the SOCSO Health Screening Programme has been offered to more than 1.9 million contributors. A total of 3,262 private clinics, including laboratories and mammography centres, provide their services to the beneficiaries of the programme nationwide.

The Return to Work programme (RTW)

The RTW programme was introduced by SOCSO in 2007. This physical rehabilitation programme assists employees suffering from disabilities to recover and re-join the workforce.

The programme is implemented through a systematic case management system. The case manager performs a variety of tasks to ensure a consistent and systematic management of the rehabilitation process and to ensure that the injured worker returns to work. These tasks include an initial assessment of the individuals’ needs, followed by recommendations regarding workplace modifications or provisions of specialized medical treatments. Modifications at the workplace include adjustments in job scope, tasks, working hours and of workplace. If RTW participants are unable to return to their former employer, they are entitled to receive assistance in job matching and placement, including new skills and vocational training that are required for new occupations. Participants also receive a rehabilitation allowance of MYR20 per day to encourage medical rehabilitation session attendance. Through an RTW monitoring mechanism, qualitative assessments on depression, anxiety, stress and several self-perceived psychosocial outcomes are carried out and help to adjust the rehabilitation process.

Note: There were 2,475 RTW referred cases in 2012 alone. Source: Based on data from SOCSO, 2013

In 2014, the programme provided rehabilitation to 2,583 insured members. In total since its start in 2007, 10,643 members have been able to return to work after rehabilitation. Cases are usually processed within one year upon referral. As indicated in the figure below, out of 2,475 referred cases in 2012, approximately 45 per cent of the insured persons have been re-employed during that year, of which most (79.4 per cent) have returned to the same or similar job with the same employer as before their injury or disability (SOCSO, 2013).

Rehabilitation Centres

The SOCSO Rehabilitation Centres provide rehabilitation services aimed at restoring the insured members’ capacities to the needs of work. SOCSO has contracted a number of health professionals and service providers to offer these rehabilitation services, including the development of rehabilitation plans (which is usually done by medical professionals), physical rehabilitation, vocational and occupational rehabilitation, prosthetic/orthotic providers and many others.

SOCSO Education Loan Benefit

SOCSO Education Loan Benefit provides loans or scholarships to dependent children of insured persons. The applicant must be a dependent child of an insured person who dies because of an employment injury or due to an unspecified cause before the age of 55 years and meets the eligibility requirements of the survivor.

4. What’s next?

Malaysia has been successful in building a comprehensive EII and IP system over the past decades by providing a wide range of benefits, complemented by support services that promote health and safety and the reintegration and rehabilitation of insured members.

Health promotion is an ongoing process rather than a one-time event. Consistent communication with insured workers and their families about health and well-being are essential.

A possibility of extending the coverage of the EII scheme to foreign workers should be considered to make the scheme truly comprehensive. Foreign workers are currently covered under the Workmen’s Compensation Act and the benefit amounts are much lower than those under the SOCSO scheme.
Extending coverage to the self-employed, own-account workers, workers of the informal sector, business owners and to the liberal professions starting in 2016 will most probably raise new challenges.

Some of SOCSO’s new Rehabilitation Centres have encountered difficulties with un-adapted infrastructure. The number of days that it takes on average to manage a case needs to be reduced. Additional efforts are also needed to alleviate stigma and other cultural factors that can impede people’s participation of the RTW programme, and to extend coverage to non-participating members, including those who are not motivated to participate or have left the programme prematurely.

REFERENCES


INTERNATIONAL LABOUR OFFICE

4, route des Morillons
1211 Genève 22
Switzerland

Follow us on:

www.facebook.com/SPplatform
www.linkedin.com/company/social-protection-platform
www.twitter.com/soc_protection
www.youtube.com/user/ILOTv