



Court of Appeal Case Updates – Employment Law Essentials

Recent decisions from the Malaysian Court of Appeal (“COA”) continue to shape and refine key principles in employment law, addressing critical issues relating to forum jurisdiction, the limits of managerial discretion, the enforceability of wage reductions, and the legal framework governing redundancy.

In this article, we highlight four recent COA decisions, each discussed in under 300 words, to provide clear, concise, and practical guidance for employers navigating employment-related issues.

Philip Phang Kin Ming & Anor v M Jets International Sdn Bhd [2026] MLJU 14

Key Issue:

Can the same employment dispute be pursued in two different forums simultaneously, namely the Industrial Court and Labour Court?

Answer:

The COA answered in **negative**.

Decision:

At the heart of this case was whether the Labour Office maintains jurisdiction to hear a pure wage claim when the employee has simultaneously filed an unfair dismissal representation in the Industrial Court arising from the same set of facts.

The COA affirmed the High Court's decision, holding that section 69A of the Employment Act 1955 operates as a strict jurisdictional bar, where once a matter is pending before the Industrial Court, the Director-General of Labour cannot inquire into any dispute connected to it.

A decision by the Labour Office on unpaid wages can affect key issues before the Industrial Court, such as salary increases, misconduct, dismissal, and back wages. Hence, the law limits overlapping jurisdiction to avoid duplicate proceedings and conflicting decisions, ensuring a coherent and final dispute resolution process.

Practical Implication:

For employers, this ruling provides clear, court-endorsed protection against parallel proceedings. Without such safeguards, employers could be required to defend the same dispute across multiple forums, leading to unnecessary duplication, increased costs, and strain on internal resources. The decision enables employers to channel disputes into a single forum, allowing for a more focused litigation strategy and reducing the risk of inconsistent outcomes.

In effect, the judgment restores clarity and efficiency to employment dispute resolution - one dispute, one forum, one coherent outcome. Where overlapping claims arise, employers should act promptly, including considering applications to stay duplicative proceedings to safeguard their position.

MMC Engineering Group Bhd v Md Ghazali bin Ali [2025] MLJU 3702**Key Issue:**

Can a "good faith" attempt to improve company performance constitute misconduct if it involves a controversial administrative move?

Answer:

The COA answered in **negative**.

Decision:

This case examined whether a general manager's decision to implement a strict or harsh "Commitment Declaration" for his staff constituted misconduct of such gravity as to justify termination.

The COA affirmed the High Court's decision to quash the Industrial Court's award, holding that the dismissal was wrongful. The Court found that the general manager's actions were undertaken bona fide in the course of his duties and were aimed at ensuring the timely completion of the project.

Importantly, the Commitment Declaration was merely a draft that could be withdrawn by the company, and no employee had signed it. The Court further noted that the general manager had consulted with the company's human resources manager and had not acted covertly or with any intention to harm the company's reputation.

Practical Implication:

The case serves as a reminder that not every managerial misstep justifies dismissal. Employers should carefully assess whether lesser disciplinary measures would be more appropriate before resorting to termination. Ultimately, dismissal should remain a last resort, reserved for clear and serious wrongdoing rather than bona fide errors in the course of duty.

Sri Maju Sarata Ekspres Sdn Bhd v Segar a/l Munusamy & Ors [2025] MLJU 3255

Key Issue:

Can employers lawfully reduce employees' wages during periods of operational shutdown? And can employees' "consent", given through signed letters, make such wage reductions valid?

Answer:

The COA answered both questions in **negative**.

Decision:

The case involved bus drivers whose wages were reduced during the COVID-19 Movement Control Order when bus operations were suspended. Although the employees signed consent letters allowing the deductions, they later challenged them, claiming they signed under pressure and did not fully understand the terms.

The COA dismissed the employer's appeal and agreed with the High Court in upholding the Labour Court's decision in favour of the employees. The Court held that the respondents' salaries were fixed contractual wages, not dependent on the number of trips performed.

It was also found that the consent letters were not genuinely voluntary, as the evidence showed that the employees signed them under the impression that they would otherwise not be paid.

The Court further noted that employers who received wage subsidies under SOCSO's Program Subsidi Upah were not allowed to reduce employees' salaries during the subsidy period. As such, the wage reductions were unlawful and fell outside the permissible deductions under section 24 of the Employment Act 1955.

Practical Implication:

Employers must be mindful that statutory wage protections remain firmly in place even during periods of economic disruption and cannot unilaterally reduce contractual wages or rely on purported employee consent obtained under pressure to legitimise such measures.

Yap Chin Wah v Mahkamah Perusahaan Malaysia & Anor [2025] 10 CLJ 61**Key Issue:**

Does redundancy only exist if a specific job function ceases to exist entirely?

Answer:

The COA reaffirmed the answer in **negative**.

Decision:

The COA affirmed the High Court's decision to quash the Industrial Court award and upheld the retrenchment of the resident engineers following a 47% cost reduction in the LRT3 project. The Court held that redundancy arises where there is a surplus of labour driven by legitimate business needs. The Court clarified that redundancy does not require the work itself to disappear. Even where the work continues to exist, redundancy may still be bona fide if the employer's operational requirements can be met with fewer employees.

In this sense, redundancy is not confined to situations where a role is abolished, but extends to circumstances where the business, for valid reasons, requires a reduced workforce to carry out the same functions.

Practical Implication:

Retrenchment can be justified even if the work continues, provided fewer employees are required. Employers should ensure a fair selection process and maintain clear documentation to support the redundancy and reduce legal risk if challenged.

Conclusion

Taken together, these cases reflect the courts' continued effort to strike a balance between employers' managerial prerogatives and the protection of employees' statutory and contractual rights. Employers must therefore be more mindful of their decisions and seek legal advice when in doubt.

This article is authored by our Partner, Mr Leonard Yeoh, Senior Associate, Ms Pua Jun Wen, and Associate, Ms Stella Beh. The information in this article is intended only to provide general information and does not constitute any legal opinion or professional advice.



LEONARD YEOH

Partner

leonard.yeoh@taypartners.com.my



PUA JUN WEN

Senior Associate

junwen.pua@taypartners.com.my



BEH XIN YAN (STELLA)

Associate

stella.beh@taypartners.com.my

*For further information and advice on this article and/or on any areas of Dispute Resolution, please contact **Leonard Yeoh** at leonard.yeoh@taypartners.com.my.*