

## **Collective Bargaining Agreement in Continental Tyres PJ Malaysia Sdn Bhd**

**Ahmad Zemy Kamarulzaman**

*Corresponding Author: Mohamad Faiz Osman, Mohd Jamil Zaifani Ja'amin*  
*Student of Master In Management, Faculty of Management and Information System,*  
*Sultan Azlan Shah University, Kuala Kangsar, Perak, Malaysia*

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**ABSTRACT:** *Continental Tyre PJ Malaysia Sdn Bhd is a fully owned subsidiary of Continental AG from Hannover, Germany. It manufactures tyres for truck and commercial special vehicles in its' plant at Petaling Jaya, Selangor, Malaysia which also houses its' corporate office in the same premises.*

**KEY WORD:** *Continental, Continental Tyre PJ Malaysia Sdn Bhd, COMSA, Trade Union, Collective agreement, Collective bargaining*

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### **I. INTRODUCTION AND LITERATURE REVIEW**

Continental AG is one of the world largest tyre manufacturer and one of the world's leading supplier to the automotive for tyre and brake technology, vehicle dynamic control, as well as electronic and sensor systems. It started its' presence in Malaysia with a Joint Venture business entity in 1970 with the Sime Darby conglomerate which was known as Conti Sime Tyres whereby they bought over the Dunlop Malaysia business entity. After a 10 years partnership, they acquired the company 100% as a wholly owned subsidiary of Continental AG in a bold and strategic move to make their presence be felt in the APAC region and the name was changed to Continental Tyre PJ Malaysia Sdn Bhd.

In Malaysia, Continental Tyre PJ Malaysia Sdn Bhd employs about 500 ++ employees which are specialist in their own area. Most of the employees were given training from professional trainers employed by Continental AG and from reputable training companies locally in Malaysia. The company produce tyres for trucks and commercial special vehicles for local and export market.

Knowing the importance of having specialized and professional teams, Continental senior management ensure that all of their employees share four fundamental values which form the root of their corporate culture i.e. Trust, Passion To Win, Freedom to Act and For One Another. With such Corporate Culture being adopted in Continental, employees are assured of Trust and given the Freedom to develop their own personal career within the organisation. By doing so, the company is able to adapt to the fast-growing changes in the industry faster than others and will in a good position to offer a better solution for its' customers.

Upon the 100% acquisition of the company, Continental AG directly have shown their willingness to work together with the existing two unions within the company namely the Executive Union which is known as COMSA for the white collar employees from Grade 10 and below to the Blue Collar Employees which is known as "Union".

Both unions engaged actively with Continental for the mutual benefits of both parties and in the same time ensure and safeguard the employee's rights whilst working in Continental Tyre PJ Malaysia Sdn Bhd. In order to ensure that Continental employees works harmoniously between each other's regardless of their ranks, Collective Agreements were agreed and signed by all the respective parties with the company senior management to ensure that the employees' wages and benefits relates to an individual tasks and responsibilities. This will ensure that there will be no animosity situation that may cause problem to the company's operations.

#### **1.2 Collective Agreements definition & advantages**

Collective agreement is an important agreement which will lead to a harmonious relation between the employer and the employee however it must also come with an increase in productivity. Collective agreement is the result of collective bargaining between the employer and the trade union. It is used as an effective forum to agree on the conditions and terms of employment for the company employee. However, in order to achieve such objectives, the country itself must ensure that the industrial relations in the country must provide the required legal mechanism whereby the respective parties that are involved in the collective bargaining are able to conclude to a collective agreement which must be mutual beneficial to both parties. It also provides for certain terms and conditions for a group of employees and will establish the workplace rights of the employees.

Collective agreements normally deal with Wage rates, health benefits, layoff rules, the right of the employee to process to disputes the employer disciplinary action, vacation and holiday entitlement.

Collective agreements can provide a feeling of security and stability to the employers as they will know that they will be protected under the agreement from being unlawfully terminated as there are a support system and process in place to fight for their rights. On the other hands, employees will have also be able to project the company operational expenses which are contributed by employee's salary, wages and benefits. This will ensure that their business will be more stabilized.

Collective agreements are in fact a collaboration between the employer and the employees via their trade union. Employers must accept the fact that employees are one of the most important resources for the company for it to achieve effective operations. By collaborating with each other, it can ensure that the company will be able to sustain its' business in the long term and will have the opportunity to access new markets with a stable operations and secure financial standing.

With a collective agreement, the employer stands to benefits: -

**Hiring Process Simplicity:** There will be simplicity in the hiring and employment process as it has been set up and agreed in the Collective agreement.

**Clarity:** It creates positive engagement and sustainable growth with clear rules which result that everyone will know what applies even before they start their employment.

**Stability:** It provides for a long term agreed rules and regulations that needs to be abide by the employer and their employees.

**Satisfaction & Peace of Mind:** The employees will know that their wellbeing is well taken care under the collective agreement whilst the employer is in a better position to provide forecast for their operations and financial requirements.

### **1.3 Collective Bargaining Agreements in Continental Tyre PJ Malaysia Sdn Bhd**

In Continental, there are two Collective Agreements that have been signed between the company and its' employees. The white-collar employees whom namely are executives of the company from Grade 10 downwards and the blue-collar employers. Both group of employees are represented by their own respective association and trade union which are known as Continental Tyre Malaysia Sdn Bhd Staff Association or "COMSA" for the white collar employees they are represented by the Continental Tyre PJ (M) Sdn Bhd Employee Union or also known as "Union" for the blue collar employees.

Both collective agreements have different objectives and goals where it is to ensure that fairness is practised throughout the company for the different group of people. The differences range from employees' salaries minimum range to employee benefits such as Annual Leave, Health Benefits which includes Hospitalisation and Dental Care, subsidized Housing and Car Loan and Flexible Working Hours. Whereas for employees' grievances and employment protection it follows the same rules.

Both collective agreements have been renewed multiple time with changes being made to reflect the current needs and requirements according to work situation. The agreement for COMSA was renewed for the 10<sup>th</sup> time on 18 February whilst the Union agreement was renewed for the 18<sup>th</sup> time on 3 October 2018. However, during the collective bargaining process, different approaches were used by both Trade Association and Union as both have different objectives and goals. Whereby for COMSA, it emphasised on an improved salary grade and better work life balance to reflect its' members position as being executives of the company and the responsibilities that they held, they must be assured of better salaries and benefits. Whereas for the Union staff, the trade union negotiated for a better protection of their members' rights and in the same pursued the issue of earning a better wage and enjoying a wider range of benefits as compared to employees in other companies.

Whilst COMSA managed to achieved their objectives such as "Work From Home and Flexi Hours" without much disputes and negotiation but for the trade union, they had to go to the Industrial Court to resolve some of the issues such as increase in salary grade range and annual leave benefits. However, in the end, due to mutual collaboration and the importance of the Continental long-term planning operations sustainability, all parties reached to an agreement that was mutually beneficial for all the involved parties.

### **1.4 Malaysian Government commitment towards improvement for employee's protection**

In Malaysia, the existing Industrial relations Act 1967 provides for this mechanism in the context of the ILO standards. The Act provides the option for employers and the Trade Unions an avenue with the option for mediation to be conducted by the Labour Ministry Officers if there are any disputes and if the Collective Bargaining process reaches a stalemate. If necessary, such disputes can also be brought to the Industrial Court for decision. The Malaysia Government were committed to ensure that all parties are accorded the most fairest consideration and practise in a work environment and it is further strengthen with the Malaysian Government commitment to ensure changes are made to the Industrial Relations Act and the Employment Act as stated by the previous human Resource Minister in his statement during a press conference conducted by the Human

Resource Ministry on 06 August 2019. The Minister further stated that the government are engaging with all stakeholders namely the National Labour Advisory Council, the Malaysian Employers Federation and the Malaysia Trade Union Congress for review of all the relevant legislations in line with the recommendations made by the International Labour Organisation.

### 1.5 Conclusion

Collective agreements are mutually beneficial for the employer and the employees as the collective bargaining process which leads to the collective agreement is used as a means for both the employer and the trade unions to engage on a sound industrial relations based on mutual trust and agreement. Globally, there are many examples whereby the collective agreements have managed to ensure in the strengthening of labour management and industrial relations in various countries. However, the challenge remains that the collective bargaining is a process for the collective agreement and sometimes it may not be captured in evidence as it is not uniformed and standardized across the board and it is unique to varying contexts. Collaboration between both parties is an important element in ensure the success of any collective bargaining agreement and the agreement must be reached in an amicable situation to ensure that there will always be a harmonious situation.

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