

Paving SMEs Resiliency and Recovery through Organisational Resources and the Inclusion of Employee-centred CSR for Employees' Well-Being

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MASA POLICY DEVELOPMENT PROGRAMME

POLICY BRIEF 24

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PREFACE

Institut Masa Depan Malaysia (MASA) is an independent think tank that brings together experts in government and academia to provide quality research, policy recommendations, and analysis on the full range of public policy issues guided by the shared prosperity values.

Since its inception, MASA has been actively involved in shaping national policies and frameworks. MASA Policy Development Programme (MPDP) was introduced as a pioneering initiative aimed at promoting policy research among researchers from public and private universities across the country, in alignment with the Shared Prosperity Vision 2030 and the Sustainable Development Goals, which are integrated with the 12th Malaysia Plan.

Through the MPDP 1.0 initiative, 30 Policy Briefs have been successfully produced, encompassing policy input and recommendations across sectors such as economics, social issues, education, and sustainable development.

MASA expresses its gratitude to Assistant Prof. Dr. Low Mei Peng and her team for the production of this policy brief. The commitment of the MPDP grant recipients, along with close cooperation with relevant stakeholders, is highly appreciated and is hoped to continue making a positive impact on national policy development.

Azril Mohd Amin

Chief Executive Officer

Institut Masa Depan Malaysia

ABOUT MASA

Institut Masa Depan Malaysia (MASA) is an independent think tank that brings together experts in government and academia to provide quality research, policy recommendations, and analysis on the full range of public policy issues guided by the shared prosperity values.

MASA was established in January 2019. The formation of the organisation was inspired and mandated by the Seventh Prime Minister, YABhg. Tun Dr Mahathir Mohamad and the Eighth Prime Minister, YB Tan Sri Dato' Haji Muhyiddin Bin Haji Md Yassin. It was founded out of a passion to forward the philosophy of shared prosperity in Malaysia and this region.

MASA also was commissioned by the government of Malaysia to author and develop the Shared Prosperity Vision 2030 plan as the new socioeconomic plan for Malaysia.

Our Vision

To be a thought leader on policy ideas and analysis guided by shared prosperity values.

Our Mission

To create a world where no one is left behind by influencing policymakers to develop data-driven policies that ensure equitable wealth distribution and continuous improvement of people's well-being.

ABOUT MPDP

MASA Policy Development Programme (MPDP) is a pioneering effort in promoting policy research that has become part of MASA's flagship project, in line with the 12th Malaysia Plan which is aligned with the Shared Prosperity Vision and the Sustainable Development Goals.

The research grant, introduced for the first time in 2021, received an encouraging response public and private institutions of higher learning as well as non-governmental organisations.

MPDP researchers have produced studies across various strategic areas, including multidimensional poverty, education for the B40 group, sustainable urban planning for low-income communities, regional inclusivity in Sabah and Sarawak, social enterprise models for Micro, Small and Medium Enterprises (MSMEs), green economy potential and food security.

Other strategic areas of studies include empowerment of the ecotourism sector, climate change, health preparedness and crisis resilience, addressing learning loss, business acceleration, affordable housing and social protection.

All these are reflections of the initiatives and aspirations, inspired by the 8th Prime Minister and Chairman of MASA, Tan Sri Dato' Haji Muhyiddin bin Hj. Md. Yassin.

LIST OF MPDP 1.0 POLICY BRIEFS

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1.	Family Digital Citizenship in Pandemic Recovery: Prospects, Challenges, and Policy Considerations	Assoc. Prof. Dr. Nor Diana Mohd Mahudin
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NO	TITLE	PROJECT LEADER
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21.	Ketahanan dan Kapasiti Adaptasi Sektor Ekopelancongan Terhadap Pandemik COVID-19: Kajian Kes Komuniti Setempat di Pulau Tioman	Dr. Siti Nor Liyana bt Harun
22.	Input Polisi Bagi Penyelesaian Kemiskinan Situasi Untuk Keperluan Pelan Pemulihan Negara (PPN)	Assoc. Prof. Dr. Wan Ahmad Amir Zal bin Wan Ismail
23.	Ruang Hijau Bandar Sebagai Indeks Untuk Dasar Kesihatan Mental Mampan Semasa Pandemik	Assoc. Prof. Dr. Mohd Ramzi bin Mohd Hussain
24.	Assessing Organizational Resources for Post Pandemic Resiliency and Employees' Well-Being	Asst. Prof. Dr. Low Mei Peng
25.	Model T-Digital dalam Memupuk Perpaduan Masyarakat Majmuk di Malaysia	Dr Khairul Azhar bin Meerangani

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27.	COVID-19 Outbreak-Analysis Visualization and Classification of Food Insecurity Among Vulnerable Groups	Assoc. Prof. Dr. Mohd Asrul Affendi Abdullah
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BIOGRAPHY

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Executive Summary

The worldwide pandemic, COVID-19 has posed many challenges to all organisations, particularly SMEs. SMEs are business entities that do not endow with an abundance of resources. The cataphoric pandemic has heightened their challenge. With the lockdown, halt in economic activities, disrupted production, interrupted supply chain and collapse in consumption, all these have put SMEs' business survival and liquidity position at risk. The negativity of COVID-19 does not stop at the business organisation's level but cascaded to the individual level and severely affected the citizens' well-being.

Our Malaysia Government has responded quickly to assist the citizen by drawing out financial assistance packages and initiatives [e.g., PRIHATIN (March 2020), PENJANA (June 2020), KitaPrihatin (September 2020), PERMAI (January 2021), PEMERKASA (March 2021) and PEMERKASA+ (May 2021)] to help the business survive.

Apart from the external assistance, SMEs are suggested to explore their internal organisational resources and utilise them frugally to navigate the predicaments. Particularly, SMEs shall reallocate their organisational resource to incorporate employee-centred CSR practices for organisational resiliency and recovery.

Based on our research findings, human capital stands out as the core organisational resource for organisational resiliency. Employee-centred CSR complements human capital by manifesting positive employees' well-being which is crucial during this period. Henceforth, this policy brief is crafted for SMEs and a number of related agencies in the implementation process.

Key Messages and Recommendations

Recommendation 1

- To Proposed employee-centred CSR policy in SMEs' human resource practices.

Recommendation 2

- To develop a special task force to evaluate and craft objective measures of unique employee-centered CSR policy in SMEs.

Recommendation 3

- To create awareness of employee-centered CSR policy and to re-emphasize the six core values uphold by MoHR.

Introduction

In many surveys conducted, small firms are severely impacted with 25% to 36% of them closing down permanently due to the disruption (McKinsey, 2020). In Malaysia, Small and Medium Enterprises (SMEs) were the most adversely impacted by the pandemic, where more than 32,000 had to close operations (FMT, 2021).

The COVID-19 pandemic battle has lasted for two years yet the battle is not completely over with the new variant that surface. As the challenges continue, the Malaysian Government is continuously coming up with plans and stimulus packages to help the recovery of the national economy.

The initial stimulus package, namely Pakej Rangsangan Ekonomi 2020 was introduced on 27 February 2020. Subsequently, Prihatin Rakyat Economic Stimulus Package (PRIHATIN) of RM230 billion in short PRIHATIN was launched on March 27, 2020.

Under this stimulus package, the government give cash to firms in order to compensate for income loss and wage subsidies to encourage them to keep employees. An additional RM10 billion was then distributed through the PRIHATIN PLUS package to help the SMEs. This support was later strengthened by the RM35 billion Pelan Jana Semula Ekonomi Negara (PENJANA) programme, inaugurated on June 5, 2020.

The key objective of PENJANA was to revive the economy by offering incentives to people and businesses to resume their operations in the midst of the new normal.

Successively, on September 23, 2020, an additional stimulus programme of RM10 billion was announced to reduce people's burdens and keep businesses afloat. This package was known as the PRIHATIN Supplementary Initiative Package (KITA PRIHATIN). KITA PRIHATIN was targeted to benefit the micro-SMEs. These stimulus packages highlighted the government's key role in assisting SMEs to sustain their businesses.

Certainly, all these support and stimulus packages by the government are very helpful to the economy and SMEs. Yet, reviewing the challenges through the lens of strategic management, our study was set with the following specific objectives:

- to identify the significant organisational resource for organisational resiliency;
- to explore how employee-centred CSR assist in organisational resiliency; and
- to understand the cascading effects of employee-centred CSR on employees' well-being from four categories of well-being namely workplace well-being, social well-being, subjective well-being and psychological well-being.

Our empirical results uncovered that reallocating internal organisational resources and advancing nonfinancial resources, such as employee-centred Corporate Social Responsibility (ECCSR) practice could enhance organisational resiliency and ensure the well-being of the employees.

Background of the Study

The COVID-19 pandemic has hit hard on many industries and disrupted the economic sector globally. In Malaysia, the economic impact of COVID-19 is extremely distressing for businesses, particularly small businesses which are not endowed with an abundance of resources. In turn, many firms were closed, and employees were dismissed (Abhari et al., 2021).

The Human Resources Ministry reveals that 99,696 Malaysians have lost their jobs since the implementation of the movement control order (MCO) from March 2020 to November 2020. Notwithstanding the economic impact, the social aspect is slammed with societal issues with a large proportion of Malaysian residents experiencing moderate to very high levels of psychological distress and facing tremendous financial challenges (Dai et al., 2020).

According to the Small and Medium Enterprises Association of Malaysia, since the pandemic broke out in 2020, more than 150,000 SMEs have shut down, resulting in 1.2 million job losses (Fadzil et al., 2022). Many microentrepreneurs experience loss of daily income due to a disruptive supply chain resulting from the closure of supporting sectors during the pandemic.

The situation worsened with the lack of workers and declining cash reserves (Fabei et al., 2020). Businesses are awakened and recognized that the foundation of resilience during disruption could make a great difference in business survival.

For organizational resilience, a turnaround strategy utilising organizational resources and capabilities is needed. However, during the crisis, resources are often scarce and limited. Hence, manoeuvring internal resources and capabilities could be a viable self-help option. In fact, the revival strategy in the business sector can be cascaded to the society in coping with the public psychological distress due to the pandemic.

Organizational resilience is defined as an organization's ability to anticipate, prepare, respond, and adapt to sudden changes or disruptions to survive and prosper (Denyer, 2017). Hillmann and Guenther (2020) claimed that organizational resilience is the capacity of an organization to carry out its duties and bounce back quickly from adversity or crisis.

Meanwhile, organizational resources refer to the organization's capabilities, skills, and intangible and tangible assets. It is through the organization's capabilities that organization can achieve its competitive advantages (Pesic, 2007). There are four types of capital classified under organization resources, namely economic, social, human and physical.

Economic capital can be in the form of assets that can be sold on the open market for cash, such as real estate, goods, equipment, and automobiles (Boyte-White & Velasquez, 2021).

Williams (2017) claimed that social capital elements including relationships, advantages, and affective linkages can produce beneficial results like emotional support or the capacity to empower others, and these characteristics can increase the overall productive potential of the organization.

Human capital includes education, training, intelligence, skills, health, and values of loyalty and punctuality, and it is commonly considered as the economic value of a worker's experience and skills (Kenton, Sonnenshein, & Li, 2022). Human capital is the biggest asset in an organization (Ennimay & Efendy (2017) and organizations shall develop an effective strategic human resource management system for building organizational resilience.

Physical capital is the tangible assets owned by an organization such as buildings, equipment, inventories, and raw materials, these capital resources are closely related to the task performance in organizations. The aforesaid understanding of organizational resiliency and organizational resources was used in this research study.

Review of Current Policies

This research endeavours to explore how organisational resources could influence SMEs resiliency and recovery, and thereafter propose relevant policies to assist them. As such, the current policies are reviewed to better understand how our research findings could add value to society, economy and nation.

The Malaysia Government offers various initiatives from the national level, businesses to individual levels to mitigate the impact of COVID-19. There are many initiatives provided and below are some of them:

(1) Prihatin Rakyat Economic Stimulus Package

On March 27, 2020, the government unveiled a new programme of RM230 billion, called the Prihatin Rakyat Economic Stimulus Package (PRIHATIN). PRIHATIN provided cash transfers to compensate for income loss and wage subsidies to encourage firms to keep employees.

Subsequently, an additional RM10 billion was distributed through the PRIHATIN PLUS package, particularly to help SMEs. This support was later strengthened by the RM35 billion Pelan Jana Semula Ekonomi Negara (PENJANA) programme, inaugurated on June 5, 2020.

(2) National Recovery Plan

On 15 June 2021, the Prime Minister of Malaysia, Tan Sri Muhyiddin Yassin, launched the National Recovery Plan. The initial phase of the NRP focused on controlling the COVID-19 pandemic and enabling a progressive reopening of society. The NRP features are:

- Forward-looking plan that balances lives and livelihoods;
- Provide transparency and clarity;
- Remain dynamic to quickly respond to the changing situation;
- Use a whole-of-nation approach; and
- Provide the basis for the Government to monitor and track progress.

(3) Relief Measures for SMEs Affected by COVID-19

The Relief Measures for SMEs Affected by COVID-19 covers financial aid and other forms of assistance to sustain SME business operations while encouraging domestic investments and safeguarding jobs. Some of these measures include Empower the People; Fund to Propel SME Business; National Technology and Innovation Sandbox (NTIS); Tax Reliefs; and Training & Skills Upgrading.

(4) Additional Measures to Support SMEs Affected by COVID-19

Meanwhile, the Additional Measures to Support SMEs Affected by COVID-19 comes from Bank Negara Malaysia (BNM). BNM enhances the existing financing facilities under Fund for SMEs to provide greater assistance to SMEs in sustaining business operations and preserving jobs, as well as to support growth in current economic conditions during the pandemic.

(5) SME Technology Financing Programme

The SME Technology Financing Programme is a joint initiative between SME Corp and Hewlett Packard Enterprise Malaysia (HPE Malaysia). This initiative aims to provide Small Medium Enterprises (SMEs) with access to digital and technology financing solutions. Through this collaboration, HPE Malaysia supports the digital transformation of impacted businesses by providing various innovative financing structures to reduce the upfront cash expenditure required during these uncertain times.

(6) Ministry of Human Resources (MoHR): Amendment to the Employment Act 1955

Ministry of Human Resources (MoHR) plays the role during the pandemic for not only the well-being of the employees but the nation's overall well-being. This is simply because the labour force constitutes the nation's population. Currently, there is a list of policies related to the MoHR with six core values that are imparted and upheld by MoHR, There is justice and fairness, harmonious, tripartisme, wellbeing and safety, continuous learning and caring.

In Malaysia, the Employment Act 1955 is the main legislation governing the employer-employee relationship. Recently, there are updates made to the Employment Act 1955 due to many concerns and gaps in relation to the protection afforded to employees. On 30 March 2021, the Employment (Amendment) Bill 2021 was passed by the Dewan Rakyat where several key amendments were tabled.

The Employment (Amendment) Bill 2021 was passed with the objective to increase and improve the protection and welfare of workers in the country in line with international labour standards as outlined by the International Labour Organization (ILO).

More recently, another key amendment to the Employment Act 1955 which effective 1 September 2022 is the Flexible Working Arrangement under Sections 60 P and 60 Q. This provision allows flexible working arrangements (FWA) to be made with a written application submitted to employers. The employer then has to give a decision including grounds of rejection within a period of 60 days from the date of request.

(7) Talent Corporation Malaysia Berhad: Work Arrangements

Talent Corporation Malaysia Berhad (TalentCorp) under MoHR helps to implement initiatives that attract, nurture and retain the right expertise needed to meet talent demands. Under TalentCorp, there are various initiatives proposed ranging from Flexible work arrangement, seasonal work, reduced work, modified role, phase retirement, compressed work week to leaving early plans.

(8) Double Deduction on Implementation of Flexible Working Arrangements

The double deduction was first introduced in 2015 by way of the gazette order, Income Tax (Deduction for Consultancy and Training Costs for Implementation of Flexible Work Arrangements' Rules 2015. Flexible Working Arrangements (FWA), also known as work from home, were not widely adopted then.

During the pandemic period in 2020, the Malaysian Government reintroduced double deductions on the qualifying expenses incurred by qualifying persons, i.e. companies, partnerships and limited liability partnerships to ensure the sustainability of business entities in Malaysia.

The FWA double deduction is applicable for applications submitted by a qualifying person to Talent Corporation Berhad for implementation or enhancement of FWA from 1 July 2020 to 31 24/2022.

The qualifying expenses include consultation fees, cost of capacity development or training fees and training related costs, cost of software and software subscriptions. In view of the tax benefits offered by the Malaysian government on qualifying training expenses and advantages gained from providing training for employees, business entities may deliberate whether to allocate a greater budget for human capital development to improve the productivity and efficiency of their employees in the long term.

After carefully studying the current practices, there are various initiatives and efforts by the Government as part of NRP. Based on the research objectives and the findings, there is still room for enhancement, particularly in the employees' aspect to help organisational resiliency. The key findings of our research are listed in the following section.

Key Findings

(1) Human Capital is the significant and most important organisational resource for organisational resiliency

Simões, Andrade, and Duarte (2022) described human capital as the form of educational attainment that is crucial for organisational resiliency.

Human capital often relates to the skills, knowledge, and experience possessed by the employees of the company. Human capital refers to the skills, knowledge, and experience possessed by the employees of the company. Knowledge, skills, capacity, leadership and human resource are the five aspects of human capital being assessed in this research.

The findings reveal that human capital resource is the crucial organisational resource in helping the organisation stay afloat during the pandemic as compared to economic capital, social capital, and physical capital.

This is assessed by studying the path coefficient which indicates the direct effect of an independent variable on the dependent variable. Human capital is ranked as the core determinant for business resiliency, followed by physical capital, economic capital and lastly social capital.

Overall, the results indicate that human capital is present in the SMEs that participated in this study. The ranking of the strongest to the weakest aspects is sufficient human resources, sufficient knowledge, sufficient capacity, sufficient skills and strong leadership.

(2) Employee-centred CSR assist in organisational resiliency

Employee-centred CSR refers to the organisation's practices that are closely related to the employees' physical and psychological well-being. According to Mory et al (2017)'s work, seven dimensions are used to gauge the psychological and physiological aspects of employees.

There are employment stability, employee involvement, empowerment, working environment, skill development, workforce diversity, and work-life balance; while in Al-bdour et al. (2010)'s research, human rights, health and safety, work-life balance, workplace diversity training, and education were the measures for employees' welfare.

After a careful examination of these two works, nine dimensions were selected to assess employee-centred CSR activities: Fair and respectful treatment, Fair and reasonable salaries, Good work and life balance for employees, Safe and healthy working environment, Employment stability, Skills training and career development, Equality of opportunity, and Employee involvement and Employee empowerment.

The presence of employee-centred CSR activities is positively affecting organisational resiliency. Among the four organisational resources, employee-centred CSR stands out strongly as the determinant of organisational resiliency. The results show the presence of employee-centred CSR in the SMEs that participated in this study with certain dimensions strongly present while a few dimensions are relatively less prevalent.

The ranking of strong presence to relatively low prevalent are Employment stability, Safe and healthy working environment, Employee involvement, Skills training and career development, Fair and respectful treatment, Equality of opportunity, Employee empowerment, Fair and reasonable salaries and lastly Good work and life balance.

(3) Employee-centred CSR impacts employees' well-being

In recent decades, employees' well-being gains much attention in the field of organisational psychology. Researchers and practitioners unanimously agree that the productivity of the organisation relies heavily on employees' well-being (Russell, 2008).

According to Diener et al. (2017), employees' well-being is examined in detail under four types of well-being to paint a wider picture not limited to work but societal well-being.

The first type of well-being is **Workplace Well-Being**. Following the definition by International Labour Organization (ILO), workplace well-being relates to all aspects of working life, from the quality and safety of the physical environment, to how employees feel about their work, their working environment, the climate at work and work organisation. Measures for workplace well-being aim to complement OSH measures to ensure that workers are safe, healthy, satisfied and engaged at work.

The second type of well-being is **Social Well-Being**. Generally, Social well-being is a sense of belonging to a community and making a contribution to society. Referring to the Malaysian Well-Being Index, components constituted to social well-being are housing, leisure, governance, public safety, social participation, culture, health, environment and family.

The third type of well-being is **Psychological Well-Being**. Often than not, psychological well-being is also synonymous with mental health. Psychological well-being covers three elements, i.e., hedonic (enjoyment, pleasure), eudaimonic (meaning, fulfilment) happiness, and resilience (coping, emotion regulation, healthy problem solving).

The last type of well-being is **Subjective Well-Being**. Subjective well-being refers to how individuals experience and evaluate different aspects of their lives. It is often used to assess happiness and serves as an important predictor of individual health, wellness, and longevity.

The presence of employee-centred CSR led to positive outcomes for employees' well-being. More specifically, among the four types of well-being, workplace well-being is ranked as the first being impacted by employee-centred CSR, followed by social well-being, psychological well-being and subjective well-being.

In a nutshell, employee-centred CSR practices affect employees' well-being positively. The significant influence is felt on workplace well-being, followed by social well-being, psychological well-being and subjective well-being.

Lessons from this pandemic inspire innovative, adaptable solutions to future disruptions. The current research findings indicate that crisis preparedness goes beyond financial reserves and buffers but exploits resources on hand and makes good use of them.

Organizational resiliency is observed in those SMEs that participated in this study with the presence of employee-centred CSR. Organizational resiliency is examined from the core adaptive capacity of abilities to collaborate, followed by knowledge, skills and trust.

The study uncovered that employee-centred CSR contributes significantly in organizational resiliency. In addition, employee-centred CSR promotes employees' well-being in a wide spectrum. Promoting employees' well-being is a laudable end as it is part of the approach to achieving social well-being and for the nation's welfare. Employees' well-being is a key determinant of an organization's long-term effectiveness.

Many studies show a direct link between productivity levels and the general health and well-being of the workforce. This indicates that by taking care of the employees, they will take care of the business customers and the business will take care of itself with positive spiral effects.

Policy Recommendations

The target audience of this policy is SMEs. It is recommended to include employee-centred CSR in SMEs' human resource practices for business resiliency and employees' well-being. The following sections state the existing issues of the SMEs and the employees, the proposal to include employee-centred CSR practices and the implication of the policy recommendations.

The first focus of the study is about organizational resiliency. In this context, SMEs are referred to for organizational resiliency. SMEs are the lifeblood of the Malaysian economy with their sole contribution of 38.2% to the country's GDP (DOS, 2020). 41.3% of SMEs were closed due to the pandemic with 40% of the employees' reduced. SMEs have a significant impact on the social development of a country. They create jobs and contribute to poverty alleviation in developing countries, boost exports and reduce imports, compete with big enterprises, and become part of the global market.

To recoup the post-pandemic aftermath, it should be stopped from reviving the SMEs activities. It is acknowledged that SMEs do not endow with an abundance of resources, hence, manoeuvring the existing resources are one of the revival strategies. Therefore, employee-centred CSR is proposed as SMEs' strategic resource to cope with the challenges.

Secondly, it is related to employees' well-being and employee-centred CSR practices. This aspect will involve the MoHR together with its agency, TalentCorp.

According to the MoHR, there are 17,091 complaints received on various labour issues through the Working for Workers (WFW) application as of June 26 (Malay Mail, June 28, 2022).

MoHR informed that 34% (5,928) complained of unpaid and delay in salary payment; 18% (2,974) complaints against employers not granting employees to work from home during the movement control order period; 10% (1,651) complaints about unlawful wage deduction; 8.4% (1,390) complaints of being laid off without notice; 8.3% (1,369) complaints of no overtime payments and termination benefits.

Also, during the MCO period, the Department of Labour Peninsular Malaysia received 1,120 complaints for employers who violated the Movement Control Order (MCO) 3.0 standard operating procedure (SOP) by forcing employees to present physically and work overtime.

This study uncovered the manifestation of employee-centred CSR practices that bring manifold benefits such as organizational resiliency and employees' well-being, which can cascade to social well-being.

Proposed employee-centred CSR policy in SMEs' human resource practices

Current policy:

There is a list of policies held by MoHR with six core values namely justice and fairness, harmonious, tripartisme, wellbeing and safety, continuous learning and caring.

Meanwhile, under TalentCorp, there are various initiatives proposed ranging from Flexible work arrangement, seasonal work, reduced work, modified role, phase retirement, compressed work week to leaving early plans.

Gaps in Existing Policy:

It is noted that despite the existing policies having covered the employees' perspective, these policies are operated on a voluntary basis without much emphasis. With this, some emphasis and explicit implementation will be helpful. The subsequent sections state the proposed actions and recommendations for policy direction.

Proposed target and Implementing bodies, suggested actions and policy:

The target of this policy draft is the SMEs in Malaysia. The government can consider, emphasize and encourage SMEs to implement employee-centred CSR practices.

This could be initiated from MoHR and later disseminate through the joint effort of SMECorp and TalentCorp. The perks of the implementation will involve the Inland Revenue Board (IRB) for tax incentives.

At present, there is the existence of six core values upheld by MoHR, yet there isn't an explicit policy in place. Henceforth, crafting an explicit policy labelled as an **employee-centred CSR policy** would be a good approach to encourage the implementation of the said.

The proposed explicit employee-centred CSR policy can be carried out in five steps by involving three government bodies/ agencies, specifically MoHR, TalentCorp, SMECorp and IRB.

Step 1 involves MoHR considering the elements of employee-centred CSR but not limited to the following list and matching them with the six core values currently upheld by MoHR:

- Fairly and respectful treatment to all levels of employees.
- Fair and reasonable salaries/ wages to employees.
- Encourage a good work and life balance for employees.
- Provides a safe and healthy working environment to all employees.
- Provides employment stability.
- Provides training and development to employees that prepare them for future jobs and career development.
- Practice good policies to support women and minorities to increase equality of opportunity.
- Empowers the employees to determine their own ways of working independently within the agreed boundaries.

Step 2 uses the A-E-I-O-U concept from science communication by having SMECorp and TalentCorp serve as the advisory bodies. **Awareness (A)** refers to familiarity with aspects of employee-centred CSR policy; **Benefit (E)** denotes the appreciation of employee-centred CSR policy; **Interest (I)** is the voluntary involvement with employee-centred CSR policy; **Opinion formation (O)** involves the forming, reforming, or confirmation of employee-centred CSR opinions; and **Understanding (U)** indicates the understanding of employee-centred CSR, its content, processes, and social factors. In most circumstances, SMEs will approach SMECorp for advice and to look for opportunities while seeking advice from TalentCorp on the employee-related arrangements.

Hence, the first step is, to begin with awareness creation. SMEs shall be aware of the aspects of employee-centred CSR and its benefits in the short term. After the “A” and “E” stages are covered, the next stage will check SMEs’ level of interest. This “I” stage could be implemented through a short survey having three core questions for the SMEs such as:

Q1: Are you aware of employee-centred CSR practices?

Q2: Do you know the benefits of employee-centred CSR practices?

Q3: Are you interested in exploring employee-centred CSR practices?

After gathering the SMEs' interest in employee-centred CSR policy, SMECorp and TalentCorp facilitate their opinions and obtain their understanding. Under step 3 here, a special task force is assigned to assist the respective SMEs to evaluate and craft objective SMART measures (Specific, Measurable, Attainable, Relevance and Time-bound) to implement it.

SMECorp and TalentCorp could advise SMEs to integrate the implementation of employee-centred CSR policy in the company's annual reporting. By doing so, it makes it more transparent and meets the elements of green financing such as Environment, Social and Governance (ESG).

Also, during the implementation stage, the assigned task force helps the SMEs to file for tax incentives as the perks of implementing employee-centred CSR policy. In terms of tax incentives, it is suggested IRB could offer a 1% - 2% tax deduction. It is suggested that as a start to implement this policy, the 1st year of implementation will be given a 2% tax deduction and the subsequent year to be given a 1% deduction.

As of today, the common corporate tax rate is 25%. This deduction can be introduced to the qualifying expenses incurred by SMEs in the implementation of employee-centred CSR policy as part of the effort to ensure the sustainability of business entities and the workforce in Malaysia.

Also, as evidenced in this research, employee-centred CSR policy is beneficial to the overall well-being of Malaysian citizens. Often, the mental health aspects have been underestimated at this juncture.

The 1% - 2% tax deduction is applicable for applications submitted by qualifying SMEs to TalentCorp for implementation or enhancement of SMEs employees' overall well-being. A 2% deduction will be granted from 1 January 2023 to 31 December 2023 while 1% deduction from 1 January 2024 to 31 December 2024. The qualifying expenses include consultation fees, cost of capacity development or training fees costs, cost of software and software subscriptions if any.

In view of the tax benefits offered by the Malaysian government on qualifying expenses and advantages gained by the implementation of employee-centred CSR policy, SMEs may see the positive chain effects on the employees and thereby improve the sustainability, productivity and resiliency of their organisations in the long run. The nation will reap the benefit of positive externality with the healthier mental well-being of the citizens.

Any form changes and implementation should follow the good practice of review and lessons learned. Step 4 is the review stage of the implementation of employee-centred CSR policy. It is recommended to have a 6-monthly review to assess the effectiveness and lessons learned.

TalentCorp is suggested to review the effectiveness from the employees' perspective as to how far the said policy has impacted the employees.

Meanwhile, SMECorp's role will be reviewing the effectiveness of the said policy from the productivity, revenue, and sustainability context. There is also a feedback and review loop in Step 5, to further revise the policy for betterment.

Figure 1

Implementation of Employee-centred CSR policy With the Respective Bodies/Agencies and Its Core Roles



In addition to the five steps proposed, below are some of the notes to be considered in the implementation process and details:

- Provide clear explicit guidelines such as the eligible employees, the non-contact off-work/ off-duty hours, reporting hours/ timekeeping, leave, and locations when working remotely.
- Present unambiguous direction on matters such as performance appraisal, productivity and deliverables, responsibility and liability.
- Reflect/ Incorporate these work arrangements in the company HR policy and informational platform to avoid doubts.
- Review and revise existing employee relations policies to reflect the changed circumstances and address a range of critical workplace issues.
- Made the changes and revision of the policies transparent and accessible among the employees and within the organisation.
- Consider the revision of wage and hour policies to account for the rise in telework and telecommuting.
- Offer clear policies to state time spent checking and reverting to emails/ WhatsApp messages (other forms of communication with the employer/ supervisor for the work-related matter) and employers may conduct periodic monitoring. Simultaneously, audits are suggested to ensure employees are not checking emails off the clock and regular interruptions to reduce the chance/ occurrence of work-related communication and instructions are sent during off-hours, making employees feel obligated to work overtime or interrupted with their non-work hours.

Employee-Centred CSR Policy Implications

The inclusion of employee-centred CSR policy will benefit all parties in the long run. In the short term, employees' job satisfaction, organisational commitment and organisational engagement would be augmented (Low & Bu, 2022; Low & Spong, 2021).

When all employees have established good faith with the organisation through the implementation of this policy, productivity and performance will be multiplied and translated to organisational resiliency and sustainability. In addition, the policy will also help the overall well-being of the society, citizens and nation.

Nevertheless, there are potential obstacles that could arise such as challenges in getting the SMEs to understand and invest their resources; the imperfection of implementation and so on. Yet, it should be noted that the benefits of the policy outweigh the cost in the long run.

It is pertinent to highlight that a collaborative approach from government, businesses, and social organisations to create and nurture employees' well-being and social well-being are needed to make it a success.

A sustainable well-being ecosystem encompasses interconnectedness with people and a collaborative approach among various parties. This joint effort will offer a useful way of addressing the policy challenge of reviving business resiliency and reconciling social issues, and poverty among the people.

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