



Shariffullah Majeed
Employment
T: +603 6208 5881
E: sha@lh-ag.com

7 JANUARY 2020

Outsourcing of Functions May Give Rise to Genuine Redundancy

Sivaperumal Seerangan v Zurich Takaful Malaysia Sdn Bhd
(Industrial Court Award No 3816 of 2019)

Following its acquisition by the Zurich Insurance Group in 2016, the company had undertaken a restructuring exercise which involved the outsourcing and integration of several of its functions to its sister company, Zurich Insurance Malaysia Berhad, in order to leverage on combined strength, experience and leadership.

This exercise, which was conducted in three phases over the course of one year, saw the positions of 20 employees, including that of the claimant, being identified as redundant. The claimant, in claiming unfair dismissal, primarily alleged that his job functions had still existed in the company, that the company did not consider him for the position of his former superior who had resigned and that the redeployment opportunity offered by the company would “burden” himself, as he purportedly lacked experience and competency for the job and would have to learn the process, system, culture and related tasks.

In holding that the company had acted on the basis of a genuine redundancy, the Industrial Court decided that:

- It is not the claimant’s place, as employee, to question or encroach on the company’s managerial prerogative to reorganise its business in a manner it considered best, including outsourcing part of its business operations;
- The company, despite not being contractually obliged to, did offer the claimant alternative employment, which he rejected on flimsy and unsubstantiated grounds; and
- The claimant had failed to see the fallacy of his argument that, on the one hand, he claimed lack of experience and competency for the alternative position offered, but on the other hand, professed vast experience and competency for his former superior’s position.

The Industrial Court award may be viewed [here](#).

The company was represented by partner Shariffullah Majeed and associate Nurul Aisyah Binti Hassan of [Lee Hishammuddin Allen & Gledhill](#).

Nurul Aisyah Binti Hassan (nah@lh-ag.com)

If you have any queries, please contact the author or her team partner **Shariffullah Majeed** (sha@lh-ag.com).

Lee Hishammuddin Allen & Gledhill

Level 6, Menara 1 Dutamas
Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Malaysia

T +603 6208 5888
F +603 6201 0122/0136
E enquiry@lh-ag.com
W www.lh-ag.com

Published by the Employment Practice

© Lee Hishammuddin Allen & Gledhill. All rights reserved. The views and opinions attributable to the authors or editor of this publication are not to be imputed to the firm, Lee Hishammuddin Allen & Gledhill. The contents of this publication are intended for purposes of general information and academic discussion only. It should not be construed as legal advice or legal opinion on any fact or circumstance.

[Feedback](#)

[Unsubscribe](#)