



Amardeep Singh Toor  
Partner  
**Employment &  
Industrial Relations**  
E: [ast@lh-ag.com](mailto:ast@lh-ag.com)



Wong Lien Taa  
Associate  
**Employment &  
Industrial Relations**  
E: [wlt@lh-ag.com](mailto:wlt@lh-ag.com)

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### **Redundancy Can Arise Even When The Job Still Exists!**

*Gregory Lim Eong Boon v Lee's Frozen Food Sdn Bhd (Industrial Court Award No. 1790 Of 2023)*

The Claimant was heading a division of the Sales Department and was dismissed on the grounds of redundancy. This arose following a restructuring exercise to: (a) optimise and flatten the structure of the Sales Department for optimisation and better business continuity; (b) encourage holistic sales of the Company's products by area rather than by customer type; and (c) separate the Company's Product Department from the Sales Department for clearer demarcation of roles and focus.

As a result of the restructuring exercise, several positions were identified as being surplus including the position held by the Claimant. The Claimant's role was subsequently redistributed to four newly created junior Regional Manager positions.

The Claimant contended that his dismissal was without just cause or excuse. The Industrial Court

**Head Office**

Level 6, Menara 1 Dutamas  
Solaris Dutamas  
No. 1, Jalan Dutamas 1  
50480 Kuala Lumpur  
Malaysia  
Tel: +603 6208 5888  
Fax: +603 6201 0122

**Johor Office**

Suite 21.01  
21st Floor, Public Bank Tower  
No.19, Jalan Wong Ah Fook  
80000 Johor Bahru, Johor  
Tel: +607 278 3833  
Fax: +607 278 2833

**Penang Office**

51-12-E, Menara BHL Bank,  
Jalan Sultan Ahmad Shah,  
10050  
Penang  
Tel: +604 299 9668  
Fax: +604 299 9628

**Email**

[enquiry@lh-ag.com](mailto:enquiry@lh-ag.com)

**Website**

[www.lh-ag.com](http://www.lh-ag.com)

dismissed his claim and found in favour of the Company. The Court took into account:

- (a) The Claimant's admission that the Company had genuine reasons for the restructuring exercise, which led to a more efficient structure.
- (b) The impact of the restructuring exercise, which:
  - (i) reduced operating costs;
  - (ii) saw an increase in profits in the Sales Department; and
  - (iii) addressed the high turnover rates of employees in the Sales Department during the material time.
- (c) The restructuring exercise resulted in the elimination of the Claimant's position.

The Court found that the Company was justified in not considering the Claimant for the alternative position of Regional Manager as: (a) his salary was higher than what was being offered for the said position; and (b) in comparison to the other employees who were eventually offered the position, the Claimant was a probationer and the most junior in terms of seniority.

This case reaffirms the principle that redundancy does not necessarily mean that the job or work no longer exists; it may arise when the business requires fewer employees of whatever kind.

The Company was represented by Partner, Amardeep Singh Toor, and Associate, Wong Lien Taa, of Lee Hishammuddin Allen & Gledhill. The Industrial Court Award can be found [here](#).

If you have any queries, please contact Associate, **Wong Lien Taa** ([wlt@lh-ag.com](mailto:wlt@lh-ag.com)), or his team Partner, **Amardeep Singh Toor** ([ast@lh-ag.com](mailto:ast@lh-ag.com)).