

Stone Hotel and the fight over minimum wages

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Abstract

This case study examines at how Ahmad, a hotel worker, changed over the course of his life while the hospitality business and labour laws in Malaysia changed. At first, Ahmad's family lived a simple life, like many others in their coastal town. They made a living by fishing and working in other nearby industries. But commercial and tourism growth pushed by the government drove them to move, which put Ahmad into the growing hotel business. Ahmad's job at Stone Hotel is very different from what he used to do for a living, which shows that he can adapt to new situations. Ahmad worked hard, but his pay stayed the same. He joined a trade union to try to get better working conditions and pay. This action started a big argument about how to read the Minimum Wages (Amendment) Order 2012, mainly about whether or not service charges should be counted towards the minimum wage. The fights between the union and the hotel, as well as the later court cases, show how complicated labour laws and collective bargaining can be. The court's decisions against the hotel's pay practises made it clear how important fair pay is and set a standard for how labour law should be applied. Ahmad's story shows how group action and legal actions can change fair labour practises and is a microcosm of the larger fight for worker rights in Malaysia.

Keywords: Minimum Wages; Collective Agreements; Industrial Relations; Conciliation

Twenty years ago, Ahmad and his family lived in a cute house by the beach. The area used to have a calm coastline and a close-knit community of farmers. Many people in the town, including Ahmad's family, lived simple lives. Many worked as fishermen and made a living from the sea's bounty. Others went to work in companies nearby, which helped the region's industrial sector grow.

The town started to look different, though, when the government saw the area as a great place for business and tourism growth. For Ahmad's family and their neighbours, this choice meant the end of an era. The villagers were given money to trade their homes and land for government land, which was important for progress. Along with this payment, Ahmad's family and other people were given discounts to buy cheap flats in a brand-new housing complex.

Ahmad's family moved into the cheap flat, which would become their new home, even though they didn't want to leave their seaside home. It was a big change to go from living by the sea to living in a city, where the pace of life and rhythms were very different.

As the years went by, the area around their new home changed a lot. When hotels and tourist spots opened up, they took the place of the village's familiar sights and sounds with the noise and activity of tourists. As a child, Ahmad heard stories about the old village and how simple life was for fishers. This new world was all he knew.

Ahmad had to decide what he wanted to do with his life after he finished his SPM, which was a big turning point. He saw chances in the growing hotel business, and since there were now several hotels close to his flat, he chose to join the Stone Hotel, which was only a five-minute walk away. This choice was practical for a number of reasons: he wouldn't have to travel every day, and he wouldn't have to pay extra to take a room somewhere else.

Ahmad became a part of the new economy that had changed his family's life when he started working at the Stone Hotel. Even though his job was very different from the fishing that his ancestors did, it showed how flexible and strong his family was when things changed. He also stayed close to his roots because he could still live with his family in the flat that was a link between the past and the present.

A work trip

Ahmad's stay at the Stone Hotel was the start of a new stage in his life. It happened right after he got his SPM certificate. He went into the world of hospitality with goals and dreams because he was young, eager, and ready to start a new journey. His first job at the hotel paid only RM500 a month, which was a small start for a young guy just starting out in the workforce.

After some time, Ahmad became a well-known and trustworthy figure inside the Stone Hotel. His days were spent carefully cleaning the house and making sure that every guest arrived to a clean and comfy space. Ahmad's hard work was clear in the way he paid attention to everything, from how crisp the sheets were to how shiny the glasses were.

Even though Ahmad worked hard at his job for years and years without taking a break, he didn't make much money. It seemed like every year, his pay went up a little, but not much. After working hard for almost ten years, he was only making RM800 a month. It was making Ahmad very angry that his money wasn't growing faster. He had thought that his hard work and loyalty would be rewarded more.

Ahmad saw a lot of changes at the hotel over these years. There were new employees coming and going, improvements and updates to the decor, and a steady stream of guests from all walks of life. He learned a lot about the hotel business and got skills that can only be learned by working for years.

Ahmad stayed committed to his job even though his pay growth slowed down. This made him happy because he knew that his work made the hotel guests more comfortable and happy.

As a member of a Union

The staff at Stone Hotel worked hard to make sure everything ran smoothly, but there was one thing that wasn't there: an internal union to fight for the workers' rights and needs. Even though there was a gap, Ahmad, a hardworking housekeeper, still went after the help and representation he and his coworkers earned.

Being naturally social and interested in getting to know other people led Ahmad to become an active member of a trade union. Not only did he talk to people at the Stone Hotel, but he also often mixed with workers from motels and restaurants nearby. For Ahmad, these relaxed but thought-provoking chats over coffee or breaks showed him a whole new world: the world of trade unions.

These conversations gave Ahmad the chance to hear from his peers about how being in a trade union had made their work lives better. They talked about better pay, better working conditions, and feeling safe because they had a say as a group. This was a big surprise for Ahmad, who had always felt responsible for his own health and the health of his coworkers.

Ahmad went ahead and asked union officials for more information because he was interested and wanted to learn more. He went to meetings, asked questions, and read all the information the union gave him. Every conversation he had and piece of information he learned helped him understand more about the role and value of trade unions in fighting for workers' rights.

Ahmad came to a decision after taking in all of this information and thinking about his own time at Stone Hotel. His choice to join the union was a conscious one. They didn't make this choice without giving it a lot of thought. They thought about what was best for him and his coworkers as well.

With his new status, Ahmad felt like he had more power. Because he was in a trade union, he thought that he and his coworkers would be better protected and have their needs met. It was a step towards making sure that their rights were not only known, but also protected. Ahmad's choice to join the union was more than just a personal one; it was a promise to work together with others to make the workplace a better place. Ahmad was also sure that joining a trade union was proof of the strength of unity and the big difference that well-informed group action can make in better workers' rights and working conditions.

Strength of Union

Ahmad took a big step when he realised the power of speaking and acting as a group. He joined a well-known union that is known for always standing up for workers in

Malaysia's hotel, bar and restaurant sectors. For many workers, like Ahmad, who often had to deal with the complicated issues of labour rights and workplace talks, this union was a bright spot of hope.

It's amazing that Stone Hotel agreed with Ahmad's choice. The management knew how important it was for their workers to have a way to voice their worries and request. The hotel did something very progressive; they did more than just acknowledge the union; they made an official relationship with them by signing a Collective Agreement. This agreement was a big step forward because it showed that both sides were committed to fair labour practises and gave the hotel management and workers a way to talk to each other in a constructive way.

This event marked a turning point for Ahmad and his coworkers. With the Collective Agreement and the union, there was a structured way to talk about things like wages, working conditions, and employee perks. Giving the staff a sense of security and protection that they hadn't had before gave them power.

Ahmad chose to join the union because he had a goal that went beyond his own personal gain. Not only did he think that becoming a member would help him get better working conditions at Stone Hotel, but he also saw it as a way to join a larger movement that aimed to raise the standards for all hospitality workers. Ahmad knew that the problems he was having were not unique to him; many other people in hotels, restaurants, and bars across the area were also having the same problems.

He joined the union because he believed in the power of working together as a group. Ahmad knew that when different views came together, they could have a bigger effect than when they were raised separately. This belief came from the basic idea that more people means more power. Ahmad joined the union and became part of a group of people who all wanted a fair and just workplace.

This sense of community was very important to Ahmad's journey. He thought of himself as an involved member of a movement that wanted to change the way work was done in the industry completely, not just little things here and there. Fair wages, reasonable hours, safe working conditions, and respect for the rights and equality of all workers were all part of Ahmad's vision.

In Ahmad's mind, the union was a way to push for these changes. He got involved in many union activities, such as going to meetings and talking with other people, as well as planning events and campaigns to raise awareness. His goal with these actions was to make his friends more aware of their rights and the benefits of sticking together as a group.

Ahmad's membership in the union was also a protest against the idea that people who work in the service industry should just put up with bad conditions. He was one of many people who were speaking out against the status quo. This showed that change was possible if workers banded together and pushed for it.

Not only did Ahmad's choice to join the union make the workplace more fair for him, but it also made the workplace more fair for everyone in the hospitality industry. It

made the point that workers can make real and lasting changes to the way they work if they band together, help each other, and speak up for their common interests.

The bare minimum

When the Malaysian government passed the Minimum Wages (Amendment) Order 2012, it was a big deal for Ahmad and his coworkers at Stone Hotel. When they were looking for better pay, this new law that raised the minimum wage to RM900 per month gave them hope. Many of them had been making pay that barely covered their basic needs for years, and this rise was supposed to help them out financially.

Ahmad had worked at the hotel for almost ten years without getting much more money. He saw this change in the law as a possible turning point in his career. The rise from his current wage of RM800 to the new minimum wage of RM900 was not only good for his income, but it also showed that his and his coworkers' hard work was appreciated.

There were lots of happy talks going on in the staff rooms and hallways of Stone Hotel. Employees talked about what this rise would mean for them. It might help them with their finances, give them more money to help their families, or even let them enjoy small treats they couldn't have before.

Some of Ahmad's coworkers, especially the younger or less experienced ones, had never had their pay go up by this much before. They felt hopeful and grateful for their jobs in the service industry afterward. For them, their jobs were more than just a way to get something else.

Even though people were hopeful, there was also a sense of cautious expectation. They knew that putting this new wage system into place could be hard, especially when it came to how the hotel management would handle the changes. Would their work hours, duties, or even job security change? These were the questions that kept going through their thoughts.

Still, the establishment of the Minimum Wages (Amendment) Order 2012 was a major turning point for the Stone Hotel employees. It was a step towards making Ahmad and his friends' lives better, and it gave them a taste of a workplace that was more fair and equal. This change to the law wasn't just about putting more money on people's paychecks; it meant progress, hope, and the chance for a better future for the hardworking people in Malaysia's hospitality business.

How the hotel works

The hotel, on the other hand, had other ideas. They chose to change how they calculated wages to meet the new minimum wage law without making their costs go up by a lot. Instead of raising the basic pay, they wanted to add the money workers made from service charges to the minimum wage. This meant that if an employee's base pay and tip did not add up to RM900, the hotel would add the difference to make it 900.

The Union, on the other hand, did not like this plan. They thought the service charge shouldn't be used to raise the minimum wage. The Union and the hotel's management couldn't come to an understanding, which made things worse.

The Management Thinking

Ahmad still can vividly remembered the conversation between him and his manager about the Minimum Wage Order, which established RM900 as the minimum monthly wage. However, in order to bypass this regulation, the Stone Hotel's management, led by the astute yet budget-conscious general manager, discovered a loophole. Ahmad lodged a dispute with his manager, who responded that the matter was of a business nature. Ahmad is merely an employee.

Ahmad: "Sir, I've been contemplating the recently enacted Minimum Wage Order by the government, which establishes an RM900 minimum salary. For us as employees such as ourselves, this is a momentous progression."

Manager: "I am informed of the new policy, Ahmad. How about that?"

Ahmed: "At the very least, I've observed that our salaries have remained static. The current base salary we are receiving is less than RM900. The remaining amount consists solely of service charges.

Manager: "You must recognise, Ahmad, that this is a commercial matter. We must consider the broad picture and effectively manage our expenses. The service charges constitute a component of your revenue, contributing to a minimum of RM900 in your total income."

Ahmad: "However, that does not exactly adhere to the Minimum Wage Order, does it? Its purpose is to ensure a rudimentary level of living standards, and our income becomes uncertain when we depend on service charges. This is in contrast to the concept of a stable base salary."

Manager: "I acknowledge your concerns, Ahmad. But you must remember that you are just an employee here. We, the management of the hotel, also has a responsibility to ensure the hotel operates with optimal efficiency. Occasionally, this requires balancing regulatory requirements with the practicalities of conducting business. We're taking the necessary steps to ensure compliance with the law and the efficient operation of the hotel."

Ahmed: "I comprehend that, sir; however, does the welfare of your staff not influence the efficient operation of your company? Fairness and adherence to legal regulations take precedence over mere identification of vulnerabilities."

Manager: "Look, Ahmad, I value your perspective; however, wage determinations are intricate. We have to take into account numerous factors. At this time, the existing system remains unchanged."

Ahmed: "My stance remains that it is improper, sir. While technically compliant, it appears that we are being cheated."

Manager: "Your input is valued; however, as I mentioned, this judgement is of a business nature. Maintaining the hotel's profitability while simultaneously complying with legal obligations, even if it's only by the letter of the law."

The hotel's defence

When the Minimum Wages (Amendment) Order 2012 went into effect at Stone Hotel, it caused a big fight between the hotel managers and the workers, who were backed by a union. The main point of disagreement was how the hotel decided to understand and use the new law on minimum wage.

The management of the Stone Hotel was adamant that the way they calculated the minimum wage was legal and in line with the National Wages Consultative Council's standards. They specifically pointed to Order 6 of the Minimum Wages Order 2012 as proof. They said that their plan, which included adding service fees to the minimum wage, was a legal way to reach the RM900 mark. They thought that this method didn't lower the employees' overall pay; instead, it was a practical way to meet the new wage standards without having to make big changes to how they paid their employees.

The hotel also said that they had talked about this change in wages with the union ahead of time, which suggests that there was at least some agreement on this method. However, this claim caused a disagreement because the union had a very different view.

The disagreement got so bad that it didn't look like it would be solved through the hotel's normal routes. The problem was taken to the Director General of Industrial Relations so that it could be solved. It was an official admission of how hard and important the problem was that this was done.

During the very important process of conciliation, the Stone Hotel management came forward with confidence and a clear plan. The way they argued was based on how they saw the Minimum Wages (Amendment) Order 2012 and the rules set by the National Wages Consultative Council. At the heart of their case was the idea that the legal minimum wage could include different parts of an employee's total pay, such as service charges.

They didn't just use this interpretation as a small part of their case; it was the very basis of how they planned to enforce the new minimum wage law. According to the management, including service charges in the minimum pay meant that they were following the law and making sure that every worker got at least RM900 a month.

Their case depended on how they read certain parts of the law, which they thought allowed for such a broad way of figuring out pay. From what they knew, the law didn't say that the minimum wage had to be the basic salary alone. It could be interpreted in a larger way, which could include other money that workers make, like service charges.

According to the personnel of Human Resources of Stone Hotel, this approach was a good and legal way to meet the new wage standards and keep the hotel's finances in order. They thought this method was a practical way to deal with the extra financial stress that the new minimum wage law put on businesses, especially those in the hospitality industry where service charges are a normal part of pay.

The way they explained their position during the conciliation process showed how sure they were of this reading. They made their case by saying that it was not only legal, but also would protect the well-being of all workers without hurting the hotel's bottom line.

This point of view from the hotel's management showed how complicated and nuanced it can be to understand labour rules, especially in fields where pay structures are not clear. It brought up how hard it is for both companies and employees to understand the laws that govern wages. It also showed how important it is to have clear laws that are easy to follow so that there are no confusions.

While the negotiations were still going on, the union for the Stone Hotel workers made a strong case against how the management was interpreting the Minimum Wages (Amendment) Order 2012. The union strongly felt that the hotel's method of including service fees in the minimum wage calculation was fundamentally against the goal of the new law.

The union took a stand because they thought that the main purpose of the minimum wage rule was to give workers a stable and predictable basic income. This income wasn't supposed to depend on things that changed, like service charges, which could change a lot from month to month due to things that weren't in the workers' control, like how many people stay in a hotel during different times of the year or how much they tip.

It was their belief that the law's goal was to give workers a strong financial base by making sure they got a steady wage that could cover their basic living costs. The union said that the hotel was possibly making it so that workers' earnings would be unpredictable by relying on service charges, which change all the time, to make up the difference between the minimum wage and actual pay.

The union said that this range of pay could hurt the security and predictability that the minimum wage law was supposed to bring. They said that workers shouldn't have to depend on the uncertain earnings from service charges, which could be changed by many outside factors. In their statement, the union said that adding these variable factors to the minimum wage could cause earnings to be inconsistent, which would not provide the financial security and steadiness that the law meant.

The union's argument showed how important it was to interpret the law in a way that stayed true to its original purpose: to give workers a guaranteed minimum amount of income that they could count on, even if other parts of their pay changed. Their disagreement with the hotel's view wasn't just a legal one; it was also a fight for workers' basic rights to a steady income, which is important for their health and their ability to plan their finances. This disagreement over readings showed how hard it is to enforce labour laws and how important unions are for fighting for workers' rights and well-being.

Trade Disputes and Settlement

The fight between Stone Hotel and the Union was more than just a disagreement between an employer and an employee; it got into the complicated rules of how to understand and apply employment and labour laws. This was especially hard to

understand because of the complicated ways that people are paid in the hospitality industry. Wages usually include a base pay plus variable parts like service charges.

Ahmad: “The situation at Stone Hotel is definitely troubling me, Mr. Kumar. We're deeply divided on the interpretation and application of employment and labour legislation inside our business; this isn't your average argument.”

Union Representative: “I agree with you, Ahmad. The problems at Stone Hotel show how complicated our labour regulations are, particularly when it comes to the hotel industry.”

Ahmad: “I just could not understand. Why the hotel's management could not adhere to the Minimum Wage Order about the minimum wage of RM900. Base pay (RM900) and variable components, such as service charges, make up our wages. All the chaos and, to be honest, unfairness is due to this arrangement.”

Union Representative: “We have noticed that same worry in other locations as well. It's a loophole that allows businesses to meet the letter of the law without really following it. Benefits and job security are affected by this because they are typically tied to the base salary. Ahmad, don't worry,” The Union Representative reassured.

Involving the Director General of Industrial Relations in this disagreement through conciliation was more than just the right thing to do; it showed how important the issues were. It was made clear by this high-level intervention that a solution was needed that was not only fair and legal, but also took into account how things work in the hospitality business.

At the heart of this disagreement was how to correctly apply the Minimum Wages Order to the unique pay structures of the hotel industry. The way the hotel calculated the minimum wage with service charges was controversial, and it led to questions about the legal and moral effects of this action.

This situation wasn't just about Stone Hotel and its employees; it affected the whole hotel industry and maybe even other fields with similar pay structures. The result of this mediation process was likely to set a standard for how minimum wage rules should be interpreted and applied when an employee's pay is made up of both fixed and variable components.

Thus, getting this disagreement resolved was of the utmost importance. It was supposed to give businesses and unions clarity and direction by giving them a way to figure out how to pay their workers legally while also following the minimum wage law. The fact that the Director General of Industrial Relations was involved showed how important it was to take a balanced approach that took into account the concerns of both employers and employees, followed the letter of the law, and took into account the costs of running a business.

Basically, this mediation process wasn't just a way to settle a disagreement; it was also an important step towards defining how labour relations and wage laws work in Malaysia. It was a chance to set a standard that would be used to interpret and apply

employment rules in the future, especially in fields where pay structures are complicated and have many levels.

The Court's Award

The wage dispute at Stone Hotel took a final, important turn when it was brought to the attention of the judges. In this case, the courts looked closely at both the hotel management's and the union's points of view, which led to a big change. The Court of Appeal made decisions that would completely change the course of the debate after looking at two important cases.

A clear legal precedent was set when the Court of Appeal supported the decisions made by the High Courts in these cases. This meant that employers could not use service charges to raise workers' wages above the minimum wage level. This decision was very important because it directly questioned what Stone Hotel had done in answer to the Minimum Wages (Amendment) Order 2012.

When the industrial court looked at these appeal decisions, it made a decision that Stone Hotel did not like. The court said that the hotel's way of meeting the minimum wage standard by adding service charges to workers' wages did not follow the spirit of the Minimum Wages Order 2012. This decision made it clear that the basic pay should cover the minimum wage, not things like service charges that change often and are hard to predict.

This choice was a turning point in the argument. It made it clearer how to read the Minimum Wages Order and set a standard for future cases like this one. The court's decision made it clear how important it is to follow the letter of the law and make sure that workers get a stable base pay that meets the minimum wage requirements without having to rely on variable extra earnings.

This decision meant that Stone Hotel had to rethink their policies and pay structure. It was used as a guideline for how to legally and morally follow minimum wage laws in the hospitality business and other fields with similar pay structures. This case showed how the courts can change the way industrial relations are done. It also reinforced the idea that employment rules are there to protect workers' basic rights and make sure they get paid fairly for their work.

Things to Learn

The stories of Ahmad and his coworkers at Stone Hotel were connected to a bigger story that went beyond their own experiences. Their fight for fair pay was a key part of a bigger story about workers' rights, legal battles, and the struggle of all hospitality industry workers as a whole. What was going on at Stone Hotel was a picture of the problems and victories in the fight for fair working conditions.

As the wage dispute went through different stages, such as internal talks, union involvement, and finally legal processes, Ahmad and his coworkers learned more about how complicated labour rights can be. They saw for themselves how the way employment rules were interpreted could have a big effect on their jobs and the way the whole sector worked.

The Stone Hotel situation showed how important group bargaining is. The strength that comes from working together as a team was seen by Ahmad and his coworkers. The union's help was crucial in voicing their concerns and questioning the hotel's wage practises, which eventually led to a court decision in favour of the workers' point of view.

Everyone who took part in this learned something from it. It made a point of showing how important it is to pay workers fairly, not just to follow the law but also to respect their worth and hard work. The people who worked at Stone Hotel learned that they could speak up and have their rights respected, especially when they were part of a union.

The story of Stone Hotel also served as both a warning and an inspiration for other hospitality companies. It made a point of showing companies how important it is to think about their wage practises in terms of the law and morality. It also showed how strong workers are when they stand together to fight for their rights.

This trip changed Ahmad in many ways. It taught me more about how labour relations work and reminded me how important it is to stand up for my rights. The events at Stone Hotel not only changed the way wages were set at that business, but they also started a larger conversation about fair pay in the hotel industry. This was a big step forward in the fight for worker rights and fair working conditions.

Questions for Discussion

1. What were the changes in the lifestyle and social dynamics of Ahmad's community when it shifted from being a traditional fishing village to a bustling commercial and tourist centre?
2. How does Ahmad's transition from a conventional occupation to a contemporary one exemplify the broader transformations occurring in Malaysia's economy and society?
3. What insights may be gleaned from Ahmad's narrative regarding the significance of safeguarding workers' rights via collective action and legal advocacy?