

VOLUNTARY AND INVOLUNTARY TERMINATION: LEGAL, ETHICAL, AND ORGANIZATIONAL IMPLICATIONS IN MANAGING EMPLOYEE SEPARATION

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Abstract: *This study investigates Malaysian termination policies from legal, ethical, and organizational perspectives. Regarding the terms under the Employment Act 1955 and Industrial Relations Act 1967, terminations often generate conflicting interests between businesses and employees. Usually linked to a change in employment or retirement, voluntary terminations which often follow a legal process may cause operations to be hampered but leave less legal documentation. On the other hand, terminations are found to be forced and based on duplicity or misconduct; this naturally indicates insufficient procedural justice during the termination process as evidenced in Ng Chang Seng Seng v Technip Geoproductions. This study adopts a legal analysis approach and case literature review to assess the impact of voluntary and involuntary terminations on workers' rights in Malaysia. The study recommends reforms to the structure of severance benefits and increased access to career transition programs.*

Keywords: *Termination Policies, Severance and Redundancy Benefits, Procedural Justice*

Introduction

Malaysia, the basis of the interaction between companies and workers is an employment contract. It lays down a disciplined framework in which expectations, rights, and obligations are controlled. Whether oral or in written, such agreements help to specify employment responsibilities, work hours, pay, and termination conditions, therefore guaranteeing justice and openness (Melinda, 2024; Shirven, 2022). They are employed under the regulation of the Employment Act 1955 and the Industrial Relations Act 1967, establishing the minimum protection of workers while balancing the interest of the parties involved; they are therefore an integral part of the country's labor framework (Rivera, 2021).

Termination of employment, whether voluntary or involuntary, is a significant point in this relationship. It is the end of a contractual relationship and has great implications for the individual's economic stability, possible career advancement, and psychological well-being (Harmen et al., 2024). Voluntary termination is when an employee decides to leave either through resignation or retirement. The usual reasons for such a decision are career opportunities, family demands, and retirement issues, and it always presents fewer legal complications (Twin, 2022; Vreede, 2024). Involuntary termination initiated by the employer comes from causes like economic decline or change in the organization and misconduct by the employees. Such termination is, therefore, usually more complicated and may be riddled with disputes over equity and procedural fairness, treading legally very carefully to avoid potential legal and reputational consequences (CentralHR, 2019; Othman et al., 2022).

Particularly in Malaysia, the relevance of policies related to termination has become much more crucial in contemporary employment. Driven by technical improvements, globalization, and changing economic conditions, workforce restructuring has been hastened across all sectors, hence increasing the termination rate. The latest recent figures from the Jabatan Tenaga Kerja Semenanjung Malaysia (JTKSM) show that 67,982 employees were terminated in 2023—a significant increase from 32,683 in 2022—and refer to increased corporate pressure to change with the times (Jabatan Tenaga Kerja Semenanjung Malaysia (JTKSM), 2023). Usually related with downsizing, cost-cutting initiatives, or redundancy, termination reflects more widespread economic difficulties. These trends consequently bring about more job insecurity and financial stress for employees, making termination practices very relevant in the labour market of Malaysia. Complaints about unjust dismissal have also sharply risen, therefore aggravating the discontent with the present termination policies. Labor court statistics reveal that 13,599 instances on termination disputes were reported overall in 2018, most of which revolved around claims of unfair dismissal (Mazwin & Junaaid, 2024). This increase in conflicts highlights differences in the understanding and application of dismissal rules and may erode workers' faith in the equity of the workplace and in adherence to labour laws.

Unlike the at-will employment system used in nations like the United States, Malaysian labour law holds that termination must be for "just cause" as mandated under the Industrial Relations Act of 1967. Therefore, the government is rather more legislative and offers legal protection to workers from arbitrary dismissals and so raising higher expectations of job stability (Agnello et al., 2018; Othman et al., 2022; Posthuma, 2020). Those protections also provide difficulties for businesses, particularly those under organizational change or financial constraints. Non-compliance with these laws and rules can lead to lawsuits, reputation damage,

and financial penalties; these realities make the termination procedure sensitive and important to any company.

Ignorance of adequately carried out termination policies has consequences beyond only legal and financial ones. Strong dismissals can result in unexpected unemployment, financial problems, and emotional suffering, especially in cases when support systems or severance pay are inadequate to cover the expenses (HiPeople, 2024). Bad termination rules can lead businesses to lose faith in their surviving employees, therefore undermining their morale and perhaps overtime eroding the reputation of their company. These issues underline the need for reasonable, transparent termination policies that balance corporate flexibility with employee rights. Given these changes, knowing the differences between voluntary and involuntary terminations is crucial to handling the problems experienced by companies and staff. Thus, this study aims to investigate these variations in depth and assess their consequences for employee rights and benefits, providing insights to guide termination policies in Malaysia's changing workforce.

Differences Between Voluntary and Involuntary Termination

In Malaysia, the difference between voluntary and involuntary termination is rather significant since each affects staff morale, reputation, and expenses for a company differently. Usually driven by personal or professional grounds, voluntary terminations are started by the staff members themselves. Conversely, the corporation regularly uses involuntary termination brought on by organizational restructuring, inadequate performance, or misbehavior. These differences reduce risks and increase employee confidence, therefore affecting the direction of company success.

Voluntary Termination

Voluntary termination also greatly affects businesses when individuals choose to quit their positions for personal circumstances, professional advancement, or dissatisfaction. These choices mostly rely on the state of the economy; for instance, workers in poor countries are more likely to hunt for better possibilities during economic booms, whereas resignations normally decline during the recession as job security takes the front stage (Sija, 2021). Companies could also encourage voluntary termination via better severance compensation or retirement benefits to manage personnel declines without turning to layoffs (Saleem et al., 2021).

One may classify the effects of voluntary resignations on businesses using direct and indirect costs. Direct costs cover training replacement charges, hiring, and onboarding costs. Replacing a mid-level banking staff person will run around RM25,000, according to the Malaysian Human Resources Institute (Labrague et al., 2018). Indirect expenses such as operational delays, greater work for surviving staff, and brand damage especially in cutthroat sectors like technology and healthcare worsen this financial weight (Juma & Arshad, 2019). High turnover rates may cause a loss of institutional knowledge and social capital, therefore increasing the problems experienced by companies (Ali & Anwar, 2021). These consequences are magnified when resignations occur frequently within the same department or team, disrupting workflows and increasing the administrative burden on HR and managers. Recent literature also underscores that replacement costs can rise dramatically, especially in

highly technical roles, where institutional knowledge loss is harder to recover (Ibrahim & Salleh, 2023).

Furthermore, the effect of voluntary terminations is staff morale influencing element. When a qualified person leaves, the remaining team members could experience knowledge gaps and increased stress, which would cause burnout and greater turnover. This tendency is especially clear in specialist fields like healthcare, where labor shortages directly affect the quality of services rendered. Thirty percent of the Malaysian hospital staff members who responded to the survey said their stress levels had risen after voluntary resignations (Labrague et al., 2018). Such stress influences not only personal performance but also maybe reduces general team cohesion and productivity (Putri & Rachmawati, 2022). Prolonged morale issues can also lead to internal conflict and communication breakdowns within teams. In high-stakes industries like healthcare, the psychological toll on employees can inadvertently lead to patient safety concerns or service delivery disruptions (Kamaruddin & Lim, 2024).

To get around these challenges, businesses can apply many retention strategies aimed to increase employee loyalty. Programs for professional development, flexible work schedules, and improved leadership abilities have shown to be favorably influencing employee retention (Ikatinasari et al., 2018; Murad Miah & IntanAdhaHafit, 2020). Through exit interviews, companies can also get an important understanding of the causes of resignations, therefore enabling them to make informed adjustments addressing employee issues and raising job satisfaction (Sofyanty et al., 2023). Research in the financial services sector, for example, has shown that job satisfaction and promotional possibilities greatly affect turnover intentions, therefore underlining the need of career development in keeping talent (Sija, 2021). These strategies, when properly implemented, can also build a stronger employer brand, making the organization more attractive to both current and prospective employees. A strategic approach that includes recognition, autonomy, and transparent communication has been linked to enhanced organizational commitment (Rahim & Chen, 2023).

Involuntary Termination

When employees are involuntarily terminated, such as due to organizational restructuring, inadequate performance, or misconduct, organizations experience significant repercussions. In contrast to voluntary termination, this form of termination must adhere strictly to legal and procedural protocols to ensure justice and compliance. Situations involving involuntary termination can be expensive and complicated. According to a Malaysian manufacturing company's analysis, the average administrative and severance costs related to forced termination in 2021 were RM40,000 per employee (Lahiri et al., 2021). For low-margin companies, this expense burden can significantly impact the budget.

In addition to financial losses, companies face reputational harm when involuntary termination is mishandled—particularly in industries where customer perception is critical, like retail and hospitality. A poorly executed layoff can trigger public backlash, media scrutiny, and concerns over corporate ethics. For instance, in 2023, a major Malaysian retail company that abruptly terminated 300 employees came under fire both publicly and in the press, drawing attention to its treatment of workers. Incidents like this can tarnish a brand's public image, disrupt customer trust, and even lead to long-term loss of consumer loyalty. Recent findings show that customers increasingly associate negative employment practices

with brand values, meaning that organizational reputation is no longer shaped solely by product or service quality but also by internal workforce decisions (Ali & Mahmood, 2023).

Another major consequence of layoffs is the internal ripple effect on employee morale (Chin & Kassim, 2025). When colleagues witness sudden dismissals, they often experience job insecurity and emotional fatigue, which contributes to increased resignations. A case from 2022 involving a Malaysian oil and gas firm revealed a post-layoff resignation spike of 12% among retained staff, underscoring the psychological toll of such decisions. Employees tend to question their own job stability, reducing engagement and productivity. To counteract these effects, organizations should adopt compassionate offboarding procedures, transparent communication, and support mechanisms such as mental health counselling or career transition programs. Evidence from newer workplace studies in Malaysia confirms that clear messaging and emotional support can significantly buffer the stress and uncertainty employees face during restructuring periods.

Termination policies are not one-size-fits-all; they are shaped by industry-specific dynamics. In banking, for instance, terminations often stem from performance metrics or internal reorganizations, while in manufacturing, automation and supply chain shifts tend to be the driving forces. One notable case from a multinational pharmaceutical firm in Malaysia demonstrated how a structured downsizing process—complete with open dialogue, individualized exit support, and transparent reasoning—helped preserve staff morale and public goodwill. In another study focused on mergers within Malaysian financial institutions, researchers found that companies with stronger employee engagement strategies experienced fewer disruptions during transition. These examples show that thoughtful, sector-sensitive planning plays a critical role in protecting both workforce stability and employer reputation during layoffs (Yusof & Cheong, 2023).

Table 1: Different Consequences of Voluntary and Involuntary Termination

Impact Category	Voluntary Termination	Involuntary Termination
Costs	Recruitment, onboarding, and training expenses.	Severance payments, legal fees, and administrative costs.
Reputation	High turnover may indicate dissatisfaction and harm branding.	Mishandled dismissals may result in negative publicity.
Workforce Morale	Increased workloads may lead to stress and burnout.	Job insecurity may reduce productivity and increase turnover.

Implications of Voluntary and Involuntary Termination For Employee Rights and Benefits

Several important legal frameworks—including the Employment Act 1955, the Industrial Relations Act 1967, and the Employees Provident Fund Act 1991—help to determine how voluntary and involuntary termination may impact employee rights and benefits in Malaysia. These guidelines aim to provide equitable treatment and financial stability over variations of employment. Especially on severance compensation, notice periods, and entitlements under

social security, this part will examine cases of how different termination procedures affect employee benefits. It would also clarify legal issues relevant to termination and highlight areas needing improvement by contrasting Malaysian rules with global standards.

Voluntary Termination

Usually, for personal reasons, career development, or retirement, staff members' chosen method of leaving their employment is known as voluntary termination. Section 12(2) of the Employment Act 1955 states that notice commits are to be compelled by the employee for his tenure such as four weeks for those serving less than two years, six weeks for those serving two to five years, and eight weeks for those serving more than five years. These notice periods provide a legal framework that supports a predictable and responsible transition for both employer and employee. Under Section 13(1), Jabatan Tenaga Kerja Semenanjung Malaysia (2023) claims employers are allowed to reduce wages for the number of days employees are obligated to submit notice under should employee non-compliance occur. This ensures fairness and minimizes disruption by encouraging employees to fulfill their contractual obligations before departure. In practice, such provisions reduce last-minute absences and allow employers ample time to reorganize workloads, recruit replacements, or redistribute responsibilities internally. This gives the business plenty of time to divide work or find replacements (Hassan et al., 2023).

However, under Section 60J (1) of the Employment Act, employees who resign freely are not entitled to severance or redundancy benefits. This clause reinforces the principle that such financial benefits are primarily intended to cushion the impact of involuntary job loss. Only when the company starts the termination will severance benefits be relevant. Employees who retire at the legal retirement age of 55 are however allowed to utilize their Employees Provident Fund (EPF) savings to help with their retirement. These EPF withdrawals offer financial relief and serve as an essential resource to support post-retirement living expenses. Employees also remain qualified for Social Security Organization (SOCSO) benefits, which they can collect should they return to work (Jabatan Tenaga Kerja Semenanjung Malaysia, 2023). The continued eligibility for SOCSO benefits upon re-entry into the workforce offers an added layer of social protection and helps bridge potential income gaps after re-employment (Rahman & Yusof, 2024).

By contrast, nations like Germany give more complete support for voluntary termination—especially for pensioners. German employees can negotiate severance agreements including lump-sum payments or prolonged health insurance coverage, therefore enabling a better transition into retirement or other post-employment prospects (Mustaffa et al., 2022). These agreements not only offer financial assistance but also provide peace of mind for retirees navigating healthcare or other life transitions. Along with career coaching to better equip workers for their future moves, Malaysia could improve its termination system by including early retirement or resignation programs (Teoh et al., 2022). Structured resignation pathways such as voluntary separation schemes or phased retirement options could support workforce fluidity, provide flexibility to aging workers, and enhance organizational goodwill (Reiche, 2023).

Involuntary Termination

Employers who terminate contracts of employees for misbehaviour, redundancy, or organizational restructuring—that is, involuntary termination—are known as. In Malaysia, workers have more legal defence in this sense. Under Section 12(3) of the Employment Act 1955, an employer must provide notice or pay instead of the notice unless gross misbehaviour is the grounds for dismissal; this permits quick termination under Section 14(1). These provisions are intended to give workers adequate time to find other work or make other financial adjustments.

Severance pay for redundancies is more fully regulated by the Employment (Termination and Lay-Off Benefits) Regulations 1980. Workers with less than two years' service receive ten days' wages per year of employment, while those employed for two to five years get fifteen days per year, and those employed for more than five years get twenty days per year. These structured rates aim to provide at least some financial relief to employees following involuntary separation. However, while these provisions do offer a minimum standard, the amount is still considered relatively low when viewed in an international context. In countries with stronger labor protection systems, like France, employees are entitled to much more generous severance—such as a full month's salary for each year worked. This disparity underscores the limitations of Malaysia's current model and invites discussion about the need for reforms that align more closely with international best practices. Increasing severance benefits could help safeguard affected employees against short-term financial instability and provide them with a more dignified transition during economic downturns (Razak & Hussain, 2023).

Under Section 20 of the Industrial Relations Act 1967, they might challenge said dismissal without "just cause or excuse." "Just cause or excuse" refers here to valid grounds for dismissal including underperformance and confirmed misconduct recorded on file but excluding arbitrary or discriminatory practices. This clause forms the core of employee protection, granting workers the right to contest unfair dismissals (Lim & Noor, 2024). The burden of proof often falls on the employer to justify the termination, ensuring that arbitrary decisions do not go unchecked. Under Section 30(5) of the Act, employees must appeal within 60 days; cases may lead to reinstatement or compensation, decided depending on elements including service duration, role, and firing conditions (Kementerian Sumber Manusia, 2021). This legal framework provides not only a route for justice but also serves as a deterrent to poor human resource practices. Ensuring timely and fair hearings of such disputes remains vital for upholding confidence in the labor system and for maintaining ethical employment standards across various sectors.

International comparisons highlight those aspects that Malaysian practices can focus on for improvement. For instance, Japan mandates that before starting layoffs, a company consider all its options including retraining or redeployment. This step demonstrates a more holistic approach to workforce management, focusing not only on cost-cutting but also on employee welfare and long-term organizational reputation. Such pre-layoff interventions help reduce sudden job losses and show a commitment to workforce sustainability. If adopted in Malaysia, similar mechanisms could help reduce conflict during layoff processes and give employees a greater sense of job security. It may also lead to fewer industrial disputes and improved trust in employer-employee relations. Aligning local policy more closely with such international

models could be a progressive move toward enhancing corporate accountability and employee protection in Malaysia (Yamaguchi & Wong, 2023).

Vulnerable Workers and Lack of Legal Protection

In the context of the modern employment landscape, vulnerable workers such as gig workers, temporary contract workers and migrant workers increasingly dominate the informal sector in Malaysia. However, these groups are often excluded from the definition of “employee” in key labour laws such as the Employment Act 1955 and the Industrial Relations Act 1967, leaving them ineligible for redundancy benefits, legal protection against unfair dismissal, or access to judicial review processes (Kumar, 2024).

For example, gig workers such as e-hailing drivers or food delivery workers are often treated as “independent contractors” by digital employers, even though their employment relationships exhibit characteristics of salaried workers such as regular working hours, performance monitoring, and income dependency (Abdullah et al., 2024). The lack of legal recognition means that they cannot claim compensation when their accounts are unilaterally terminated by digital platforms. This indicates a major gap in the employment protection system (Syahril, 2025).

Therefore, this study recommends that labour law reforms be carried out comprehensively by expanding the definition of “employee” to include new categories in the digital economy. In addition, it is also necessary to formulate a framework for minimum benefits and access to dispute resolution channels for non-permanent workers who are involuntarily terminated, in line with the principles of social justice and workers' rights.

Example of Voluntary and Involuntary Termination

Examples in this part will be actual cases of both voluntary and forced termination, repercussions, and changes in employee rights and corporate operations. Selected cases will illustrate the fact that clarity, transparency, and adherence to the legal provisions are a must for an appropriate application of the procedures for employment termination. Similarly, it represents a combination of both smooth and problematic cases to present full insight.

Voluntary Termination

Voluntary termination means that an employee would like to end their services because of further development in their career, relocating, or personal problems. Most decisions are manifestations of one's desires and goals; however, they can have a huge impact on both parties.

In the case of Sarah, who is in the marketing sector, leaving her job after five years due to better career opportunities, was tackled very smoothly. The company immediately requested her to have an exit interview and then assisted her in assigning her responsibilities and introducing her replacement. Sarah's professional efforts at maintaining corporate goodwill and minimizing employee inconvenience were an exemplification of this. The above case is thus a clear illustration of how mutual respect and strategic planning can lead to a positive outcome during voluntary separations (HiPeople, 2024).

Another example is John; he stopped since his wife had been relocated for work. His employer supported him by reallocating his tasks and providing recommendations to potential employers in the new city. John communicated his resignation respectfully and helped ensure a seamless handover, which highlighted the importance of cooperation during such transitions. Similarly, Emily's resignation, prompted by family health obligations, was managed empathetically by her employer, who provided flexible working hours and counselling services before her departure. Communication by Emily was respectful and helpful in planning her absence; thus, her team adjusted well. Both these cases underscore the dimensions of organizational support and professionalism in voluntary terminations.

While voluntary terminations mostly lead to transitions going through smoothly, voluntary terminations can be unwelcome for employers when it creates a burden on them in industries with high turnover rates, such as retail or healthcare. For instance, replacing an employee can cost up to 33% of their annual salary, according to the Society for Human Resource Management (2023). A 2021 study in Malaysia's healthcare sector revealed that 44% of nurses resigned in search of better pay and career opportunities, exacerbating operational challenges (Jabatan Tenaga Kerja Semenanjung Malaysia (JTKSM), 2023). Because of that, employers should have retention strategies and follow the notice requirements under the Employment Act 1955 to prevent such effects as well as allow transitions to be managed properly.

Involuntary Termination

In a situation where termination is initiated by the employer himself, usually because of reasons relating to redundancy, restructuring, or misconduct, it is termed involuntary termination. Such conditions demand adherence to ethical and legal guidelines to protect the organizational interests and rights of employees.

Ng Chang Seng v. Technip Geoproduction (M) Sdn Bhd & Anor [2021] is another case of complicated redundancy that leads to job loss. Ng had served the company for 13 years and challenged his dismissal on grounds that the company failed to apply the LIFO rule and retained lesser experienced foreign workers. The Court of Appeal ruled in Ng's favour, emphasizing the employer's failure to provide clear evidence of redundancy and its inconsistency in retaining contract workers over locals. The case magnifies that transparency and proper documentation regarding retrenchment must be in line with the Industrial Relations Act 1967. Hence, employers must make sure that redundancy decisions are genuine and can be justified for legality and company reputation purposes (Kwong & Jack, 2021).

On the other hand, a discharge based on misconduct shows how adherence to legal procedures can save an employer from litigation. Here, a factory worker had been discharged due to repeated tardiness and disruption of work. The employer had recorded incidents and given the worker ample chances to shape up. When no progress was made, the employee was dismissed under Section 14(1) of the Employment Act 1955 for gross misconduct. The employee's appeal was dismissed by the Industrial Court, which upheld the employer's decision due to procedural fairness and proper documentation. This case shows how closely labour laws are followed in preserving fair disciplinary policies and clear records.

These incidents show the effects of involuntary termination on businesses as well as employees. Legal protections benefit employees; one such provision under the Industrial

Relations Act 1967 ensures that dismissals are under review. This ensures staff members' guarantees. This guarantee helps employees. Employers' failure to comply with the law may lead to serious financial and reputational damages, such as those that occurred in the case of Technip Geoproduction. Correspondingly, a valid procedure in the case of misconduct dismissal may enable employers to be protected against disputes at the same time as organizational equity is upheld.

Conclusion and Recommendation

The improvement of Malaysian companies in terms of termination should thus be comprehensive, with a focus on the guiding principles of fairness, transparency, and compliance. Employers must follow a helpful step-by-step system including creating good policies, starting training courses, weighing alternatives to termination, and helping impacted staff members. These steps will guarantee that termination procedures minimize disturbance to organizational operations through ethical, legally compliant, and thoughtful employee well-being policies. In practical terms, the findings of this study provide useful guidance to policymakers in re-evaluating legal protections for vulnerable workers. It also helps HR practitioners design more ethical and legally compliant termination policies, and supports enforcement agencies in streamlining monitoring of termination practices in the public and private sectors.

The first avenue is that employers should design appropriate termination policies, which focus on every element involved in the procedure. The policies would outline the reason for termination, severance pay, period of notice, and benefits after termination. For this to occur, an organization should critically audit existing policies to ensure lacunas are outlined and conformance with the Employment Act 1955 and Industrial Relations Act 1967. Organizations in developing such policies need to liaise and get the support of HR professionals and individual employees' representatives, along with law experts. For instance, redundancy procedures should be strictly based on LIFO or should have strong justifications in case of deviation from this principle. Further, the organization should spell out the performance-based dismissal system and make the procedures just and transparent. Employers can always set up grievance redressal mechanisms through which employees can air their concerns and suggestions for improvement.

Equally crucial is the institution of training programs on termination policies and best practices for managers and HR personnel. The workshops and role-playing would enable managers to handle the discussion on termination with empathy and at the same time inform the employee about the legal requirements. The HR teams should also be specifically trained in labor legislation, including "just cause or excuse" and severance pay, to minimize the risk of non-compliance. This will provide greater transparency and awareness among employees about their rights and responsibilities through employee awareness sessions. To overcome resistance to training because of lack of time, the training can be imparted in bite-sized, interactive modules or be made available digitally to allow flexibility in schedules.

Fairness could first be proved by considering all available options for employees before embarking on actual terminations. That may include PIPs, redeployment to other suitable positions, or upskilling that can give underperforming employees a chance to prove themselves or adjust to the changed requirements within the organization. A PIP should, for example,

specify the objectives expected and the deadlines within which such staff members must show development. These attempts can be recorded to protect companies against possible lawsuits even if dismissals are unavoidable. Using technology to monitor staff development and identify appropriate jobs helps the exercise to be simpler, even if alternatives to dismissal may take more resources or time to apply.

Maintaining organizational goodwill and reducing the danger of conflicts depends much on helping staff members through termination and then on other aspects. Working with outplacement companies, employers might offer career transition services to help terminated workers find other prospects. Given the emotional and psychological effects of termination, therapy services ought to be also provided. Termination conversations also must be respectful, private, and done so in a way that upholds employee dignity. Offering such services might be difficult under budgetary restrictions; but companies can work with government initiatives or industry groups to offer reasonably priced or subsidized support.

Lastly, companies should routinely review and assess their termination policies to identify areas that might need development. While systems for anonymous feedback let staff members share their views free from fear of reprisals, audits of termination situations guarantee uniformity and compliance. Through addressing flaws and finally fostering an equitable and transparent culture, insights from these assessments can also help companies improve their policies and procedures.

Following the above advice can help Malaysian businesses to practice just, ethical, legal, and better terminations. Not only does a formal strategy show an organization's concern even in difficult transitions but also consists of solid regulations, training, alternative means, and post-termination assistance that reduces risks of conflicts and reputation damage.

Among the various solid legislative frameworks controlling termination policies in Malaysia between those aiming at balancing the rights and obligations of employers and employees, are the Employment Act 1955 and the Industrial Relations Act 1967. This study clearly shows that effects on employee rights, organizational expenses, reputation, and worker morale have been somewhat varied both in voluntary and involuntary terminations. Usually motivated by personal or professional goals, voluntary terminations are less legally complicated; still, improper handling of operations causes disturbance and staffing shortages. On the other hand, in circumstances of underperformance, misbehavior, or restructuring, involuntary termination is required and should be closely carried out within the ethical and legal limits to provide justice with minimum conflicts and protection of organizational reputation.

Important observations stress openness, justice, and compliance during the termination process. The principle of "just cause" is a recurring theme in involuntary terminations such as decisions are to be resolved because of documented evidence and not through peremptory judgment. Notice, severance pay, and other employees' benefits are also manifestations of the ethical duty to provide support to individuals while negotiating transitions in employment. Comparisons with international practices show that there is room to increase the level of redundancy benefits and career transition programs to minimize the impact on employees.

Better termination policies can benefit both employees and organizations in the future. For employees, appropriate and considerate practices will help build trust, dignity, and financial stability during difficult transitions. Ethical and open termination policies help companies to lower legal risks, retain labor morale, and improve their brand. In Malaysia, the labor market will shift along with technical developments and economic ones. Investing in good termination policies guarantees that companies follow the law and creates strong employee-centered companies suited to survive in a fast-paced corporate climate.

Practically, the findings of this study provide useful guidance for policymakers to reassess the legal protection afforded to vulnerable workers. It also helps HR practitioners design termination policies that are more ethical and legally compliant, while supporting enforcement agencies in streamlining the monitoring of termination practices in both the public and private sectors.

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