With gloomy job prospects looming, economist says only way out is lifting MCO

By Nicholas Chung · April 18, 2020 9:16 AM

PETALING JAYA: An employers group has warned that the national job market is set to look bleaker due to the Covid-19 crisis, while an economist says the only way to improve this outlook is by gradually lifting the partial lockdown.

The Malaysian Employers Federation (MEF) said the majority of employers would likely stop hiring new workers, adding that the job market would be “very depressed”.

MEF executive director Shamsuddin Bardan said firms would mainly look towards reducing their workforce or maintaining their current size.

“It is not likely that companies will replace employees who may be leaving due to natural attrition such as retirement and resignation.

“Bank Negara Malaysia (BNM) had forecast the unemployment rate for 2020 to be at 4%. I am of the view that the forecast is too optimistic,” he told FMT.

Shamsuddin expects the unemployment rate to exceed BNM’s prediction, taking into account the number of already unemployed Malaysians and fresh graduates set to enter the market.

“We have an existing 500,000 unemployed and we expect an additional 500,000 new entrants to the labour market this year who will be finding it difficult to be hired. If we add the number of employees expected to be retrenched, the unemployment rate may be more than double that forecast by BNM,” he said.

He said retrenchment numbers until March indicated 15,000 workers had been retrenched.
Carmelo Ferlito, of the Institute for Democracy and Economic Affairs (IDEAS), said the job market would be suffering for a while, with a dull outlook all but guaranteed in the short-term.

He said it was already difficult for some employers to manage their existing workforce due to the business operating restrictions during the movement control order (MCO) period.

He noted that the bulk of the economic impact, whether in job losses or collapsing businesses, was not due to the pandemic but to the MCO.

Stressing that he was not questioning the need for the MCO, Ferlito said it had to be understood that it was the government’s restrictions that were creating the economic impact, not the virus itself.

"When we properly recognise the cause, then we can suggest an adequate cure.

"So, how to support businesses to avoid further job losses? It comes out clearly that the only way out is to lift the MCO, but with all the due precautions.

"The sooner the MCO is lifted, the sooner can we expect a recovery and the emergence of new opportunities also for fresh graduates," he told FMT.

Ferlito had previously called on Putrajaya to emulate South Korea by conducting mass screenings and introducing targeted isolation, allowing the nation’s economy to slowly come back to life.

He reiterated that mass testing and sanitising of workplaces would guarantee the safety of employees and workspaces, which would then allow companies to resume their operations.

This, he said, would prevent job losses by ensuring that businesses were supported, adding that subsidies and economic stimuli would be unnecessary for these companies.