PETALING JAYA: The unemployment rate in Malaysia is a ticking time bomb as a result of the coronavirus (Covid-19) aftermath.

If not nipped in the bud, the country could be seeing an all-time high unemployment figure, higher than both the 1998 Asian financial crisis and the 2009 global financial crisis combined.
The Malaysian Employers Federation (MEF) estimated that unemployment could reach up to two million this year, or a staggering unemployment rate of 13%.

This is also significantly higher than Bank Negara’s expectation for the rate to rise to 4% or 629,000 people.

“It’s quite optimistic. I don’t think we’re able to actually stay at 4%, now that we have 500,000 who are unemployed.

“There is perhaps another 500,000 more joining the labour market as new entrants. And we have yet to include those who would likely be retrenched,” MEF executive director Datuk Shamsuddin Bardan said.

MEF was not the only one that felt the number of people who would be jobless in Malaysia could hit the million mark as the Covid-19 pandemic continued its onslaught on economies globally.

The Malaysian Institute of Economic Research (MIER), in presenting the findings of its economic impact analysis on Covid-19 last month, projected the number of job losses could be in the region of 2.4 million, 67% of which are unskilled workers.

Latest data from the Statistics Department showed that as at February, unemployment stood at 3.3% or 525,500 people.

Shamsuddin said that as far as employment is concerned, no employers were hiring right now and most were considering undertaking retrenchment exercises instead.

“The subsidy, while employers are thankful, I think it’s far too little and not attractive.

“And the wages subsidy, of course, comes with various conditions and is not assisting the bigger players. When they fail, the impact will be more serious,” he said.

The Federation of Malaysian Manufacturers (FMM) found in a survey that 74% of respondents felt the wage subsidy was inadequate to retain employees for the next three to six months without pay cuts and retrenchments.

President Tan Sri Soh Thian Lai said in a statement that 78.7% of companies would have to lay off or retrench up to 30% of their workers.

Among other likely cost-cutting measures to preserve employment were to freeze headcounts, instituting unpaid leave, removal of some non-contractual allowances and benefits, forced annual leave, reduction of work days and hours, and reduction in some benefits agreed in the collective agreement for unionised companies.

SME Association of Malaysia president Datuk Michael Kang said most employers have already frozen hiring and a lot of SMEs have begun retrenchment exercises.

He said the priority for companies right now was to survive and liquidity is their only lifeline.
“The government should also not set any terms and conditions anymore for their subsidies. Whatever government assistance can reduce the impact but with all the conditions set, it totally sabotages the effort of the government assistance.

“If the government uses existing laws with additional conditions, it’s killing the whole economy. Other countries are on alert and crisis mode but we are still under government bureaucracy,” he said.

Meanwhile, Monster, an online career and recruitment resource site, found that Malaysia’s online hiring for March recorded a sharp decline of 6% year-on-year (y-o-y), according to its Monster Employment Index.

The logistics, transportation and marine sectors recorded the highest decline of 18% y-o-y while the hospitality industry saw a 8% drop.

An interesting growth was in the oil and gas sector, which saw a 6% y-o-y jump in online recruitment.