

Lift cap on wage subsidy to save professional jobs, says MEF

By **Nicholas Chung** October 31, 2020 10:30 AM



Shamsuddin Bardan says companies will look for ways to cut cost, more so if there was no incentive or restriction against them doing so. (Bernama pic)

PETALING JAYA: The Malaysian Employers Federation (MEF) has urged Putrajaya to open up the wage subsidy programme (WSP) to employees earning more than RM4,000 a month in order to salvage professional jobs.

This comes after the Social Security Organisation (Socso) revealed that the professional category has seen the most job losses this year, with 23,022 cases reported.

MEF executive director Shamsuddin Bardan said this was because the WSP and the now discontinued employment retention programme (ERP) were only extended to workers earning RM4,000 and below per month.

Another condition for the WSP and ERP is that firms are not allowed to retrench any employee under the schemes in order to be able to receive the subsidies.

He told FMT that companies still had to look for ways to cut costs because of the pandemic's impact on business, even more so if there was no incentive or restriction against them doing so.

"Most companies want to reduce costs, not to increase profit but just to survive during this challenging period.

"That's why we previously suggested that the limitation to employees earning RM4,000 and below under the ERP and WSP schemes shouldn't be continued. It should be removed and opened to every employee.

"People who are earning more than RM4,000 are also contributing to the employment insurance system (EIS), but it seems to be a bit unfair for them to be excluded from the scheme just because their wages are more than RM4,000," he said.

He admitted that more Malaysian professionals could lose their jobs in the near future if the matter was not addressed, although it would also depend on firms' capabilities of coping with the current economic slowdown.

Shamsuddin said the nation seemed to be doing reasonably well, with the unemployment rate dropping to 4.7% in October, although the conditional movement control order (CMCO) in the Klang Valley was hampering business.

"Consumers' confidence is still very low and they're not spending their money, they would rather keep it. And that, generally speaking, reduces consumption and demand for products and services."

He reiterated his call to Putrajaya to open up the WSP scheme to workers who earned more than RM4,000, adding that both big and small companies faced similar economic situations and needed the assistance.

Socso CEO Mohammed Azman Aziz had said the organisation received reports of 89,596 cases of loss of employment as of Oct 22, with an average of nearly 10,000 cases every month.

He had told FMT that the figure could be more than 100,000 by year-end if this trend continued, adding that 58% of job losses were recorded in the Klang Valley.

"In terms of occupation, the professional category is the most affected, with 23,022 (26%) cases, followed by technician jobs with 17,240 (19%) and managerial positions with 11,762 (13%)," Azman said.