

Wage subsidy crucial with Klang Valley CMCO, says employers group

By **Nicholas Chung** - November 13, 2020 9:49 AM



The partial lockdown recently imposed on several states in the country has blocked the road to recovery for many businesses.

PETALING JAYA: The partial lockdown imposed on several states in the country, including the Klang Valley, has dealt another setback for firms and businesses on the road to economic recovery.

Selangor, Kuala Lumpur and Putrajaya have been placed under the conditional movement control order (CMCO) for more than a month now, which aims to limit the movement of people to other states and districts to mitigate the surge in Covid-19 cases.

With that, businesses have seen a drop in customers and consumption, with the retail sector hard-hit and the tourism industry also badly affected.

To this end, Malaysian Employers Federation executive director Shamsuddin Bardan said, the wage subsidy programme (WSP) has been a crucial form of support for businesses and firms to keep surviving.



Shamsuddin Bardan.

He said things were looking up in early October just before the CMCO was announced, with most economic and social sectors returning to full swing during the recovery MCO.

"The reality is that most economic sectors, which make up nearly 50%, are in Kuala Lumpur and Selangor. But the current extension of CMCO (to Dec 6) and to other states will make it a bit more difficult to survive.

"The extension of WSP is very crucial so that employers are able to retain their employees as businesses have not been up to the level they desire," he told FMT.

Shamsuddin called for the WSP extension allocated in the 2021 budget to be improved since it currently focuses on the tourism and retail industries, saying this was to prevent retrenchments when the wage subsidies end in March.

"My main worry will be for the other sectors. If things don't improve by March next year, when the conditions for them not to retrench are over, things might get worse in terms of ability to retain their employees.

"So, maybe, the government should take another look at the situation and see if there's a need to reintroduce WSP based on the situation after December 2020."

Shamsuddin said the Bantuan Prihatin Nasional (BPN) handouts helped boost consumption when people were becoming more careful with their spending, adding that this was critical to boost the local market.

While it is understandable that many feel the need to prepare for worse days in the future, this has led to products and services moving slowly, he said.

This is where BPN will be of help by encouraging more sales and boosting demand for products and services, leading to a chain effect and even generating employment opportunities.

"If there's an increase in demand for a certain product or service, then the sector can actually take in more people. During the MCO, most eating places were closed for dining-in, leading to a high demand for delivery services. So the different platforms definitely require more riders.

"Although it's not a formal employment, there are still economic activities which will generate some income for those involved," he said.