

Jobs, economy expected to pick up only in September

By **Minderjeet Kaur** - December 24, 2020 7:00 AM



The government has promised to create jobs but close to a million young people will be looking for jobs next year.

PETALING JAYA: Malaysians will have to bite the bullet and face high unemployment and an economic slowdown until the third or even the fourth quarter of next year as the country waits on the effectiveness of the Covid-19 vaccine, say experts.

Malaysian Employers Federation (MEF) executive director Shamsuddin Bardan said he expects unemployment to remain high in 2021.

This is because he said every year about 500,000 Malaysians enter the job market, which means those from this year and next year will have to compete for the available jobs.

“There will be at least one million people looking for jobs next year.

“The government has said it will create jobs but there will be double the number of new jobseekers in 2021,” he said.



Shamsuddin Bardan.

Shamsuddin further said the gig economy was picking up but there were too many players in the selected few sectors. He said that just before the Covid-19 pandemic, there were about 500,000 locals in the gig economy which went up to 2.5 million.

He said even Grab drivers have complained of lower take homes due to stiff competition, and the same could be said of food delivery riders.

"Food delivery companies and riders were making money but there are a lot of players now," he added.

He said that as for other businesses, it would continue to be a challenging year until at least the third quarter of 2021 or until Covid-19 vaccines curb infections.

"Until then, companies will continue to freeze jobs. They won't hire or expand except maybe for those in plantations and health equipments," he added.

Competitive plans needed to spur economy

Economist Yeah Kim Leng said the first batch to receive the vaccine – which Putrajaya announced will arrive in February – will be the frontliners and other vulnerable groups.

"Once the vaccines are rolled out and others see the effectiveness of it, more people may come forward to be immunised.

"Once the acceptance towards the vaccine is high, confidence level will go up and only then will businesses start expanding and rehiring workers," he told FMT.

As for investors, he said Putrajaya needed to roll out "competitive" plans to lure foreign and local investors and to stop them from moving to neighbouring Thailand, Cambodia, Vietnam and Indonesia to reduce operating cost.



Yeah Kim Leng.

One of the ways is for Malaysia to have value-added technology and to produce quality products so profit margins are higher than in neighbouring countries, he said.

On jobless Malaysians, Yeah said about 4% of Malaysians are expected to remain unemployed until at least September next year.

"The numbers will only go down when consumer spending picks up," he said, adding that this will only take place once the Covid-19 infections come down.

Yeah, a professor of economics at Sunway University added that SMEs must be incentivised to move the value chain and to invest in automation. With automation, more locals can be employed with higher wages.

"Our dependency on foreign labour has resulted in depressed wages," said Yeah.

Malaysia's unemployment rate rose to 5.3% in May, the highest rate in 30 years since 5.7% in 1989. The official statistics revealed that there were 826,100 unemployed in May, an increase of 6% from 778,800 in April during the movement control order.