

Another loan moratorium needed to keep jobs, say bosses

By Minderjeet Kaur - January 14, 2021 12:55 PM



Another round of loan moratorium is needed to keep struggling companies afloat, says the Malaysian Employers Federation.

PETALING JAYA: Another round of loan moratorium and incentives for employers is needed to prevent struggling businesses from closing down, declaring bankruptcy and retrenching workers, the government has been told.

Malaysian Employers Federation (MEF) executive director Shamsuddin Bardan said almost all sectors are struggling and have yet to recover after being hit in last year's economic slowdown due to the Covid-19 pandemic.

"We do not know the impact of the MCO 2.0 yet. Unemployment may rise. Companies are trying to keep overheads low to avoid retrenchments," he told FMT.

He said smaller businesses will suffer again, adding that last year 30,000 businesses ceased operations causing up to 100,000 people to lose jobs.

"That could just be the tip of the iceberg as informal workers may not be captured by that data," he added.

He said the government should have also sought the view of industry players before implementing MCO 2.0 as they are left with no assistance, especially for those in the hotel and retail sectors who are "being hit again and again".

"We hope the government can review the situation quickly to help employers keep their employees."

Shamsuddin said the private sector was still uncertain about the impact of another round of MCO this year as consumer spending weakens again.

"2020 has not been very helpful to the economy at all. 2021 is going to be another challenging year. On top of MCO 2.0, the nationwide emergency will deter investors. Our stock exchange may suffer with foreign investors withdrawing because they feel the emergency declaration does not promote democracy," he added.

Yesterday, health director-general Noor Hisham Abdullah said the movement control order (MCO) which started on Jan 13 would only last a maximum of four weeks.

In a press conference, Noor Hisham said this was because the government was aware of the economic impact of the MCO, adding that the Covid-19 chain of infection can be broken if everyone stayed at home for the next two weeks.

On the bright side, Shamsuddin said there are more jobs related to the gig economy, including delivery services which have seen an increase in home deliveries during MCO.

However, he hopes they would take up social security employment insurance to safeguard themselves against injuries.

The government, he said, needed to be mindful of the fact that double the number of people will be looking for jobs this year with half a million from 2020 and another 500,000 this year. The government has said it will create 500,000 jobs this year but the majority of companies affected by the MCO may not be hiring yet.

Shamsuddin said to ensure companies do not close their business, loan moratoriums need to be reintroduced so that companies and retrenched staff will not be in debt.

The MCO 2.0 is also bringing other challenges. Shamsuddin said employees of companies registered with the international trade and industry are allowed to pass through police roadblocks but those with companies under the Registrar of Societies (RoS) are being asked to turn back.

"Staff are finding it hard to explain why their companies are under RoS. The police are not accepting their explanations. I hope this can be clarified," said Shamsuddin.