

■ By Hamisah

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HUMAN resource practitioners are bracing for news of job cuts, although the weakening business activities within Malaysian industries have not resulted in layoffs yet.

Employers, recruitment agencies and workers' unions expect the manufacturing sector to be the most affected by the global economic downturn, with unskilled and semi-skilled workers being the most vulnerable to layoffs.

Malaysian Employers Federation (MEF) executive director Shamsuddin Bardan said he sees layoffs if the current economic slowdown is prolonged.

"The manufacturing sector is most likely to be the first sector to be affected by the slowdown, followed by the services sector," he told Business Times.

"However, the plantation sector may not be affected as much since there is a labour shortage there. Although prices of crude palm oil have gone down, they are still within manageable levels," he added.

Shamsuddin sees foreign workers most affected by the job cuts as the country's labour law has mandated that in the event employers need to lay off workers, they have to end the employment contracts of foreign workers first before the local workers.

No layoffs in Malaysia but the threat is there



SHAMSUDDIN: Sees layoffs if current economic slowdown is prolonged.

"During the 1997-98 Asian financial crisis, we sent a large group of foreign workers back to their

home countries before their contracts expired. This was to protect the interests of local workers," he said.

The number of legal foreign workers in Malaysia stands at 2.2 million.

Malaysian Trade Union Congress (MTUC) secretary-general G. Rajasegaran said the union has not yet received any proposal from companies in Malaysia wanting to retrench staff.

However, he believes that retrenchment this time around will be worse than during the Asian financial crisis in 1998, as many local manufacturers are dependent on the US and European markets for their exports.

"The manufacturing sector hires the most number of workers in the country, including foreign workers. This sector employs about 30 per cent of the total number of workers in Malaysia," he said.

Rajasegaran said semi-skilled

workers in production lines would be most affected as some of them would be displaced, either through retrenchment or if the factories reduce their shifts.

"Steel factories in the country have already stop hiring contract workers," he added.

Kelly Services (M) Sdn Bhd vice-president and country general manager Melissa Norman said many companies have become cautious over hiring and some have stopped recruiting completely.

Some have also put a freeze on increments and reduced employee benefits to cut costs.

Nevertheless, Norman believes that the Asian financial crisis has put Malaysia in good shape to weather the current crisis.

The economy is now supported by a much stronger banking sector, a larger current account surplus and healthier foreign exchange reserves.

More than 83,000 workers were

made jobless at the height of the Asian financial crisis.

Norman expects a slowdown in the manufacturing and automotive sectors when demand drops.

She said unskilled workers would most likely be affected while there is still a demand for experienced information technology professionals to manage and support the rapid innovation in technology.

"Outsourcing and shared services centres have also seen a boost in recruiting more manpower. Therefore, workers who speak additional languages would still be in demand," she said.

Competition would be tougher as there will be more fresh graduates joining the job market every year, she said.

Other sectors that are still recruiting people include call centres and biotechnology, Islamic banking and finance, and engineering sectors.