

If you believe what pundits are saying about the sagging economy and its impact on the nation's workforce, then, indeed, it's alarming.

The most severe projection comes from the Malaysian Employers Federation (MEF). With 26,798 workers now retrenched in the country, MEF executive director Shamsuddin Bardan sees the number rising to a peak of 200,000.

"Things are not really good this time around. The problem is double or triple the size of the financial crisis in 1997/98. During that period, 85,000 employees were laid off," he says.

Even more worrying is that he deems his projection as "conservative" based on the fact that the hardest hit would be the manufacturing and export-reliant businesses.

Although layoffs may be part and parcel of businesses wanting to keep afloat during tough times, Shamsuddin says it is something most companies would want to avoid if possible.

"Employers also do not want to retrench if possible. We will be losing a lot of investment in people and if we let them go, they may never want to come back," he says.

Keeping employees on the payroll, through paid holidays and so forth may be an option for the richer companies but Shamsuddin

Keeping tabs on the jobless rates

says that for the average business owner, they will need some government assistance to not let go of their staff to cut cost and survive.

A step in the right direction, he says, is the call to suspend employers' 0.5% (of staff payroll) contribution to the Human Resource Development Fund as it would save companies RM400mil. The amount was cut by half from 1% effective February this year in light of the worsening economic situation and the threat of rising job losses.

Ploughing money into construction may be deemed a good idea to stimulate economic activity, but many, including Shamsuddin point out that the biggest beneficiary of such jobs are foreign workers who make up over 90% of the workforce in the sector.

In addition, he suggests the Government "subsidises" companies that do not retrench their employees. For example, in Singapore, companies that hire workers with a salary of less than S\$3,000 are given a certain relief.

In Malaysia, the Government provides companies that employ a retrenched person double tax deduction on the salary paid. But he



Shamsuddin Bardan

feels that it merely addresses the issue post retrenchment and more measures need to be taken to help curb retrenchment.

On the other hand, in Singapore, the government pays 90% of staff wages as they undergo re-skilling.

"That is direct assistance," he points out.

Another issue the MEF is keeping a close watch on is the 2.2 million legal foreign workers in the country, which represent some 40% of formal private sector employees totalling 5.5 million based on MEF data.

"The degree of our dependence on foreign workers is alarming," he says, adding that it's because local companies are unable to attract local workers to do these jobs. "Foreign workers are here for the short term. Local workers are a long-term investment."

Having said that, he laments that the two-fold increase in levy imposed on foreign workers, now borne by the company instead of the worker, is punishing to employers. Instead, he says companies should have been given some lead time to make decisions on foreign workers before the change in the levy was implemented.

Shamsuddin is calling for a review and revamp of the entire system.

Shamsuddin feels there are a variety of avenues for people to gain skills training, such as through government agencies, but non are standardised: "To make it worse, the Public Services Department does not even recognise the certificate issued by most of these institutes. If we want to move up the value chain, we need to take a hard look at our skills training and set a common standard."

Right now licensing of occupation is limited and applies to certain professions such as nurses or a chargehand. On the other hand, anyone can call themselves a mechanic and move up the value chain, he points out.

One example is manning the toll booths. Here, young men and women are not needed and they can be released to the market where they can be more productive.

Another method to grow local employment is to extend the retirement age.

Shamsuddin says that about 100,000 employees retire from the private sector every year and if their employment can be stretched up to 65, then there is a pool of one million additional people employers can tap on and reduce the number of foreign workers employed.

Another source that is untapped is women.

"Right now the number of women that should join the labour force is at 46% and if the number were to rise to 60%, like in the developed countries, that would mean an additional 1.2 million workers," he adds. — **By Jagdev Singh Sidhu**