

MEF: Unemployment rose due to triple whammy

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PETALING JAYA: The overall economic slowdown, political uncertainty in February and the Covid-19 pandemic are the “triple whammy” that have caused unemployment to rise, says the Malaysian Employers Federation (MEF).

Its executive director Datuk Shamsuddin Bardan said when the Covid-19 outbreak first set in, politicians were not paying attention to it as they were busy “politicking”.

“I think that is where businesses and employers alike were left in the lurch, not sure which direction to go. “The political uncertainties caused a lot of losses in the share market, coupled with the drop in petrol prices and when you talk about Covid-19 itself, the movement control order (MCO) also affected businesses a lot in terms of revenue for the country.

“We are talking about 1/12th of the gross domestic product that is gone, ” said Shamsuddin.

He said the uncertainty in the extension of the MCO would also impact employment and sustainability of businesses.

He said the RM5.9bil announced in the Prihatin Rakyat Economic Stimulus package for the Wage Subsidy Programme of RM600 a month for three months for employers with a 50% drop in business since Jan 1 and for workers with a salary of below RM4,000, was not attractive.

“That RM5.9bil, you divide it by three months, it is about RM1.97bil but the wages for the formal private sector is RM27.5bil per month, covering 7.6 million workers.

“That’s barely 7%. When you compare to other countries like the United Kingdom giving 80% wage subsidy, Canada and France giving 75%, Singapore at 30%, we wonder if the government is going to come up with strategies to help employers, ” he said, suggesting that the wage subsidy programme should be increased to 70%.

Some might feel that employers wanted to maximise profit but at this moment, businesses were more concerned about their survival, said Shamsuddin.

He said there were also some conditions under the wage subsidy programme which were limiting, causing more confusion.

“All stops need to be pulled out to assist the private sector employers. If the government’s assistance is not attractive enough, then the forecast by the Malaysian Institute of Economic Research of 2.4 million retrenchment could happen and that would be disastrous, ” said Shamsuddin.

Malaysian Trades Union Congress (MTUC) president Datuk Abdul Halim Mansor said one of the factors for loss of employment was due to the tendency for bosses to hire foreign workers.

MTUC said many employers also applied to dismiss local workers through various methods such as Volunteer Separation Scheme, Mutual Separation Scheme, Employment Temporary Lay-Off Benefit and Retrenchment Benefit, among others.

“This is a (legal) way of laying off workers. Some are even dismissed in a ‘lock-up’ manner where employers lock up their premises and employees don’t get paid.

“Such cases alone amount to RM600mil in claims in the courts and it is hard to trace these employers. Irresponsible employers are let off the hook, ” he said.

MTUC also felt that the unfavourable economic conditions due to Covid-19, which is affecting many small and medium entrepreneurs (SMEs), is also another reason.

Halim said SMEs generated 38% of the GDP and 68% of the labour force.

“If the SMEs are not helped, then surely many local workers will lose their jobs, ” he said.

Halim said the government must be stern and order employers to send all their foreign workers back to their respective countries, and Malaysians be hired.