

# Bosses still cautious amid recovery from pandemic

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SME Association of Malaysia president Datuk Michael Kang

PETALING JAYA: Employers are hoping that the worst of the Covid-19 pandemic is over but cautioned that workers may still face the prospect of being unemployed, especially if the country faces a second outbreak.

SME Association of Malaysia president Datuk Michael Kang said business for small and medium enterprises (SMEs) picked up in June after a low sales period during the movement control order (MCO) period.

While there was retrenchment by SMEs, especially those with cash flow issues, Kang said things were picking up for these enterprises and their employees.

“There was definitely retrenchment. But now, business is moving fast and we expect sales to go up to 70% by the end July or August,” he said yesterday.

Kang added that some SMEs had recovered enough to hire more employees.

“There are SMEs looking for new staff as business is picking up. Quite a number of the association’s members are asking where to find new staff.

“So, we are working closely with the Human Resources Ministry to rehire (those who lost their jobs during the MCO period),” he said.

Kang is optimistic that SMEs can recover by the end of the year if there is no second wave of a Covid-19 outbreak.

He said they still needed government support, especially for the extension of the loan moratorium.

“If there is no second wave, business can be back to normal by the end of the year.

“Some SMEs are still facing difficulties so they will still need a loan extension and if they go directly to their banks, the banks might not want to give extension.

“It would be good to have government intervention,” he said, adding that Malaysians could also pitch in to help businesses recover by buying local.

The Malaysian Employers Federation (MEF) and Federation of Malaysian Manufacturers (FMM) cautioned that there were still people who are at risk of losing their jobs.

MEF executive director Datuk Shamsuddin Bardan said June saw a “huge spike” in those who filed claims under the Employment Insurance System.

“At the end of May, there were about 30,000 individuals who filed their claims but at the end of June, there were about 50,000,” said Shamsuddin.

He said those who were paid more were more at risk of losing their jobs this time around.

“When you talk to people who have been laid off, these are professionals at the manager or executive level and technicians.

“They make up close to 60% who have lost their jobs.

“This is based on the fact that these people are paid higher so for the time being it makes sense to end their employment as savings will be higher,” he said.

Shamsuddin urged the government to review programmes such as the wage subsidy and loan moratorium by the end of September to ensure employers had sufficiently recovered by then to avoid more retrenchment.

“What we fear for example is when the loan moratorium is over by the end of September and the economy is still not back to normal.

“How do employers service their loans if revenue is not back to normal?” he said, adding that both employers and employees should be assisted further if the economy continued to suffer from the impact of Covid-19 and MCO.

FMM president Tan Sri Soh Thian Lai said the federation estimated that the unemployment rate could reach up to 6% in 2020, affecting about 900,000 individuals as businesses continued with their recovery.

“Manufacturers, especially those in non-essential products who only resumed operations in early May, are most impacted and would need a longer period to tie them over amid the Covid-19 disruptions and impact on their businesses.

“Some companies may need to undertake some cost-cutting measures in order to sustain business operations while at the same time continue to keep the jobs of their employees,” he said.

Soh urged the government to consider extending the loan moratorium so that businesses could recover.

“This will provide a much-needed breathing space and further eases the tight cash flow that businesses and individuals are experiencing given the contraction in economic activities amid their recovery from the Covid-19 pandemic,” he said.

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