

## Malaysia's jobless rate expected to remain high until mid-2021



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***Digital economy will be taking a more central role in the main economy next year and the gig economy will become mainstream***

by NUR HANANI AZMAN / pic by ARIF KARTONO

MALAYSIA'S unemployment rate will likely remain high until the middle of next year before more economic activities could recover on the availability of Covid-19 vaccines.

Malaysian Employers Federation (MEF) ED Datuk Shamsuddin Bardan said hiring activity remains dependent on economic outlook, border reopening and people's confidence to spend.

"Every year, 500,000 Malaysians enter the job market, which means next year, there will be at least one million jobseekers from this year and 2021. They will definitely have to compete (for jobs)," Shamsuddin told *The Malaysian Reserve (TMR)*.

“The government needs to enhance the policy to address excess unemployment that can lead serious issues,” he added.

According to the Department of Statistics Malaysia, the number of unemployed persons in October went up by 1.5% to 748,200 persons.

Shamsuddin foresees fresh graduates will continue to face challenges in being employed as employers in the private sector usually look for experienced workers.

“Majority companies want to hire someone who is agile and able to multitask. It means multi skills are needed.

“The graduates may opt for the gig industry, but the main concern is the social safety net system,” he added.

Meanwhile, UniKL Business School Assoc Prof Dr Aimi Zulhazmi Abdul Rashid said long-term planning of workforce training is crucial as educational mismatch remains a major problem.

According to him, three million jobs created for the last 10 years are skewed towards low-skilled jobs (74%) and only 26% jobs are for highly skilled workers.

“Skilled graduates had to go for low-skilled positions, resulting in low wages and low productivity.

Aimi Zulhazmi called for the government to restructure the education system to be more industry-based.

“Students must be exposed to industry experience as early as primary level, giving them the insights of the job demand,” he added.

The questions remain on how fast the economic recovery will be, how quickly it can absorb new graduates and the current existing unemployed persons.

“Drastic short-term plan in expediting e-commerce industry, logistic industry and all industries positively benefitting from the Covid-19 situation must be executed in full force.

“Entrepreneurship or technopreneurship must be a second nature to all able-bodied Malaysians to engage. In order to spur and enlarge the domestic ecosystem of the economy, buying local products and services must be engraved in all citizens,” he said.

Putra Business School Assoc Prof Dr Ahmed Razman Abdul Latiff said there will be more demands for sectors that utilise technology across retail, finance, agrifood, health and manufacturing next year

“Digital economy will be taking a more central role in the main economy next year and the gig economy will become mainstream.

“Nevertheless, the government should encourage the diversity of this gig economy by supporting higher value-added types of gig services, such as consultation, programming, design and creative works,” he told *TMR*.

Looking at the unemployment rate which seems to remain stagnant between 4.6% and 4.7% for the past few months, Ahmed Razman said it is possible that the number of unemployed persons will continue to increase in 2021 if the government's plan under Budget 2021, such as JanaKerja, MySTEP and extension of Wage Subsidy Programme, fail to materialise in the beginning of 2021.

"Of course, the delivery of vaccines by early next year will build up the market confidence and increase the prospect of high employment, but it depends on how fast the vaccine will be delivered," he said.

"In addition, the new virus strain from the UK might cause fear and extension of Movement Control Order, especially on cross-border movement, which will further hamper the economic recovery," he said.