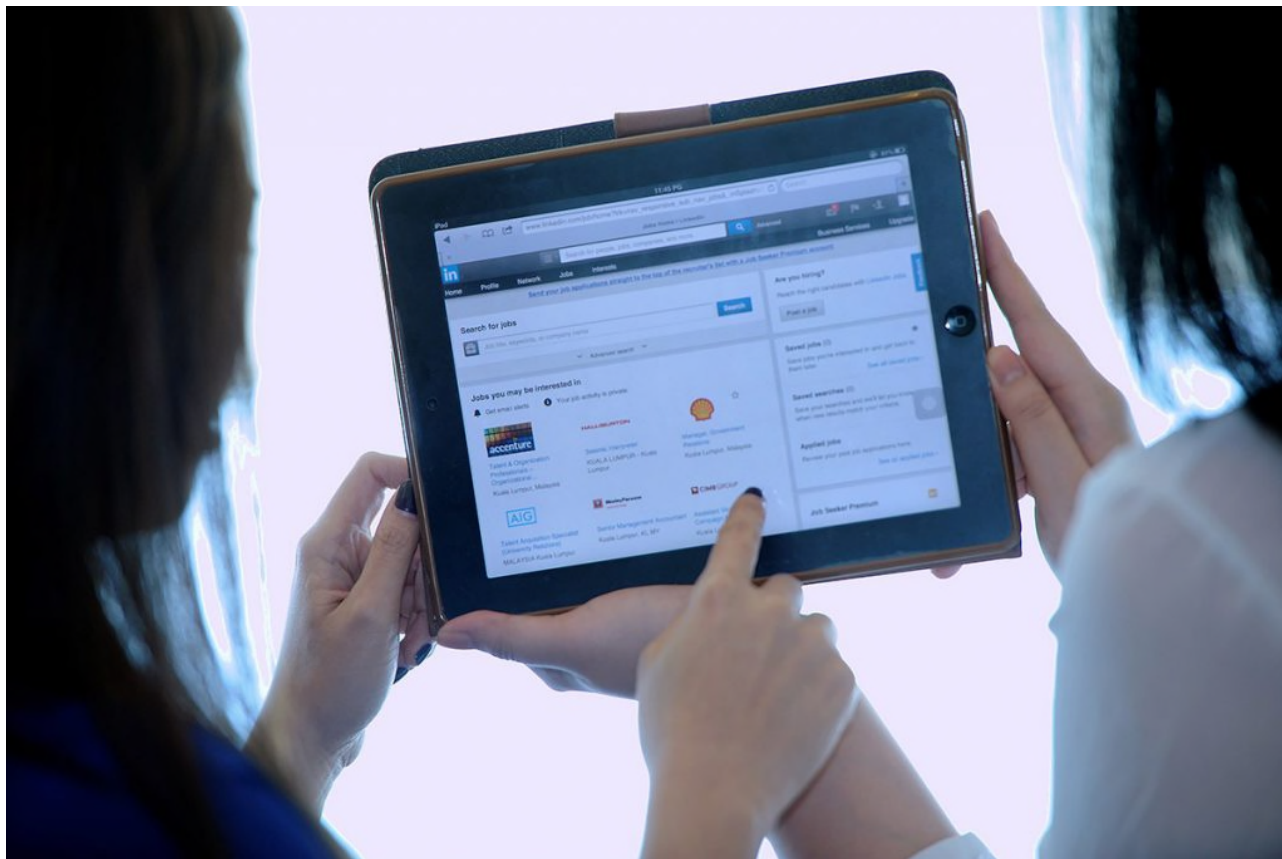


## Job creation remains a challenge



Tuesday, March 9th, 2021 at [Economy](#) | [News](#)

***Employers remain in a wait-and-see mode to hire, as the NIP will be critical in bringing back consumers' and employers' confidence to make the job market more vibrant***

**by NUR HANANI AZMAN / pic by TMR FILE**

MANY employers are still on employment freeze mode, which could affect job creations in the private sector, at least until the vaccination programme is successfully implemented.

Malaysian Employers Federation ED Datuk Shamsuddin Bardan said the government should therefore consider extending the wage subsidy programme (WSP) to not only retain existing employees, but also to create higher value-added jobs as a short-term solution.

"It is important for the government to continue with the WSP to assist and encourage the private-sector employers to hire and create more employment," Shamsuddin told *The Malaysian Reserve (TMR)*.

He said employers that offer jobs to local employees need to be given incentives but the conditions for such incentives need to be recalibrated.

Shamsuddin said it is hard for the government to insist for employers to offer a post that will last for a minimum of a year.

"In a challenging time when employers are not so sure of their sustainability, incentives should also be given even if a job offered is for shorter terms.

"However, the WSP is no longer applicable except for the tourism and retail sectors, which is up to March 2021. The WSP should be extended to all sectors of the economy as the other sectors are equally impacted by Covid-19."

As it is, employers remain in a wait-and-see mode to hire as the National Covid-19 Immunisation Programme (NIP) will be critical in bringing back the confidence of both consumers and employers to make the job market more vibrant.

Shamsuddin also cautioned that employers are no longer able to offer longer-term or permanent employment in the future due to uncertain economic conditions.

He said MEF will cooperate with various government agencies in making the plan of creating at least 200,000 new jobs in 2021 a reality.

“There is a need to rebrand some of the jobs available to attract locals to take up the available jobs.”

Analysts foresee that the economic recovery this year will not be enough to bring down the unemployment rate to pre-pandemic levels.

MIDF Research economist Abdul Mui'zz Morhalim said companies, especially small and medium enterprises (SMEs), will need more support to retain employment and increase hiring.

He said certain sectors, such as tourism-related industries, travel and tour, and hotels and accommodation, still struggle after getting hit by the global pandemic and mobility restrictions.

“Extension of wage and employment subsidy scheme will therefore help support the job market. However, the ongoing Covid-19 pandemic will remain a key challenge to the labour market recovery.

“The potential spike and tightening of restrictions could once again affect the domestic economy and the job market outlook,” he told *TMR*.

The tighter restrictions from the targeted Conditional Movement Control Order (CMCO) resulted in weaker labour market conditions and consequently, the unemployment rate remained high at 4.8% in December 2020, Abdul Mui'zz said.

The Department of Statistics revealed that there were 782,500 unemployed persons in January, an increase of 9,700 compared to the month prior.

Abdul Mui'zz pointed out that the rollout of the NIP and the progress in containing the spread of Covid-19 infections will eventually lead to easing of restrictions on domestic economic activities.

He stressed that greater mobility and increased economic activities will encourage businesses to increase hiring.

“Overall, we expect job creation to increase this year on the back of a recovering economy, rebounding from the pandemic-induced contraction last year, and growing external demand.

“Job market recovery will also be supported by government initiatives. For example, a short-term employment programme or MySTEP will offer 50,000 jobs in the public sector and government-linked companies.”

The WSP and targeted assistance as announced under the Malaysian Economic and Rakyat's Protection Assistance Package will also help to retain jobs for sectors which continue to struggle, said Abdul Mui'zz.

Institute for Democracy and Economic Affairs senior economist Adli Amirullah believes the prospect of job creation in the private sector for 2021 is mostly dependent on the recovery rate of the respective sectors.

He said unaffected sectors, such as the rubber industry, will not have problems in retaining and even expanding labour demand.

Whereas worst-hit sectors like tourism may reduce labour demand or in fact further retrench some existing employees due to travel restrictions that are still in place, most probably till year-end, said Adli.

“The retail sector, although it was hit hard due to the MCO last March, we can see they are recovering...some retail (outlets) may just shut down due to cashflow problem,” he told *TMR*.

For a short-term solution, Adli wants the government's WSP to continue, but he noted that it will not be sustainable in the long run.

“Hence, there is a need for the government to look for longer-term solutions like improving the regulatory environment of business in Malaysia, especially state-related business regulation such as licensing, and increase the efficiency of government agencies that deal frequently with businesses to reduce the compliance cost.”

Adli said every assistance for businesses especially for SMEs is crucial because it will cushion the negative impact of the pandemic crisis, but reskilling initiatives are equally important, so that the SMEs won't rely perpetually on government assistance to survive.

Adli foresees the labour social protection will be the main challenge for the job market, saying that there is a need for the government to revisit the current protection and make it inclusive for informal workers and gig workers.