



LOSS OF EMPLOYMENT TRENDS DURING COVID-19

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Background

The Covid-19 pandemic, which was first detected in Malaysia in January 2020, catalysed huge shifts in the Malaysian labour market. Starting with the first ever Movement Control Order (MCO) announced by the Prime Minister in March 2020 to limit the spread of the virus, successive pandemic-induced lockdowns significantly impacted the nation's economic growth. Containment measures such as travel restrictions, bans on mass gatherings, and limitations on business operations forced employers to restructure their businesses and / or cut costs to ensure their survival post- pandemic.

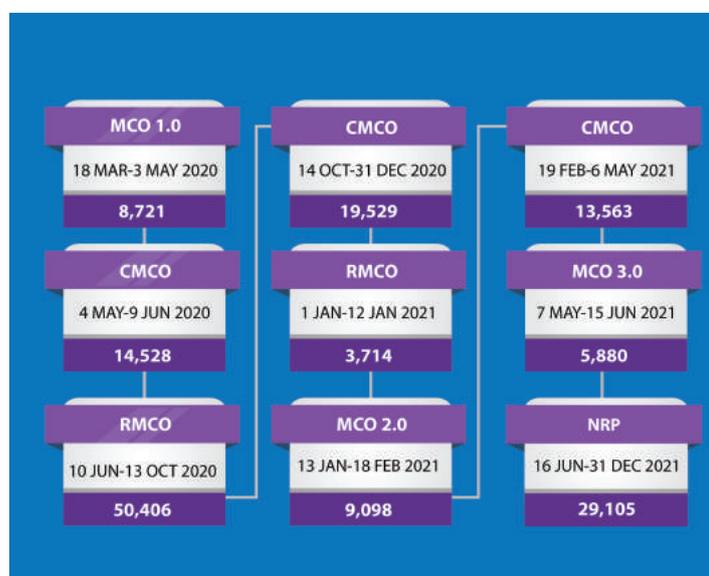
The actions taken by employers to reduce costs included downsizing, temporarily ceasing business operations, and for many, permanently closing down their businesses. This threatened the livelihoods of millions of workers nationwide, regardless of their occupation, economic sector, age, gender, wage level, or level of education. As a result, many economic analysts predicted that a total of 2.4 million jobs would be lost to Covid-19. In May 2020, the unemployment rate soared to 5.3% as 826,100 person estimated to be unemployed by Department of Statistics Malaysia (DOSM). This is the highest unemployment rate recorded in Malaysia since the 1980s economic crisis.

Loss of Employment Figures Throughout Successive MCOs and the National Recovery Plan (NRP)

The Government implemented a total of 8 MCOs from March 2020 to August 2021, beginning with MCO 1.0 which was launched on 18 March 2020. Other than MCO 1.0, the lockdown restrictions encompassed 3 Conditional Movement Control Orders (CMCO), 2 Recovery Movement Control Orders (RMCO), and the NRP which began on 16 June 2021.

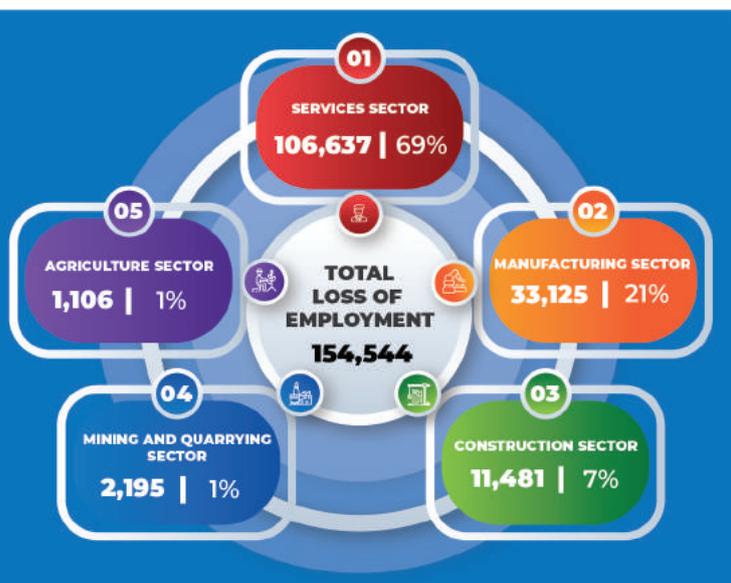
During this period, the Employment Insurance System (EIS) recorded a total of 154,544 loss of employment cases. Figure 1 shows the figures broken down by each MCO, CMCO and RMCO as well as the NRP.

Figure 1: Loss of Employment Figures Throughout Successive MCOs and the National Recovery Plan (NRP)



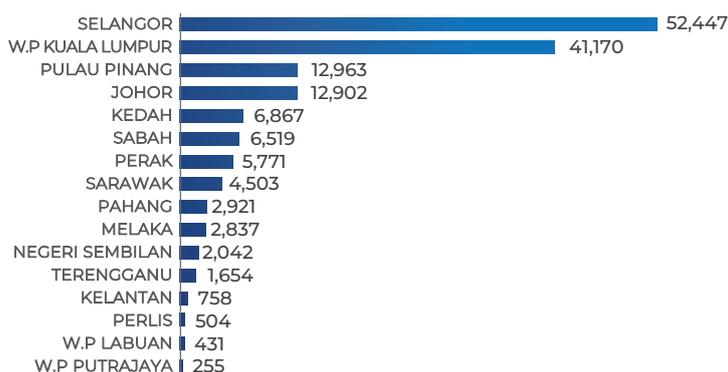
Distributed by economic sector, the figures show that 69% of loss of employment cases occurred in the Services sector, with the Wholesale and Retail Trade sector recording the highest number of cases at 22,945. Figure 2 shows the number of loss of employment cases in each of the 5 major economic sectors.

Figure 2: Loss of Employment Figures in 5 Major Economic Sectors



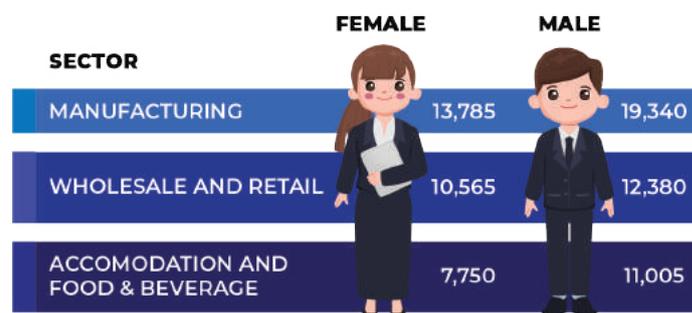
An analysis of loss of employment figures by state shows that Selangor recorded the most cases, at a total of 52,447. This can be attributed to the fact that Selangor, as the nation’s economic hub, hosts many businesses in the Manufacturing and Services sectors that contribute to most of Malaysia’s Gross Domestic Product. Graph 1 shows the number of loss of employment cases in each state.

Graph 1: Loss of Employment Figures by State



The 5 main causes contributing to loss of employment were downsizing (28.7%), permanent business closure (24.8%), voluntary and mutual separation schemes (24.3%), company financial difficulties (16.3%), and constructive dismissal (1.2%). As for age, yet another factor, young workers aged 25 – 29 were the group most likely to experience loss of employment due to downsizing. Men and women were roughly equally at risk, with 130 men experiencing loss of employment for every 100 women. Finally, loss of employment cases were concentrated in the Manufacturing, Wholesale Retail and Trade, and Accommodation and Food and Beverage sectors. Figure 3 shows the gender ratio of workers who lost their employment in each of these 3 sectors.

Figure 3: Loss of Employment Figures by Gender in the Top 3 Economic Sectors



Most workers who lost their employment were Malaysian Certificate of Education holders (55,384), followed by bachelor’s degree holders (36,794), diploma holders (28,448), and Lower Secondary Assesment holders (10,449). PhD holders appear to be the least affected as they only accounted for 261 loss of employment cases.

Government Assistance for Employers and Workers Who Experienced Loss of Employment, Administered by SOCSO

The Government understands that the economic damage wrought by Covid-19 has been severe, destroying the livelihoods of many. Therefore, it introduced a series of initiatives to offer financial and practical assistance to those affected.

Appointed by the Government of Malaysia, EIS Act 2017 [Act 800] was implemented on 1 January 2018. EIS Act under SOCSO is responsible for supporting Insured Persons (IP) who lost their employment. In relation to that, SOCSO played a vital role in the distribution of government aid during the pandemic.

The EIS provides financial and job search assistance to eligible applicants via the 5 following benefits:

- i. The Job Search Allowance (JSA), an allowance paid for 3–6 months to eligible applicants actively seeking work;
- ii. The Early Re-Employment Allowance (ERA), an allowance paid to Insured Persons (IPs) who return to work early as an incentive;
- iii. The Reduced Income Allowance (RIA), an allowance paid to Insured Persons (IPs) who has two or more employments at the same time and has lost one or more of his employments, but has not lost all of the employments;
- iv. The Training Allowance, an allowance paid to Insured Persons (IPs) who fully attend all training sessions at a daily rate RM10 – RM20 for up to 6 months;
- v. The Training Fee, which is the cost of the training course paid directly to the training provider by SOCSO at a maximum rate of RM4,000; and
- vi. Personalised job search assistance for each Insured Persons (IPs) to support them with finding suitable new employment, conducted by SOCSO's Employment Service Officers.

Shortly after the Covid-19 pandemic began, the Government implemented the Wage Subsidy Programme with the aim of financially supporting employers negatively affected by pandemic-induced lockdown. Using the financial aid from the Wage Subsidy Programme, employers who would otherwise have had to retrench employees due to financial constraints could now afford to pay salaries in full, preserving countless jobs and preventing high numbers of loss of employment cases. Following the initial success of the first Wage Subsidy Programme, which was implemented in April 2020, the Government opted to extend it in multiple stages (Wage Subsidy 2.0, 3.0 and 4.0) all the way up to December 2021.

The Government also launched the PenjanaKerjaya 3.0 programme, an upgrade to the PenjanaKerjaya 2.0 programme, to stimulate hiring. While bringing down the unemployment rate. For example, the incentives for the category of apprenticeship enable school leavers and graduates aged 18 to 30 years old receive incentives up to RM 1,000 per month for 6 months. The Government has also introduced SIP Prihatin (JSA) to support unemployed persons in search for new employment by helping them to cover basic expenses. Eligibility conditions to receive the JSA were also relaxed to cover not just IPs, but also non-contributors such as fresh graduates and the informally employed.

At the same time, career fairs were launched across the country to expedite the hiring process for employers and jobseekers. In conjunction with these events, the EIS provided additional support services such as career counselling, skills profiling, resume-writing, conducting mock interviews, and training in communication and presentation skills to jobseekers.



All Malaysian jobseekers are eligible to register on MYFutureJobs, the national employment portal administered by the EIS without incurring any cost. A state-of-the-art portal powered by the latest technology, MYFutureJobs swiftly and accurately matches jobseekers to vacancies after accounting for a vast range of factors such as skills, work experience, qualifications, desired salary, and many more. Accurate matching mechanism is essential in order to ensure employer attract potential jobseekers that matches their requirements, meanwhile jobseekers secure placement that suits best their academic qualification and desires.

Conclusion

The Government sincerely hopes that its efforts to support the workforce via income replacement as well as job creation and hiring incentives will be effective at relieving the rakyat's burdens. The EIS calls upon all Malaysian citizens to come together to rebuild the post-pandemic economy and ensure prosperity for all.

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