

## **Jobless rate could worsen due to underemployment**

MALAYSIA'S unemployment rate could get worse until the end of lockdowns although the unemployment rate for April 2021 fell to 4.6% — the lowest rate since October 2020.

Malaysia University of Science and Technology professor Dr Geoffrey Williams said the headline figures are not a good guide to reflect the actual unemployment situation.

Williams, who is also the director of Williams Business Consultancy Sdn Bhd, said more people are forced to work in the informal sector because they have no option due to the current economic situation.

“We can see from the data that there is an increase of 13,100 people in the inactive group outside of the workforce because they are ‘discouraged workers’. So, it’s more important to look at underemployment,” he told The Malaysian Reserve (TMR) yesterday.

Malaysia recorded 742,700 unemployed persons in April 2021 compared to 748,200 unemployed persons in the country in October last year.

Williams, however, said there is no effective system of unemployment benefits or social protection in Malaysia, which forces the people to snap up any available job to survive.

“This means they will be outside of the Department of Statistics Malaysia (DoSM) definition of unemployment. That is why the unemployment rate is relatively low and falling slightly.

“It is not measuring the real problems of lack of meaningful, well-paid work and lockdowns forcing people into part-time work, micro enterprises and roadside stalls. Until the lockdowns end this will continue and will get worse,” he explained.

“It is likely that graduates will have to settle for low-paid jobs because we know graduate and youth salaries have fallen. They might have taken gig-economy jobs and jobs that don’t require degrees. This may become a long-term issue if low pay becomes the new normal,” he added.

DoSM chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the number of employed persons remained in an increasing trend with month-on-month (MoM) gain of 22,700 persons to 15.35 million persons in April 2021 (March 2021: 15.33 million persons).

He said the employment-to-population ratio, which indicates the ability of an economy to create employment, remained unchanged at 65.4% in April 2021.

“From the viewpoint of economic sectors, services registered an upward trend in the number of employed persons during the month largely in wholesale and retail trade; food and beverages services; education; and human health and social work activities.

“Similar trends were also observed in manufacturing and construction sectors, while both agriculture and mining and quarrying sectors continued to record a negative MoM momentum,” Mohd Uzir said in the latest DoSM report on Statistics of Labour Force.

On the Movement Control Order 3.0 (MCO 3.0), Mohd Uzir said it signalled some challenges to the labour market for the month of May, especially to new entrants and small business operators.

“Furthermore, looking at the escalating number of Covid-19 cases and the sharp increase in daily cases towards the end of May 2021, the implementation of the total lockdown was imposed nationwide from June 1 to 14, 2021, with the closure of all economic and social sectors except for essential economic and service sectors.

“Labour market conditions are foreseen to face another challenging situation in the upcoming months, but the provision of various assistance by the government may cushion the impact and subsequently restore the labour market condition.”

<https://themalaysianreserve.com/2021/06/10/jobless-rate-could-worsen-due-to-underemployment/>