

HIGH-SKILLED JOB LOSSES SURGE IN MALAYSIA: NAVIGATING CAREER TRANSITIONS WITH CONFIDENCE

Malaysia's labour market faces significant challenges as the latest data reveals a shocking surge in job losses among high-skilled workers, coupled with rising applications for employment insurance. Despite a low unemployment rate of 3.3 percent, reported by the Department of Statistics Malaysia as of February 2024, the Employment Insurance System (EIS) under Social Security Organisation (PERKESO) has seen a surge in loss of employment (LOE) applications.

In 2023, there was a significant rise in job losses, with 49,982 individuals losing their jobs compared to 34,388 in 2022. This trend has persisted into early 2024, with 13,535 applications for loss of employment (LOE) in the first quarter alone, up from 10,985 in the same period last year. This highlights the ongoing need to support affected workers and strengthen Malaysia's job market.

Surprisingly, high-skilled workers have been severely impacted. In 2023, they accounted for 57.2% of all job losses, with professionals being the hardest hit at 26.4%. Managers and technicians also faced significant losses, with rates of 14.1% and 16.6%, respectively.

Several factors contribute to these job losses. Companies are restructuring and streamlining operations, often resulting in the elimination of higher-level positions. Economic pressures, along with advancements in technology like automation and digitalization, are reducing the demand for certain high-skilled roles.

Moreover, the manufacturing sector, crucial to Malaysia's economy, experienced 15,161 job losses in 2023, representing 30% of all employment losses. This trend continued into

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the first quarter of 2024, with 4,284 job losses. Subsectors such as Computer Electronics, Optical Products, Machinery, Equipment, and Electrical Equipment were among the most affected.

Meanwhile for food and beverage sector, international political tensions and consumer boycotts have led to operational suspensions. This has prompted notable players in food outlets to take proactive measures by reducing manpower to address rising business costs amidst these circumstances.

Malaysia's manufacturing sector, essential for the country's economy, has faced significant hurdles recently. Issues like disruptions in global supply chains, trade tensions, and shortages of raw materials, along with rising production costs, have slowed down manufacturing. Consequently, many companies have had to restructure or streamline their operations to stay efficient and cut costs. Sadly, these steps often lead to job cuts and redundancies in the sector.

According to data from EIS, PERKESO, the manufacturing sector saw a big drop in jobs in 2023, with 15,161 people losing their jobs. This made up about 30 percent of all job losses that year, showing how hard-hit the manufacturing sector was. This trend continued into 2024, with another 4,284 jobs lost in the first three months. Further analysis shows that subsectors like Computer Electronics and Optical Products, Machinery and Equipment, and Electrical Equipment suffered the most.

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An analysis by EIS, PERKESO, found three main factors for job losses across sectors in 2023. First, Voluntary/Mutual Separation Schemes (VSS/MSS) accounted for 23.3 percent of job losses. These schemes let employers and employees agree to end jobs early, often with compensation. Closure of Business/Division came next at 22.30 percent. This happens when a business or part of it shuts down, affecting many employees. Lastly, downsizing caused 20.03 percent of job losses. This happens when companies reorganize, adapt to market changes, or cut costs, leading to fewer jobs.

Amid these challenges, many workers are successfully transitioning to new careers. EIS, PERKESO data from 2020 to 2023 shows that 57.5 percent of individuals who lost their jobs found new employment within the same state. This high re-employment rate highlights the stability of local economies.

In terms of regional job mobility, Sabah, Sarawak, and Kelantan are among the states with high rates of retention, where workers prefer to stay within the states. This preference is believed to be due to geographical factors. As expected, many people are flocking to Selangor due to its progressive manufacturing sector. The high movement of people from neighbouring states like Kuala Lumpur, Putrajaya, and Negeri Sembilan is made easy by convenient transportation and abundant job opportunities.

Looking at job changes from 2020 to 2023 gives us insight into how people adapt after losing their jobs. It is estimated 51.8 percent workers stayed at the same skill level in their new jobs, showing some stability in the job market.

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While another 22.5 percent moved to higher-skilled jobs, which suggests there are opportunities for career growth even after job loss. It is believed support from PERKESO's employment services officers managed to help their workers in finding better employment.

However, despite these job changes, 25.8 percent of individuals ended up in lower-skilled jobs. This can be attributed to fewer job vacancies available in similar roles amidst a competitive job market or during tough economic times.

The rise in job losses, particularly among high-skilled workers, highlights the ongoing challenges in Malaysia's labour market. Despite a low overall unemployment rate, the increasing LOE applications to EIS, PERKESO indicate significant economic uncertainties. Regional job market interconnections present opportunities for coordinated workforce planning and development. By fostering collaboration and aligning training programs with industry needs, Malaysia can facilitate job matching and create diversified employment opportunities.

PERKESO's support remains crucial in providing financial assistance, re-employment support, and career guidance. With these efforts, Malaysian workers can navigate the evolving employment landscape with confidence, ensuring a resilient and dynamic labour market.