



Pushed to the margins

The unequal impacts of the COVID-19 crisis on Malaysian workers

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Read the report

This presentation is an updated and extended version of ISIS Malaysia Policy Brief Issue #7-20, November 2020:

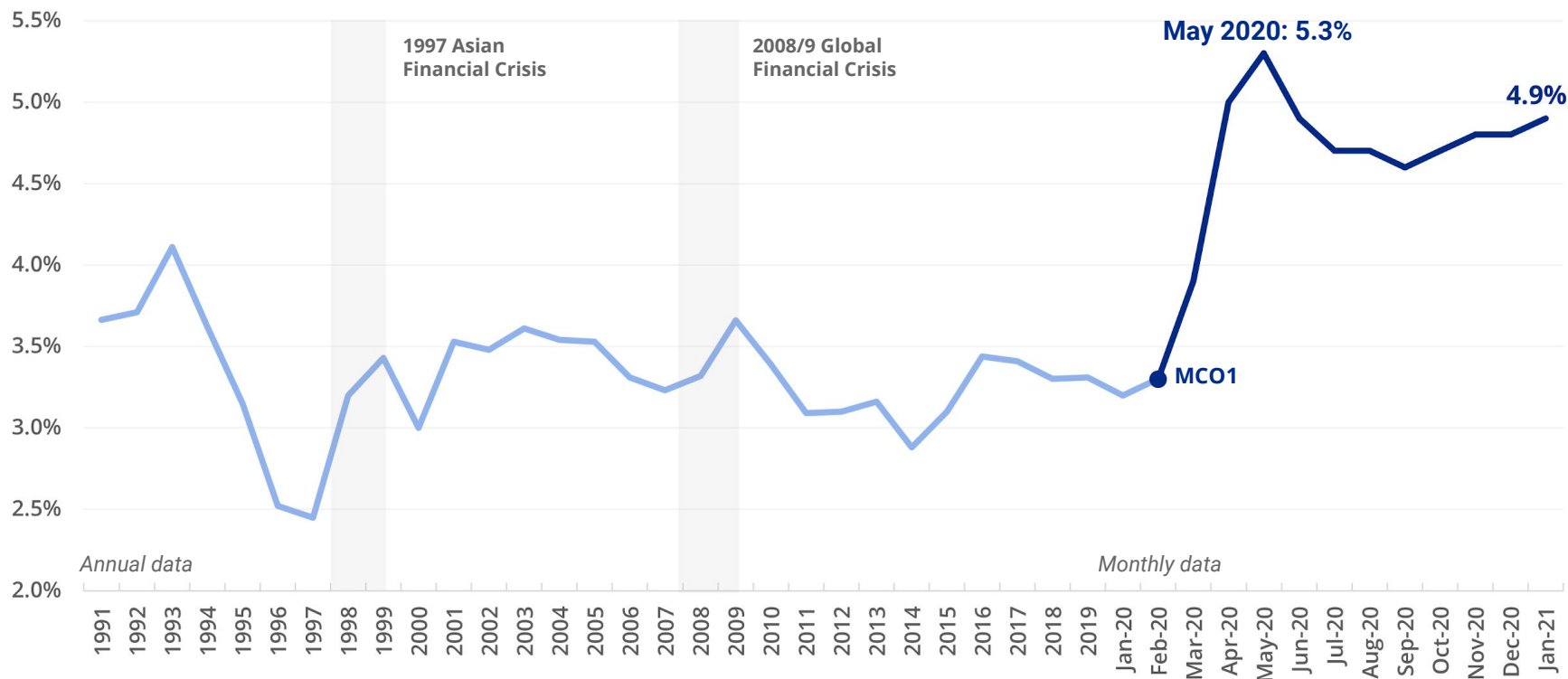
"Pushed to the margins: the unequal impacts of the COVID-19 crisis on marginalised Malaysian workers"

Link to November 2020 report:
bit.ly/3lvqfwd



● One year after the onset of the pandemic, Malaysia's unemployment rate is still close to decade highs

Headline unemployment rate (%): annual (1991-2019) monthly (2020 onwards)



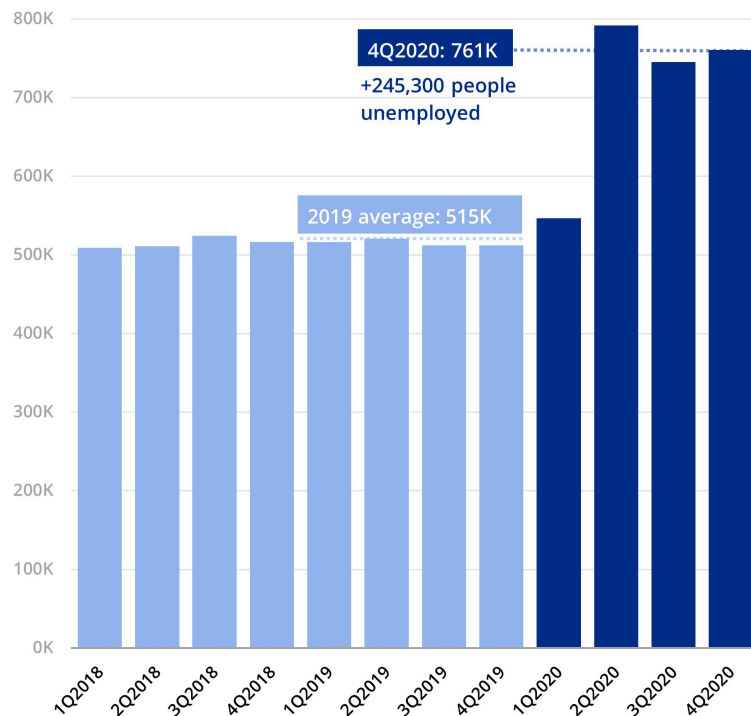
Source: DOSM LFS, World Bank, International Labour Organization

Note: Annual data before 2020, monthly data 2020 onwards; Shaded areas denote periods of economic crises; MCO = movement control order



● Hundreds of thousands of Malaysian workers remain unemployed...

Unemployed persons ('000s of people)



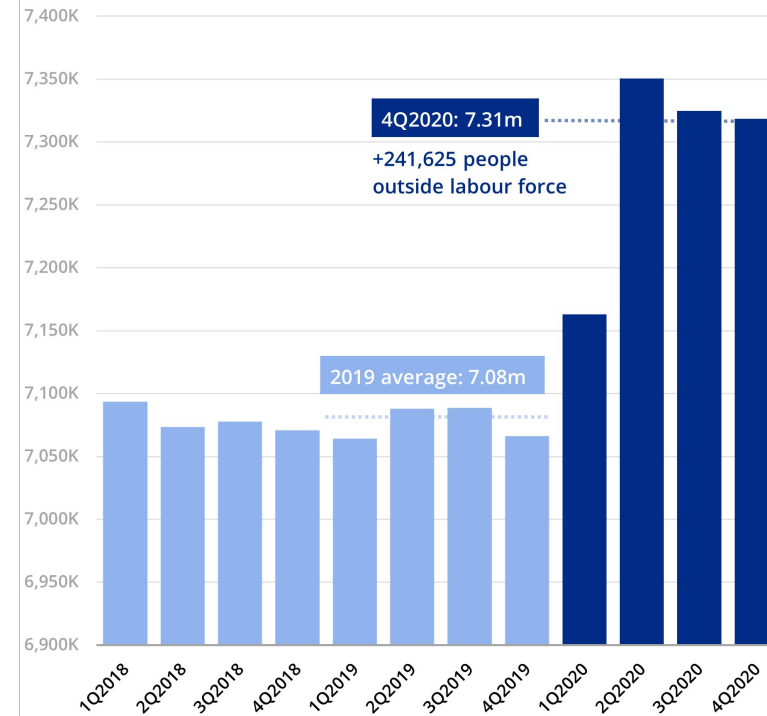
Source: DOSM LFS, Author's estimates

Note: Change is calculated as the difference from 4Q2020 vs a 2019 average



● ...and even more have been pushed out of the labour force entirely

Population outside labour force ('000s of people)



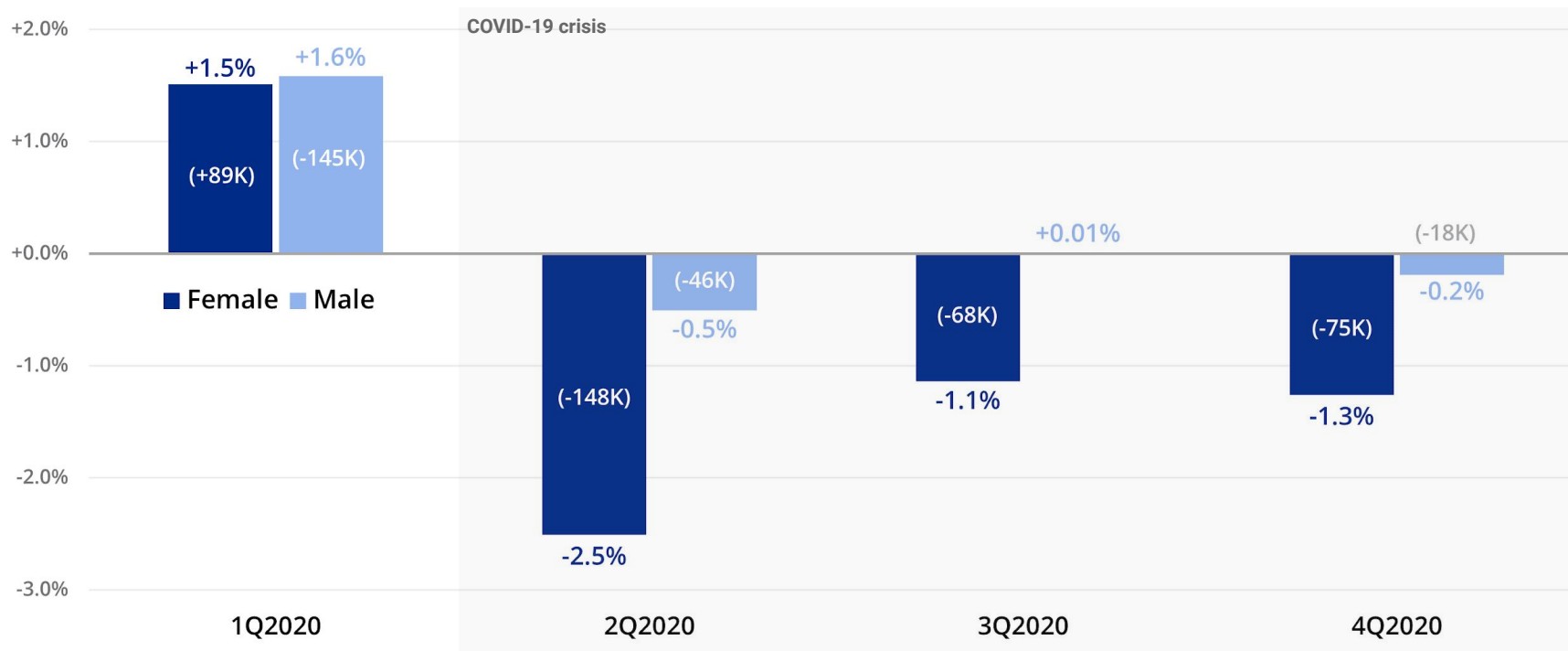
Source: DOSM LFS, Author's estimates

Note: Change is calculated as the difference from 4Q2020 vs a 2019 average



- **Women have experienced a far greater fall in employment compared to men, whilst women's employment has been much slower to recover, on aggregate**

Employed persons, by gender (% change from same quarter in preceding year)



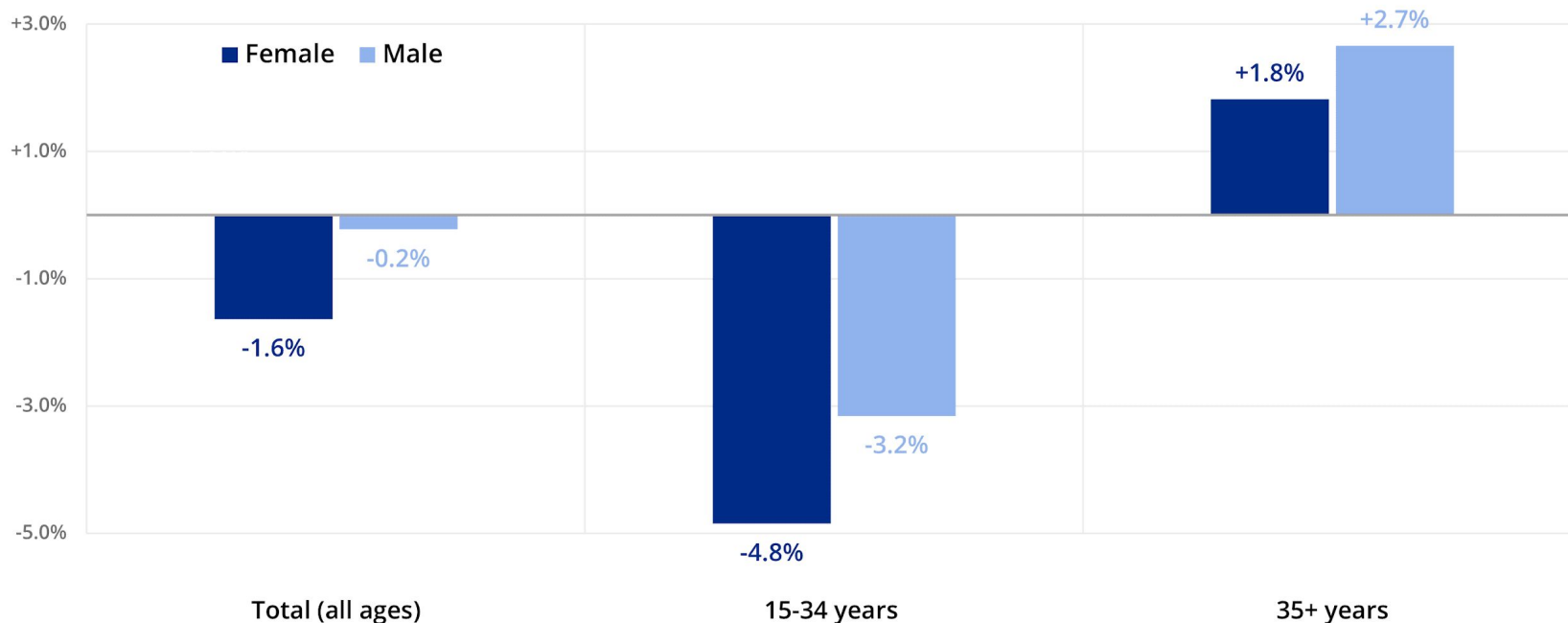
Source: DOSM LFS, Author's estimates

Note: Y-axis represents percentage change, while figures in parentheses denote change in the number of persons; Shaded area marks the start of movement restrictions



● Young workers have suffered large employment losses, with younger women the hardest hit

Employed persons, by age group and gender (% y-o-y change, last 3 quarters of 2020 vs corresponding period in 2019)

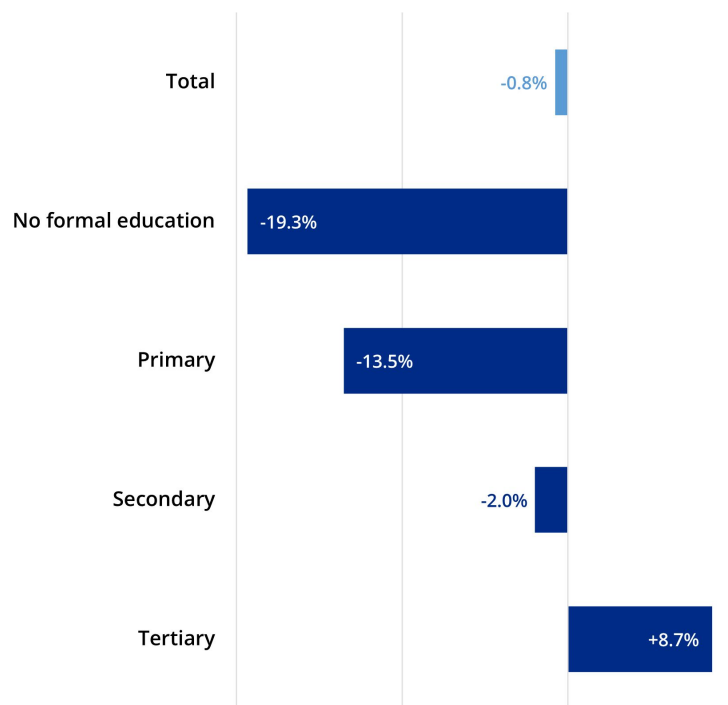


Source: DOSM LFS, Author's estimates



● Employment losses are concentrated amongst lesser-educated workers...

Employed persons, by education (% y-o-y change, last 3 quarters of 2020 vs corresponding period in 2019)

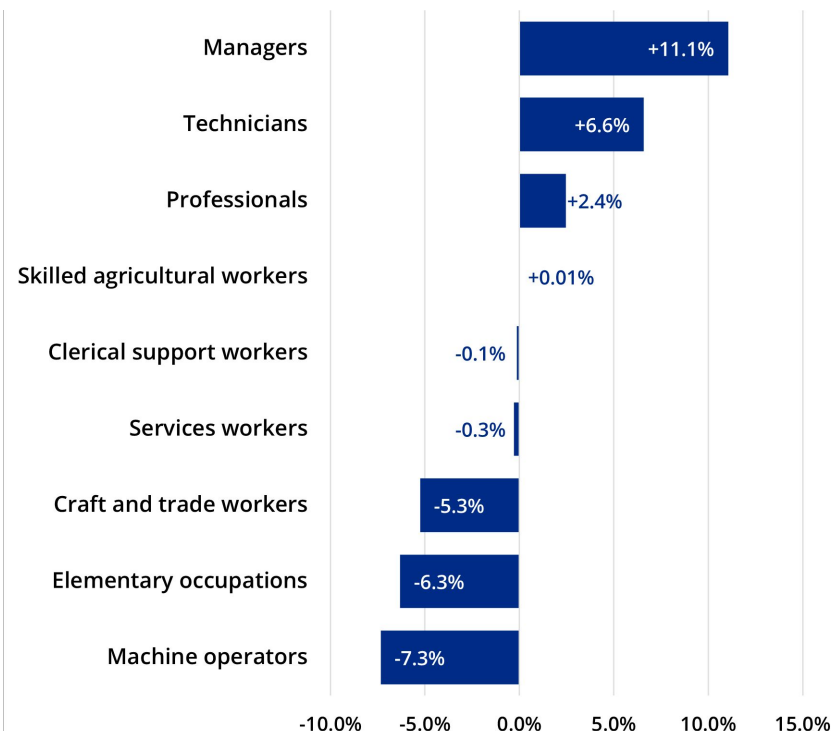


Source: DOSM LFS, Author's estimates



● ...corresponding to large declines in elementary occupations vs. gains in "higher-skilled" ones

Employed persons, by occupation (% y-o-y change, last 3 quarters of 2020 vs corresponding period in 2019)

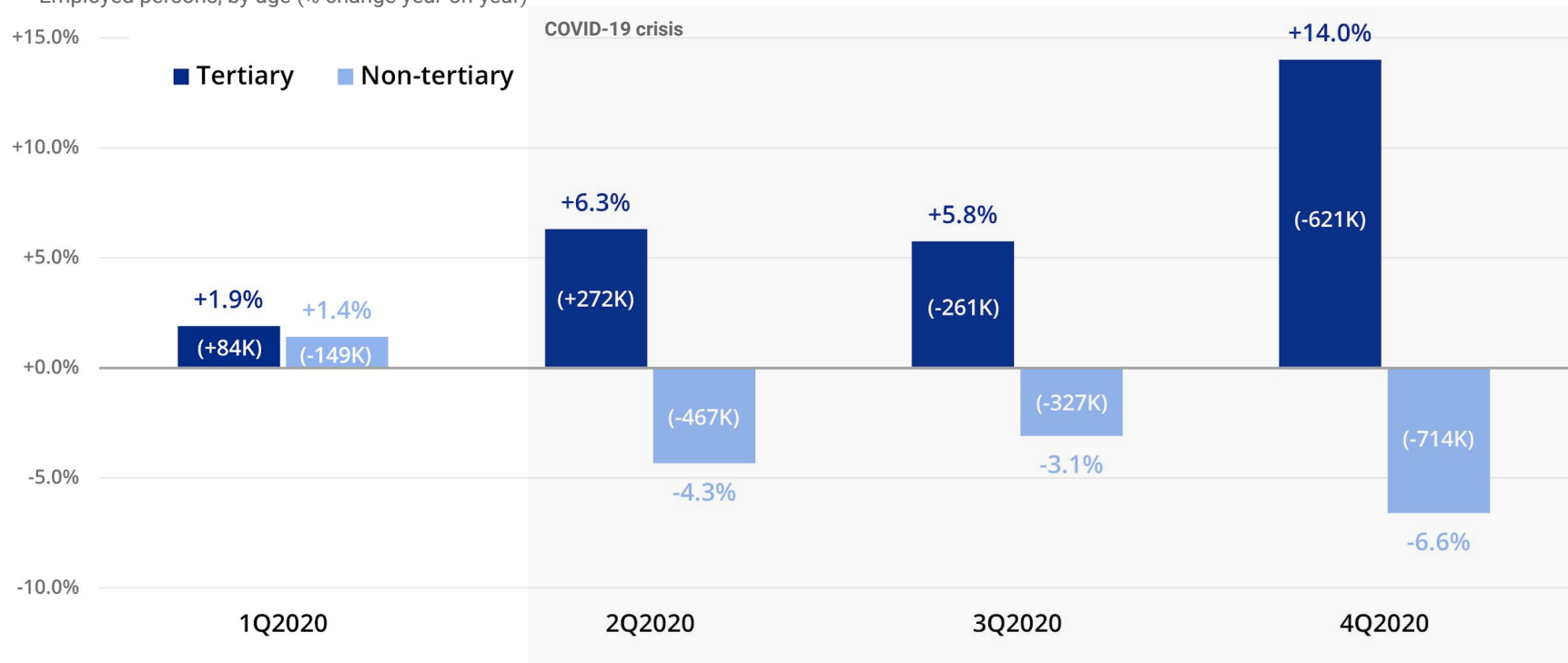


Source: DOSM LFS, Author's estimates



● Like younger women, employment of lesser-educated workers have not recovered in 2020 even as headline unemployment rates inched downwards in the second half of 2020

Employed persons, by age (% change year-on-year)



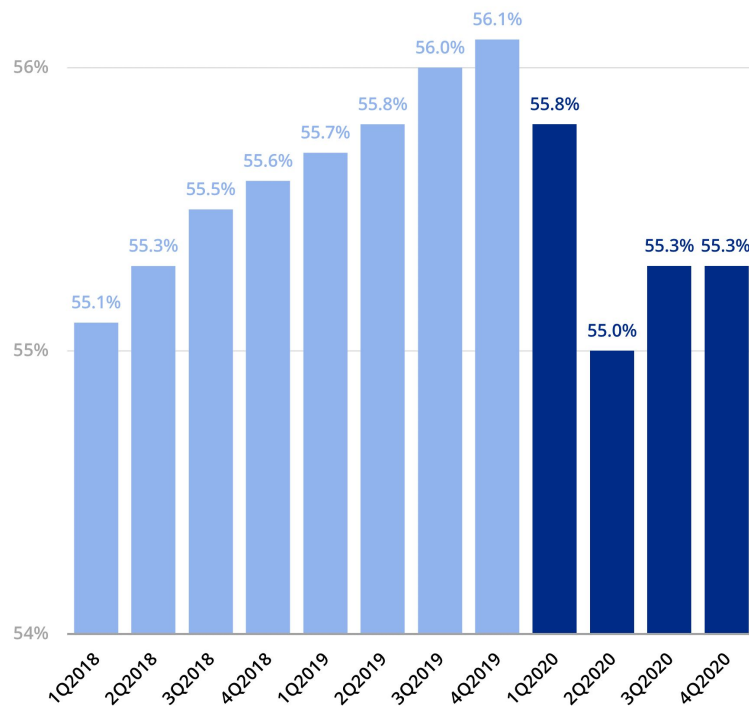
Source: DOSM LFS, Author's estimates

Note: Y-axis represents percentage change, while figures in parentheses denote change in the number of persons; Shaded area denote the start of movement restrictions



● The COVID-19 crisis has set female labour force participation back by 3 years...

Labour force participation rate, women (%)

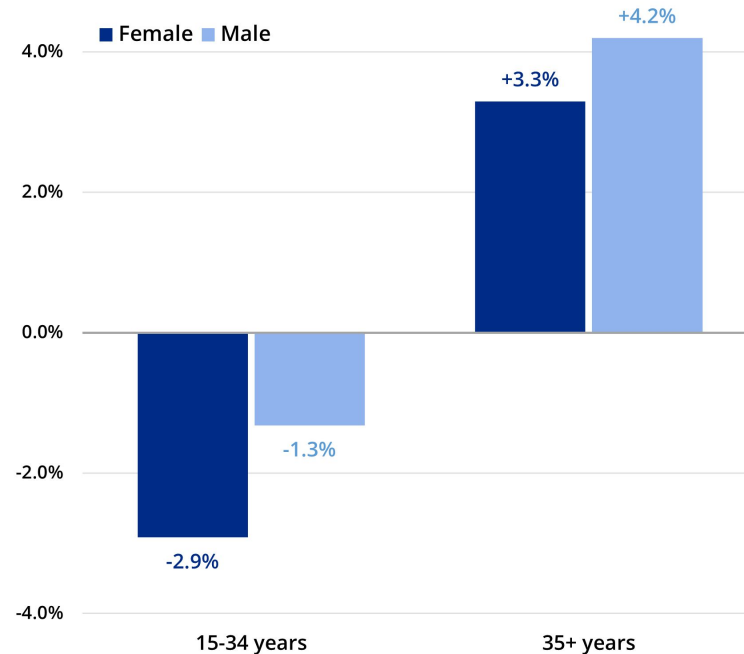


Source: DOSM monthly labour statistics



● ...with younger workers and young females pushed outside of the labour force

Labour force, by age and gender (% change year-on-year)

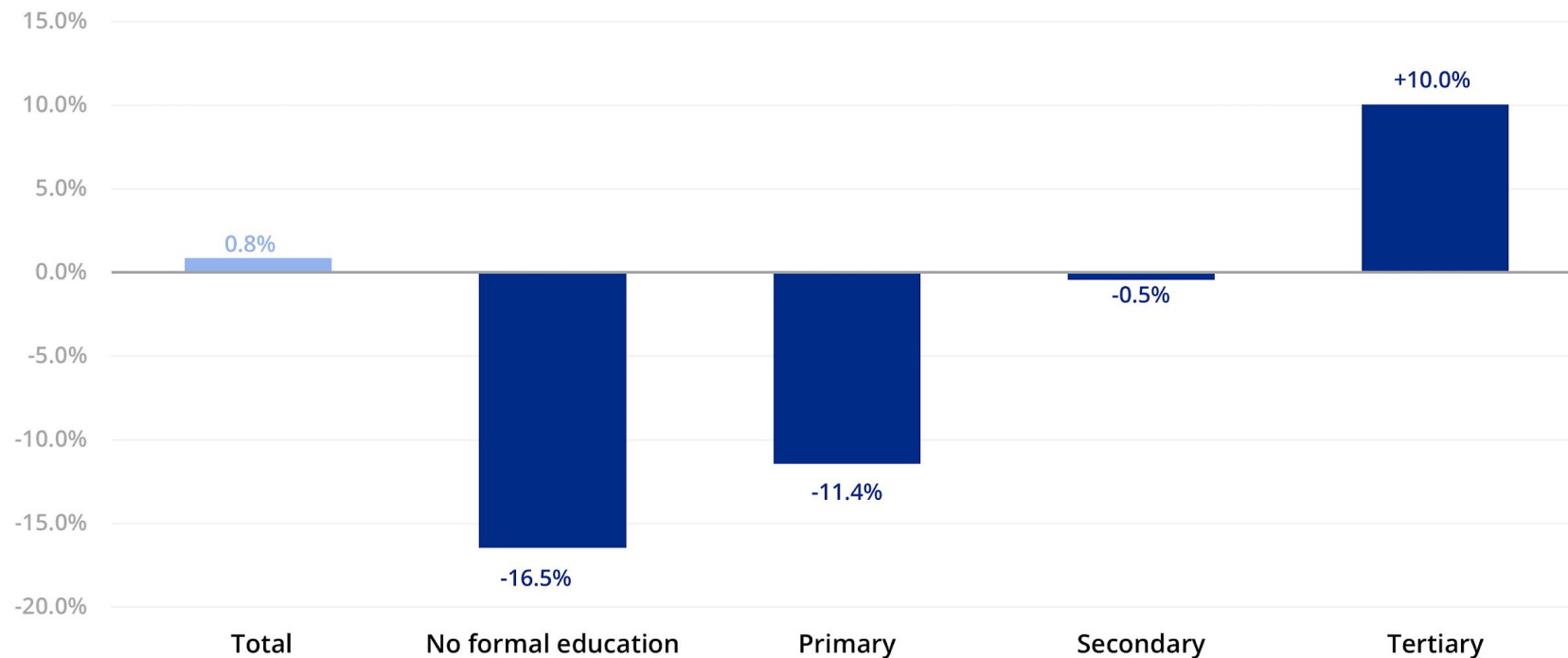


Source: DOSM LFS, Author's estimates



● Non-tertiary educated workers have also been pushed outside the labour force, in stark contrast with tertiary-educated workers

Labour force, by educational attainment (% change year-on-year, last 3 quarters of 2020 vs corresponding period in 2019)

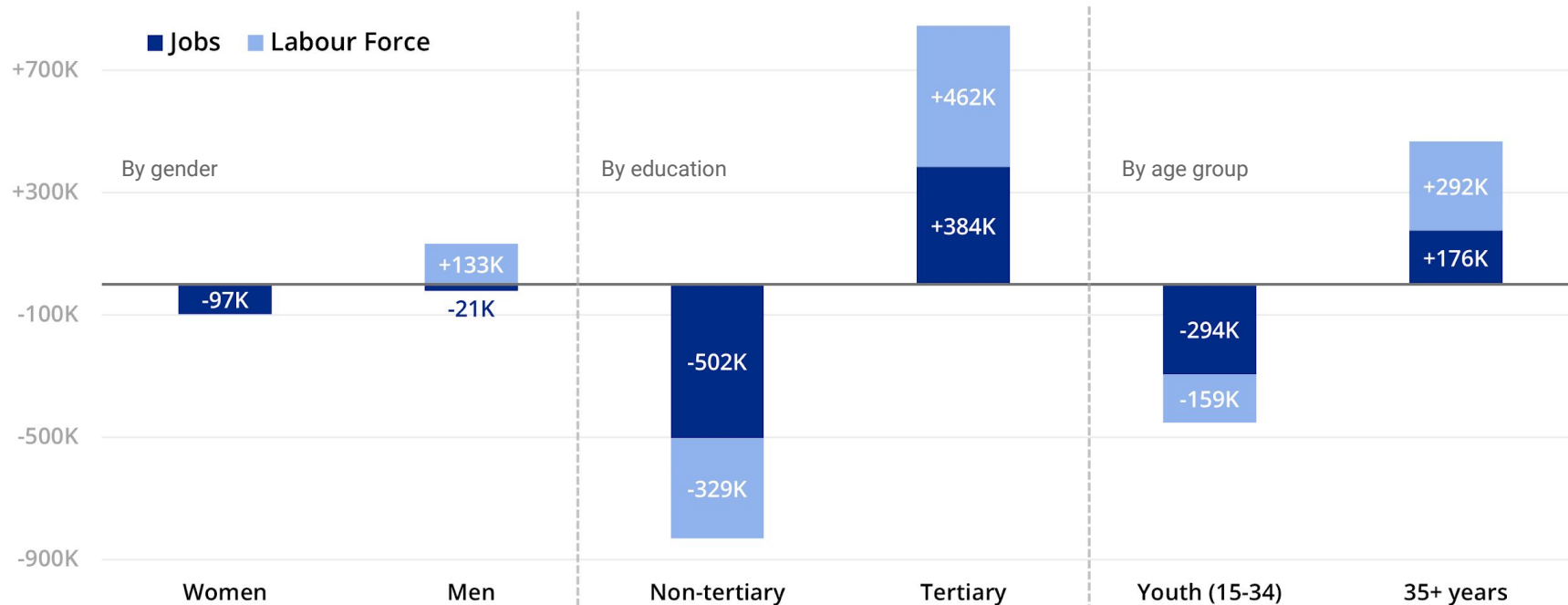


Source: DOSM, Author's estimates



● The COVID-19 crisis has disproportionately devastated lesser-educated, younger, female workers

Labour market impacts by socio-demographic characteristics (000s of people, average of last 3 quarters of 2020 vs corresponding period in 2019)

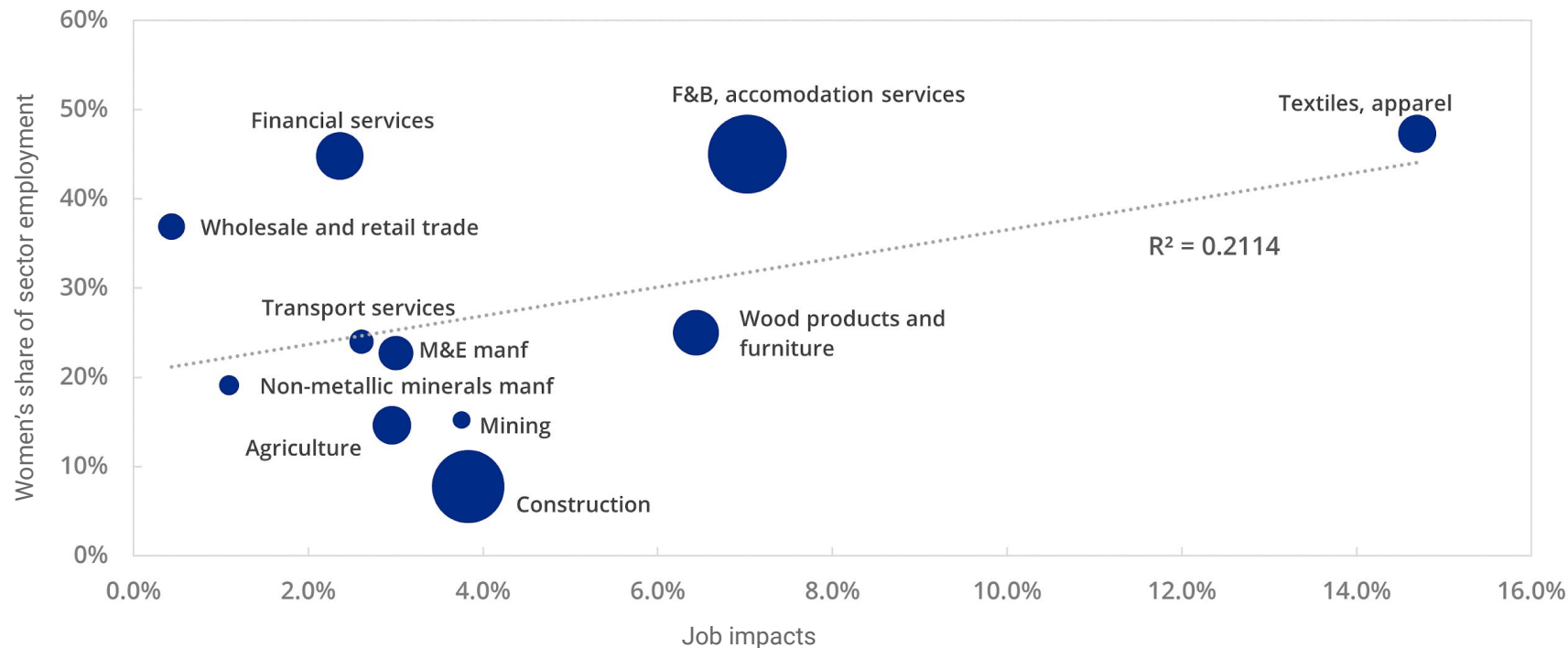


Source: DOSM Quarterly LFS, Author's estimates



● Women tend to be concentrated in some of the industries hardest hit by the COVID-19 crisis

Women's share of employment vs. 2020 job impacts, by industry



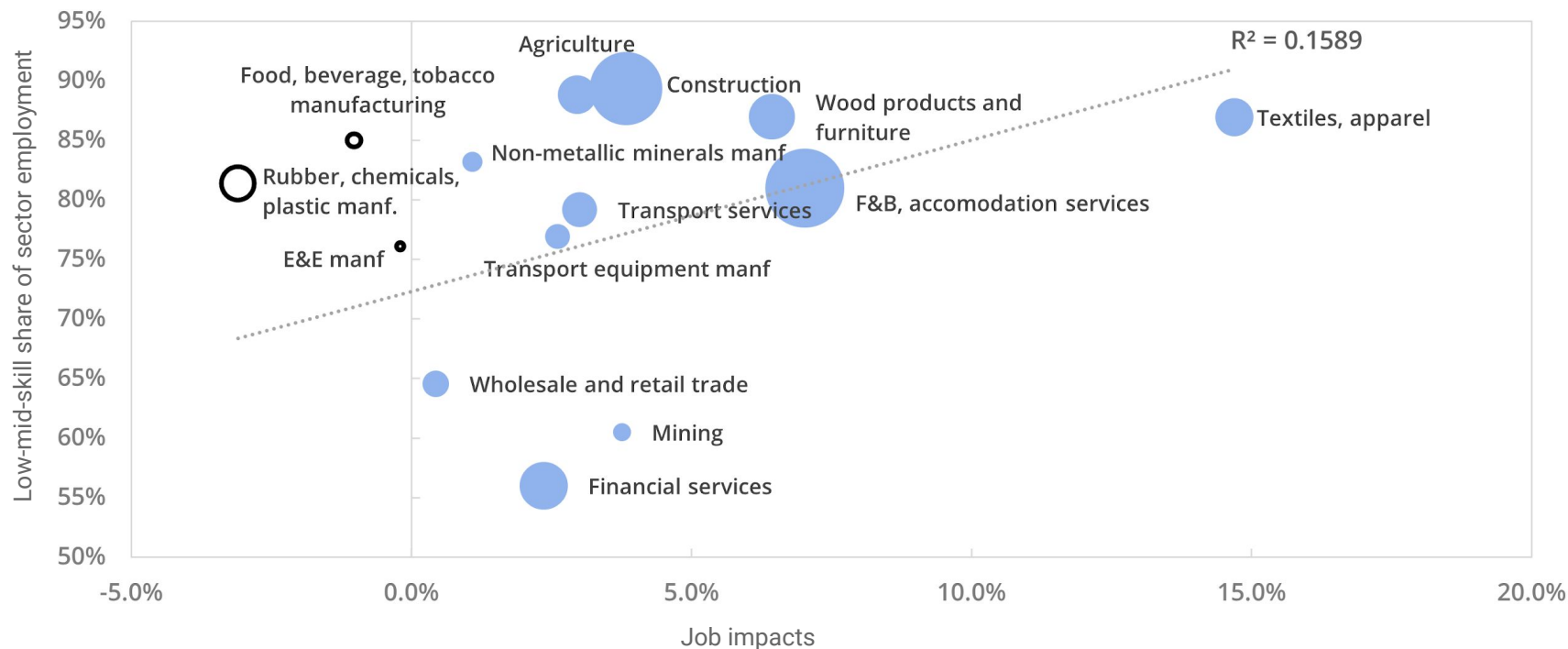
Source: DOSM LFS, Employment Statistics, Annual Economic Statistics, Authors' estimates

Note: Size of the bubbles denote the actual number of jobs los in persons; women's share of sector employment estimated using 2017 data



Industries with a higher share of low-and-mid-skilled workers are somewhat more likely to have experienced higher job impacts

Low-and-mid-skill share of employment vs. 2020 job impacts, by industry

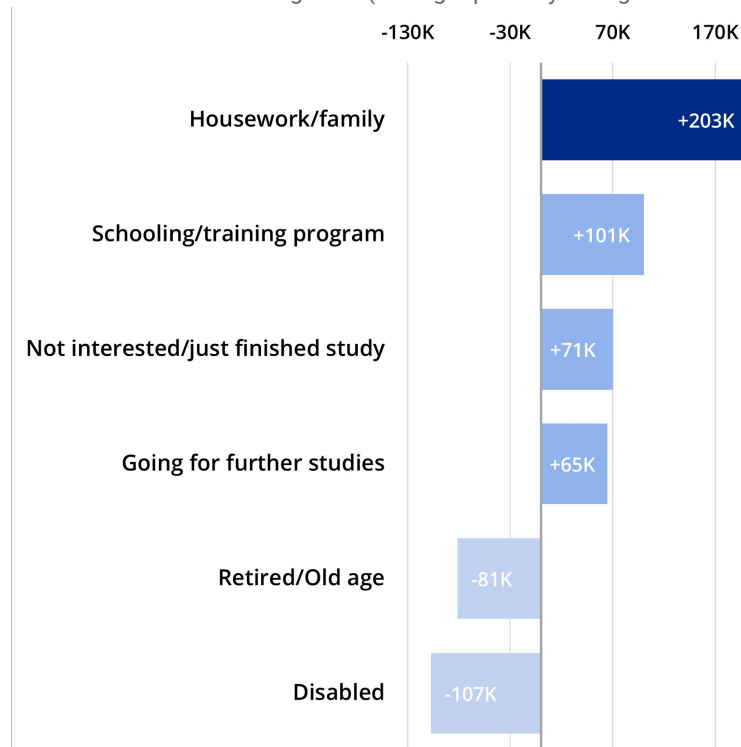


Source: DOSM LFS, Employment Statistics, Annual Economic Statistics, Authors' estimates

Note: Size of the bubbles denote the actual number of jobs lost in persons; skill share of sector employment estimated using 2017 data

● Rise in "housework/family" and "just finished study" as reasons for not seeking employment...

Reasons for not seeking work (average quarterly change* 2020 vs 2019)



Source: DOSM LFS, Author's estimates
Note: *for the last 3 quarters of each corresponding year



● ...hinting at the role of pre-existing inequities and structural factors in Malaysia's society and economy

Women workers

- **Unequal gender norms in society** (burden of care work)
- **Systemic discrimination in labour markets** (gender pay gap and workplace discrimination)

Lesser-educated/"lower"-skilled workers

- Difficulty and availability of remote work
- Education/Income dimensions
- Non-standard work/left out of social safety nets

Young workers

- Youth employment more cyclically-sensitive and precarious
- Lesser human capital accumulation

Author's illustration; Madghavar et al. (2020), Cheng & Mohamad (2020),.

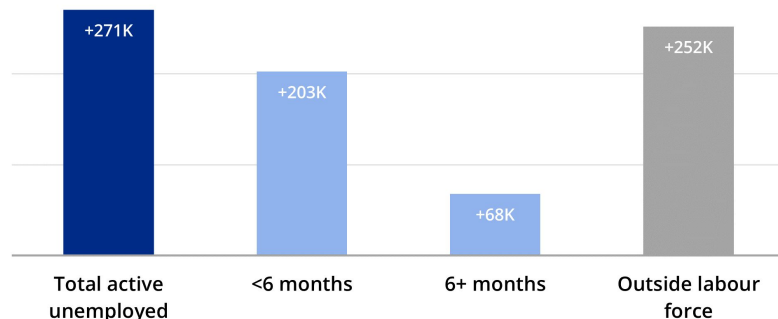


1 Investing in expanding EIS unemployment benefits and active labour market programs

- **Increasing** the EIS Job Search Allowance (JSA) benefits
- **Extending** maximum duration for JSA receipt
- **Expanding** full coverage of EIS benefits to more workers
- **Shifting** funding to government to fund temporary expansion
- **Expanding** active labour market components of EIS (Training Allowance, & Fee + job-matching initiatives)

More Malaysians are now out of work for longer

Unemployed, 4Q2020 vs 4Q2019



Source: DOSM LFS, Author's estimates

2 Improve existing cash transfer programs and increase cash support for childcare

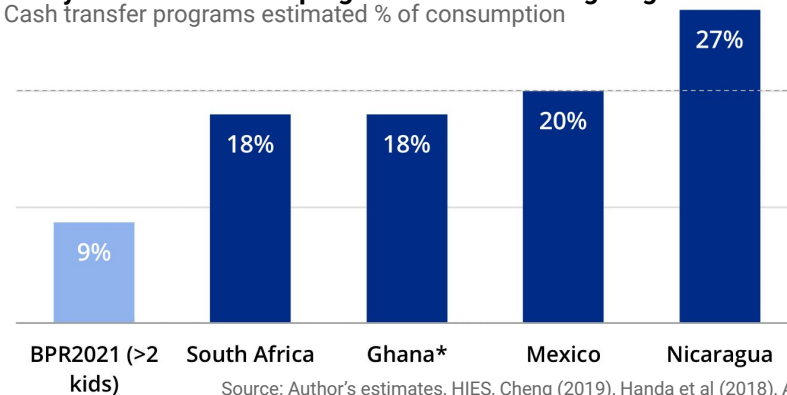
Improve pre-existing weaknesses in Malaysia's BSH/BPR cash transfer programs

- **Increasing** benefit size (currently max RM1,800/year)
- **Reducing** targeting exclusion errors and program undercoverage
- **Make** emergency supplementary cash top-ups (BPN3.0) automatic and formalised

For more on cash transfers, see my 2019 presentation: "Bantuan Sara Hidup: Design Considerations for Cash Transfer Programming (2019)" [LINK](#)

Malaysia's cash transfer programs have room to go higher

Cash transfer programs estimated % of consumption



Source: Author's estimates, HIES, Cheng (2019), Handa et al (2018), Armand et al.(2016)...

3 Gender-sensitive fiscal policy

- **Distributing the burden of care work more equitably** by subsidising childcare and expanding public investment in accessible state-funded childcare facilities nationwide
- **Investing in publicly-funded universal paid family leave policies** that encourage the uptake of paternity leave and equitable sharing of parental responsibilities
- **Granting legal protection to women** against systemic labour market discrimination
- **Strengthening collective bargaining mechanisms** and union coverage for women workers

4 Expand infrastructure spending and fiscal stimulus efforts

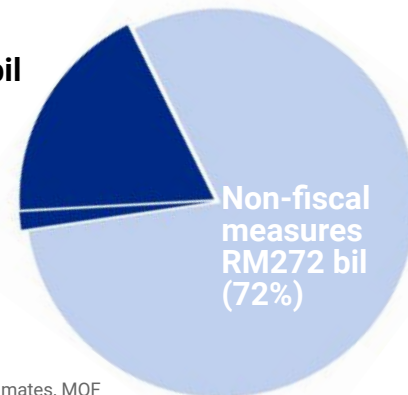
- **Expanding government spending to boost growth and tighten labour markets** can benefit marginalised worker groups whose employment is more cyclically-sensitive
- **Increase infrastructure spending** can raise long-term productivity and economic growth, especially if financed by higher government deficits and if focused on lesser-developed regions
- **Implement a new round of emergency cash stimulus (BPN3.0) to households**

Malaysian government economic stimulus packages since 2020

Total size: RM380 bil

Fiscal measures
RM68 bil (18%)
Of which:
infrastructure
RM5 bil (1%)

Non-fiscal measures
RM272 bil
(72%)



Source: Author's estimates, MOF



- **Labour market conditions are dire.**

The headline unemployment rate remains near decade-highs, with labour market slack anticipated to remain high going forward due to 'latent' unemployed workers outside the labour force.

- **Looking beyond headline figures reveals a huge divide in terms of COVID-19 impacts.**

Beneath the aggregates, the data suggests that the labour market impacts have been deeply unequal, with marginalised worker groups like youth, women, and lesser-educated workers disproportionately affected, whilst being largely left out of the partial recovery since May 2019.

- **Longstanding inequities have been a driving force.**

Pre-existing inequities in Malaysia's labour market and society have played a large role in causing these unequal impacts. Policy action needs to focus on building economic resilience for the future and broadening and deepening existing social safety net programs whilst working towards dismantling the structural inequities inherent in Malaysia's society and economy.

- **Even as Malaysia's economy returns to trend growth, some scars may take decades to heal.** It may take many years before Malaysian workers in these vulnerable groups return to pre-crisis levels of employment. Longer-term consequences (particularly to young workers) will be felt for decades, whilst workers in these affected groups will continue to face structural impediments to decent employment.



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