

COVER STORY

Deflated salary expectations for 2021

BY SUPRIYA SURENDRAN

Expecting a salary hike next year and perhaps a bonus to boot?

Consider this: More than 30,000 companies in Malaysia have shut down their operations since March and the job loss tally was close to 90,000 at end-October.

The writing is on the wall for employees expecting hefty salary increments and bonus payouts next year, except perhaps, for those in specific sectors or with niche skills or experience.

Mercer's annual Malaysia Total Remuneration Survey (TRS) 2020 conducted between April and June this year showed that companies were forecasting an average 5% overall increase in salaries for 2021.

However, recent Mercer surveys reveal a softening in the projection to 4.5% for 2021, compared with the actual increase of 4.7% in 2020.

"From our database of 529 multinational companies contributing to Mercer's Total Remuneration Surveys, spanning 10 key industries, we observe that this is the first time [increase in] salaries have dipped below 5%, marking the lowest average salary increase in Malaysia since 2016," says Godelieve van Dooren, Mercer's acting CEO for Malaysia.

The obvious reason for the grim projection is the Covid-19 pandemic, which resulted in different phases of the Movement Control Order being implemented since March. The restrictions resulted in staggering losses for many businesses, especially those in the retail, tourism, hospitality and aviation sectors.

"Based on [our] survey results, the most impacted industries are retail and hospitality. However, it's important to point out that the impact is uneven within industries. There may be sectors within an industry that are more affected than others. For example, while the consumer goods industry is generally performing well, the beverage sector (for example, alcohol) may be harder hit due to the restrictions imposed on entertainment and leisure businesses," says Van Dooren.

Randstad Malaysia head of operations Fahad Naem says that overall, the salary growth projection for Malaysian companies next year will be relatively conservative as companies are tightening their budgets to sustain their operations.

"The growth percentage in salaries that candidates can expect to receive in 2021 will highly depend on the industry's projected performance as well as demand for the specific skills and experience.

"Employers are likely to offer a favourable salary increment to professionals who are equipped with specialised and niche skills as a tactic to retain them in the organisation. Workers in high-demand industries due to Covid-19, such as technology, e-commerce, chemicals and life sciences, may also see a steady increase in their salaries next year, depending on their individual functions.

"Workers in functions where there is a surplus of candidates or which are highly impacted by the Covid-19 pandemic will likely see a much lower salary increment. It is hence important for all Malaysians to



Van Dooren: This is the first time [increase in] salaries have dipped below 5%



Koay: We foresee a decrease in bonus payouts in 2021

adjust their salary expectations next year," he tells *The Edge*.

As for bonus payouts, the Mercer survey stated that overall, budgeted bonuses for 2020 stayed the same as 2019 at 17%, which is equivalent to two months of the base salary.

"2019 proved to be a good year for businesses, with 87% of companies reporting bonus payouts of 1.9 to two months this year, with the remaining 13% not providing any bonuses in 2020. However, we foresee a decrease in bonus payouts in 2021, due to sustained uncertainty and the economic impact of Covid-19," Mercer Malaysia consulting leader Koay Gim Soon said during the presentation of the survey.

Randstad's Fahad says that bonus payouts in 2021 for work done in 2020 will depend on two factors — the industry that the employee is working in and the organisation's performance.

"For instance, even as we expect all technology firms to be performing well this year, companies that develop products for aviation may suffer a hit due to the dip in demand.

"Most companies would also have a phased response plan for financial budgeting purposes. Support functions (such as non-revenue generating departments) will most likely see a bonus freeze. Commission structures for revenue-generating employees may have also changed to reflect the current economic situation. While they may still receive a bonus, it could be relatively lower compared to previous years.

"However, bonus schemes should be reinstated once the market recovers with the promising progress in vaccines and as companies revise their human capital investments for 2021," he says.

20 HOT JOBS* for 2020/2021

and their base salary range (per month, not including superannuation)

INDUSTRY	JOB TITLE	EXPERIENCE (YEARS)	MIN (RM)	MAX (RM)
Banking and Financial Services	Project Change Management (Digitalisation/Organisational Change)	10 to 15	16,000	20,000
Banking and Financial Services	Operational Risk (Corporate Banking/Global Wholesale Banking/Investment Banking)	10 to 15	16,000	20,000
Sales and Marketing	Key Account Manager	8	9,000	13,000
Human Resource & Administrative	Head of Organisational Development	6 to 8	12,000	25,000
Human Resource & Administrative	Head of Industrial Relations	6 to 8	10,000	20,000
Finance and Accounting	Finance Manager	6 to 7	10,000	15,000
Information Technology	Lead Software Developer	5 to 8	10,000	17,000
Information Technology	Information Security Manager	5 to 8	12,000	18,000
Supply Chain and Logistics	Supply Chain Manager	5 to 8	8,000	15,000
Sales and Marketing	Brand Manager	5 to 8	8,000	12,000
Supply Chain and Logistics	Logistics and Planning Manager	5 to 8	7,000	15,000
Engineering	Process Engineer	5 to 7	10,000	15,000
Engineering	Mechanical Engineer	5 to 7	10,000	15,000
Finance and Accounting	Accountant	4 to 5	6,000	7,000
Engineering	Automation Engineer	4	4,500	6,500
Finance and Accounting	Finance Executive	2 to 4	3,500	5,500
Supply Chain and Logistics	Logistics Coordinator	3 to 5	2,800	5,500
Information Technology	Software Engineer	2 to 3	4,500	7,000
Information Technology	Analyst Programmer	2	4,500	6,000
Information Technology	Full Stack Java Developer	1 to 3	4,500	7,000

*List is not exhaustive

SOURCE: KELLY SERVICES MALAYSIA SALARY GUIDE 2020/21



Fahad: The salary growth projection for Malaysian companies next year will be relatively conservative



Sim: New-collar jobs are being created as a result of digitalisation

Widespread hiring freeze

With the cautious business outlook, recruitment efforts are expected to slow down in the year ahead.

"Eighty-four per cent of companies in Malaysia indicated that they have imposed a hiring freeze in 2020, with 81.4% stating that the hiring freeze will remain until business stabilises," says Koay.

Non-cyclical industries such as healthcare, the public sector, transportation and education are less affected by hiring freezes, and are in fact growing in terms of relative share of hiring, says Hays Malaysia

managing director Tom Osborne. "We've also noticed that tech and financial industries are less impacted in many countries as well. Hiring trends by function vary, and we have seen an increase in the share of job posts in healthcare, community services, education and engineering, which is likely attributed to the change in talent demand since Covid-19."

'Hot jobs' in 2021

Brian Sim, managing director and country head of Kelly Services Malaysia, says while it is true that some roles, such as data entry clerks, have been made redundant as companies embark on automation and digitalisation initiatives, new-collar jobs are being created as a result of these initiatives.

"For example, the data being churned out by the machines... will still need [the human touch] to analyse the data and decide what are the trends moving forward for that data. So, in this instance, they would need specialists in this area.

"Some of the roles that we foresee will become more popular in the future are data analysts and scientists as well as big data specialists. Also, we foresee that artificial intelligence and machine learning specialists will also form part of the new-collar jobs that will be made popular in the future," says Sim.

For clarity, new-collar workers are defined as individuals who develop the technical and soft skills needed to work in technology jobs through non-traditional education paths.

"From the perspective of marketing, more companies will move from conventional marketing methods to digital marketing, hence we foresee the need for digital marketing and strategy specialists. These are some of the roles that we foresee will be created in the market, in hand with the technology adoption and digitalisation," adds Sim.

Kelly Services Malaysia's Salary Guide for 2020/2021, which was derived by combining the expert market knowledge of senior re-

CONTINUES ON PAGE 72

COVER STORY

Drop in pay scale for non-exec jobs

BY SUPRIYA SURENDRAN

Besides projections of deflated salary growth, the pay scale for non-executive or blue-collar roles has also seen a drop because of the knock-on effects of the Covid-19 pandemic.

According to data from FastJobs Malaysia, a tech-driven job platform for entry-level and non-executive employment, the median salary has dropped by an average of RM200 across all non-executive roles since the period before the Movement Control Order (MCO) for operational and non-executive roles.

"As organisations and SMEs are still taking cost-cutting measures to ensure the survival of their businesses, the budget for hiring has also decreased correspondingly, resulting in both a decrease in the number of vacancies and also the salary offered.

"In addition, we observed the trend of more part-time jobs and contract roles offered, which also has an impact on salaries and wages offered," FastJobs general manager Joelle Pang tells *The Edge*.

Pang says during the months when the MCO was eased, FastJobs saw a significant increase in and recovery to the number of jobs posted on its platform, as employers started returning with urgent hiring needs.

"This is a good indicator that the job market will be on track to recover once the number of new Covid-19 infections are under control and MCO restrictions can be lifted, so that businesses are able to start planning for recovery and resume their operations, introducing more jobs back to the economy.

"In the recent weeks, we have worked with multiple employers that had to put their business expansion plans, such as the opening of new outlets, on hold as they had to react to the recent Conditional MCO developments at short notice."

Pang says demand shifted towards part-time and contract workers in the months when employers were returning to the FastJobs platform with urgent employment opportunities and vacancies.

"We believe that this trend will continue, where demand for part-time jobs will increase compared with that for full-time jobs once the CMCO is lifted, as more employers are



Demand for workers in the manufacturing sector is even surpassing the pre-MCO days, says Pang



Pang: The median salary has dropped by an average of RM200 across all non-executive roles

looking for part-time workers to reduce their business risks before the market fully recovers.

"It also presents a great opportunity for jobseekers, especially those who have lost their jobs due to Covid-19, to secure temporary jobs while getting back on their feet."

Types of non-exec jobs in demand

On what kinds of jobs are in demand for the blue-collar worker market, Pang says there is sustained pent-up demand for workers from supermarkets, convenience stores and food and beverage outlets, as these businesses continue to receive support from consumers.

"Manufacturing is also a sector which has gained huge traction and demand for work-

ers is even surpassing the pre-MCO days. Businesses which were previously hit due to supply chain disruptions are now returning to full capacity, and clearing their backlog of projects and deliveries.

"In addition, manufacturing and despatching of personal protective equipment have also driven up demand for operational workers significantly," she says.

Pang adds that e-commerce is on the rise as more people order things online, hence there is an increasing need for despatch, logistics and warehousing.

On the other hand, jobs which require high contact and close proximity have plummeted in demand. These jobs are in industries such as beauty and wellness, fitness and events.

"In part, it is also due to businesses in these industries not being able to operate or reopen at full capacity," says Pang.

Tech-savvy blue-collar workers

On how the Covid-19 pandemic has reshaped the blue-collar market, Pang says non-executive jobseekers are becoming a lot more tech-savvy and relying a lot more on job portals such as FastJobs and social media platforms to search for the job opportunities that are still currently available. This is because traditional methods of job hunting such as knocking on doors are no

longer as readily accessible for jobseekers.

"Employers that used to hire the majority of their operational workforce through walk-ins to their outlets are also leveraging the online presence of job portals and their social media channels to reach out to jobseekers," she says.

There is also an increased volume of interviews conducted via technology platforms such as Zoom, Google Hangout and WhatsApp video calls.

"An interesting insight is that while employers are conducting the virtual interviews via their computers, jobseekers are still very much mobile-first, and relying on their smartphones and mobile apps to be assessed for these job opportunities," Pang says.

FastJobs recently supported an internationally renowned Japanese brand specialist store and discount chain hypermarket to run an e-FastRecruit exercise — a large-scale mass hiring campaign to fulfil its operational needs for the opening of its first-ever outlet in Malaysia. The hiring event was conducted 100% virtually, from application, candidate screening, scheduling and conducting of interviews, all the way to e-signing of the offer letter.

"It was done to great success with an interview show-up rate of 70% (compared with the traditional walk-in interview show-up rate of 40%), totalling up to almost 300 virtual interviews conducted," says Pang.

Recovery ahead

Looking ahead, Pang expects the outlook for non-executive jobs to improve in 2021, in tandem with the recovery of Malaysia's trade and economy and with increasingly positive updates on effective Covid-19 vaccines being developed.

"Job opportunities are emerging as the market recovers. These include home-based jobs such as answering surveys and completing microtasks, which can be done via their smartphones and can help jobseekers earn an additional income since many of them have lost their jobs," she says. She adds that gig workers and freelancers such as designers, drivers and delivery workers will also have opportunities to earn an additional income.

MYFutureJobs policy on expat hiring draws brickbats

National employment portal MYFutureJobs' stringent requirements for foreign worker and expatriate applications may have unintended consequences, including a drop in foreign investment in the country, according to some quarters.

Dr Carmelo Ferlito, CEO of the Center for Market Education (CME), said that while the measures aim to reduce unemployment among Malaysians, they may lead to lower foreign direct investments and a reduced presence of multinational corporations in Malaysia, therefore increasing unemployment rather than reducing it.

"It interferes with employers' decision-making process, imposing also the presence of government representatives during the hiring process, which poses serious problems in terms of privacy and interdependency in the business conduct," he said in a statement on Oct 28.

"[The move] applies not only to new positions but also to the renewal of expatriate positions, making the future of foreigners in Malaysia increasingly uncertain, with the risk that Malaysia will be unable to attract foreign talents."

Ferlito's comments come on the heels of an announcement on Oct 26 by the Ministry of Human Resources that all employers who intend to employ foreign workers through rehiring programmes and expatriate recruitment applications are required to first advertise the vacancies on MYFutureJobs effective Nov 1, 2020.

The objective is to make MYFutureJobs a single window or single platform for the ministry to monitor job matching involving locals. Another objective is to ensure that Malaysians are given priority in employment opportunities, as applications for foreign workers or expatriates will only be considered if no

Malaysians are interested in applying for the positions.

However, the policy, which was supposed to take effect on Nov 1, has been deferred to Jan 1, 2021, after taking into account employers' concerns over the need to advertise vacancies via the portal as well as to hold interviews as a prerequisite for the employment of foreign workers and expatriates.

Ferlito indicated that more thought has to go into policymaking given that some outcomes could be unintended.

"If an MNC is hiring five expatriate top managers and 200 Malaysians, and it is forced to replace those expatriates with locals, how will we end up? With five more Malaysians getting a job or with an MNC leaving Malaysia, leaving 200 people unemployed? Policymaking cannot be driven only by good intentions; serious consideration of the negative unintended consequences is a must," he stressed.

Among CME's proposals is for the government to identify a salary threshold, such as RM15,000 per month, above which the new procedure will not be applicable and businesses would be free to hire without using the portal. It also calls for the exclusion of work-permit renewals from the scope of the policy.

EU-Malaysia Chamber of Commerce and Industry (EUROCHAM Malaysia) expresses similar sentiments. "Malaysia has been well known for its frequent migration policy shifts, and yet today, there are still many twists and turns in the hiring policy during this challenging pandemic period."

"We are genuinely concerned that the new requirement will further discourage quality European investors from establishing a presence in Malaysia, due to diminished investor confidence and the lengthy hiring process for expatriates in the country," says Oliver Roche, chairman of

EUROCHAM Malaysia, in a statement on Nov 3.

While the main rationale of the new policy is to prioritise local jobseekers, EUROCHAM highlights that it will clearly risk Malaysia's reputation and position as an international investment-friendly destination, impacting the local job market in the coming years.

However, some parties have lauded the move by the government. Malaysian Employers Federation (MEF) president Datuk Dr Syed Hussain Syed Husman was quoted by *New Straits Times* as saying that the MEF supports the move to give locals priority, as many local graduates are unemployed.

The government will therefore have to perform a fine balancing act to ensure Malaysia remains an investment-friendly destination for MNCs while at the same time prioritising the needs of local jobseekers. — By Supriya Surendran

COVER STORY

High skill-related underemployment reveals structural issues in labour market

BY ESTHER LEE

In the September labour market data released earlier this month, the Department of Statistics Malaysia (DOSM) presented new labour market indicators in the form of time-related and skill-related underemployment. The statistics, measured on a quarterly basis, defines time-related underemployment as employed persons who work less than 30 hours a week due to the nature of their work or due to insufficient work, and are able and willing to accept additional hours of work.

It is no surprise that time-related underemployment — which averaged at 1.4% of the total employed persons between 1Q2017 and 4Q2019 — rose to 2.8% or 413,500 people in 2Q2020, when the Movement Control Order (MCO) was enforced, restricting economic activity. Time-related underemployment has since declined to 300,800 people or 2% of the total employed persons in 3Q2020 as economic activity picked up and business operating hours were extended.

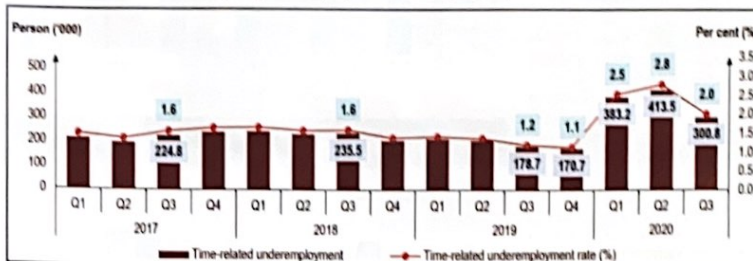
However, skill-related underemployment — which is measured from the perspective of those with tertiary education and working in semi-skilled or low-skilled occupations — reveals a concerning issue. "Over the years, it was observed that the incidence of skill-related underemployment had indicated the existence of some structural issues in the labour market prior to the Covid-19 pandemic," notes DOSM.

Between 1Q2017 and 4Q2019, an average of 32.7% of the total employed persons or 1.4 million people experienced skill-related underemployment. The pandemic has made it worse as skill-related underemployment climbed to 36.8% of the total employed persons in 3Q2020. This could mean that while jobs are available, the skills required by these positions do not necessarily match those of the underemployed.

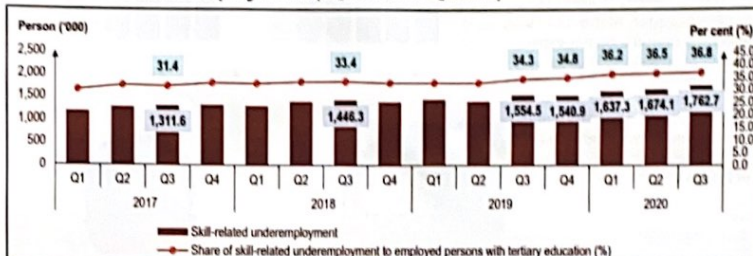
"The rise of vacancies among industries is uneven, hence we see a shift in workers moving into different industries. Whether that remains permanent or temporary, it really depends on the outlook for jobs in that industry going forward. Job segments such as tourism-related ones could still be few and far between, which means skill-related underemployment could remain high for some time, notes RHB Research economist Ahmad Nazmi Idrus.

When it comes to time-related underemployment, Nazmi says its implication is similar to that of unemployment but less severe, as workers are still unable to be fully utilised and have less disposable income. "There is no easy solution to this given the current labour market slack, but I believe the government has been quite proactive.

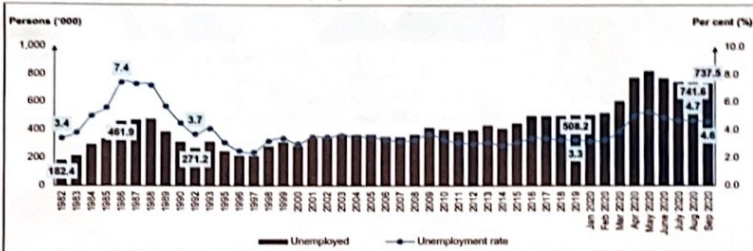
Time-related underemployment (1Q2017 to 3Q2020)



Skill-related underemployment (1Q2017 to 3Q2020)



Unemployed persons and unemployment rate (1982 to 1919; Jan to Sept 2020)



CHARTS BY DOSM

I believe we have a few measures in the budget to address this, like Penjana Kerja."

Lee Heng Guie, executive director of the Associated Chinese Chambers of Commerce and Industry of Malaysia's Socio-Economic Research Centre (SERC), opines that the underemployment issue warrants attention by policymakers. "It undermines a worker's potential and productivity and hence, affects the country's national output. For example, people with high skills but working in low-paid or low-skilled jobs," he points out.

Lee believes that what could have contributed to the time-related and skill-related underemployment are also structural economic factors such as the lack of skill, the rise of the gig economy or the lack of affordable childcare that undercut the creation of stable jobs.

Notably, the government has introduced reskilling and upskilling programmes to cater for structural changes in the labour market, which can help address underemployment.

Sunway University professor of economics Dr Yeah Kim Leng points out that the priority for reskilling and upskilling programmes has been elevated, thanks to the accelerated shift to digital in recent times. He adds that it should also include new graduates whose training does not match the industry skills that are in high demand currently, not just existing employees and retrenched workers.

"The skills and manpower mismatches are a continuing challenge for public and private universities as well as the technical and vocational education training (TVET) institutes. A tripartite platform comprising the government, educational institutions and employers is needed to address this structural issue on a continuing basis," he says.

Given the fast-changing labour market and economic landscape, policy think tanks and research institutions should be encouraged to undertake studies that will furnish evidence-based recommendations to the country's policymakers and planners," says Yeah.

Lee also sees the need to constantly review the courses provided by training centres so as to stay relevant in a changing world. He believes that reskilling and upskilling should include aspects such as soft skills, new technology adoption, cross-functional skill sets, critical thinking and tactical execution.

He also believes trainers form an important part of the equation in enhancing an effective training framework. "Trainers or instructors must have good qualities and skills to deliver the outcomes. A critical assessment of the training providers' performance with the setting of key performance indicators, criteria and guidelines are necessary to ensure better governance of the training fund," he adds.

Unemployment eases in September

The unemployment rate eased to 4.6% in September from 4.7% in August. The total unemployed figures stood at 737,500 in September. While the monthly numbers showed some easing, UOB (M) Bhd

economist Julia Goh notes in her report that the percentage of long-term unemployed persons continued to edge higher to 15.5% of the total of those unemployed for 6 to 12 months and 9% of the total of those unemployed for more than one year.

Yeah believes that the unemployment rate could see some "sticky" numbers or an uptick in the coming months due to the resurgence of the coronavirus and the expiration of some incentives provided in the stimulus packages this year. "There is increasing concern that some of the large and mid-sized firms that are not eligible for the relief measures and fiscal incentives may begin downsizing or closure due to prolonged low business volume and uncertain recovery prospects," he says.

The government expects the unemployment rate to improve to 3.5% in 2021 from 4.2% in 2020.

SERC's Lee says it will take a longer time for the unemployment rate to return to pre-pandemic levels on account of the current resurgence. In 2018/19, the number of unemployed persons averaged at 516,450. He expects the unemployment rate to reach 4.8% in 2020 and trend lower to 4.5% in 2021.

In Budget 2021, tabled on Nov 6, there was about RM9 billion worth of measures to generate and retain jobs, notes Goh, including hiring incentives, reskilling and upskilling programmes, short-term employment programmes in the public sector and government-linked companies, a targeted wage subsidy programme for the tourism and retail sectors, and placement programmes for airline employees.

The question is whether these measures outlined under the recent budget would depend on the ability to contain the current Covid-19 outbreak and minimise the economic impact of the Conditional MCO in affected areas, says Yeah. "It is likely that the setback in the recovery process could result in more firms and businesses downsizing further or exiting altogether, especially those that have exhausted their financial buffers amid the weakened business recovery. Rather than inching downwards, we may see some persistence or reversal in the unemployment trend."

Yeah believes that the key to achieving the government's forecast of a 3.5% unemployment rate lies in the success of the budgetary measures in attracting new investments and improving the business environment so that 250,000 jobs can be created to bring down the unemployment rate to its target by end-2021. "For sustainable employment creation, firms and businesses must be in a position to expand capacity or invest in new ventures, thereby boosting the demand for labour," he says.

COVER STORY

Right time for individuals, organisations to think of upskilling

FROM PAGE 69

recruitment professionals within the Kelly and Capita Global network, as well as the latest job placement data recorded on the database, identified several "hot jobs" across industries.

These included lead software developer, analyst programmer and full stack Java developer for the information technology industry, and project change management specialists for the banking and financial services.

What kind of salary scales do these jobs offer? According to the guide, a lead software developer with five to eight years of experience can expect to earn a minimum of RM10,000 and a maximum of RM17,000 per month.

This is a slightly wider range compared with the 2018/2019 guide, in which the job commanded a minimum of RM9,800 and a maximum of RM16,000 per month.

Osborne says that legal candidates with compliance experience will be in great demand in 2021, due to the enforcement of Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018) in June this year.

"There will be greater demand for lawyers with pertinent legal and compliance experience to ensure that portfolios are adequately covered and costs are saved, something that is essential in the current employment climate."

"In 2021, companies will be looking to become more efficient in the services that they provide. To this end, employers will be actively recruiting human resource (HR) professionals with experience in automating processes, and those who understand the various HR tools and technologies that can enhance the efficiency of the entire HR cycle through the hiring of project managers and shared services candidates."

Osborne adds that the demand for cloud professionals will also increase as companies adopt hybrid working models.

"More and more companies are coming around to the benefits of hosting applications on the cloud, which means that 2021 will be a year of exponential demand for cloud technology, sparking a hunt for candidates with cloud security and DevSecOps skills."

Meanwhile, "dramatic global shifts are creating a boom in manufacturing companies establishing shared service centres in Malaysia. As this requires greater integration between supply chain and the business, new job titles such as supply chain manager and business process owner are being created. These positions, with a focus on automation and technology, are key to the future of supply chain and procurement in Malaysia, and candidates will be required to be flexible, able to transfer knowledge from established processes, and be in possession of systems knowledge as teams become leaner in the coming year."

Upskilling and reskilling

According to PricewaterhouseCoopers (PwC) Malaysia's survey on technology, jobs and skills conducted in April and May 2020, about half of all respondents believe that the onus for upskilling rests with the individuals themselves.

However, PwC Malaysia's Director for its People and Organisation Consulting practice Indra Dhanu believes that the onus should not be on the individuals alone as it is also important for the government and the business community to prioritise workforce upskilling and reskilling.

"An individual's contribution cannot bring in the same amount of results as what a concerted effort through public-private partnerships can deliver in implementing the national agenda on upskilling."

"For example, Malaysia is a leader in manufacturing especially in the state of Penang, so vocational schools and engineering institutions in Penang and the Northern Corridor Economic Region should focus more on areas such as automation, Internet of Things and robotics."

"So, when governments at the national level drive policies aimed at upskilling, then relevant courses can be cascaded or introduced to institutions, be it public or private institutions, and then the individuals can take up these courses to benefit from them. For instance in the UK, the Office for National Statistics realised that a lot of people were going to lose their jobs, hence the UK government came up with various programmes covering topics in digital, coding, artificial intelligence [to provide additional skills to this affected group of people]," he says.

Indra says that this is the right time for both individuals and organisations to start thinking of upskilling.

"The debate around digitalisation, upskilling and reskilling has always been there. Even before the pandemic, organisations were thinking about it but they were not actively doing a lot, in general."

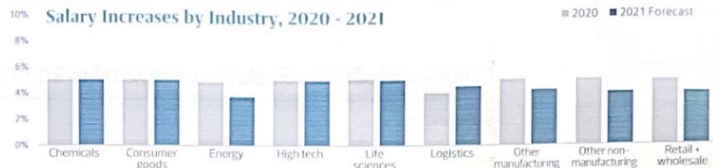
"So now with the pandemic, many organisations are looking at optimising their costs and improving productivity in order to grow, and to grow, they would need to invest in technology, be it in simple basic Enterprise Resource Planning systems or in automation."

"Eventually, you will need individuals who are well trained and upskilled to run those systems for you and that is why it should be the long-term strategy for organisations to have the impetus to upskill their staff," he says.

Ling Hsien Wei, head of PwC's Academy, PwC Malaysia, says that a lot of business owners are currently managing a balancing act — on one hand needing to keep their day-to-day operations running, and on the other hand, needing to adapt their long-term plans for the future.

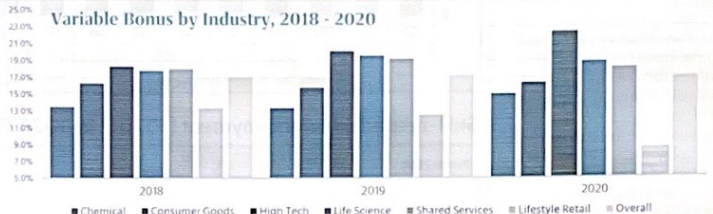
Salary movement by industry

Salary Increases by Industry, 2020 - 2021



Variable bonus

Variable Bonus by Industry, 2018 - 2020



Ling: When you have a transformation plan, you immediately create a skills gap within the organisation



Indra: It is also important for the government and the business community to prioritise workforce upskilling and reskilling



Osborne: Non-cyclical industries such as healthcare, the public sector, transport and education are less affected by hiring freezes

"As business models become affected by Covid-19, organisations are putting in place transformation plans, and when you have a transformation plan, you immediately create a skills gap within the organisation."

"The immediate reaction can be to cut costs, and this would include costs to upskill the staff. The danger in doing that is when you may have a transformation plan, but you don't have the skilled workforce to be able to deliver that."

"With the half-life of learned skills now being around 2.5-5 years according to several studies, the era of having a degree that lasts a whole career is long gone. Organisations and individuals that embrace this are not just upskilling for now, but will make learning and relearning part of their DNA," he says.

In Budget 2021, a total of RM1 billion will be allocated for reskilling and upskilling programmes, including RM100 million to the Human Resources Development Fund (HRDF) to implement training in collaboration with private-sector employers; RM100 million to the Malaysia Digital Economy Corporation (MDEC) to transition the existing workforce to fill the growing needs in the information and communications technology industry; and RM100 million to regional corri-

dor authorities, mainly the Iskandar Regional Development Authority and Sabah Economic Development and Investment Authority to provide new skills training to workers badly affected by the closure of borders to foreign tourists, in order to assist them in securing new employment or source of income.

Initiatives announced earlier include Penjana HRDF, a training incentive programme that emphasises training in terms of reskilling and upskilling of Malaysians to enhance the employability of the unemployed.

The way forward

A win-win solution for navigating the job market in 2021 is for employees to leverage on training programmes provided by government institutions, and for employers to change their mentality when it comes to training their employees, says Kelly Services' Sim.

"There are a lot of programmes out there, and it will be a waste for any candidate to miss an upskilling programme, especially ones that are being subsidised by the government. So I would advise employees to maximise this [opportunity]."

"For employers, it is important for companies to motivate their employees through upskilling and other learning and development

initiatives through engagement activities, as well as to ensure that employees continue to walk with them to progress further in the future."

"Hence, it is important for companies to have that mindset when it comes to investments. Don't look at salaries, wages, learning and development costs as expenses. Treat it as investments," he says.

In its report "Work in an Evolving Malaysia", Khazanah Research Institute (KRI) says the Covid-19 crisis is clear evidence why digitalisation and automation matters, further supported by various government incentives for firms to digitalise and automate.

"However, the transition process for these firms should also be supported by investments to improve workers' skills so that they can operate the new technologies installed to improve productivity and business resilience. Simply put, we must ensure that workers complement technological advancements rather than simply being substituted by them," says KRI.

KRI adds that a delay in widespread technological adoption provides an opportunity for policymakers to support labour-enhancing technologies, strengthen the safety net for displaced employed persons and prepare people for changing labour market conditions.