

Underemployment remains a concern amid lowest unemployment rate

The Malaysian Reserve, Malaysia

11 January 2022

by NUR HANANI AZMAN / pic by TMR FILE

THE general trend of rising employment is expected to continue throughout the year as business activities resume, but it does not address the underemployment issues in the country, economists said.

The Statistics of Labour Force report by the Department of Statistics Malaysia (DoSM) revealed that the number of unemployed in November 2021 has been reduced to below 700,000 persons for the first time, the lowest since April 2020.

Malaysian University of Science and Technology's Institute of Post-graduate Studies dean Dr Geoffrey Williams said we should be cautious about attributing the fall in unemployment to an improvement in economic and social conditions or due to government policies.

He noted that Malaysia has recorded lower unemployment rates in recent months but there has been an increase in low-paid jobs too.

“So, we expect this to continue into December and also into this year 2022. Headline unemployment will fall but underemployment and low-paid jobs will increase. This is a structural problem in the labour market and has knock-on effects for example, in rebuilding depleted Employees Provident Fund accounts.

“We have to link employment with wages otherwise we get more people employed on lower wages and that is not so positive as the numbers suggest,” he told The Malaysian Reserve yesterday.

Williams opined that the fall in the headline unemployment figure will be seen as positive and reflects the easing of restrictions which is allowing businesses to open up again and take on workers they had previously fired.

“Behind the headlines, we can see that there was an increase of 20,100 own account workers which are mainly daily wage earners in small and medium enterprises or gig-economy workers on low salaries.

“There was also an increase of 4,700 in unpaid family workers and an increase in self-employed by 3,800. Taken together, this is 28,600 precarious workers on low pay. So, although the unemployed number has fallen and the number both in work and in the labour force has risen, the quality of jobs and wages are low,” he added.

He said DoSM also pointed out that there are 112.2 thousand people out of work but not counted as unemployed because they have jobs to go back to.

“Although this number has fallen, if we add them into the total unemployed there are still 806,600 people unemployed and millions underemployed,” he cautioned.

Chief statistician Datuk Seri Dr Mohd Uzir Mahidin said the labour force situation in November 2021 held steady with continuing employment growth and reducing the number of unemployed persons as the revival of more economic and social activities has stimulated a positive vibe to the labour market.

Mohd Uzir said employed persons in November 2021 continued to rise for four consecutive months with an increase of 0.4% month-on-month recording 15.61 million persons (October 2021: 15.55 million persons).

“The employment-to-population ratio which indicates the ability of an economy to create employment went up by 0.2 percentage points to record 66% in November 2021 (October 2021: 65.8%).

“In the meantime, the unemployed persons reduced to the lowest number below 700,000 persons for the first time since April 2020, with a decrease of 1.5% month-on-month to 694,400 (October 2021: 705,000 persons),” Mohd Uzir said in a statement yesterday.

The unemployment rate in November 2021 was 4.3%, unchanged from the previous month as more in the inactivity group were searching for jobs which then reflected by a decrease of 0.3% in the outside labour force to 7.34 million persons during the month (October 2021: 7.36 million persons).

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Source: <https://themalaysianreserve.com/2022/01/11/underemployment-remains-a-concern-amid-lowest-unemployment-rate/>