

# No effect on unemployment when Wage Subsidy Programme ends

by **AZREEN HANI**

**THE** termination of the Wage Subsidy Programme (PSU) is not expected to contribute to the increase in retrenchment or unemployment rate, based on a survey by the Social Security Organisation (Socso).

Socso CEO Datuk Seri Dr Mohammed Azman Aziz Mohammed said the survey found that only 15% of respondents plan to reduce their employees, while 29% intend to increase their number of employees and more than half or 56% tend to

retain existing employees.

The survey was conducted by the EIS-UPMCS Future Labour Market Research Centre (EU-ERA) involving 469 companies receiving the PSU. It was conducted from Oct 30 until Nov 22 last year.

"Based on these findings, it can be concluded that the termination of PSU is not expected to increase the rate of retrenchment and unemployment. This snap survey conducted online aims to assess the impact of PSU termination on employment," Mohammed Azman said in a statement on Saturday.

He noted that there are still companies in sectors such as tourism that still need the assistance as the recovery in these sectors is expected to take longer.

"There are companies in several sectors that have shown recovery after the government reopened economic activities since June 2020 and supported the implementation of economic stimulus packages," Mohammed Azman added.

The termination of the PSU has led to a public debate over the extent of its impact on employment and subsequently the implications

for the unemployment rate.

He added that the findings of this survey do not take into account the economic impact due to the implementation of the Conditional Movement Control Order (CMCO) in the Klang Valley which started on Oct 14, 2020, and the implementation of the MCO 2.0 which started on Jan 13, 2021.

The CEO believes that these MCOs are expected to have a moderate impact on economic recovery and in turn, potentially impact employment.

The results of the survey are

detailed in the EU-ERA in "The Day After Tomorrow Report: Estimating the Impacts of Ending Temporary Wage Subsidy Programme".

EU-ERA is a collaborative research centre between SIP Socso and Universiti Putra Malaysia Consultancy and Services.

The PSU is designed by the government as a direct financial assistance to companies to maintain employment during the Covid-19 pandemic.

As of Dec 31, 2020, over 3.7 million employees and 428,516 employers have benefited from the programme.