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LABOUR DEMAND: CHANGING OF JOB VACANCIES TREND IMPACT OF MOVEMENT CONTROL ORDER

INTRODUCTION

- The Covid-19 pandemic, which ravaged the globe throughout the first half of 2020, still shows no sign of coming to an end. To date, the virus has **infected over 173 million¹** and **killed more than 3.72 million¹** of those. This has drastic ramifications for not only to the livelihood, but also the global economy.
- Malaysia recorded its **first case** of COVID-19 on **January 24th, 2020** with a stable number of reported cases until March 2020, where there was an exponential spike due to a massive religious gathering in Kuala Lumpur.
- On **16 March 2020**, the Prime Minister of Malaysia, Tan Sri Muhyiddin Yassin, had announced the imposition of a 14-day movement control order from 18 March to 31 March 2020 nationwide to curb the spread of the COVID-19 infection in Malaysia. The Prime Minister stated that this is pursuant to the **Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1987**.
- Following the announcement, multiple multisectoral efforts at different levels in different independent organisations were organised upon entering the containment phase, including **social distancing measures** and **national lockdown** of all non-essential businesses.

LABOUR DEMAND SCENARIO

- Job vacancies are an **early indicator of economic activity**. When a firm's demand for labour increases, it may post new vacancies some time before these vacancies are actually filled; conversely, when labour demand falls, a firm may stop recruitment efforts before an effect on employment is felt. Tracking the evolution of vacancies allows us to see where labour demand has fallen most during the pandemic, and where it is tentatively picking up again.²
- The ILO estimates that the decrease in labor demand in the second quarter of 2020 compared to the last quarter of 2019 will be equivalent to **the loss of about 400 million jobs worldwide** (ILO, 2020c).³

¹ https://en.wikipedia.org/wiki/COVID-19_pandemic_by_country_and_territory

² Job vacancies during the Covid-19 pandemic, The Institute for Fiscal Studies, UK

³ https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/briefingnote/wcms_743447.pdf



DEFINITION

COVID-19 PANDEMIC

Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus. The virus spreads primarily through droplets of saliva or discharge from the nose when an infected person coughs or sneezes.

MOVEMENT CONTROL ORDER (MCO)

Movement Control Order (Malay: Perintah Kawalan Pergerakan), commonly referred to as the MCO or PKP, is implemented as a preventive measure by the federal government of Malaysia in response to the COVID-19 pandemic in the country on 18 March 2020.

LABOUR DEMAND

The sum of employed individuals (met labour demand) and the number of job vacancies (unmet labour demand).

JOB VACANCY/JOB OPENING

A job is vacant if it meets all of the following conditions:

- it is vacant on the reference date (first day of the month) or will become vacant during the month,
- there are tasks to be carried out during the month for the job in question, and
- the employer is actively recruiting outside the organisation to fill the job.

MCO PHASES IN MALAYSIA

Movement Control Order (MCO) 18 March - 3 May 2020

RESTRICTED

- All government and private premises except those involved in essential services.
- All business premises except for stores that selling everyday necessities.
- Travel abroad.
- The entry of all foreigners into Malaysia.
- All educational institutions.

Conditional Movement Control Order (CMCO) 4 May - 9 June 2020

RESTRICTED

- Sport activities involving large gatherings and body contact.
- Large gatherings (social, community and cultural events) and all official events.
- Interstate travel except for work purposes and to return home if stranded.

ALLOWED

- Most economic sectors (following SOPs).

Recovery Movement Control Order (RMCO) 10 June - 31 March 2021

ALLOWED

- Activities or services at airports and ports.
- Public services transport (according to vehicle capacity).
- Sectors under the purview of the Ministry of Tourism, Arts and Culture.
- Family entertainment centres (game arcades, karaoke centres and funfairs).
- Tuition centres, special education and private schools.

Total lockdown 1 - 14 June 2021

ALLOWED

- Food premises (take-away, drive thru or delivery).
- Daily necessities shops.
- Health services (hospitals, clinics, pharmacies and medical laboratories).
- Supermarkets, hypermarkets, personal care, convenience stores and mini marts (food, beverage and basic necessities section only).
- Animal clinics, pet food shops, laundries and eyewear stores.

MCO by states

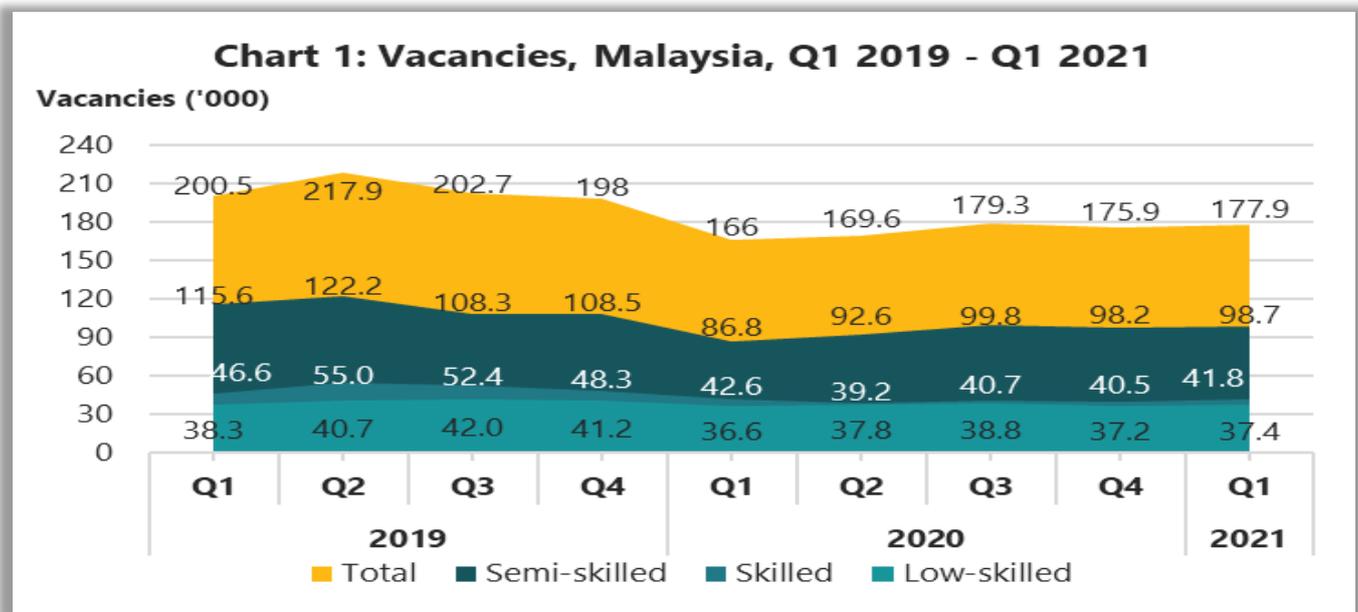
11 January - 31 May 2021

Each states switch between MCO, CMCO, RMCO, EMCO, and semi-EMCO depending on the COVID-19 condition in each states



HOW WAS THE TREND OF JOB VACANCIES DURING THE MCO

- Based on the Employment Survey conducted by the Department of Statistics Malaysia (DOSM), the trend of job vacancies registered a **declining trend** year-on-year. Comparing the number of job during the pre-crisis period, there were 166.0 thousand job vacancies in Q1 2020, **dropped 34.5 thousand** (Q1 2019: 200.5 thousand). On the contrary, the number of job vacancies in the economic sector **surged at 7.2 per cent** (12.0 thousand job vacancies) year-on-year to record **178 thousand vacancies** in Q1 2021 (Q1 2020: 166 thousand). **[Chart 1]**
- During the same period, the rate of vacancies **increased to 2.1 per cent from 1.9 per cent** in Q1 2020. The number of job vacancies in Q1 2021 also improved 1.1 per cent (**+1.9 thousand**) compared to 176 thousand in the previous quarter. **[Chart 1]**
- By skill category, all categories posted declining trend in all quarters of 2020 as compared to the number of jobs vacancies registered during the pre-crisis period (2019). **[Chart 1]**

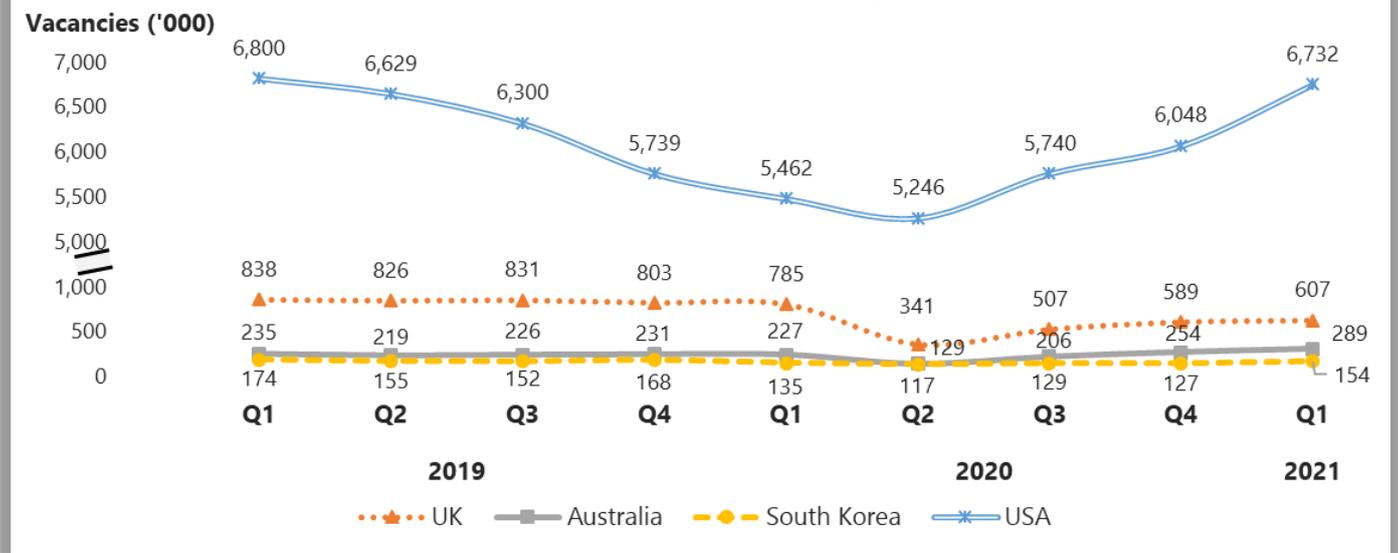


Source: Employment Statistics, Malaysia

Looking at job vacancies of selected countries, the impact of the MCO was reflected in the dropped of job vacancies in Q2 2020 for all countries. For example, the number job vacancies in UK recorded a **significant decreased (1,383 thousand job vacancies)** to record 5,246 thousand in Q2 2020 as compared to Q2 2019 (6,629 thousand). Similarly, Australia, South Korea and USA also posted a decreasing trend during the same period. Nevertheless, in the **first quarter of 2021**, vacancies for the selected countries showed an **upward trend** as compared to previous quarter. However, when compared year-on-year change of vacancies, only UK showed a decreased. Overall, the year-on-year trend of job vacancies showed a declining trend during the spike of COVID-19 crisis where all countries imposed containment measures (total or partial lockdown). **[Chart 2]**



Chart 2: Vacancies, Selected Countries, Q1 2019-Q1 2021



Source:

1. U.S Bureau of Labour Statistics
2. Office for National Statistics
3. Australian Bureau of Statistics
4. Ministry of Employment and Labor (Korea)

SUMMARY

- The vacancy trend has changed as a result of the Movement Control Order being implemented globally. The relaxation of some restrictions imposed will allow labor demand, in particular vacancies to show an increase albeit marginally.
- The modest recovery in vacancies can be seen in the third quarter of 2020 was almost entirely driven by the lifting of some containment measure where more economic activities were allowed to operate.
- Tracking the evolution of vacancies allows us to see where labour demand has fallen most during the pandemic, and where it is tentatively picking up again. If activity in lockdown and other affected sectors does not return to more normal levels soon, there will be pressures to create opportunities and reallocate workers to where there is demand.
- Notably, the COVID-19 pandemic is not just a health crisis, but equally an economic and labour market crisis. The lockdown measures adopted in most countries to prevent the spread of the pandemic restricted economic activities. Evidently, developing countries have faced slower recovery momentum of labour demand.
- The MCO together with targeted screening have slowed the spread of COVID-19 epidemic. The government has provided various economic stimulus packages in order to cushion the impact of the shrinking economy.
- To achieve a swift, sustainable, and equitable economic recovery, the implementation of COVID-19 economic recovery plans with a special focus on the worst-affected sectors and demographics need to be formulated and revitalize the economy.

PENAFIAN: Artikel dalam *newsletter* ini adalah inisiatif pegawai DOSM berdasarkan pemerhatian dan analisis penulis. Ianya tidak memenuhi piawaian pengeluaran statistik rasmi negara. Justeru, kandungan *newsletter* ini tidak boleh ditafsir sebagai statistik rasmi DOSM.

DISCLAIMER: The article in this newsletter is the initiative of DOSM officers based on their observation and analysis. It does not meet the country's official statistics released standards. Therefore, the content of this newsletter cannot be interpreted as DOSM's official statistics.

