

EAST MALAYSIA LABOR MARKET OUTLOOK 2020 (Q4): COVID-19 IMPACT

COVID-19 has been sweeping the world swiftly across this year and expectedly brought economic upheaval on local businesses in Sarawak and Sabah. Throughout 2020, we have witnessed vast social changes alongside the changing magnitude of the crisis; citizens were urged to stay at home, businesses were forced to shut down temporarily for a few months before resuming their operation with a new set of guidelines that they need to adhere to.

SarawakJobs.com & SabahJobs.com have conducted brief surveys on the local East Malaysia companies, employees and current jobseekers to have insights on the impacts brought into the local workforce due to the global pandemic.

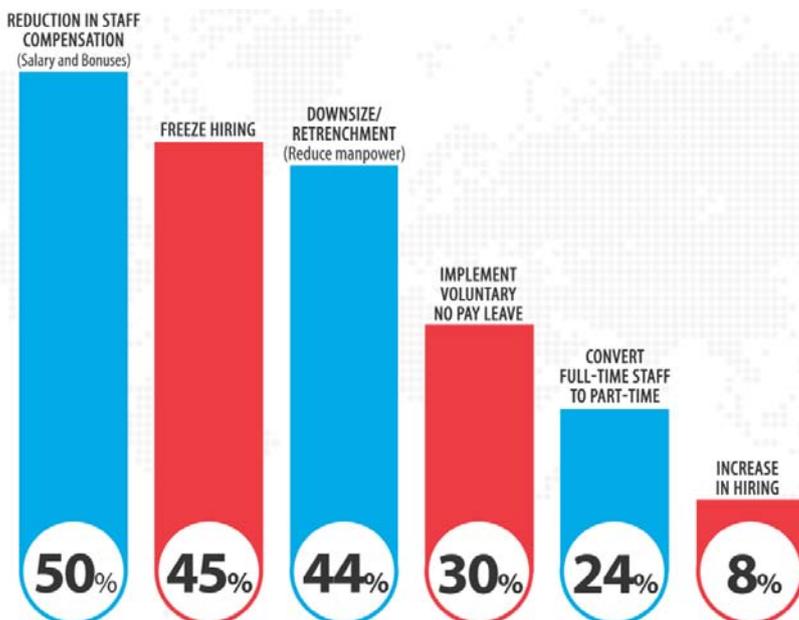
BUSINESS CONFIDENCE CRASHES, LOCAL EAST MALAYSIA COMPANIES FACED WITH DISRUPTION AS REVENUE DIPS

East Malaysia companies, be it the owner of a large, small or micro business or a government-linked agency, companies alike faced with similar experiences - Decreasing revenue due to the global pandemic. In reference to COVID-19 Business Confidence Report 2020 conducted on 265 companies in East Malaysia, majority 82% of the local companies have endured declining revenue for the first quarter of 2020 as compared to the first quarter in 2019. The pandemic threat has inevitably caused a bleak outlook for many local companies as they feel the pinch and stress of decreasing revenues. Further scrutiny at the majority 82% of these companies actually shows that local business confidence will not resume anytime soon. The report also shows that 20% of these companies foresee their revenue to decrease between 40-60%; 24% predicts their revenue to decrease between 60-80%, 21% said to decrease between 80-90% and possible more than 90%; and the minority 17% said to decrease between 1-40%.

As we enter the 4th Quarter of year 2020, the pandemic situation still does not look optimistic as more countries are experiencing their 2nd/3rd or more waves of COVID-19. More businesses are bound to be impacted as COVID-19 drags on with no end in sight, and may not be able to sustain much longer if the situation does not turn around. The delay in returning to normality carries many costs for businesses such as rental, equipment, wages, and other operational costs.

LAYOFFS, HIRING FREEZES: KEEPING THE BUSINESS MOVING

Question: Manpower forecast for 2020 April to September: Is your company considering any of the following?

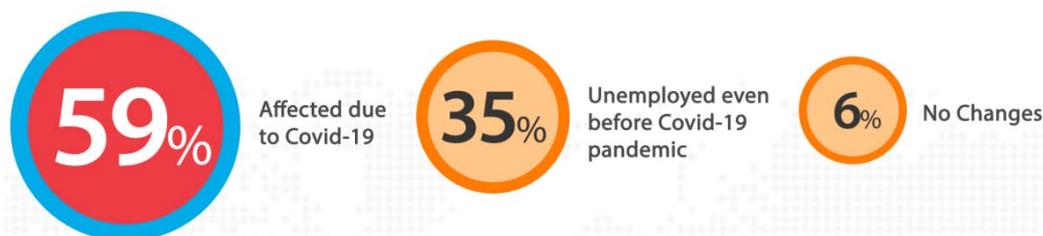


Few businesses are able to escape the disruption caused by COVID-19, since as early as March 2020, many local companies are pressured with a unique set of challenges. Faced with the sudden difficulties and challenges to conduct businesses as usual, local employers are compelled to respond fast: To make swift decisions on cost-cutting measures or restructure their company's human resources. As reported in our recent COVID-19 Business Confidence Survey Report released in June 2020 on the manpower forecast in April 2020 to September 2020, 50% employers in East Malaysia are planning to reduce their employees' compensation (such as salary and benefits); 45% intend to freeze hiring; 44% opt to downsize/retrench (reduce manpower); 30% implement voluntary no pay leave; 24% convert full-time staff to part-time. On the contrary, only 8% of local employers will increase in hiring. Although some companies are vigilant in making quick responses, some are just "getting through" to keep the business going.

Source: COVID-19 Business Confidence Report 2020 by SarawakJobs.com & SabahJobs.com

IMPACT OF COVID-19 ON EAST MALAYSIA WORKFORCE

Question: Share with us the changes at work that you've faced due to the Covid-19 pandemic



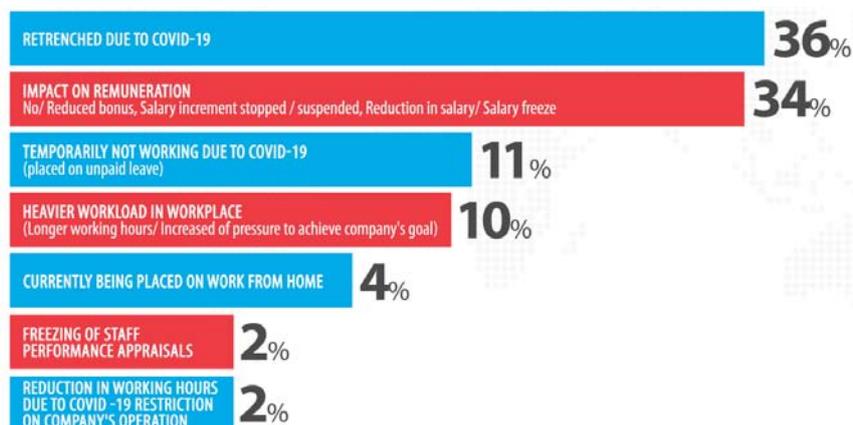
Relatively, as the crisis keeps evolving, it delivers harsh impacts on the local workforce in both Sarawak and Sabah.

In the latest SarawakJobs' and SabahJobs' social media surveys conducted in October 2020 with 1433 local workforce participants, 59% of the local workforce experienced changes brought about by COVID-19, while 35% of the local workforce are already unemployed even before the pandemic hits, and leaving 6% of the local workforce remain unaffected of the pandemic.

EAST MALAYSIA LABOR MARKET OUTLOOK 2020 (Q4): COVID-19 IMPACT

CHANGES BROUGHT BY COVID-19 TO EAST MALAYSIA WORKFORCE

Question: Share with us the changes at work that you've faced due to the Covid-19 pandemic



Among those who continue to work, a notable amount of employees experienced an unfortunate effect on the progression of their role, where 36% underwent retrenchment while 34% experienced negative impact on their remunerations: reduced salary or salary freeze, reduced or eliminated bonus or suspended or no salary increment. Meanwhile, 11% were urged to take voluntary unpaid leaves due to the pandemic.

LOCAL JOB SEEKER'S JOB HUNTING CONCERN AMID COVID-19

Question: Share with us the challenges/concerns that you faced in your job hunting during the COVID-19 pandemic



With the profound uncertainty on the local employment market, it leaves current unemployed job seekers to have similarly harsh impacts on their job search process in the market. Majority 47% job seekers experienced 'lower success being invited for an interview'; while 21% of the job seekers encounter companies that have a 'longer period of recruitment process'. In comparison to the employment market before the pandemic, there are 'lesser suitable job opportunities being advertised' on job advertisement portals and the minority of the job seekers are offered 'lower salaries for the same position from their previous employment'. This validates the impact the employers may have to deal due to pandemic, where their decision had similarly negative impacts on their recruitment activity.

Amid economic slowdown from the pandemic, the demand of local job market is also impacted mildly. For instance at SarawakJobs and SabahJobs, we experienced a gradual decrease of 14% in job demand of the job openings when comparing between Q2/Q3 of 2019 versus Q2/Q3 of 2020. Despite this, we can see a slow recovery of the recruitment activity in East Malaysia between Q2 2020 versus Q3 2020, where the local job demand has increased by 35%. However in the current tough times, majority companies were urged to reduce the company spending to keep the business going on; which were reflected by the reduction of the employees' remunerations and the lower salaries being offered to new employees.

WILLINGNESS TO SETTLE FOR ENTRY-LEVEL POSITION

Question: As an experienced working adult, well equipped with skills and knowledge, are you willing to settle for an entry-level position?



As to cope with the reduced budget allocated for the recruitment activity, most companies are open to hire more entry-level positions. In our latest survey conducted amongst the current job seekers that have more than 2 years of working experience, 59% are 'willing to accept entry-level position', while 32% choose to 'wait for better career opportunity that suits their skills and experience'; minority 9% are still 'monitoring the market and yet to apply for any job at this period'. This result indicates that current job seekers are willing to accept any level of position as long as they are able to "land" themselves a job during this tough period.

The pandemic is still in its mid-course and there is still no clear sight on when it will end and regardless of the unpredictable economic situation or a possible muted economic recovery. Referring to COVID-19 Business Confidence Report 2020 by SarawakJobs.com & SabahJobs.com, 74% of local employers are confident that for the next 12 months ahead the economy will get better and we can see that local companies are taking serious considerations and making plans to remain viable.

As part of the No. 1 job site in Borneo, SarawakJobs.com and SabahJobs.com are committed to assist both employers and job seekers to cope and rise during this unprecedented crisis. We place greater efforts to promote job opportunities and enhance quality candidates while

EAST MALAYSIA LABOR MARKET OUTLOOK 2020 (Q4): COVID-19 IMPACT

focusing on our commitments to address the needs of our users and HR professionals alike to attract and secure the right hire even in the current tough period.

FOR MORE INFORMATION

To download a full copy of COVID-19 Business Confidence Report 2020, please visit www.SarawakJobs.com. All reports are made available on <https://www.sarawakjobs.com/salary-survey/2019-2020/> or <https://www.sarawakjobs.com/blog/>.