

Madani Economy framework a good start, says MEF

LETTERS

Friday, 28 Jul 2023 7:43 PM MYT

The Malaysian Employers Federation (MEF) is of the view that the economic vision in the Madani Economy framework identified the seven initiatives to rebuild and position Malaysia economy prominently in the world within the next 10 years.

The identified initiatives will be able to create a better business environment that will attract more investors both FDI and local investors to invest in Malaysia.

It is very challenging to achieve all the seven targets within 10 years as it involves many complicated processes and actions that need to be in place and implemented.

Some of the set targets are doable and within Malaysia's capacity to achieve the set targets. Transforming Malaysia into the top 30 largest economies in the world is doable.

The economy of Malaysia is the 5th largest in South-East Asia and the 38th largest in the world in terms of GDP.

GDP is at US\$406.3 and to be at 30th largest, the GDP needs to increase by at least by 21% within 10 years.

The average GDP increase required is 2.1% per year over the next seven years, which is well within reach provided that there are no external shocks like the recent Covid-19 Pandemic.

Malaysia's GDP increase after Covid-19 had shown remarkable increase with 5.6% in 2022 and 2023 projected at 4% to 5%. The Malaysian economy grew at a pace of 5.6% in the first quarter of 2023. The GDP growth in 2022 was the fastest annual GDP growth rate since 2000.

Increasing women's participation in the country's workforce to 60 % within the next few years is achievable. Based on Labour Force Participation Rate as at May 2022, in terms of labour force by sex, male labour force continued to rise to record 10.15 million persons (April 2022: 10.15 million persons) as well as female labour force also increased to 6.38 million persons (April 2022: 6.36 million persons).

Therefore, both male and female LFPR climbed by 0.2 percentage points and 0.1 percentage points to register 82.5% and 55.6% respectively. Male LFPR increased by 1.4 percentage points (May 2021: 81.1 %), while female LFPR increased by 0.4 percentage points (May 2021: 55.2%).

To reach 60% female labour force participation in a 10-year period requires an average increase of 0.4% per year, which is within reach. The government is implementing initiatives to close the gender gap including enhancing protection and benefits for women in the workforce.

The initiatives include the Employment Act (Amendment) 2022 that introduces several changes such as increased length of paid maternity leave from 60 to 98 days, prohibiting employers from terminating employees who are pregnant or suffering from an illness arising out of pregnancy, reduction of working hours to 45 hours per week, and introduction of Flexible Working Arrangement.

The Employment Insurance System Act 2017 will be amended to provide allocation of childcare grants to women who are returning to work, Women, Family and Community Development Minister Datuk Seri Nancy Shukri had said.

The grant, equalling 80% of the insured monthly salary, will be provided to approximately 136,800 women who returned to work after their maternity period, amounting to RM290mil.

The initiative to increase female labour participation to 60% in 10 years aligns with the government's policy to have 30% women in decision-making positions. In the public sector, women representation in top management has reached 38.8%.

Transforming Malaysia into the top 30 largest economies in the world and placing the country in the top 12 of the Global Competitiveness Index are the important pillars of the Madani Economy.

Increasing Malaysia's GDP to be within the top 30 largest in the world will strengthen the economy as it is interpreted as a sign that the economy is doing well.

Generally, when GDP is growing strongly, employment is likely to increase and employers will employ more workers for their operations and employees will have more income.

The International Institute for Management Development (IMD) World Competitiveness Ranking 2023 report was announced on June 20. Malaysia moved up five spots and is now the 27th most competitive economy in the world.

Malaysia's rise in the rankings was mostly due to its economic recovery and growth in investment. Malaysia also has some bright spots in the security of the exchange rate and the job market.

Malaysia's strengths are its prices, its basic infrastructure, and its tax policies. However, the IMD said that Malaysia did not do well in the rankings for business laws, education, and social framework.

Thus it is important for Malaysia to take initiatives to improve the conditions involving business laws, education, and social framework. Based on the IMD report, Malaysia's biggest challenges in 2023 in terms of becoming a more competitive economy are; developing an industry-ready workforce, encouraging sectors to think digitally first, making it easier to do business at the national and sub-national levels, and pursuing sustainable development.

All these factors need special attention and initiatives need to be taken to improve the related matters. In principle, MEF supports the initiative that more childcare centres be established. In today's workforce, both men and women are joining the workforce.

In fact more women are moving up senior positions both in the government and private sectors. More entrepreneurs in SMEs are women. They form a large part of the economic activities in business.

The traditional concept of the extended families where parents and other family members will take care of their kids are no longer an option. Getting maids full time to care for children is difficult as supply is limited and costly.

Childcare centres are moving out of urban centres due to cost or are too expensive for the reach of many working parents, and many other administrative and logistic reasons.

Having proper child care facilities within reach is important. However for the private sector, establishing a childcare centre at the workplace is complex.

As for the private sector, just looking at the size of its operations has many layers. There are large companies listed in the KLSE main board, large but not listed SMEs and micro enterprises.

So each has a different ability and capability to manage childcare centres at workplaces.

Added to these are the fact that the business operations are so diverse from services, trading, advisory, legal, semi manufacturing to fully manufacturing.

Therefore, here too, the ability to carry out day care differs. Another element that is very important is that not all private sector industries are safe for children eg. chemical , oil and gas and fertiliser manufacturing facilities.

Safety and health requirements on site are very important. Therefore, it is not that easy a decision for the private sector to have childcare centres at the workplace compared with government services.

Making it mandatory without having detailed discussion will only lead to disaster. Execution is power. To be successful, we must put effort into execution.

MEF hopes that the government will play a greater role in establishing childcare as part of its efforts to help our rakyat. Childcare facilities should charge a minimum fee so that the rakyat can go to work peacefully. Childcare should be part of government services like tadikas or kindergarten managed by the government.

Government through its agencies should institutionalise childcare.

The private sector can support by paying a reasonable fee for their staff. With such infrastructure, companies can contribute and facilitate childcare for their staff. Businesses have to manage their key operations.

The government should manage this in the spirit of “Malaysia Madani”. The government has the financial and the necessary resources to establish childcare centres at the government offices.

The government would not face major challenges even if it is mandatory for childcare centres to be established in all government offices. Private sector employers will face major challenges if the government makes it mandatory for private sector employers to establish childcare centres at the workplace.

In the 1990s, there were more than 100 childcare centres in private sector offices. The number is much less now and it is estimated to be less than 30 such childcare centres in the private sector and mostly are established by the GLCs.

MEF supports the setting up of community childcare centres rather than childcare centres at the workplace. Residents in each community should pool up their resources and start a childcare centre near their residence and it would be more cost effective.

MEF calls on the government to consult and collaborate closely with all the stakeholders on how the identified seven targets can be implemented within the next 10 years to ensure better buy-in and support by the stakeholders. With the support from the stakeholders, the seven targets will get a better chance of successful implementation.

MEF believes that the biggest issue is in implementing the seven targets. MEF suggests that for each benchmarked target, a task force of competent people from both the government and the private sector should be formed and empowered to make it successful.

Only by a focus and dedicated team can the execution achieve its target. MEF believes that the Prime Minister has a plan. We must support it with all our expertise and work together to achieve the seven targets within 10 years. It's a good start. Let's give this a chance and put all our resources to work on it.

MEF president

Datuk Dr Syed Hussain Syed Husman