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THE FUTURE OF WORK IN THE NEW NORMAL

12-16 October 2020 Monday-Friday 15.00 - 17.00 (GMT+8)



Session 2: The Company Perspective

- Uncertain period to last until at least end of 2021, and the situation is dire for a large percentage of firms.
- Government interventions focused on “lives & livelihoods” have generally been helpful so far, for employers and employees.
- Companies’ challenges are on a continuum: pre-existing, accelerated because of the pandemic, and disruptive.
- The transition to a new normal is inevitable, the key is to ensure we don’t return to the old ways. All stakeholders must be involved in the design for the new normal, particularly workers.

Uncertain and Challenging Period

- Government support packages so far have enabled businesses to withstand the effects of the crisis, but at a cost:
 - Companies' cash buffers depleted.
 - Employees asked to take pay cuts, unpaid leave or equity instead of wages.
 - Nearly half of firms expect they will need more than six months to recover lost ground (Malaysian employers' survey).
- Some sectors saw rapid growth, e.g. gig platforms (delivery) and online shopping
 - Gig economy in Malaysia grew from 500k workers to 2.8M.

Pre-existing Trends Continue

- Export-driven companies in the region are changing focus from the US and Europe to Asia.
 - Regional trade grew by 4x compared to 2.8x for the rest of the world.
- Shift from trade in goods to trade in services.
 - Trade in services grew 60% faster than trade in goods over the same period.
- These trends will not change with Covid-19.

Some Trends Accelerated

- The march to automation was already underway but will now accelerate
 - This will diminish the appeal of labour cost arbitrage.
- Digitalisation will receive a huge boost from the pandemic. Many SME's and newly created firms are e-commerce businesses.
- Global multinational corporations are diversifying their locations due to increased political risk, e.g. the “China Plus One” model.

New Disruptive Trends

- The pandemic triggered risks that companies had never thought of before:
 - **Financial:** total loss of revenue due to movement restrictions.
 - **Logistical:** complete halt of airlines and cross-border movement.
 - **Operational:** physical distancing affects efficiency and operational dynamics.
 - **Political:** Increased competition between largest markets complicates decisions

Navigating the New Normal

- We need to ensure that no one is left behind in the transition to an efficient and sustainable model.
- Building the new normal is the task of all stakeholders, in particular workers, whose experience and knowledge should be maximised.
- The crisis provides an opportunity to move to a more harmonious cooperation between all stakeholders.
- Labour movement confronting new challenges: gig work, work-from-home workforce etc.

Government Intervention Not Without Risks

- There is a danger that only the biggest companies survive, special attention needs to be given to SME's and to ensure healthy competition remains.
- To a large extent, jobs lost in the crisis would have been lost to automation, a clear transition plan is needed beyond the short-term support.
- Support measures do not take into account local situation enough, e.g. the large informal sector.
- Social protection model needed for gig economy workers.