



Persatuan Pengguna Pulau Pinang Consumers Association of Penang

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Letter To Editor

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Act against risks of automation: 4th Industrial Revolution (4IR) doom or boom

The Consumers Association of Penang (CAP) takes great concern at increasing reports of workers losing their jobs due to the advent of the “4th Industrial Revolution” (4IR), which is touted to replace many skills and functions with automation aided by software.

The laying off of employees, especially senior workforce members who have operated in their respective fields for decades, due to the introduction of automation and technology is an alarming phenomenon that has not been given due recognition.

On 3 Jan 2018, Malaysian Employers Federation (MEF) executive director Datuk Shamsudin Baradan cautioned that automation will continue to be a factor for job losses this year as more and more companies turn to automation, usage of robotics and information technology. Noting that some 18,000 jobs were lost when banks adopted higher use of information technology in 2016, he said the insurance industry is also heading the same way with possibly more substantial job losses.

The Association of Banks Malaysia then remarked on 15 Jan 2018 that voluntary separation schemes (VSS) by banks in Malaysia are part of banks’ efforts to re-align their internal strategies in light of “advancement of technology which is more system-driven”. It said with the emergence of financial technology and digitalisation in the banking sector, banks may take on approaches to trim their workforce in certain areas of operations while increasing workforce in other key focus areas, in obvious reference to those related to information technology.

On 15 Dec 2017, Communications and Multimedia Minister Datuk Seri Dr Salleh Said Keruak called on the people to be prepared to face 4IR in order to develop the country. He drew attention to the statement by Prime Minister Datuk Seri Najib Razak earlier that the people had no choice because they had to accept the fact that “Industry 4.0” would bring success to the vision of National Transformation 2050.

CAP begs to differ, and calls on the Malaysian government and the private sector to take cognisance of the drawbacks associated with the mushrooming of 4IR. This includes the impact it will have on society and the economy, especially in relation to loss of jobs to automation, and the redundancy it would create for practitioners of various existing skills and trades.

There have been several warning signals from international authorities on the dangers posed by the 4IR “revolution”.

The World Economic Forum’s (WEF) Global Risks Report 2017 cautioned that as the 4IR accelerates, many individuals face a potential crisis. These include lower-skilled workers more easily displaced by

automation, part-time and self-employed workers without access to employer-sponsored protections, and older workers and retirees without sufficient savings or pensions. “A failure to take action risks both the deterioration of government finances and the exacerbation of social unrest, especially at this time of slow economic growth and widening inequality,” the report warned.

At the WEF meeting on ASEAN in Phnom Penh in May last year, Wolfgang Jamann, secretary general and chief executive officer of CARE International, also commented that technological change is overwhelming entire societies, not just older generations. He said the changes are happening so fast that we need to recognise it's not just about the opportunities created, but also about the people being left behind.

In actual fact, the negative effects of automation and the 4IR trend, including on inherited knowledge and skills, are much more serious than most people are willing to admit. They pose a distinct risk in diminishing unique human intellectual capabilities, which have evolved over centuries, to survive and thrive in various situations without dependence on such artificial energy-based technologies.

We have already seen the disappearance of many traditional artisans, textile weavers, jewellers, toll-gate collectors, newspaper vendors, phone exchange operators, postal carriers, insurance underwriters, bank tellers and workers replaced by e-payment systems.

In April last year, the Khazanah Research Institute said in a report on technology, employment and the Malaysian economy that 54% of all jobs in Malaysia could be at high risk of being displaced by technology in the next two decades. The report described the number as “alarming” but not unexpected, given similar findings for other countries. It said four out of five of these jobs are semi-skilled. “It is Malaysians who are most affected, not foreign workers – 90% of all semi-skilled jobs are held by Malaysians,” it noted. Cutting across all major economic sectors, more than 70% of all semi-skilled and 80% of all low-skilled jobs are at high risk, with about 40% of skilled jobs at medium risk, the report said.

A major motive for companies to get rid of workers, by introducing automation as an alternative, is to maximise profits. The adoption of technologies that do not demand salaries and legal benefits, as are required for hired personnel, in effect helps to create corporations without a human face. It is about stretching profits before the interests of people and workers. This is also true during times of economic recession.

The marginalisation of workers under the 4IR assists in making wealth become increasingly concentrated in the hands of a small group of people. It widens the income gap and the already growing disparity within modern societies.

It is incumbent on the employers to undertake all possible measures to retain old staff members who would otherwise be victimised by such onslaught of 4IR. The companies must provide viable alternatives such as in retraining them and letting them work three days a week instead.

CAP calls on all parties to ensure protection and preservation of our traditional resources, both cultural and physical, before it is too late. The situation needs to be arrested – without affecting sustainable economic progress. We commit a grave irreversible error by getting carried away in promoting the surge of 4IR, to the extent of harming to our own people's sustenance and careers, and losing the very living cultural and socio-economic assets of our society.

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