



**Faculty of Cognitive Sciences and Human Development**

**LIVED EXPERIENCES OF RETRENCHED EMPLOYEES DUE  
TO THE COVID-19 PANDEMIC**

**Laura Lunna Anak Ranggau**

**Bachelor of Psychology (Honours)**

**2022**

UNIVERSITI MALAYSIA SAWARAK

Grade: A-

Please tick (✓)

Final Year Project Report

Masters

PhD

DECLARATION OF ORIGINAL WORK

This declaration is made on the 30<sup>th</sup> day of June 2022.

**Student's Declaration:**

I Laura Lunna Anak Ranggau (66431) Faculty of Cognitive Sciences and Human Development hereby declare that the work entitled, "**LIVED EXPERIENCES OF RETRENCHED EMPLOYEES DUE TO THE COVID-19 PANDEMIC**" is my original work. I have not copied from any other students' work or from any other sources except where due reference or acknowledgement is made explicitly in the text, nor has any part been written for me by another person.

30<sup>th</sup> June 2022

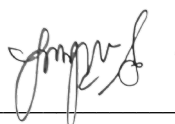
Laura Lunna Anak Ranggau (66431)

\_\_\_\_\_  
Date submitted

\_\_\_\_\_  
Name of the student (Matric No.)

**Supervisor's Declaration:**

I **Dr. JAMAYAH SAILI** hereby certifies that the work entitled, **LIVED EXPERIENCES OF RETRENCHED EMPLOYEES DUE TO THE COVID-19 PANDEMIC** was prepared by the above named student, and was submitted to the "FACULTY" as a \* partial/full fulfillment for the conferment of **BACHELOR OF PSYCHOLOGY(HONOURS)**, and the aforementioned work, to the best of my knowledge, is the said student's work

  
\_\_\_\_\_  
Received for examination by:  
**Dr. JAMAYAH SAILI**

Date: 17.07.22


I declare this Project/Thesis is classified as (Please tick (√)):

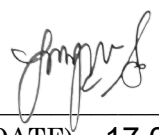
- CONFIDENTIAL** (Contains confidential information under the Official Secret Act 1972)\*
- RESTRICTED** (Contains restricted information as specified by the organisation where research was done)\*
- OPEN ACCESS**

### Validation of Project/Thesis

I therefore duly affirmed with free consent and willingness declared that this said Project/Thesis shall be placed officially in the PeTARY with the abide interest and rights as follows:

- This Project/Thesis is the sole legal property of Universiti Malaysia Sarawak (UNIMAS).
- The PeTARY has the lawful right to make copies for the purpose of academic and research only and not for other purpose.
- The PeTARY has the lawful right to digitise the content to for the Local Content Database.
- The PeTARY has the lawful right to make copies of the Project/Thesis for academic exchange between Higher Learning Institute.
- No dispute or any claim shall arise from the student itself neither third party on this Project/Thesis once it becomes sole property of UNIMAS.
- This Project/Thesis or any material, data and information related to it shall not be distributed, published or disclosed to any party by the student except with UNIMAS permission.

Student's signature   
\_\_\_\_\_  
(30<sup>th</sup> JUNE 2022)

Supervisor's signature:   
\_\_\_\_\_  
(DATE) 17.07.22

Current Address:  
LOT 1260, Jalan Baiduri 5 Pujut 3A, 98000 Miri, Sarawak

Notes: \* If the Project/Thesis is **CONFIDENTIAL** or **RESTRICTED**, please attach together as annexure a letter from the organisation with the period and reasons of confidentiality and restriction.

[The instrument was duly prepared by the PeTARY]

# **Lived Experiences of Retrenched Employees Due to the COVID-19 Pandemic**

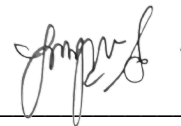
LAURA LUNNA ANAK RANGGAU

This project is submitted  
in partial fulfilment of the requirements for a  
Bachelor of Psychology with Honours

Faculty of Cognitive Sciences and Human Development  
UNIVERSITI MALAYSIA SARAWAK  
(2022)

The project entitled '**Lived Experiences of Retrenched Employees Due to the COVID-19 Pandemic**' was prepared by **Laura Lunna Anak Ranggau (66431)** and submitted to the Faculty of Cognitive Sciences and Human Development in partial fulfillment of the requirements for a Bachelor of Psychology with Honours

Received for examination by:



\_\_\_\_\_  
(Dr. Jamayah Sali)

Date:

17.07.22  
-----

**Gred**

**A-**

## **ACKNOWLEDGEMENT**

I would like to thank a number of individuals for their assistance and support during the writing of this research. First and foremost, I would like to convey my profound gratitude to Dr. Jamayah Sali, my research advisor. Her patience, excitement, cooperation, and recommendations inspired me to develop this research paper in its current form. Her smart and skilled direction enhanced this study beyond my expectations. I could not continue without expressing my gratitude to Dr. Jamayah for her meticulous oversight during the research time. Without her stimulation, inspiration, and collaboration, this study would not be feasible. Thank you to the interviewees who so graciously sacrificed their time to participate in my study and made this research possible. Thank you to my husband, Samuel John, for always listening to me vent and hash things out, for proofreading repeatedly, for cracking laughs when things were too serious, and for making sacrifices so that I could pursue a bachelor's degree. Last but not least special thanks to my parents, whose unwavering love and support keep me inspired and certain. My achievements and success are a result of their faith in me. My deepest appreciation goes to my siblings, who keep me grounded, remind me of what is essential in life, and are always supportive of my endeavors.

## Table of Contents

ACKNOWLEDGEMENT .....	1
LIST OF TABLES .....	i
LIST OF FIGURES .....	ii
ABSTRACT.....	iii
ABSTRAK.....	iv
CHAPTER ONE .....	1
INTRODUCTION .....	1
1.0 Introduction .....	1
1.1 Background of Study.....	1
1.2 Problem Statement .....	3
1.3 Research Objectives .....	3
1.4 Research Questions .....	4
1.5 Research Framework.....	4
1.6 Significance of Study .....	4
1.7 Definition of Terms.....	5
1.7.1 Retrenched Employees .....	5
1.7.2 Life Challenges.....	5
1.7.3 Stress-coping .....	5
1.8 Summary .....	6
CHAPTER TWO .....	7
LITERATURE REVIEW .....	7

2.0 Introduction .....	7
2.1 Employee Retrenchment Process in Malaysia .....	7
2.2 Retrenchment in Malaysia.....	8
2.3 Effects of retrenchment .....	9
2.3.1 Economy .....	9
2.3.2 Psychological.....	10
2.5 Coping with Retrenchment.....	11
2.5 Summary .....	12
CHAPTER THREE .....	13
METHODOLOGY .....	13
3.0 Introduction .....	13
3.1 Research Design.....	13
3.2 Participants and Sampling.....	14
3.3 Data Collection Procedures .....	14
3.4 Data Analysis Procedures .....	15
3.5 Pilot Study .....	17
3.6 Validity and Reliability .....	17
3.7 Ethics of the study .....	18
3.7.1 Coercion.....	18
3.7.2 Confidentiality .....	18
3.7.3 Protection from harm.....	18



3.8 Summary .....	19
CHAPTER FOUR.....	20
FINDINGS AND DISCUSSION.....	20
4.0 Introduction .....	20
4.1 Demographic Data.....	20
4.1.1 Demographics of retrenched participants .....	20
4.2 Results .....	21
4.2.1 Theme 1: Challenges of retrenched employees .....	21
4.2.2 Theme 2: Source of Support.....	25
4.2.3 Theme 3. Stress-coping .....	27
5.0 Discussion .....	29
SUMMARY, LIMITATION, RECOMMENDATION AND CONCLUSION .....	35
5.0 Introduction .....	35
5.1 Summary .....	35
5.2 Limitations of Study.....	35
5.3 Recommendations .....	36
5.4 Conclusion.....	36
REFERENCES .....	37
APPENDIX A: INFORMED CONSENT .....	46
APPENDIX B: TRANSCRIPTIONS REPORT .....	55

## LIST OF TABLES

<b>Table 3.4</b>	<i>Thematic Analysis</i>	16
<b>Table 4.1.1</b>	<i>Participants Demographics Data</i>	20
<b>Table 4.2</b>	<i>Themes and Sub-themes</i>	21

## LIST OF FIGURES

<b>Figure 1.5</b>	<i>Research Framework of the study</i>	4
-------------------	--	---

## **ABSTRACT**

This study examines the challenges faced by retrenched employees due to COVID-19 and its stress-coping method used by the employees that are affected by the situation. The data collection used qualitative approach. Semi-structured interviewed was conducted with eight participants that have different various of ages and working background. The findings were analyze using Thematic Analysis by Braun and Clarke (2006) which discussed about three main themes: Challenges, Source of Support and Stress-Coping. Studies suggested that all organisations or employers should implement suitable help for their retrenched workers, whether such assistance is financial or non-financial. The data are self-reported by the participants in the interviews, therefore their responses might be influenced by their moods and the circumstances they were in. In summary, retrenchment during COVID-19 period comes with a great challenge to the retrenched employees.

*Keywords: retrenchment, stress-coping, COVID-19, retrenched employees*

## **ABSTRAK**

Kajian ini bertujuan untuk mengkaji cabaran yang dihadapi oleh pekerja yang diberhentikan akibat COVID-19 dan kaedah mengatasi tekanan yang digunakan oleh pekerja yang terjejas oleh situasi tersebut. Pengumpulan data menggunakan pendekatan kualitatif. Temu bual separa berstruktur telah dijalankan dengan lapan peserta yang mempunyai pelbagai peringkat umur dan latar belakang pekerjaan yang berbeza. Dapatan kajian telah dianalisis menggunakan “Thematic Analysis” oleh Braun dan Clarke (2006) yang membincangkan tentang tiga tema utama: Cabaran, Sumber Sokongan dan Mengatasi Stress. Kajian mencadangkan bahawa semua organisasi atau majikan harus melaksanakan bantuan yang sesuai untuk pekerja mereka yang diberhentikan, sama ada bantuan tersebut berbentuk kewangan atau bukan kewangan. Data tersebut dilaporkan sendiri oleh peserta dalam temu bual, oleh itu respons mereka mungkin dipengaruhi oleh perasaan dan keadaan mereka. Ringkasnya, pemberhentian semasa tempoh COVID-19 datang dengan cabaran hebat kepada pekerja yang diberhentikan.

*Kata kunci:* (pemberhentian kerja, mengatasi stress, COVID-19, pemberhentian pekerja)

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Introduction**

In this chapter, this study discussed about Life Experiences of Retrenched Employees Due to the COVID-19 Pandemic. Chapter one includes the background of study, problem statements, objectives, research questions, research framework, and definition of terms.

#### **1.1 Background of Study**

An epidemic of the virus Covid-19 occurs in the first half of 2020. It is possible for a person to suffer from moderate to severe respiratory sickness as a result of this viral disease (Organization, 2020). Globally, as of 4:32pm CET, 12 November 2021, there have been 251,788,329 confirmed cases of COVID-19, including 5,077,907 deaths, reported to WHO. As of 10 November 2021, a total of 7,160,396,495 vaccine doses have been administered (WHO, 2021). The revelation of the first few hundred instances of COVID-19 came to our knowledge in early 2020, and we were surprised by the number. Malaysia chose to execute a rigorous lockdown known as MCO 1.0, which essentially suspended any commercial activities considered non-essential, affecting small and medium-sized firms (SMEs) in particular, as well as export manufacturing, in a matter of hours (Arfa, 2021). SMEs account for 35% of Malaysia's GDP (Gross Domestic Product) and 70% of total employment. SME's were significantly impacted by the lockout, with many facing financial difficulties. Additionally, firms that contributed to Malaysia's export revenue were instructed to cease operations during the two-month lockout, leading the economy to fall by 8.3 percent, compared to a negative 1.7 percent growth rate in 2019. Malaysia posted an RM3.5 billion trade deficit in April 2020, after 169 straight months of trade surplus (Arfa, 2021).

It should come as no surprise that the pandemic has claimed countless lives throughout the world, forcing everyone to adopt a new normal characterised by masks, standard operating procedures, and lockdowns. Malaysia is also no stranger to lockdowns, having instituted a number of MCOs to battle the pandemic since the beginning of 2020 to combat the Ebola outbreak. Since then, every MCO has been linked to a bad effect on people's mental health, as well as a reduction in family income and poverty, among other factors. Businesses have yet to recoup from the financial effect of the country's first MCO and are still coping with the upheaval. Thousands of small and medium-sized enterprises are on the fence, fearful that they may be forced to shut down portions of their operations again as a result of the newly enacted CMCO. Businesses are almost certainly losing financial viability, putting employers in a bind. Businesses on the verge of bankruptcy may be forced to discharge their workers in order to avoid insolvency. In such circumstances, the "threshold" and expectation for reasonable retrenchment may be decreased, since employers' need to save money is acceptable.

To the dismay of all Malaysians, a second wave of retrenchment and job losses is almost imminent if the number of Covid-19 cases continues to rise. The second wave's financial suffering is anticipated to reach beyond the food and beverage, airline, retail, and hotel sectors. Given that history has favoured the prepared, being prepared for future lockdowns or breakouts will be a necessary condition for survival (Yeoh & Wen, 2020). The ultimate unknowns in the employment picture are how many enterprises will survive the second wave of COVID-19 infection and how long it will take for job chances to recover. Some workers may not even survive the second wave of COVID-19 epidemic, making rehiring difficult. The government will be wrangling over how to finance or assist jobless workers and firms on the verge of collapse. Individuals will face an uncertain future.

## **1.2 Problem Statement**

In this study of retrenchment due to Covid-19 pandemic has resulted in large increases in unemployment in many countries. For example in South Africa: studies predict that between 2.2 and 2.8 million individuals in the nation lost work between February and April 2020 as a result of the lockdown and widespread economic activity suspension (D. Posel et al, 2021). Throughout the early stages of the COVID-19 crisis, governments' primary concern has been to assist businesses and workers in adjusting to the sudden and unpredictable decline in business activity, if not complete shutdown, caused by government-imposed restrictions designed to contain the spread of the COVID-19 virus (OECD, 2020). Due to this virus, business had been declined and could not afford their employee hence rises the number of retrenchment.

There has been few research been done (eg. Porton & Cabaguing, 2020; Marumo, 2020; and Fisher et al, 2020) focusing on other countries (Philippines, Netherlands and Africa) retrenchment problem. We are focusing on retrenchment cases that happen in Malaysia. Thus, the aim of the current study is to find out lived experiences of retrenched employees due to Covid-19 in Malaysia and their stress-coping strategies. In this work our prime focus to explore their living experiences after being retrenched.

## **1.3 Research Objectives**

This study seeks to achieve the following research objectives:

1. To explore the life challenges experience of the retrenched employees due to Covid-19
2. To identify the stress-coping strategies of retrenched employees due to Covid-19

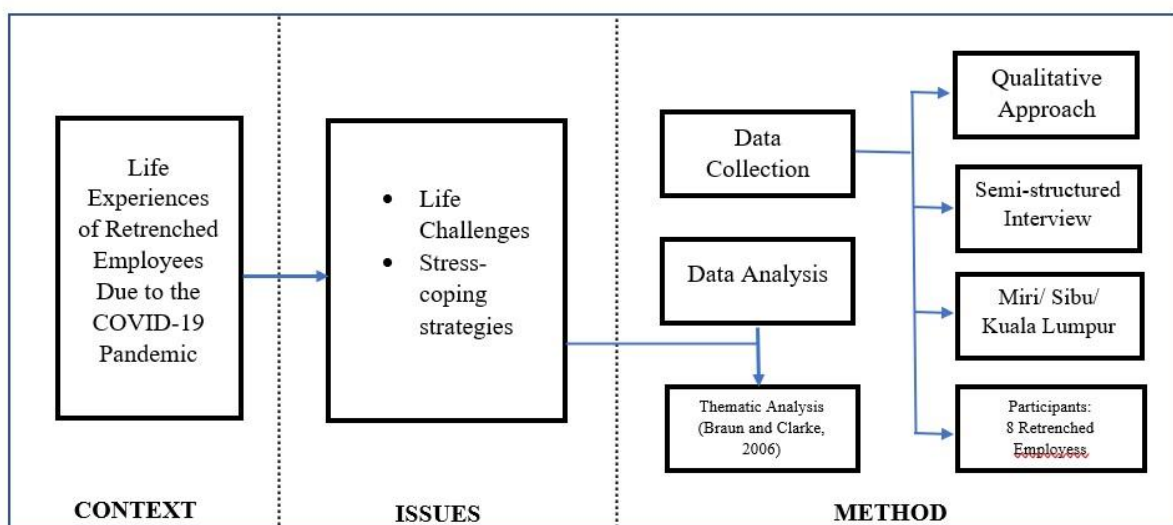


## 1.4 Research Questions

In order to achieve the above stated objectives, this research study attempted to provide an answer to the following research questions:

1. What are the life challenges faced by the retrenched employees due to Covid-19?
2. How do retrenched employee cope with retrenchment due to Covid-19?

## 1.5 Research Framework



**Figure 1.5: Research Framework of the study**

## 1.6 Significance of Study

There are several reasons why this study's findings are important. First and foremost, this discovery will aid in future studies. Life experiences and stress coping mechanisms may have a significant impact on the experiences of retrenched employees due to Covid-19. A fresh perspective on future research will be provided by this research. As a result, the findings of this research might reveal an additional variable that may lead to a higher coping strategies to live a life after retrenchment due to Covid-19. However, stress coping mechanisms are also essential aspect in leading life through Covid-19 that is often overlooked in recent research.

A major goal of the present study is to determine elements that might have an impact on the overall life experiences of retrenched employees due to Covid-19 in Malaysia. The information gained from the present study will provide fresh knowledge to the researcher, the community, and most importantly, the person who being retrenched due to Covid-19.

## **1.7 Definition of Terms**

### **1.7.1 Retrenched Employees**

**Conceptual Definition:** Retrenchment is the process of dismissing personnel who have become surplus to the organization's requirements. Retrenchment or downsizing may occur when a firm no longer needs the same number of workers as it had before because the employee's duties have stopped or been significantly curtailed (Donovan, 2020).

**Operational Definition:** A worker or employee that been retrenched due to Covid-19 pandemic starting year 2019.

### **1.7.2 Life Challenges**

**Conceptual Definition:** The circumstance of being confronted with anything that requires considerable mental or physical effort to do correctly and hence puts a person's skills to the test (Dictionary, n.d.).

**Operational Definition:** Life challenges experienced by retrenched employee due to Covid-19.

### **1.7.3 Stress-coping**

**Conceptual Definition:** Coping is the deliberate effort and energy used to resolve personal and interpersonal challenges. Coping mechanisms, in the case of stress, strive to master, limit, or accept stress and stresses encountered in daily life (Psychology, 2021).

**Operational Definition:** Stress-coping among the retrenched employees due to Covid-19

## **1.8 Summary**

This chapter has explained the background of study, statements of problems, objectives, research questions and conceptual framework. The definition of terms, significant of study and limitations of study will be discussed in the last chapter. The following chapter will elaborate on the review of literature.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter provides a summary and analysis of the relevant publications on a topic. It begins with the Identify, locate, and analyse documents. Here, researcher is analysing, organizing, and reporting the literature related to our topic of the Lived Experiences of Retrenched Employees Due to the COVID-19 Pandemic.

#### **2.1 Employee Retrenchment Process in Malaysia**

As defined by the Bureau of Labor Statistics, retrenchment is "the dismissal of excess labour or personnel by an employer for any other cause" (Husin et al., 2021). Restructuring a company may be referred to as "downsizing," "rightsizing," "reorganization," or "layoffs," but most of these words entail laying off workers. Redundancy must exist before a retrenchment may be deemed reasonable. The Employment Act 1955 (EA) and the Employment (Termination and Layoff Benefits) Regulations 1980 provide benefits to employees making less than RM2,000 per month and to manual laborer's, regardless of their monthly salary (Regulations) (Khalil, 2020). The length of the notice period for EA-covered employees is determined by the length of employment with the company: A job that lasts fewer than two years not less than four weeks' notice is required; The length of time spent working for a company for two to five years: notice should be given at least six weeks in advance; Eight weeks' notice should be given to employees who have worked for at least five years (Replicon, 2021). In addition, the Industrial Court ("Court") in Malaysia has supported retrenchment if it is discovered that there is redundancy, according to the practice Code of Conduct for Industrial Harmony 1975 ("the Code"). Clause 22(a) of the Code specifies that the employer shall evaluate the following

factors, among others, if retrenchment becomes required despite having taken sufficient measures: Retiring employees at a later date than the average retirement age; Assisting in the Ministry of Human Resources' co-operation for employees to find work outside their employer; and finally, making sure that no such announcement is made before the employees and their representatives or trade union have been informed (Yeoh, 2017). Since the 1955 Employment Act and 1975 Code of Conduct for Industrial Harmony mandate that companies follow these rules, it is imperative that they do so. Retrenching the workforce should also be done in accordance with suitable processes. Employee misconduct is the primary purpose of this legislation and regulation. The employee may file an appeal if the employer commits fraud or disagrees with employee.

## **2.2 Retrenchment in Malaysia**

Most businesses spend more than 40% of their budget on employees, thus laying people off is seldom employed as a way to save money, even during times of financial difficulty (Tao et al., 2020). The internal dynamics of the company necessitated the necessity for organizational constraint. In the current scenario, the COVID-19 epidemic has affected the whole planet. Job losses are the only option to keep firms viable because of the negative effect on corporate profitability. The Malaysian economy, like that of many other nations, was devastated by the difficulties, which had a detrimental influence on the labour market. This was particularly true given that over 100,000 layoffs were documented in 2020, and about 35,000 in the first half of 2021 (Poo, 2021). In Malaysia, this once-in-a-lifetime event also took place. MCO paralyzed many businesses, and the government was unable to give help to people. Since the epidemic, some firms have stopped developing and operating. Supplier and importing services are common problems for most businesses. Until the host country has established itself, they do not allow foreign commerce due to a drop in production and a lack of business, profit falls

(Husin et al., 2021). The epidemic has led to a reduction in staff, layoffs, and working hours at the company. When it comes to changing an organization, relocation has become a worldwide phenomenon and is considered to be one of the most difficult methods. According to the Employment Insurance Scheme (EIS) of the Social Security Organization, employment losses in the nation soared by 42 percent yearly in the first quarter of 2020 because to the COVID-19 epidemic (SOCISO). EIS estimates that by the first quarter of 2020, the COVID-19 effect on job losses has affected numerous enterprises, resulting in a 37 percent increase in demand and a 42 percent decrease in the capacity to operate. This downward trend was expected to pick up steam beginning in April 2020, with quarterly employment losses rising by 50 to 200 percent year over year. In 2020, the unemployment rate will be 4 percent, up from 3.2 percent in 1997 and 3.7 percent during the Great Recession of 2018. The Malaysian Employers Federation also warned that most firms will struggle to stay afloat after the negative economic consequences of the epidemic. As a result of the recession, two million workers are anticipated to be laid off. Until March 2020, this comprised 610,000 jobless persons and fresh grads.

## **2.3 Effects of retrenchment**

### **2.3.1 Economy**

Companies all around the globe have been forced to reduce their workforces as a consequence of the current economic crisis (Mthembu, 2019). On the whole, according to a new survey by the Pew Research Centre, one out of every four adults have experienced financial difficulties since the coronavirus outbreak began (Parker et al., 2020). A third has borrowed money from friends and family to make ends meet, and about one out of every six has received food from a food bank since the outbreak began. As was the case recently this year, persons with lower incomes continue to have more of these sorts of events than their wealthier counterparts. Poor individuals report that

46% have had difficulties paying their expenses since the epidemic began, and around 32% have had difficulty making rent and mortgage payments since the outbreak began (Parker et al., 2020). Fewer than one in every five individuals in the medium income bracket and a far lower percentage of those in the highest income bracket have had to deal with these issues. Some of these problems, especially for the poorer individuals, may have existed before to the epidemic, to be sure. The most obvious effect of a disease epidemic is the use of health resources and the absence from the workforce, whether temporary or permanent, of those who are affected. This supply shock affects Gross Domestic Product (GDP) through lowering employment, which results in reduced production and exports, as well as by reducing imports as a result of lower family income and smaller output (Baharuddin, 2021). Those who have lost their jobs as a result of budget cuts will feel the pinch of layoffs and reduced benefits. Employees who are solely responsible for supporting their families will feel this loss more keenly (Mohamed et al., 2018).

### **2.3.2 Psychological**

Forecasts indicate that the virus's effect and the lockdown period might result in employment losses ranging from 690,000 to 1.79 million in 2020 (Xulu, 2020). Approximately 3000 jobs were lost in the first quarter of 2020, boosting the unemployment rate, while others are still in the midst of the retrenchment season. On a psychological level, most people seem to perceive themselves via their employment as a measure of their value as well as a contributor to their identity. Losses due to retrenchment have an impact on self-identity, leading in the experience of struggling with low self-esteem, embarrassment, and shame. The strain to support dependents or families is likely to cause stress and anxiety. Moreover, this has an influence on

physical health since many people use excessive drinking as a coping method. However, the impacts differ depending on whether the person was retrenched voluntarily or involuntarily. Employees who voluntarily resign have control over their jobless time, which is a crucial antecedent to avoiding depression since they are more equipped for the layoff process. While unwillingly retrenched individuals have repeated dreams about the layoff day, they are challenged to seek for new employment while experiencing considerable levels of anxiety of rejection or failure. The impact of job loss would be considerably more catastrophic during an economic downturn or recession, when unemployment would be frequent (Mohamed et al., 2018). A retrenched employee would have a tough time finding another employment with a comparable standing. From March 18 to June 9 of this year, 78 suicides were recorded throughout the nation, compared to 64 at the same time of the previous year, when the MCO was in effect (Harian, 2020). Research by Malaysia's think tank centre also indicated that 45 percent of the 1084 people questioned during the temporary lockdown felt anxious or depressed. According to the Department of Statistics Malaysia (DOSM), Malaysia's unemployment rate jumped to 5.3% in May, with 826,100 Malaysians out of work (Nga et al., 2021). People's desire to life might easily be sapped when they lose their jobs. Employment might be a dead-end, but it can also be a springboard into a wide range of exciting opportunities like learning new skills or taking part in entrepreneurial endeavours (Nga et al., 2021). According to studies, loss of employment may increase the probability of developing anxiety or depression (NewsDay, 2020)

## **2.5 Coping with Retrenchment**

There are certain people who have the capacity to build strategies as a result of their resilience and other driving elements. It is essential to construct a network of support for the retrenched