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# LEGAL WISE | MACAU'S EMPLOYMENT BUBBLE

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Macau Governmental Guidelines for 2016 specifically set the protection of the rights and interests of resident workers as a priority. This priority is outlined as to be accomplished by the strict implementation of a mechanism to replace non-resident workers with resident workers. Thus, if in previous years the "cut of blue cards" was just word on the street and hearsay, there is now no doubt that this is a promise that the Government will be keeping. Macau's employers have been enduring, more than ever, the hardships of running their businesses with the limitations that such a replacement of non-resident workers implies.



Isolda Brasil

It's no secret that Macau with its steady and consistent unemployment rate of less than 2% for the past few years, is a full employment market. Hiring has become the worst nightmare of Macau's employers and retaining workers is a losing battle, with the turnover rate of employees going through the roof. This means that small companies, who already serve as launching platforms for recent graduates, have no chance to compete with the big employers. The fact is that as the year continues, the shock of seeing the renewal of their blue cards denied (now) by the Macau Labour Affairs Bureau seems to have subsided and big employers are coping with their loss at the expense of small employers.

The limited offer that the market provides is literally being sacked by the big "quotaless" employers, who are poaching local skilled workers from small and medium companies, that cannot compete with the high salaries and conditions offered to their resigning employees. In addition, employers are complaining that the bar has become so high that even hiring inexperienced workers is difficult and costly, as local workers have fast become aware of their scarcity and are taking advantage of the shortage of manpower. The only option available to cope with this shortage - receiving authorization to hire non-resident workers - has become an almost impossible mission in the tiny bubble that Macau's employment market has created. Obstacles such as the "virtual ratio" of local to non-residents, the silent obligation to promote local workers, the alleged existence of locals looking for (apparently) all kinds of positions offered to the local market, alongside many other (already) standardized arguments used by the authorities as grounds to deny the quota requests, are becoming increasingly harder to surpass. Moreover, if this is difficult for local companies, who strived to gain their place in the market and are "playing at home", it's even more difficult for foreign companies. Many of these are actually part of multinational groups who are trying to set their foot in the territory and invest locally but are faced with the limitations that a market without workers offers as well as the added hindrances that the protectionism of such a labor force poses.

It is well known that protectionist policies tend to lead to several negative effects, which can include a lack of competitiveness, a reduction of productivity, inefficiencies, stagnation. Ultimately and on a more personal level, the benefits that workers draw from protectionism are muffled by the marasmus that such politics tend to create. In other words, workers who are put in such a bubble and do not have to compete or depend on their skills won't be able to grow as much professionally as workers who are exposed to competitive environments. As for employers, protectionism can lead to a shift of power where the employer no longer holds the control and is at the mercy of workers who can easily move on to another employer without any sense of loyalty or any other duties traditionally imbibed in the work relationship.

So an urgent question to be posed: is Macau's Government increased protectionism towards local workers really paying off or is it, in the long run just depriving local workers of growing professionally while in the process, killing the business of small and medium companies? **Isolda Brasil**, Associate, MdME

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