

Human Resource Committee position paper:

The Malaysian economy has over the last decade, evolved from being resource and manufacturing based to services and to being knowledge based. With that, the projected employment by the services sector is expected to increase while manufacturing remains to be the second largest sector providing employment in the country.

The estimated size of Malaysia's labour force for 2009 was 12 million and the unemployment rate was 3.9%. It has also been reported that approximately 300,000 Malaysians join the labour market annually and in another report by MOHR, the number of job vacancies between January to August 2009 was slightly over 884,000. The higher number of vacancies were found in elementary occupations (58%), machine operators and assemblers (11%), service and shop sales workers (11%) and professionals/semi professionals (8.4%).

The statistics suggest that there was still a high demand for labour despite a slower economic situation in 2009. In addition, with the progressive change in the economic structure and to maintain the competitive edge of Malaysian companies, the labour demands of employers have become more sophisticated.

## Issues

### **Insufficient supply of labour**

Insufficient supply of labour to meet the demands of companies, particularly in the elementary and operator level jobs. This issue is evident in the heavy reliance on some two million legally employed foreign workers in the country and a significant number of illegal ones. These foreign workers are largely employed in the manufacturing and construction sectors and in elementary, unskilled jobs that do not seem to appeal to Malaysian workers. Malaysian employers are well aware of the government's initiative in reducing the dependency on foreign workers but are finding it difficult to fill jobs occupied by foreign workers with local hires. This is despite many companies offering more attractive compensation and benefits to lure Malaysian workers.

The problem is further exacerbated by the attitudes of local workers whose attendance at work and long term commitment to their jobs are hard to depend on. A stable workforce is a core success factor in business, but unfortunately companies in Malaysia are constantly faced with challenging worker absence and breach of employment contract issues.

### **Inability of the labour supply**

Insufficient supply of labour *in meeting the requirements of a changing economy.*

While many initiatives have been undertaken to prepare the younger generation to meet the demands of a knowledge based and technology intensive labour market, the large pool of fresh tertiary education graduates that enter the labour market every year is still found wanting in certain areas, particularly in their ability to communicate in the English language, which remains to be the dominant language in business.

In addition, many new entrants appear to be ill-equipped, psychologically and physically in dealing with the reality of a competitive and aggressive working regime. Poor attitudes cause Malaysian employers difficulties in grooming and developing staff for the long term.

### Recommendations

EUMCCI is aware that the issues discussed here may have been brought up before either by employer associations, chambers of commerce or by employers directly with the relevant Ministries and authorities. EUMCCI would like to register our support for the following EUMCCI recommendations that may have been raised before by others advocating for the same cause.

Increase the teaching of the English language in our country's education system. The practice of teaching Maths and Science in English is laudable and should be continued. In addition the teaching of the language itself should be reviewed to focus more on grammar and verbal communication. For a large number of jobs, particularly in the service industry, companies need workers who can carry out conversations in reasonable English. Many job seekers now fail to meet the requirements in this area during job interviews.

Make industrial training/attachment with companies mandatory for tertiary education students and introduce this concept at the secondary level education in schools as an extra-curricular activity which students can earn merit points from. This will prepare them better for the demands of the working environment when they join the labour force in the future.

Revive the days of apprenticeship, vocational schools and technical training schemes for youth. For those who do not excel academically and do not qualify for tertiary or further education, this will be a good alternative for their future careers. Skills for the manufacturing and construction sectors as well as hotel and restaurant industries could be taught under such schemes to help meet labour demands.

Consider implementing a system to have school leavers (post-PMR, SPM or STPM) who are unable to qualify for further education, register for special industrial and vocational training to prepare them for the labour market quickly and effectively. Commitment from the corporate sector can be gained in sponsoring such training in exchange for access to a trained pool of resources.

Review the education system to promote experiential and discovery-based learning among our school students. This is likened to the old adage of teaching them how to fish as opposed to giving them a fish. Include syllabus that prepare them for the demands of the working environment, e.g. work ethics, integrity and commitment to excellence.

Increase the labour force participation rate of women, retirees and part-time workers by introducing easy-to-implement guidelines/law, such as minimum working hours and related benefits. A better regulated system is likely to encourage employers to increase the hiring of these groups.

Curb the job-hopping trend and rampant breach of contract incidents among workers by introducing a law that mandates a minimum term, e.g. one year, in contracts of service, with clear and enforceable penalties for both parties if breached. This is aimed at ensuring a greater stability in the workforce and preventing workers from abandoning their jobs with little or no notice to employers.