

Manpower Requirements of Malaysian Manufacturing Sector under the Third Industrial Master Plan

Bee-Tin Poo^a

Universiti Kebangsaan Malaysia

Zakariah Abdul Rashid^b

Malaysian Institute of Economic Research

Mohd Khairul Hisyam Hassan^c

Universiti Malaysia Sarawak

Abstract: Malaysia's competitive position is being challenged by emerging economies such as the People's Republic of China, India, Central European countries and Latin America. To enhance its competitiveness, the nation needs to increase its availability of skilled and knowledge workers in major categories. However, the present mismatch between the supply and demand for skilled workforce will need to be resolved. Hence, several aspects of manpower must be given priority in development planning to ensure that the manufacturing sector continues to contribute towards maintaining Malaysia's overall global competitive position. This paper attempts to forecast future manpower requirements in industry by different occupational categories under the Third Industrial Master Plan (IMP3). For this purpose, unpublished data from the manufacturing survey and Malaysia input-output table will be utilised. The method of forecasting is based on the manpower requirements approach (MRA). The results of our analysis show that the amount of labour required to produce the same unit of output over a period has decreased and output growth is faster than employment growth, implying an increase in labour productivity in the manufacturing sector and other sectors, especially in the high skilled categories.

Keywords: Forecasting, Industrial Master Plans, manpower, manufacturing, occupation
JEL classification: J21, J24, J23.

1. Introduction

The manufacturing sector in Malaysia has experienced rapid structural change in its production process and the process is expected to continue as we move towards a high value-added economy. From techniques of production that were labour intensive, we have gradually shifted to more capital intensive production methods that require upgrading in the skills composition of its labour force. Consequently, the structure of labour demand in the economy has also changed, favouring more professional and skilled labour (Rahmah and Idris 2001; Rahmah and Idris 2002a; 2006). It is therefore important to give some focus

^a Faculty of Economics and Management, Universiti Kebangsaan Malaysia, 43600 UKM, Selangor, Malaysia. Email: pbt@ukm.my (corresponding author). All errors or omissions rest solely with the authors.

^b Malaysian Institute of Economic Research, Level 2, Podium City Point, Kompleks Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur, Malaysia. Email: zakariah@mier.po.my

^c Department of Economics, Faculty of Economics and Business, Universiti Malaysia Sarawak, 94300 Kota Samarahan, Sarawak, Malaysia. Email: hmkhisyam@feb.unimas.my