

Employment and Manpower for Development

180. A country's rate of economic development is determined not only by its material resources and the size of its internal market but also by its "brainpower" i.e. by its success in developing and in utilising effectively the intellectual capacities of its population. Wastage of these human capabilities, whether through unemployment or failure to develop sufficiently the intellectual potential of individuals, is a drag on development as well as a major social problem. It is thus a fundamental objective of the First Malaysia Plan to ensure that the nation's human resources are developed and employed in such a manner as to secure their greatest possible contribution to national economic development. ✓

I.—THE EXISTING MANPOWER SITUATION

181. In terms of employment, Malaysia today is a nation of contrast. In Sabah labour shortages have been accentuated with the curtailment of the inflow of unskilled Indonesian workers and skilled artisans from Hong-kong and Taiwan. A significant volume of economic activity has thus been foregone as a result of shortages of both unskilled and skilled workmen. In addition, unusually large increases in wage rates of skilled construction workers resulting from the shortage of trained manpower have contributed to inflationary tendencies in the construction industry.

182. On the other hand, in Malaya job-seekers continue to out-number available opportunities to a certain extent and under-employment remains a problem. Through persistent efforts at economic development during the last five years Malaya has been generally successful in providing jobs for the mature work force. The unemployment rate for men over 25 years of age has been held to under 3% of the number seeking employment.

183. Youth unemployment, however, remains high. Of the young men between the ages of 15 and 19 who are seeking work, about 16% are believed unemployed in Malaya as a whole. In the major towns, the unemployment rate is 27% as compared with about 14% in rural areas. This suggests some movement of youths from rural to urban communities. It is estimated that about 30% of unemployed males in this age group remained unemployed for more than one year and that 80% have never had a job. Many of the latter are presumed to be fairly recent school-leavers still living with their parents. Among young men aged 20 to 24, the unemployment rate is lower, averaging 10% in the large towns and around 6% in the rural areas. However, total unemployment at 6% of the male and female labour force has remained at a somewhat more satisfactory level and compares not unfavourably with other nations in Malaysia's stage of development.

184. In order to reduce significantly the overall rate of unemployment, the economy will have to grow rapidly. To accomplish this it will be necessary to break a number of skill bottlenecks which have impeded development to date. For instance, in Malaya nearly 30% of jobs in the private sector which require more than a secondary school education are either vacant or filled by non-Malaysians. Most, if not all, of these represent jobs for which qualified Malaysians are not available. Similarly, in the public service, recruitment during 1964 succeeded in filling only 70% of the 3,500 vacancies in government departments. And in the schools, an estimated 5,000 teaching positions are reported either unfilled or filled with under-qualified teachers.

185. The shortage of qualified manpower has had other effects which are less measurable but perhaps even more costly. Agricultural diversification and productivity gains have been deferred because of lack of research specialists and trained extension personnel. Locally financed industrial expansion has proceeded less rapidly than it might have because the small businessmen lacked adequate access to expert assistance on financing, production and marketing problems. Some new industries have not yet been established because the staff to undertake engineering or economic feasibility studies was not available. In these and many other ways the shortage of specialised know-how in science, technology, business and management has been and remains one of the most important limiting factors on the expansion of private investment and employment.

186. The First Malaysia Plan, therefore, starts from a base of plentiful or even excess labour resources which are not well distributed in relation to requirements for manpower. In geographic terms, the maladjustment of labour supply to demand in the aggregate limits economic growth in the

Borneo States and swells the major towns of Malaya with a surplus of inexperienced young workers. In occupational terms, the nation is experiencing a surplus of untrained workers while the expansion of investment and job opportunities is being retarded by shortages of many types of specialised know-how.

187. To provide employment for those seeking it while developing the know-how needed for accelerated growth is the manpower objective of the First Malaysia Plan. In this endeavour the nation is not starting anew but is building on the solid foundation laid by previous decisions, particularly the decisions to undertake rapid expansion of educational and industrial development programmes. The government has also initiated manpower planning operations designed to anticipate the needs of expanding industry for the various types of trained workers. Through such planning, the education and training systems will be geared to support and accelerate the industrialisation programme.

II.—THE 1966-70 EMPLOYMENT TARGETS

188. By 1970 Malaysia will have some 460,000 workers more than in 1965. in a labour force that approximates 3.7 million. This represents a growth of 2.7% per year in the number of workers, slightly less than the rate of increase in total population. In Sabah, anticipating some intake of workers from other states, the somewhat higher rate of labour force growth of 3.2% is expected.

189. The employment goal of the First Malaysia Plan is to provide 460,000 additional jobs, thus generating employment for the entire estimated increase in the nation's labour force. This is an ambitious and challenging goal, the achievement of which will depend upon the attainment of the investment and production targets envisaged for every sector of the economy. Success in achieving this target would mean that the number of unemployed, remaining near the present level of 160,000, would constitute a declining proportion of the growing labour force. Thus the rate of unemployment for Malaya would be reduced from the present 6.0% to 5.2% of the labour force. Of equal importance, the Plan contemplates sizable reductions in under-employment, particularly through the various programmes for raising agricultural productivity and enlarging farm holdings. The sectoral employment targets for 1966-70 are shown in Table 5-1.

190. The employment plan represented by these targets is noteworthy mainly for its emphasis on agriculture. Through a variety of measures, particularly the clearance and planting of thousands of acres of new land, the plan seeks to ensure favourable opportunities in agriculture, forestry and fishing for 70% of the farm youth coming to working age in Malaya.

Success in this effort will depend partly on the accelerated alienation of land by the state governments. Careful counseling and guidance will also be necessary to enable rural youth to realise that modernising agriculture provides a promising vocation. However, these efforts can be successful only if the conditions of living and the material rewards of agricultural enterprise become relatively attractive. This challenge can be met. Physical output per worker should increase by nearly 20% during the five years and income *per capita* should rise. These increases, along with the amenities which will become increasingly available, will make rural life and work more and more attractive. These developments will aid Malaya to hold to manageable proportions the growth of urban population and labour force.

TABLE 5-1

MALAYSIA: EMPLOYMENT TARGETS BY SECTOR, 1965-70

(thousands)						Increase, 1965-70		Annual rate of increase (%)
						1965 (preliminary)	1970 (target)	
							Number	%
<i>Malaysia:</i>								
Labour force	..	..	..	..	..	3,226	3,687	14.3
Unemployment	..	..	..	..	..	160	160	—
Employment	..	..	..	..	..	3,066	3,527	15.0
<i>Malaya:</i>								
Labour force	..	..	..	..	..	2,678	3,055	14.1
Unemployment	..	..	..	..	..	160	160	—
Unemployment as % of labour force	..	..	..	..	..	6.0%	5.2%	—
Employment	..	..	..	..	..	2,518	2,895	15.0
Agriculture	..	..	..	..	..	1,388	1,553	11.9
Manufacturing	..	..	..	..	..	173	209	20.8
Mining	..	..	..	..	..	61	61	—
Construction, utilities and transport	..	..	..	..	..	210	252	20.0
Public administration and defence	..	..	..	..	..	257	312	21.4
Trade and services	..	..	..	..	..	429	508	18.4
<i>Borneo States:</i>								
Labour force	..	..	..	..	..	548	632	15.3
Unemployment	..	..	..	..	..	negligible		—
Employment	..	..	..	..	..	548	632	15.3
Agriculture	..	..	..	..	..	441	508	15.2
Non-agriculture	..	..	..	..	..	107	124	15.9

191. In the Borneo States agricultural employment is projected to grow at about 3% per year. In the case of Sabah, this growth will depend in part upon the number of estate workers transferred from Malaya. Important changes in the structure of employment are envisaged within the agricultural

sector as farmers using primitive methods are resettled and trained for more productive commercial farming.

192. Employment estimates for public administration and defence reflect the needs arising from government economic, social and defence programmes. Manufacturing employment is expected to continue its strong rate of growth although, as a reflection of the small base from which it starts, it will account for only about 10% of the new jobs anticipated. Construction employment will expand but at less than the phenomenal rate of recent years. Trade and service industries generally should expand slightly faster than the rate of growth of the labour force; and mining, with some decline in output in prospect, will barely maintain its present level of employment.

193. These employment targets are achievable and important parts of the Plan are designed to facilitate their achievement. However, success must not be taken for granted. Investors are frequently confronted with alternative opportunities employing widely varying quantities of labour per unit of investment. Since much will depend upon how these decisions are made, the government, in re-examining its pattern of development incentives, will seek to ensure that these inducements are administered so as to encourage maximum use of the country's labour resources, consistent with other economic requirements.

194. However, attainment of the overall employment target will not in itself remedy the existing imbalances. Specific and purposeful programmes will be undertaken by the government to deal with the problems of youth unemployment, transfer of labour to Sabah and the shortage of specialised skills.

195. With over 25% of the urban male labour force aged 15-19 now unemployed, the problem of youth unemployment is likely to persist even though the national average unemployment rate declines. Consequently, consideration is now being given to the possibility of establishing a National Youth Pioneer Corps in which unemployed youths will be given productive work along with practical training and experience designed to make them better equipped for employment.

196. The transfer to Sabah of the labour needed for maximum development cannot be expected to occur without special assistance, organisation and modification of entry control. Agreement between the Federal and State Governments on the details of such a programme will be established as an essential prerequisite to the ability of Sabah to achieve the investment contemplated under the Plan.

197. Development of the necessary specialised personnel can only be effected through carefully designed programmes of education and training. These requirements are examined in the following sections.

III.—TRAINED MANPOWER FOR DEVELOPMENT

198. A developing, modernising society like Malaysia requires growth in the use of specialised technological and management skills at a rate of two, three or even more times the growth rate of the labour force. For Malaya specifically, the recent survey of manpower requirements in manufacturing suggests that by 1970 this sector will need double the number of engineers and related technologists it now employs if it is to achieve the manufacturing output growth target of 10% per year. And for such professional level specialists as accountants and auditors, manufacturers expect to need almost three times the small number they now employ.

199. It is in the light of such assessments that the First Malaysia Plan accords high priority to development of the relevant types of education and to other measures aimed at qualifying and upgrading the work force.

OUTPUT OF TRAINED MANPOWER

200. The future supply of trained manpower for development is dependent largely upon the output of the education system, that is, the number of those with various types of qualifications at the time when they complete their formal schooling.

TABLE 5-2

EDUCATIONAL OUTPUT TRENDS IN MALAYA, SELECTED YEARS, 1960-70

Level of attainment at completion of education*	Number completing education				
	1960	1965	1967	1968	1970
University	47	657	740	1,050	1,700
Technical and agricultural colleges ..	99	203	230	250	330
Sixth form (& Muslim College) ..	692	1,756	4,900	6,150	5,870
Teachers colleges†	2,130	2,531	6,200	6,310	7,160
Upper secondary:	9,724	14,494	23,870	23,920	54,370
Academic	9,338	13,728	23,200	22,960	41,580
Technical	107	306	480	560	4,180
Vocational	279	460	190	400	8,590
Lower secondary	4,782	23,752	38,200	73,400	99,100
Primary	140,947	45,309	30,800	26,100	20,900
TOTAL ..	158,421	88,702	104,950	137,180	189,410

* Includes dropouts and failures at each level as well as those completing successfully. Those who will continue their education on a full-time basis are not included in these "output" figures.

† Includes a large number whose training will have been of a part-time, in-service nature.

201. As Table 5-2 shows, the introduction of the comprehensive system of education and the expanding programmes for higher education in Malaya will begin to affect manpower supply substantially during the Plan period. By 1968, the school-leavers seeking employment will predominantly have a Form III rather than merely a primary school education. They should prove more adaptable and productive workers. The number seeking employment after completing upper secondary education will continue the mild upward trend of the past five years until 1968, after which the number with this qualification will double by 1970—again with favourable long-term results on the productivity and flexibility of the work force.

202. In higher education the big expansion of output will be of teachers, many of whom will have received in-service, part-time training. The number of graduates from the expanded agricultural and technical colleges and the university will increase significantly during the Plan period. By 1970, however, the number of graduates will remain small relative to anticipated requirements. The great expansion planned and underway in the development of the vital technical and higher level skills will produce substantial increases in the availability of these skills after the First Malaysia Plan period. This is the case particularly because of the work experience needed before youthful graduates become qualified professional-level specialists.

203. During the 1966-70 period nearly 700,000 young Malaysians will complete their schooling with perhaps 65% of them seeking employment. Of the total number, from 2.0 to 2.5% will have had college or university training, a majority of them abroad*. This means a five-year output of the order of 15,000 college and university trained Malaysians.

204. With the present stock of professional, technical and managerial personnel estimated at around 80,000, at least 1,200 additions to the group will be needed each year merely to replace losses due to death, disability and retirement. Consequently the projected output of 3,000 graduates per year will represent a net increase in availability of such high-level manpower of about 1,800 per year. This constitutes a rate of increase in the stock of such skills of about 2.5% per year. By any calculation the demand for personnel with such qualifications will grow at a materially higher rate. Thus the nation will continue to depend far more than it would choose upon professional, technical and managerial personnel whose qualifications derive from experience without professional education.

205. In brief, the rapidly shifting output of the education system during the Plan period will materially improve the quality of the work force. However, the expansion in vocational, technical and higher education will produce graduates in numbers approaching the demand for them only after

* Teachers college outputs are excluded from this comparison.

1970. The adjustments that will be needed to minimise the impact of this short-term disparity between supply and demand are covered in the following paragraphs.

REQUIREMENTS FOR HIGH-LEVEL MANPOWER

206. The professional, technical and managerial personnel grouped under the term high-level manpower constitute the energizers and designers of economic change. It is not known just how much high-level manpower represents the optimum for a nation in Malaysia's position. Nor is it possible to fix a minimum overall quantity in the absence of which the growth targets will not be attained. It is certain, however, that increasing use of personnel of this level is essential to development and that higher stages of development are characterised by use of a far higher proportion of trained managers and of professional and technical specialists than Malaysia now possesses. Experience of somewhat more advanced nations suggests that, in the long run, the stock of such personnel must increase by at least double the rate of increase in employment generally. This would imply an increase of at least 5.6% a year in Malaysia's stock of high-level manpower, more than double the growth expected from the formal education system during the next five years.

207. As indicated above, this gap between supply and demand for high-level personnel is temporary in nature. A much better balance will be achieved during the 1970s but the nation must in the meantime do what it can to fill the gap through other, essentially traditional, methods. For instance, managers traditionally have been developed mainly through experience rather than professional education. This process can and will continue to fill any managerial shortage so far as quantity is concerned. To a lesser extent shortages of more specialised personnel, e.g. engineers, have also been alleviated in this way. Also, qualified foreign personnel have been available to fill the posts which, for one reason or another, could not be filled adequately with Malaysians.

208. The sacrifices involved in these traditional processes of adjustment are largely of a qualitative nature. A slower "professionalisation" of management personnel means slower substitution of modern for traditional business methods and continued dependence upon technical personnel trained mainly by on-job experience is bound to delay achievement of the ability to compete with other countries in modern industrial processes. Special government efforts will be required and will be made to ensure that achievement of Plan targets is not prevented by these factors.

209. Although shortages will be evident in most expanding sectors of the economy, the needs for the following types of high-level personnel will be

particularly crucial to the success of the Plan and will receive special attention.

210. First, the requirements for personnel with higher education diplomas and degrees will rise unusually sharply in the 1966-70 period on account of the need for teachers to staff the rapid expansion of upper secondary and higher education. The scheduled expansion in Malaya alone will require more than 2,000 additional teachers with such qualifications, most of them with a scientific or technical training.

211. Second, the pace of locally-financed industrial expansion depends in part upon the availability and use of a substantial supply of trained and experienced business specialists—men qualified to assess industrial opportunities, to help small businessmen develop and justify bankable projects and to provide expert counsel while the projects are becoming established. These scarce skills will be required in significant numbers for the staffing of government agencies concerned with industrial expansion as well as for private financial and industrial concerns.

212. Third, the considerable expansion in agricultural research and development which is a vital part of the Plan will create substantial requirements for qualified research specialists. Agricultural research alone is expected to require more than 400 additional Division I and II specialists, while the planned expansion of land development programmes and the Federal Agricultural Marketing Authority will need a further substantial number of specialists.

213. Equally difficult manpower problems have long existed in the health and medical fields and requirements of this sector will continue to need special attention. Similarly there is no doubt that the scarcity of those with modern training and experience in a wide range of specialised scientific, technological and management skills, both in government and in the private sector, will continue to slow the pace of economic development. The private sector carries the main thrust of the industrial development effort and the government's manpower plans and operations will give major emphasis to the manpower needs of private enterprise.

214. To ease the impact of these shortages, the government will embark upon two separate types of action. In the case of the skills needed to provide modern management, this will involve the accelerated development of Malaysian talent through practical short-term courses for present managers and small businessmen by such institutions as an expanded National Productivity Centre, the University of Malaya's proposed Faculty of Economics and Administration and the proposed Malaysian Institute of Management. The expansion and improvement of such institutions will be the object of continuing government attention and support.

X 215. In the case of the scientific and technological specialists needed in large numbers for implementation of educational, agricultural and health programmes and of the industrial analysts and specialists needed for rapid expansion of private investment, expanded recruitment of foreign specialists on a temporary basis will be required to achieve the Plan goals. This will be accomplished in such a way as to protect fully the rights of citizens to priority consideration for the specialist jobs as they gain the requisite qualifications. Such use of specialists on a temporary basis with Malaysian counterparts will speed the acquisition by Malaysians of needed experience.

REQUIREMENTS FOR MIDDLE-LEVEL MANPOWER

216. In addition to an adequate supply of professional men, executives and technicians, the availability of middle-level manpower, particularly skilled workmen, constitutes an essential requirement for expansion of modern industry. As the country embarks upon the First Malaysia Plan it has reached the point in the development process at which the assured supply of such skills is a factor in attracting industry and a necessary concern of the government. Providing for the development of these skills is a proper cost of enterprises which depend upon them; but, in an economy of relatively small businesses, organising the necessary training programmes depends upon government action. To meet the requirements of the growing industrial sector, establishment of an industrial training programme, with costs shared equitably among the businesses which benefit, will become the subject of early consultation with labour and management.

IV.—MATCHING MANPOWER DEMAND AND SUPPLY

217. Shortages of specific types of manpower in one area while surpluses exist in another have been costly, particularly in the case of Sabah. Such imbalances are bound to occur more frequently as industrial development increases the diversity and number of specialised skills required. To resolve such problems consideration is being given to the establishment of an Employment and Training Department within the Ministry of Labour. The new department will encompass and extend the present employment exchanges and develop a staff of career specialists to provide more effective placement services for applicants, recruitment assistance for employers, guidance for job seekers and a variety of specific training services to equip unemployed workers with the skills needed by expanding industries.

218. With the assistance of this new department in the Ministry of Labour and the Department of Statistics, the Economic Planning Unit will organise periodic assessments of the employment status of the labour force and of

the manpower requirements of industry. These and other planning and research activities will be stepped up so that imbalances between manpower requirements and supply may be foreseen and remedial action initiated at an early stage.

V.—UTILIZATION OF HIGH-LEVEL MANPOWER

219. Recognising that high-level manpower is a very scarce resource the shortage of which inhibits national development, the government will ensure that such skills are employed as fully and as productively as possible. As a first step to this end, with particular regard to scarce scientific skills, the government is considering the establishment of a national research co-ordinating body affiliated to the National Development Planning Committee. This body would be charged with responsibility for keeping under review the extent and nature of the government's support for research, identifying areas in which greater productivity and economy of scarce research skills may be achieved through co-ordination of separate research efforts and proposing areas in which concentration of available research personnel may be expected to contribute most to the nation's development effort.