



THINK OUTSIDE.

Labour and employment: Are existing statistics facilitate planning of human capital for economic transformation?

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Objectives of Presentation

- *Overview of labour supply and employment opportunities in Malaysia*
- *Key components in managing human capital planning*
- *Situations affecting the planning for human capital*

Overview of labour supply and employment opportunities in Malaysia



CEO's Top 10 Global Challenges, 2011

Challenge	Score
1. Business Growth	1.65
2. Talent	.74
3. Cost Optimization	.72
4. Innovation	.70
5. Government Regulation	.59
6. Corporate Brand and Reputation	.42
7. Customer relationships	.40
8. Sustainability	.37
9. International Expansion	.29
10. Investor Relations	.09

Source: Conference Board CEO Challenge, 2011

Source: Conference Board CEO Challenge, 2011

10. Investor Relations **.09**

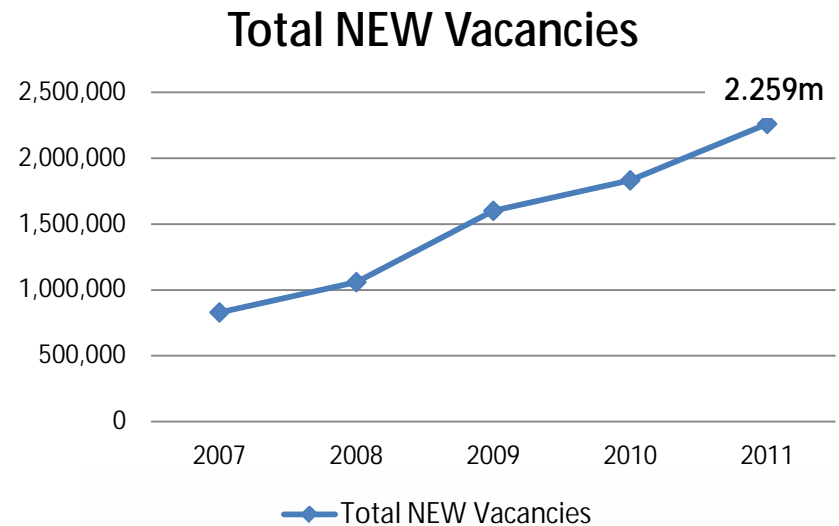
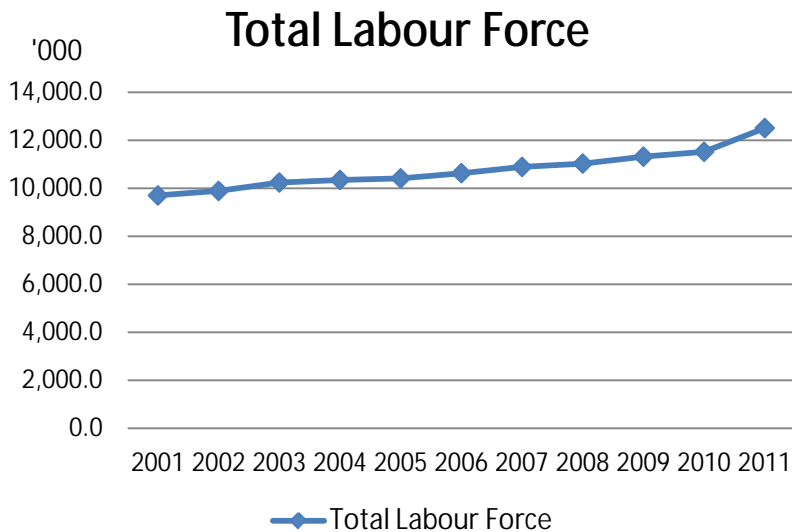
9. International Expansion **.29**

YES, It is Hot here!

Talent scarcity remains an issue

We have about 12.5 mil labour force as of 2011, with an average increase of 2% per annum....

In 2011, it was recorded 2.259 mil new vacancies from approximately 829,000 in 2007.

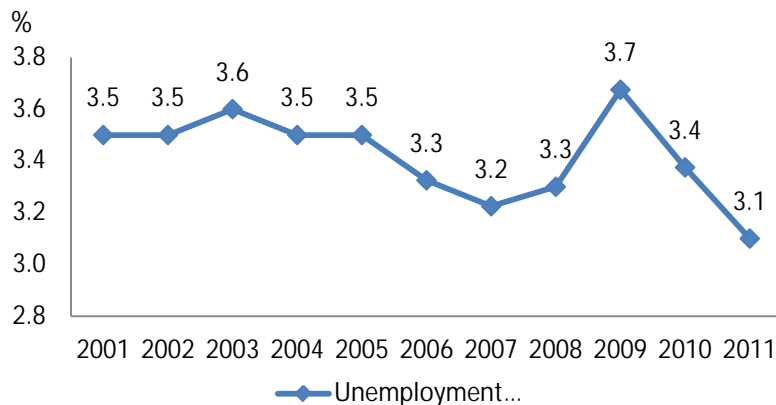
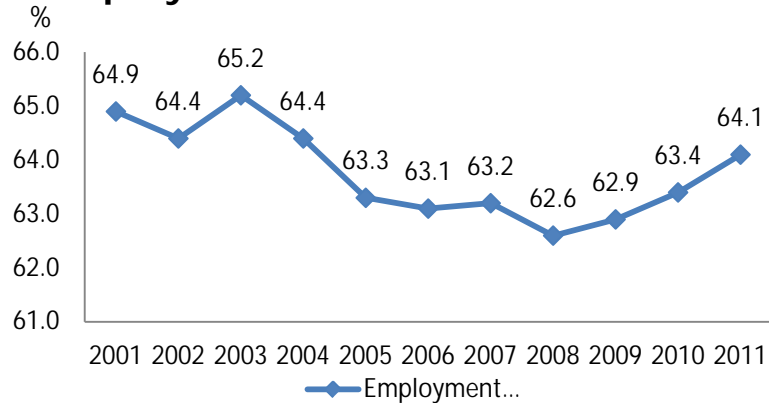


...except in 2011 where there was a growth of 9%

There is an increase of about 43% per year in new job opportunities...

Employment rate remains at about 64% and unemployment rate average at 3.45%

Employment trend is moving upward, with a corresponding decrease in unemployment



We are also facing issues – we have 3 times more inflow of low qualification labour than highly educated professionals

20% of highly educated Malaysians opt to move overseas

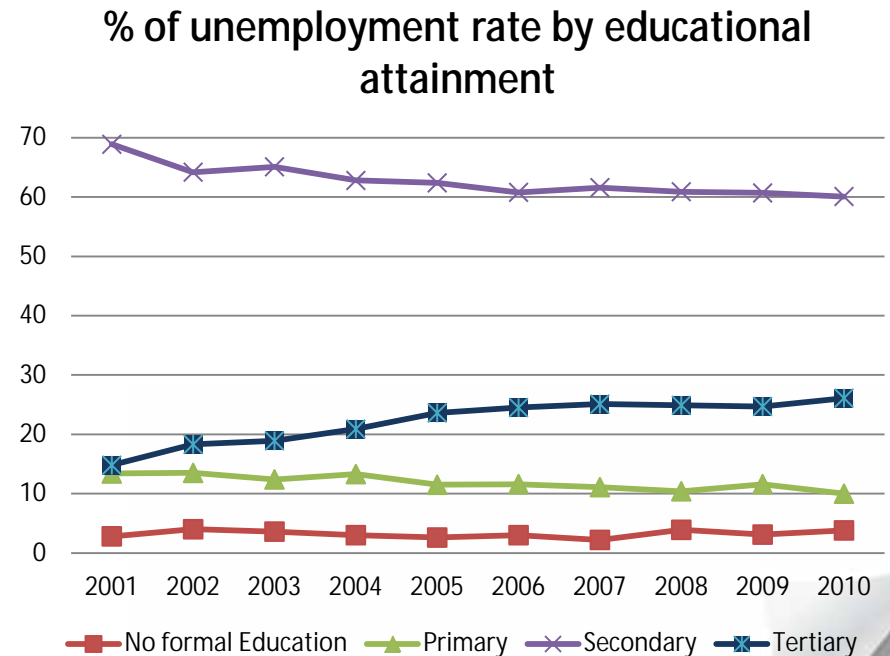
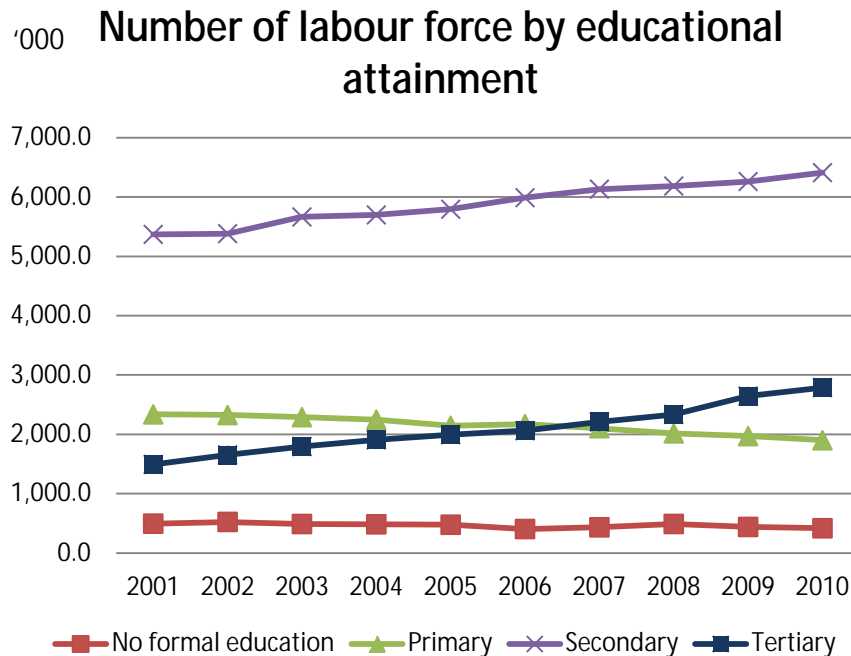
60% of immigrants have low qualification

25% decrease in skilled expatriates since 2004

About 24% of total labour force are tertiary graduates, remaining are secondary or lower

Majority of the labour force are secondary qualification holders, about 6.4 mil, followed by tertiary graduates, about 2.8 mil in 2010...

...and about 60% of the secondary qualification holders were unemployed in 2010, followed by 26% of tertiary graduates



Key components in managing human capital planning



Managing Human Capital Planning

Workforce Data: Demographics, Capabilities & Availability, Malaysian Diasporas Effect, Re-entry & Re-employment.

Employment Opportunities: Economic outlook, Investment growth, Wage trend.

Talent Supply

- Will we have enough people?
- Will we have the right capabilities?
- Where will we find the right capabilities?
- Movement and mobility...

Talent Demand

- What roles are most critical to achieving economic growth?
- How many people do we need?
- When do we need them?
- Where do we need them?

Human Capital Planning

Situations affecting the planning for human capital

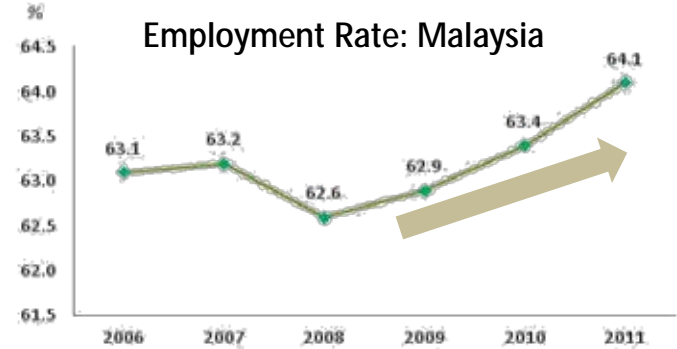
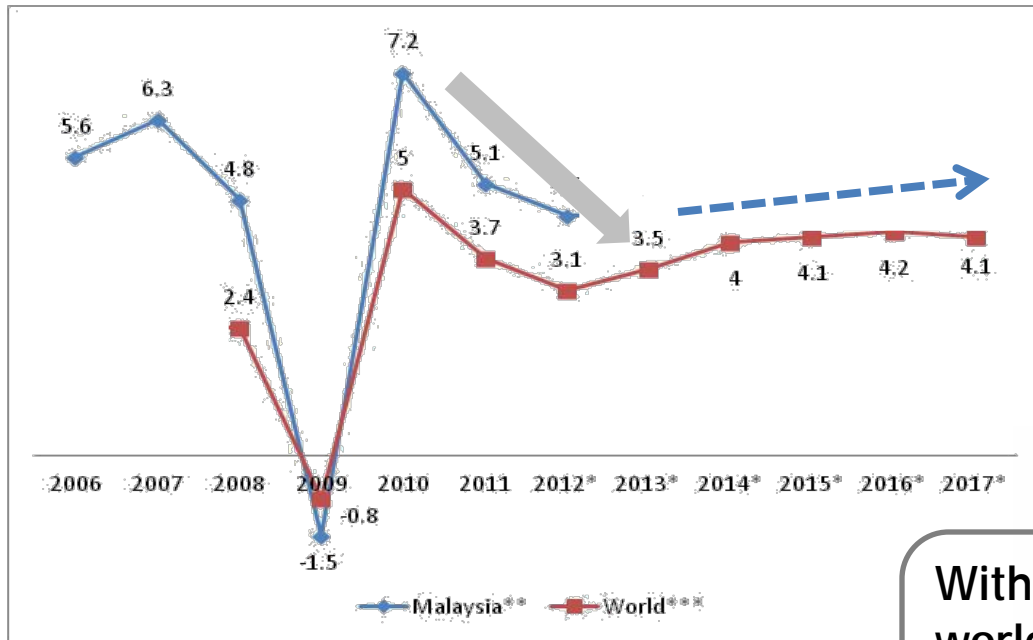


Economic Outlook

Reduced global demand will slow Malaysia's export driven economy

However, continued deficit spending will seek to mitigate the impact of Malaysia's reduced growth

GDP Growth Rate: Malaysia vs World



Employment rate seems to increase despite a slight dip in Malaysia economy

With the stable projected growth in world economy, it is likely that Malaysia economy will pick up hence the employment rate

Note: * refers to projected growth rate

Sources: **Department of Statistic Malaysia & **Economic Intelligence Unit

Understand Talent Demographics...

BEST INDICATORS OF TALENT



97%

BELIEVE QUALIFICATION AND SKILL UPGRADES ARE OVERWHELMINGLY IMPORTANT WHEN IT COMES TO CAREER PROGRESSION



74%

BELIEVE IT WILL BE OK

26%

HAVE THEIR DOUBTS

MORE PEOPLE BELIEVE THEY WILL BE ABLE TO RESUME THEIR CAREERS AFTER TAKING A BREAK FOR EVENTS SUCH AS MATERNAL/PATERNAL LEAVE, ILLNESS, OR AN EXTENDED HOLIDAY



EXPERIENCE vs EDUCATION

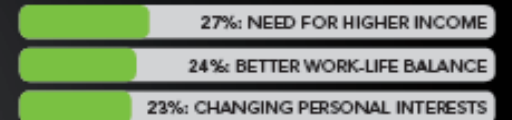
PRACTICAL JOB EXPERIENCE IS MORE IMPORTANT WHEN DECIDING CAREER SUCCESS

18%

THE CAREER FOR LIFE IS VANISHING. MORE THAN HALF OF ALL EMPLOYEES EXPECT TO SWITCH CAREERS IN THE NEXT

5 YEARS

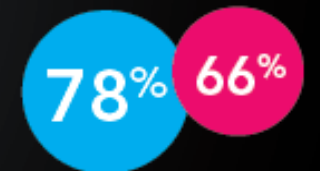
MAIN REASONS:



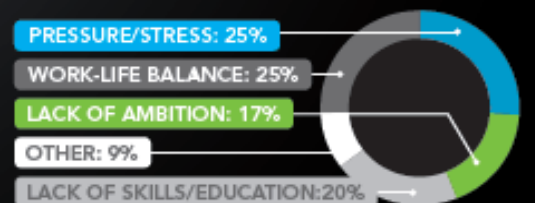
WHO WANTS TO BE AN EXECUTIVE?

72% DO. 20% DON'T.

SIGNIFICANTLY MORE MEN AIM HIGHER THAN WOMEN

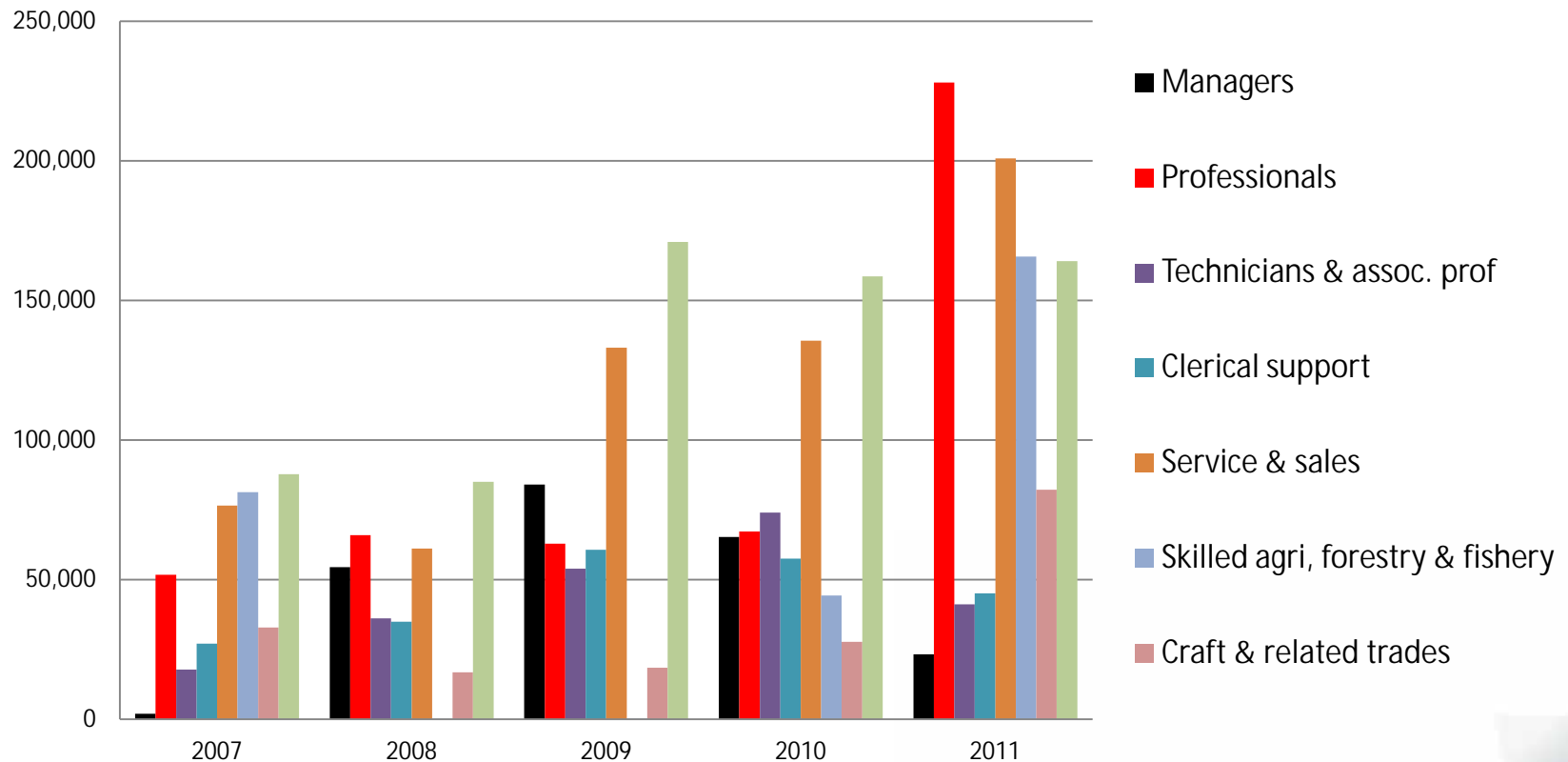


REASONS FOR NOT WANTING THE TOP JOB



Approximately 950k new vacancies in addition to the 1.3mil elementary occupations, recorded in 2011...

New Vacancies Recorded (excluding elementary occupations)



...but we also have a record of about 383k of unemployed labour in 2011...

Out of 369k of active registrants with JobMalaysia,
only about 6% are placed in 2011

There were about 228k vacancies for professional role in 2011 and 67k in 2010 ...yet

Approximately 34k graduates in 2011 and 31k in 2010 are unemployed

There were about 287k vacancies in semi-skilled positions in 2011 and 267k in 2010, ...yet

Approximately 32k of diploma holders in 2011 and 32k in 2010 are unemployed

Detailed demographics indicators helps to plan the human capital better

DEMOGRAPHIC INDICATORS

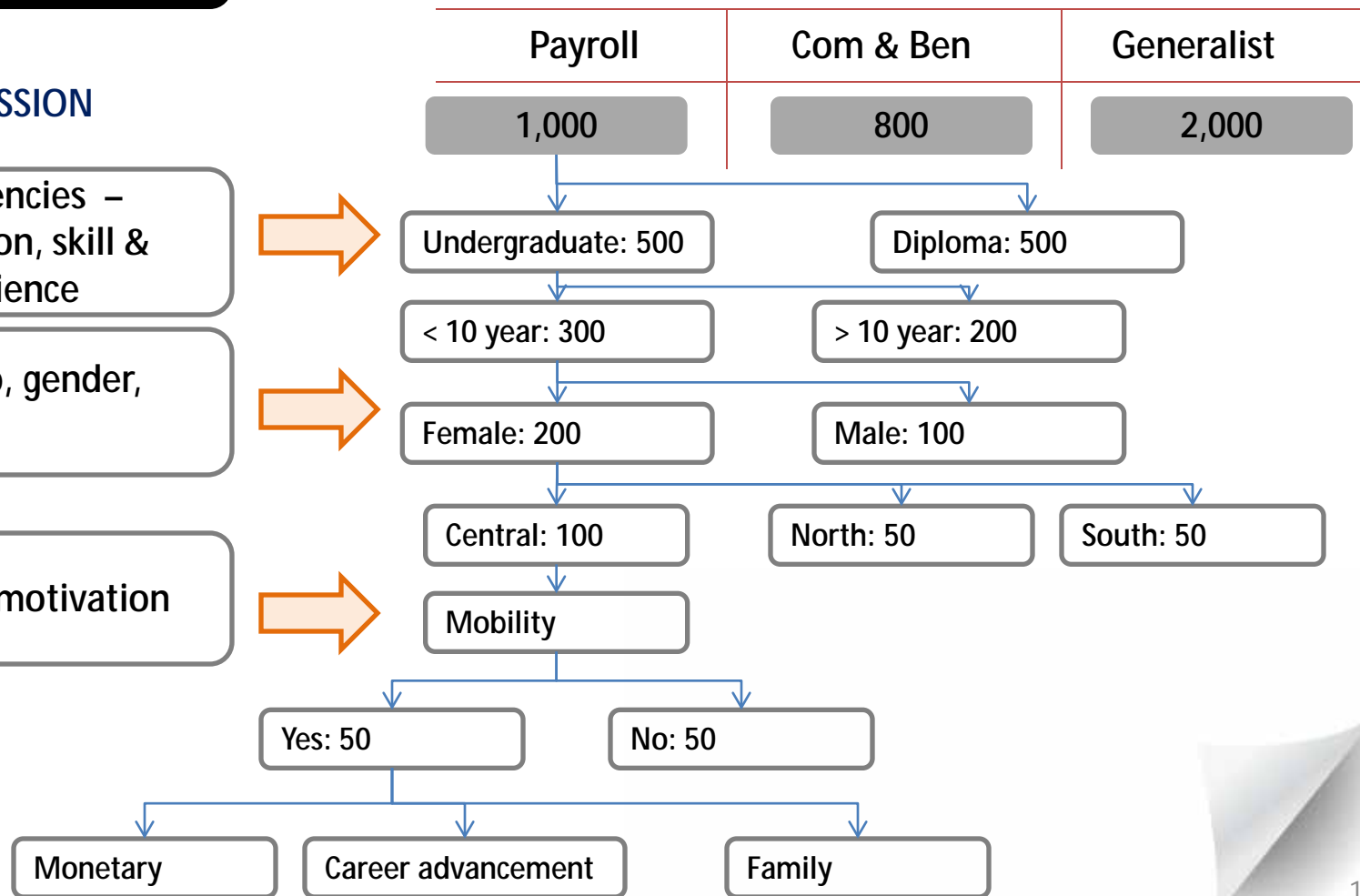
PROFESSION

Competencies – qualification, skill & experience

Age group, gender, locations

Mobility & motivation

Example: HR Profession: Demographics indicators



Understanding key motivations of different generation groups is important for planning

Based on our KGWI, some motivation indicators in driving career choice and career progression of Malaysian are:

~ 85% of 3 generation group agree that experience is more important for career development

*~ 69-72 % of Gen X and Gen Y will change career / field within 5 years
...vs 45% of Baby boomers*

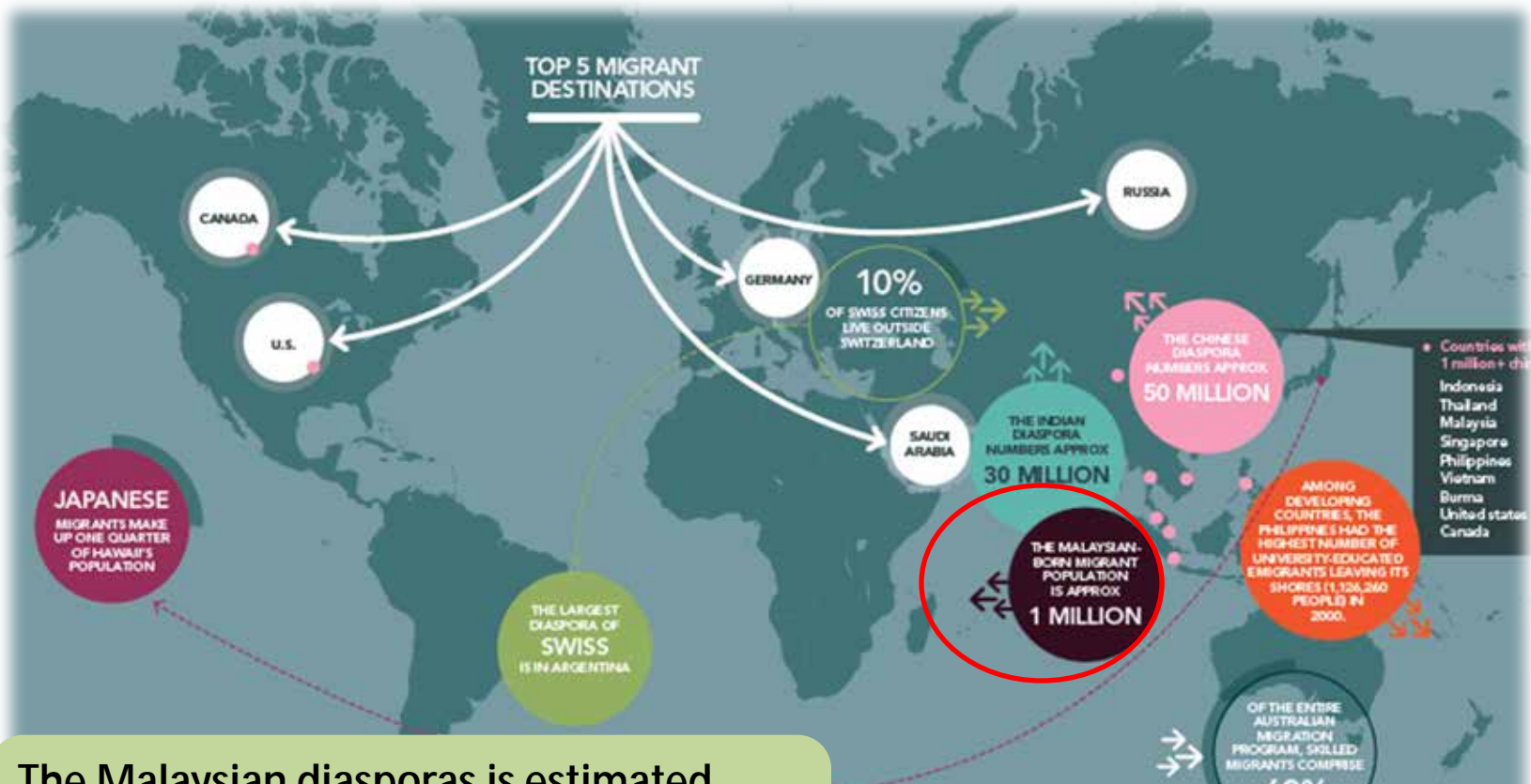
*~ 50% of Gen Y plan to start a business in about 5 years time,
...vs 41% of Gen X and 31% of Baby boomers*

*~ 33-34% of Gen X and Gen Y will change career / field monetary & work life balance
...vs 12 % of Baby boomers for monetary & 42% for work life balance*

Training, health benefits & retirement benefits are rated the top 3 outside salary for all 3 generation groups

All 3 generation groups feel that profit sharing or employee ownership will boost their performance level

Movement of labour, Malaysian diasporas...



The Malaysian diasporas is estimated, conservatively, at 1mil as of 2010, about 1/3 of all migration represents brain drain

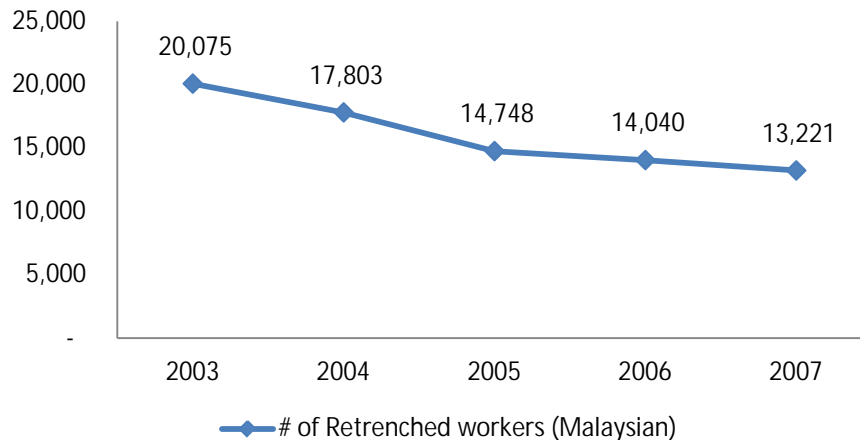
20% of highly educated Malaysians opt to move overseas

Movement of labour, re-entry & re-employment...

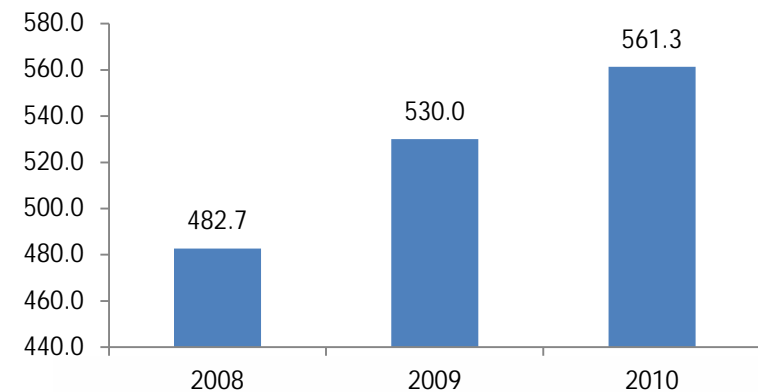
There retrenchment is moving down, but between 1 Oct 2008 to 16 June 2009, there was about 29k Malaysians retrenched ...

...and every year since 2008 there are about 500k workers reach their retirement age..

of Retrenched workers (Malaysian)



Labour force falls in group 55-59



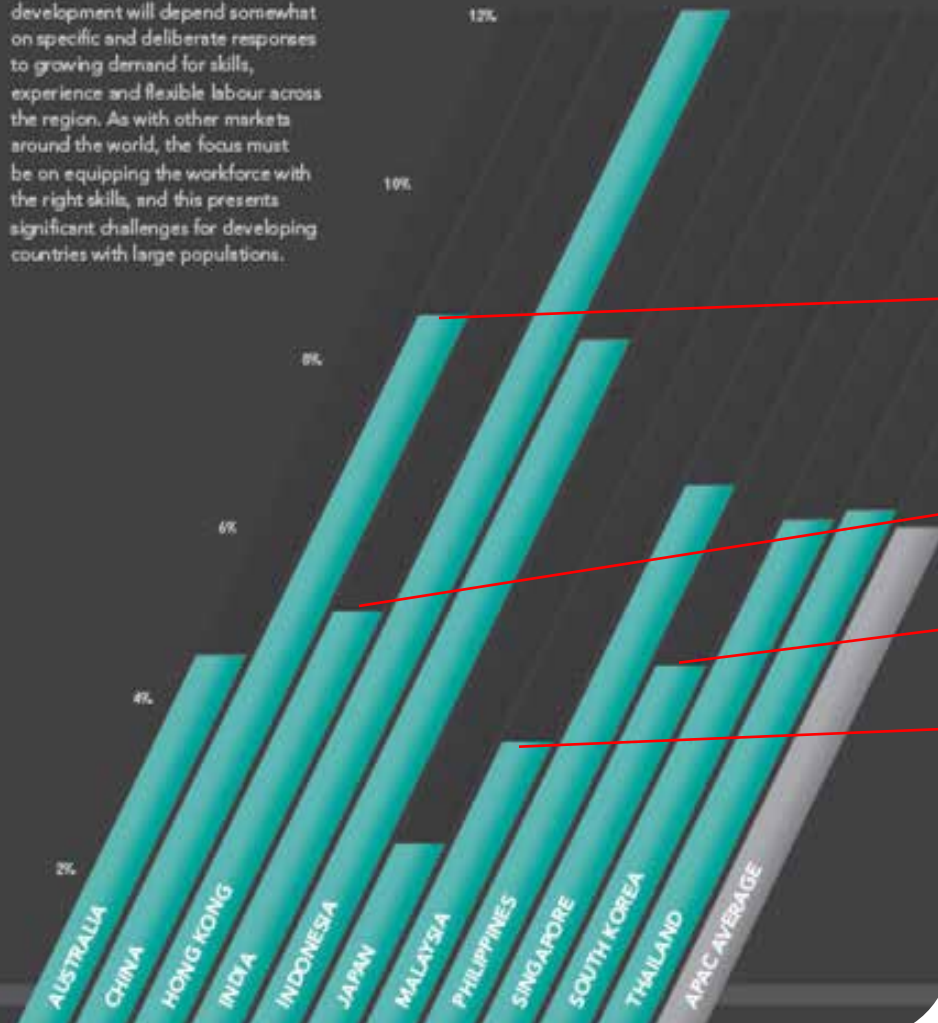
These human capital who already have the experience and skill from the industry are valuable economic contributors...and most of them can still be productive workers

Salary is one of the TOP 3 priorities of a Malaysians – key for talent attraction & retention

TRAINING, MOBILITY AND FLEXIBILITY

APAC's ongoing prosperity and development will depend somewhat on specific and deliberate responses to growing demand for skills, experience and flexible labour across the region. As with other markets around the world, the focus must be on equipping the workforce with the right skills, and this presents significant challenges for developing countries with large populations.

WAGE GROWHT FORECAST – 2012 ESTIMATE



Average APAC: ~6%

China - 8%

Hong Kong - ~ 5%

Singapore - ~ 4.5%

Malaysia - ~4%

Other factors that affect the effectiveness of human capital planning...

Proper infrastructure to support the quality of statistical data on labour and employment is critical... system to ensure:

Timeliness of the information.
Potentially, "real-time"



Institute of Labour Market
Information and Analysis
(ILMIA)

For NKEA sectors

- *Relevant economic and investment forecast information*
- *Competencies of labour*
- *Time frame for each stage of the development*

Conclusion

- *Human capital planning is to ensure the labour supply meets the employment requirements*
- *Key components to ensure better planning include economic factors, demographics, Malaysian diasporas, re-entry & re-employment, wage trend...*
- *...as well as timeliness of information*

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Thank

You
