

market outlook 2019

employment trends
in malaysia.



human forward.

 randstad

2018 has indeed been an extremely eventful year: politics have taken centre stage and created a sense of uncertainty in the local market. For the first time in 60 years, the incumbent government was voted out and Malaysia ushered in the world's oldest leader as its new prime minister. This significant change in the local political landscape brought about a series of policy and economic changes, which have had an impact on both companies and employees.

Major projects and investments that were approved by the predecessor on an accelerated timeline were halted temporarily. The new government took the time to get their house in order, review development plans as well as re-establish trust with the Malaysia population.

Amid these changes, the World Bank said that Malaysia is expected to 'buck the trend' while our neighbouring countries continue to see resilient growth. In addition to cutting 2018's gross domestic product forecast from 5.4% in July to 4.9% in October, the economy is expected to expand by 4.7% in 2019 and only 4.6% in 2020. While the economy is still recording positive growth, it is evidently a contraction from previous years.

However, the slower pace of economic growth could be a much-needed trade-off for long-term stability. Companies we have spoken to are taking this opportunity to re-evaluate their long-term growth strategies and workforce composition, talent needs as well as areas of improvement to narrow the skills gap.

addressing the skills shortage

If companies have not started on their digital transformation journey, they will definitely be doing so in 2019.

As companies digitalise their internal processes and services, the in-demand skills that employers are looking for will differ greatly from what the workforce is equipped with currently. For instance, digitally-adept individuals or candidates with niche technical skills will be highly sought after by employers who are looking to advance their technological capabilities.



Recruiting high-performing and innovative technology talent will continue to be a challenge for human resources professionals. Hyper-growth segments such as fintech startups and technology firms that are powered by blockchain are likely to see higher levels of hiring as they compete for the best tech talent in the candidate-short market.

On the manufacturing front, the fourth industrial revolution or Industry 4.0, will also be looking to hire more high-skilled workers who are digitally-enabled to navigate the new environment.

Within the construction and property space, we expect to see companies focussing their hiring efforts on experienced talent with specialist skills, particularly those who can deliver more value not only to their own projects but also to those of their clients'.



The only way to narrow the skills gap is to provide robust and thorough learning and development programmes to the local workforce in the form of mentorship programmes, on-the-job training and internal mobility opportunities. According to our research, Malaysian employees have expressed a keen interest in training and development to keep their skills up to date and help them stay employable. The study also revealed that 96% of employees are willing to invest their own money and time to upgrade their skills and competencies through training programmes. Almost all of the Malaysian employees (99%) aged between 35 and 54 feel that they have to actively look for opportunities to stay competitive.

Employers should absolutely leverage this high commitment to learning and continue to provide specialised training programmes for their employees and upskill them as quickly as possible to meet their future talent needs.

employee experience is more important than ever

In our Employer Brand Research this year, the Malaysian workforce ranked salary and benefits as the most important driver when choosing an employer. However, it is important to not lose sight of other equally critical factors that help to create a positive employee experience such as work-life initiatives, flexi-work arrangement options and career progression opportunities.

When companies take an employee-first approach towards their human capital strategies, their people start to gain positive experiences from their time spent at work - leading to higher staff satisfaction and engagement. Besides having a more productive workforce that consistently delivers superior performance, companies that invest in employee experience also enjoy greater access to better quality candidates and higher staff retention rates. While salary and benefits remain an important factor for Malaysian employees, a positive employee experience is the key reason why people want to keep working for you.



As more millennials enter the workforce, we hope to see companies become more involved in their staff's personal and career development - an element that the younger workforce expects their employers to provide adequate support and resources in. Companies should also consider investing in collaboration platforms if they have not done so, to enable remote working. When employees have the flexible option to work remotely, they will feel more responsible for the quality of their work and become more actively engaged in their workplace.

getting overseas malaysians to come back home

As more global enterprises open manufacturing plants and commercial offices in Malaysia to cater to the increasing customer demands, there will be job opportunities for overseas Malaysians who are thinking about coming home.

Employers are extremely keen to hire overseas Malaysians who can share the new learnings they have gained from other countries with their local workforce. Their international experience combined with their deep understanding of local nuances are increasingly sought-after by companies. We expect this high demand for returning Malaysians, coupled with their affinity for Malaysia's way of life and be closer to family, will motivate them to search for job back home.

companies are hiring critical thinkers.

We have also noticed the increasing popularity of competency-based interviews. Instead of putting candidates through a technical test, interviewers are spending more time asking job seekers how they have managed a difficult situation at work and what they have learned from such experiences.

As technology evolves to be more innovative and interactive, there are some mental skills that will become less valuable, such as having a good memory or recording a mass volume of information and regurgitating it back on reports. This means that employees will need to focus more on added-value activities that machines cannot do.

Hence, companies are actively looking for candidates who possess high levels of empathy and strong people management and leadership skills. Candidates who are critical thinkers, creative and innovative in the way they work, and able to have open conversations with others, will also be highly sought-after.



Ryan Carroll
Country Director
Randstad Malaysia

construction

& property.

construction and property will remain conservative in 2019.

The cabinet election that took place in May 2018 had a huge impact on construction and property projects in Malaysia. Some significant changes include the project and cost review of big-ticket infrastructure projects which were the priorities of the predecessor such as the High-Speed Rail, East Coast Rail Link as well as the MRT and MRT2 Underground.

Despite the review, the market remains optimistic and we expect to see continued growth in this space.

Alex Sin, Manager of the Construction, Property and Engineering team at Randstad Malaysia said, "We are already seeing some positive indications as companies are starting to hire again after a short hiatus. However, we've noticed that companies are prioritising candidates who have niche and specialised skills over generalists."



infrastructure projects are being phased across a longer period

In order to fulfil the demands of infrastructure projects that were on an accelerated timeline, companies mass-hired candidates in the market at the beginning of 2018. In addition, these projects were all being developed simultaneously, and as a result candidates in construction had the advantage of choosing which project they want to work for while getting paid at a premium.

However, bulk hiring activities have slowed down since May and companies have started to re-direct their focus to getting their projects approved or re-approved by the new government.

The government is however, taking a step-by-step approach towards the various national developments. By prolonging the duration of the projects, the government and construction companies can save on operational costs in the long-term.

Applying the textbook supply-and-demand theory, when companies do not purchase a large volume of raw materials at once, the available supply will increase, leading to a gradual reduction in prices. This allows developers to have a more cost-efficient purchase strategy, where they can buy raw materials at a potentially lower price in the future.

This same theory applies to manpower planning as well. Companies will not need to mass hire people to complete the project within a relatively short period of time. With the extended deadlines, companies can hire fewer people for the project, spreading the manpower cost across a longer period.

Unfortunately, this means that retrenchments will likely take place in the first half of 2019. Alex Sin warns, "Junior-level workers who have less than two years' experience will be most affected by the retrenchment exercises."

HR (human resources) teams are already preparing for the impending labour changes. Some of them have already started to speak with their industry counterparts on the likelihood of transitioning their workers to other companies who are in need of talent.

Depending on the individual's work experience, there is a high possibility that these candidates are able to receive job offers from other companies quickly. In addition to being more open to the types of opportunities that are available to them, job seekers need to be aware of new and upcoming market developments either within or outside of Kuala Lumpur to stand a better chance at employment.





small-scale developers are taking over

It has always been a challenge for many citizens, especially young working professionals, to pay for their own real estate in full. In response, the government has introduced a new policy that only requires citizens to put a 20% down-payment instead of paying for the full value to secure their ownership of the property.

This initiative, coined as 'FundmyHome', helps ease the pressure to purchase an apartment by reducing the percentage of down-payment that is needed upfront, and prolonging the period of time for buyers to pay the balance through instalments. This move encourages more citizens to move out of the different states to city centres where they can now own a home and work.

This softer approach is welcomed by young working professionals who are looking to move to the city to build a family and advance their careers. It also helps developers clear unsold units and gain some return-on-investments to continue other development projects and investments.

However, having a large number of unsold units for a long period of time combined with the undetermined success of the newly-implemented policy have made property firms take on a more conservative approach towards long-term business and hiring strategies. Instead of actively bidding on new pieces of lands and various projects, companies are evaluating the long-term value and returns they can receive from these investments.

We are also seeing more boutique developers entering the market. These small-scale developers invest in small pieces of land in the outskirts of the city to develop their own properties. The government is selling land space to entice developers to increase their investments as part of a plan to pare down the national debt. This open tender process provides greater transparency and drives market competition.

This multi-pronged approach of investing in several plots of lands and development projects allow small-scale developers to future-proof their businesses.

A man and a woman in business attire are smiling and talking at a table. The man is on the left, wearing a dark blue suit, white shirt, and patterned tie. The woman is on the right, wearing a dark blue blazer. They are both looking at each other and smiling. The background is a bright, out-of-focus office setting with large windows.

candidates who have
specialised skills

are highly sought
after by employers.





property employers want talent with specialised skills.

Property companies have also become more deliberate when hiring a new headcount.

Instead of hiring a generalist such as a civil or structure project manager, employers are increasingly looking for talent who have full-cycle experience and specialised skills in specific projects such as high-rise properties, hospital refurbishment projects and steel structure buildings.

There are a few reasons for such a hiring approach.

These specialists can lend their expertise in a specific scope of work across multiple projects. Candidates who have deep capabilities and in-depth knowledge can bring more value to employers as they are able to provide counsel that have a business impact. In the long run, these professionals can also share their learnings and knowledge with the existing team to upskill their capabilities.

“Candidates who are looking for job stability will want to work for a well-known developer. However, we are also starting to see experienced candidates looking for job opportunities with smaller developers as these employers welcome new ideas and offer the flexibility that people are looking for.” Tan Ying, Senior Consultant in Property at Randstad Malaysia highlights.

Another talent trend that we expect is the increasing demand for professionals in quality assurance and quality control. As large developers are listing their assets on the international markets to appeal to foreign investors, they need to ensure that their property’s quality not only meets but surpasses market standards and expectations to warrant a higher buying price. The investment in quality reassurance will raise the market value of the property and set a new bar for future properties in Malaysia.

navigating in a candidate-short market.

Even with most of the large-scale projects on hold, it does not change the fact that quality talent is difficult to find. “The limited candidate pool in this space is going to make it even tougher for companies to hire quality candidates next year. In fact, we expect more employers to counter-offer their high-performers in a bid to keep them within the organisation.” Alex shared.

Companies that want to secure highly-skilled candidates will need to offer more than an attractive remuneration package. They will also need to discuss potential opportunities and support that the job seeker will receive in terms of career and personal development within the organisation.

Experienced candidates with specialised skills who can bring extra value to the business will be highly sought-after. Job seekers are advised to research on their potential employers to gain a better understanding of their business strategies and financial health as a hint to sustainability and long-term career development opportunities. They should also look at the company's operations to discuss the challenges they have identified and how they can address them to demonstrate their true value.

flexible work arrangements

"We hear more candidates asking to interview at companies that offer flexible-work options, especially from workers who hold non-technical and administrative roles such as marketing and human resources." Tan Ying adds.

This clearly indicates an increasing focus on work-life balance. In addition to the demands of the workplace, more employees are struggling to balance family, personal relationships, self-care and growth. Employees are looking to companies to provide that flexibility at work, so that they do not feel that they have to neglect other important components of their lives as a result of work.

There are many benefits to offering flexible work arrangements to employees. Employees reportedly are more productive as they are given the option to work on their own time to fit their different lifestyles. For instance, a working mom will be up and running very early in the day and may prefer to start work earlier or work from home on days when she needs to take care of her sick child to reduce stress. Companies that enable their employees to achieve work-life balance tend to have a happier and more motivated workforce, which often translates to higher productivity, lower turnover and a more compelling employer brand.



the rise of digital marketing

Property companies are extending their marketing efforts to appeal to the younger population as they start looking to invest in real estate. We expect companies to have a higher headcount for marketing roles next year, specifically in digital marketing. More developers will engage the expertise of digital marketing talent to help focus their branding and sales strategies on younger buyers, and obtain a better selling price for their property through more targeted online marketing efforts.

All in all, we expect hiring activity within the construction and property space to remain stable next year. Candidates are advised to do more research on industry trends, including new developments and projects, as well as find a speciality to excel in to remain employable.

Companies that are looking to hire next year should also think about what they can offer to candidates in terms of learning and development opportunities to make sure their employees can continue to deliver value amid a volatile market and changing times.

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information technology.

raising the quality of talent to meet skills demands.

Countries like the US, Europe and Singapore have created an ecosystem where companies can come together to collaborate and create new technology that has the potential to drive innovation. Besides the supporting economic conditions, the workforce in these mature markets is more technologically adept and skilled to place big bets on new ideas - key factors that global technology enterprises consider when setting up development centres and commercial offices.

While Malaysia may be a couple of years behind these markets in terms of speed of innovation, it remains one of the top picks for companies that are looking to refine and scale their products and services.



why is malaysia popular for technology companies?

After a company launches a new product or service in a mature market, they will need to refine it for an enhanced customer experience and expand the team to gain a larger market share. However, the cost of setting up and maintaining a development and support centre can be very costly in a mature market where resources are expensive.

The most reasonable expansion strategy for companies is to keep their commercial function in markets where there is a high concentration of buyers and investors, while offshoring their development and support centres to emerging markets where operation costs are lower, like in Malaysia.

With more companies setting up their development operations in Malaysia, the local workforce will gain more opportunities to hone their skills and build their capabilities. As the quality of the talent pool improves, Malaysia will become an even more attractive location for technology companies to invest in.



the influx of blockchain creates growth and new opportunities.

In an analysis conducted by [Bloomberg](#), Malaysia ranked first among 21 developing economies in terms of prospects for higher economic expansion, a healthy current-account surplus and a drop in its real effective exchange rate. This highlighted the country's readiness to expand as a place of innovation. In fact, a record number of blockchain companies have been entering Malaysia since quarter four of 2017 and this trend shows no sign of slowing down.

Blockchain in Malaysia is however still very much in the development phase, with only a handful in application. The blockchain specialisations worth noting are:

online cryptocurrency exchange

Boosted by the exponential increase in crypto-value as reported at the beginning of 2018, we have seen a growing interest in crypto-exchange in Malaysia. The number of crypto-exchanges will continue to grow in 2019 due to a few favourable conditions: Malaysia is a popular location for crypto companies as the population demographic mirrors their target customers; it is also relatively less expensive to operate here and there is more industry-level support compared to other countries that are more highly regulated.

Crypto companies that have chosen to base their operations in Malaysia typically play a 'supporting role' where they develop and support solutions which may be monetised.

decentralised application

There are early discussions about tapping into blockchain decentralised applications in order to transform old systems which are used in border control and immigration. While discussions are still in their early stages, this is definitely something to watch out for in 2019.



The progress in blockchain technology has created new job opportunities for the local workforce, and we are seeing more people taking advantage of this rising trend to learn new skills and develop their specialisation.

In order to attract talent, companies have also started to create robust learning roadmaps for their staff to pick up the necessary skills and get them up to speed quickly.

Organisations that have large expansion plans are more likely to engage with vendors who are based in Europe or Hong Kong. As such, it is likely that these companies will relocate an expert from other markets to Malaysia to build their local team's capabilities, or temporarily transfer promising talent to those markets to learn the skills and share their learnings with the local workforce upon their return.

Although blockchain technology is still gaining interest and experiencing growth around the world, companies in this space are facing significant challenges in attracting and retaining talent.

Companies that are powered by blockchain technology are still relatively new (and unknown), with literally low or no brand awareness. According to our 2018 Randstad Employer Brand Research, "having a very good reputation" ranked as one of the top 10 key drivers for Malaysian employees when they are looking for a new employer.

Having a strong employer brand will be essential to companies that want to gain access to high-performing candidates. This strategy to protect and advance the corporate reputation can also help companies expand their network of stakeholders and gain new market share.

possible M&A activity in digital wallets

According to [Fintech Malaysia](#), about 17% of Malaysia's fintech companies are in the space of e-payments. About half of them have already launched the product and are investing heavily in marketing in order to gain market share, while the other half are working on refining their product and developing a marketing plan before launching it to the market.

Is having more than 30 e-payment offerings too many for a typical user? Tanguy Thiran, Senior Manager with the technology team at Randstad Malaysia, said yes.

"The market is just not big enough for all the players. In the next two years, some of the larger key players will gradually dominate the market, and hiring activities could slow down," Thiran explained.



a clear misconception of 'data science'

Companies can only benefit from big data if they process and use the data collected, and we have noted that organisations use data in different ways. Big data can help organisations gain a competitive edge in terms of cost savings, time reduction, predicting market trends and demands, improving customer experience as well as provide invaluable insights for new product development.

Global enterprises in Malaysia are already building teams to map big data, developing unique algorithms to make informed projections for any strategy changes, or working on some form of predictive analytics. As artificial intelligence gains more interest, we expect more companies to invest in machine learning and deep learning in the next year.

Despite all these exciting opportunities, we still see a lack of understanding about data science and the role of data scientists within the local market. A number of companies outside of the technology industry even have non-technology workers filling in as data scientists and many of them not using any specific data science tool or cloud-based analytics. Companies that want to stay ahead of the technology curve will need to start planning and investing in a market-ready technology team that is professionally trained or experienced in data management and analytics.

Having recognised this gap, a public-private partnership has been formed to launch the Data Star programme - a data science finishing school in Kuala Lumpur which aims to fast-track the development of data professionals so that they are more equipped to meet the rising demands from both local and global industries. This programme aims to fill the skills shortage and produce 20,000 high quality data professionals in the market by 2020 - a jump of 14,000 from 2017.



in-demand jobs and skills in 2019.

Similar to its Southeast Asian counterparts, there will be a lot more opportunities in Malaysia within the application development space as companies are aggressively expanding their team to develop or improve products.

- We expect more job opportunities for **Java developers** next year to cater for the increasing activities around the development of microservices architecture, cloud deployment as well as large-scale mobile or web platforms.
- Companies looking to improve efficiencies with a leaner workforce will actively look for **full-stack Javascript developers**, who will be responsible for the development of backend, frontend and mobile applications of the product or platform. As all the components are heavily linked, having full-stack developers with proficiency across all three applications will be a competitive advantage for the company.
- Professionals who have knowledge and experience in popular programming languages such as **Ruby on Rails, Pipeline** and **Golang** will be highly sought after by application development companies and development centres.

experienced
technology
experts tend to

look for high-
paying jobs
with SMEs.

lifelong learning is a must for a career in technology

Fahad Naeem, Senior Manager with the technology team at Randstad Malaysia, remarked that there is “a huge discrepancy between a fresh graduate’s knowledge and the skills that companies are looking for.” Although technology companies are keen to hire local candidates, the local workforce is unfortunately not equipped with the right specialist skills that are required for the technology industry.

In a market where skilled talent is highly sought-after, the workforce needs to adapt and look for ways to develop their knowledge and expertise so that they can close the skills gap and meet the demand for specialist talent quickly.

Global organisations are highly attractive to fresh graduates and junior-level technology workers. As compared to startups, large companies also have more resources to invest in training and development. Junior technology workers are likely to have more opportunities to gain varied work experience, learn best practices and build their specialisation in a global enterprise.

However, large companies are usually unable to meet the rising salary expectations of experienced professionals. Salaries offered are usually quite competitive, and securing approval for compensation packages that are above market benchmark could be a challenge in large enterprises. Hence, it is very likely for technology professionals to look for opportunities in startups or SMEs that are willing to invest in good talent, especially after they have gained some work experience with a global company.

Thiran adds, “We have seen strong candidates receive up to seven offers after being in the job market for just a week. It’s really about supply and demand in the marketplace.”



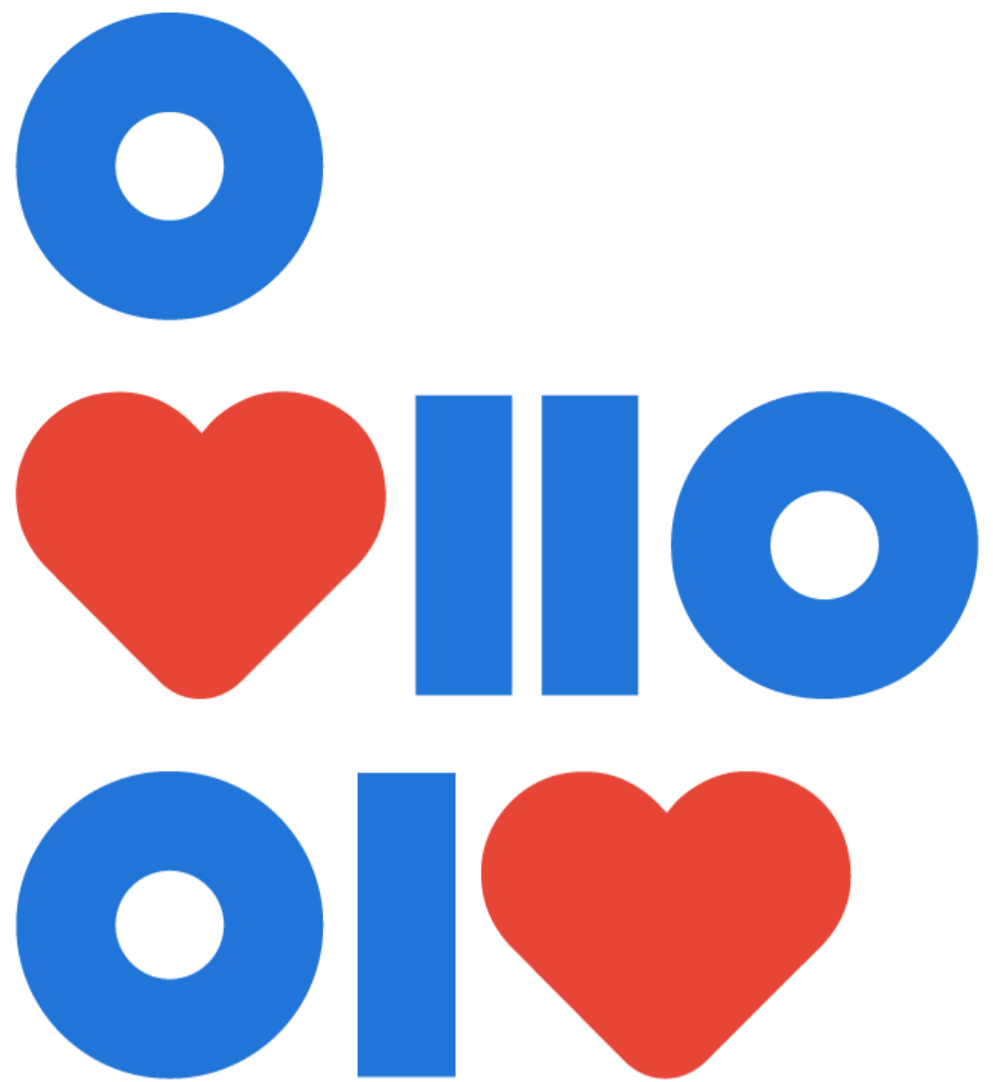
competitive salary benchmarks seen in Malaysia

Fresh graduates in Malaysia typically receive around MYR3,000 (~USD720) per month as their starting salary. While it may appear low for entry-level workers, specialised technology professionals can command a monthly salary of up to MYR25,000 (~USD6,000). The influx of entry-level workers means that companies can attract them with a low salary but in return, provide them job security and the chance to develop and specialise further as they advance in their career.

Tech professionals in Malaysia have also seen significant salary increases. Naeem shares, "A few years ago, a senior developer would be paid a monthly salary of about MYR10,000 (~USD2,400), and this would be considered a generous remuneration package. But now, we see senior developers taking home around MYR17,000 (~USD4,000) every month."

In just five years, a senior developer saw close to a 70% increase in salary. This trend is largely driven by the intense competition for talent and strong organisational growth.

Within the IT development space, experienced professionals can receive a monthly salary of between MYR15,000 (~USD3,500) and MYR25,000 (~USD6,000) before taxes.



Naeem shared that it is more likely for SMEs to offer a higher salary as compared to global enterprises as they usually need someone with specific expertise to commit to the role for a couple of years. It has also become more common for companies to give a pay raise of up to 30% to attract the talent they need, with some employers offering even more than that. Besides being a talent attraction strategy, the attractive remuneration package could keep high-performing staff for at least a year as they need to build their reputation and deepen their capabilities before considering changing jobs.

Being paid a higher salary also means that these experienced professionals will see their responsibilities being expanded beyond the technical scope. They will be expected to lead and help develop the capabilities of the younger workforce, which include training and mentoring the junior workers and getting them up to speed quickly.

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manufacturing.

manufacturing companies need to foster learning before growth can take place.

Manufacturing is and remains the largest contributor to Malaysia's Gross Domestic Product (GDP). In fact, [its contribution reached an all-time-high of MYR70,844 million in the second quarter of 2018.](#)

In contrast to the [World Bank's](#) forecast of slower growth in Malaysia for 2018 through to 2020, the [Ministry of Finance](#) reported that the manufacturing sector will see steady growth, in tandem with developments in the global semiconductor industry.

The manufacturing sector reported a 5.1% year-on-year growth in the first half of 2018 and is expected to close at 4.9% by the end of 2018. This growth is driven largely by export-oriented industries such as electrical and electronics (E&E), chemicals, rubber, petroleum as well as plastic products industries. Randstad echoes the projections of economic experts: continuous expansion in electronics and favourable global industrial activities are likely to contribute more to growth in the local manufacturing sector next year.



ups-and-downs in manufacturing.

a. continued contraction in building materials

On a macro-level, companies have to account for anticipated changes in the political landscape between the East and West, which have a direct impact on demand and supply.

The ongoing debate on global tax tariffs between China and the US has inadvertently affected Malaysia, as manufacturing companies that specialise in building materials (such as steel) have not been able to record profit due to the prolonged discussions. A few international companies have closed down their local plants due to uncertainty in the global marketplace, and we anticipate more to follow suit in the next couple of years. Due to the diminishing demand for building materials, this industry will potentially see an increase in mergers and acquisitions next year.

The change in the government also had a significant impact on the country's demand for building materials, as major national projects had to be re-evaluated or placed on hold until further notice.

While we anticipate some of the suspended projects to resume next year, demand for building materials is likely to remain conservative as companies will seek to extend their project deadlines in an attempt to save costs.

b. automotive sector will pick up

It is likely that Malaysians will have another option for a locally-manufactured automobile as the newly-elected government is in serious discussions with and has received proposals from several manufacturers. This move will create more competition not only for imported vehicles but also automobiles produced by homegrown company, Proton.

This healthy competition will compel companies to ramp up and improve current manufacturing processes. A number of companies within the automotive space are also increasing their headcount for sales roles, which indicates a stronger focus on commercial activities in the new year.

As consumption is expected to increase, we foresee there will be higher manufacturing growth in the automotive sector next year.

industry 4.0 - new beginnings in manufacturing

Sruthi Nambiar, a Senior Manager who heads the manufacturing specialist recruitment team at Randstad Malaysia, made this astute observation: “Companies should be focussing on the fourth industrial revolution right now - but the real challenge is, how ready are they?”

Multinational companies (MNCs), especially those that have already invested in research and development (R&D) and innovation facilities in countries such as Germany and France, will have a first-mover advantage. These companies are ahead of the game and are spearheading changes in the fourth industrial revolution. These are the same companies that are hosting talks and conferences in Malaysia to discuss the best ways to improve and promote efficiencies in the manufacturing space.

By contrast, local manufacturing companies are just kick-starting the transformation process although the speed of change is not what the market had anticipated it to be. “What we see is just the tip of the iceberg. Small-and-medium- sized enterprises are starting to conceptualise how lean manufacturing will look like for them and how they can design it so it optimises organisational efficiencies. In three years, the manufacturing scene will become a highly-automated environment,” Nambiar said.

The number one challenge companies need to tackle urgently is workforce readiness. Currently, the transformation is being led by experts from foreign countries, who are coming in as consultants and reviewing areas for possible automation. However, once that first-wave of transformation is completed, the baton will be passed on to the local workforce, who will then have to be responsible for continuing the momentum.

Local schools and tertiary institutions will have to start acknowledging the shifts in market demand and create new modules on automation that will equip the youth with the relevant skills and knowledge to navigate the space successfully.

white-collar jobs will take over manufacturing

As the standard of living improves, Malaysians will increasingly seek to work in specialist fields so that they can command a higher salary and achieve a better quality of life. As a result, blue collar jobs within the manufacturing sector have become less appealing to the local workforce.

In order to address the changing workforce demographics and demands, both the public and private sectors are working hard to ensure that the transformation can create more new jobs for professionals, managers, executives and technicians (PMETs).



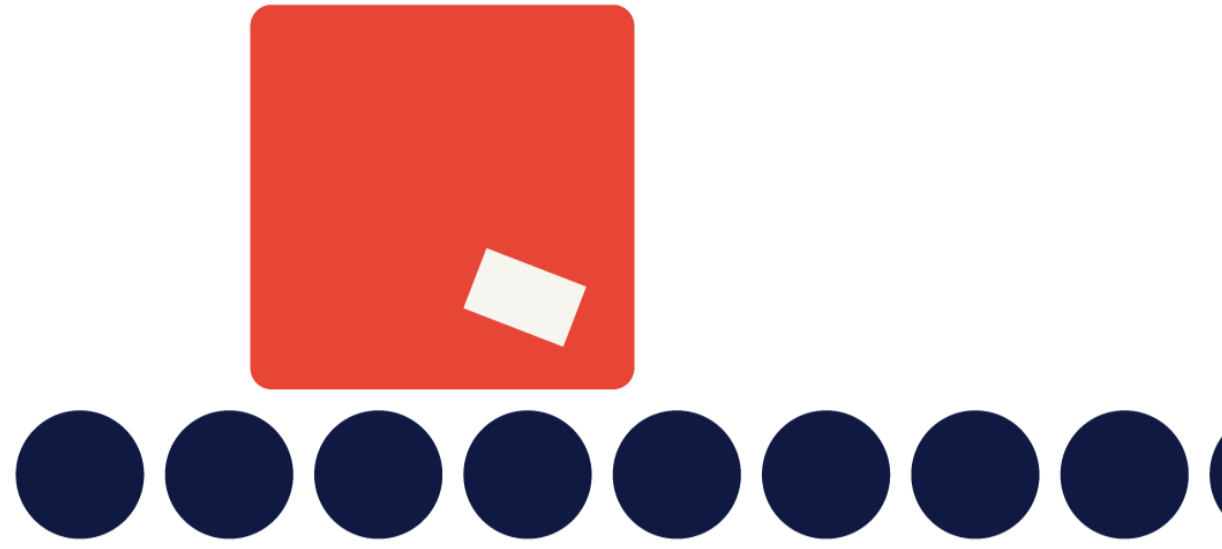
Unfortunately, there is one downside in pursuing this transformation agenda - retrenchment. "If employees do not take a proactive approach to understand the latest developments within their industry and employers are not willing to upskill their workers so that they can take on more responsibilities, the employment market will inevitably face a widening skills gap," Nambiar said.

A number of companies within the manufacturing space have revised their talent strategy and adopted 'talent restructuring' in response to the industrial revolution. A key part of this strategy is to identify and understand what workers need to do to stay employable, and continually invest in targeted learning and development programmes to ultimately lower the attrition rate in the long-run.

The global fast-moving consumer good companies are in fact spearheading this change. They have access to resources and knowledge from their global counterparts on automating manufacturing processes, specifically in production and process lines. The transformation has resulted in some adjustments to their workforce demographics and even the type of talent they are looking to attract and hire. Moving into 2019, we expect more manufacturing companies across different verticals to review and make changes to their talent strategy as they embark on their own transformation journey.

soft skills are a must-have for manufacturing talent.

Learning agility and mindset shifts are key challenges currently faced by manufacturing companies in Malaysia. In addition to learning new technical skills that are necessary for the automated environment (i.e. operating complex technology platforms), employees will also be required to do the jobs that machines are unable to perform.



This means that employers will be placing a higher priority on soft skills, such as the ability to communicate and collaborate more effectively. Soft skills are also essential in building professional relationships, securing buy-in from key stakeholders and creating an open culture. Our research has shown that employees are increasingly seeking to work in an environment where new ideas can flourish and innovation can take place. The workforce of the future will be responsible for creating new and effective ways of working to bring higher and longer-term value to the business.

Some key soft skills employers are looking for include creative thinking, the ability to read and respond to people's emotions appropriately, and knowing how to work with different personalities.

Even though close to half of the workforce still work in the traditional manufacturing environment, the positive change in attitude and beliefs towards automation can already be observed - which is a positive sign. Although the speed at which companies are moving towards automation is not as quick as it should be, the lag could give younger employees the much-needed opportunity to step up and learn as the change happens.

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manufacturers need to foster a youthful, innovative culture

The youth are restless - they will not wait around for companies to get their house in order. More so than ever, they are eager to get up and move on when a good opportunity is presented to them.

The next generation of workers in the manufacturing sector is attracted to environments where they are given more flexibility and autonomy. This is not simply about giving them a laptop and telling them they can work wherever or whenever they want. It also includes developing online learning modules and investing in collaboration tools that allow for knowledge-sharing to happen easily so that workers can be more productive during their working hours. Learning and development programmes have to be more accessible to improve engagement levels of the younger workforce.

As the manufacturing sector looks to automation as part of their transformation journey, processes which were once offline will gradually be shifted online. Employees no longer need to be physically present at the plant to make sure that operations are smooth, especially if they work in back-office functions. Therefore, it is critical for companies to invest in new technology and update their software regularly so that their employees can have the right tools and resources to be productive and efficient, even if they are working from home.

The younger workforce also believes that having a vibrant office can help in creating an innovative and collaborative culture. For instance, having an open-office concept with collaborative spaces instead of old-fashioned cubicles and dividers that separate people from each other.

“People between the ages of 25 and 35 decide if they want the job from the moment they step into the office for the interview. If they see a dull-looking office or a rigid work environment, they may have already made a decision to not work with you before the interview starts.” Nambiar adds.

In order to win the war for talent, Nambiar recommends a three-pronged approach - ensure there is culture fit, invest in innovative digital tools and create a pleasant learning environment. If companies do not have these in place, retention and recruitment of good talent will be a continuous challenge.

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