


2023 job market and salary trends.

malaysia
construction





fahad naeem
country director
malaysia

malaysia job and skills outlook

Recruitment activities are at an all-time high in 2022, as companies double down to expand their workforce with the best talent that Malaysia has to offer.

According to the [Malaysian Institute of Accountants](#), the country's gross domestic product (GDP) is expected to grow 4% to 5% in 2023 - slightly lower than the estimates for 2022, indicating slower economic growth next year.

This comes in the backdrop of the slowing global economy, with many global companies cutting back on recruitment activities in light of the recession and record-high inflation to focus on budgetary controls.

However, the recession could benefit Malaysia's labour market as companies are likely to move their business units and headcount from Europe to Southeast Asian countries. This would drive the creation of new jobs for the local workforce and will also attract more top-tier global talent to relocate to Malaysia.

Some businesses have closed or merged during the pandemic, which has created an opportunity for new business entrants. With more customers demanding customised experience, we are seeing more start-ups and small and medium-sized enterprises emerge in technology, construction, manufacturing and shared services. These new businesses will also create more jobs and put more people to work.

The labour market is anticipated to improve next year, and the Ministry of Finance [forecasted](#) the unemployment rate to reduce from 3.8% to 4% in 2022 to 3.5% to 3.7% in 2023.

As we enter 2023, we expect this trend to continue, albeit at a slightly slower pace and with a greater focus on specialised roles which are outlined in our market outlook report.

Companies will see success in their hiring strategies only if steps are taken to manage new talent expectations and upskill the local workforce.

talent trends to watch: technology, manufacturing and construction

Technology will be the focal point of growth in Malaysia in the coming years. The digital technology industry is projected to contribute 22.6% GDP by 2025. Correspondingly, digital job vacancies have tripled from 19,000 to 56,000 within a year and 5G technology developments will create 750,000 jobs by 2023 in Malaysia alone.

These ambitious growth targets will drive demand for talent for both IT development and enterprise. With more jobs than the supply of talent in the market, companies are fiercely competitive in their talent attraction strategies. The technology sector records some of the highest pay increments in Malaysia, which is unsustainable in the long run, especially for early-stage start-ups that are in dire need of talent.

Supply chain congestion has slowed manufacturing activities in Malaysia. As it happens, manufacturers are already actively expanding their workforce to fulfil backlogs and new orders. As more manufacturers build more facilities in Malaysia to meet global demands, we will see more hiring at the senior level for plant managers and heads of production.

While buyers' interest in residential properties may have dipped in line with rising costs, demand for commercial developments is rising. Construction companies serving manufacturing, data centres and energy customers will be actively hiring new headcounts to meet deadlines. According to [Arizton](#), more than \$2 billion will be invested in the development of data centres across Malaysia by 2027.

After a two-year pause, government infrastructure and transportation projects are finally resuming in Malaysia as well, putting more people back to work.

managing increasing salary expectations

Over the past year, we have seen a significant change in the support that talent expects from companies.

The rising cost of living and hiking inflation in Malaysia has made an impact on people's ability to finance essentials and lifestyles. There is also pay and career stagnation over the course of the COVID-19 pandemic when companies froze hiring, salary increment and bonus payouts in 2020.

In response to the rising rates, companies are reviewing and revising their salary benchmarks to retain and attract new talent. Depending on the industries, we can expect to see 3% to 20% salary adjustments, with high-growth industries like technology and manufacturing making more significant changes to their internal salary structures.

Randstad Malaysia's [2022 Employer Brand Research](#) found that 74% of local employees prioritise salary and benefits when looking for a new employer. Companies that have workforce expansion plans or are looking to hire candidates equipped with niche skills would need to offer a very competitive salary and benefits package to secure talent.

employers urged close the widening skills gap

One of the key hiring challenges that many employers face is the lack of skilled talent in Malaysia. Employers have high expectations of talent to be digitally adept to deliver on projects and tasks.

This is most evident in industries and roles that are highly technical in nature, such as engineers and developers. Without the necessary skills and learning opportunities, they would not be able to work on more complex projects that would help them make progress in their careers.

However, there is a lack of upskilling programmes that are offered to employees and general unpreparedness among fresh graduates when they enter the workforce.

Randstad's [Workmonitor](#) survey revealed that 85% of Malaysians said that it is important for employers to offer learning and development training programmes, and 74% will stay with their current employers if upskilling opportunities are offered to them. Only 36% of respondents said that they received new training in the past year.

The same survey highlighted that 61% of employees in Malaysia want to develop their technical skills so that they can be more capable and productive.

It is clear that employees are aware of their skills gap and are motivated to upskill. To uplift the total Malaysian workforce, employers need to invest in upskilling their workforce. It is the employer's responsibility to work with experts or improve the capabilities of their internal learning and development team to upskill their employees through relevant and useful training courses.

Companies should also work with schools to offer more impactful internship programmes. These programmes are a great channel for companies to screen and hire potential employees. Companies can create opportunities to let undergraduate students work on key projects to evaluate their skills and growth potential and convert them into full-time employees if they meet the business expectations.

pushing the boundaries of flexible work

There are significantly more companies that are offering hybrid work to their employees. In fact, flexible work has become such a common expectation in Malaysia that job seekers do not even ask whether the company offers hybrid work during job interviews.

To compensate for the inability to work remotely, companies in manufacturing and construction are offering flex benefits, overtime pay and extra allowances to motivate their employees and promote better work-life balance.

In our [Talent Expectations survey](#), 60% of employees in Malaysia said working remotely can help them lead a balanced life. When asked how they define work-life balance, 28% of respondents said that it is about having the flexibility to work anytime and anywhere they want as long as they can meet work deadlines.

This degree of flexibility can result in greater autonomy and productivity as employees get to make their own decisions about when, where and how they choose to complete their work.

In the next year, we can expect companies to offer global programmes to allow their employees to work remotely from another country while on holiday. We may also see some companies pilot shorter work weeks to improve their employees' work-life balance. This change will also shift measurements from monitoring outputs instead of the number of working hours, which would focus more on tracking the employee's performance.

be agile and get used to change

Change is crucial to thriving in Asia's rapidly evolving business landscape. With people serving as the backbone of any organisation's success, it is important that business leaders learn to address employee expectations for more effective talent attraction and management efforts.

The investment in employer branding will prove fruitful in the end when companies see employees feeling happier and becoming more productive. Organisations will naturally be able to attract top talent because they want to not just work for you, but also stay with you for as long as possible.



pep chia
associate director
construction, property
& engineering

construction.

The new announcements and continuations of domestic infrastructure developments, particularly in the railway industry, are poised to boost Malaysia's economy.

The [Mass Rapid Transit 3 \(MRT3\) Circle Line](#), the final piece to complete Kuala Lumpur's urban rail network, will be fully operational by 2030. Aside from being a railway project, the MRT3 Circle Line is a high-impact project that is designed to drive economic growth and productivity, bringing jobs closer to the people, and vice versa.

Similar high-impact railway projects include the [Light Rail Transit Line 3 \(LRT3\)](#), which will connect two million people between Bandar Utama and Klang by 2024, extending rail connectivity to the Western Corridor of Greater Kuala Lumpur and Klang Valley.

On the other hand, the [East Coast Rail Link \(ECRL\)](#) project will connect Kota Bharu in Kelantan to Port Klang in Selangor, linking the East and West Coasts of Peninsular Malaysia. Linking the north and south of Malaysia's Peninsula will be the [Gemasp-Johor Bahru \(Gemasp-JB\)](#) double-track electric rail line, slated to be completed in 2023.

foreign investments boost economic growth

With all these infrastructure developments in progress, Malaysia is well-positioned to be an attractive destination for foreign direct investments (FDI), further propelling the country's economic growth.

In the first half of 2022, Malaysia attracted [RM123.3 billion](#) of approved investments in the manufacturing, services and primary sectors. An increasing number of multinational corporations (MNCs), such as Intel and Microsoft, are looking to expand their presence in Malaysia.

At 70.9% and equivalent to [RM87.4 billion](#), FDIs were the major contributors to the total approved investments. The approved investments for the first half of 2022 alone can generate up to 57,770 new jobs in the country.

The [strategic and focused approach](#) to trade and investment missions (TIM) aims to capture funds in high technology, innovation, and research-driven industries, which will complement and strengthen the country's industrial ecosystem.

These investments and pro-business policies have attracted MNCs to construct data centres and manufacturing plans in Malaysia, particularly mega-factories for [semiconductors](#) and [electric vehicles \(EV\)](#). It is pivotal for the construction industry to meet these development demands so Malaysia can, in turn, fulfil its obligations to investors and businesses.

lack of talent slows down construction

Despite these opportunities, the lack of talent has slowed down the expected progress in the construction sector. According to Master Builders Association Malaysia (MBAM), the construction industry currently faces a [shortage of 550,000 workers](#).

This continued labour shortage stifles the construction sector's recovery, leading to many firms investing heavily in advanced technologies to automate or replace some of the roles that are no longer in demand.

However, even as robotics and analytical software drive greater efficiencies, the talent pool is still not fully equipped with the right skills to use these new technologies.

While it may seem like a chicken-and-egg situation of whether companies should invest in digital transformation or workforce development first, the short answer is that both should happen simultaneously.

Companies that have invested in new software and hardware should use the opportunity to create training programmes for their workforce through on-the-job and classroom training. Employees also transition to unlearn and relearn skills during this period as they change their mindset and learn new ways to be more productive, creative and innovative.

Digital-savvy companies are more likely to spark interest among the younger generations of workers, who often look for future-forward and innovative employers to work for.



2023 construction trends.

commercial property development

offices

Due to the US dollar's strength against the Malaysian ringgit, more foreign companies are either moving their offices or expanding their operations in Malaysia.

Many companies have also been rethinking their future work flexibility strategy and are looking to move to [co-working spaces](#). Many co-working companies are investing in prime office locations to attract start-ups and small firms that are looking to conduct their businesses more flexibly.

data centres

Malaysia is a [preferred data centre location](#) in Southeast Asia, after Singapore and Indonesia, attributed to its solid network connectivity and high internet penetration rate.

Between 2022 and 2027, MNCs will invest [more than US\\$2 billion](#) in developing data centres across the country. Cyberjaya remains the nexus for data centre development, with 14 facilities supporting [75% of the existing capacity in Malaysia](#). Other hotspots for data centre development include Kuala Lumpur, Johor, Shah Alam and Penang.

manufacturing plants

Malaysia, known as [Southeast Asia's semiconductor hub](#), is an attractive location for manufacturing plant development. Electric vehicle (EV) producers continue to build and develop a robust domestic EV assembly industry.

Developing these new and technologically advanced manufacturing plants will drive innovation within the construction and property industry, requiring more highly skilled workers.

shopping malls

The COVID-19 pandemic [stalled the opening](#) of some new shopping malls. Despite the current lack of property and leasing management talent, we can still expect a rise in the number of new shopping malls as they serve as prime spaces where people congregate to shop and dine.

residential property development

With inflation and rising urban populations, the biggest discussion around the world is [whether people can still afford to own homes amid rising prices](#). In Malaysia, it has always been important to own a house—it is not just a roof over your head; it is also an indicator of personal success and achievement.

New government-announced residential developments near railway stations attract potential homebuyers who want easy access to shopping malls and the office, an alternative to being stuck in the city's congested roads.

Residential property will continue to boom despite overhang and unsold units. According to NAPIC's data, the situation has improved amid market recovery. In the first half of 2022, NAPIC recorded [34,092 overhang units](#) worth RM21.73 billion, down by 7.5% and 4.6% in volume and value, respectively, compared to the period before.

However, the challenge of unsold units runs deeper than market pricing. Even though many buyers are prepared to invest in an asset, they have a tighter budget attributed to rising cost of goods and net income loss during the COVID-19 pandemic. As a result, buyers are more selective in their purchases, with many considering an accessible location and future property value before deciding to buy.

demand for green buildings

Malaysia has committed to [cutting its carbon intensity by 45%](#) by 2030. Key approaches to reduce the country's carbon emissions include [mainstreaming climate resilience into urban planning and infrastructure](#), optimising energy use and water consumption, and adding green spaces.

Environmentally-conscious home buyers and companies are already looking into [investing in green buildings](#). Aside from reducing environmental impact, green buildings can also [lower operational costs](#) through efficient resource use.

The demand and push for green buildings to reduce total carbon emissions have also escalated in recent years. In the future, we expect more development companies to register and certify their green projects through the country's industry-recognised green rating tool, the [Green Building Index \(GBI\)](#).

To date, there are [1,105 green projects](#) registered with the GBI, including townships, residences and industrial parks. Of these projects, 625 have been GBI-certified. Notable green projects include [Queens Residences](#) in Penang, [an integrated energy hub](#) in Kidurong Industrial Area, and [an IKEA distribution centre](#) in Port Klang.

use of technology and automated processes

There is increasing use of the Industrialised Building System (IBS) technique and technology in the construction industry to assist in better design, fast-track development timelines, optimise resources as well as reduce errors.

To support companies' human capital development, the Construction Industry Development Board (CIDB) Malaysia offers [IBS Programmes](#) to properly train and upskill professionals such as architects, engineers and surveyors involved in construction projects.

Aside from IBS, other advanced technologies, such as drones and 3D modelling, are used for accurate mapping and building design to assist property developers in making better decisions.

In Malaysia, drones can [inspect buildings and survey job sites](#), while 3D modelling [visualises building projects](#) so workers can virtually check construction progress without going on-site. Robotics like Boston Dynamic's [Spot](#) will also gain more interest as companies seek greater efficiencies while protecting the health and safety of their workers in dangerous environments.

While these advanced technologies automate construction processes, they do not threaten jobs since job growth would more likely offset job losses due to automation. The World Economic Forum (WEF) [projects](#) that the midpoint automation scenario will result in additional labour demand of 1.5 million net new jobs worldwide.

All these technologies do for the sector is make life easier for existing workers by taking over the menial, labour-intensive work and helping them deliver high-quality performance, especially if we upskill them to do their jobs better.

the race for new talent

A diminishing talent pool continues to plague the construction industry, and companies scramble to hire fresh talent to fulfil project obligations.

The number of local graduates needs to increase to cater to Malaysia's high demand for construction. While there were [5.61 million graduates in 2021](#), they were not all seeking employment in construction. The number of [graduates outside the labour force](#) (841,300) far exceeds the [estimated shortage of workers](#) in the construction industry (550,000).

The key here is to encourage fresh graduates and other junior candidates to consider construction as a viable career option rather than view it as a semi-skilled or low-skilled occupation.

Students need to be educated from a young age that high-value roles exist in the construction sector, including those of architects, engineers, technicians, and project managers, just to name a few.

Furthermore, technological developments will also create new in-demand jobs that need to be integrated into the industry framework, which could be exciting for the next generation to chart.

Organising school tours and offering internships before graduates join companies might attract them to construction roles. The Malaysian Government is now also [giving serious attention to STEM education](#) (science, technology, engineering, and mathematics education) to produce a skilled workforce ready for the Fourth Industrial Revolution (I4.0).

Specific to the construction industry, large organisations with resources, huge book orders and robust succession planning succeed in implementing effective hiring strategies. Small to medium-sized construction firms with no such resources can still compete and attract top talent with strong employer branding, diverse projects, meaningful benefits and continuous upskilling.

For flexibility in cost control and resource planning, many companies also seek new talent on a project basis. However, there is still a strong preference for permanent roles among talent who are seeking better job and income stability.

Companies must implement a different talent engagement strategy to attract project workers. Besides the opportunity to work on exciting projects under 12- to 24-month employment contracts, companies can also promote training programmes, completion bonuses and equal healthcare benefits. Following performance measurements, the potential to convert into a full-time staff would also be highly attractive to talent.



in-demand roles in construction

Given the uptick in domestic infrastructure development, there will be massive demand for talent to jumpstart and complete these projects. Some of the most in-demand positions that many companies are hiring for include:

- electricians and electrical engineers
- construction project managers
- civil engineers
- equipment operators

2023 talent expectations.

compensation and benefits

Many job seekers in the construction sector have an acute knowledge of the lack of talent in the market. Therefore, most would only consider a job opportunity with a higher remuneration package.

While compensation and benefits have been relatively stagnant over the past few years, especially with the COVID-19 pandemic, things are starting to change. We now see companies open to paying 15% to 30% more to secure the right talent.

While this is a significant bump in pay grade in a traditional sector like construction, we remain confident that employers will be able to meet current salary expectations. As the economy grows, project values also increase and correspondingly, budgets should increase to meet talent's rising salary expectations.

Besides salary, there is also the question of work flexibility that construction firms cannot offer. This poses a challenge as younger talent who desire flexibility would change industries to work in professional services instead, further depleting the workforce pool that construction firms can access.

Companies are, therefore, compensating for the lack of work flexibility in other ways to maintain a positive employee experience and support employees' work-life balance. For instance, many organisations are arranging more employee engagement activities for their staff to come together and celebrate milestones. Some companies also offer shorter working hours or more paid time off so their employees can have more personal time for a balanced work life.

Another area where employers can improve is health and safety. Ensuring a safe and healthy work environment in construction to reduce workplace injuries begins with training. When companies train employees to work and respond appropriately in dangerous environments, they are less likely to get hurt. They can focus more on their jobs, with the assurance that they will be safe to go home to their families.

projects and learning opportunities

Talent in the construction sector seeks to develop more comprehensive portfolios through different project exposures and experiences. Most construction professionals work on similar projects throughout their careers, hence new developments present unique opportunities for them to take on other types of projects.

Aside from high-rise buildings or shopping malls, talent can now work on data centres or highly digitised manufacturing plants. This exposure will help companies nurture all-rounded employees, making it easier for employers to shift resources flexibly based on market needs and business focus.

win with employer branding.

In this tight construction labour market, it is crucial to maintain a positive employer branding to attract top talent, retain current employees and remain competitive.

a positive employee experience begins at first contact during the job application process

Employers should ensure that they respond to every candidate's application, regardless of the outcome or talent choice they make internally. Our experience has shown that this level of transparency and proactivity builds trust, which would help companies establish a credible employer brand to attract future talent.

With the sea of construction companies vying for the same talent pool, well-crafted job advertisements let candidates know your company is actively hiring and provide a platform to showcase your brand identity and values.

Job advertisements should be easy to find online, simple to understand, and highlight key job and employee benefits. That way, it will be easier for candidates to decide whether they want to work for you instead of your competition. Having a detailed and accurate job advertisement is one of the first steps towards attracting quality candidates.

salary snapshot.

roles.	years of experience	low	medium	high
engineer + QS	-	3,000	4,500	6,000
safety manager	10	7,000	10,000	15,000
QA/QC manager	10	7,000	10,000	15,000
construction manager	5	8,000	10,000	13,000
planning manager	10	9,000	14,000	20,000
contract manager	10	9,000	13,000	17,000
project manager	10	9,000	14,000	18,000
project director	20	20,000	27,000	35,000
general manager	20	25,000	30,000	40,000
chief executive officer	30	35,000	42,000	50,000

Figures are in MYR and based on a basic monthly salary of a permanent role (not including AWS or fixed/variable bonus)

about us.

Randstad is one of the world's largest recruitment and HR services providers. With operations located across Hong Kong SAR, mainland China, Singapore, Malaysia, India, Japan, Australia and New Zealand. Randstad Malaysia specialises in both permanent and contract recruitment (under Randstad Talent) and helps organisations across industries find the best talent in accounting & finance, construction, property & engineering, human resources and business support, information technology, sales, marketing & communications, as well as supply chain & procurement.

Human connection is at the heart of our business. Our personal approach, supported by state-of-the-art technology, is what sets us apart in the world of work. We express this with our brand promise: Human Forward.



Visit us at randstad.com.my for more information.

