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Table of contents

List of Table	<i>IV</i>
List of Graphs	<i>V</i>
List of Charts	<i>VI</i>
Abstract	<i>VII</i>
	<i>Page</i>
Chapter 1: Introduction and Background	
1.0 Introduction	1
1.1 Background on the Malaysian Economy	2
<i>1.1.1 1970s – 1995</i>	2
<i>1.1.2 1996 – 1997</i>	3
<i>1.1.3 July 1997 (The Crisis)</i>	4
1.2 Background on the Malaysian Labour Market	4 - 6
1.3 Problem Statement	6 – 7
1.4 Objectives	7 – 8
<i>1.4.1 Specific Objectives to be analyzed</i>	8 – 9
1.5 Methodology	9 – 11
1.6 Sources of Data	12
1.7 Limitation of Study	12 – 13
1.8 Significance	13 – 14
1.9 Organization of Study	14

Chapter 2 : Literature Review

2.1	The Asian Contagion	15 – 16
2.2	Malaysia	
2.2.1	The Mid-1980s Recession	17 – 18
2.2.2	The July 1997 crisis	18 – 21

Chapter 3 : Analysis

3.1	Growth Performance of the Malaysian economy and labour market	
3.1.1	The Malaysian GDP Growth	22 – 26
3.1.2	Labour force growth	26 – 27
3.1.3	Employment growth	27 – 28
3.1.4	Unemployment rate	28
3.1.5	Demand and Supply of labour in the economy	29 – 30
3.2	Economic sectors contribution to growth and employment	
3.2.1	GDP growth by sector	31 – 34
3.2.2	Employment by sector	34 – 36
3.3	Retrenchments	37 – 43
3.4	Alternative measures	43 – 48
3.5	Registered Job Seekers, Vacancies Reported and Placements in the labour market	49 – 56

Chapter 4 : Impact and Recommendation

4.1	Impact of the crisis on the labour market	57 – 59
4.2	Recovery measures	60 – 64
4.3	Recommendation	64 – 68
4.4	Conclusion	68

Bibliography

Appendices

List of Tables

		<i>Page</i>
<i>Table 1</i>	Sector Growth Performance : Contribution to GDP and Real Growth Rates, 1965 – 1996	3
<i>Table 2</i>	Summary Statistics and Employment and Unemployment, 1980 and 1985 – 1996	5
<i>Table 3</i>	Employment by Sector, 1976, 1980, 1985, 1990 and 1995 (% share)	6
<i>Table 4</i>	Malaysia – Key Economic Data 1995 – 1999	23
<i>Table 4a</i>	Malaysia – Key Economic Data 1995 – 1999	26
<i>Table 4b</i>	Malaysia – Key Economic Data 1995 – 1999	28
<i>Table 5</i>	Gross Domestic Product (GDP) contribution by sectors in Malaysia (1996 – 1999)	32
<i>Table 6</i>	Employment by sectors in Malaysia (1996 – 1999)	35
<i>Table 7</i>	Malaysia – Retrenchment 1996 – 2000	37
<i>Table 8</i>	Number of retrenchment by sectors for 1998	38
<i>Table 9</i>	Reason for retrenchment in 1998	39
<i>Table 10</i>	Percentage change for retrenchments from 1996 – 2000	41
<i>Table 11</i>	Alternatives to Retrenchments (August to December 1998)	43
<i>Table 12</i>	Reason for retrenchment in 1999	45
<i>Table 13</i>	Alternatives to Retrenchments (1999)	47
<i>Table 14</i>	Comparison of retrenchments in 1998 and 1999	48
<i>Table 15</i>	Registered Job Seekers from 1997 - 1999	49
<i>Table 16</i>	Vacancies reported from 1997 – 1999	52
<i>Table 17</i>	Placements of registrants 1997 – 1999	53
<i>Table 18</i>	Total number of registered job seekers, vacancies reported and placements from 1997 to 1999	55

List of Graphs

	<i>Page</i>
<i>Graph 1</i> Malaysia – Real GDP growth rates 1992 – 1999	22
<i>Graph 2</i> Quarterly GDP growth (%) 1997 – 1999	24
<i>Graph 3</i> Labour Force Growth, Employment growth and Unemployment Rates from 1995 to 1999	30
<i>Graph 4</i> GDP by sectors in Malaysia (1996 – 1999)	33
<i>Graph 5</i> Distribution of registered job seekers from 1997 – 1999	51
<i>Graph 6</i> Distribution of the number of vacancies reported 1997 – 1999	53
<i>Graph 7</i> Distribution of the number of placements reported 1997 – 1999	54

List of Charts

	<i>Page</i>
<i>Chart 1</i> Percentage distribution of retrenchment by sectors for 1998	39
<i>Chart 2</i> Percentage distribution of reason for retrenchment in 1998	40
<i>Chart 3</i> Alternatives measures to Retrenchments taken by employers (August to December 1998)	44
<i>Chart 4</i> Percentage distribution of reason for retrenchment in 1999	46
<i>Chart 5</i> Alternatives measures to Retrenchments taken by employers (1999)	47

Abstract

Malaysia's rapid economic growth since 1988 was sustained through 1995, between the year's real gross domestic product (GDP) growth was generally above 8% per annum. Malaysia's impressive decade – long growth came to an abrupt halt during the Asian economic crisis, which occurred in July 1997. The crisis had caused massive capital movements and all of Southeast Asia countries had been severely affected.

This research paper analyzes the impact of the economic crisis on the labour market in Malaysia. The analysis focuses on employment growth, retrenchment and job opportunities. The full impact of the crisis was clear in 1998 when real GDP rate was –7.5%. From the period of 1997 to 1998 the analysis shows that employment growth had decreased. A large number of workers were retrenched in 1998. The supply of labour in the market after the crisis exceeded the demand for labour. The most affected sectors were manufacturing, construction and agriculture. This research also identified that employment opportunities among professionals were very low. Although there is an increasing demand for professional and skilled labour in the market, the requirements of the employers did not match the qualifications of the professional labour force available. This paper recommended that the education and training system should be improved and related to the industry requirements.