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Janitha Nadarajah
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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.