

## CHAPTER 1 Introduction

### 1.1 Career advancement and mobility

When an individual finishes his school life, he joins the work force. From there onwards, he builds his career. Career is a sequence of jobs he held in his life (Lau et al., 1995) and refers to his lifetime pursuit (Sharf, 1996). It shows the pattern of work-related experiences over his lifetime (Garavan, 1996). The path of career advancement may differ from one individual to another individual. The building of an individual's career involves job changes. The focus of this study is to identify factors driving the career advancement through job changes.

For an individual who has a job currently, there are four possible routes to the next state. Firstly, he can change job by joining a new company, which includes a change of occupation. Secondly, he can change job by joining a new company but does not include a change in occupation. For the first two cases, it may also involve a change in industry if the new company is in a different industry. Thirdly, he can change job within the same company, i.e. a change in occupation. Finally, there may be no changes in the next state. For any of these four routes, a change in income may also occur at the same time.

According to Leibowitz et al. (1990), career is defined objectively using title, rank, income, formal status and others (quoted in Garavan, 1996). In this study, changes in the rank of occupation and in income are used to evaluate the path of career advancement for an individual.

If an individual changes occupation within the same company (by promotion or change in job function) or different company, he is involved in occupational mobility. An individual may experience a change in income, regardless whether or not he is involved in a job change. The change of income is called income mobility. The term "mobility" is used to refer to both occupational and income mobility. An individual with frequent job changes is often described as having high mobility. Job refers to the work of an individual while occupation refers to the function of an individual in the organisation or company he works.

When an individual changes jobs, he may get a higher rank job or enjoy an increase in income. He enjoys upward movement. If he gets a lower rank job or suffers a drop in income, he suffers a downward movement. When an individual remains the same, he experiences horizontal movement.

Why does mobility occur? Based on a study by Organisation of Economic Co-operation and Development (OECD, circa - 1965), mobility arises due to the differences among industries and occupational groups in term of growth of employment capacity. Mobility is only possible when an individual is willing to make a change in job. The willingness is conditioned on the capacity for mobility (e.g. the openness of the entry of the job market), his willingness for mobility (e.g. workers' motivation for future potential progress) and his actual progress, i.e. job history which influences future mobility (Loveridge and Mok, 1979).

## 1.2 Objectives of study

The main aim of this study is to examine factors influencing the path of career advancement through job changes, specifically occupational mobility and income mobility. We will consider and assess:

- (a) The work patterns.
- (b) The patterns of occupational mobility and income mobility.
- (c) The factors influencing career advancement.

## 1.3 Rationale of study

Topel and Ward (1992) found that income changes are associated with job changes. In United States, around one third of income growth occurred during the first decade of an individual's career, which can be attributed to the income changes associated with job changes. More than two thirds of an individual's job changes occur during this period. Besides, half the number of young men in the United States hold six or more jobs over the same period (quoted in Neal, 1999 and Booth et al., 1999). In Britain and Germany, half of an individual's job changes are made in the first decade of work (Booth et al., 1999 and Winkleman, 1994). As a result, young people are always associated with job changes while job changes are associated with income changes.

Previous mobility studies carried out in Malaysia are different from this study in term of approach and data source. Chattopadhyay (1998), using data collected in 1989, found migration encourages a change in occupation but does not relate to an increase in socioeconomic status. Tey (1994) found that workers in Malaysia's labour market are highly mobile, which may involve changes in occupation, sector and industry. Tey (1988)

also found that one in every two workers change their jobs after joining the work force. Occupational mobility is higher among those who start their career in the agricultural and sales sectors. The Tey (1994) and Tey (1988) studies are confined to Klang Valley, Malacca and Johore Bahru and based on data collected in 1986.

The rapid development of Malaysia's economy in the first half of the 1990s led to change in the labour market conditions, from unemployment of the 1980s to labour shortage (World Bank, 1995). This study is based on data collected during a period of labour shortage, in contrast to the three studies noted above. It would be interesting to assess whether the different economic environment leads to different patterns of mobility.

In addition, this study considers the effect of factors such as demographic characteristics, family background, education and training background, employment history and personal perception on work. Furthermore, it not only examines occupational mobility but also income mobility. It focuses on the amount of changes in occupational rank and income level, and not the frequency or probability of mobility or the level itself.

This study thus contributes to the literature on Malaysia's labour market as well as provides a general understanding of career advancement. This would be useful for young individuals as it provides an insight on better management of an individual's career development, which promises advancement in occupational rank and income.

#### **1.4 Data**

The data used in this study are obtained from the University Malaya's longitudinal survey on "Transition from School to Work", which was collected in three stage in 1989, 1992 and 1996 (Chew et al., 1995). In the first stage, the survey consisted of two samples; one

of Form 5 students and another of Form 6 students. In the second stage, only a sub-sample was selected for a mail questionnaire survey. In the third stage, mail questionnaires were sent to all respondents interviewed in the first stage.

This study uses the responses from the third stage. Certain demographic, family background, educational and personal perception information obtained from the first stage was appended to the third stage data.

In 1996, it is expected that most of the respondents would have entered the labour market although there may be small proportion who have yet to complete education. Some may not be working due to other reasons like marriage or in the process of searching for a job.

### **1.5 The labour market, 1990 – 1996**

It is important to have an overview of the socioeconomic background of Malaysia to gain a better understanding of the mobility patterns observed. Furthermore, in order to place mobility measured between 1989 and 1996 within the larger context of trends in overall economic activity, examination of the prevailing conditions in the labour market during the period is unavoidable.

For first stage respondents of the longitudinal survey done in 1989, the earliest possible entry point into the labour market for respondents is 1990 (or more precisely December 1989). The third stage was conducted in the third quarter of 1996. So, the relevant period of this study is from 1990 to 1996, which covers a period of seven years.

The Malaysian economy experienced rapid expansion throughout the period under study. 1996 was the ninth year of 'rapid expansion' (Ministry of Finance, 1996).

The real GDP (Gross Domestic Product) growth was above 8% for all these years, except for the year 1992, when it was 7.8% (Ministry of Finance, Malaysia, 1996; Ministry of Finance, Malaysia, 1998). Malaysia's economy transformed from a producer of primary products to a manufacturer of sophisticated industrial goods. Malaysia was the world's third largest exporter of semiconductors, after Japan and United States (United Nations Development Programme, 1996).

Rapid growth was associated with full employment, low unemployment rate and a tight labour market. The unemployment rate dropped from 5.1% in 1990 to 2.5% in 1996. The labour force participation rate increased from 65.9% in 1990 to 66.9% in 1996 (Malaysia, 1996). From 1991 – 1995, on average, about 220,000 people entered the labour market every year (Malaysia, 1996). Labour force was growing at the average rate of 3.4% annually (Ministry of Finance, Malaysia, 1996; Ministry of Finance, Malaysia, 1998). At the same time, the employment growth rate was growing at an even higher rate, 3.9% annually (Ministry of Finance, Malaysia, 1996; Ministry of Finance, Malaysia, 1998). This scenario resulted in a shortage of labour in most economic sectors.

Between 1990 and 1996, the labour force participation rate for males increased from 85.6% to 86.6% while the female participation rate was more stable, from 47.3% to 47.2%, from 1990 to 1996 (Ministry of Finance, Malaysia, 1996; Ministry of Finance, Malaysia, 1998).

Table 1.1 shows that the manufacturing and construction sectors experienced rapid growth. This is to be expected as this study period coincided with the Sixth Malaysia Plan, which aimed to move the Malaysian economy into the industrial sector with increased production and high value-added. The growth in the construction sector

was due to higher investment in huge infrastructure projects like Kuala Lumpur International Airport, Kuala Lumpur Tower and expansion of major ports like Port Klang and North Butterworth container terminal. On the other hand, the percentage of labour in the agriculture sector decreased as more and more people were moving into other sectors which offered better prospects and higher wage.

**Table 1.1: Employment by industry and unemployment rate, 1990 – 1996**

Industry (in thousands)	1990	1991	1992	1993	1994	1995	1996*
Agriculture, Forestry and Fishing	1738.0 (26.0)	1680.0 (24.4)	1585.0 (22.3)	1576.7 (21.3)	1477.1 (19.4)	1428.7 (18.0)	1339.4 (16.4)
Mining and Quarrying	37.0 (0.6)	36.0 (0.5)	36.0 (0.5)	37.3 (0.5)	38.1 (0.5)	40.7 (0.5)	42.6 (0.5)
Manufacturing	1333.0 (19.9)	1470.0 (21.3)	1639.0 (23.1)	1742.0 (23.6)	1892.1 (24.9)	2051.6 (25.9)	2177.8 (26.7)
Construction	424.0 (6.3)	465.0 (6.7)	507.0 (7.1)	544.6 (7.4)	597.6 (7.9)	659.4 (8.3)	726.2 (8.9)
Electricity, Gas and Air	47.0 (0.7)	46.0 (0.7)	46.0 (0.6)	60.2 (0.8)	64.1 (0.8)	69.1 (0.9)	72.4 (0.9)
Transport, Storage and Communication	302.0 (4.5)	314.0 (4.6)	326.0 (4.6)	344.0 (4.7)	366.3 (4.8)	395.2 (5.0)	414.2 (5.1)
Wholesale and Retail Trade, Hotels and Restaurants	1218.0 (18.2)	1235.0 (17.9)	1254.0 (17.7)	1274.4 (17.2)	1292.8 (17.0)	1327.8 (16.8)	1358.8 (16.6)
Finance, Insurance, Business Services and Real Estate	258.0 (3.9)	279.0 (4.0)	300.0 (4.2)	331.7 (4.5)	352.3 (4.6)	378.5 (4.8)	403.3 (4.9)
Government Services	850.0 (12.7)	854.0 (12.4)	858.0 (12.1)	863.5 (11.7)	867.8 (11.4)	872.2 (11.0)	876.6 (10.7)
Other Services	479.0 (7.2)	512.0 (7.4)	545.0 (7.7)	621.8 (8.4)	654.9 (8.6)	692.2 (8.7)	750.2 (9.2)
Total employed	6686.0 (100.0)	6891.0 (100.0)	7096.0 (100.0)	7396.2 (100.0)	7603.1 (100.0)	7915.4 (100.0)	8161.5 (100.0)
Unemployment rate	5.1	4.3	3.7	3.0	2.9	2.8	2.5

Note: Numbers in parentheses are percentages out of the total employment.

\* The total employed for the year 1996 is slightly different from the reported due to round-up error.

Source: Department of Statistics, Malaysia (1995), Yearbook of Statistics, 1994; Department of Statistics, Malaysia (1998), Yearbook of Statistics, 1998.

With regard to the pattern of employment by occupational group (as shown in Table 1.2), professional and administrative groups enjoyed a growing demand. This

indicated higher demand for workers with high education, technical and professional training. At the same time, there was also a growing demand for production workers, due to the rapid growth in manufacturing industry. Conversely, the percentage involved in the agriculture sector decreased as time passes. This was in tandem with the economic development of Malaysia, which was evolving from an agricultural into an industrial country.

**Table 1.2: Employment by occupational group, for selected years between 1990 – 1996 (in percentage)**

Occupational group	1990	1992	1993	1995	1996
Professional, technical and related workers (Professional)	7.8	8.3	8.7	9.9	10
Administrative and managerial workers (Administrative)	2.2	2.7	3.0	3.2	3.6
Clerical and related workers (Clerical)	9.8	10.4	10.7	10.9	10.8
Sales workers (Sales)	11.3	10.8	10.4	10.9	11.1
Service workers (Service)	11.4	11.2	11.9	11.1	11.2
Agricultural, animal husbandry and forestry workers, fisherman and hunters (Agriculture)	26.2	22	21.3	20.1	19.6
Production and related workers, transport equipment operators and labourers (Production)	31.3	34.6	34.0	33.9	33.7
Total	100	100	100	100	100

Source: Department of Statistics, Malaysia (1995), Yearbook of Statistics, 1994; Department of Statistics, Malaysia (1998), Yearbook of Statistics, 1998.

## 1.6 Organisation of study

Chapter 1 is a brief introduction, consisting of the objectives and rationale of this study. Chapter 2 provides the literature review, which gives a summary of past studies and factors influencing mobility. Chapter 3 gives a review about the source of data and the methodology that is used. Chapter 4 consists of a description of the work experience patterns. Chapter 5 and Chapter 6 give the occupational and income mobility patterns and the result of analyses of career advancement respectively. Chapter 7 contains the conclusions and recommendations for future research.