



PERSEKUTUAN MAJIKAN-MAJIKAN MALAYSIA  
MALAYSIAN EMPLOYERS FEDERATION

## Priorities for ASEAN in Labour and Employment 2010

by  
**Hj. Shamsuddin Bardan**

Executive Director, Malaysian Employers Federation

Regional Social Dialogue for Growth, Employment and Sound Industrial relations in the Services Sector: Sharing experiences from ASEAN and the EU  
31 March – 1 April 2010, Hanoi



## Issues of Concern

- Globalisation, trade liberalisation and technological advance changed economic environment fundamentally
- ASEAN employers need to reposition to compete and take advantage of the new opportunities and challenges
- With market conditions changing constantly, competition for investment is intense
- Under this fundamentally altered economic environment, ASEAN countries cannot rely on time-tested strategies to forge ahead of its competitors

2



## Priorities

- Enhancing competitiveness through productivity increase
- Skills development and certification
- Mutual recognition of skills among ASEAN in view of 2015 economic integration
- Reviewing of labour legislation to promote flexibility in management
- Strengthening tripartite partnership to tackle challenges such as aging workforce, foreign workers, increasing participation of women in labour market
- Ensuring inclusive growth for all segments of workforce

3

MALAYSIAN EMPLOYERS FEDERATION



## Enhancing competitiveness through productivity increase

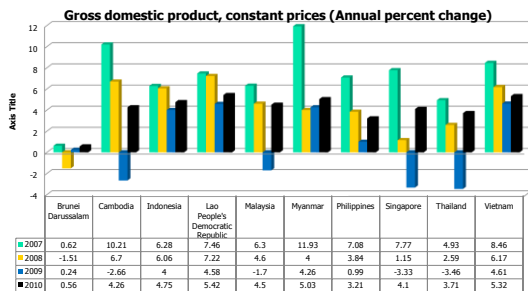
- International Economic Environment**
  - First half 2009 -global economy experienced sharpest contraction since Second World War - more than 60% of world output in a synchronised recession
  - Asian economies with higher degree of trade openness affected by collapse in world trade -sudden plunge in demand from advanced economies - double-digit declines in exports and production
  - Economic recovery still remained fragile and uneven
  - Unprecedented policy responses by governments - large fiscal stimuli ranging between 1 – 12% GDP

4

MALAYSIAN EMPLOYERS FEDERATION



## Enhancing competitiveness through productivity increase



Source: International Monetary Fund, World Economic Outlook Database, October 2009  
Central Bank of Malaysia Annual Report 2009

5

MALAYSIAN EMPLOYERS FEDERATION



## Enhancing competitiveness through productivity increase

### FDI Flows into ASEAN

(Value in US\$ million)

Country	2007	2006	2005	2004	2003	1995
<b>Total</b>	<b>60,514</b>	<b>51,243</b>	<b>39,091</b>	<b>25,661</b>	<b>19,664</b>	<b>28,231</b>
Singapore	24,137	24,743	13,930	14,819	10,376	11,503
Malaysia	8,403	6,048	3,967	4,624	2,473	5,815
Indonesia	6,928	4,914	8,337	1,895	-596	4,346
Thailand	9,575	9,010	8,048	1,414	1,952	2,070
Viet Nam	6,739	2,360	2,021	1,610	1,450	1,780
Brunei	184	434	289	212	3,123	583
Philippines	2,928	2,921	1,854	688	491	1,577
Myanmar	428	143	236	251	291	318
Lao PDR	324	187	28	17	20	88

Source : World Investment Report 2007, UNCTAD

6

MALAYSIAN EMPLOYERS FEDERATION



## Enhancing competitiveness through productivity increase

- ASEAN can no longer compete on low labor costs alone
- To make region competitive ASEAN:
  - must raise workers' productivity
  - cut costs across the production value chain, thereby boosting demand, foreign direct investment, and exports
- ASEAN's productivity challenge must be tackled through both national reforms and regional integration
- Raising productivity is key to sustaining country's economic growth and standard of living and prosperity of its people

7

MALAYSIAN EMPLOYERS FEDERATION



## Skills development and certification

- Steady increase in labour mobility - both highly skilled and unskilled employees cross borders in search of job opportunities
- Malaysia -shortage in unskilled employees has forced industries to be dependent on foreign workers, while highly skilled employees is the challenge of the brain drain
- To compete effectively in the global market, employers require a readily available pool of highly competent workforce equipped with the right knowledge and skills

8

MALAYSIAN EMPLOYERS FEDERATION



## Mutual recognition of skills among ASEAN countries in view of 2015 economic integration

- There should be a standardised skills certification system recognised within ASEAN countries
- Skills certification will encourage employees to take up multi-skilling and multi-tasking - improve the productivity and the competitiveness of countries
- Technical and vocational education generally not preferred stream for further education - need to be promoted through awareness programme and media campaigns

9

MALAYSIAN EMPLOYERS FEDERATION



## Reviewing of labour legislation to promote flexibility in management

- Outdated labour laws provide limited flexibility for employers to deal with the challenges effectively
- Labour laws should promote flexibility in management to enable companies to introduce work arrangements that promote productivity and operational efficiency
- Laws to promote :
  - Flexibility in managing human resources
  - Performance/productivity-based wage system

10

MALAYSIAN EMPLOYERS FEDERATION



## Strengthening tripartite partnership

- Tripartism should not be just lip service
- Stakeholders to be mutually trusted and respected for tripartism to succeed

11

MALAYSIAN EMPLOYERS FEDERATION



## Ensuring inclusive growth for all segments of workforce

- Growth has to be inclusive – growth with equity
- The urban-rural divide has to be bridged and rural areas integrated with the economic processes to ensure equitable and inclusive growth
- Development of programmes supporting employment creation and vocational capability development projects which are tailored to local demands
- Large informal sector – development programmes need to take into account of informal sector
- Specific Policies targeted for:
  - PWD
  - Old age
  - Women

12

MALAYSIAN EMPLOYERS FEDERATION