market outlook & salary snapshot 2020.

malaysia

human forward.

randstad

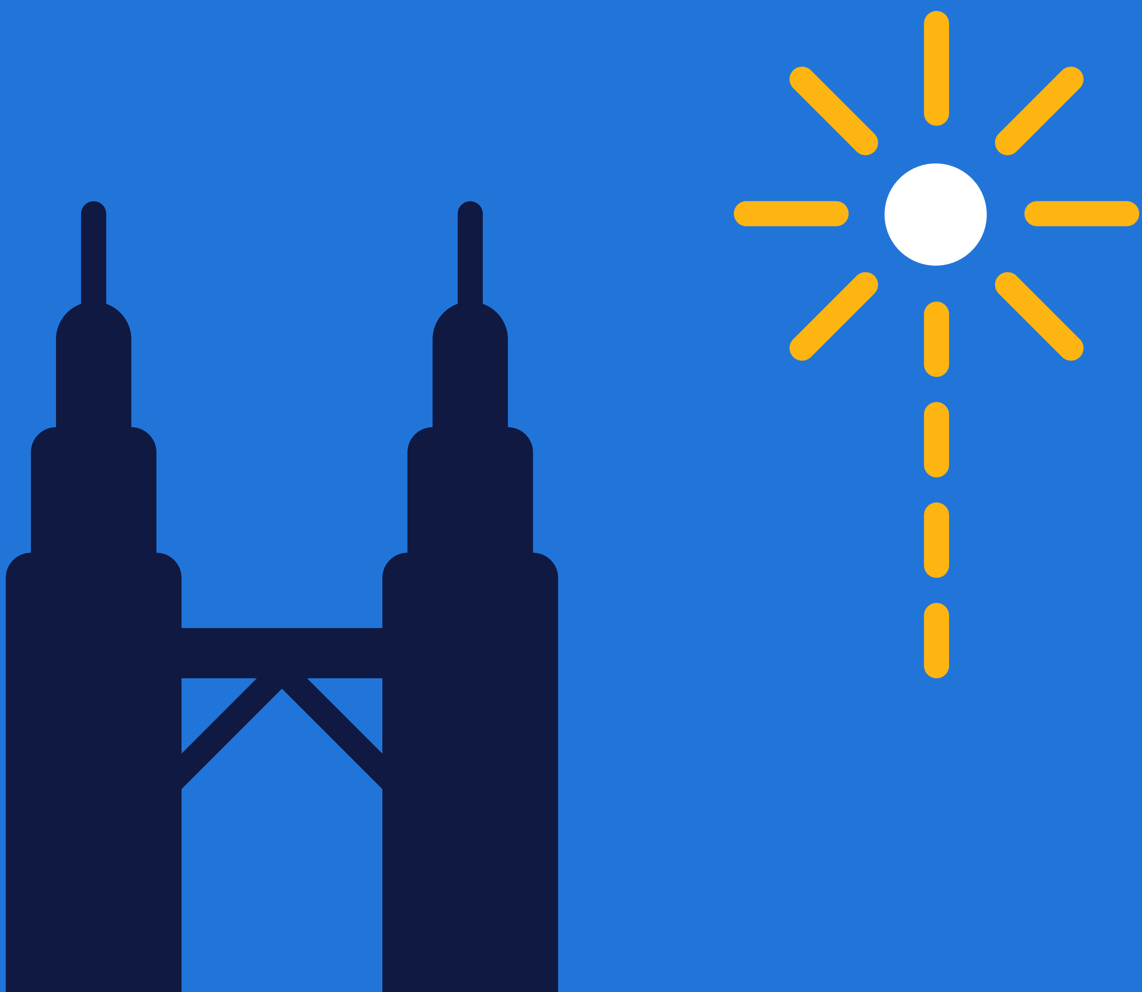
specialisations we'll cover.

1
looking ahead.

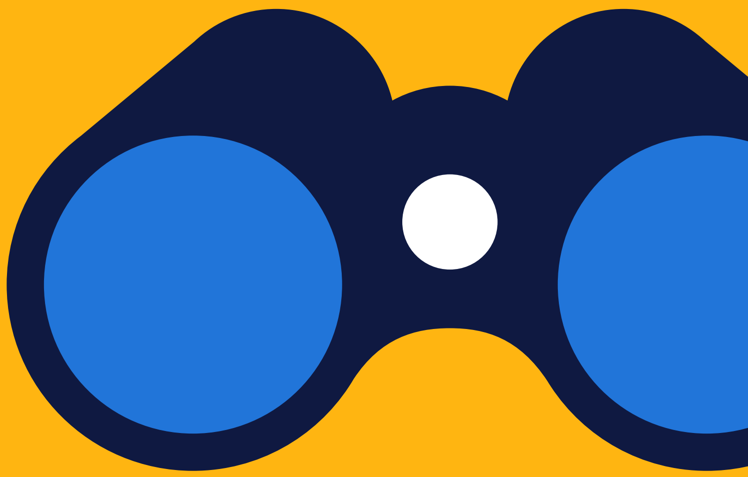
2
information technology.

3
fintech & banktech.

4
manufacturing & supply chain.



looking ahead.



building a future-ready and diverse workforce critical to national growth

The Malaysian economy is expected to remain relatively stable in 2020, with a GDP growth forecast of 4.8%. Despite global economic uncertainty, domestic consumption is expected to drive the economy.

The manufacturing and services sectors remain resilient, with a slight growth projected for 2020. The year will also see further transformation in these industries, with the local government investing US$131 million to encourage companies to explore and integrate automation into their processes.

As several large-scale infrastructure projects look to restart in 2020, the construction and property market has similarly been earmarked for growth. However, the agricultural sector, once the backbone of Malaysia's economy, is expected to slow down. This comes as revenue from the palm oil industry stagnates in addition to the contraction in the fishing industry. Pressures stemming from factors such as climate change and resource scarcity are also expected to take a toll on Malaysia's agricultural sector.

Two prime industries that are expected to play a big role in Malaysia's economy in 2020 are Islamic banking as well as technology.

foreign investments driving growth in islamic banking

Malaysia has been positioned as a centre of excellence for Islamic banking, and will continue to be a global hub for Islamic finance going into 2020.

An industry largely driven by foreign direct investment, the Islamic banking scene in Malaysia has been identified as a key focus and high-growth industry by the Malaysian government as well.

+603 2036 6666 contactus@randstad.com.my

technology growth cuts across all sectors

As illustrated in the 2020 Budget, the tech industry will be a prominent driver of Malaysia's economy in the new year.

The government is on a mission to embrace the fourth industrial revolution. As such, agencies are looking for ways to accelerate the nation's digital economy with the aim of strengthening its position in the global and regional technology arena.

Malaysia is looking to court MNCs in value-adding industries in high-end technology to enter their shores over the next five years. They have also set aside US$238 million worth of incentives and grants to support those looking to establish their presence in Malaysia. The country continues to be a desirable staging ground for shared services centres, and competes with other markets like India to attract companies to build their large centres of operations and conduct R&D activities here.

The local government is also expected to actively encourage the digitalisation and digitisation movement of local SMEs and start-ups to help drive the nation's transformation agenda. A new government initiative, 100 Go Digital, has been launched to help shift traditional local companies towards digitalisation. This would allow businesses to make use of new technological tools to enhance productivity and improve overall customer experience.

preparing the workforce for the changes ahead

To leverage the cost savings from currency exchange, MNCs prefer to hire their regional headcount from Malaysia. However, the local talent pool struggles to keep up with the high demand and expectations for skilled talent.

As a result, companies eventually hire talent from overseas to meet their labour needs due to the local skills mismatch, from blue-collared workers through to specialists with niche expertise.

The government has launched the Malaysians@Work initiative with an aim to reduce this overreliance on foreign manpower by 130,000. They are also expected to continue with the re-evaluation of foreign labour and talent migration plans in 2020.

Highly-skilled local talent with regional exposure, cross cultural management experience and senior leadership capabilities are highly sought-after by companies. But similar to other countries, such high in-demand talent tend to pursue opportunities abroad. The brain drain we have witnessed in the local labour market is likely to persist going into 2020.

build a talent pipeline of work-ready youths

One of the measures taken to mitigate skills mismatch was a stronger emphasis on education. Specifically, with additional support from MDEC, Malaysia is putting an increased focus on STEM education to build its future workforce.

The government has allocated RM5.9 billion in their 2020 Budget to encourage more youths to undergo formal and informal Technical and Vocational Education & Training (TVET) programmes. By providing training and upskilling to youths to prepare them for the working environment, Malaysia can also reduce reliance on blue-collared foreign labour.

However, such measures tend to be focussed on the long-term, and it will take years to equip the local workforce with the necessary skills and knowledge before we can see any changes. In the interim, the challenges of building a competent talent pool will continue to prevail.

build a future-ready workforce

With 4IR, companies have to put in place talent development strategies to ensure that their local workforce is future-ready. Future readiness is about talent being equipped with expectations on how their roles will look like in the future, and the type of technologies that will drive their functions forward.

For candidates, preparing for the future economy does not necessarily mean having to go through structured training programmes. On-the-job training and self-learning can help candidates keep abreast of current developments and stay agile.

embark on talent and skills structuring strategies

As 4IR presents the world with a drastic shift that lacks precedence, it is necessary for companies to engage in change management strategies to ensure a smooth transition.

Companies need to engage in strategic workforce planning to find out where the skills gaps are. To thrive in the future digital-first economy, employers will have to imagine the future workplace, identify the gaps that are stopping them from realising it, and equip their current talent with those skills.

In 2020, we expect that employees in Malaysia will change employers in search of better pay, work location, training and development, as well as career growth opportunities. Candidates are also expected to seek more interesting job content, and will increasingly be attracted to roles that allow them to be more creative and participative.

government and companies taking incremental steps to create a diverse workforce

With the support of local initiatives, we anticipate the female labour force participation rate to increase. The current participation rate of women in the Malaysian labour market is 55%, compared to 80% for men.

There are many benefits in having a diverse and equal workforce. Several studies have already showed that it leads to higher levels of creativity and productivity, in addition to more empathetic leadership behaviour and better balanced leadership dynamics. When more women join the workforce, companies perform better financially, overall wages increase and the economy improves.

The Women@Work initiatives announced in Budget 2020 aim to encourage higher participation of women in the workforce. These initiatives include a proposed increase in maternity leave from 60 days to 90 days for women working in the private sector, as well as a RM500 monthly incentive for up to two years for women aged 30 to 50 who return to work, among others.

These initiatives encourage workplace diversity and help women advance and make progress in their careers. However, some of the steps towards diversity and equality, such as extended maternity leave, would require some restructuring and time to get used to, especially for SMEs.

Yet, it is important to move forward. According to the latest WEF Global Gender Gap Report, it will take 99 years before we attain gender parity. These local programmes are a good starting point for women who have yet to establish themselves in the workforce, or for those who are considering to return after taking a break from their careers to care for their families.

There are other financial-related initiatives such as the income tax breaks and incentives, which will not only encourage more employers to hire females and balance the gender ratio, but also for more females to gain financial independence as quality of life in Malaysia continues to improve. To further this agenda in 2020, the government can look at other initiatives to encourage the participation of women in more senior level functions, including in positions of leadership.

These initiatives are expected to drive short-term behavioural change. However to remain competitive, Malaysia would need to do more to facilitate a long-term mindset shift in employers, where they would proactively drive pro-equality initiatives, even without monetary benefits.

Such state-sanctioned initiatives demonstrate a change in the cultural landscape of more traditional Asian societies like Malaysia, as women are increasingly encouraged to be financially independent and pursue their own career aspirations.

companies with contingent workforce can gain better efficiencies

As more companies face ambiguity about the future due to the poor economic outlook, more employers will turn to contracting as a key workforce strategy. In addition, organisations that are undergoing restructuring efforts will look to professional contractors to fill short-term manpower needs.

A contingent workforce helps companies maintain talent flexibility and lower manpower costs, and allows them to remain agile to better adjust to market changes. More companies also find it productive to explore talent management and development strategies through a more flexible workforce. They are able to build a future-ready workforce without their employees being confined to fixed functions and traditional career progression paths.

This ensures talent mobility as digitalisation and cost pressures dictate leaner teams to be sufficient for a company to operate at an optimal capacity.

information technology.

keeping up with new technologies

Technology advancements have been driven by the need to change and disrupt, all while providing users with the best digital experience.

The technological revolution has completely changed the way we work and live. It made two very distinctive improvements to human life. First, it helps humans be more productive by automating administrative and routinised tasks. Second, it drives innovation and creates new technologies that will connect more people with each other to improve the quality of our lives.

tech – a key driver in the local economy

With talks about implementing a 5G network, technology will continue to take centre stage in Malaysia's development in 2020. In addition to the I4WRD initiative, the government has identified key digital areas to increase investments in, which include cloud, Internet of Things (IoT), cybersecurity, on-demand marketplace platforms as well as artificial intelligence. More companies are also expected to leverage government grants and tax rebates to build a culture that encourages and drives innovation.

The outputs of the technology industries contribute to 18% of the national GDP (as of writing in November 2019). It is expected to increase to 20% by 2020.

This booming technology scene in Malaysia has attracted the attention of many foreign investors who are looking to grow their portfolio in Asia. Their investments can help enhance the local workforce's capabilities and ensure that the local talent are equipped with future-proof skills to drive the digital economy. One example is the Digital Free Trade Zone, which connects local firms with foreign companies not just to facilitate the exchange of goods and services between Malaysia and China, but also to promote collaboration and sharing of best practices.

With a world-class infrastructure, pro-business government initiatives and a relatively mature talent pool, Malaysia is primed to be ASEAN's technological hub and a start-up haven. Many entrepreneurs and global technology firms are also drawn to the city due to its low operational costs as well as the rise of co-working spaces and crowdfunding platforms.

+603 2036 6666 contactus@randstad.com.my

bigger budgets to explore opportunities in new technologies

Many business leaders look to technologists to guide them in driving digital transformation projects to achieve efficiency and stay competitive. As a result, many have entrusted CIOs (Chief Innovation Officers) and CTOS (Chief Technology Officers) with bigger budgets to both optimise efficiency and generate revenue.

Besides digitising internal processes to create efficiencies and generate cost savings, tech experts are now expected to develop new products to build customer base or deepen share of wallet. CIOs and CTOs are increasingly required to think outside the box and actively seek innovative talent to drive the organisations' ambitious tech agenda.

Many digital leaders are also investing in research and development as well as acquiring new start-ups at an early stage to propel innovation growth. These investments will help to attract talent who seek the opportunity to explore and trial new technologies.

In Malaysia, the focus is largely on ML/AI (machine learning/artificial intelligence), RPA (robotics process automation) and cybersecurity.

Companies are increasing their investments in RPA as these technologies tend to reap high returns and generate cost savings almost immediately upon implementation. Many organisations are also building new and more targeted algorithms to improve user experience and expand their customer pool through ML/AI.

As such, experts equipped with niche skills in new technologies such as ML/AL and RPA will be highly sought-after. In particular, talent experienced in programming languages like Python and Golang will be in strong demand.

Many firms are also doubling down on their cybersecurity to fend off increasing threats and build trust with their stakeholders and customers. Data had overtaken oil as the world's most valuable resource, and technology companies are doing more to ensure that data are highly protected from threats, prevent reputation damage and avoid financial loss.

Frost and Sullivan reported that the potential economic loss from cyberthreats can be estimated at a hefty USD12.2 million, which is more than 4% of the total GDP (USD296 billion). Going into 2020, we expect companies to hire experienced talent to enhance their cybersecurity capabilities, as well as research and develop new technologies in RPA and ML/AI.

skills shortage an all-time high in malaysia

Despite an increase in hiring appetite, there remains a shortage of skilled talent in the labour market.

Technology has made many rapid advancements in the past decade, but many workers are still playing catch-up in acquiring new skills. Within the tech ecosystem, organisations, employees and the government should recognise that upskilling is a shared responsibility, and that everyone has a part to play in developing and elevating the skills of the workforce.

Many tech professionals want to take part in creating new technologies and learning new skills. In some instances, highly-motivated professionals would even prefer having a robust learning experience over an attractive remuneration package.

SMEs and start-ups with leaner and flatter structures tend to be more flexible, which allows for a more autonomous and fulfilling learning experience. Because of their nimble operations, these small firms are able to trial new technologies quickly to evaluate if they are useful for the business in the long-run. Global firms, on the other hand, can provide workers with international exposure which helps connect local talent with foreign experts.

As the ones leading change and disruption, tech companies are expected to play a bigger role in closing the skills gap. This can be done through on-the-job training programmes and mentorship, participating in community networks and tech conferences as well as proactively signing their employees up for hackathons and webinars.

We recommend employers to select candidates based on their learning potential rather than wait for one who has the perfect skills-match, and fill those gaps after employment through training programmes. Companies should also hire a candidate whose vision and working style are closely aligned with the company's culture.

+603 2036 6666 contactus@randstad.com.my

tech professionals seek autonomy and flexibility to work

In a candidate-short market such as Malaysia, it is not uncommon for top talent to receive multiple offers. With more companies choosing to expand in Malaysia and creating more jobs, we expect that candidates' intention to switch employers will be significantly higher in 2020.

Tech experts are particularly attracted to companies that offer them the autonomy to own their projects, as they will have the flexibility to explore new and more efficient ways of doing things. Tech professionals also value a highly conducive and creative work environment, which is why offices with 'Silicon Valley vibes', such as dress-down days as well as colourful and collaborative spaces, appeal strongly to tech talent.

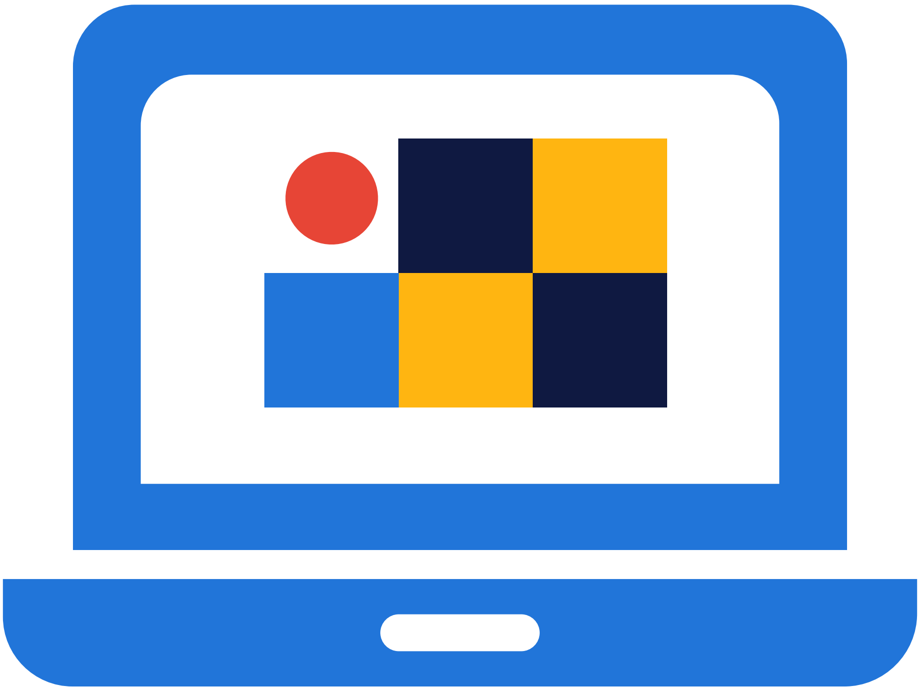
Despite receiving multiple offers, we would still recommend candidates to do more research on their prospective employers before the job interview to increase their chances of new employment. Experienced professionals should also take the opportunity to showcase the key projects they have worked on during the interview to demonstrate their capabilities, skills and expertise.

2020 salary expectations – information technology

Experienced tech professionals in the applications space may see a 20% to 25% salary hike when they change employers. Those in infrastructure may receive a salary increment of 15% when moving jobs.

It is not uncommon for global firms to refer to their internal salary bandings when making an offer, which are usually benchmarked against the market average.

Smaller SMEs and start-ups however tend to deviate from such traditional remuneration methods. They are willing to pay for the perceived value that the talent is able to bring to the company, plus equity for those in senior-executive positions to reflect their added responsibilities and experience gained from their past employments. Employers looking to secure high-performing tech talent should also consider offering onboarding and contractual bonuses.



salary snapshot.

information technology	experience	low	med	high
software developer	3 - 5 years	6,000	8,000	12,000
technical lead	10 - 15 years	14,000	18,000	22,000
solutions architect	8 - 12 years	12,000	15,000	20,000
cloud engineer	3 - 5 years	8,000	10,000	12,000
cloud architect	5 - 8 years	14,000	18,000	22,000
DevOps engineer	3 - 5 years	7,000	10,000	12,000
product manager	5 - 10 years	12,000	16,000	20,000
UX / UI developer	4 - 8 years	8,000	10,000	12,000
scrum master	8 - 10 years	12,000	14,000	18,000
automation QA	3 - 5 years	6,500	8,000	10,000

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

+603 2036 6666 contactus@randstad.com.my

fintech & banktech.

digital takes over traditional banking activities

Malaysia is taking large strides in the wave of disruption and digitalisation as it gears itself up for 4IR (Fourth Industrial Revolution). In addition to rolling out a 5G network to deliver high quality connectivity for all Malaysians, the government is increasing investments in several key areas, which include cloud, Internet of Things (IoT), cybersecurity, on-demand marketplace platforms as well as artificial intelligence.

This forward-looking strategy towards building a digital-first nation is attracting the attention of many investors from around the world. As a growing economy, Malaysia also has a relatively large underbank population (19% as of Q3 of 2019) that is attractive to banks, entrepreneurs and investors.

Because of its central location in the hyper-growth ASEAN region, Malaysia has become a hotbed for many investors. The country also boasts a digitally-adept consumer market which is open to using new technologies that have the potential to improve their lives.

fintech – a boost to the local economy

Financial Technology – or more commonly known as fintech – provides a variety of services such as e-wallet, payments, loans and even SME corporate banking.

Bank Negara Malaysia mandates that all fintechs have to be subjected to similar regulations as FIs (financial institutions), which meant they would experience similar red tapes and operational hurdles as traditional financial firms.

However, the landscape changed when the central bank launched the Regulatory Sandbox in October 2016, as a space for fintechs to conduct experiments, pilot their technology and assess risks. This initiative greatly helped fintech firms to earn consumer trust, increasing their share of wallet and customers. Since then, the number of fintechs has increased exponentially as they found ways to shorten the processes it would take to transact, thereby meeting customers' expectations of a quicker, more efficient and fuss-free banking system.

The fintech space is further supported by the MDEC (Malaysian Digital Economy Corporation), which prepares entrepreneurs and start-ups for the Malaysian business landscape. MDEC conducts regulatory bootcamps for start-ups to get them up to speed, and collaborates with several industry bodies such as Orbit, Fintech Academy and the Digital Finance Innovation Hub to accelerate innovation.

As of July 2019, there were 329 fintech start-ups in Malaysia, and we expect this number to continue to rise in 2020. Local talent demand is also expected to increase, which is in-line with the expansion of the fintech sector.

Even though as many as 82% of FIs see fintechs as a threat to their business, many have started their own transformation journey to embrace the change that is powered by technology.

FIs adapting to the new normal

Accenture warns that banks in SEA could be missing out as much as US$5 billion in payments revenue and interests, as a result of the exponential growth of digital payments and competition from fintechs.

While retail banks are facing the brunt of disruption now, we expect fintechs to further expand into other banking services, competing with firms in wealth management as well as corporate and investment banking in the near future.

FIs will need to innovate quickly to maintain their appeal to customers, especially those from the younger generation who want easier and faster access to information and services. As the Malaysian population becomes more well-travelled as a result of a higher quality of life, many people will also start to compare their local banking systems with those of other countries such as Australia and the U.S., which tend to offer highly-digitised banking solutions.

Therefore, it is paramount that local FIs are up-to-speed on global market innovations and have the ambition to drive impactful digital transformation projects.

shortage of skilled talent in fintech and banktech stalling growth

As more global companies face cost-cutting measures, many firms from the U.S., China and even Singapore are choosing to offshore their shared services to Malaysia. Some of these include development centres, data and network centres as well as engineering services for migration.

Fintechs and banktechs are racing neck-to-neck to build tech teams and enhance their workforce capabilities to meet business demands. Companies which do not have the right skilled talent could run the risk of losing out on new business opportunities that could propel their growth.

Fintechs typically boast an expansive portfolio of new and innovative products and solutions, offering talent the opportunity to pioneer innovations that could change the future of finance. Banktechs are also keeping up with the changes, offering new online services and AI-powered chatbots that can help consumers resolve simple issues within minutes.

Due to the growth in this space, we observe that middle-level professionals are more likely to make the leap to join fintechs, especially if they are not promised a promotion or a substantial salary hike in the next 12 months. A career in fintech is perceived to be more exciting, as employees are often presented with opportunities to be creative and innovative in the way they work. Fintechs, especially young start-ups and firms with large VC investments, are also more likely to reward high performers with fast-tracked promotions in an effort to retain them.

doubling down on cybersecurity

One area with an exceptionally high talent demand is cybersecurity. Frost and Sullivan reports that the potential economic loss from cyberthreats can be estimated at a hefty USD12.2 million, which is more than 4% of the total GDP (USD296 billion).

Companies are actively scouting for effective cybersecurity solutions in an effort to create a safe digital platform for users to transact and trade on. As an industry that is dealing with the finances of individuals and companies, it has become extremely critical for fintechs and FIs to have a robust and infallible cybersecurity network.

Professionals who have prior experience in cybersecurity, either from agencies or with portfolios in banks and FIs, will be highly in demand in 2020.

innovations to improve efficiencies

Fintech firms and banktech teams are also highly focussed on building their capabilities in ML/AI (machine learning/artificial intelligence) and RPA (robotics process automation).

According to a Forrester report, the global RPA market will increase to US$2.9 billion by 2021, from US$250 million in 2016 – a 1160% jump. Furthermore, ML/AI can make RPA smarter and free the technology from its highly routine activities, further increasing its value and appeal to investors and businesses.

RPAs are programmed to complete labour-intensive administrative tasks, such as helping users activate their credit card for overseas use, or to cancel and replace their lost debit cards. The introduction of RPA is aimed at reducing manual work, so that employees can focus on other more complex work or engage with their customers. Lab Consulting said that RPA can reduce up to 70% of the need for repetitive manual work tasks, such as data reconciliation and transcription.

Companies are increasing their investments in RPA as these technologies tend to reap high returns and drive operational efficiencies almost immediately upon implementation. This would also include building new and more targeted algorithms to improve user experience and expand their customer pool through ML/AI.

Experts equipped with niche skills in new technologies such as ML/AL and RPA will be highly sought-after. In particular, talent experienced in programming languages like Python will see strong demand. While enterprise Java applications and other programming languages like Golang are popular, employers are placing a higher priority on Python as the foundation skill for tech talent.

finding talent with transferable skills

Similar to the talent challenges we see in other mature markets, fintechs in Malaysia faces a shortage of skilled professionals. Instead of relying on past working experience, firms have been assessing talent more on their transferable skills such as learning potential, ability to problem-solve and stakeholder relationship management.

Employers in fintech and banktech would need to keep an open mind when considering candidates from other sectors such as technology or e-commerce as they not only may not have the relevant product knowledge and their customer profiles would also tend to differ largely. Instead, these candidates can bring with them a outside-in perspective and introduce new ideas on driving efficiency and change to both secure and retain customers.

With the extremely limited talent pool, employers will tend to focus less on such technical skills and knowledge during the interview process, and take a longer-term view on upskilling these talent and get them up to speed through product training once they have come on board.

fintech – meeting candidates' expectations

Unlike many traditional FIs where remuneration packages are typically based on job titles, job grades and fixed salary bands, fintechs tend to be more progressive in the way they remunerate talent. A number of them are willing to pay the market rate plus the perceived value they feel the tech candidate can bring to the company.

Some senior-level professionals may even receive equity as part of their remuneration packages, especially if they are highly pursued by young start-ups. This would also increase their loyalty to the company as business success would often translate to higher pay.

While salary remains a highly attractive factor, employee benefits have also become increasingly important to the local workforce. Fintechs are known for their agility and flexible work culture. In addition to its non-bureaucratic structures, employees will also get to work from home and enjoy flexi-benefits.

Talent in this space particularly value opportunities to upskill themselves either through on-the-job training or exposure to networking events. The younger generation is eager to add value and contribute to business goals, and will look for employers that can help elevate their skills and expand their knowledge. Onboarding and training programmes to help fresh graduates transit from school to the working environment are also highly-valued.

The fintech industry in Malaysia is set to grow significantly over the next few years, which will undoubtedly lead to more hiring. Despite the strong interest, the decision to move into this relatively new industry is still not an easy one for candidates. Unless they come from another fintech firm, their skills and knowledge will never be a perfect match for the role.

To meet acute shortfall in skills and high demand for talent, fintechs must offer a robust onboarding plan as well as adequate training and development programmes to help their new hires better adjust to the new environment. These could include on-the-job training, mentorship programmes and even buddy systems.

Fintechs are just scratching the surface with payments, loans and financing. There are many other different areas within the financial services space that they have yet to disrupt. As such, the industry presents plenty of new and exciting opportunities for those who choose to venture and explore a career in fintech.

+603 2036 6666 contactus@randstad.com.my

salary snapshot.

information technology	experience	low	med	high
software developer	3 - 5 years	6,000	8,000	12,000
technical lead	10 - 15 years	14,000	18,000	22,000
solutions architect	8 - 12 years	12,000	15,000	20,000
cloud engineer	3 - 5 years	8,000	10,000	12,000
cloud architect	5 - 8 years	14,000	18,000	22,000
DevOps engineer	3 - 5 years	7,000	10,000	12,000
product manager	5 - 10 years	12,000	16,000	20,000
UX / UI developer	4 - 8 years	8,000	10,000	12,000
scrum master	8 - 10 years	12,000	14,000	18,000
automation QA	3 - 5 years	6,500	8,000	10,000

fintech	experience	low	med	high
software engineer	3 - 5 years	6,000	8,000	12,000
development lead	10 - 15 years	14,000	18,000	22,000
solutions architect	8 - 12 years	12,000	15,000	20,000
cybersecurity engineer	5 - 8 years	8,000	12,000	15,000
data engineer	4 - 6 years	7,000	10,000	12,000
big data architect	5 - 10 years	14,000	18,000	22,000
blockchain consultant	3 - 5 years	10,000	15,000	20,000
cloud architect	5 - 8 years	14,000	18,000	22,000
technical project manager	8 - 10 years	10,000	12,000	15,000
agile coach	8 - 10 years	12,000	15,000	18,000

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

manufacturing & supply chain.

closing the skills gap is critical to make progress in manufacturing and supply chain

The World Bank Group has forecasted Malaysia's 2020 gross domestic product at 4.8% due to moderating consumer spending and ongoing global uncertainties. This is aligned with 2019's performance, as markets around the world are impacted by the Sino-US trade war, which has dampened business and consumer confidence in the long run.

Although Malaysia's economy was equally affected, there was however a silver lining.

According to a report released by Nomura - a Japanese financial holding company - Malaysia gained an estimate of 1.3% in its GDP from trade diversions since 2018, making the country the fourth largest beneficiary of the trade war. Chinese investments raked up to RM4.8 billion in the first half of 2019, coming in just after the U.S. at RM11.7 billion.

In its 2020 Budget, the government had announced several initiatives to support the business growth of local industries. Public expenditure will increase from 3% to 3.2% of GDP to boost local economic growth. A majority of this spend would go into boosting investments and improving infrastructure in technology, manufacturing and value-add industries.

Some of the key initiatives and grants announced in the 2020 Budget for sustaining and improving the manufacturing industry include (but not limited to):

- a 'special channel' managed by InvestKL to cater to more Chinese investors
- incentives valued at RM1 billion to attract Fortune 500 companies and multinational firms in technology, manufacturing or value-added industries to Malaysia
- a 10-year tax exemption for investors in selected knowledge-based services within the electronics and electrical industry
- RM50 million investment to the 5G Ecosystem Development Grant to accelerate the digital economy
- plans to drive the implementation of automation in business processes through capital allowance (on the first RM2 million) and automation capital allowance (on the first RM 4 million) on qualifying capital expenditure through to 2023 for companies in the manufacturing sector

increased focus on research and development in manufacturing

As general hiring activities decline with more companies taking a wait-and-see approach, manufacturing firms will be forced to turn towards innovation to optimise efficiency and generate long-term cost savings. This trend is in line with the nation's move towards Industry 4.0.

According to Smart Industry, Industry 4.0 "should boost production flexibility, enabling a facility to rapidly adapt its operations to market changes". Besides the improvements to processes, Industry 4.0 also increases knowledge sharing, which would not only create new opportunities for innovations, but also enhance better customer experiences.

We expect investments into R&D to increase, as manufacturing companies find new ways to optimise their processes through automation, and create new and innovative products through better data analytics and engineering.

targeted growth within the manufacturing sector

Manufacturing and supply chain cuts across different sectors – E&E (electrical and electronics), rubber, oil and gas and much more. Due to the availability of limited resources, global supply and demand theory dictates that whenever one sector slows down, other sectors will naturally pick up.

Growth in the manufacturing sector will hence be built on the higher expenditure expected in infrastructure development next year. Verticals within the manufacturing industry such as metals, building materials and chemicals are expected to benefit from the increasing construction activities.

As more countries deploy 5G network to expedite download and upload speeds supported by a larger bandwidth, the sales of new-generation smartphones is expected to increase exponentially. E&E, which is responsible for the manufacturing of smartphone components, would need to ramp up their production volume to meet the anticipated rise in market demand.

digitised supply chain for more accurate market forecasts

In addition to the increased shipping volume from manufacturing outputs, the supply chain industry will see a wave of digital transformation in 2020. As more companies register that traditional supply chain processes no longer meet future markets' expectations for a more optimised and efficient tracking system, a more responsive online network will be required.

Supply chain companies are increasingly investing and tapping into newer technologies like data analytics, machine learning and artificial intelligence to better manage inventories, forecast demand with greater accuracy and improve business efficiencies surrounding warehouse operations and replenishment.

As the manufacturing and supply chain industries continue on its digital transformation journey, skills required to do the jobs will be significantly different, leading to an even wider skills gap if companies do not act fast enough.

optimising efficiencies with existing resources a focus for 2020

Despite a more promising year ahead for manufacturing, local companies are still keeping capital expenditures low. Firms are expected to focus on optimising efficiencies with the existing resources.

However, this does not mean driving employees to work longer every day. Instead, it means increasing per head output in the same number of working hours, which can only be achieved with a highly-skilled future-proof workforce.

“We would recommend companies to take this time to evaluate and invest their resources carefully to close the skills gaps that are stopping them from making progress and the fourth industrial revolution a reality,” said Sruthi Nambiar, a senior manager who heads the manufacturing and supply chain team at Randstad Malaysia.

Some of the new roles that we expect to see in Industry 4.0 include process development engineers, robotics engineers (hardware and software) and artificial intelligence specialists. Professionals equipped with these emerging skills would be highly sought-after as they will be the ones who will be leading the charge towards Industry 4.0.

However, many companies that we spoke with do not have a future workforce map in place to start building a talent pipeline, highlighting a lag in Malaysia against other leading markets like Germany and China. This lag is especially prevalent among large local companies and SMEs, which means they would have plenty to catch-up on.

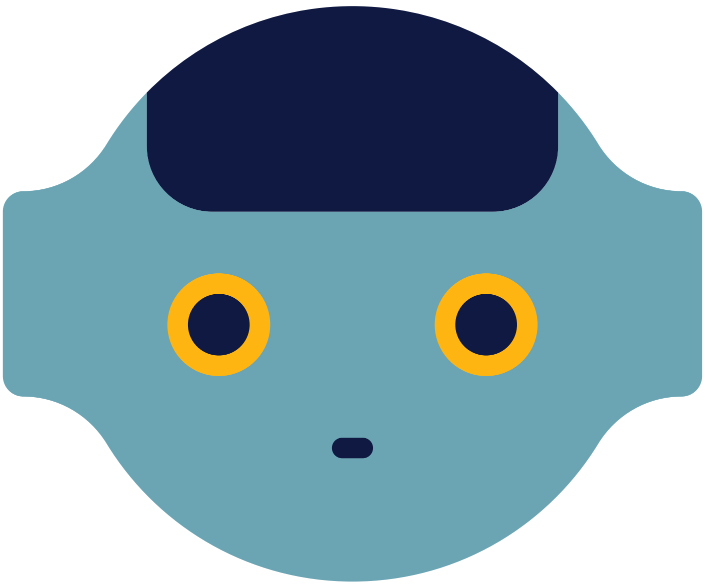
more encouraged to take initiative to close the skills gap

While the government hopes that the new initiatives announced during Budget 2020 would encourage the implementation of new technologies, workforce upskilling and new E&E sub-sectors, the onus ultimately lies on the employers and workers.

Employers that are moving forward with their digital transformation plans should be able to identify the skills gaps and be willing to invest in training and development to get their workers up to speed. “After all, technology empowers people to do more and be better at what they do. Without a skilled workforce, the company would have spent millions in state-of-the-art technology, with nobody who knows how to use them.” Nambiar said.

It is hence critical for employers to invest in the development of training programmes and invest in new technologies to create more learning opportunities for their employees.

Over the years, we have seen companies restructure their talent, as a process to identify the skills gap and find out what skills their employees need to power new technologies. This process will be further accelerated and enhanced in 2020, as employers will increasingly require their employees to be equipped with new, future-ready skills to mentor the rest of the workforce.



job seekers curious about hyper-growth verticals

It is not uncommon to hear from candidates of their desires to move between verticals within the manufacturing industry, especially to one that is reporting growth. In Malaysia, these verticals are largely in metals, chemicals and E&E.

Candidates who are thinking of moving between verticals will need to properly assess their own skills and work experience. Depending on the move they want to make and their career aspirations, their skills may not be fully transferable. For instance, a candidate who wishes to move from oil and gas to E&E would not have the perfect skills match. It is critical for job seekers to be prepared to accept a lower job title and salary, which can be quickly recovered if they show great learning potential and demonstrate fast progress in their new role.

Due to the growing demand, there is also an appetite for technologists to jump from the tech industry to the manufacturing and supply chain sector. When technology workers join the manufacturing and supply chain sector, they get the opportunity to spearhead changes and pioneer new automation technologies that have the potential to improve efficiencies. However, this group of professionals should also be aware that they will be subjected to intensive onboarding and training programmes, to ensure a smooth transition to manufacturing due to the differences in internal structure, processes and regulations.

workers eager to learn, but do not know where or how to start

The Malaysian working population demonstrates keenness when it comes to learning new digital skills.

According to the Randstad's Q2 2019 Workmonitor survey, 89% of locally-based respondents said that their employers should invest more in developing their workforce's digital skills. 87% said that they would sign up for a STEM course if they were 18 again.

Furthermore, 29% of respondents cited 'good training' as one of the most important attributes that they look for in an ideal employer in our 2019 Randstad Employer Brand Research.

Nambier said, "Employees want to learn, but they do not know where to go, what to learn, or how important it is for them to learn those skills." It is critical for governments, schools and employers to point workers in the right direction and communicate about the training courses and grants that are available.

Companies that want to attract talent across all generations should also showcase their in-house training programmes, and share anecdotes from employees who have benefitted from them on their website and social media pages.

Skills development is not a one-time activity, as there is always something new to learn. Companies should conduct regular employee surveys to find out the skills that their workers need and want to acquire to be better at their job. If the training programmes cannot be conducted by their in-house learning and development teams, employers should connect workers with professional development institutions that provide those courses and support them through their learning journey.

career progression is important to workers

The 2019 Employer Brand Research revealed that 64% of respondents in Malaysia seek a better remuneration package when looking for an ideal employer. This is the same sentiment shared by many manufacturing and supply chain candidates.

However, there is also a preference from candidates towards career progression opportunities. Job titles and corporate ranking are very important to workers; it conveys a symbolic status as senior-level titles are held in high regard in Malaysia. In certain instances, it may even be easier to network if the job title is perceived to be important by others. Because of this career aspiration, many employees seek opportunities to learn so that they can be quickly promoted to higher and better titles.

However, fast-tracked promotions could act as a double-edged sword. While it can be a successful method to retain and develop employees, there is a trend of millennials leaving the companies to start their own business once they become managers.

"While we should respect them for their entrepreneurial spirit and boldness to start something new, many young workers are neither skilled nor experienced enough to run their own business," Nambiar explains. She encourages more workers to continue working with companies to learn new skills, especially leadership traits and stakeholder management skills to ensure a higher rate of success when they choose to venture on their own at a later time.

salary snapshot.

manufacturing	experience	low	med	high
CEO	20-plus years	35,000	50,000	90,000
VP operations/ operations director	18 - 25 years	25,000	38,000	45,000
plant manager / operations manager	13 - 20 years	20,000	30,000	40,000
head of production	10 - 15 years	15,000	20,000	25,000
production manager	6 - 15 years	10,000	15,000	20,000
production engineer	less than 6 years	4,000	6,000	8,000
manufacturing manager / continous improvement manager	6 - 15 years	14,000	20,000	30,000
process engineer	2 - 6 years	3,000	5,000	8,000
engineering manager	12 - 15 years	12,000	15,000	20,000
maintenance manager	10 - 15 years	10,000	13,000	16,000
maintenance engineer	2 - 6 years	3,000	5,500	7,000
automation / electrical & instrumentation manager	10 - 15 years	12,000	30,000	18,000
automation / electrical & instrumentation engineer	2 - 6 years	3,500	6,500	8,000
quality director/ senior manager	20 - 25 years	20,000	25,000	30,000
quality manager	10 - 15 years	9,000	12,000	15,000
quality engineer / executive	2 - 6 years	3,000	5,500	7,000
project manager	6 - 15 years	10,000	20,000	30,000
project engineer	2 - 7 years	3,500	6,000	8,000
HSE manager	5 - 12 years	8,000	15,000	22,000
HSE executive	3 - 8 years	5,000	7,000	9,000
design engineer - mechanical / electrical	3 - 6 years	4,500	6,000	7,500
R&D manager	7- 14 years	10,000	18,000	30,000
R&D engineer	3 - 6 years	5,000	8,000	12,000
chemist	2 - 5 years	3,500	5,000	6,000

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

+603 2036 6666 contactus@randstad.com.my

salary snapshot.

supply chain	experience	low	med	high
supply chain / operation director	20 - 25 years	25,000	33,000	40,000
supply chain manager	10 - 15 years	10,000	15,000	18,000
supply chain executive	2 - 6 years	4,000	6,000	8,000
procurement director	20 - 25 years	20,000	24,000	28,000
procurement / category manager	10 - 15 years	10,000	14,000	18,000
procurement engineer / executive	2 - 6 years	4,000	5,500	7,000
demand / supply planning manager	8 - 12 years	9,000	11,500	14,000
production / material planning manager	8 - 12 years	7,000	10,000	13,000
demand / supply / material planner	3 - 8 years	4,500	6,500	8,500
customer serivce manager	7 -12 years	9,000	11,000	12,500
customer service executive	2 - 6 years	3,500	5,000	6,500
logistics / warehouse manager	10 - 15 years	8,000	12,000	15,000
logistics / warehouse excutive	2 - 6 years	$4,000	$5,500	$7,000

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

construction.

expect to see more jobs requiring specialised skills in construction

The postponement of large-ticket projects as the government focusses on reducing the national debt has inevitably taken a toll on the construction industry.

In the first half of 2019, the sector reported only a 0.8% year-on-year growth, a decline from 5% to 6% during the same time in 2018. However, we foresee the market may moderate in 2020 with an anticipated growth of between 3% and 7%, largely attributed to the developments in Penang, Klang Valley and East Malaysia.

Currently, approximately 45% of the construction projects are owned by government agencies. The remaining 55% belongs to private developers of various sizes.

For the market to experience growth, the public's share of construction projects must increase to above 50% (at the minimum). As the government starts to invite companies to re-pitch for projects, the number of public-owned projects will increase.

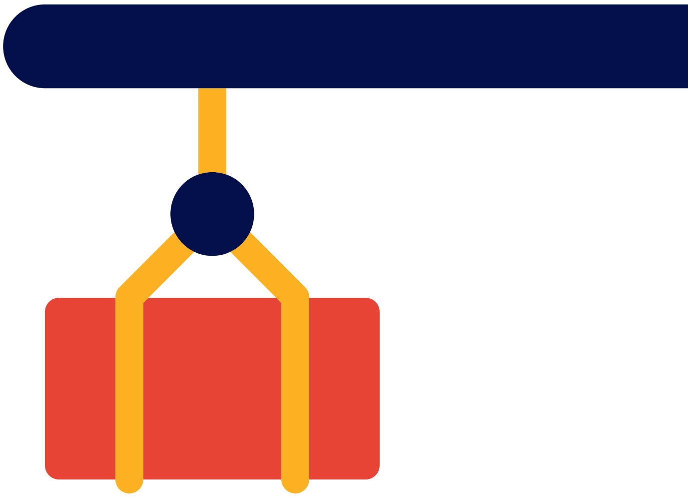
As a result, the construction sector can expect to see gradual growth, which is likely to have a knock-on effect on the talent demand in this space.

2020 in-demand skills and roles in construction

With the introduction of several pro-buyer policies in Budget 2020, the property space can expect to see more local and foreign buyers express interest next year. As a result, we anticipate a corresponding increase in the demand for high-quality as well as green residential and commercial buildings.

While recruitment activities are expected to increase this year, firms will be more selective in who they want to bring on board. Construction companies are actively building a pool of talent with specialised skills to ensure a healthy pipeline of projects and drive innovation.

+603 2036 6666 contactus@randstad.com.my



increasing demand for sustainable buildings

Governments and companies around the world are doing more to conserve energy and reduce carbon emissions to stop climate change. Malaysia's GBI (Green Building Index) is an industry-recognised green rating tool for buildings to 'promote sustainability and to raise awareness within the community'.

Many companies are striving towards building properties that are both eco-efficient and sustainable. These new buildings are not only attractive because of their modern designs such as vertical gardens and healthier indoor environments; they also appeal strongly to younger buyers who are more conscious about their carbon footprint.

Developers are pushing to get their buildings ranked highly on GBI so that they can attract more buyers. Besides reducing their impact on the environment, companies also get to enjoy tax benefits from the government if they participate in green initiatives. This will create a high demand for candidates who are certified by GBI to help drive revenue and generate long-term cost savings.

new approach to old tenders

Companies applying for government tenders will be required to submit new design and engineering proposals. Firms will be expanding their engineering teams to manage the increasing number of tenures that the market expects to see in 2020.

To increase their chances of securing these tenures, companies are looking for experienced engineers who not only possess a good track record but are able to develop cost-effective and innovative proposals.

steady talent demand in renovations and refurbishing business

Construction companies will still be fulfilling business-as-usual activities like renovations and refurbishing of offices in commercial buildings for a steady flow of revenue.

New occupants of commercial spaces will invest in designing and building an office that suits their organisation brand and culture. This would include the design of the office space to optimise efficiencies, as well as creating collaborative spaces to encourage creativity and innovation.

The office refurbishment business is also less impacted by the overall performance of the construction sector. Talent demand will remain steady in this space as business requests from commercial tenants are expected to remain constant.

2020 labour market trends - construction

It is not uncommon for Malaysian employees to look around for new job opportunities, even when they have a stable job. However, job seekers should note that employers tend to hire candidates who demonstrate a certain level of loyalty to their past employers over those who switch employers every two years.

In 2020, we anticipate that employees who stay with their employer will receive an annual salary increment of between 2% and 7%. Candidates can expect a salary increment of up to 15% when changing employers.

compromising on lower salary average

Candidates and employees in construction are aware of how the market's growth has declined over the past couple of years, and its implication on the labour demand and salary averages.

Hence, many candidates do not mind taking a lower salary, if that means that they will be able to receive an offer for a permanent position. The 2019 Employer Brand Research revealed that 29% of respondents in Malaysia are willing to give up at least 10% of their salary for better job security. 10% of all respondents are willing to give up more than 20%.

To better manage salary expectations, employers can introduce performance-based incentives to reward those who are able to meet deadlines or sales targets. Companies can also consider offering highly-differentiated employee benefits to boost engagement and retention, such as better healthcare insurance or financial assistance for employees to upskill themselves.

+603 2036 6666 contactus@randstad.com.my

salary snapshot.

	experience	low	med	high
CEO / COO	25 years	25,000	30,000	50,000
project director	20 years	20,000	25,000	30,000
contract manager	15 years	10,000	15,000	20,000
project manager	15 years	10,000	15,000	20,000
construction manager	10 years	8,000	10,000	13,000
planning manager	10 years	8,000	12,000	15,000
safety manager	10 years	8,000	12,000	15,000
QA/QC manager	10 years	10,000	13,000	16,000
design manager	10 years	12,000	15,000	18,000
engineer / QS	5 years	5,000	7,000	9,00

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

property.

initiatives to boost the property market and upskill workforce

In the first nine months of 2019, RM14.65 billion worth of residential properties were sold. This was a huge leap from the RM12.91 billion that was recorded in 2018.

Several government initiatives and intervention into the property space have significantly improved the situation. Property companies have started actively leveraging these initiatives, with many taking a two-pronged approach to ensure that the number continues to increase in 2020 – a push to sell more affordable properties and the personalisation of luxury properties to attract buyers.

a. affordable housing for all locals

Initiatives such as Rent-to-Own, Home Ownership Campaign and Youth Housing, are encouraging more Malaysians to become real estate owners. These schemes help to increase buyers' appetite by relieving locals of hefty deposits and stamp duties.

b. personalisation of luxury properties

With the increasing number of foreign and local buyers, the competition within the luxury property is heating up. Companies are offering personalisation options to buyers, which will allow them to choose the size and design of the property. This 'plan-first, buy-later' approach affirms buyers' commitment, as they are able to make prior arrangements and decisions to ensure that the property's value is optimised.

The government had also announced at Budget 2020 that they will be lowering the buying threshold of condominiums and private apartments from RM1 million to RM600,000 in 2020. This initiative will create more supply from the overhang market to an increasing number of foreign buyers who are drawn to this mid-range market – especially those from Greater China. The Chinese are choosing to invest in Malaysia's housing market due to its lower asset value when compared to other cities like Shanghai, Beijing and Hong Kong SAR.

However, the COVID-19 outbreak that was first reported on December 31, 2019 will undoubtedly impact the buyers' market as a result of the travel bans and additional precautionary measures implemented by companies.

+603 2036 6666 contactus@randstad.com.my

demand for talent in property market will rise in 2020

With a push to get more buyers into the market to clear oversupply of properties, the industry is now poised for further robust development and expansion. This means companies must prepare themselves for that, starting with their workforce.

In a highly-competitive environment, it is not uncommon for companies to seek experienced talent to drive project completion, and build a healthy project pipeline to ensure business continuity. Supported by strong funding, some property firms are also leveraging this 'cooling period' as an opportunity to increase their activities and expand their market share. However, there will be a handful of companies that will continue to adopt a 'wait-and-see' approach, as they draw up a vision of how Malaysian's property market can potentially benefit buyers in the long-term.

Candidates in this space are faced with the choice of staying with their current employer for stability and security, or look for portfolio growth that would typically come with an employer switch. In 2020, job seekers in the property space would focus more on relevant skills and experiences, company culture and career progression opportunities.

offer an all-rounded remuneration package to attract talent

We saw that the growth in the property market had contracted in the past few years, resulting in a corresponding impact on labour demand and average salary. Despite the expected expansion in 2020, the average salary is unlikely to bounce back to the levels seen in 2018.

With lower expectations in mind, many candidates whom we have interacted with shared that they do not mind a lower average salary if that means that they will also be receiving a permanent job offer. The 2019 Employer Brand Research revealed that 29% of respondents in Malaysia are willing to give up at least 10% of their salary for better job security. 10% of all respondents are willing to give up more than 20%.

Employers can introduce performance-based incentives to both attract and secure talent. By providing financial rewards to those who are able to meet deadlines or sales targets, employees are encouraged to work harder and more efficiently. Companies are also making up for the lower-than-average salary through highly-differentiated employee benefits, such as spousal insurance, access to a company car or an employee-discount on residential housing.

candidates encouraged to build more dynamic portfolios

In 2020, companies will have a preference for candidates who are equipped with transferable skills, flexible in the way they work and have relevant project experience. These candidates are highly sought-after as property firms can place them in different projects regardless of type and scale, fulfilling their operational goal of keeping overhead costs low.

Employees who are employed by global property players are often well-compensated through bonuses and find it difficult to move as they often expect their new employers to offer up to 50% more in terms of salaries and bonuses to match their current wages. However, this high expectation narrows their options when they are looking for new opportunities.

While candidates learn to be more realistic and pragmatic, smaller property players can attract candidates through increased exposure to a wide variety of projects, particularly those that can help boost the candidate's individual portfolio. With a more diverse and dynamic portfolio, these property professionals will be deemed more attractive and employable to other firms in the future, paving the way for their career to flourish.

salary snapshot.

marketing

classification	title	low	med	high
8 years - 11 years	Manager	7,000	8,000	10,000
12 years - 19 years	Senior Manager	10,000	12,000	14,000
20 years and above	General Manager/Head	15,000	18,000	20,000

sales

classification	title	low	med	high
Properties < RM1,000 psf	Manager	7,000	8,500	10,000
	Senior Manager	10,000	12,000	14,000
	General Manager/Head of Dept.	15,000	18,000	20,000
Properties > RM1,000 psf	Manager	8,000	10,000	12,000
	Senior Manager	13,000	14,000	15,000
	General Manager/Head of Dept.	18,000	20,000	25,000

sales and marketing

classification	title	low	med	high
Properties < RM1,000 psf	Manager	7,000	8,500	10,000
	Senior Manager	10,000	12,000	15,000
	General Manager/Head of Dept.	16,000	18,000	20,000
Properties > RM1,000 psf	Manager	8,000	10,000	14,000
	Senior Manager	14,000	17,000	20,000
	General Manager/Head of Dept.	20,000	25,000	30,000

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

salary snapshot.

project management

classification	title	low	med	high
Landed Properties	Manager	7,000	8,500	10,000
	Senior Manager	11,000	12,500	14,000
	Project Director	15,000	16,500	18,000
	General Manager	20,000	25,000	30,000
High Rise/Mixed Development	Manager	8,000	10,000	12,000
	Senior Manager	12,000	15,000	18,000
	Project Director	20,000	25,000	28,000
	General Manager	25,000	30,000	40,000

QA/QC

classification	title	low	med	high
8 years - 11 years	Manager	8,000	9,000	10,000
12 years - 19 years	Senior Manager	10,000	12,000	14,000
20 years and above	General Manager/Head of Dept.	15,000	18,000	20,000

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

salary snapshot.

facilities management

classification	title	low	med	high
Commercial (Shopping Malls/Offices)	Assistant Facilities Manager	5,000	6,500	8,000
	Facilities Manager	8,000	10,000	12,000
	Head of Facilities	12,000	15,000	18,000
	Head of Operations	18,000	25,000	30,000
Property (Residentials/Townships)	Building Manager	4,500	6,000	7,500
	Assistant Property Manager	5,000	6,500	8,000
	Property Manager	8,000	10,000	12,000
	Area Property Manager	10,000	12,500	15,000
	Head of Operations	15,000	20,000	25,000
Industrial (Factories/Warehouses)	Assistant Facilities Manager	4,500	6,000	7,000
	Facilities Manager	7,000	9,000	11,000
	Operations Manager	10,000	12,000	15,000
	Head of Operations	13,000	16,000	20,000

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

salary snapshot.

leasing management

classification	title	low	med	high
Shopping Malls/Retails	Leasing Executive	1,800	2,500	3,500
	Senior Leasing Executive	3,500	4,500	5,500
	Assistant Leasing Manager	5,500	6,500	7,500
	Leasing Manager	7,500	10,000	12,000
	Senior Leasing Manager	12,000	14,000	16,000
	Head Of Leasing	15,000	20,000	25,000
Residentials	Leasing Executive	1,800	2,500	3,500
	Senior Leasing Executive	3,500	4,500	5,500
	Assistant Leasing Manager	5,500	6,500	7,500
	Leasing Manager	8,000	10,000	12,000
	Senior Leasing Manager	12,000	15,000	18,000
	Head Of Leasing	15,000	20,000	25,000
Corporate Offices	Leasing Executive	1,500	2,500	3,500
	Senior Leasing Executive	3,000	4,000	5,000
	Assistant Leasing Manager	5,000	6,000	7,000
	Leasing Manager	7,000	8,500	10,000
	Senior Leasing Manager	8,000	10,000	12,000
	Head Of Leasing	12,000	18,000	22,000

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, China, Singapore, Malaysia, India, Japan, Australia and New Zealand. Randstad Malaysia specialises in both permanent and contract recruitment and help organisations across industries find the best talent in accounting & finance, banking and financial services, 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.