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Social Protection & Jobs

Managing Migration for Malaysia's Economic Transformation

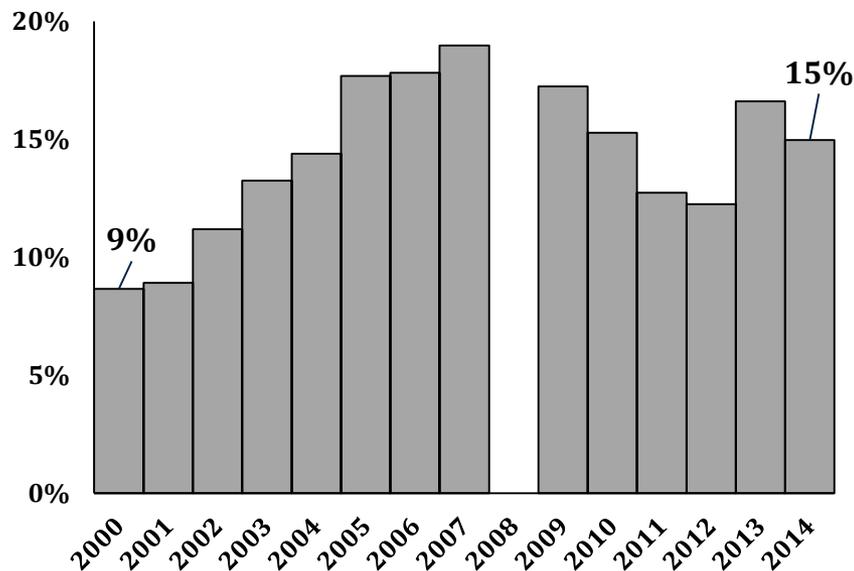
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World Bank
Jobs and Migration Course
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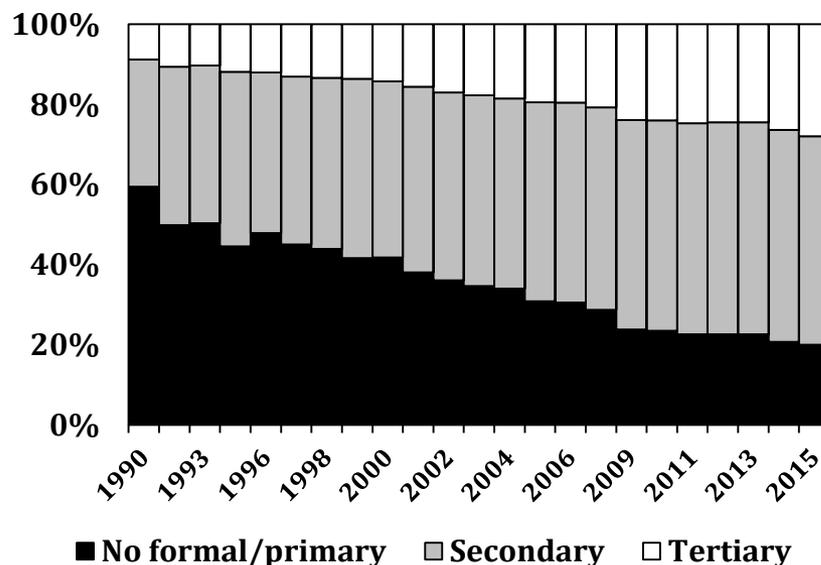
The Malaysian economy has undergone a significant transformation in recent decades

- Immigrants are a **significant share of the labor force**, mostly **low-skilled**, and frequently **undocumented**
- Immigrants **filled shortages** of low-skilled workers in agriculture and then in manufacturing and services as Malaysians upskilled

Employment Passes Issued as a Percentage of the Labor Force



Educational attainment of Malaysians, 1990 to 2015



The Government recognizes the link between migration and economic development but is concerned about negative impacts

The 11th Malaysia Plan stresses the importance of labor market efficiency

- Shift to higher-skilled jobs
- Enhance labor market operations
- **Improve the management of foreign workers**

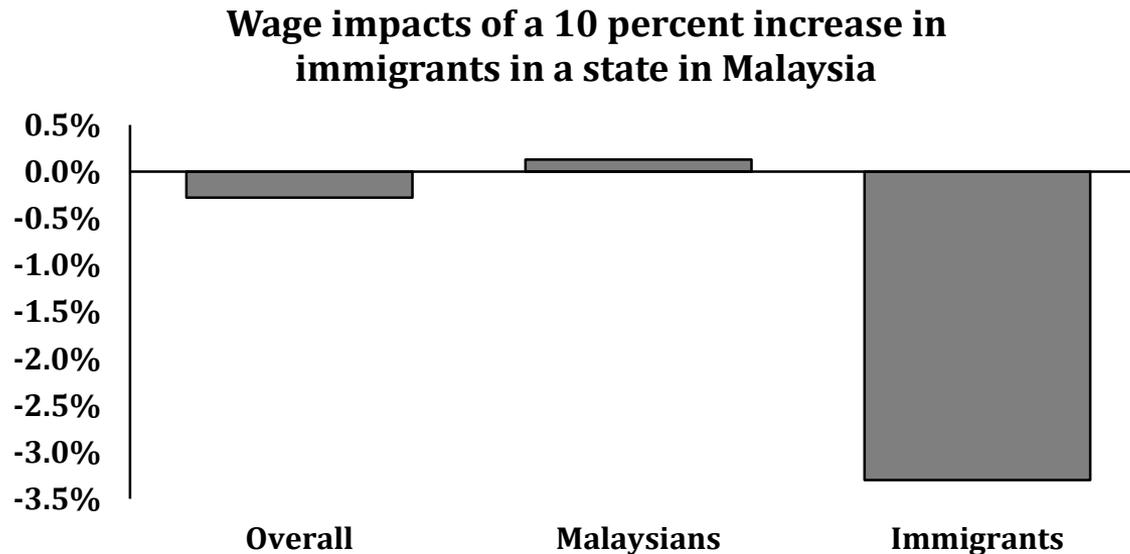
The 11th Malaysia Plan calls for a comprehensive policy to manage foreign workers

- Ceiling on foreign workers at 15% of LF
- Revamped levy system
- Streamlined recruitment system

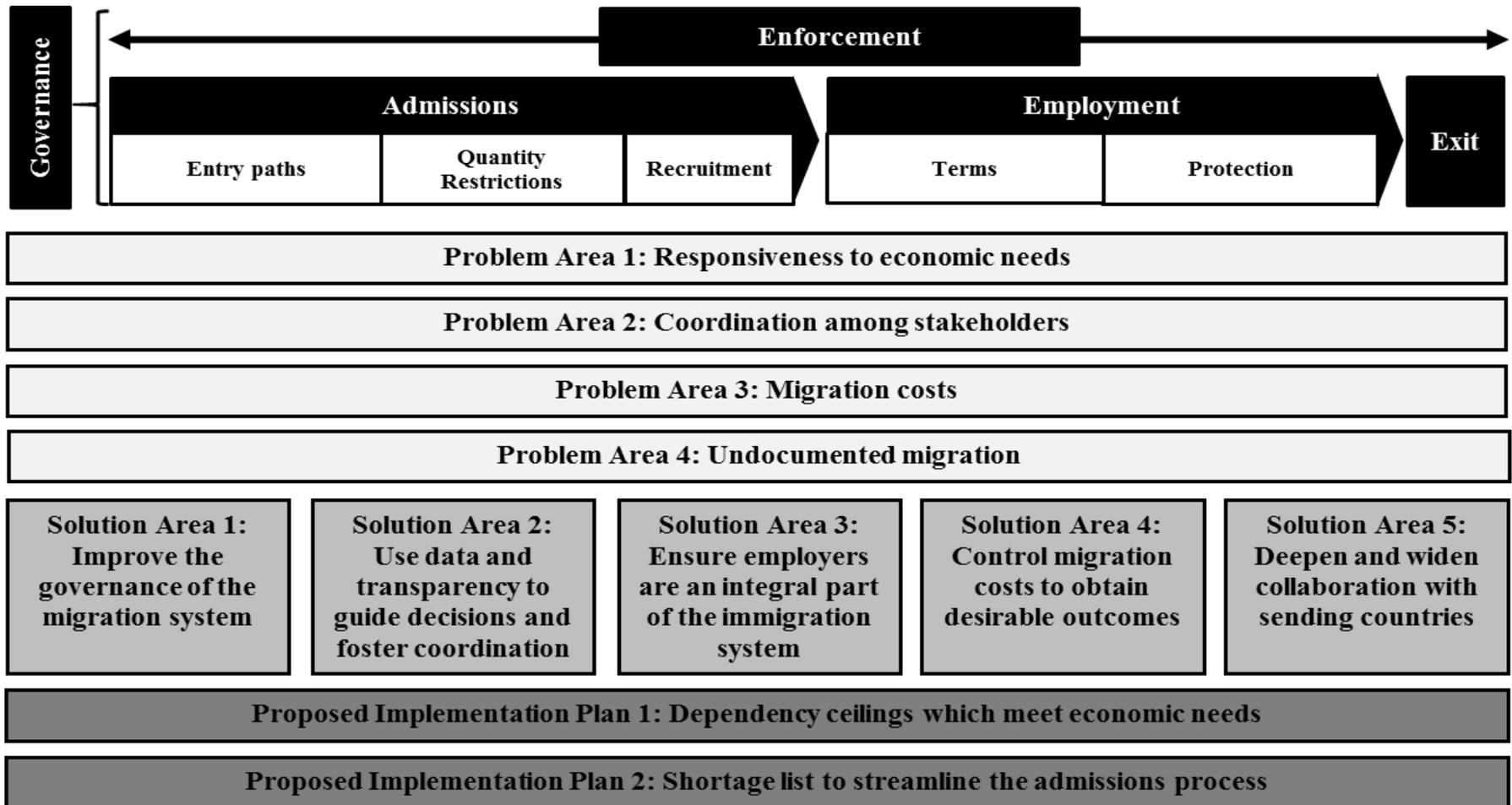
The government wants to address concerns about the potential negative impacts of low-skilled foreign labor on Malaysia's progress towards becoming a high-income, knowledge-based economy

Key empirical results: Foreign workers contributed to Malaysia's economic transformation

- Foreign workers **filled labor shortages** in low-skilled occupations as Malaysians became more educated
- Immigrant workers had a small, positive impact on the employment and wages of most Malaysians**
 - Small negative impact on wages of unskilled Malaysians
 - No evidence of a negative impact on productivity



Diagnosing the challenges facing the immigration system



Key policy findings: Weaknesses in the immigration system lead to high costs and informality

- **The current immigration system has all of the necessary components of a labor-receiving country, but does not always meet the needs of a knowledge-based economy**
- **Undocumented migration is a sign that there are weaknesses**
 - Levy regime is unresponsive to economic needs
 - Admissions process is lengthy and complex
 - Agencies have duplicative responsibilities (MOHR and MOHA)

The World Bank has supported the Government with the implementation of proposed reforms

With the support of the World Bank, the Government of Malaysia has:

- **Developed shortage lists** to streamline the admissions process for high-skilled workers
- **Assessed the effectiveness of two existing programs to attract high-skilled individuals** to Malaysia and **assisted with reforms** to improve effectiveness
 - Del Carpio et al. (2016) demonstrated the effectiveness of a diaspora engagement and return program
- **Considered a revised methodology for determining levies and dependency ceilings** proposed by the World Bank team

The Critical Occupations List

The World Bank has worked with TalentCorp in Malaysia to develop the Critical Occupations List

- Identifies occupations that are in high demand that can be filled with high-skilled labor from abroad
 - Rigorous quantitative approach
 - In-depth consultations
 - New sources of labor market information (online job portals)
- Currently used to give priority to applicants for immigration programs

OCCUPATIONS ON THE 2017/2018 CRITICAL OCCUPATIONS LIST

The **Critical Occupations List (COL)** shows occupations that are **skilled, sought-after, and strategic** across 18 sectors in Malaysia.

Table 10: Critical Occupations List – Full List (58 Occupations)		
No.	Critical Occupation (MASCO Code)	Additional Information
1	Managing Director and Chief Executive (1121)	<p>The following job titles within this occupation are included:</p> <ul style="list-style-type: none"> • Chief Executive Officer; Chief Operating Officer; Executive Director; Company Director; Deputy Executive Director Managing Director; Radio & Television Manager (Programme); Director-General of Organization; Manager; General Manager; Operations Manager; Director; Administrator; President; Chief Technical Officer; Technical Manager; Head of Operation
2	Finance Manager (1211)	<p>The following job titles within this occupation are included:</p> <ul style="list-style-type: none"> • Finance Manager; Account Manager; Budget Manager; Audit Manager; Credit Manager; Chief Financial Officer; Insurance Manager; Transaction Monitoring Manager; Claim Manager; Finance Director; Risk Manager; Head of Procurement; Risk Modelling Manager; Actuarial Valuation Manager
3	Policy and Planning Manager (1213)	<p>The following job titles within this occupation are included:</p> <ul style="list-style-type: none"> • Policy and Planning Manager; Strategic Planning Manager; Corporate Planning Manager; Project Planning Manager; Project Leader
4	Business Service Manager (1214)	<p>The following job titles within this occupation are included:</p> <ul style="list-style-type: none"> • Production Manager; Production and Business Operation Manager; Business Services Development Manager; Production Planner; Business Development Manager



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Thank you

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