

Enriching the economy

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KUALA LUMPUR: INTEGRATED circuit design engineers that start out with a monthly salary of RM5,000, and technical and vocational education graduates that command RM2,500 starting salaries mark the beginning of Malaysia's push to raise the complexity of its industries and increase wages.

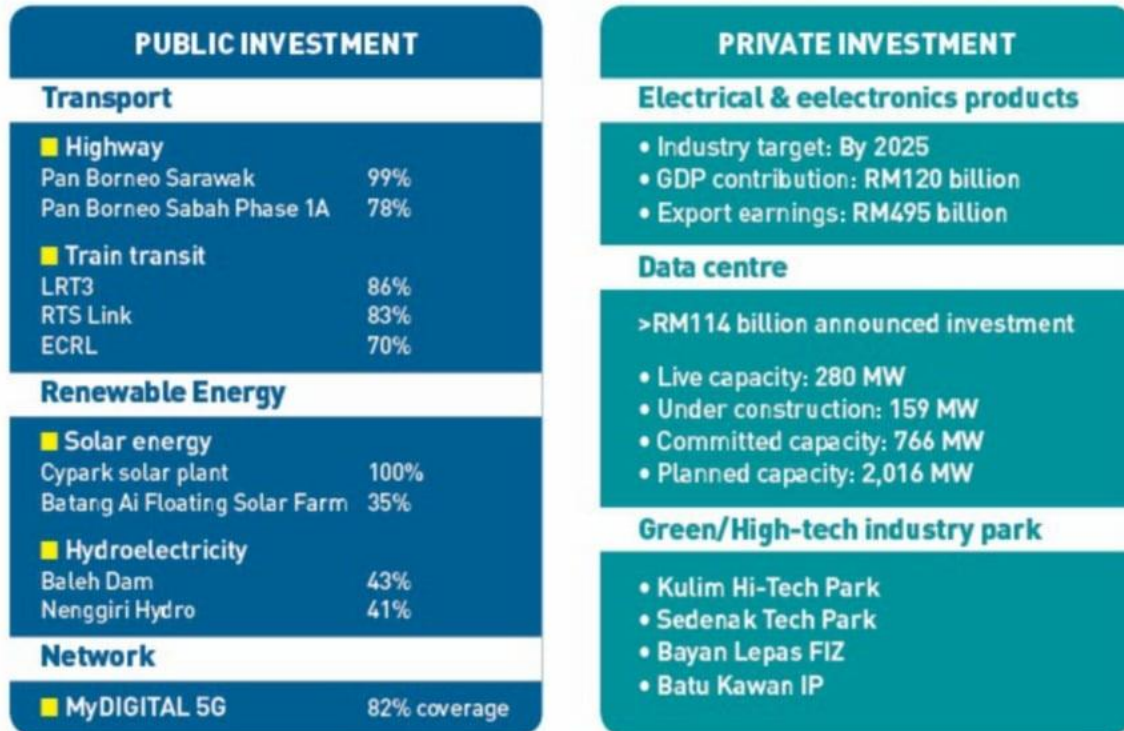
The second Belanjawan Madani had allocated RM393.8 billion, the highest budget ever tabled, to progress the Madani Economy framework, of which the main focus was to reform the economic structure and raise the standards of living.

In the first year of the journey, the median monthly wage of employees in the formal sector rose 9.4 per cent to RM2,844 in March 2024, compared with RM2,600 in March 2023.

The unemployment rate also remained stable at 3.3 per cent as the number declined to 557,800 people in the second quarter of this year from 561,100 people in the previous quarter.

This is just the start though, as industry players and economists expect bigger and better jobs and wages with the realisation of investments from the Madani government's focus on bringing high-growth, high-value industries into the country.

STRONG INVESTMENT DRIVES MALAYSIA'S FUTURE ECONOMIC GROWTH



Source: Socio-Economic Research Centre

INFOGRAPHIC NST

A total of RM160 billion in approved investments were recorded in the first half of this year, 18 per cent higher than a year ago, with the promise of 79,000 new jobs.

Increasing demand for cloud and artificial intelligence (AI) services has also led to a data centre boom in Malaysia.

INVESTMENTS TO ELECTRIFY THE ECONOMY

Institute for Democracy and Economic Affairs (IDEAS) Malaysia economist and assistant research manager Doris Liew said the government, through the Investment, Trade and Industry Ministry, Malaysia Investment Development Authority and Prime Minister Datuk Seri Anwar Ibrahim, had made over 15 overseas visits this year to countries such as Germany, India and Japan to attract investors.



"These visits have facilitated numerous trade and investment collaborations. For instance, Anwar's visit to Germany led to potential investment commitments amounting to RM45.4 billion, while recent visits to Pakistan and Bangladesh have opened opportunities for trade, investment and food security cooperation."

She said initiatives such as the Invest Malaysia Facilitation Centre and Project Implementation and Facilitation Office had also played their part.

Liew said by focusing on sectors like AI, high-value semiconductors and renewable energy (RE) technology, Malaysia was nurturing industries that required specialised skills, particularly in the high-value, high-growth sectors highlighted by the government.

"These industries generally offer higher wages compared to low-complexity sectors. Growth in high-value manufacturing, RE projects, and investments in research and

development (R&D) will create new, high-quality jobs that demand technical expertise, ultimately increasing the median monthly salary," she said.

Universiti Putra Malaysia head of Social and Development Sciences at the Faculty of Human Ecology Assoc Prof Dr Nik Ahmad Sufian Burhan said Malaysia's economic complexity was growing as a result of its investment in RE projects.



Emerging sectors include green technology, energy storage and hydrogen production. These industries require highly specialised and lucrative skills, resulting

in the creation of high-paying jobs in fields such as engineering, project management, and R&D.

"Other flagship initiatives, such as the hydrogen hubs in Sarawak and advanced solar energy projects under the National Energy Transformation Roadmap (NETR), will result in significant investments and thousands of high-paying jobs.

"Among other examples, Malaysia's RE projects (including those of NETR) are projected to create approximately 47,000 jobs by 2035, with engineering, R&D, manufacturing and digital solutions positions expected to pay higher wages than in traditional industries," he said.

UPSKILLING THE WORKFORCE

Malaysian Photovoltaic Industry Association president Davis Chong said the nation's ambitious goals under the NETR directly benefited solar industry players by increasing demand for solar installations at all levels, including residential, commercial and utility-scale ones.



Davis Chong

He said this approach would generate more green jobs, noting that one megawatt of solar photovoltaic rooftop installations could create indirect employment for 28.5 people and direct employment for 4.36 people.

"The RE sector's job creation has evolved significantly over the years due to a combination of factors, including technological advancements, shifts in global trade dynamics and business-friendly government policies," he added.

Samaiden group managing director Datuk Chow Pui Hee said government initiatives such as the fifth large-scale solar scheme (LSS5) and the Corporate Green power Programme were expected to generate significant employment opportunities across different skill levels.

The 60,000 skilled Sustainable Energy Development Authority-certified workers that are needed for LSS5 indicate a strong demand for specialised labour, which translates to higher-paying jobs.

"The involvement of industry players in various large-scale projects open up positions for skilled workers such as project managers and engineers, further contributing to employment," he added.

Chow said given the specialised skills required for the execution of projects, the median monthly salary in this sector tended to be higher than conventional roles.

In a move to raise the AI-skilled population in the country, the government also introduced "AI Untuk Rakyat" programme in January this year. As of September, it had attracted more than 1.3 million Malaysians.

Under the National Semiconductor Strategy (NSS), the government is allocating RM1.2 billion to assist the industry in training and upskilling 60,000 engineers, aiming to create a robust talent pipeline.

CIMB Securities, in a research note following a panel session on NSS, said the government, through MIMOS Bhd, was establishing the MIMOS Academy, which aimed to deliver training and professional development programmes tailored to meet industry demands.