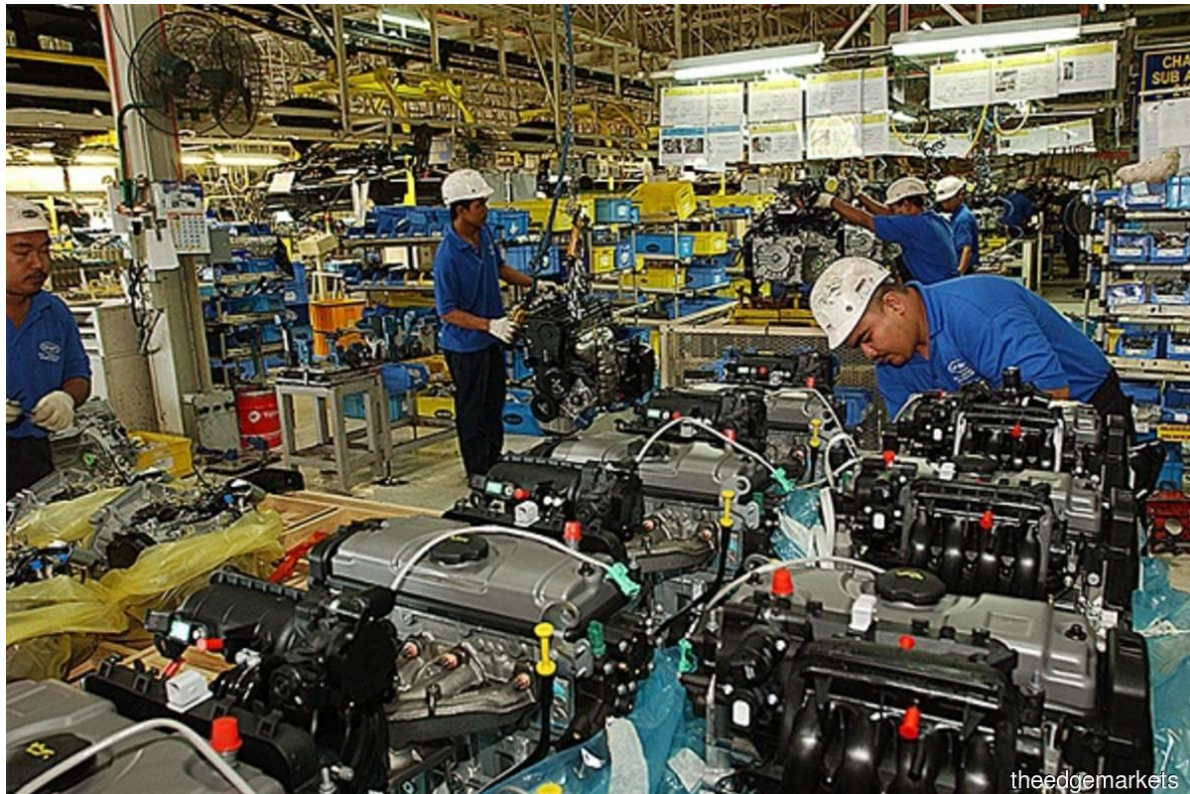


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Malaysia's labour, productivity data misleading, says economist



KUALA LUMPUR (June 14): There is a need for Malaysia to recognise the fact that the labour data, and a great deal of the productivity data, are actually quite misleading in order to grasp the actual economic situation, said economist Dr Jomo Kwame Sundaram.

He said in the middle of last decade, using telecommunication data, it was estimated that there were about 6.7 million foreign workers in Malaysia.

“Looking at the labour data during the period, there were about 15 million people in the Malaysian labour force of whom 13 million were citizens while about 2.2 million were foreigners. In other words, there were about 4.5 million who were not even recorded as foreign workers in this country,” Dr Jomo said during a session “Accelerating Structural Transformation, Driving Economic Growth” at the Malaysia Economic Summit 2022 here on Tuesday (June 14).

“The numbers implied that one-third of the workforce constituted foreign labour,” he said.

He also highlighted the importance for the government to recognise the presence of foreign workers in order to grasp the serious issues regarding their huge contribution and implications on the economy.

“The pandemic could have been used to get a firmer grasp on these issues, but unfortunately, this was not done. Since the labour statistics excluded the foreign workers, especially the undocumented, we have very misleading data.

“By not taking into account the role of non-citizens in the Malaysian economy, our estimates of productivity are distorted and do not reflect the actual situation,” he said.

On how services are measured, he pointed out that the largest contributor is public (service) employment.

“How is public employment productivity measured? It is measured by the remuneration and emoluments given. So you have a topological situation where you presume that the contribution is reflected by the income.

“But we also know that for political reasons, especially in the last decade and a half, we have seen a significant increase in the emoluments, usually before general elections. So the consequence of this is that we actually exaggerated the productivity output in the public sector.

“And this, of course, is problematic, So we have a range of issues we need to address apart from other issues,” he added.

The first session “Reviewing Structural Bottlenecks to sustaining Economic Resilience and Unleashing Competitiveness and Productivity for Inclusive Growth” featured George Town Institute of Open and Advanced Studies chairman Tan Sri Andrew Sheng; Malaysian Institute of Economic Research senior research fellow and head of research Dr Shankaran Nambiar, and Universiti Malaya Business and Economics Faculty Prof Dr Evelyn S Devadason.