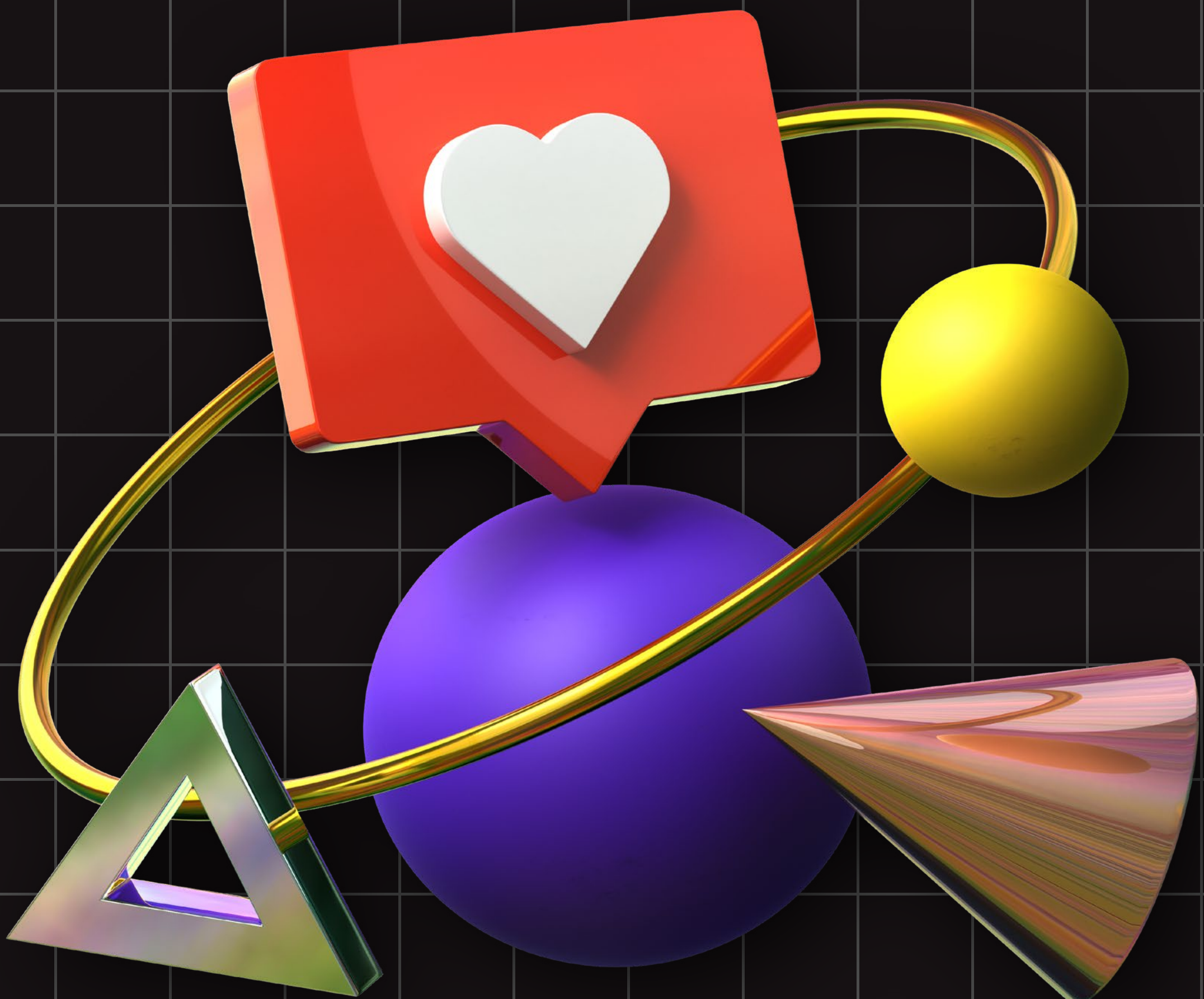


TALENT INSIGHTS REPORT



MALAYSIA



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INTRODUCTION

How will your business manage recruitment and retention in 2023?

The talent market is constantly in flux, and deeply affected by social, economic and cultural factors of the moment.

Although there are no society-shattering events like a global pandemic to contend with this year, we are seeing lots of unanticipated activity across world markets. Widespread recessions, cost of living crises, and mass layoffs were not on the radar for a global business community still recovering from Covid-19.

Where does Malaysia sit in all of this? The good news is that, unlike many other countries, we are unlikely to experience a recession this year.

Economic growth is [projected to be](#) around 4-5% this year, slightly lower than the 2022 forecast of 6-7%. Inflation, which has been wreaking havoc in other markets (for example, the UK, which has seen inflation rates of over 10%), is likely to remain steady for the year between 2.8 and 3.3%.

That's not to say that Malaysian employers and employees haven't faced considerable challenges. The rising cost of living has been a sustained issue and we're still recovering from the economic chaos caused by the pandemic. Extreme weather events like the tragic [flooding in Johor](#) during March has also caused widespread disruption.

Still, leaders are pushing for positive change. [Newly elected](#) in November 2022, the current government led by Anwar Ibrahim will be guided by the MADANI concept. 'MADANI' is the Malay acronym for SCRIPT, which stands for sustainability, care and compassion, respect, innovation, prosperity, and trust.

These factors are shaping the sentiments of employees - whether they are job seeking or not - in 2023. That's why all business owners need timely insights for the year ahead.

To help you best navigate the current retention and recruitment landscape, we surveyed 1,000 employees from Malaysia, in the early weeks of January 2023.

A snapshot of our findings? The future is feeling relatively steady for employees, despite inflation causing financial stress for some. Ambitions for internal development are strong, yet employees are feeling like they are having to be vigilant when it comes to staying open to opportunities. And that's just the beginning.

For any employer, leader, manager, or HR professional - we can confidently say this might be the most essential reading you can do to prepare for hiring in 2023.

For additional insights on the moving market, look out for comparisons to research published in our [2021 Movement and Retention Report](#) throughout this report.

As always, we wish you and your business all the best.

The Team at Employment Hero

KEY FINDINGS

Ambitions for internal **development** have jumped

More employees are looking to move internally than externally for their next role. The percentage of employees looking for internal opportunities has jumped from 35% to 48% over the last two years.

92% of Malaysian employees are ‘career cushioning’

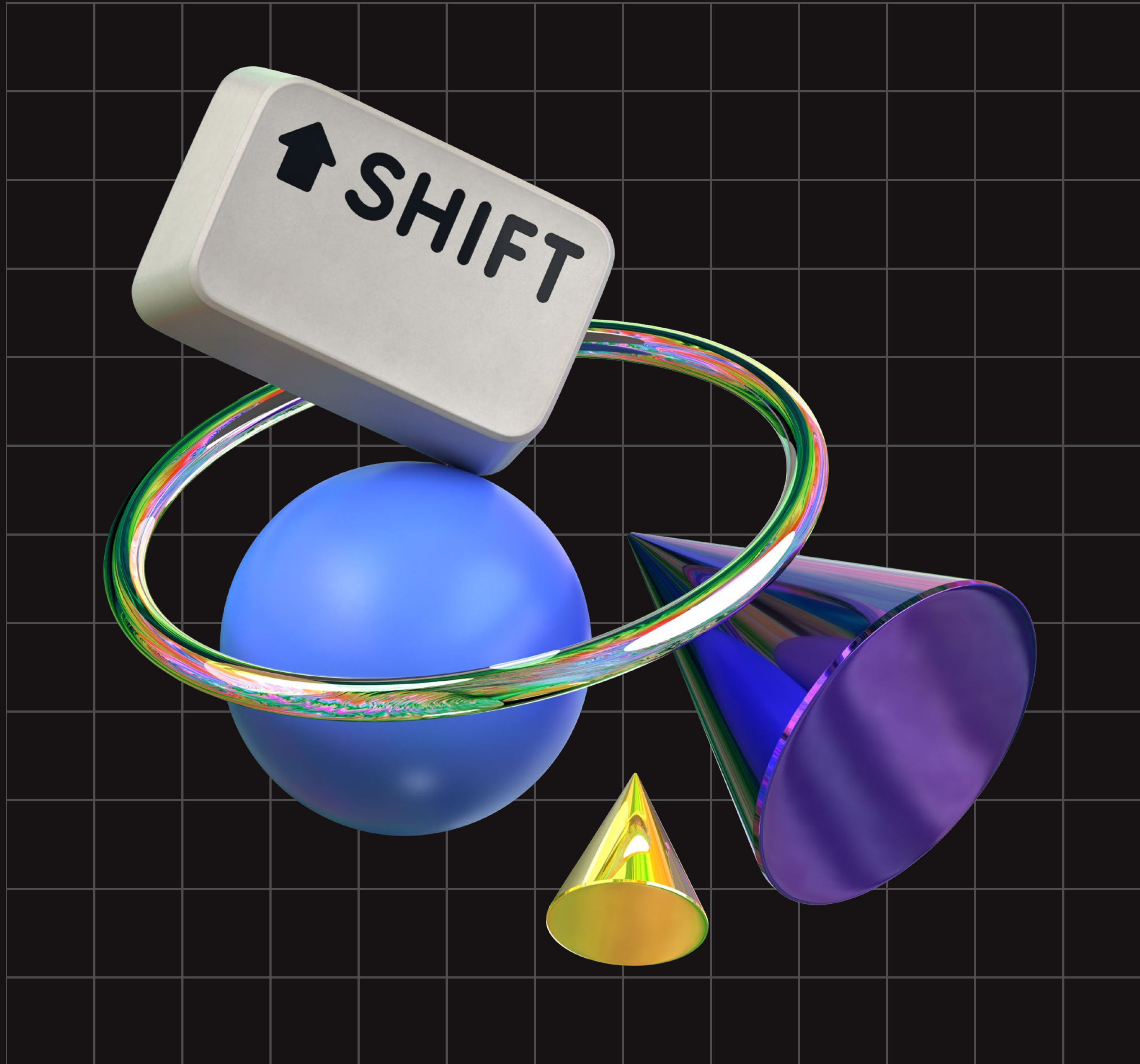
Only 8% of respondents said that they were not taking any actions to future-proof their careers. Out of all countries surveyed (Singapore, Malaysia, Australia, NZ and the UK), Malaysia had the highest rates of ‘cushioners’.

Poor **company culture** is the top motivator for job seeking

...followed by a dislike of the boss and a lack of appreciation or recognition. Is it time for a culture refresh?

International roles aren’t as exciting as they used to be

Only 59% of Malaysian employees would now consider a role overseas, compared to a whopping 72% in 2021.



PART ONE

THE STATE OF MOVEMENT.

There has been a lot of global discussion around the Great Resignation. When we surveyed Malaysian employees during this period – they seemed to be embracing it with full force.

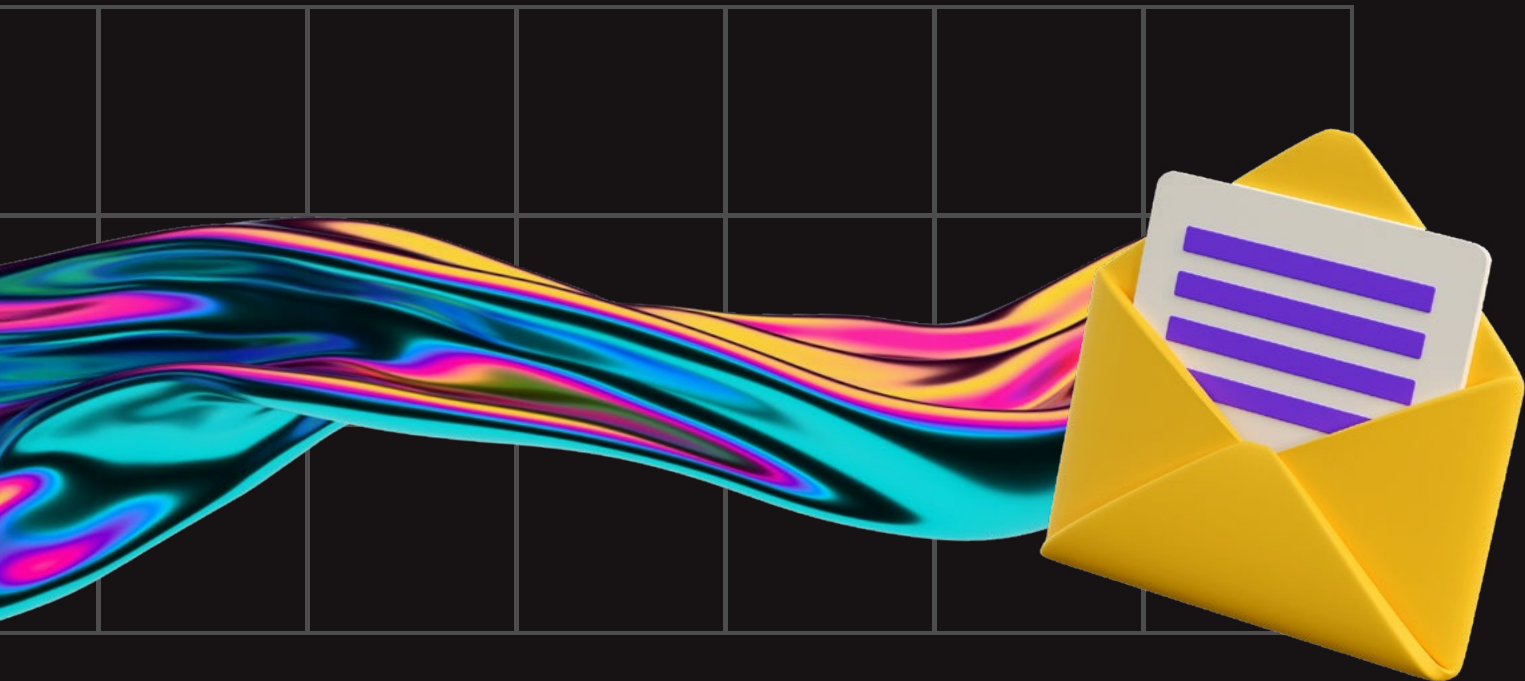
Our [2021 report](#) painted a picture of movement and disruption following the pandemic. 61% of employees were planning on hunting for a new role, and 72% were considering seeking employment abroad. The general feeling was that change was approaching. But the data tells a different story in 2023.

IS 2023 THE YEAR OF THE LATERAL MOVE?

In our 2021 report, internal mobility was not a standout subject, with only 35% of employees looking internally for their next move. In 2023, however, the number of employees looking for a promotion or lateral move has jumped to 48%.

In fact, more employees are looking to move internally than externally for their next role, strongly suggesting an end to the ‘Great Resignation’.

Full time workers were significantly more likely to be pursuing an internal role for their next move (with 50% signalling this), compared to 32% of part-time workers. This suggests that if you’ve been thinking about moving people in your team from part-time to full-time employment, this could be helpful in retaining them for the long-term.



INTERNAL ACTION.

While employers are strongly advised to take action on internal development, it appears that ambitious employees are already taking steps themselves to secure a better position within their teams. Imagine these efforts combined!

98% of those who aspire for a promotion or lateral move within their organisation are taking steps to make it happen. The most popular step was to take on more responsibilities, with 49% of employees seeking internal development by taking this action.

Don’t just look to the junior members of your team when it comes to internal development. Older members of your workforce may well be looking for opportunities. Our data shows that 58% of 35–44 year olds who are interested in an internal move are actively taking on more responsibilities to secure it.



WHAT STEPS ARE YOU TAKING TO SECURE A PROMOTION OR LATERAL MOVE AT YOUR CURRENT ORGANISATION? (SELECT ALL THAT APPLY)



ON THE MOVE.

Although the trend of lateral move ambitions is positive for employers, they should also be aware of those looking further afield.

Of those who want their next role to be in a new organisation (46% of total respondents), 75% intend to look for a new role within the next six months. 25% are looking now.

The oldest generation of job seekers are acting with the most urgency. 48% of employees aged over 55 that are looking for a role in a new organisation are doing so now. Male job seekers were also more likely to be looking now, compared to female job seekers.

Could putting a new retention strategy in place help you safeguard your team? Find out more in [Part Three](#) and learn about what could convince employees to stay in their roles.

A MATTER OF CULTURE.

What was the leading reason for job seeking? In 2023, it's all about the vibe... or lack thereof.

The most popular motivators for looking for a new role are poor company culture, a dislike of the boss and a lack of appreciation or recognition. Apart from a constant desire for more recognition, this is a shift from 2021; where the top three motivators were a lack of career opportunities, a lack of appreciation or recognition and a lack of training opportunities.

The numbers don't lie, and should be cause for concern for employers. In 2021, only 27% of those looking for another role were fuelled by poor company culture. This number has jumped to 43% this year.

Leadership is also a concern. In 2021, only 19% were motivated to leave by a dislike for their boss. This number has jumped to 38% in 2023. Bosses beware.



QUINN'S HERO TIP

Employment Hero makes recruitment, onboarding and induction a dream experience – for you and your new employees. Our [suite of advanced tools](#) can minimise employee paperwork from day one, as they can view and acknowledge company policies, input their own personal details, sign digital contracts and complete induction material – all from one beautiful mobile app.

INTERNATIONAL AMBITIONS HAVE WANED.

Tourism is back in Malaysia in 2023. In January [it was predicted](#) that travel numbers this year would reach up to 9.6 million, up from an estimated 2.5 million in 2022. Although travel costs are high due to a surge post-pandemic, Malaysian residents are [rapidly taking up opportunities](#) to travel to favourite destinations including Japan, South Korea, Thailand and Australia.

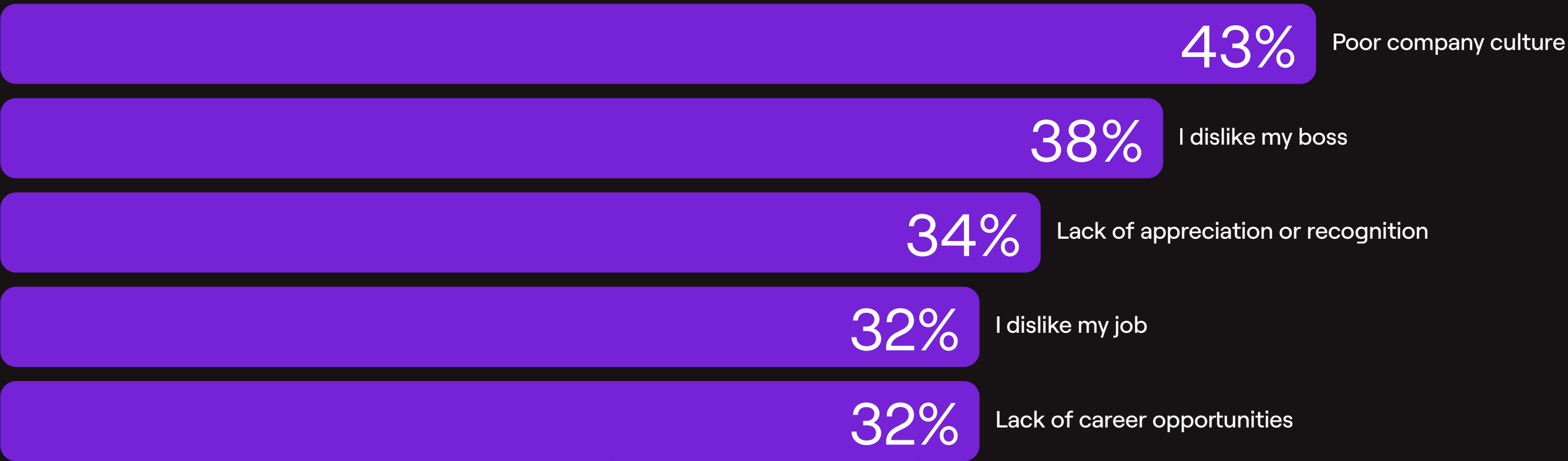
Could the fact that we are now able to travel be responsible for a significant slump in international career ambitions? Only 59% of Malaysian employees would now consider a role overseas, compared to 72% in 2021.

That year, travel was a key motivator – with 49% of international job seekers driven by a desire to travel. This has dropped to 41% in 2023. Other motivators include international earning potential, and the prospect of better opportunities abroad.

Although they didn’t make the top three reasons, it’s also worth noting how many employees mentioned domestic economic concerns as reasons for looking for opportunities abroad. See the statistics in the table to the right.



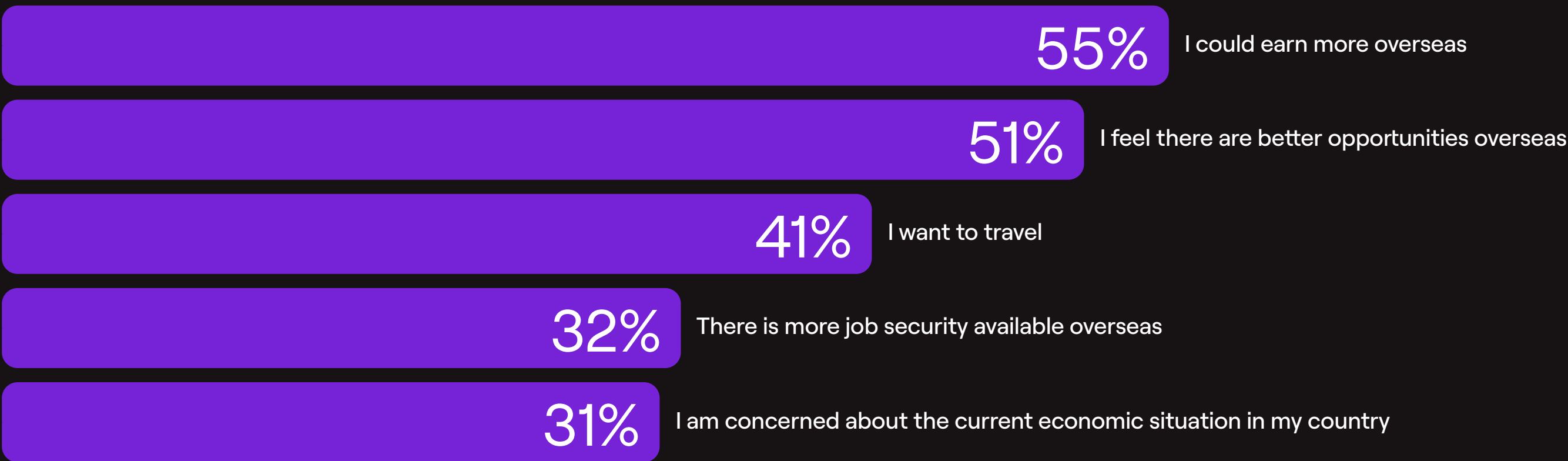
WHAT ARE YOUR TOP THREE REASONS FOR SEEKING A NEW ROLE IN A DIFFERENT ORGANISATION? (SELECT UP TO THREE)



Note: Top 5 options displayed.



WHY WOULD YOU CONSIDER A NEW JOB OVERSEAS? (SELECT ALL THAT APPLY)



Note: Top 5 options displayed.

IN THEIR OWN WORDS

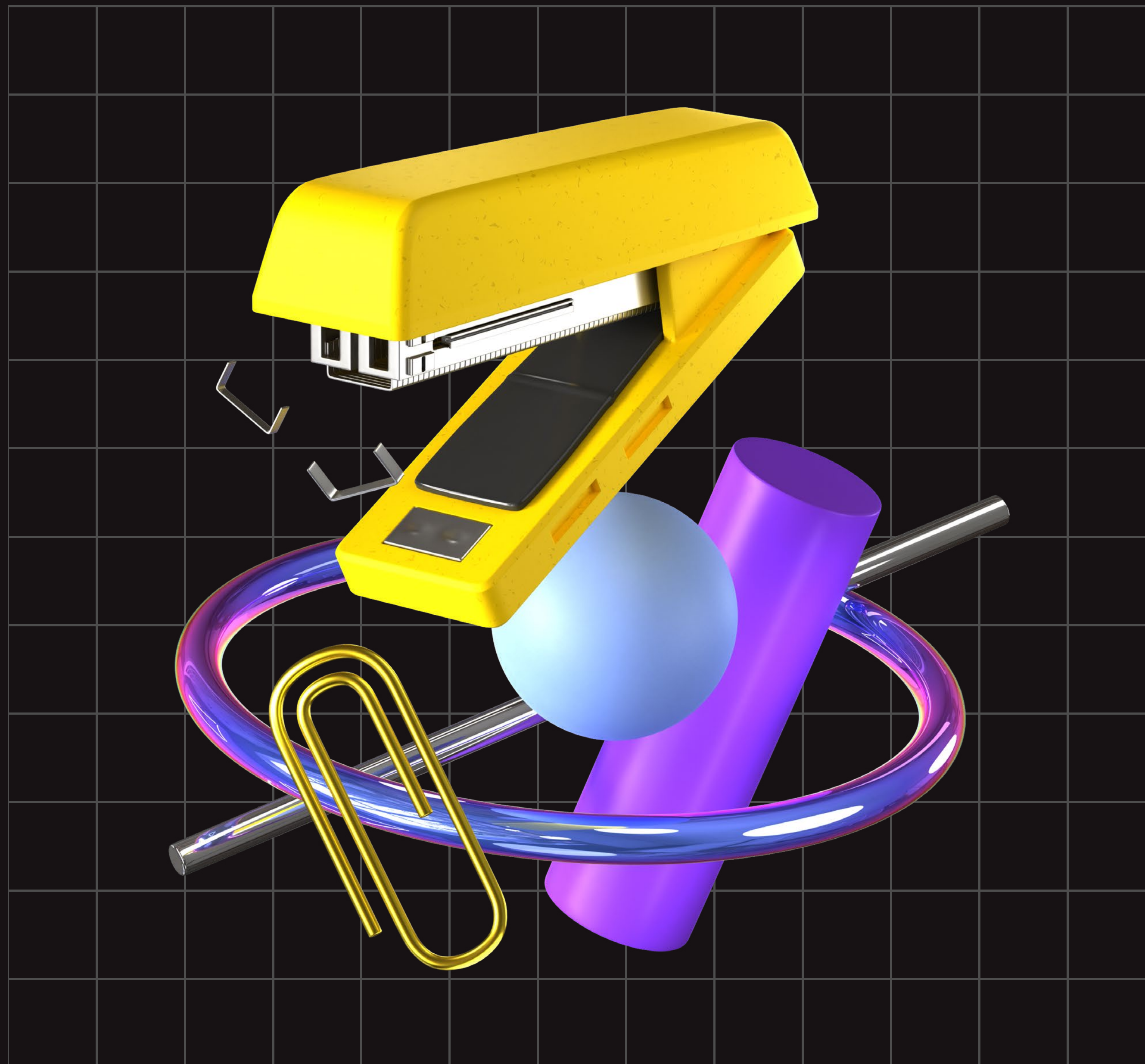


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Anything is possible. One moment you feel secure then perhaps another pandemic hits and everything is turned upside-down.

I've been working with the company for the past 15 years and the company managed to sustain its business during hard times.

The pay grade does not meet inflation stats. Prices are going up but salaries are going down.



PART TWO

STRENGTH VS. SECURITY.

Unlike many other countries this year, Malaysia is thankfully likely to avoid a recession. In [February](#), Bank Negara Malaysia Governor Tan Sri Nor Shamsiah Mohd Yunus said Malaysia is unlikely to go into a recession this year, and projected modest but stable economic growth. However, we are still vulnerable to the reduced activity of the global economy.

Positively, the unemployment rate in Malaysia is relatively low. In December 2022 the rate was sitting at 3.6%, down by 0.6% in the same period the previous year. Although Malaysian employees may be subject to the emerging [global trend of redundancies](#) in the tech sectors, generally speaking – it's still an employee's market.

A STRONG SENSE OF SECURITY.

The steadiness of Malaysia’s economy in 2023 is mirrored in our respondents’ sense of job security. 60% of Malaysian employees feel that their role is safe in 2023, with only 19% expressing a sense of insecurity.

Among the most confident were younger age groups, with 62% of 18-24 year olds and 67% of 35-44 year olds feeling secure.

This optimistic outlook carries on to Malaysian employee’s predictions about their business’ performance this year. 44% of employees believe that their companies will grow in 2023, whereas 21% believe business will remain steady. Only 11% believe that their company will reduce headcount and 10% believe that the business will lose clients or customers.

THE RISE OF THE BACKUP PLAN.

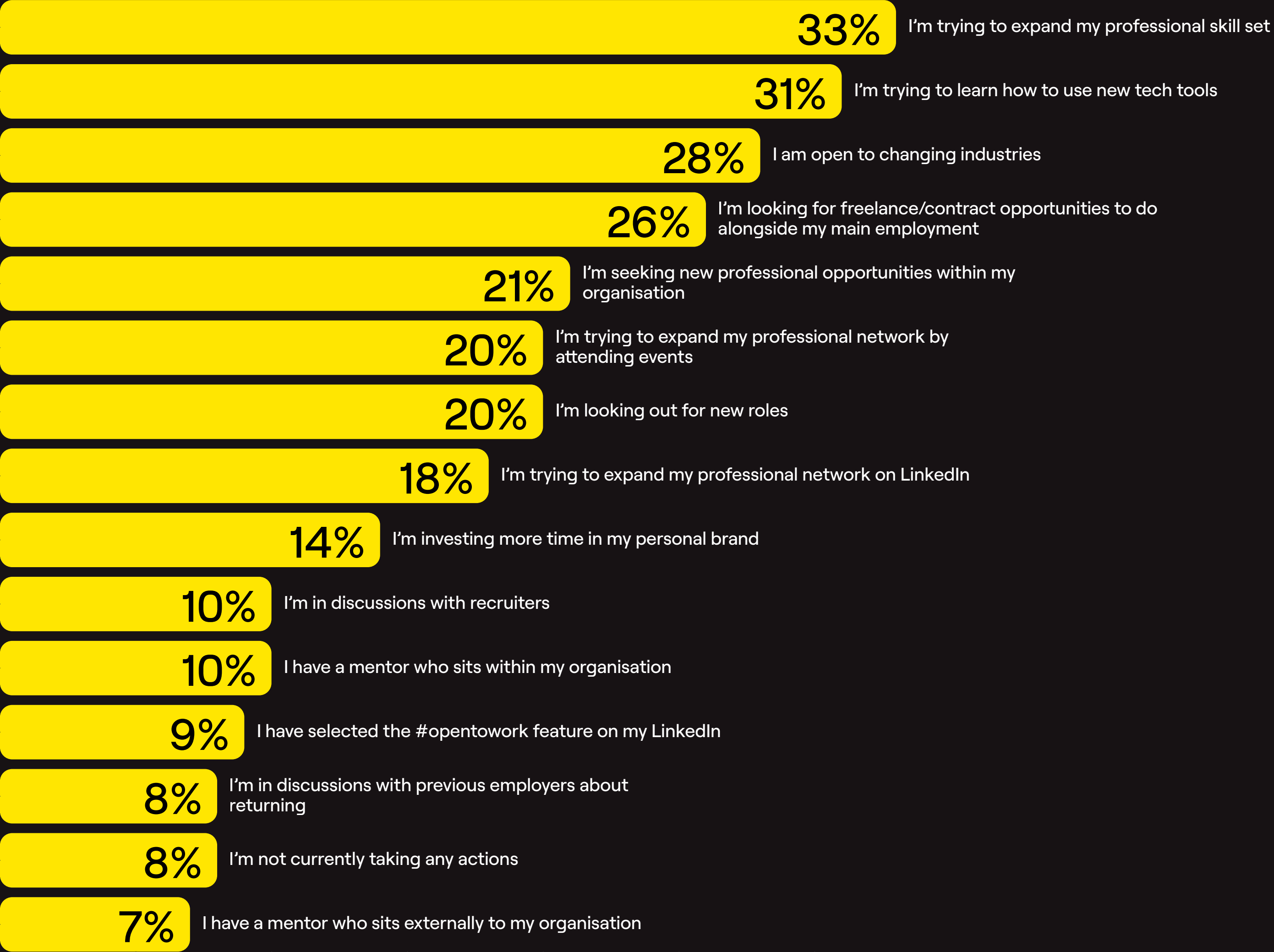
Despite the optimism – the majority of Malaysian employees are putting a safety net in place when it comes to their career.

A massive 92% are ‘career cushioning’; where employees seek to future-proof their careers should they want to (or be forced to) leave their current roles. Out of all the countries that Employment Hero surveyed (Malaysia, Singapore, the UK, Australia and New Zealand), Malaysia had the highest rates of career cushioning.

The most popular method? 33% of ‘cushioners’ are looking to expand their professional skill set. By a similar token, 31% are trying to learn how to better use tech tools. 28% are open to changing industries.



CONSIDERING THE ECONOMIC CLIMATE, ARE YOU CURRENTLY TAKING ANY ACTIONS TO FUTURE-PROOF YOUR CAREER? (SELECT ALL THAT APPLY)



PRODUCTIVITY AND MOTIVATION.

Following times of significant change, it's not unusual for employee productivity to wane a little. While 50% of Malaysian employees would rate their productivity as high, 44% would consider it average, while 6% would consider it low.

The leading reasons for average or low productivity? Respondents pointed to low levels of reward and recognition within their business, and personal stress levels due to the current economic situation. Clearly Malaysian workers are hoping for the best, but preparing for the worst.



QUINN'S HERO TIP

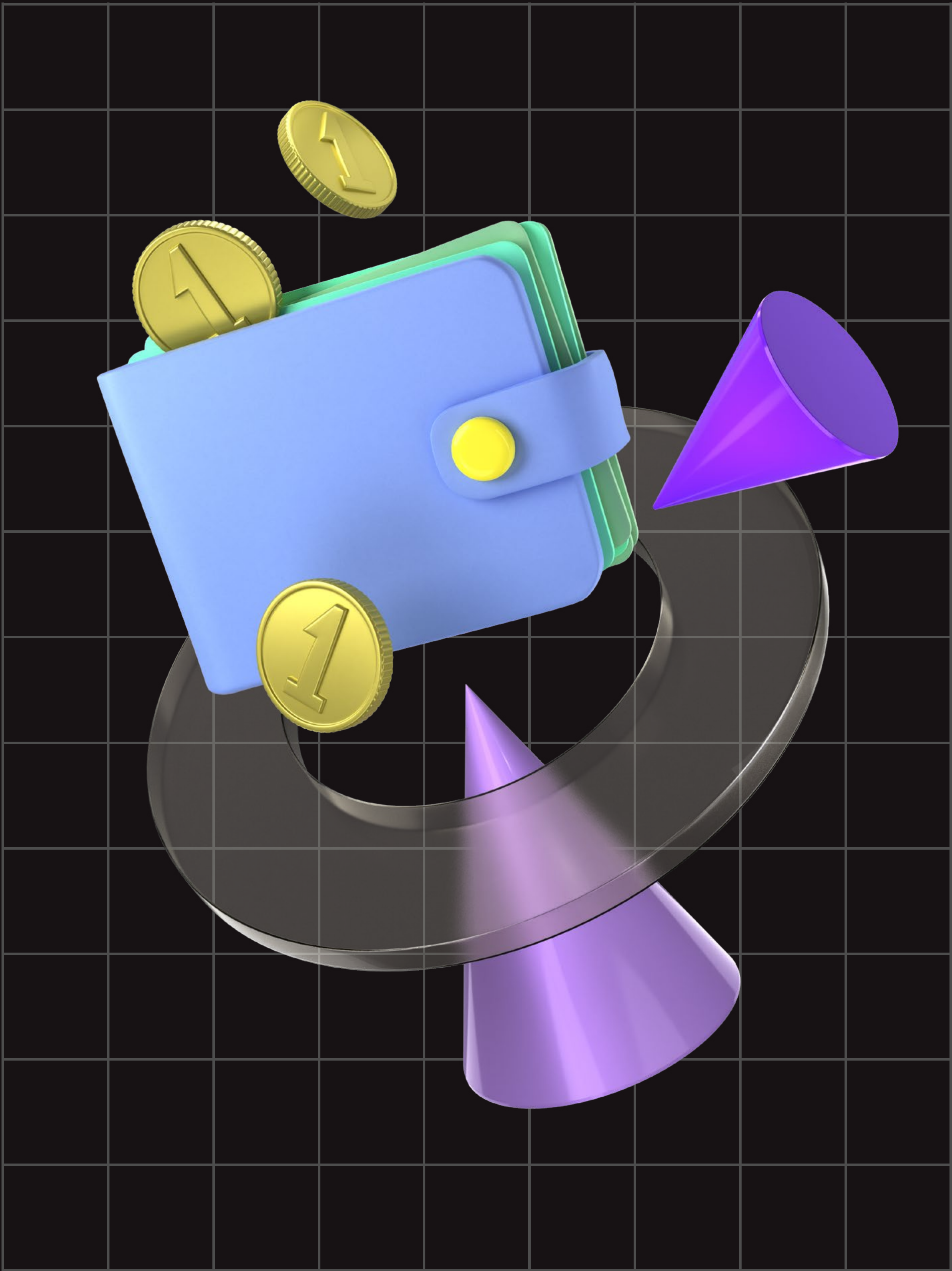
Employment Hero makes employee development easy. Help your team upskill with a [Learning Management System \(LMS\)](#) with thousands of online courses, and track their goals with [Objectives and Key Results \(OKRs\)](#).

45% FEEL THAT THEIR SALARIES ARE NOT CATCHING UP WITH INFLATION.

This brings us to salaries, inflation and expectations. Almost half of employees feel that their salary does not meet the rising cost of living. 38% feel satisfied that their salary does reflect inflation and 17% are unsure.

Over the last 12 months, 47% of employees saw a pay increase, 47% had no change and 6% saw a salary decline. 42% of those who received a pay increase saw a rise of 5-10%, above Malaysia's inflation rate of [3.8%](#) (December, 2022).

Despite the tumultuous year that 2022 was, it is heartening to see that 63% of employees received a bonus, indicating that a majority of businesses which had positive growth were able to retain and reward their employees with a bonus.



IN THEIR OWN WORDS

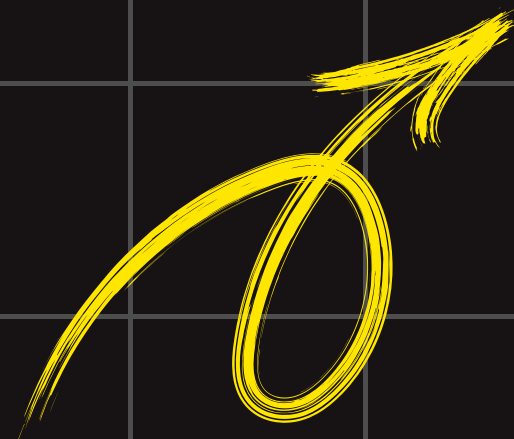


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I only work part-time so I don't intend to cling to a job too long as I might try to look for other employment in the future.



Post-Covid is showing signs of improvement in the economy and people are getting back to normal, so things are looking secure to me.





PART THREE

THE LATEST IN RECRUITMENT AND RETENTION.

Whenever we speak to our community of SMEs, we find that recruitment and retention are often their biggest challenges. People are everything to a business, and any employer will know that having a great team is essential for success.

The problem is, employee expectations are constantly in flux. There is no winning formula for recruitment and retention that stands the test of time; businesses need to be adaptable to stay competitive.

STEADY EXPECTATIONS.

When looking for a new role, expectations have remained relatively steady since 2021. With one exception.

In 2021, 14% of employees were happy to move roles for pay on par with their current role. In 2023, this has dropped to just 8%. This suggests that job seekers are no longer interested in making the effort to change roles if there isn't monetary gain attached.

Apart from this change, those seeking a new role are looking for a similar pay rise to employees in 2021. One in four would be looking for a 10% pay increase should they move roles (compared to 24% in 2021) and 30% would be looking for a 20% increase (the same percentage we saw in 2021).

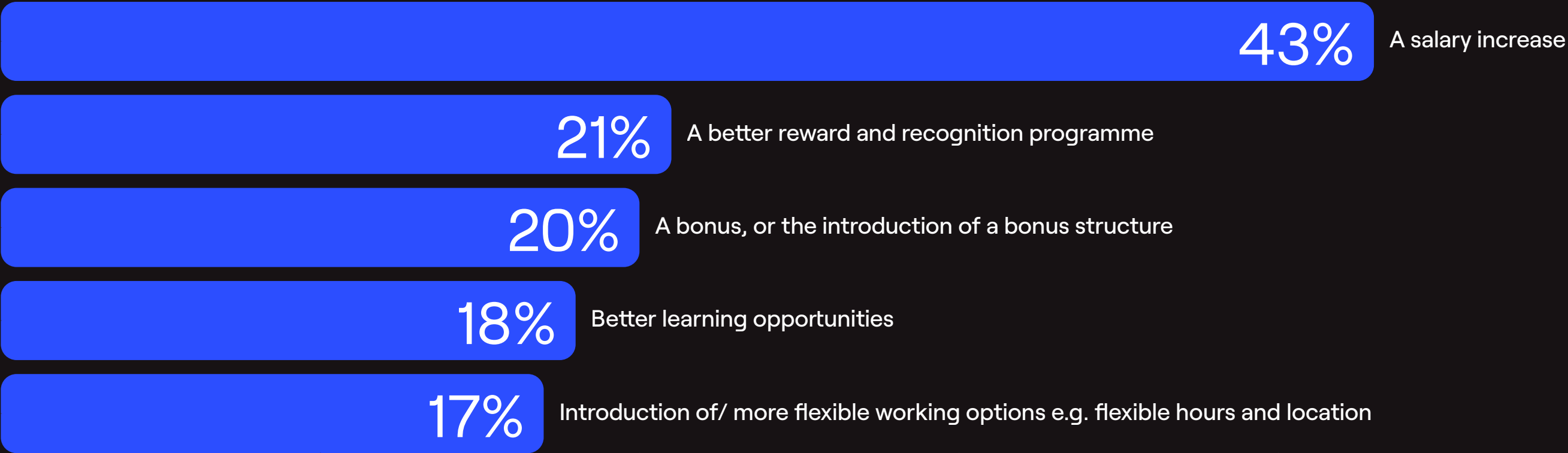
CASH IS STILL KING FOR RECRUITMENT AND RETENTION.

When it comes to poaching employees, there has been no change in the appeal of a pay rise from 2021 till now. 52% of employees in 2021 and 53% of employees in 2023 would move for a salary increase.

A salary increase is also the top way to retain staff, with 43% citing this as a reason to stay with their business, only marginally lower than the 45% who said the same in 2021.



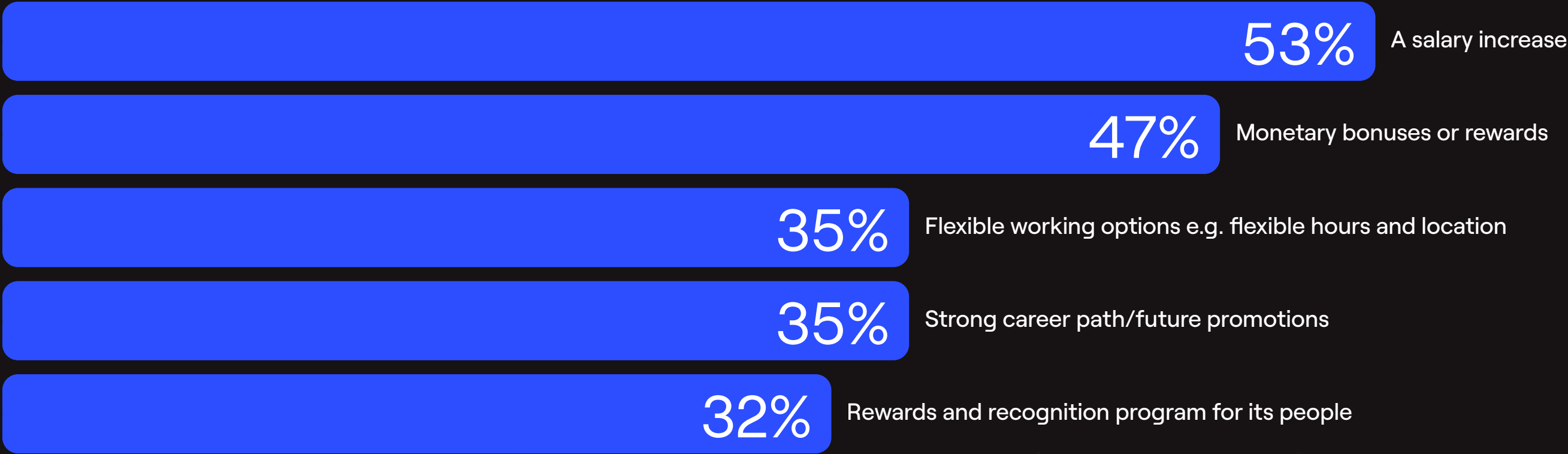
WHICH OF THE FOLLOWING INITIATIVES WOULD ENCOURAGE YOU TO STAY IN YOUR CURRENT ROLE? (SELECT ALL THAT APPLY)



Note: Top 5 options displayed.



WHAT COULD OTHER EMPLOYERS OFFER TO ENCOURAGE YOU TO ACCEPT A ROLE IN THEIR ORGANISATION? (SELECT ALL THAT APPLY)



Note: Top 5 options displayed.



FLEXIBILITY IS NOT A FAD.

Flexibility is one of the top factors for recruitment and retention appeal that falls outside of the monetary sphere, and has been consistent over the last two years. In fact, its popularity has grown slightly.

33% of employees in 2021 and 35% of employees in 2023 suggested that they would feel compelled to accept an offer with another business if they offered flexible working in terms of hours and location.

According to our [Remote Work Report 2022](#), While 86% of knowledge workers stated they worked remotely or in a hybrid style during 2020 and 2021, 55% had now returned to the office full time. Nevertheless, 88% of Malaysian knowledge workers were interested in working remotely at least one day a week.

A LITTLE APPRECIATION.

Everybody likes to be recognised for a job well done, yet many employees feel like they aren't being appreciated.

Not only was 'a lack of reward and recognition' a top reason for seeking a new role in another business, 21% of employees would be encouraged to stay in their role should their business establish a better reward and recognition program. If you needed any more proof, a further 32% would consider taking a role elsewhere should the other business have a reward and recognition program.

Many employers think of reward and recognition programs as costly endeavours, but there are plenty of ways you can give thanks without exceeding your budget. [Learn more about how you can create a top-tier recognition program.](#)



QUINN'S HERO TIP

Great work should never go unnoticed. Refreshing your Reward and Recognition program in 2023 can help you improve staff retention and lift the energy of your workplace. Discover Employment Hero's suite of [Reward and Recognition](#) tools that make celebrating

IN THEIR OWN WORDS

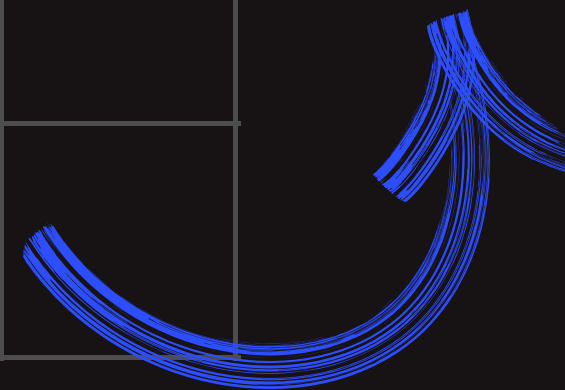


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I am very attracted to a job where
I can feel no work pressure.



The performance of my department
still exceeds expectations from
the board of directors.



CONCLUSION

While talent trends are volatile even at the best of times, we hope this research has shed some light on a few divisive topics around the Malaysian talent market .

Of course, what you take away from this report is up to you. But we believe that, out of this research, there are a few action points for Malaysian employers looking to boost recruitment and retention this year.

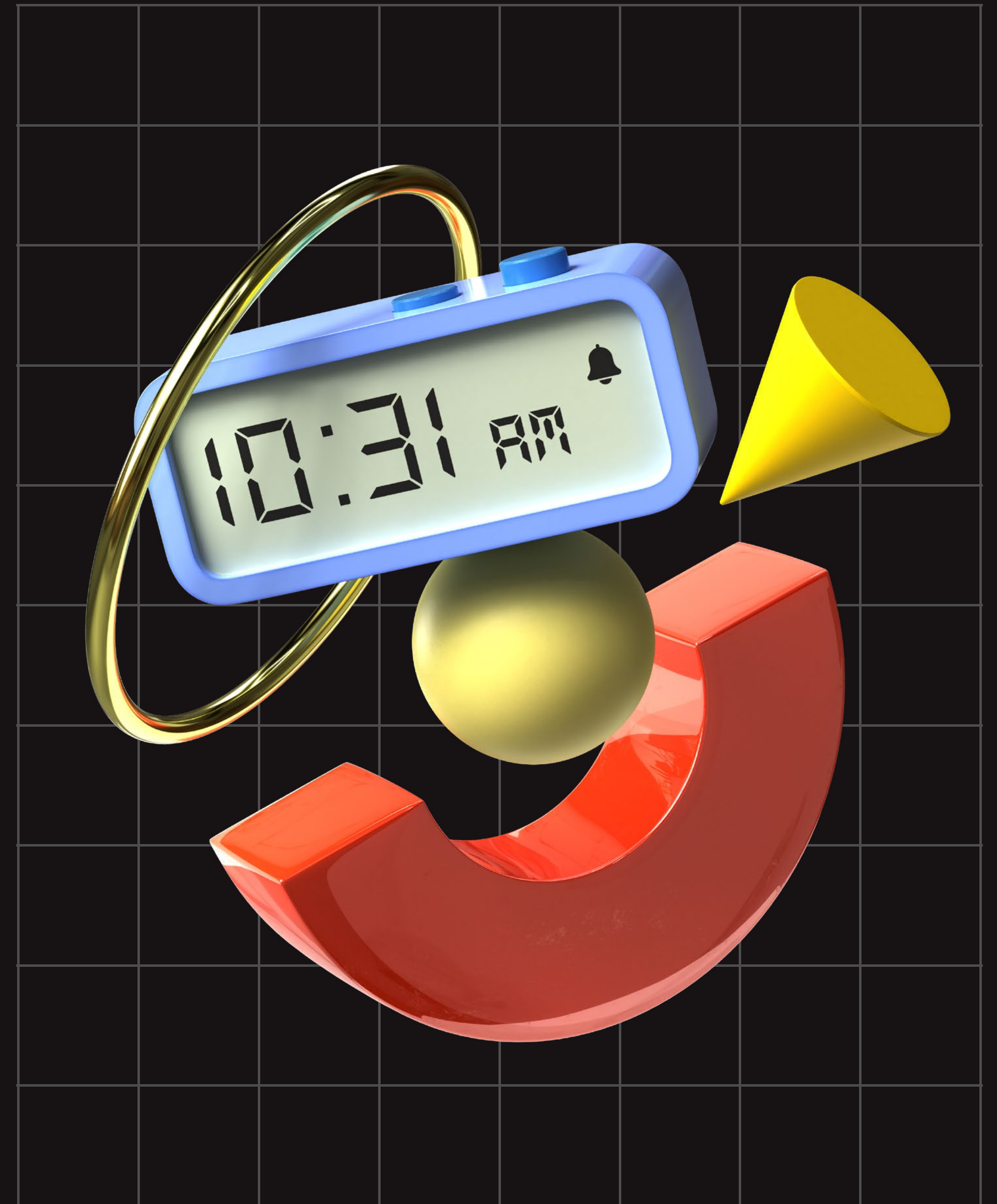
Firstly, look within your business first for development opportunities before you recruit. With so many employees seeking a promotion or lateral move, it's worth investing in internal ambitions. This can provide a greater sense of engagement, help you keep valuable knowledge within your business, and support a positive working environment.

If it's necessary to look externally for talent, consider boosting your internal learning pathways anyway - it's very attractive to job seekers.

Secondly, take a close look at your company culture. Remember, a poor company culture is a key motivator for job seekers. Whether you refresh your reward and recognition programs, host more celebrations as a team or invest in new software for company communications - company culture is something that can be easily boosted, and everyone benefits.

Lastly, keep your employees' financial challenges in mind as you look to the year ahead. As employers and leaders, it's easy to get caught up in company financial challenges; but your team needs your support too as they tackle rising inflation. Offering salary increases, even modest ones, can make all the difference to both your current teams and any prospective employees.

As always, we wish you, your business and your team all the best for a prosperous 2023.



LOOKING FOR MORE EMPLOYER RESOURCES?

THE 2023 MALAYSIAN BUDGET EXPLAINED

To keep employers, HR and payroll professionals updated on the latest changes, we've created this handy overview of Budget 2023 initiatives you need to be aware of.

LEARN MORE →

EMPLOYMENT LAW UPDATES FOR MALAYSIAN SMES

With plenty of updates to the employment law landscape last year and more coming into effect in 2023, stay on top of all the changes with this factsheet we've created.

LEARN MORE →

SMALL BUSINESS INNOVATION TRENDS THAT WILL SHAPE 2023 IN MALAYSIA

We want to empower Malaysian businesses with the knowledge of innovation trends in the digital space, so you can take your business to the next level and achieve (or even exceed) your target growth.

LEARN MORE →

EMPLOYMENT HERO FOR RECRUITMENT, RETENTION AND EMPLOYEE ENGAGEMENT.



Applicant Tracking System

Our Applicant Tracking System (ATS) will transform your recruitment process. Post to job boards with a single click, easily funnel talent through your recruitment pipeline and so much more. [Learn more](#)

Digital Contracts

In a competitive market, you need to snap talent up fast! Send new employees digital contracts so they can sign on the dotted line immediately. [Learn more](#)

Paperless Onboarding

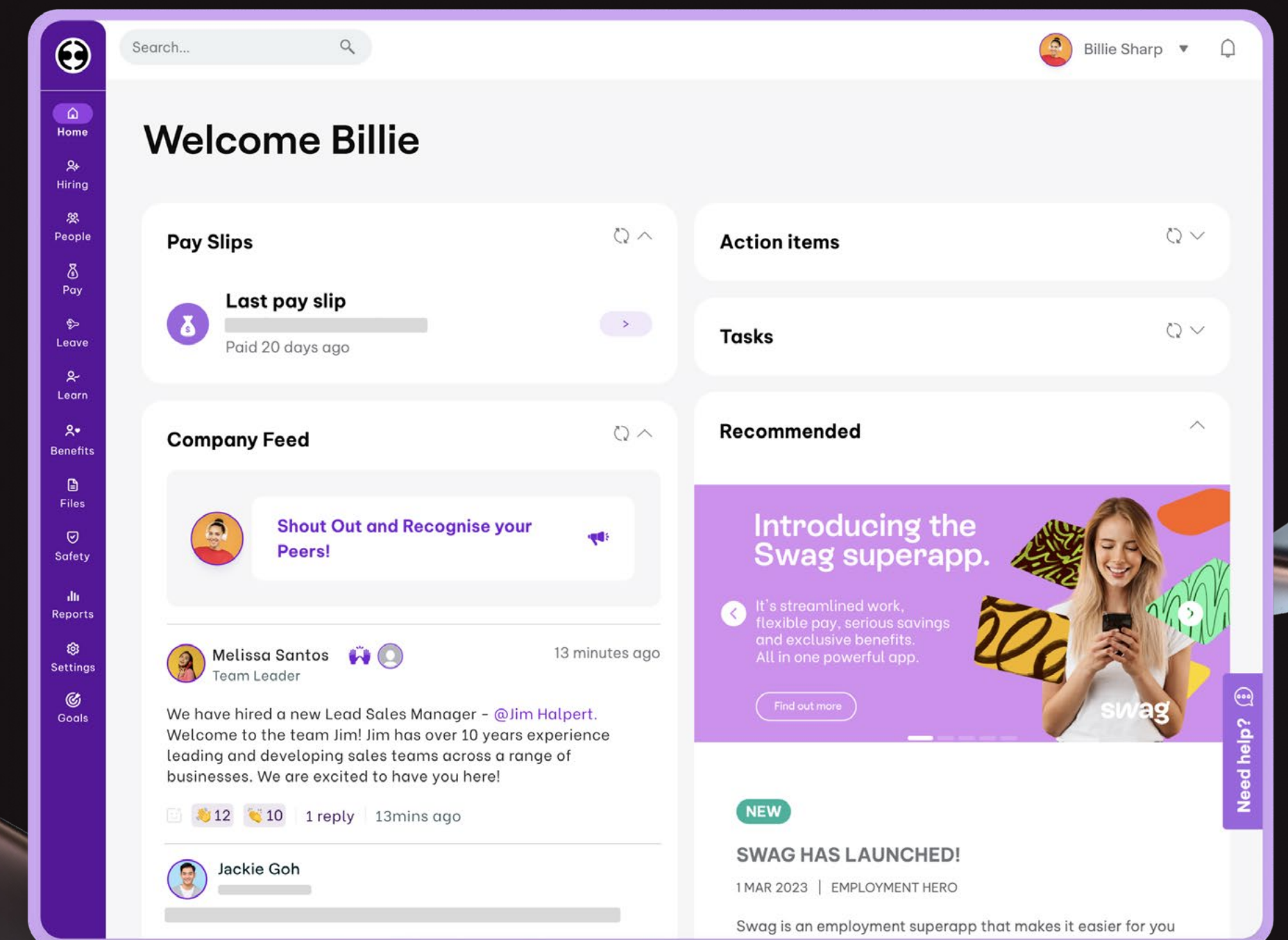
With our dynamic policies, certifications and induction features, you can forget the dull paperwork of onboarding and get your employees set up and feeling confident before day one. [Learn more](#)

Global Teams

In today's flexible working world, the recruitment opportunities really are borderless. Employment Hero's Global Team's service can help you employ the best talent for your team, based anywhere in the world. [Learn more](#)

Swag

This year, Employment Hero has released a world-first employee superapp. Swag is redefining what it means to be employed. Our app rolls work and wages into one superapp for your employees. [Learn more](#)



SURVEY DEMOGRAPHICS AND METHODOLOGY



METHODOLOGY

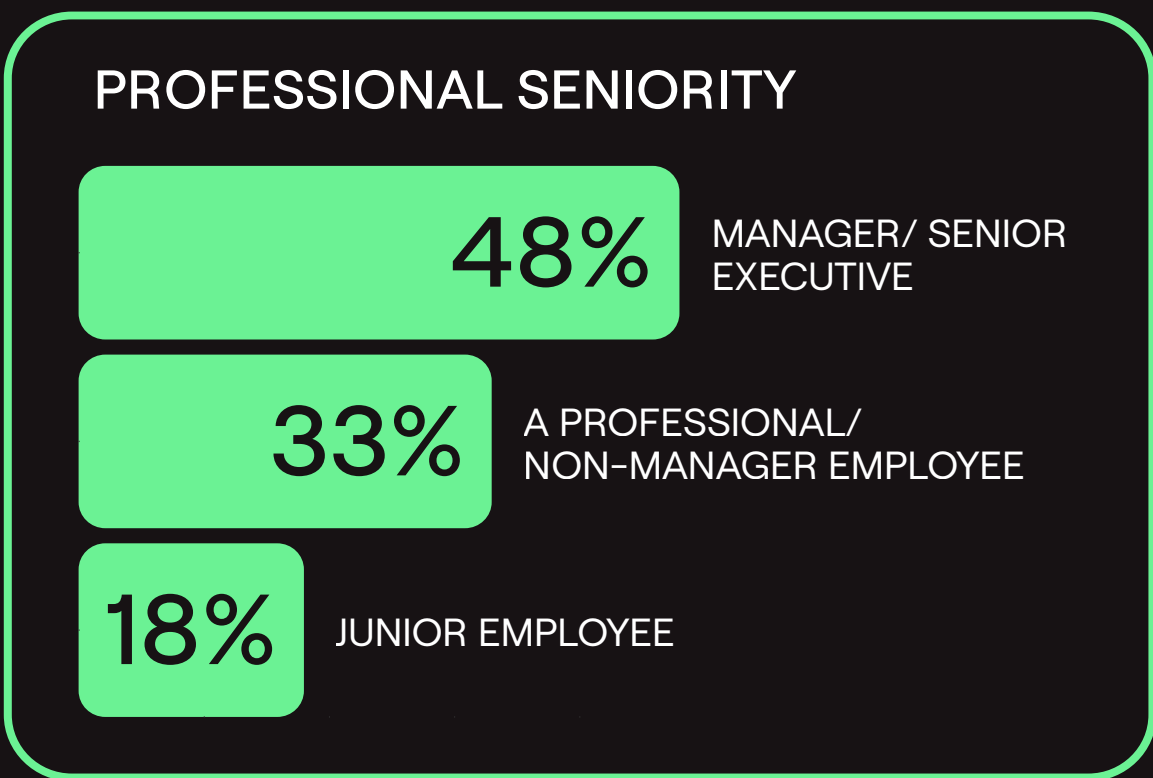
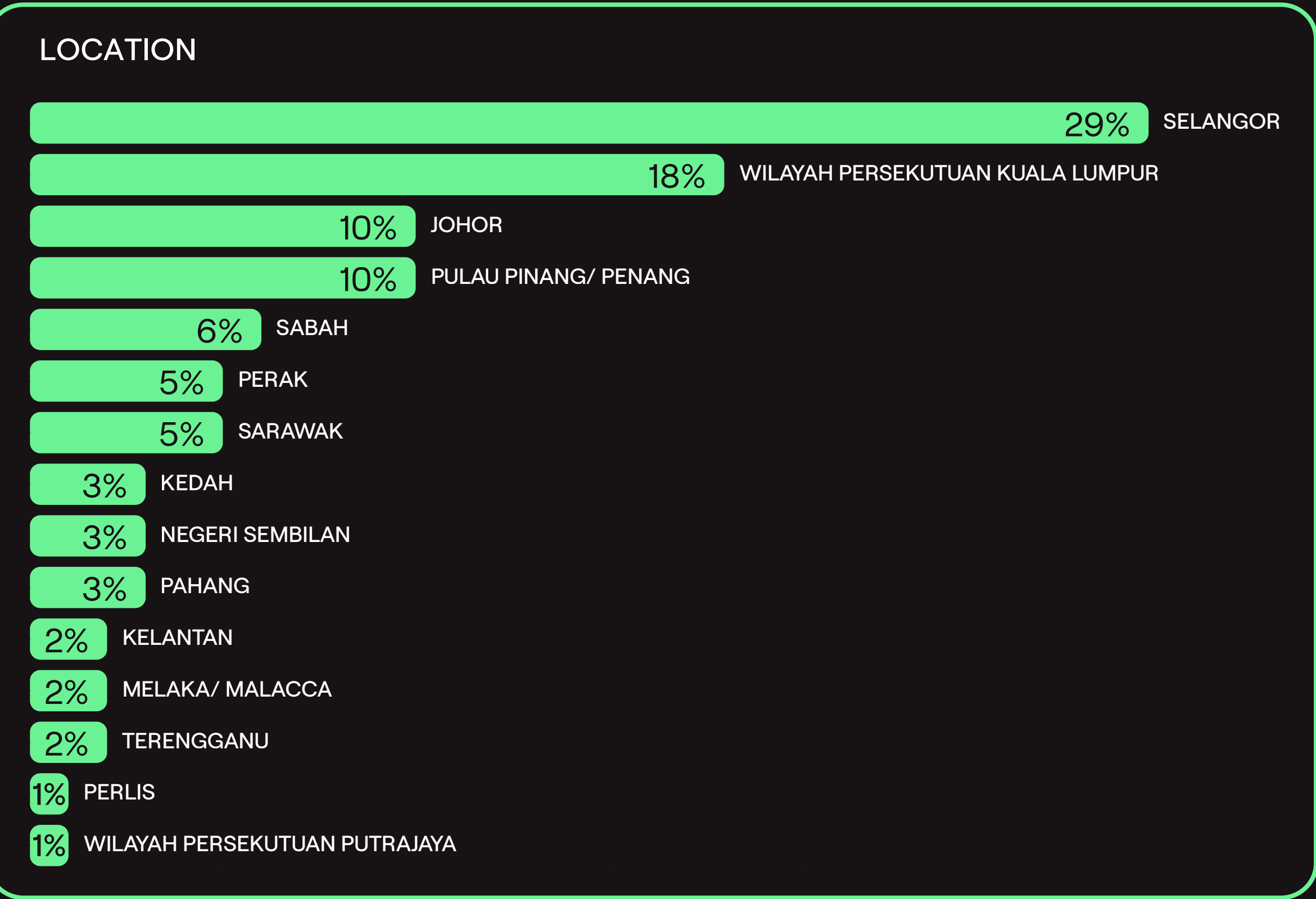
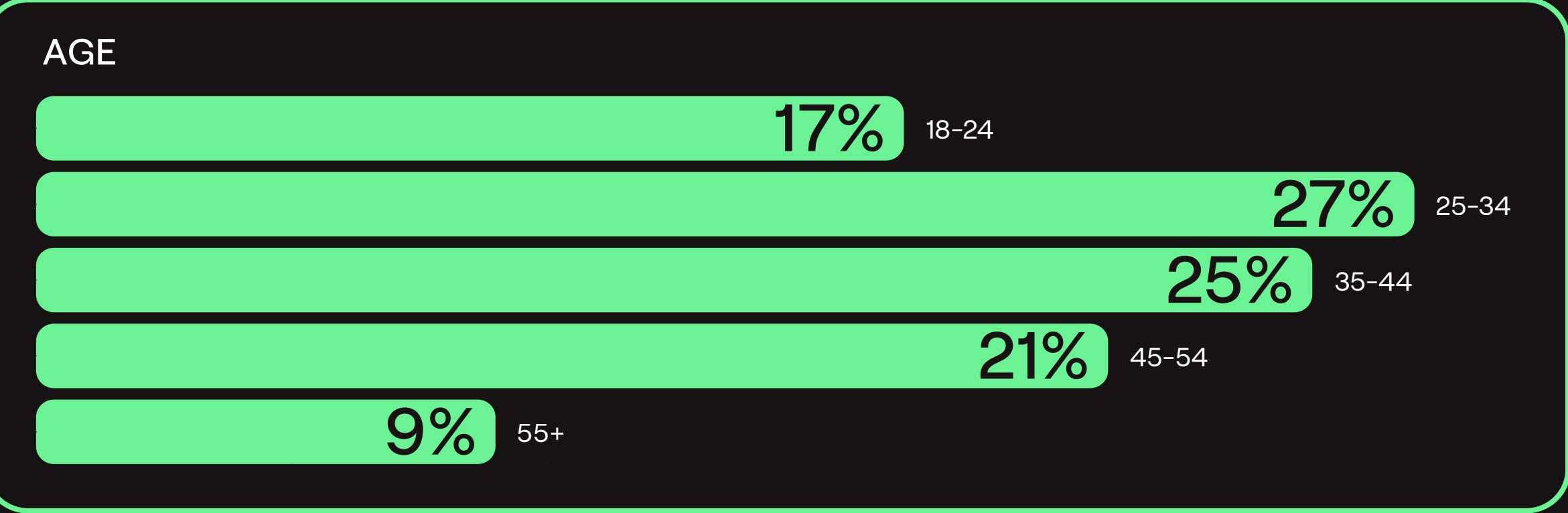
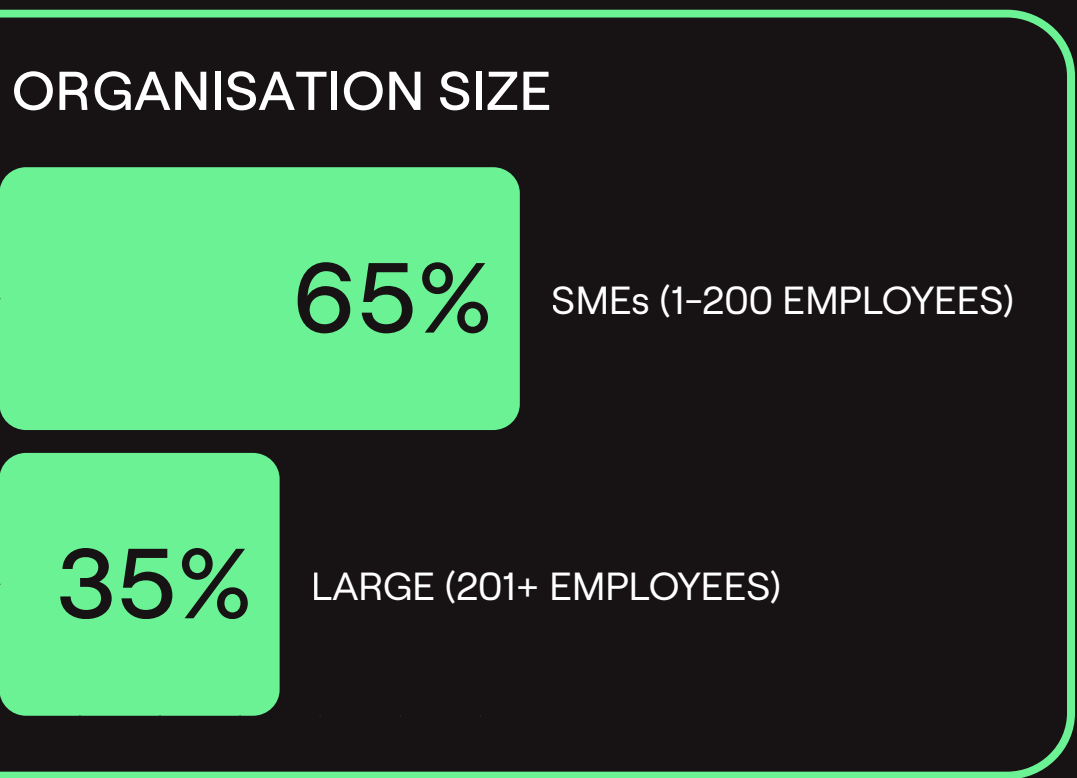
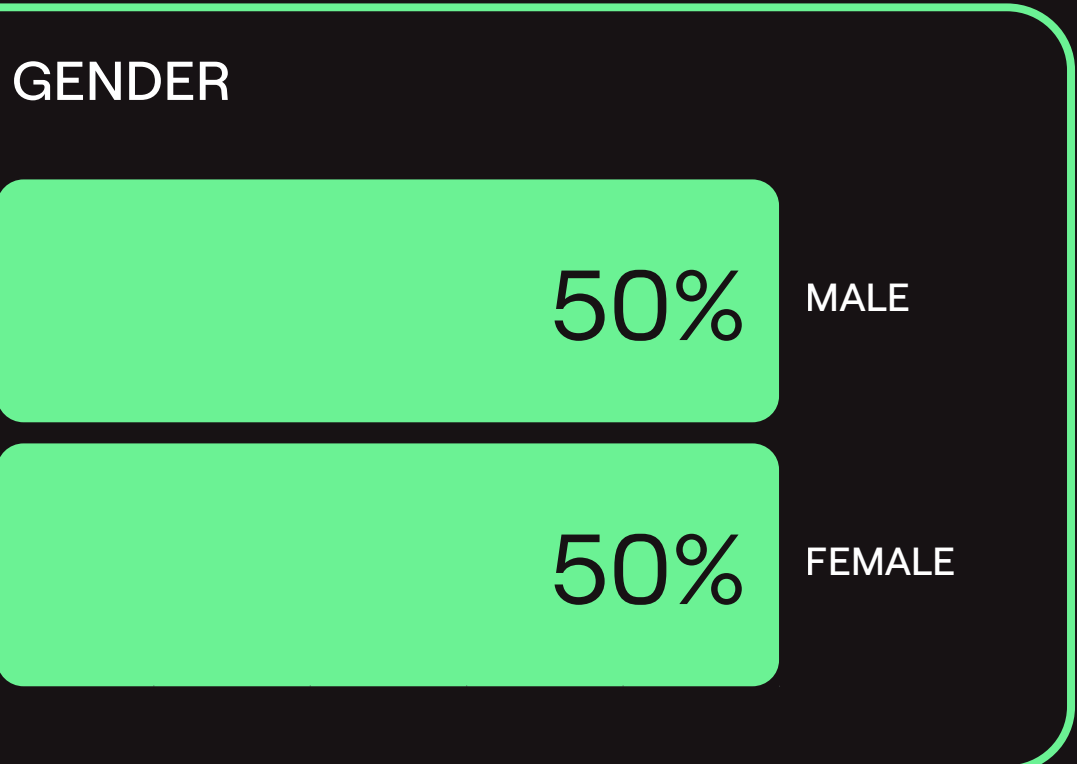
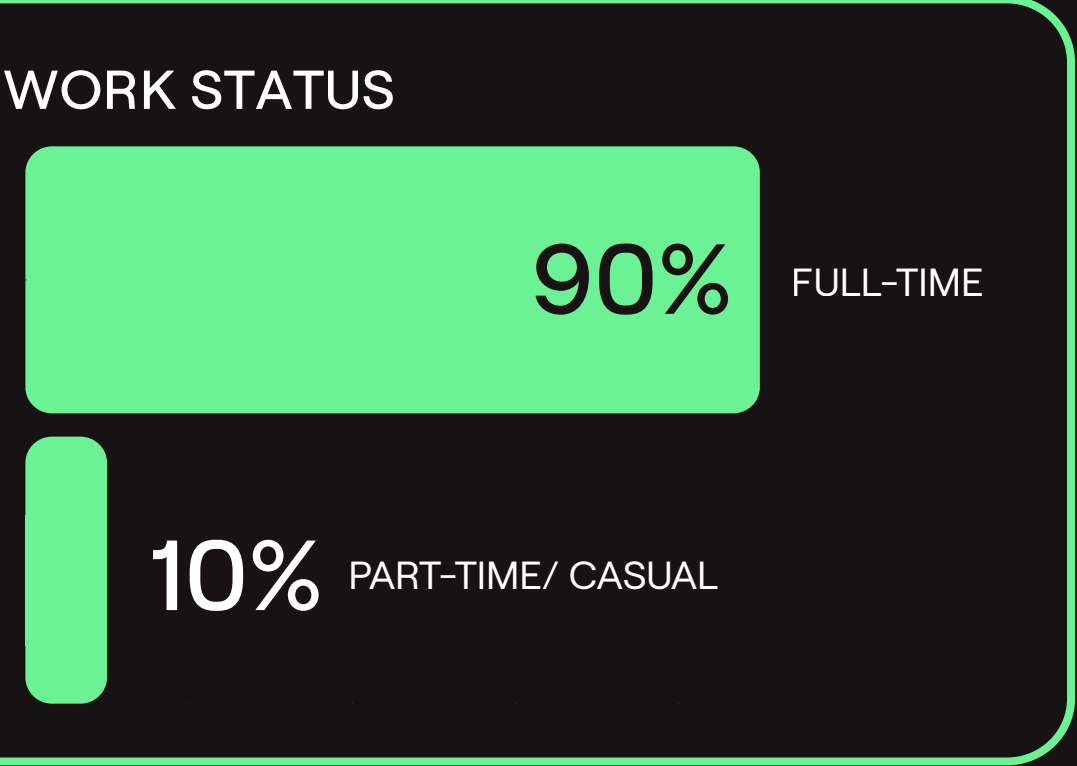
The findings in this report have been determined from a survey organised by Employment Hero.

The 7 minute online quantitative survey was deployed using the Glow Survey platform, and survey responses were collected from the national research panel Dynata.

To complete the survey respondents had to be employed in any capacity (full time, part time, casual or freelance) and not own the business they worked in.

The survey was deployed using nationally representative quotas for age, gender and location, but no active quotas were placed on the number of completed surveys.

The survey was in field between the 4th and 11th of January, 2023.



About Employment Hero

Employment Hero is the smarter way to manage people, payroll and productivity for SMEs with big ambitions.

Employment Hero empowers SMEs by providing automated solutions to help launch them on the path to success by powering more productivity every day.

Employment Hero services over 6,000 businesses, collectively managing over 250,000 employees. The core platform reduces admin time by up to 80 per cent.

Employment Hero is launching employers toward their goals, powering more productive teams and taking employment to rewarding new heights.



Our features include:

Employee happiness scores

1:1s

Policy templates

Recognition

Applicant tracking system

Performance reviews

Feedback

OKRs (Objectives and Key Results)

Shout Outs (Peer to peer recognition)

Custom surveys

Letter templates

Learning management system (LMS)

And so much more...

For more information on how we can help transform your business [book a demo](#) today.



employmenthero.com/my/talent-insights

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