

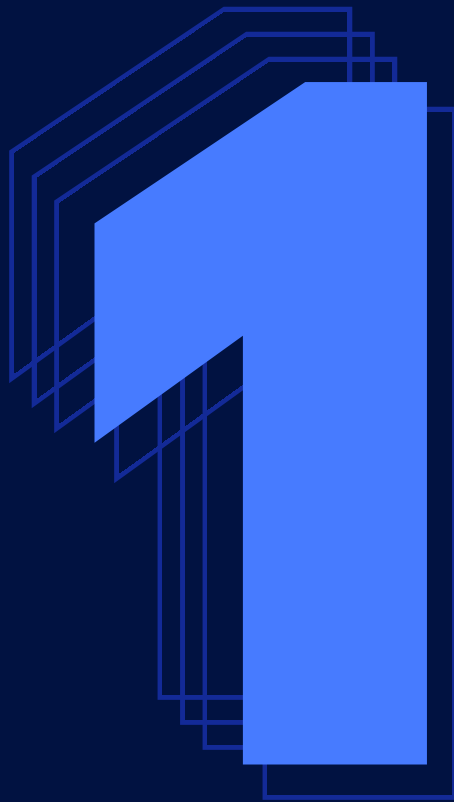
Multiplier

# Hiring Toolkit Malaysia



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# Chapter 1

## Hiring in Malaysia

Malaysia, the fourth largest Southeast Asian country, offers attractive business opportunities and incredible talent from its diverse population. The country shares a maritime border with other APAC countries and is open to global businesses. Malaysia has a stable economy with overall 31% growth in job demand. The contributors to economic growth are mainly production/manufacturing, IT, tourism, and hospitality.

## Economic indicators

Below are some of the most important economic indicators to better understand where Malaysia's economy is headed and whether the country will be a fit for your for your global expansion plans:

GDP Per capita	Ease of Doing Business	Freedom Score	GNI Per Capita	Inflation Rate
\$11,109.26 (as of 2021)	Rank 12	68.1	\$10,710 (as of 2021)	3.23%

## Employment insights

According to HRM Asia, the employment rate in Malaysia was highest in Q2 2022. The list below highlights the top industries contribution to the country's high employment rate:

1. Manufacturing sector: 55.9%,
2. Agriculture: 16.1%
3. Services sector: 16%
4. Construction: 11.8%
5. Mining and quarrying: 0.2%



Job market insights

Job Vacancies in the Market

Q1, 2022



159,148

Job Openings Available

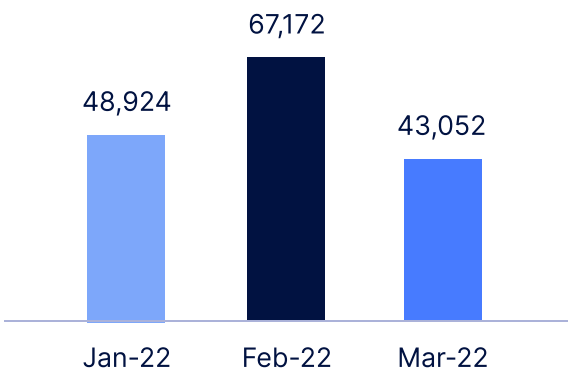


43,094

Companies are Hiring

Key Job Market Highlights

Monthly Job Vacancies



Job Vacancies in the Market

Q2, 2022



202,102

Job Openings Available

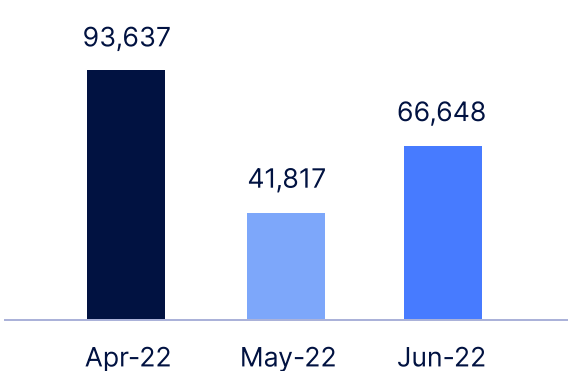


46,283

Companies are Hiring

Key Job Market Highlights

Monthly Job Vacancies



Job Vacancies in the Market

Q3, 2022



190,170

Job Openings Available

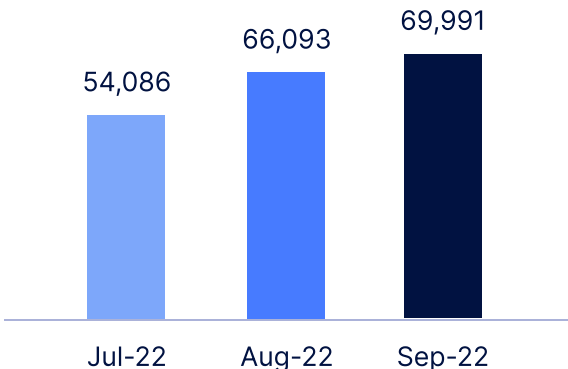


39,472

Companies are Hiring

Key Job Market Highlights

Monthly Job Vacancies



## Best places to look for talent and local universities

Top Cities to Find Talent	Top Local Universities
<ul style="list-style-type: none"><li>• Kuala Lumpur</li><li>• George Town of Penang</li><li>• Ipoh</li><li>• Johor Bahru</li><li>• Malacca City</li></ul>	<ul style="list-style-type: none"><li>• Universiti Malaya</li><li>• Universiti Teknologi MARA</li><li>• Universiti Sains Malaysia</li><li>• Universiti Kebangsaan Malaysia</li><li>• Universiti Teknologi Malaysia</li></ul>



# Chapter 2

## Salary Insights

The national minimum wage in Malaysia climbed to RM 1,500 in May 2022, leading to better employment for job seekers. According to the Labor Force Participation Rate (LFPR), Malaysia's unemployment rate reduced to 3.9% in the third quarter of 2022.

## Top jobs and average salaries

The average salary in Malaysia is significantly lower than the average salary of other developed countries like the Hong Kong, South Korea, and Singapore. For this reason, Malaysia's one of the most popular destinations in Southeast Asia.

Below are the salaries for some of the most sought-after jobs in Malaysia along with its average monthly salary:

Job Roles	Average Monthly Salary (MYR)**	Average Monthly Salary (USD)*
Chief Executive Officer	15,300	3,594
Financial Manager	12,700	2,983
General Manager	11,400	2,678
Informational Manager	10,900	2,560
Business Development Manager	10,700	2,513
Accounting Manager	9,800	2,300
Financial Analyst	8,840	2,075
Civil Engineer	6,280	1,475
Marketing Manager	6,180	1,450

Note:

\*1 MYR=0.23 USD, 3rd February 2023

\*\*Malaysian Ringgit is also referred to as the Malaysian dollar. The currency code is MYR, and the abbreviation is RM.



## Salary benchmark

The graphs below showcase the salary changes (actual and projected) in Malaysia compared to other APAC countries. We can see that Malaysia's average salary increase is ranking lower compared to other middle income countries in the region.

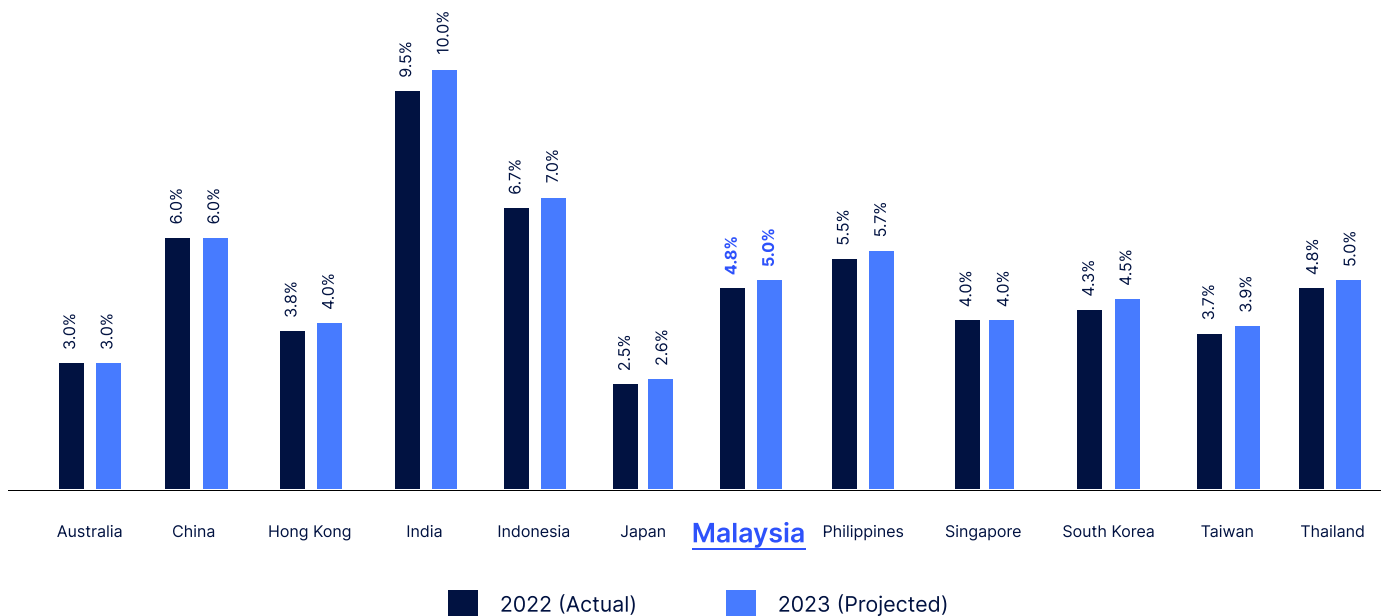


Fig 1: 2022 Q2 Asia Pacific median salary increase budget ([Source WTW](#))

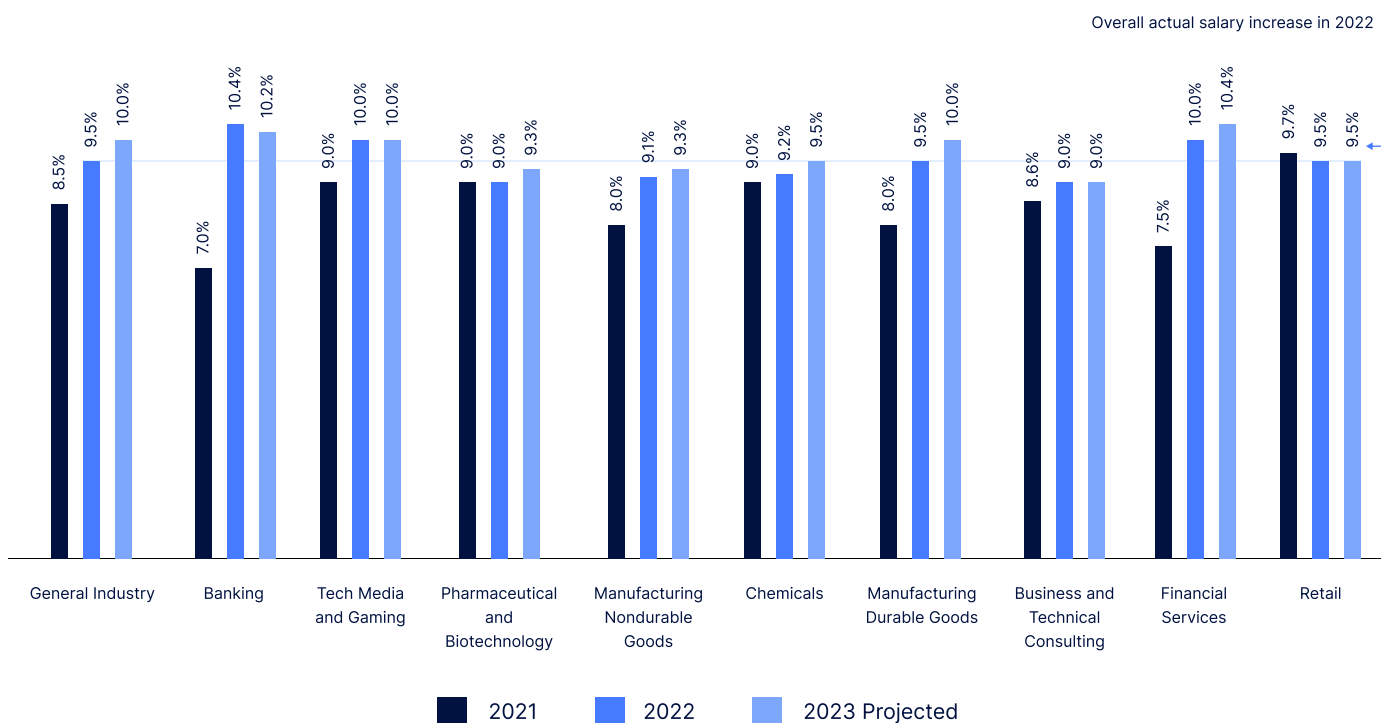


Fig 2: Industry-wise budgeted salary increase trends ([Source WTW](#))



# Chapter 3

## Presenting An Offer

## Employment contract and clauses

Malaysia's Employment Act of 1955 requires employers to provide new employees with formal written contract before the employment commences. The contract must specify the key terms of employment such as the place of work, the scope of labor, salary rates, probation period, and benefits.

The table below mentions the sections that are to be included in the contract:

Annexure	Clauses
Salary	<ul style="list-style-type: none"><li>a. Perks, benefits &amp; other plans</li><li>b. Additional pay display</li><li>c. Reimbursement guidelines</li><li>d. Applicability of salary and deductions</li></ul>
Terms of employment	<ul style="list-style-type: none"><li>• Employee services and obligations<ul style="list-style-type: none"><li>a. Company engagement services with employee &amp; background checks</li><li>b. Responsibilities and daily duties</li><li>c. Prohibition of Additional/part-time roles</li><li>d. Code of conduct</li><li>e. Reporting hierarchy</li><li>f. Job description input from Platform</li><li>g. Involvement in other business activities</li></ul></li><li>• Employment term and renewal process</li><li>• Place of Work</li><li>• Work Schedule</li><li>• Probationary Period - No probation, as per the employment labor code</li><li>• Salary</li><li>• Leave policies</li><li>• Confidentiality (non-disclosure agreement)</li><li>• Non-compete</li></ul>

Annexure	Clauses
Terms of employment	<ul style="list-style-type: none"> <li>• Non-solicit</li> <li>• Intellectual Property</li> <li>• Termination clauses</li> <li>• Notice</li> <li>• Representations and Warranties</li> <li>• Other clauses <ul style="list-style-type: none"> <li>a. Data privacy</li> <li>b. Indemnity</li> <li>c. Assignment</li> <li>d. Modification</li> </ul> </li> <li>• Rights &amp; Remedies Waiver <ul style="list-style-type: none"> <li>a. Governing Law</li> <li>b. Severability</li> <li>c. Counterparts</li> </ul> </li> </ul>

## Required documentation

The candidates must present the following documents to the employer:

1. Employee checklist form
2. TP3 form (TP3 contains information regarding the employee's accumulated deductions while working for the past employer.)
3. CP22 form (Notification of New Employee form)



The Malaysian Employment Act of 1955 requires that employers offer resident and non-resident employees mandatory benefits. These are social security, annual leave, sick leave, maternity leave, and paternity leave. Any other benefits are considered non-mandatory such as insurance, retirement plan options, training, and many more.

## Social security contribution

According to Malaysian labor law, contributions to Malaysia's Employee Provident Fund (EPF)—a compulsory pension scheme for all Malaysians—are imposed to both the employer and employee (resident and non-resident). Additionally, both parties have to contribute to the Social Security organization and Employment Insurance System. The following tables mention the contribution rates:

### Employee Provident Fund (EPF)

Contributions	Malaysian citizens and permanent residents (mandatory)		Expatriates and foreign workers (without permanent resident status) (voluntary)	
	Employer	Employee	Employer	Employee
Below age 60:				
Income > MYR 5,000	12%	11%	MYR 5 per person	11%
Income > MYR 5,000	12%			
Above age 60:				
Income > MYR 5,000	Malaysian: 4.0%	Malaysian: 0%;	MYR 5 per person	5.5%
	Permanent resident: 6.0%			
Income > MYR 5,000	Malaysian: 4.0%	Permanent resident: 5.5%		
	Permanent resident: 6.5%			

## Social Security Organisation (SOOC) & Employment Insurance System (EIS)

The contributions to the social security organization and employment insurance system for both employers and employees in the Malaysia are as follows:

Contribution to	Employer Rate	Employee Rate
Employment Injury Scheme (EIS) and Invalidity Scheme (IS)	Maximum MYR 86.65	Maximum MYR 24.75
Employment Insurance System (EIS)	0.2% (Restricted to MYR 9.90)	0.2% (Restricted to MYR 9.90)

### Leave policy

The leave policy is applied to all full-time employees, other than the annual leave/earned leave.

#### Annual leave and Earned leave

- First 2 years of employment – 8 days.
- 2nd to 5th years of employment – 12 days.
- More than 5 years of employment – 16 days.
- Paid annual leaves in Malaysia are offered to employees based on their employment tenure.
- The employment contract must clearly outline the paid annual days.

## Sick Leave

- Less than 2 years of employment - 14 days
  - Between 2 years to 5 years of employment - 18 days
  - More than 5 years of employment - 22 days
- Paid sick days are offered to employees based on their employment tenure and are clearly outlined in their employment contracts.
  - Employees must provide a medical certificate from a registered medical practitioner.
- 

## Maternity Leave

12 weeks/84 days

- Maternity leaves are applicable for female employees with only the first five surviving children.
- 

## Paternity Leave

7 days

- Paternity leaves are paid for employees in the government sector; however, employees in the private sector can only be entitled to unpaid leaves and must have it in the employment contract.
- 

## Public Holidays

17 compulsory public holidays are entitled to permanent employees.

- Public holidays are applicable to all employees

## Insurances, fringe benefits, and bonuses

Employers in the Malaysia may also provide supplementary benefits based on their company policies and regulations for improved employee retention.

Insurances	Fringe Benefits	Bonus
<ul style="list-style-type: none"><li>• Medical insurance</li><li>• Life insurance</li><li>• Disability insurance</li><li>• Retirement contributions and pension plans</li></ul>	<ul style="list-style-type: none"><li>• House rent allowance</li><li>• Flexible working hours</li><li>• Transportation</li><li>• Meal vouchers/canteens at the workplace</li><li>• Contribution toward an employee's education</li></ul>	<ul style="list-style-type: none"><li>• 13th-month bonus is not mandatory though it is customary.</li></ul>

## Payroll, minimum wage, and overtime pay

The following table presents an overview of the payroll requirements in Malaysia. Understanding the minimum wage rates and compliance regulations are essential for both employers and employees to ensure a fair and legal work arrangement.

Payroll Cycle	Minimum Wage	Overtime Pay
The payroll cycle is Monthly and must be given within the first seven days of the following month.	Vary from MYR 1,200.00 per month to MYR 1,100.00 per month.	For Normal day - 150% For Rest Day - 200% For Public Holidays - 300%

## Probation period

Newly hired Malaysian employees can be under probationary status for up to 6 months of employment.



## Offboarding procedures

A significant part of the labour compliance in Malaysia, which is often missed or overlooked by employers is the offboarding process. In Malaysia, it is the responsibility of the employer to ensure a smooth transition for departing candidates.

The following are the essential components of a compliant offboarding process:

Termination	Notice Period	Severance Pay
Malaysia observes a pro-employee system. Employers must send out a notice with a just reason for dismissal. Employees will then have the opportunity to explain, challenge the employer's decision or accept it.	<ul style="list-style-type: none"><li>• Employees under probation will have up to 30 days.</li><li>• After completing the probation period, the employee will have up to 3 months of notice.</li></ul>	<ul style="list-style-type: none"><li>• Below or equal to two years - 10 days salary.</li><li>• 2 to 5 years - 15 days salary</li><li>• More than five years - 20 days salary</li></ul>



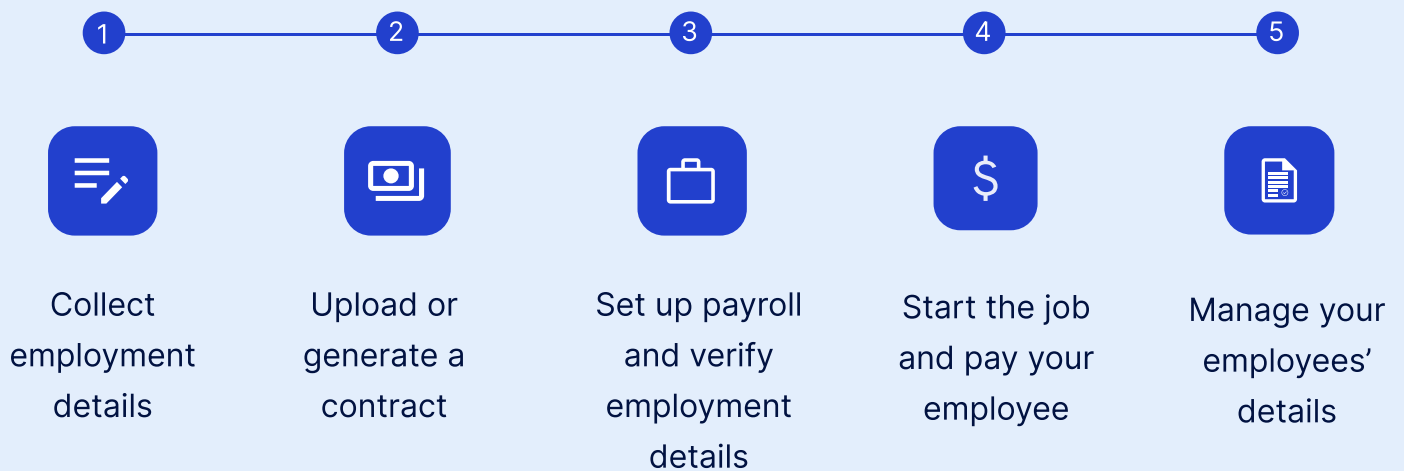
# Chapter 4

## The Multiplier Difference

## Why use Multiplier's EOR solutions

Multiplier's EOR platform streamlines your onboarding process while ensuring compliance with global and domestic labor laws. With Multiplier, you can employ full-time or part-time skilled professionals in Malaysia in just 7 days.

### Multiplier's simplified onboarding process



Additionally, the platform allows you to effortlessly generate employment agreements and invoicing reports for your full-time and part-time employees in a matter of minutes.

What more can Multiplier offer? Have a look at these:

- #1 Global Employment Solution
- Local HR experts for global teams
- Localized benefits administration
- Zero employment risks
- 24/7 HR & payroll support
- One-click payroll
- Build a global brand
- Market entry in minutes
- Increase employee satisfaction
- Save with no local entities
- Automated employee contracts
- Pay employees in local currency

# Multiplier

We Want You To Hire And  
Expand Fast At Fair Prices

Get The Multiplier Advantage.

Speak with us

