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Malaysia is located in Southeast Asia at a major crossroad. It has been a route for trade from China, Europe, and India. The region experiences tropical climate and natural resources, which has made it a destination for immigrants. This is how the indigenous people of Malaysia settled here. These were followed by the Malays, who brought farming using metallic tools. Arab traders introduced Islam in Malaysia while Indians brought Hinduism. The Europeans brought major changes in Malaysia. Portuguese tried to capture the region but the Europeans resisted resulting to sovereign states of Malaysia. The Dutch in turn defeated the Portuguese until the arrival of the British who acquired Melaka in exchange for Bencoolen. The British had great power and influence, which enabled it to integrate Malay states, politically. Malaysian union was formed in 1946, after the end of World War II. The Union ended in 1948, following the formation of Federal of Malaya. This federation gained independence in 1946, and the British formed the Malayan Union. In the year 1963, Malaya, Singapore United, Sarawak, and Sabah joined to form the current Malaysia (Wong 21).

The economy of Malaysia relies on natural products, which include petroleum, natural gas, tin, and minerals. It also depends on agriculture. The agricultural products include palm oil, coconut, rice, rubber, cocoa, fish, and fruits. The country has many ethnic groups among them Malays and indigenous people. Malaysia was initially dominated by Buddhists. The country is currently monarchy, constitutionally headed by a king. The economic structure of Malaysia can be divided into three; namely primary sector, secondary sector, and the tertiary sector. This paper discusses geographical location of Malaysia, population size, political system and the economic system of the country (Rock 495).

## Discussion

Location

Malaysia is located in South East Asia at an area measuring 329, 750 square kilometres. The border countries of Malaysia include Thailand (506 Km), Indonesia (1, 782 Km), and Brunei (381 Km). The peninsular of Malaysia is separated from East Malaysia by the South China Sea. The Coastline is 2, 607 Km East Malaysia and 2, 068 Km, peninsular Malaysia. In the year 2010, the country had a population of 28. 3 million people. Malaysia, being a Royal state, does not have a president. It is headed by a prime minister. The current prime minister is Abdullah Ahmad Badawi. The legal system is based on common law (English common law). There is a court system, the highest being the court of appeal (Athukorala 79).

## Political system

Malaysia has a monarchy constitution and a democratic parliament. The country has 13 states with one administrative capital and two local territories. Hereditary Sultans rule nine of the thirteen states. The Yang is elected after every five years. The army, police, and the civil service are non-political. The parliament comprises of Senate and the House of Representatives. Senators serve for a period of six years, but members of the House of representative serve for a term of five years. A general election comes every five years under democracy conditions. United Malays National Organization (UMNO) has been the ruling party since independence.

Malaysia has undertaken several initiatives in an effort to integrate its social and economic models. NEP contained affirmative action policies that aimed at benefiting Malays and the Indigenous ethnic groups. The executive power in Malaysia vests upon the cabinet, which is led by the prime minister. The cabinet is chosen from the parliamentarians (Ritchie 841).

## Legal system

The legal system in Malaysia is based on common law (English common law). Decisions by the court of appeal are reviewed by the Federal court. This is the court that has original jurisdiction in matters to do with the constitution, disputed between member states, and federal and state government disputes. East Malaysian States and peninsular Malaysia hold high courts. The federal government controls external affairs, justice, and internal security. The civil law originated from Western Europe and is different from common law (Ritchie 840).

## Economic structure

Malaysia is a multi-sector economy, which has been producing raw materials since 1970s. The government is making efforts so as to promote production that is value added. This is through luring pharmaceuticals, medical technology, and technology industries. The major industries in Malaysia are apparel, electronics, machinery, electrical products, food and beverage, chemicals, and metal products. The country experienced GDP growth of 7% in the 20th century. The inflation remained minimum during that period. In the year 2009, nominal per capita GDP was $ 6, 761. Nominal GDP stood at $ 191. 4 billion (Athukorala 162).

The economic structure of Malaysia can be divided into three; namely primary sector, secondary sector, and the tertiary sector. Under the primary sector, the economy of Malaysia has developed following abundance of natural resources, agriculture, as well as forestry. The major produces in the country include Peninsular Malaysia, which produces Oil, cocoa, rubber, rice and palm. Sabah produces timber, rice, subsistence crops, as well as rubber. Sarawak, on the other hand, produces timber, rubber, and also pepper. Under the primary sector, the major foreign exchange earners are palm oil and rubber.

The secondary sector is the manufacturing sector, which contributes at least 30% of the country’s GDP. Malaysia is rich in natural resources among them natural gas, tin, and petroleum. Electronic industry also contributes to the country’s exports. Finally, the tertiary sector comprises of the service industry. This includes, Islamic banking, tourism, finance, and also telecommunications. A variety of measures have been applied in this sector, by the Prime Minister so as to attract foreign investment. In the year 2010, Malaysian government spent over $ 4. 5 billion in the Information Technology sector. This was as a result of economic recovery in the country (Athukorala 170).

## Economic system

Malaysia has the one of the best economies in Asia. The GDP grew with an average of 6% since the country gained independence to 2005. This was as a result of domestic and foreign investment. The country heavily relied on primary products, which included rubber and tin. Currently, the country is has an industrialized economy. Macroeconomic plans help the country a great deal. In the year 2010, the GDP stood at $414, 400 billion. The main sectors of the Malaysian economy include manufacturing, and trade. Malaysia exports both natural, as well as agricultural resources. The most valuable export product is petroleum. The country also produces palm oil, tin and rubber (Rock 498)

As a way to diversify the economy, Malaysia has turned to advancing the tourism sector. This is also a way to make the country less reliant on exported products. Currently, tourism is the third source of income for Malaysia in terms of foreign exchange. It is also a centre for Islamic banking. Knowledge based services have also expanded the Malaysian economy. Ministry of science, Technology and Innovation regulates science policies. Malaysia is ranked as one of the countries that export semiconductor devices ICT products, and electrical goods. Malaysia has also developed space programmers, and, in fact, Russia transported a space programme to International Space Station. Malaysia in turn purchased fighter jets worth millions of dollars for defense purposes. The major imports include electronics, machinery, petroleum products, plastics, vehicles, iron and steel products, chemicals (Subramaniam 72).

## Malaysia trade, exports and imports

Malaysia has been a trading region for centuries. Since history began, Malacca has been a commercial regional centre for Indian, Malay, Chinese, and Arab trade merchants of a variety of precious goods. Today, Malaysia has established trade relations that are strong and healthy with countries, mainly the United States. Trade organizations associated with Malaysia include Asia-Pacific Economic Cooperation (APEC), Association of Southeast Asian Nations (ASEAN), and World Trade Organization. ASEAN was established in order to promote trade among member states. One of the founding member countries was Malaysia (Ritchie 840). The country has also signed trade agreements with China, Japan, New Zealand, as well as Pakistan. The major export commodities for Malaysia include palm oil, rubber, electronic equipment, rubber, wood and wood products, textile and chemicals. The export partners include Singapore, China, U. S, Japan, Thailand, and Hong Kong. The country’s major imports are electronics, chemicals, vehicles, machinery, petroleum products, iron and steel products, and plastics. The import partners include China, Japan, U. S, Singapore, Thailand, Indonesia, South Korea, Germany, and Taiwan (Wong 23).

## Currency

Malaysia has been able to float currency exchange regime. This gives flexibility for the Malaysian currency, ringgit, to fit in the global financial developments and economic development. This currency has been relatively stable against other world major currencies such as the dollar and other major currencies of the trading partners (Rock 486).

## Conclusion

Agriculture and natural resources have contributed a great deal to Malaysia’s development. These two sectors have led to increased GDP, employment, international trade through exports and growth of the industrial sector. It is, therefore, worthwhile to introduce Modern Technology, Tools, and Training of Malaysia's Labour Force so as to maximize its Production of Agricultural and Natural Resources. This is because the two sectors serve as the backbone of Malaysian economy.
Secondly, Malaysia has been prominent, for several years, in agriculture, as well as natural resources notably as the largest exporter of palm oil, tin, rubber, and pepper worldwide. It is, therefore, worth investing in these sectors especially because Malaysia leads globally in R&D in Agricultural technologies. This means that the country has a competitive advantage because it does not have to import technology from its trading partners such as Japan, U. S, China and India.
Investing in Agriculture and natural resources would ensure that the country faces the emerging competition from synthetic products. Modernization of tools will definitely lead to efficiency; hence increased production. This can, however, be possible through automation and increased use of Information Communication Technology (ICT). This will as well result in improved product quality, expansion of end uses, and encouraged integration between production and manufacturing.

Finally, economic growth of Malaysia can be increased notably by funding agricultural and natural resources sectors. This will lead to large scale production, which is commercial, as well. The use of Modern Technology, Tools, and Training of Malaysia's Labour Force would lead to production of value added products. It will also lead to use of biotechnology, which in turn will encourage skilled workforce and entrepreneurial farmers to participate. In conclusion, investing in Malaysia’s technology, agriculture, and natural resources would be a rewarding investment.

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