

Labour Demand Elasticity and Manpower Requirement in Malaysian Service Sector

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The first objective of this study is to analyse the elasticity of labour-output and labour-wage for professional and technical labours. The second objective is to project the requirements of these two occupational categories for year 2015 and 2020. The analysis is based on data of four selected services subsectors, namely, professional business, education, health and information and communication technology for the period 2000- 2010. Data are obtained from the Service Industry Survey collected by the Department of Statistics Malaysia. The results show that the elasticity of labour-output is positive, while the elasticity of labour-wage can be positive or negative depending on the occupational category and sector. The manpower requirement for the professional and technical occupations depend on the output growth and the initial stock of employment, which are dominated by the education and information and communication technology sectors.

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