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## **Questionnaire Survey for Japanese Companies in Malaysia in the Year 2018**

Kuala Lumpur – Date of release 21 June, 2018 - The Japanese Chamber of Trade & Industry, Malaysia (JACTIM) and Japan External Trade Organization (JETRO) have conducted a joint survey on the issues faced by JACTIM Corporate Members (Japanese companies operating in Malaysia) to grasp the problems in their business every year.

Here we are pleased to report the analytical findings.

### **【Outline of Survey】**

- Target : 554 JACTIM member companies (Excluding Individual Members/Overseas Members)
- Number of Valid Respondent : 184 companies (33 % of total members)
- Method : On-line Survey
- Period of Survey : January 24th to March 31st, 2018

### **【Summary】**

1. The most attractive aspect of Malaysia for Japanese companies to invest in Malaysia is “English Proficiency of Workforce / General Public” (73.4%) . The ratio of this item has been high for a long time. It is followed by “Friendly and Positive Feelings toward Japan” (55.4%) and “Minimal Natural Disasters” (52.7%). “Safety / Security”, “Infrastructure Quality” and “Good Living Environment” are ranked high as well.
2. As for Infrastructure, expectation for improvement of “Public Transport” (63.6%) was the highest because the transportation network is not fully completed. Although the Mass Rapid Transit System (MRT) has been operational partially, this result is noteworthy. It is followed by “Road Network” (40.2%) and “Public Hygiene” (39.1%). The desire to see improvement in the “Communication / Internet” (37.5%) is high too since internet communication situation is not satisfactory in the certain areas. As for large-scale infrastructure, expectation for improvement in the “Airport” (19.0%) has increased.
3. “Wage Increase” (69.0%) is the prime issue with regard to labor policy / employment situation in Malaysia. In July 2018, the minimum wage is said to be reviewed. Further increase in labor cost is expected. It is followed by “Retention of Employee” (54.6%) and “Quality of Workers” (44.0%).

4. The ratio of companies calling for “Simplification and Efficiency of Application Procedure of Foreign Workers” (49.5%) is the highest as for foreign worker (FW) policy. In the manufacturing sector, the foreign workers made up 15 % of total number of employees (medium value).
5. 36.5% of companies in manufacturing sector responded that they are facing difficulties in hiring of foreign workers. 39.3% of companies among those responded “Mechanization / Automatization” as the countermeasures for the difficulties in employment of foreign workers. 51.9% of companies in manufacturing sector responded that “Mechanization / Automatization” is difficult. 57.4% cited “Technical Know-how / Shortage of Human Resource” as reasons is the highest ratio.
6. The ratio of companies raising “Foreign Exchange Control” was 38.6% and ranked the highest regarding to the issues on Trade / Investment. This was 16.4% lower in comparison with the previous survey, however, it is presumed that the change of foreign exchange control regulation imposed by Central Bank in December, 2016 is still affecting them. It is followed by “Labor” (34.2%) ,and “Foreign Investment Restrictions” (32.1%) where restrictions still remain mainly in service industry sector.
7. With regard to related technology of Industry 4.0, 2.9% of companies responded as “Already Introduced”, “Plan to Introduced” (8.0%) , “Under Study” (18.9%), “Plan to Study” (19.4%) is exceeded 40% in total. Interest toward “IoT (internet of things) ” is the highest as 36.4%.
8. 36.8% of companies responded as “Expand” in regards to the future business policy in Malaysia. This is an increase of 5.5% in comparison with the previous survey. Many companies cited stable economic growth and expected market expansion as the reason for their expected expansion. On the other hand, number of companies which responded “Maintain the Status Quo”, “Scale down” was 61.5% and 1.6% respectively which is lower in comparison with the previous year. “Decline in Competitiveness due to increased Labor Cost” was indicated as one of main reasons of “Maintain the Status Quo” and “Scale Down”.

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