



# HRDF HUMAN CAPITAL REPORT

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## AGRICULTURE SECTOR OVERVIEW:

Will Agriculture be the Next Sector Covered under PSMB Act?

**Pembangunan Sumber Manusia Berhad**  
***Human Resources Development Fund***  
Wisma HRDF, Jalan Beringin, Damansara Heights  
50490 Kuala Lumpur, Malaysia

Tel: 603 2096 4800 | Fax: 603 2096 4999  
Website: [www.hrdf.com.my](http://www.hrdf.com.my)

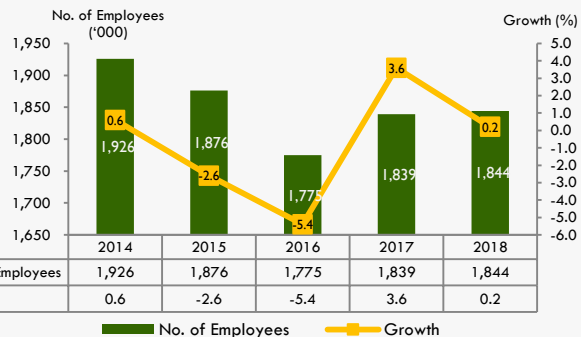
# AGRICULTURE SECTOR OVERVIEW:

WILL AGRICULTURE BE THE NEXT SECTOR COVERED UNDER PSMB ACT?

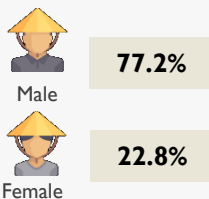


## EMPLOYMENT IN THE AGRICULTURE SECTOR ACCOUNTED FOR 12.5% OF THE NATIONAL EMPLOYMENT

### Employment of the Agriculture Sector, 2014 - 2018



### Employment by gender:



Source: Malaysia Industrial Productivity Database (MIPD), MPC

## LABOUR PRODUCTIVITY GROWTH OF THE SECTOR CONTRACTED AT 0.2% IN 2018

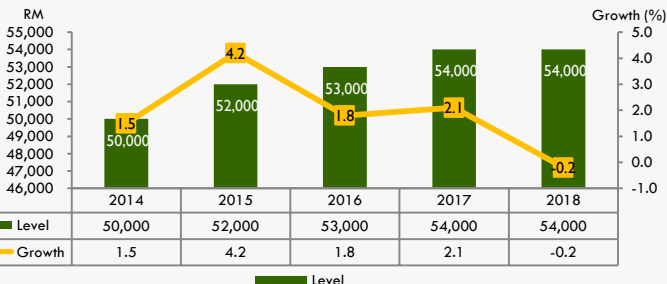
In 2018, agriculture sector recorded a labour productivity of RM53,943 from RM54,041 in 2017. Due to adverse weather and production constraints, the productivity growth has been impacted and declined at -0.2%.

Variations in weather conditions, made the process complicated as it is beyond the control of the farmers. Other key factors influenced the productivity trends including changes in Government policies, technological advancements and innovation, emerging environmental concerns, land quality, meteorological environment surrounding the property and farming methods which had a significant impact on the production capacity of farms in particular geographical regions.

Comparing labour productivity growth with other Asian countries, on average, the sector has substantially grown since year 2000 with 2.04%.

Source: The Labour Productivity Gap between Agricultural and Non-agricultural Sectors and Poverty in Asia, 2018

### Labour Productivity of the Agriculture Sector, 2014 - 2018



Source: Malaysia Industrial Productivity Database (MIPD), MPC

## OIL PALM IS THE AGRICULTURAL ECONOMIC ACTIVITY CONTRIBUTED TO THE HIGHEST GDP IN YEAR 2017 WITH 46.6%



Source: Annual Gross Domestic Product 2010-2017

## MINISTRY OF AGRICULTURE AND AGRO-BASED INDUSTRY (MOA) IS THE GOVERNMENT BODY DRIVING THE AGRICULTURE SECTOR

Other agencies that support Agriculture sector which we may potentially engage in future:



- Federal Land Consolidation & Rehabilitation Authority (FELCRA)
- Federal Land Development Authority (FELDA)
- Malaysia Agricultural Research & Development Institute (MARDI)
- Federal Agricultural Marketing Authority (FAMA)
- Muda Agricultural Development Authority (MADA)
- Farmers' Organization Authority (FOA)
- Forest Research Institute Malaysia (FRIM)
- Rubber Research Institute of Malaysia (RRIM)
- Rubber Industry Smallholders Development Authority (RISDA)
- Fisheries Development Authority of Malaysia (LKIM)
- Malaysian Cocoa Board (MCB)

Agriculture is classified based on MSIC 2008 Code:

- Growing of cereals (except paddy), leguminous crops and oil seeds
- Agricultural activities for crops production on a fee or contract basis

Source: MSIC 2008 Code

Agriculture sector consists of activities such as agriculture, hunting, forestry and fishing.

Source: The World Bank Group

Other Agriculture activity includes cultivation of the soil for the growing of other crops such as paddy and cocoa.

## AGRICULTURE SECTOR IS IMPORTANT TO DIVERSIFY THE ECONOMY



Sources:

1. Evolution of Malaysian Agricultural Development. In Malaysian Agricultural Policy: Issues and Directions (1988)
2. A critical assessment the contribution of agriculture sector in the growth of the Malaysia economy (2005)

# AGRICULTURE SECTOR OVERVIEW:

## WILL AGRICULTURE BE THE NEXT SECTOR COVERED UNDER PSMB ACT?

"In 1970, agriculture represented 28.8% of the national GDP. However, in 2017, it contributed only 8.2% of the national GDP."

Other issues and challenges faced by Agriculture sector are:

Export oriented crops	Rising production costs	Insufficient number of skilled farmers
Insufficient focus on value-added activities and disconnections along the value chain	Limited financing, lack of investors	Low rate in adoption of technology and modern techniques

Sources:

1. Malaysia Productivity Blueprint (MPB), 2017
2. Education and Research Association for Consumers Malaysia

## TECHNOLOGICAL SKILLS ARE THE EXTENSION SERVICES FOR AGRICULTURE

Identified main skill areas of Agriculture sector are:



Source:

1. Federal Agricultural Marketing Authority (FAMA)
2. Farmers' Organization Authority (FOA)
3. Rubber Research Institute of Malaysia (RRIM)
4. Fisheries Development Authority of Malaysia (LKIM)



## QUICK TAKEAWAYS AND HIGHLIGHTS

In Malaysia, there are two types of agriculture — plantation and food production.

Despite efforts to diversify, Malaysian agriculture remained predominantly as export-oriented.

Exports of agriculture goods which accounted for 6.8% of total exports contracted by 10.7% to RM5.64 billion due to lower exports of palm oil and palm oil-based agriculture products, particularly palm oil.

Source: Minister of International Trade and Industry Malaysia, 2018

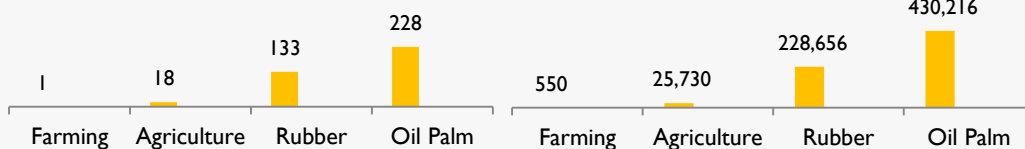
Oil Palm related skill areas are the highest training approved in 2018 by current HRDF registered employers.

Out of 380 training places approved for the related training courses, 40.79% was contributed by the Food Manufacturing & Beverages Industries.

## OIL PALM RELATED SKILL AREAS ARE BEING TRAINED MOSTLY UNDER HRDF IN 2018

Training Places Approved related to Agricultural Skills for Year 2018

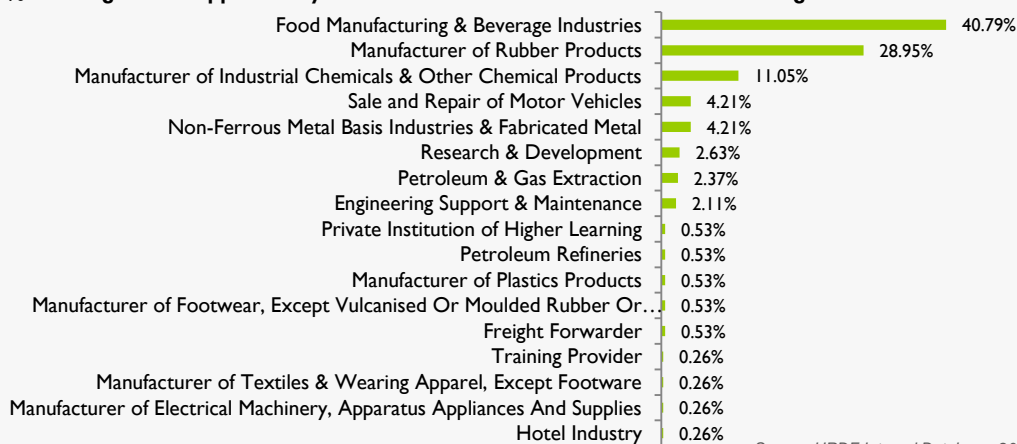
Financial Assistance (RM) Approved related to Agricultural Skills for Year 2018



Source: HRDF Internal Database, 2018

## FOOD MANUFACTURING & BEVERAGES INDUSTRIES RELATED TO AGRICULTURE SKILLS WERE HIGHLY TRAINED

% Training Places Approved by Subsectors based on Skills Trained related to Agriculture sector in 2018



Source: HRDF Internal Database, 2018

## SMART FARMING IS CRUCIAL FOR AGRICULTURE SECTOR IN MALAYSIA

The advantages of smart farming technologies and ICT in plantation, farming, livestock, and fishing activities can improve the production efficiency and reduce labour dependency. The ability of ICT-based applications to support farm and plantation management, precision farming and monitoring will enhance productivity and reduce the production cost. While mobile phone applications and portals will be used to supply real time information on market demand, early detection and warning alerts on disease outbreaks.

Source: New Strategies for Greater Growth and Development of the Agriculture Sector in Malaysia, Food & Fertilizer Technology Center (FFTC)

## What's next for HRDF?

Research and Sectorial Training Committee (STC) may identify the training needs, supply of training for Agriculture sector in ensuring the industry is driven ready when the sector is covered under PSMB Act.

Incubation team is recommended to initiate collaboration with industry key players, regulatory bodies and government agencies related to planning and execution of training programmes for the sector in future.



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