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OUT OF WORK: YOUTH EMPLOYMENT IN MALAYSIA

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“Pemuda harapan bangsa, pemudi tiang negara.”

In school, we were ceaselessly reminded about the importance of Malaysia’s youth, that we were the future of our nation and pillars of nation-building. However, as we grow older we are faced with challenges that often rattle our determination to promote change. The most prevalent challenge faced by Malaysian youths today is unemployment which is exacerbated by the global pandemic, with youths already almost five times more likely to be unemployed than the overall labor force pre-Covid (Welsh and Cheng, 2020). If left unchecked, youth unemployment can socially exclude and increase their dependency on welfare support, thus consolidating economic inequality in Malaysia.

The Current Malaysian Youth Unemployment Situation

According to ISEAS (2021), the unemployment rate among youths, defined as individuals between 15 and 24 years old, in Southeast Asia and the Pacific averages 12%. Figure 1 reveals that **youth unemployment in Malaysia (13.5% as of January 2021) is marginally higher than this average** with approximately more than 295,000 youths unable to secure jobs (Department of Statistics Malaysia Official Portal, 2021).

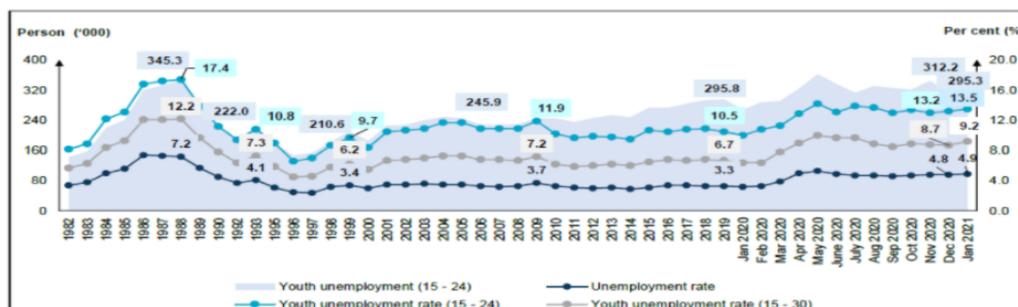


Figure 1: Unemployment rate by selected age groups, 1982 - 2019 and January 2020 - January 2021
Department of Statistics Malaysia (2021)

Additionally, **students from non-STEM backgrounds make up most of the unemployed youth.** Based on the Ministry of Higher Education's 2019 Graduate Tracer Study (Figure 2), graduates in the Education field demonstrate the highest unemployability rate at 20.8%, followed by those in the Arts and Humanities field with an unemployability rate of 16.6%. These figures are expected to increase with the fast-approaching Industry 4.0 which could potentially substitute workers (i.e. manufacturing and construction sector) with advanced technology, consequently reshaping the job landscape and effectively expanding the IT sector. This has led to the increased demand for STEM graduates, thus creating new opportunities for Malaysia to mitigate youth unemployment.

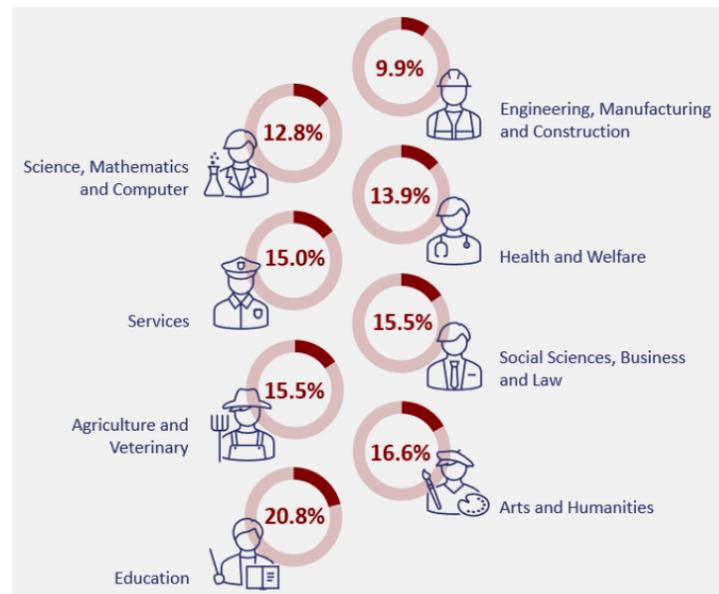


Figure 2: Graduate Unemployment Rate for Each Field of Study
 Graduate Tracer Study (2019)

Employment Incongruities

In addition to youth unemployment, there is the **underlying issue of employment incongruities.** Official reports on Malaysia's 2021 economic outlook indicate that the labour mismatch rate among graduates has more than doubled in the last nine years (Lee, 2021). The National Youth Commission Australia (2019) stated that young people are often encouraged to obtain advanced education, only to find themselves devoid of the adequate experience required by hiring employers for their intended career choice. As a result, this has created a cohort of "overqualified, under-experienced unemployed young people with no support networks to connect them to potential employment opportunities" (Dunn, 2019). Furthermore, The Star (2018) reported from the 1.4 million job vacancies in 2017 in Malaysia, 86.9% were for low-skilled jobs that only require primary education, hence rendering these positions unsuitable for fresh graduates.

Government Endeavours to Reduce Youth Unemployment

With the release of Malaysia's Budget 2021, **the government has taken the initiative to create 500,000 new job opportunities** which include new skill development, retraining, reskilling and upskilling programmes targeted to benefit 200,000 trainees. Furthermore, the government also intends to continue its current hiring incentive programme that is expected to generate 200,000 employment opportunities. According to Lee (2021), the government has also made plans to offer 50,000 contract job opportunities in the public sector and government-linked companies. 70% of these jobs are targeted for nurses, medical attendants, social welfare officers and temporary teachers, and the remaining 30% for those in the technical and financial fields.

Policy Recommendations and Concluding Thoughts

While the Malaysian government has made commendable efforts to reduce youth unemployment, there is a need to expand the scope of its policies to effectively help young jobseekers in this rapidly changing and volatile economy. For instance, Italy's policy to move from a "passive welfare" to a "**welfare of opportunities**" is a constructive way to improve sustainable youth employment in Malaysia (Caroleo and Mazzotta, 1999). Instead of focusing on income compensation measures, **emphasising on upskilling the youth and preparing them for integration in the labour force** could potentially increase their employability, thus allowing them to adapt and persevere during economic slumps.

Moreover, **labour force training courses** can effectively integrate unemployed youths into the job market (Caliendo and Schmidl, 2016). In accordance with this, the Malaysian government must ensure upskilling and training programs are easily accessible and updated to meet the current requirements of the labour market. Technical and Vocational Education Training (TVET) programs could emulate existing policies, and adapt them to Malaysian frameworks. For example, Singapore's Skillsfuture provides individuals with a variety of resources for skills-building and career development which include work-study programmes, education and career guidance, internships, etc. The country has also set up an "Industry Skills Council", which invites multinational companies to share their insights with youths on the specific competencies and relevant training programmes to become functional in the workforce (FLY Malaysia, 2021).

Additionally, the government should **join forces with the private sector to create more skilled and wage appropriate job opportunities** by hiring experts in local employment centres to bridge the gap between fresh graduates and private employers. Alternatively, the government could **provide financial incentives to create work experience opportunities** for students or fresh graduates through internship and apprenticeship programmes. Funding provided to non-profit organisations could encourage them to offer training and learning opportunities that enable students and fresh graduates to gain transferable soft skills which are considered highly valued aptitudes by employers.

Besides, **developing programmes for youths** in rural areas (i.e. job creation and skills training) to support rural livelihoods and help them transition from the informal to the formal economy is highly recommended. The well ordered facilitation and absorption of youths into the labour market can be achieved by creating modern markets for all Malaysians - from the urban and rural areas - to enhance their competitiveness by making digital resources more accessible and preparing them for Industry 4.0.

Creating a stable and conducive environment for Malaysian youths to become self-sufficient and financially independent is vital to improving the standard of living for all Malaysians, whether or not they belong to the youth category. Therefore, a sustainable solution to youth unemployment would be to incorporate some of the policies recommended above to reduce unemployment and employment incongruities.

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