Youth Employment: Innovative Approaches to Human Development in Malaysia

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Content

1. The trend of youth unemployment in Malaysia

2. The causes of (the rise and fall) youth unemployment

3. Innovative approaches to reduce youth unemployment in Malaysia.
The trend of youth unemployment in Malaysia

• Definition of youth in Malaysia
  – The National Youth Development Policy of Malaysia defines youth as people aged between 15 and 40 years.

• This paper
  – youth refers to individuals in the age group of 15 – 24 years of age.
Youth and population in Malaysia

- As of 2010, the population of Malaysia was at 26,784,965.

- 18.6% of the population who were in the age group of 15 – 24. (more than 8 million)
<table>
<thead>
<tr>
<th>Age group</th>
<th>Total</th>
<th>Total</th>
<th>Bumiputera</th>
<th>Malay</th>
<th>Other Bumiputera</th>
<th>Chinese</th>
<th>Indian</th>
<th>others</th>
<th>Non-Malaysia citizens</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 – 14</td>
<td>2,824,107</td>
<td>2,686,033</td>
<td>1,909,243</td>
<td>1,571,678</td>
<td>337,565</td>
<td>545,232</td>
<td>184,772</td>
<td>46,786</td>
<td>138,074</td>
</tr>
<tr>
<td>15 – 19</td>
<td>2,646,135</td>
<td>2,548,123</td>
<td>1,823,433</td>
<td>1,489,109</td>
<td>334,328</td>
<td>512,152</td>
<td>170,895</td>
<td>41,643</td>
<td>98,012</td>
</tr>
<tr>
<td>20 – 24</td>
<td>2,553,047</td>
<td>2,442,423</td>
<td>1,717,507</td>
<td>1,404,789</td>
<td>312,720</td>
<td>517,503</td>
<td>171,946</td>
<td>35,465</td>
<td>110,624</td>
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<tr>
<td>25 – 29</td>
<td>2,378,080</td>
<td>2,225,347</td>
<td>1,531,967</td>
<td>1,249,339</td>
<td>282,682</td>
<td>500,162</td>
<td>164,033</td>
<td>29,185</td>
<td>152,733</td>
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<td>30 – 34</td>
<td>2,111,549</td>
<td>1,851,466</td>
<td>1,211,260</td>
<td>980,281</td>
<td>230,979</td>
<td>466,935</td>
<td>151,238</td>
<td>22,033</td>
<td>260,083</td>
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<tr>
<td>35 – 39</td>
<td>1,925,924</td>
<td>1,660,763</td>
<td>1,046,792</td>
<td>845,936</td>
<td>200,856</td>
<td>452,345</td>
<td>142,359</td>
<td>19,267</td>
<td>265,161</td>
</tr>
<tr>
<td>40 – 44</td>
<td>1,825,245</td>
<td>1,628,881</td>
<td>1,015,144</td>
<td>825,516</td>
<td>189,628</td>
<td>457,633</td>
<td>136,702</td>
<td>19,402</td>
<td>196,364</td>
</tr>
<tr>
<td>TOTAL POPULATION</td>
<td>28,908,795</td>
<td>26,784,965</td>
<td>17,947,371</td>
<td>14,749,378</td>
<td>3,197,993</td>
<td>6,520,559</td>
<td>1,969,343</td>
<td>347,692</td>
<td>2,123,830</td>
</tr>
</tbody>
</table>

Table 1: Population, ethnic group and age in Malaysia, 2010

Source: Department of Statistics, Malaysia 2010
Youth Employment in Malaysia

Table 2: Youth employment in Malaysia, by gender (15-24 years old)

Source: Key Indicator of the Labour Market Malaysia, 2001-2009, Department of Statistics

<table>
<thead>
<tr>
<th>Gender</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>47.7</td>
<td>45.9</td>
<td>46.8</td>
<td>44.2</td>
<td>42.9</td>
<td>42.2</td>
<td>41.6</td>
<td>41.2</td>
<td>40.2</td>
<td>39.3</td>
</tr>
<tr>
<td>Male</td>
<td>55.5</td>
<td>53.2</td>
<td>54.2</td>
<td>51.8</td>
<td>49.9</td>
<td>49.4</td>
<td>48.9</td>
<td>48.4</td>
<td>47.2</td>
<td>46.5</td>
</tr>
<tr>
<td>Female</td>
<td>39.6</td>
<td>38.5</td>
<td>39.2</td>
<td>36.3</td>
<td>35.7</td>
<td>34.8</td>
<td>33.9</td>
<td>33.7</td>
<td>32.8</td>
<td>31.7</td>
</tr>
</tbody>
</table>

- Highest overall
- Highest and lowest amongst males
- Highest and lowest amongst females
- Comparison between males and females
# Youth unemployment in Malaysia

Table 3: Youth unemployment in Malaysia, by gender (15-24 years old)

<table>
<thead>
<tr>
<th>Gender</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>10.5</td>
<td>10.7</td>
<td>10.9</td>
<td>11.7</td>
<td>11.7</td>
<td>10.9</td>
<td>10.9</td>
<td>10.9</td>
<td>11.9</td>
<td>11.3</td>
</tr>
<tr>
<td>Male</td>
<td>10.3</td>
<td>10.3</td>
<td>11.0</td>
<td>11.2</td>
<td>11.5</td>
<td>10.8</td>
<td>10.5</td>
<td>10.3</td>
<td>11.5</td>
<td>10.9</td>
</tr>
<tr>
<td>Female</td>
<td>10.7</td>
<td>11.4</td>
<td>10.7</td>
<td>12.4</td>
<td>12.0</td>
<td>11.0</td>
<td>11.5</td>
<td>11.8</td>
<td>12.5</td>
<td>12.0</td>
</tr>
</tbody>
</table>

- Highest overall
- Highest and lowest amongst males
- Highest and lowest amongst females
- Comparison between males and females
- Economic crisis 2008
2. Causes of unemployment in Malaysia

Educational qualification

• Consistent with the global situation/scenario
  – The International Labor Office (ILO)
    – unemployment is higher among less educated young people in most OECD countries (ILO, 2010).
  – (Jallade, 1987)
    – Many also believed that many young people are unemployed because of poor education system; and failure to acquire specific, marketable skills required by employers (Jallade, 1987).
2. Causes of unemployment

Economic downturn

- The economic crisis that hit Malaysia in late 1990’s
  - Impacted the less educated youth and university graduates.
  - The issue of increasingly high rate of unemployment among graduates became an important agenda to the Ministry of Education (MOE)

- The global financial crisis of 2008
  - It was recorded that the number of unemployed graduates almost doubled from 42,500 in year 2000 to 74,182 in 2004 (World Bank, 2007).
  - The share of tertiary-educated unemployed in total unemployment also rose, from 15.3 percent in 2000 to 21.1 percent in 2004.
2. Causes of unemployment

Access to education

- The declining trend of youth participation rate in the labour force could be attributed to better opportunities in education provided by the government. The launching of the New Economic Policy (NEP) in 1970 had called for greater accessibility at all levels of education. The government has indicated that the rest of youth who are not in the labour force are either still in the training or in their tertiary education level (Doraisamy, 2002).

- The policy of the Ministry of Education to extend free access to 11 years of basic education to all has reduced the number of youth entering labour market at young age. Thus it can be observed that there was a high transition rate from primary to secondary, and tertiary education thus reducing the rate of youth participation in labour force.
2. Causes of unemployment
Access to education

Financial aids/assistance at primary, secondary and tertiary education

- **FINANCIAL AIDS FOR PRIMARY AND SECONDARY SCHOOL STUDENTS**
  - The Malaysian Education Minister in November 2011 announced the cash assistance (RM 100 per students) has been especially helpful for rural folk.
  - Fee free education for all for 5.3 million primary and secondary government school students.

- **FINANCIAL AIDS FOR PRE-UNIVERSITY AND TERTIARY EDUCATION**
  - Form 6 and tertiary students also have financial assistance to higher education.
  - Vouchers to purchase book of any type related to their course of study.
2. Causes of unemployment

Access to education

Financial aids/assistance tertiary education through the PTPTN financial loan for HLIs

- The PTPTN Education Loan Scheme was set up with the aim of providing education loans to students pursuing their studies in local institutions of higher learning (IPT). This loan will enable students to fully or partially pay their fees and their subsistence for the duration of their study in the IPT. Thus, this scheme provides greater opportunities to students to continue their tertiary education.
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The scope of the PTPTN education loan facility is open to students pursuing studies at the diploma, first degree, master, doctorate and professional courses levels in IPTs established under the following acts:

- Universities and Universities Colleges Act 1971
- Institut Teknologi MARA Act 1976
- Private Higher Education Institutions Act 1996
- Education Act 1996

Starting March 1st, 2007, students pursuing long distance or part-time studies in IPTs at the diploma, first degree, master, doctorate and professional courses levels are eligible to receive PTPTN education loan. However, the loan amount sponsored is only for the education fees that has been placed by the IPT and must not exceed maximum amount that's been stated in the PTPTN Circular Bil 2/2007.
2. Causes of unemployment

Competency mismatch

Another reason for the increasing rate of graduate unemployment is the issue of competency (knowledge, skill, ability) mismatch, characterised by a mismatch between aspirations and opportunities (Jallade, 1987). Youth are less preferred job seekers, attributed to their inadequate skills at the point of job entry. They too, as a result of their inadequate skills, have to compete with the more experienced players. They also lack work experience and networks, and are perceived to have the tendency to change jobs frequently.
2. Causes of unemployment

Competency mismatch

Other universal factors

- the population growth, young people’s attitudes towards work and changing attitudes towards work among women (Jallade, 1987).
- The deterioration of male participation in employment could be attributed to their voluntary choice to be outside the labour force mainly due to their pessimistic feeling towards the socio-economic environment.
- ... high retrenchment rate among the youth is also due to the lack of seniority (United Nation, 2002).
3. Innovative Approaches to Human Resource Development in Malaysia

a. Workforce Development

- Workforce development is referred to as vocational-technical education or career and technical education which emphasizes the effort to prepare an individual to enter an occupation. It encompasses workforce education provided at the education institutions, private businesses and industry, government sponsored institutions, or community-based organizations, all are aiming to increase an individual’s opportunity to enter the labour market or to solve human performance problems in organisations (Gray & Herr, 1998).
Initiatives
(a. workforce development)

- Malaysia has given great emphases to the provision of education to its approximately 9.75 million youths, aimed at making them Malaysia’s powerful workforce.

- School education
  - Approximately 7.73 million or 79.32% of all youths, aged between 12 and 16 are in secondary schools (Karim, 2001)

- Higher Education
  - About 25% of youths in Malaysia (aged 17-23) are in the higher education (Hassan Said, 2002).

- Despite significant educational budget allocation, Malaysia is still confronted with a relatively low participation rate of tertiary education by school leavers. It was reported in the New Economic Model (NEM) that in 2007, 80 percent of Malaysia’s workforce received education up to Sijil Pelajaran Malaysia (SPM).
Initiatives

b. Nurturing Entrepreneurship among youths

- In Malaysia, entrepreneurship skills are taught to students at secondary and tertiary education through co-operative movement in schools, and entrepreneurship training and education in universities.

- Under the Youth Development Policy, various programmes have been put in place to encourage entrepreneurship activities among youths. About 19,000 youths have received loan for their trading projects and have created jobs for about 3,650 youths (1990-95) (Faizah, 2007).
  - Subramaniam (2010) stated that youth in Malaysia study entrepreneurship and receive supports for over a three year period.
  - Among the approaches – microenterprises or establishments with less than 5 employees for all sectors including agriculture, manufacturing and services, and has been found to be one of the solutions to reduce unemployment among youths.
Initiatives
c. Employment through Agricultural activities

- Malaysia has included agriculture and agriculture industry as major focuses in solving problems including unemployment. Given agriculture offers a lot of attractive activities and businesses, efforts were made to diversify agricultural activities through innovative agricultural methods such as contract farming activities (leech rearing, worms rearing, herbs and mushroom).

- These activities have attracted huge interests from the public, and have acquired positive attitudes amongst youths (Hayrol Azril et al., 2010).
Initiatives
d. Technical and Vocational Educational Training

– Besides the Education Ministry, the role of providing education is also undertaken by the various ministries and agencies which include the Ministry of Rural Development, the Ministry of National Unity and Community Development (National Unity Department), as well as associations, private agencies and religious bodies. At the advanced level, the agencies which provide skills training are the Ministry of Youth and Sports, the Ministry of Human Resources (MOHR), the Ministry of Rural Development, the Ministry of Entrepreneurial Development (MARA) and Non-Governmental Organisations (World Education Forum, 2000).
Initiatives

e. Employability Enhancement Programmes

– The issue of graduate unemployment has also caused the government to review the quality and relevance of tertiary education to the labour market. The following initiatives have been introduced:

– A. Industry-relevant programmes
  • The design of curricula at HLIs ensures that graduates are capable of relating their competencies to the various variables that are facing their work and life endeavours, true to the demands of globalisation and internationalisation.

– B. Life-long learning
  • One of the pertinent components in the concept of employability is the ability of individuals to maintain employment along the continuum of their career.
  • effort of enriching themselves with new competencies though they are no longer in formal learning institutions.

– C. HLI-Industry collaboration
  • HLIs has mobilised the cooperation of employing organisations to join forces in promoting access to HE.
Initiatives

f. Employment through information and communication technologies (ICT)

• Collet (2003) reported a critical shortage of skilled workers in the Information Technology (IT) sector in Malaysia despite the country’s aim of making IT its biggest economic sector. The industry has been relying on a pool of capable employees, like programmers, from India and China. Malaysia has been identified as “potential leaders” group of countries in the Technology Achievement Index, characterized by its efforts to invest in high levels of human skills and diffused new technologies. widely but still needs to show that they can innovate in their own right. (Curtain, 2001).

• Malaysia has set up a multimedia super corridor (MSC) which hosts worldwide manufacturing and trading activities using multimedia technology. Among the ICT-generated employment for youth is career in call centres . It has attracted diploma and degree-holders, the majority of them work on full time.
Initiatives
g. Funding for Youth Development

• Youth Development in Malaysia receives significant attention from the Government. Fund were increasingly provided for them, ranging from RM 1.05 billion in the 6th Malaysia Plan to RM2.7 billion in the 7th plan. There are several government policies which are directly or indirectly related to youth development in Malaysia.
Examples of government policies that are directly and indirectly related to youth development:

- **National Youth Policy.**
  - This is an essential tool to promote strategic participation of young population for they are the group of people who are responsible for the future and direction of their country.

- **National Youth Development Policy.**
  - This policy was issued by the Cabinet in 1985, and revised in 1997. It is a framework for the planning and implementing of youth programmes.
National Education Policy

- The aim of education policy in Malaysia is to produce highly educated, skilled and strongly motivated professional workforce. Besides the formal education system that provides youth the opportunities for them to equip themselves with employment or vocational skills.
- To increase employability of unemployed graduates, the government has put in place several measures such as the Training and Attachment Programme (SSL) that was introduced in 2001. In this programme the unemployed graduates were placed in public- and private-sector agencies to gain work experience and training especially in the area of ICT and English language (World Bank, 2007).
The Malaysian Human Resource Policy

- The policy could
  - safeguard the employment rights of young workers by linking it to the National Youth Development Policy
  - prepare youth with up-to-date technological, technical and vocational skills, as well as through entrepreneurial activities.

- The policy has resulted in a significant change in the employment structure of Malaysia.
Conclusion

- Unemployment has negative impacts to the country in that it contributes to the waste of resources in an economy in that the unemployed are less effective source of labour supply. Besides, it may also lead to social ills such as drug abuse and crime. Youth unemployment situation in Malaysia is relatively stable but it is certainly an issue of great concern due to various implication on the youth as well as on the nation. As the country is moving toward fully-developed nation, the youth must be prepared and able to face the global economic challenges. Thus, the capacity building agenda in Malaysia views youths as key assets in a country’s socio economic development.
Sources

References


Thank You
Causes of concern of unemployment among youths

http://www.unicef.org/malaysia/sowc_11-adolescence-malaysia.html

According to the 2010 Malaysia Millennium Development Goals Report, three quarters of all children of upper secondary school age who are not in school come from households in the bottom 40% of the income distribution, as do almost 90% of all those of lower secondary school age who are not in school. The drop-off in secondary school enrolment can be linked to other threats such as substance abuse, which poses a risk to some adolescents. Statistics from the National Drug Agency (ADK) show that 65% of drug users detected in 2009 had only completed their secondary education up to the age of 15.