

The Edge survey finds youth pessimistic about job prospects

BY AREESHYA THEVAMANOHAR AND CHEE GEE REN

Data on youth unemployment since the outbreak of the Covid-19 pandemic has been unsettling, although the job market seems to have turned a corner. However, a recent dipstick survey by *The Edge* among young people shows that a majority are quite pessimistic about their employment prospects for at least another year.

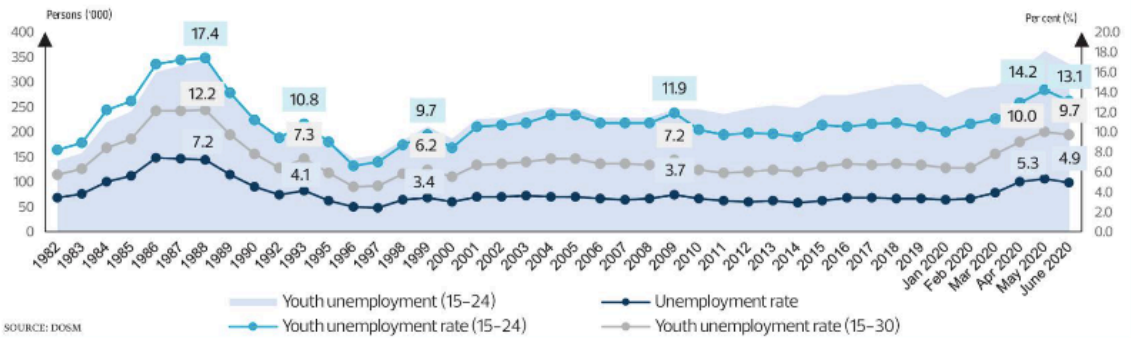
The pandemic-induced recession took youth (those aged 15 to 24) unemployment to a peak of 14.2% in May this year, much higher than the 11.9% recorded in 2009 on the back of the global financial crisis, according to data from the Department of Statistics Malaysia (DOSM).

By July, however, muted signs of recovery brought youth unemployment down to 13.9%.

There is little cause for optimism, however, as Khazanah Research Institute's (KRI) researchers Nur Thuraya Sazali and Mohd Amirul Rafiq Abu Rahim take the view that the economy, which Bank Negara Malaysia forecasts will contract between 3.5% and 5.5% this year, is not expected to create new jobs soon.

This trend is nothing new. "Based on previous data since 1982, what we have observed is that the youth unemployment rate (among the 15-to-24 age group) is on average three times [the] overall or national unemployment rate," the KRI researchers said via e-mail when contacted by *The Edge*.

Unemployment rate by selected age groups, 1982–2019 and January–June 2020



Young people are clearly concerned about their job prospects, as the survey in August showed.

The online survey was conducted among 268 young people aged 18 to 25, 92.5% of whom were tertiary-educated in universities, community or vocational colleges.

The participants were divided into three groups: students, employed graduates/school leavers and unemployed graduates/school leavers.

Of the 268, 88 (32.8%) are still in school, 119 (44.4%) are employed graduates/school leavers, and 61 (22.8%) are unemployed graduates/school leavers.

On the respondents' view of their job prospects and security, the answers vary.

Among unemployed graduates and school leavers, 70.4% are not confident of getting the jobs they want.

For students, 38.6% are not confident of getting the jobs they want. For employed graduates/school leavers, only 19.3% are not confident of keeping their jobs.

Surprisingly, the government's efforts to stimulate employment through its Prihat and Penjana stimulus packages have seen limited effect among the youth. Some 75.4% of unemployed youth surveyed said they did not benefit from these initiatives. This was also the case for 73.9% of those surveyed who are employed.

The issue may not lie with Penjana (which offers wage subsidies, hiring incen-

tives, reskilling and upskilling programmes and cash aid), as some respondents suggested that it was not marketed widely enough.

Notably, the impact of Covid-19 on job prospects is not Malaysian youth's biggest concern. Instead, they pointed to underlying structural issues that plague the labour market.

Malaysia's low wage level is a major concern, with 36.2% citing this as a worry, followed by the limited number of jobs matching their selected fields (27.2%).

A majority of the youth surveyed indicated that they expected only meagre earnings of RM2,000 to RM3,000 from jobs on the market. The World Bank's Malaysia Economic Monitor last year reported that

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Covid-19 biggest concern of unemployed youth

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the annual median wage growth among younger workers stood at 2.4%, trailing the 3.9% growth for older workers.

On the mismatch of jobs, the youth surveyed preferred to venture into professional services such as finance, accounting and law, but there were too few job openings in their chosen industry. In email comments to *The Edge*, however, KRI observed that the services sector in Malaysia was dominated by low-skilled, "traditional" services such as food and beverage (F&B), versus "modern" services such as professional and financial activities.

Only 22.8% of respondents said the economic fallout from the pandemic was their biggest concern regarding job prospects. Among unemployed youth, Covid-19 emerged as their biggest concern, with 41% seeing their job prospects dimmed because of the pandemic.

The survey confirms that the twin elements of limited opportunities and low wages are among a range of push factors that are sending Malaysia's talent in search of jobs overseas.

A significant 57.8% of respondents said they had considered looking for a job overseas mainly because of the promise of better wages and job opportunities, which is indicative of a brain drain in the domestic labour market.

Another important point highlighted by some respondents is the need for support from the government and businesses.

Respondents ranked hiring incentives and reskilling and upskilling initiatives as the most helpful interventions for improving their employment prospects.

On this point, KRI noted that hiring incentives may only minimise job losses in the short run without generating new jobs, but commended reskilling and upskilling initiatives as a step in the right direction.

Sunway University economics professor Dr Yeah Kim Leng says information sharing is key, and that career counsellors in schools, colleges and universities should make students aware of the various subsidies, incentives and reskilling programmes to prepare them for entry into the workforce.

He suggests that the relevant ministries collaborate to hold career fairs, conferences and workshops to publicise various hiring programmes and incentives. Social media could be harnessed to get the message out, he says.

Pandemic aside, Yeah believes slower job creation and subdued investment activities are key structural factors keeping youth unemployment at a persistent double-digit figure.

That is not all that young job-seekers

Different views from students, employees and unemployed youth (1 being least confident, 5 most confident)

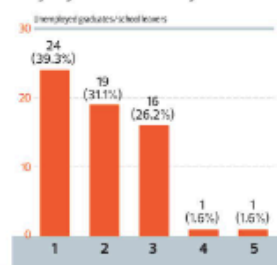
How confident are you about finding the job you want in Malaysia?



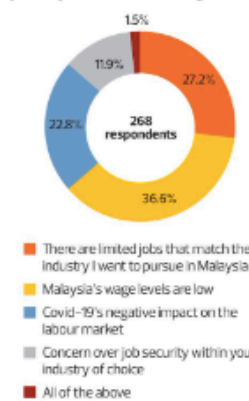
How confident are you about keeping your job in Malaysia?



How confident are you about finding the job you want in Malaysia?



What is your biggest concern regarding job prospects in Malaysia?



face. Employers prefer staff with work experience and are reluctant to incur the high cost of training fresh workers.

Then, there are the problems of a skills mismatch and the reluctance of Malaysian workers to take on semi-skilled and 3D jobs, he adds, referring to the dirty, dangerous and difficult work shunned by locals. This ties in with the observation that while a young workforce is looking for high-quality jobs, employers are focused on keeping labour costs low.

In its School-to-Work Transition Survey (SWTS), KRI reported in 2018 that 95% of young

respondents with unskilled jobs and 50% of those with low-skilled manual jobs were found to be overeducated for the work they were doing. This highlights the issue that the country is not putting its labour force to optimal use.

"This particular finding that youth are taking up jobs they are overqualified for is not surprising, considering that more than half of the job vacancies fall under elementary or unskilled occupations," says KRI.

McKinsey & Co senior partner Nimal Manuel believes the temporary decline of some industries also provides an opportunity for upskilling towards future areas of skills growth.

"First, governments, business associations and educational institutions should be asking themselves: How do we use the downturn to retrain and future-proof our workforce?" he says.

Nimal proposes rapid upskilling for short-term demand surges such as in grocery retail during the pandemic, and longer-term upskilling or reskilling that enables individuals to move into careers aligned with future trends, such as healthcare services.

"Longer-term interventions could also focus on digital literacy and social and emotional skills — the building blocks that workers need to stay relevant in a more dynamic and digitalised labour market," he adds.

He also suggests building online "talent exchanges" to increase transparency on job openings and facilitate redeployment of workers.

"There is an urgent need for transparency on changing demand, growing job opportunities, and information on existing skills that may be underutilised and for better, faster matching between job seekers and employers," Nimal says.

Beyond government assistance, he notes that businesses play a big role, as they are on the front lines of the workplace as it evolves, which would require them to both retool their business process and re-evaluate their

talent strategies and workforce needs.

He cites an example at US-based telecommunications company AT&T, which offered its employees opportunities to enrol in online computer science programmes at a university to fill current skill gaps.

Nimal says a crisis of this degree calls for a mindset shift towards the greater good of society as opposed to focusing on competitive advantage for a specific company.

"Companies that otherwise would be business competitors often have opportunities to collaborate and provide reskilling at an industry level. There is also a role for governments to facilitate this shift," he adds.

In the meantime, according to KRI, young people do not have to wait for change, but can resort to creating their own jobs through self-employment.

"Skilled youth have the advantage of 'exporting' their services abroad and can earn income from selling their skills instead of tangible products," it explains.

While self-employment offers more opportunities to generate income, it is often more unstable with limited labour and social protection, KRI adds, citing a report by the DOSM that found that self-employed workers were the worst hit by the pandemic.

"While we have to acknowledge the existing programmes under Socso and the EPF, further improvements can be made by extending financial support [to] unemployed individuals who are working towards becoming self-employed," KRI says.

This report is based on an online survey designed and conducted by two interns at *The Edge*. Areeshya and Gee Ren returned to Malaysia when overseas students were sent home, following the outbreak of the Covid-19 pandemic.