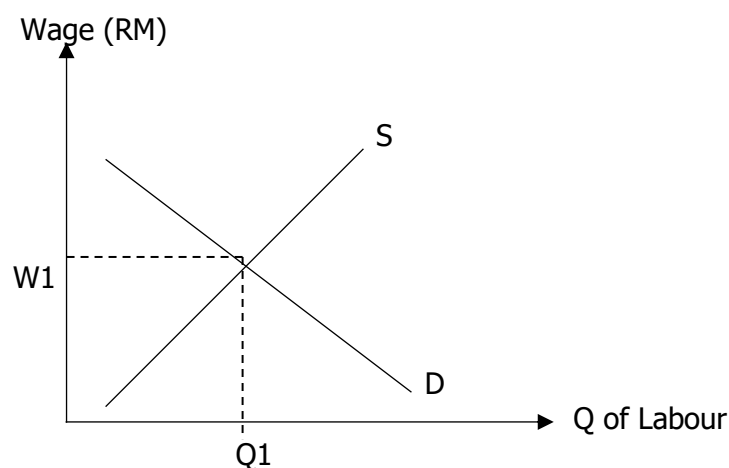


Topic: Malaysian youth unemployment rate has been more than ten percent, more than three times higher than the national average. What reforms should the Malaysian government pursue to ensure the labour market in this digital era is vibrant and resilient when you graduate from college?

The Malaysian youth unemployment rate has been more than ten percent, three times higher than the national average. Finding the causes of youth unemployment in our society will enable us to gain an understanding and find a solution. Whilst working on a better future for our youth, it may have a long-lasting effect on our economy. According to the website Statista, (O'Neil, 2023), has shown that as the national average rate for unemployment increases, the rate of youth unemployment follows. The rising unemployment rate, especially the youth unemployment rate is an indication that the Malaysian economy is not healthy. Therefore, there is a great urge for the Malaysian government to take drastic measures in reforming the current labour market to make it more vibrant and resilient for everyone, especially the youth.

For a better understanding, let us explore the basic model of a labour market. The labour market mechanics are made up of demands and supply of labours. Below is the diagram of a hypothetical labour market.

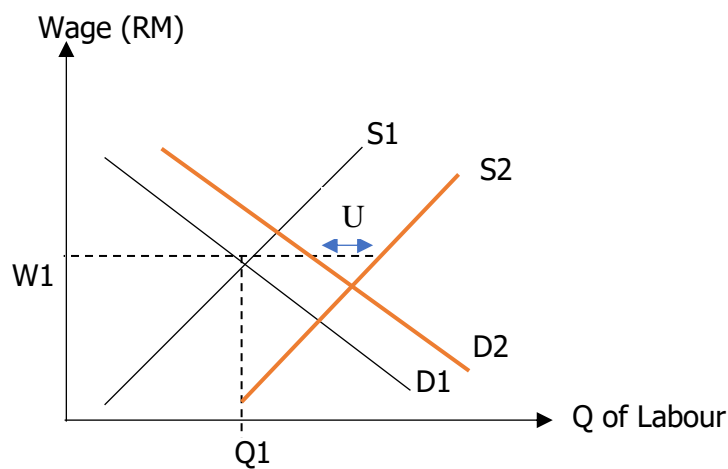
Diagram 1: Basic Labour Market Model



The demand curve represents the demand for labour services by employers in the market while the supply curve represents the supply of labour services by labours in the market. The equilibrium point of the labour market can be found at the intersection of supply and demand

curves. The equilibrium point directs us to the equilibrium wages and equilibrium quantity of labour employed in the market. However, if the supply of labour rises at an exponential rate while the demand for labour grows logarithmically, there would be a surplus of labour in the labour market at the initial equilibrium wage (W_1), which indicates unemployment. Below is the diagram showing the unemployment issue in the labour market.

Diagram 2: Unemployment



According to the statistics published by the Department of Statistics Malaysia (2022), the number of graduates has increased from 5.356 million in 2020 to 5.607 million in 2021. However, the number of job opportunities shrunk in those periods due to the adverse impacts of COVID-19 pandemic on the Malaysian economy. The government has imposed a strict Movement Control Order (MCO) which prohibits businesses from operating at its normal hours. Due to that, businesses have laid off most of their employees and reduced hiring in order to survive through the economic recessions caused by the pandemic. Even after the government lifted the restrictions, the labour market is still recovering from the effects of the pandemic until today. The youths were the most affected and the most vulnerable to unemployment compared to other age groups as reported by the International Labour Organization, its abbreviation being ILO (2021). To reduce youth unemployment, the government must improve the demand side of the labour market so that it can accommodate the exponential growth in the labour supply.

It is noticeable that youths in urban areas are more likely to be unemployed as compared to the youths that stay in rural areas. A study conducted by Lee (2020) discovered that there is a rising pattern in the youth unemployment rate in urbanised areas and a falling pattern in the youth unemployment in rural areas. The possible reason for such a finding is that the degree of competition in more urbanised areas is relatively higher than in less urbanised areas. The youths might be edged out by other competitors as the youths are not having sufficient skills and experiences as compared to middle-aged groups. The findings in the past study by Lee (2020) show that there is a greater need for government intervention in creating a more vibrant labour market in urbanised areas to help the youths find their desired jobs. Most youth today are not equipped with the knowledge and skills required for work, and most of them do not really have the time or motivation to go looking for jobs, not even part-time jobs during year-end holidays. This leaves them inexperienced and unprepared for things such as professional interviews, which are without a doubt a crucial part of obtaining employment. These youths tend to be unaware of professional etiquette, especially teenagers. So in comparison to fully grown adults, youths will inevitably fall on the short end of the stick and will never measure up.

Having said that, I propose that the Malaysian government should provide training for youth in their places of education. Although the government does have programs and classes in colleges and universities, such as workplace communication and so on, so forth but they should be implementing these a lot sooner like in secondary school. Youths should all at least know what to expect in a working environment. These pieces of training can consist of hosting seminars or even having an entirely separate class where they teach professional etiquette and strengthen their understanding when it comes to interviews so they will be well-prepared and knowledgeable of what to expect during interviews. This will help the youth feel less anxious and leave them feeling more confident and optimistic about the future. In addition, apprenticeships and internships can be encouraged by the government, both public and private. Young people not only can benefit from these programs by gaining valuable work experience and developing their skills as previously mentioned. They will also be able to network with industry professionals. A similar proposition was found in a study by Wen et al. (2022) which emphasised that fresh graduates are advised to keep refining themselves from time to time by acquiring other relevant skills such as communication, analytical and computer skills, followed by participating in leadership activities or any programmes that can boost their confidence. This will help in boosting Malaysian youths' competencies in the labour market. The youths also need to be well-prepared for seeking jobs, especially the newly inexperienced

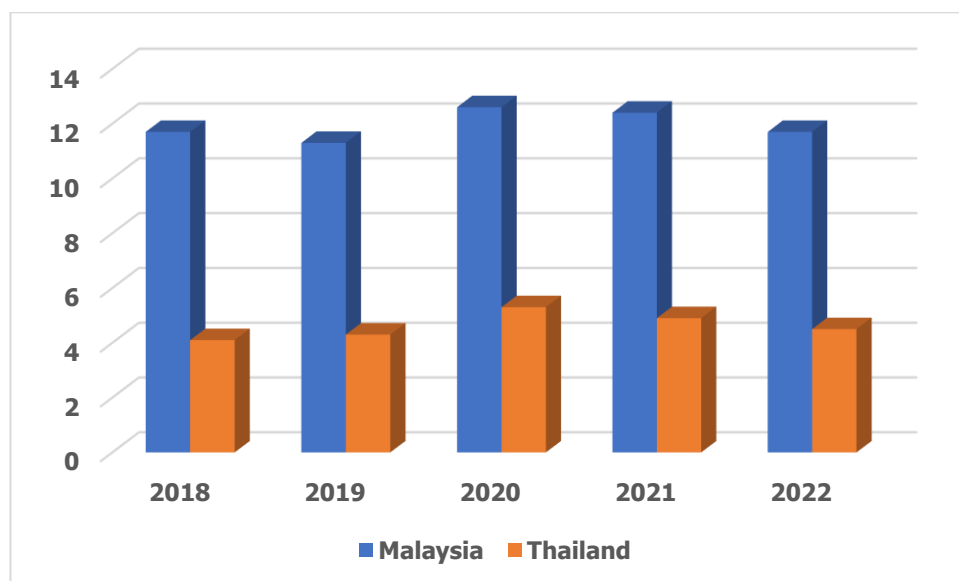
graduates, they need to conduct a background search on the company before getting to an interview so that they can give a good first impression to their potential employers. English has also recently been increasingly important in the world with most companies and universities using English as their main language of communication. Almost all jobs nowadays require some level of fluency in the English language. And from the looks of it, a lot of students did not pass their English during their SPM examination, despite the alleged grade curve, which leaves them even more underqualified. The government did not put as much emphasis on the English language as they do for the Malay Language and History subjects. The Malaysian government should make English one of the subjects in SPM that the candidates must obtain at least a credit for in order to pass the examination, just like the Malay language and History. By doing so, candidates might put a greater effort into refining their command of English.

Based on the propositions made in making the labour market more vibrant and resilient in this digital age, there are a few important factors that we must take into account as they will influence the outcomes. First, the quality and the availability of trainers to run the programmes. Increasing the provision of training might not improve the competencies of the youths if the trainer is not committed and is less qualified to be a trainer. It only wastes the government's scarce resources i.e. the tax revenues, which is the money from our taxpayers. The amount of training provided could be limited due to limited qualified trainers. Thus, only a small number of youths can be trained. Another important factor is the upbringing of the youth. Parents play an important role in shaping the youths' attitudes towards adult life. If the parents failed to educate their children, then the youths might develop at a slower pace in becoming an independent and mature adult. With that being said, even when the youths are given free training courses, they may not fully optimise the benefits. Another potential issue that might arise from making English one of the compulsory subjects to get credit is the rise in the number of youths who fail their SPM examination. Increasing the passing requirement in the examination without improving the teaching methods, lesson deliveries, and assessments, could worsen the outcome. Therefore, the government should also focus on improving the educator's skills and knowledge, followed by the assessment system so that the youths can learn better and thrive in school.

A significant proportion of the youths do not favour traditional working arrangements such as fixed working hours, imbalance work-life culture and so on. This led to greater voluntary unemployment amongst the youths in Malaysia. To reduce the extent of this issue,

the government could enforce laws on private sectors to practice flexible working systems such as flextime (flexible working hours) and allowing their staff to do their personal activities in-between working hours for stress relief. Some businesses might be appalled by the idea of this, worrying that their employees will take advantage, that they will be left understaffed and that their business will be greatly affected. But on the contrary, allowing flexible working arrangements can be beneficial, not only to the employed youth but also to the regular employees. According to the website EY (2021), a majority of Malaysian employees especially the youths prefer having flexible working arrangements and based on the EY 2021 Work Reimagined Employee Survey, only 22% of Malaysian employees preferred working in a nine-to-five office. Flexibility in working hours can not only convenience one's life, thus reducing stress and improving one's mental and physical well-being but it can also improve productivity and work performance. This might also cause a domino effect of more people who are interested in working for said business, leaving them with even more employees than they started off with so they will almost never be understaffed.

Figure 1: Youth Unemployment Rate For Malaysia and Thailand: 2018 to 2022



Source: Own work using data from the World Bank Data

Malaysia and Thailand are quite similar in terms of economic growth and development. However, according to the World Bank Data (Retrieved on 19 July 2023), Thailand's youth unemployment rate is drastically lower than Malaysia's with a whopping 4.47 percent. So from the looks of it, we can learn a thing or two from them. Based on the website Youth Training Foundation (2023, retrieved on 19 July 2023), The European Training Foundation, ETF

collaborates with Thailand as a provider of funding to have training programmes for youth. With help from ETF, they will be able to afford things for better training with highly qualified trainers for the youths in Thailand. The most important benefit of such collaboration would be knowledge and resource sharing. Thailand and the ETF will be benefiting each other by sharing their valuable knowledge and resources, to reduce the youth unemployment issues in their own country. These innovative programmes will enable youth to successfully transition from school to work. Malaysia should consider to have such collaboration as well so that Malaysia can save its resources while reducing youth unemployment and benefitting the collaborator at the same time.

To sum up everything, Malaysian youth unemployment is an important issue that is affected by multiple factors like the economic status of the country and youths not having the time or proper qualifications to apply for employment. There are also a lot of things that the government can do to overcome this issue, of course, not without some risks. However, if the government is able to help with this issue, then it will not only bring good to the youth but also the country's economic growth. It is important to know that the youths at the present time are the leaders of tomorrow. Hence, it is imperative that the government take immediate action via policies to improve the health of the labour market so that the youths' talents do not go wasted.

Total words: 1,980

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