

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?

Introduction

Youth unemployment is a significant issue in many nations worldwide, including Malaysia. Youths, defined as the demographic segment aged 15 to 24, are particularly exposed to the problems provided by a lack of productive employment. Concerns over youth unemployment in Malaysia originate from the possible adverse effects on the economy, society, and the well-being of young people.

Malaysia's economy is on the verge of digital change, where the promise of technological progress collides with the formidable reality of high youth unemployment. This essay shall provide a creative blueprint for developing a dynamic and resilient labour market that addresses the critical issue of youth unemployment and drives Malaysia toward an era of digital power.

The repercussions of youth unemployment go well beyond the immediate loss of income. Young adults who are unemployed for an extended period are more prone to experience psychological discomfort, guilt, rejection, anxiety, and despair. These unpleasant feelings can stifle personal growth and development, leading to disappointment and disengagement from active economic involvement.

Youth unemployment can lead to poorer credentials, lower confidence, and a lack of resilience when coping with future labour market possibilities.

Education and Skill Development

According to the MIDF's 2017 Labour Market Review, the dominance of low-skilled employment in the young labour market raises worries about the general status of the economy and a lack of demand for positions in Science, Technology, Engineering, and Mathematics (STEM). According to the review, most youths are employed in low-skilled

positions. This circumstance might have several consequences for the economy, education system, and workforce development.

To begin, the high rate of low-skilled jobs among the youth may imply a misalignment between the abilities obtained via school and the skills sought by the labour market. This mismatch might be caused by young people's lack of knowledge or interest in or an insufficient emphasis on STEM-related fields and education in schools and institutions. As a result of this mismatch, important industries may face a shortage of competent people, impeding technological developments and innovation.

Over-reliance on low-skilled labour may impede global economic development and competitiveness. As technology and innovation grow more important around the globe, economies that place a heavy focus on STEM subjects tend to succeed. If demand for STEM jobs remains static or low, the country may miss opportunities to capitalise on developing sectors and technology.

To overcome this challenge, the government must design effective strategies to promote demand for STEM jobs and encourage young people to seek professions in these sectors. One such method would be to improve STEM education and vocational training programmes to ensure students have the essential skills and knowledge to flourish in STEM-related employment.

Additionally, raising awareness about the benefits and possibilities of STEM disciplines might be important in recruiting more young people to these subjects. This may be accomplished through targeted advertising, workshops, and mentoring programmes highlighting successful role models in STEM areas, motivating young people to pursue such jobs.

Coordination between the government, educational institutions, and commercial sectors is critical in formulating and executing efforts to encourage STEM careers. This might include incentivising enterprises that recruit STEM graduates, building research and development centres, and developing relationships between educational institutions and industries to give practical training and job possibilities.

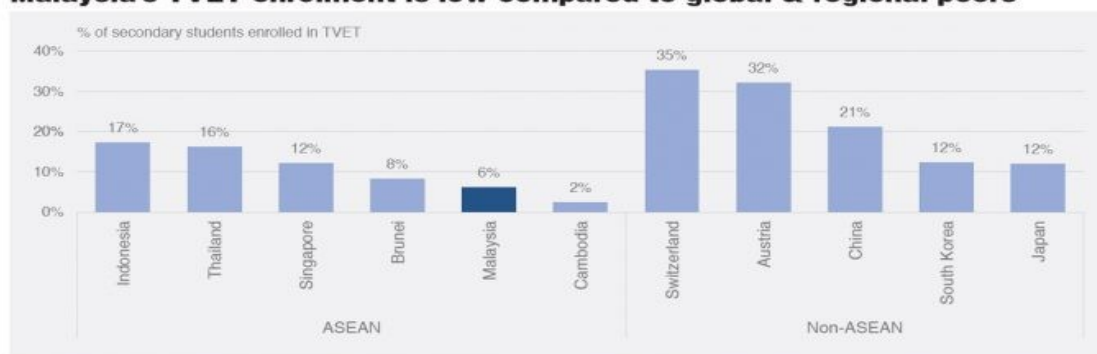
Table 7: Labour Market by Education Attainment

	Employment Share (%)			YoY%		
	2015	2016	2017	2015	2016	2017
Agriculture, forestry and fishing	12.5	11.4	11.3	3.5	(8.2)	1.3
Mining and quarrying	0.7	0.7	0.7	23.3	(7.8)	0.7
Manufacturing	16.5	16.9	17.4	(2.1)	2.9	5.0
Construction	9.3	8.8	8.7	2.5	(4.4)	0.3
Services;	61.0	62.2	62.0	1.8	2.8	1.6
<i>Electricity, gas, steam and air conditioning supply</i>	0.4	0.5	0.4	(5.9)	26.3	(20.3)
<i>Water supply; sewerage, waste management and remediation activities</i>	0.5	0.5	0.6	(11.2)	6.0	5.9
<i>Wholesale and retail trade; repair of motor vehicles and motorcycles</i>	16.8	17.1	17.2	1.6	2.8	2.2
<i>Transportation and storage</i>	4.4	4.5	4.5	2.8	2.5	4.3
<i>Accommodation and food and beverage service activities</i>	8.2	8.9	9.1	0.1	9.5	4.7
<i>Information and communication</i>	1.5	1.5	1.5	0.5	(2.6)	5.4
<i>Financial and insurance/ takaful activities</i>	2.5	2.4	2.6	7.7	(2.1)	6.2
<i>Real estate activities</i>	0.5	0.6	0.6	(10.7)	15.7	2.4
<i>Professional, scientific and technical activities</i>	2.6	2.6	2.4	9.3	0.7	(3.9)
<i>Administrative and support service activities</i>	4.5	4.6	4.7	(3.0)	3.5	2.9
<i>Public administration and defense: compulsory social security</i>	5.3	5.3	5.1	1.3	(0.4)	(1.0)
<i>Education</i>	6.4	6.6	6.1	3.2	3.3	(5.4)
<i>Human health and social work activities</i>	4.1	4.0	4.1	7.5	(0.5)	2.9
<i>Arts, entertainment and recreation</i>	0.6	0.6	0.6	(13.2)	(1.0)	4.1
<i>Other service activities</i>	1.7	1.6	1.8	17.1	(1.0)	12.5
<i>Activities of households as employers</i>	1.0	0.9	0.7	(10.6)	(12.4)	(14.8)

Source: DOSM; MIDFR

CHART 9

Malaysia's TVET enrolment is low compared to global & regional peers



Source: International Labour Organisation, UNESCO Institute for Statistics, ISIS Malaysia calculations

To solve youth unemployment in Malaysia, it is critical to streamline Technical and Vocational Education and Training (TVET) programs to guarantee coherence and efficiency. A lack of coordination and resource allocation has developed from the proliferation of TVET activities across multiple ministries. By combining various programs into a few flagship efforts, resources may be directed towards improving the quality and reach of these initiatives, therefore maximising their influence on youth employability.

To obtain effective results, strict monitoring and assessment methods must be implemented. This includes establishing clear performance metrics, monitoring programme success regularly, and soliciting input from stakeholders such as companies and students. Policymakers may identify areas for improvement and make informed decisions to improve programme results by regularly monitoring the success of TVET projects.

The empowerment of youth via a pioneering emphasis on Science, Technology, Engineering, and Mathematics (STEM) education is our first step toward success. The seminal work of economists (Eric Hanushek and Ludger Woessmann (2010)) demonstrates that investment in STEM education is directly related to economic development and youth employability. Germany is an excellent example of a country that has effectively established a vocational training system emphasising practical on-the-job training and classroom-based instruction. As a result, there is a highly skilled workforce and a low youth unemployment rate.

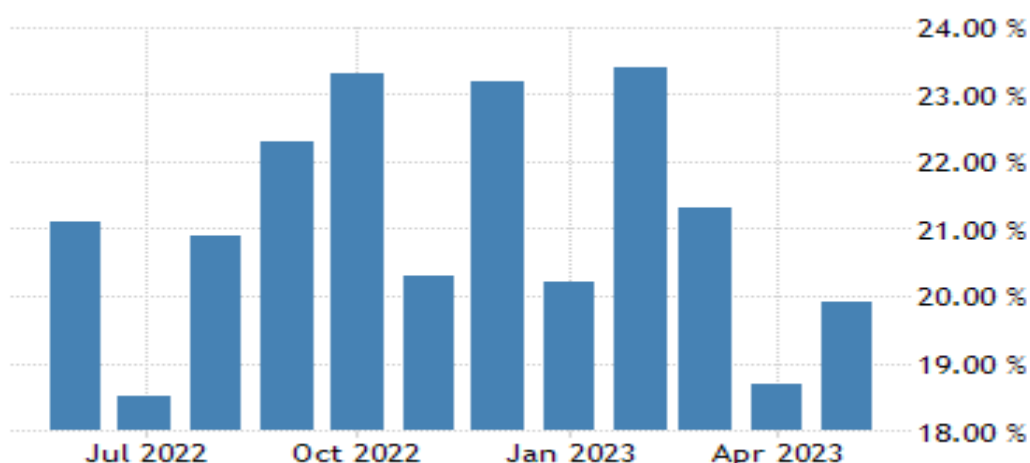
Vocational training programs must transform into dynamic innovation centres, linking their focus with industry demands to build hands-on competence. Using Austria's Youth Guarantee Programme as a model, Malaysia may ensure that every young person under 25 receives an offer for education, training, an apprenticeship, or a job within four months of being jobless or leaving formal schooling. In addition, Germany's vocational training system has been highly successful in reducing youth unemployment. As of 2020, the youth unemployment rate in Germany was approximately 5.9%, significantly lower than Malaysia's.

Malaysia can overcome the skills gap and develop a job-ready workforce by connecting vocational training with industry demands.



Entrepreneurship Support

In the middle of Malaysia's economic resurgence, we fuel the flames of innovation by cultivating a dynamic entrepreneurial environment. Following in the footsteps of the Global Entrepreneurship Monitor (GEM, 2020), we should plan to construct cutting-edge incubators and accelerators that will nurture young visionaries' latent potential. Sweden's policy of providing pay subsidies to firms that hire young job seekers and providing financial assistance and training programs to potential entrepreneurs have effectively encouraged entrepreneurship and lowered youth unemployment.



[Reference](#)

On the other hand, the symphony of financial fortification gives a crescendo to this entrepreneurial overture. Inspired by the World Bank's advocacy, a seamless convergence of venture capital, grants, and government incentives would feed entrepreneurial seedlings, establishing a massive forest of job creators. Malaysia may assist young Malaysians in getting job experience and creating successful enterprises by taking lessons from Canada's Youth Employment Strategy, which includes salary subsidies for firms hiring recent post-secondary graduates and grants for entrepreneurship support.

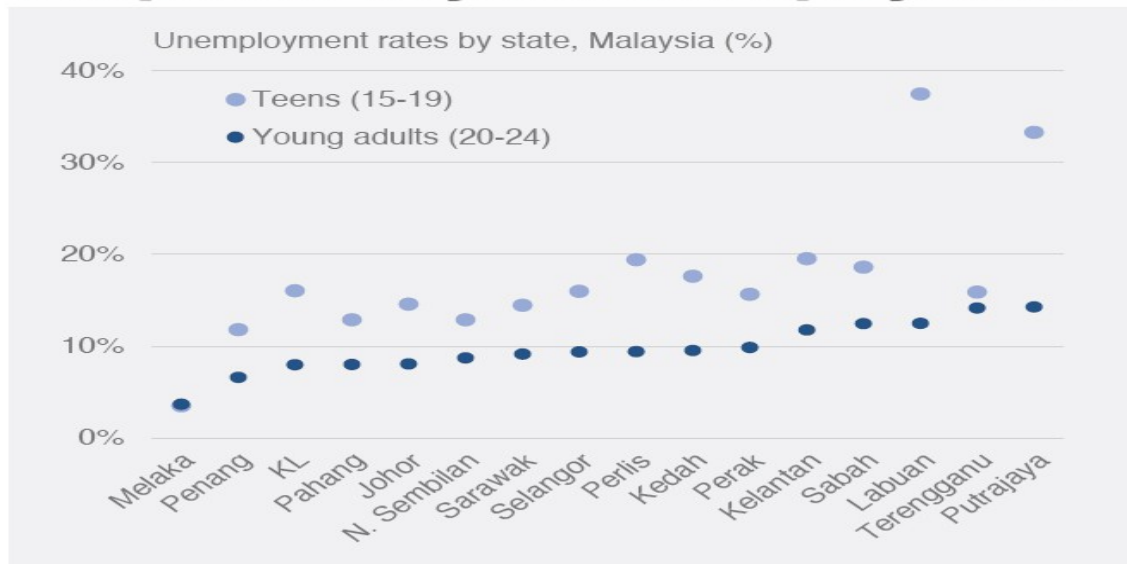
Geographic Targeting

Geographic and income targeting is a critical method that policymakers must use to address Malaysia's young unemployment challenge. The data given in the article show that young unemployment rates vary dramatically among states and socioeconomic levels within the country. To successfully address this imbalance, targeted initiatives in states with more

excellent unemployment rates must be conducted, ensuring that solutions are customised to each region's requirements and difficulties.

CHART 4

Huge geographical & income component to youth unemployment



Source: Department of Statistics Malaysia, International Labour Organisation, ISIS Malaysia calculations

Geographic gaps among youth unemployment rates emphasise the necessity of knowing local labour market dynamics and the distinct variables determining job chances. Terengganu, Sabah, and Kelantan have persistently had higher rates of young adult unemployment, highlighting a compelling need for focused policy initiatives in these areas. Policymakers must collaborate closely with local stakeholders, such as regional governments, enterprises, and community organisations, to establish tailored policies that reflect each state's economic structure and growth potential.

Addressing income gaps, in addition to geographical gaps, is critical in eliminating youth unemployment. The research suggests that graduates from lower-income families experience different labour-market problems than their higher-income colleagues. Differences in educational attainment, training opportunities, and social networks most likely impact these gaps. Policymakers may introduce policies that give more assistance and resources to kids from disadvantaged backgrounds by focusing interventions based on income categories, helping them to overcome hurdles and achieve meaningful work.

Local communities must be actively involved in the planning and execution of targeted initiatives by policymakers. Engaging with local stakeholders will ensure policies are tailored to each region's youth's needs and ambitions. This participative approach has the potential

to result in more durable and successful solutions while also instilling a sense of ownership and empowerment in young job searchers.

Industry-Academia Collaboration

Beyond the boundaries of traditional education, the enigma of industry-academia partnership will be the key to Malaysia's economic transformation. According to prominent economic voices (Heckman, 2011; World Bank, 2019), the convergence of academic knowledge and industry understanding will result in a glut of trained graduates who are acutely aware of market demands. Japan's labour market changes have led to a more dynamic and flexible workforce by incentivising corporations to offer more permanent roles and invest in areas that create young employment prospects.

Like a maestro orchestrating harmonies, this partnership will harmonise academic courses with industrial developments, establishing the groundwork for a sustainable digital workforce. Internship programs will evolve into experiential learning portals, leveraging the power of real-world challenges to mould a generation of flexible professionals. By emulating Australia's Youth Bonus Wage Subsidy, Malaysia can encourage firms to engage qualified young job seekers, giving them essential work experience and increasing their employability.

Labor Market Flexibility

The gig economy, defined by short-term contracts and freelance labour, may also be a significant resource for young people seeking job experience and skill development. Employers may tap into a vast pool of talent and knowledge by embracing the gig economy, while young job seekers can display their abilities and establish a portfolio of work.

Furthermore, labour flexibility might be aided by evaluating and revising labour market legislation. While it is essential to preserve workers' rights, excessive and stringent labour restrictions may discourage firms from employing fresh talent, particularly in times of economic instability. Policymakers should develop more balanced and responsive labour market regulations that protect employees while encouraging job creation and mobility.

Employers may use the gig economy to restructure their workforce and grow teams in response to changing demands. It is especially handy for jobs that cannot be done remotely.

The gig economy's labour flexibility is critical in solving youth unemployment. It provides many work options, simplifying the transition from education to the labour market. Before committing to long-term jobs, young people can develop their portfolios, get experience, and explore other industries.

The flexible nature of the gig economy also meshes with the work-life balance and independence ideals of Millennials and Gen Z. It enables individuals to pursue personal development, education, or other hobbies besides their employment.

Furthermore, freelancing encourages skill growth and variety, allowing young job searchers to demonstrate their versatility to potential employers. It can alleviate underemployment by allowing young people to use their qualifications best.

Multinational Cooperation

ASEAN collaboration can result in the construction of cross-border digital infrastructure projects that connect member nations and improve regional digital connectivity. Malaysia may engage in programs extending high-speed broadband networks and increasing digital access for businesses and consumers using the World Bank's assistance and finance. Malaysia can expand its position as a digital centre and encourage seamless cross-border digital transactions through joint initiatives, supporting economic integration and prosperity.

Furthermore, collaboration with the World Bank can offer Malaysia extra financial resources to accomplish its young employment and digital transformation projects. The World Bank's expertise in policy planning and evaluation helps also guarantee that these programs are efficient and impactful and match Malaysia's long-term aims. Malaysia may acquire funds for entrepreneurship assistance programs such as start-up grants and incubator facilities by collaborating closely with the World Bank, allowing budding entrepreneurs to thrive. Furthermore, financial assistance can help to expand digital infrastructure, assuring the availability of dependable and fast internet connections throughout the country, especially in distant places.

Conclusion

The convergence is writing Malaysia's digital economics, innovation, and inclusion future. Fueled by ideas from renowned economists and worldwide organisations, my blueprint is a light of hope and transformation. Malaysia will soar to the pinnacle of the digital era, a world of economic resilience, empowered youth, and a future filled with limitless possibilities, with a triumphant rush towards STEM education, entrepreneurship, industry-academia symbiosis,

digital infrastructure, and flexible labour markets. Let our vision be inscribed in history as we construct a vibrant, resilient, and digitally sovereign Malaysia for future generations as part of the solution, including the ASEAN regional cooperation and collaboration with the World Bank.

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