

# Youth employment, wages and worker representation: Perspectives from Malaysia

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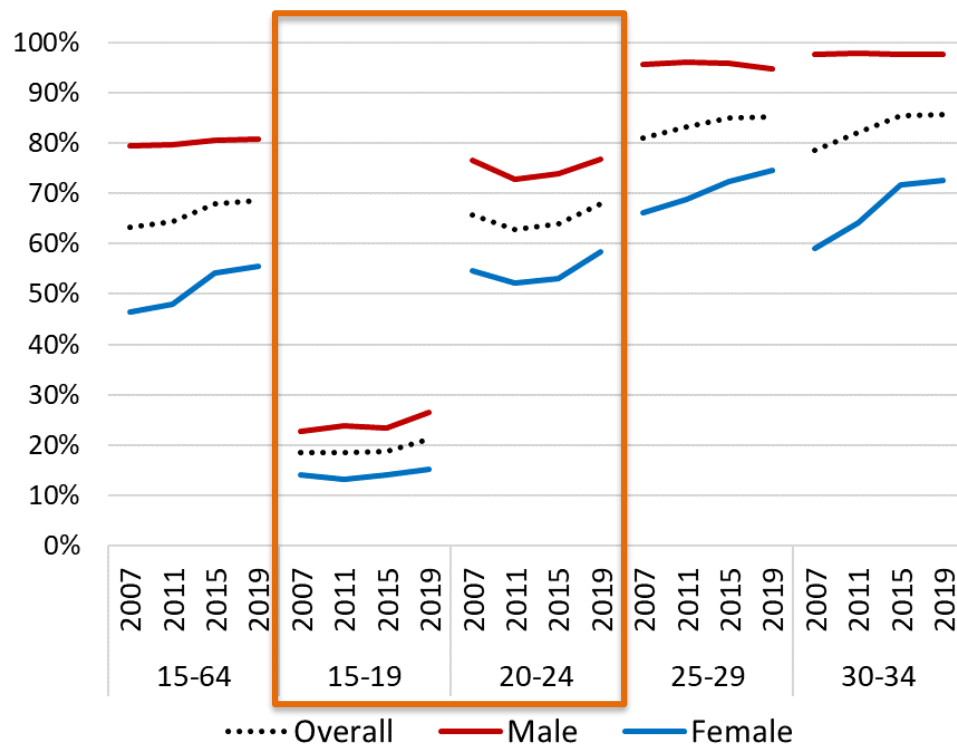
## In a nutshell

1. Malaysia's youth continually attain higher education, widely participate in the labour market, increasingly in self-employment
    - Unemployment remains high and wages low, social protection inadequate
  2. The labour market insufficiently generates skilled jobs matching qualifications; quality of education and training is also lacking
    - Youths are predominantly employed as service and sales, production line, and elementary workers
  4. Wage growth among lowest paid reflect effects of minimum wage
    - Sluggish wage growth in middle-rung occupations
  5. Economic trends and technological change require adaptation and innovation - also equitable opportunity, social protection
  6. Workers lack representation and voice – need new organisations beyond workplace-/industry-based unions
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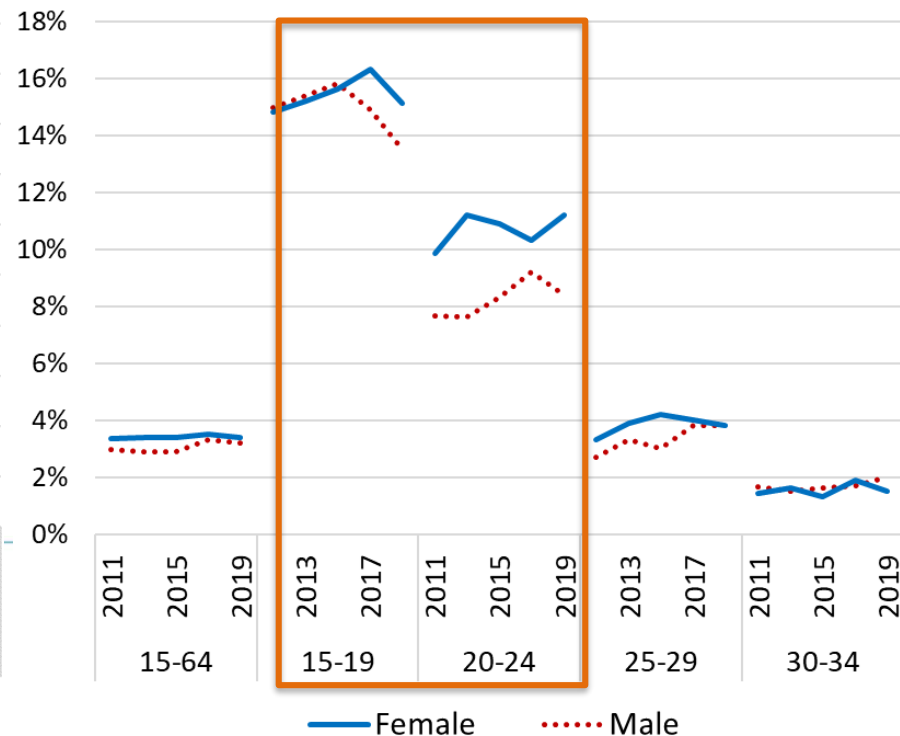
# Participation and unemployment

- 2018, 32.7% of 15-24 year-olds had attained tertiary-level qualifications, compared to 24.7% of those aged 25 and above
- Increasing participation, but many pursuing higher education
- Unemployment rates: higher among youth (as everywhere) but youth unemployment relative to average unemployment is quite high

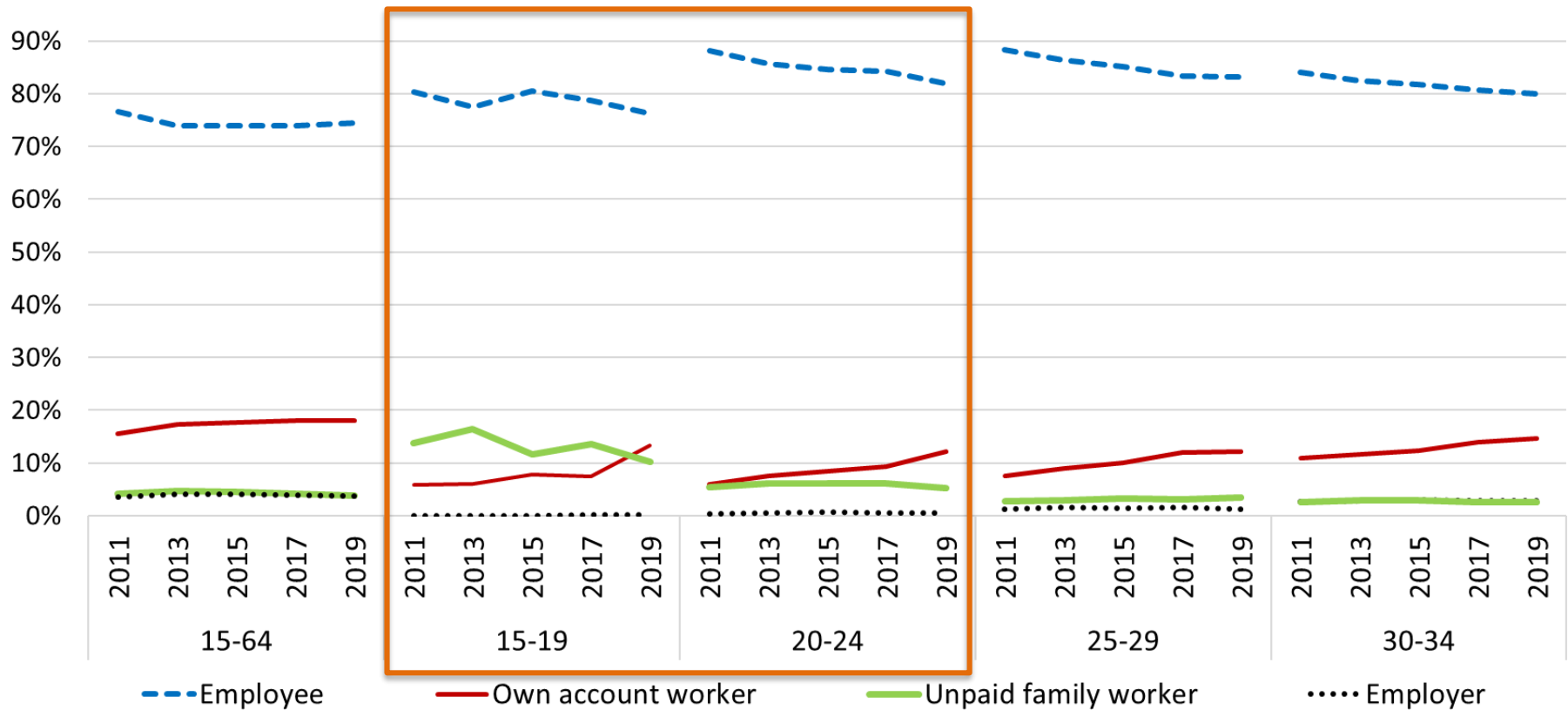
### Labour force participation rate, by age & gender



### Unemployment rate, by age & gender

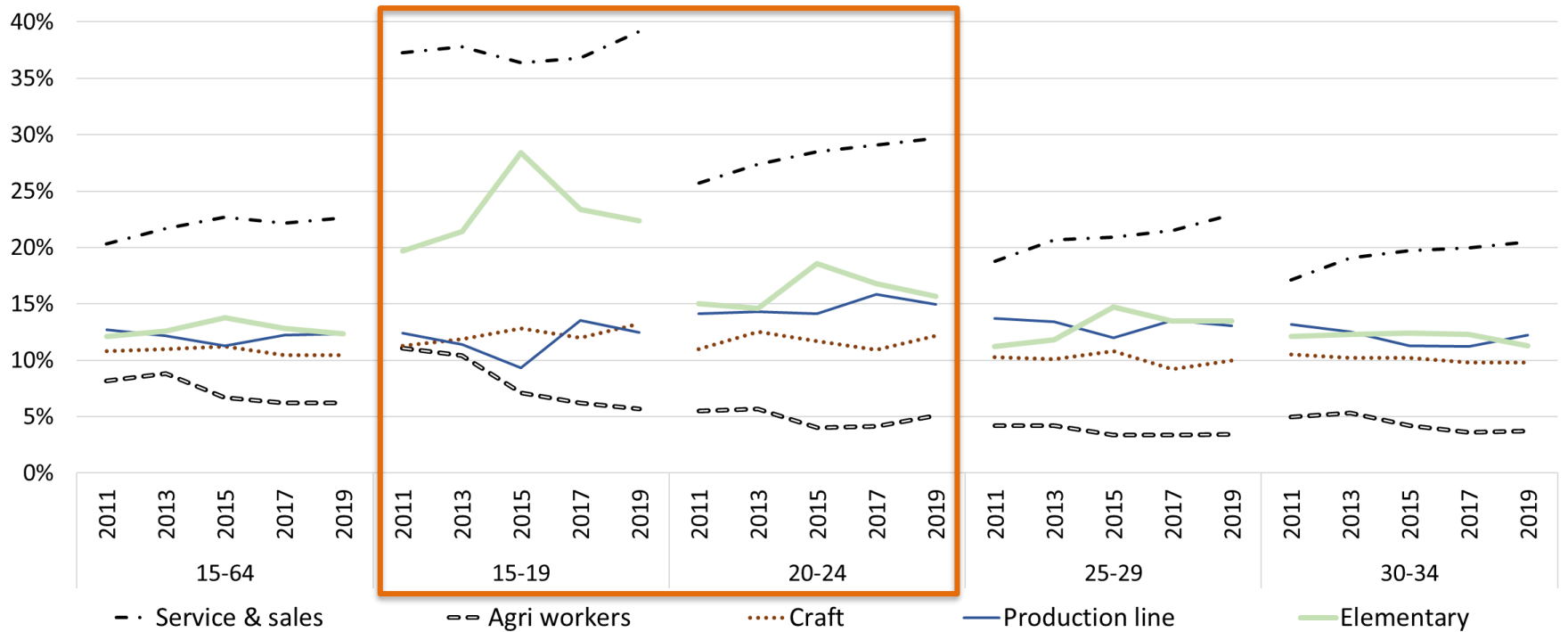
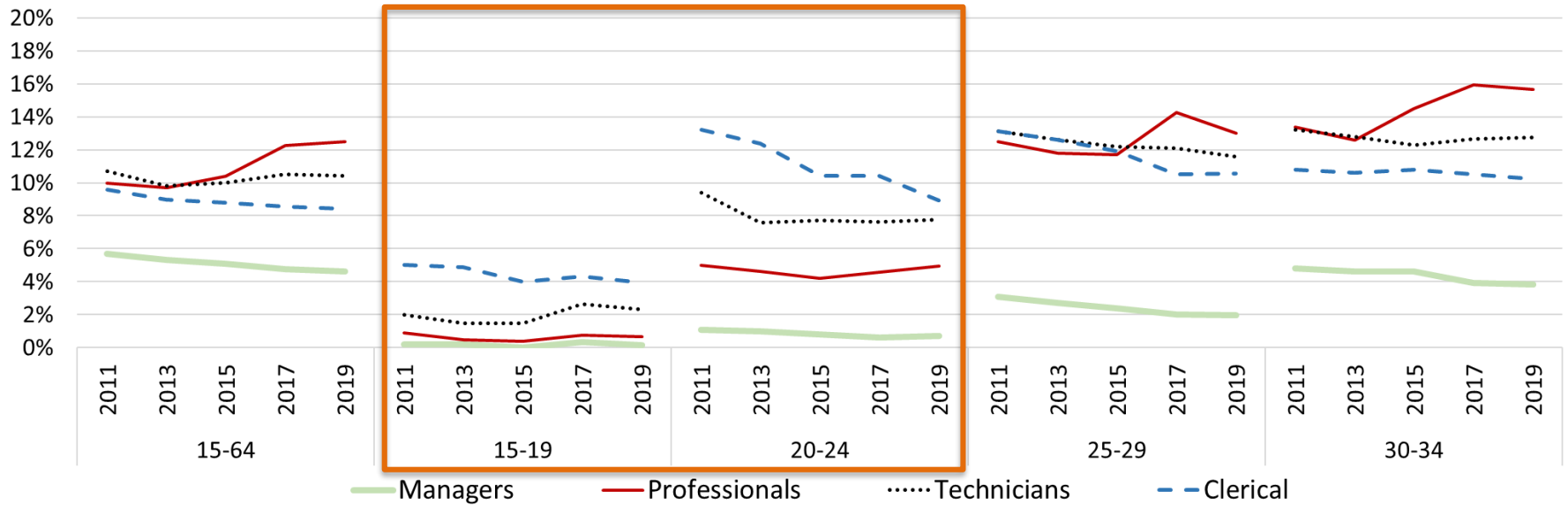


# Self-employment is on the rise, but the vast majority remain employees



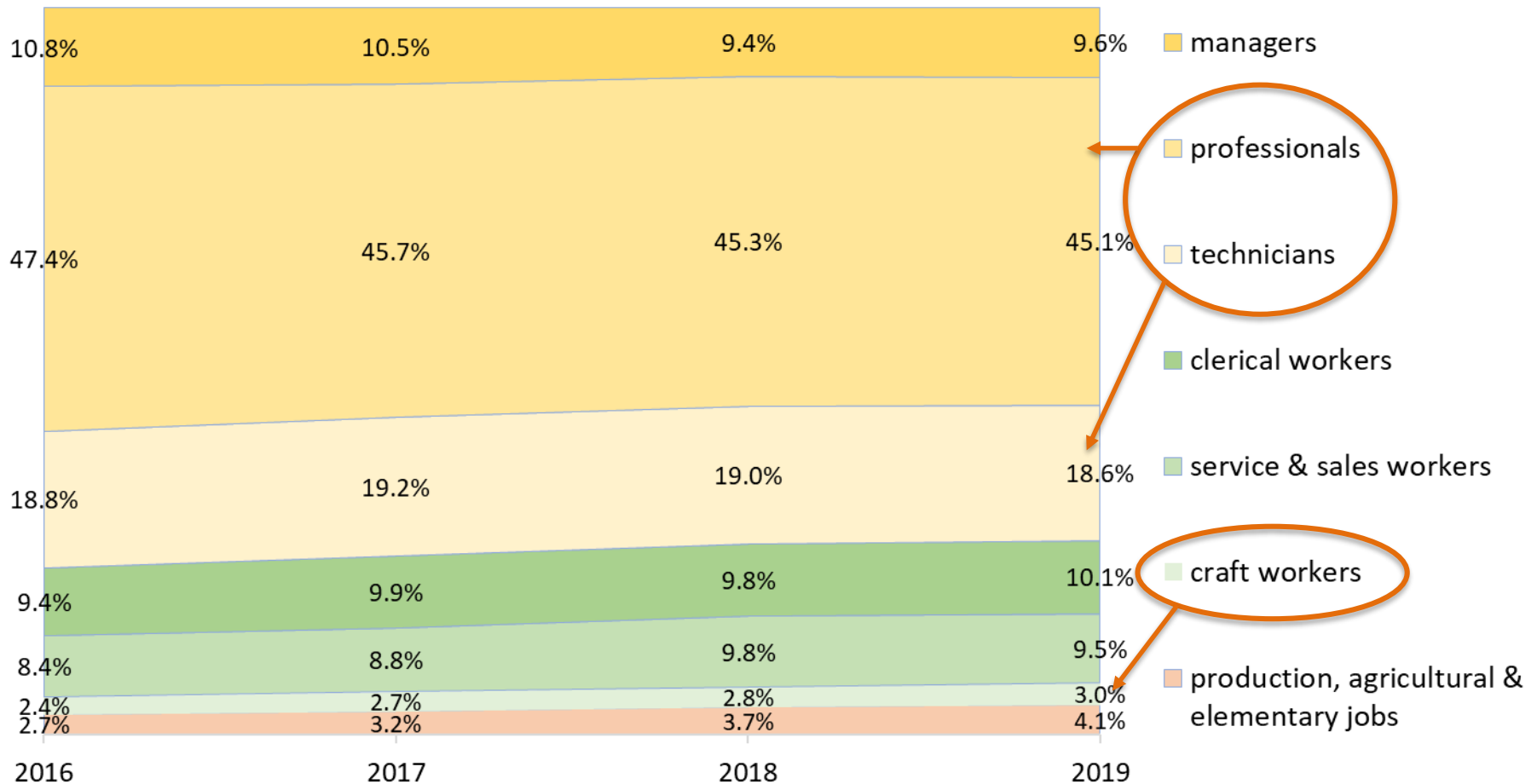
- Lack of social protection is a concern
- Necessary shifts to a considerable extent, but uncoordinated pursuit of self-employment may privilege the advantaged academically qualified in new growth sectors, and consign technically qualified to low earnings
  - Funding for fresh graduates' self-employment ventures (2018): family (38%), self (26%), commercial banks (21%)

# What jobs are Malaysian youth occupying?



# Work and wages of tertiary-level graduates (all ages)

- Share of professionals has been declining, share of technicians is static, main increases in service and sales and low-skilled
- Notably low: craft workers
- Other aspects:
  - Quality of education and language, technical, inter-personal skills
  - workplace training – uneven in participation and effectiveness

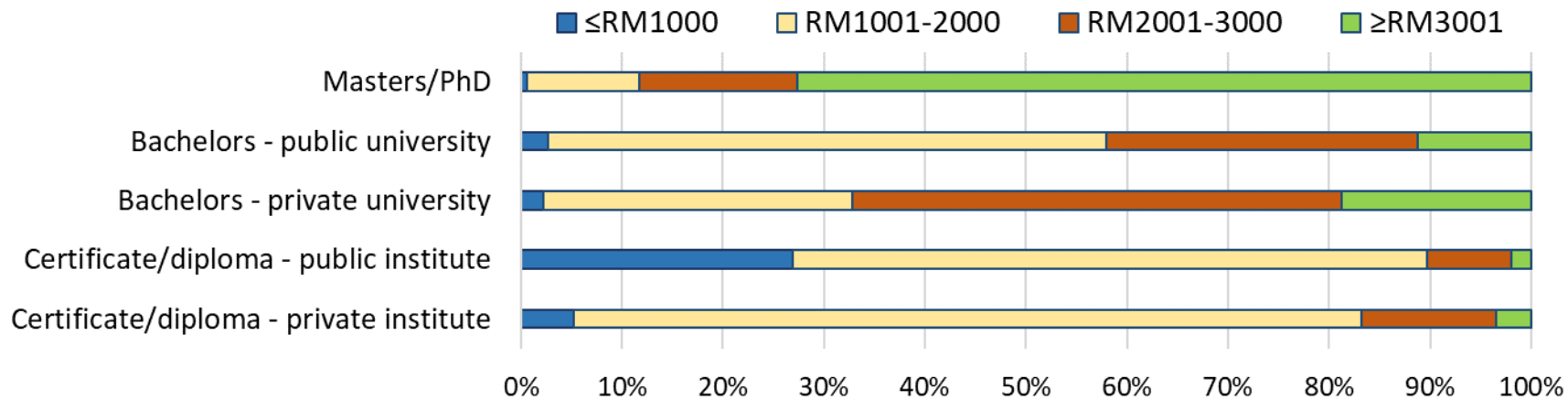


## Wages

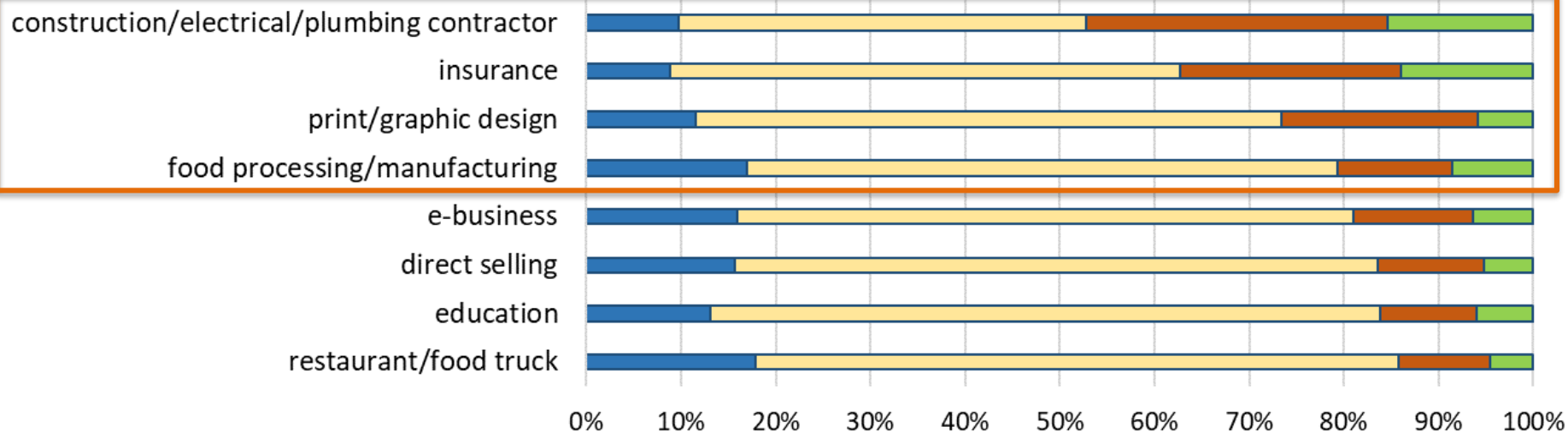
- Past decade:
  - Higher wage *growth* in the lowest paid jobs (elementary) and age group (15-19 years)
    - Reflects minimum wage effects
    - But wage *levels* still low
  - Sluggish wage growth for 20-year olds
- Median wage for 20-24 year olds (2019): RM1580

# Entry-level earnings of self-employed graduates (within 6 months of graduation)

By education and institution type... higher qualification and private institution → higher earnings



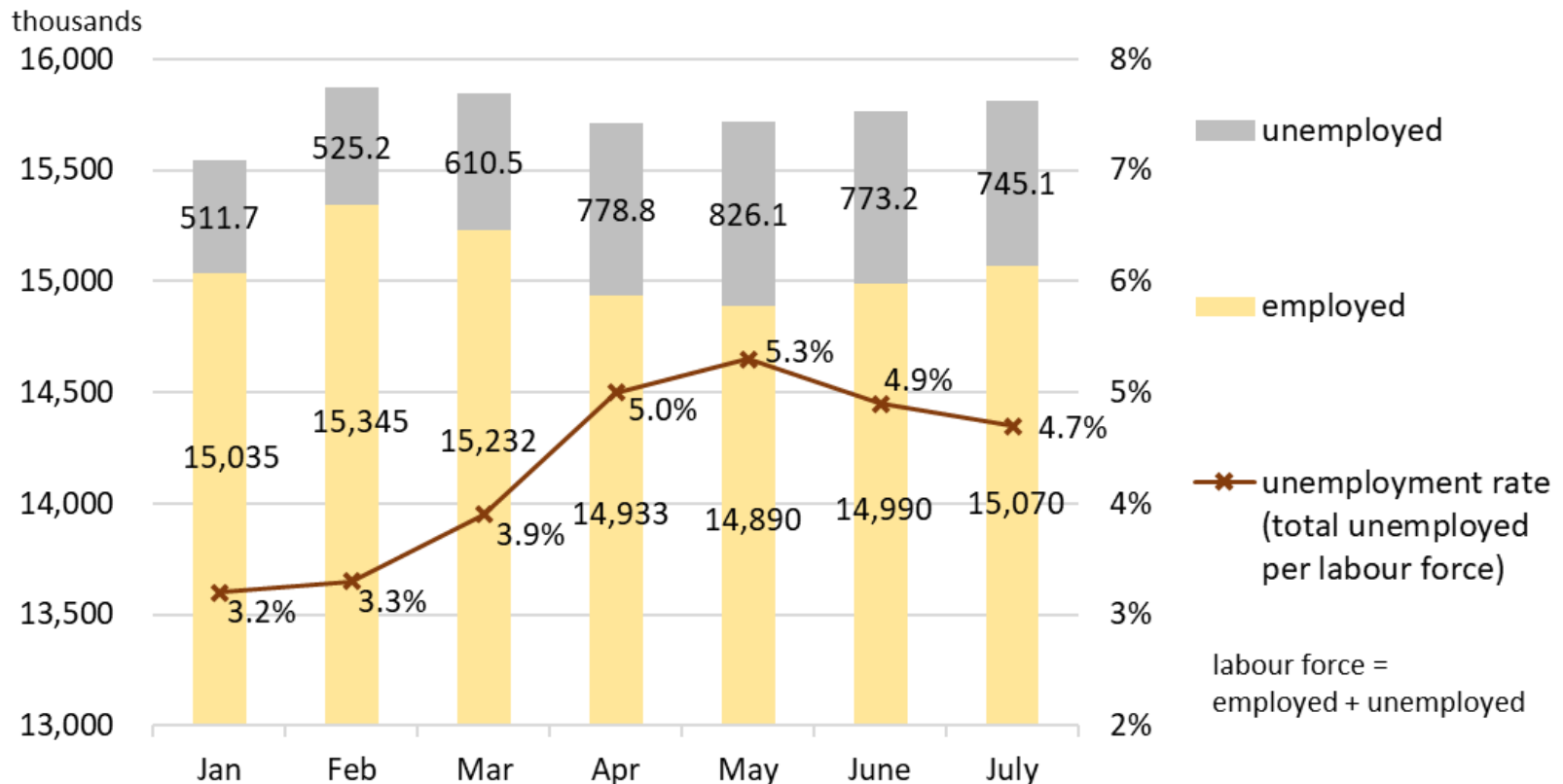
By job/sector... technical jobs → highest earning





# Covid-19 and economic downturn

- Increase in unemployment Feb – May 2020, recovery since
- Self-employed, service sector worst hit → data on youth unemployment sparse, but most likely disproportionately affected
- Mitigation policy: main focus on job retention → foreseeable challenge in job creation
- Wage subsidy has been effective, but workers' voice marginalized, especially the young



# Reflections on the “new economy”

1. New mindset / ethos on work: dignity, fairness, living wage and work conditions
  2. Broad based job creation and self-employment programmes:
    - Beyond current emphasis on skilled professional and technical, knowledge workers (main focus), also craft workers and manufacturing sector
  3. Wage growth
    - Lowest earners supported by minimum wage → should be continued, also addressing decent work generally
    - Weak bargaining power of vast majority, esp semi-skilled workers
  4. Further imperatives:
    - a. Social protection – in general and as built-in systems for future pandemic/financial crises
    - b. Worker representation – reimagined tri-partite system
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