

# THE SCHOOL-TO-WORK TRANSITION OF YOUNG MALAYSIANS



# **THE SCHOOL-TO-WORK TRANSITION OF YOUNG MALAYSIANS**

KHAZANAH  
RESEARCH  
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## ACRONYMS

ALMP	: Active Labour Market Policies
BMBF	: Federal Ministry of Education and Research, Germany
CBT	: Competency-Based Training
CCM	: Companies Commission of Malaysia
CDC	: Corporate Development Centre
Cedefop	: European Centre for the Development of Vocational Training
CEN	: China Employment Network
COL	: Critical Occupations List
CSR	: Corporate Social Responsibility
DAI	: Digital Adoption Index
DOL	: Department of Labour
DOS	: Department of Statistics Malaysia
EC	: European Commission
EPDC	: Education Policy and Data Centre
EPF	: Employees Provident Fund
EPU	: Economic Planning Unit
ETF	: European Training Foundation
FMM	: Federation of Malaysian Manufacturers
GEM	: Global Entrepreneurship Monitor
GEMS	: Graduate Employability Management Scheme
GLC	: Government-linked Company
GPI	: Gender Parity Index
IAG-TVET	: Interagency Group on Technical and Vocational Education and Training
ICT	: Information and Communication Technology
ILMIA	: Institute for Labour Market Information and Analysis
ILO	: International Labour Organization
IoT	: Internet of Things
ISCE	: International Classification of Status in Employment
ISCED	: International Standard Classification of Education
IYRES	: Institute for Youth Research Malaysia
KAB	: Know About Business
KNB	: <i>Khazanah Nasional Berhad</i>
KOFAC	: Korea Foundation for the Advancement of Science and Creativity
KRI	: Khazanah Research Institute
KWDI	: Korean Women's Development Institute
LFPR	: Labour Force Participation Rate
MASCO	: Malaysian Standard Classification of Occupations

## ACRONYMS

MaGIC	: Malaysian Global Innovation and Creativity Centre
MBSR	: Malaysian Statistical Business Register
MDEC	: Multimedia Development Corporation
MDG	: Millennium Development Goal
MEA	: Ministry of Economic Affairs
MNC	: Multinational Corporation
MOE	: Ministry of Education
MOHE	: Ministry of Higher Education
MOHR	: Ministry of Human Resources
MOSTI	: Ministry of Science, Technology and Innovation
MOYR	: Ministry of Youth and Sports
MRRD	: Ministry of Rural and Regional Development
NAWEM	: National Association of Women Entrepreneurs of Malaysia
NEET	: Not in employment, education or training
NGO	: Non-Governmental Organisation
NST	: New Straits Times
OECD	: Organisation for Economic Co-operation and Development
PES	: Public Employment Service
PIMPIN	: <i>Persatuan Alumni Majlis Perwakilan Pelajar UiTM Malaysia</i>
PTPTN	: <i>Perbadanan Tabung Pendidikan Tinggi Nasional</i>
REP	: Rural Employability Project
SDG	: Sustainable Development Goal
SEDeC	: SKOLKOVO Education Development Centre
SIYB	: Start and Improve Your Business
SL1M	: <i>Skim Latihan 1Malaysia</i> (1Malaysia Training Scheme)
SME	: Small and medium enterprise
SMK	: <i>Sekolah Menengah Kebangsaan</i>
SMU	: Singapore Management University
SOC SO	: Social Security Organisation
SP1M	: 1Malaysia Retirement Savings Scheme
SPM	: <i>Sijil Pelajaran Malaysia</i>
STEM	: Science, technology, engineering and mathematics
STEAM	: Science, technology, engineering, arts and mathematics
STPM	: <i>Sijil Tinggi Persekolahan Malaysia</i>
SWTS	: School-to-Work Transition Survey
TVET	: Technical and Vocational Education and Training
UiTM	: <i>Universiti Teknologi MARA</i>



## ACRONYMS

UKM	: <i>Universiti Kebangsaan Malaysia</i>
UMS	: <i>Universiti Malaysia Sabah</i>
UMT	: <i>Universiti Malaysia Terengganu</i>
UNESCO	: United Nations Educational, Scientific and Cultural Organization
UNIMAS	: <i>Universiti Malaysia Sarawak</i>
UPSR	: <i>Ujian Pencapaian Sekolah Rendah</i>
UTM	: <i>Universiti Teknologi Malaysia</i>
UUM	: <i>Universiti Utara Malaysia</i>
WBL	: Work-Based Learning
WEF	: World Economic Forum
YBI	: Youth Business International
YEMP	: Youth Entrepreneurs Mentoring Partnership

## EXECUTIVE SUMMARY

**It is the human capital of young Malaysian men and women that will be a major determinant of the country's advancement into high-income status.** A School-to-Work Transition Survey (SWTS) was conducted in Malaysia at the end of 2017/beginning 2018 to collect education and labour market information on youth. The SWTS was based on five structured, mainly pre-coded questionnaires targeting: youth in upper secondary schools, youth in tertiary education, young job seekers, young workers and also employers. In total, the SWTS canvassed 23,785 respondents. The SWTS covered both urban and rural areas in all states and Federal Territories in Malaysia. For purposes of the survey, a young person is defined as male or female between the ages of 15 - 29 years.

**Analysis of the SWTS data pointed to a number of difficulties young Malaysian men and women encounter in their transition from school-to-work.** The survey also revealed mismatches and popular misperceptions about the relationship between the supply of and demand for young people in the labour market, and identified features of the labour market urging policy interventions, especially in light of the rapidly changing nature and world of work. The key takeaways from the analysis of the SWTS data are highlighted below.

### The key takeaways

#### Key takeaway 1: Skills shortages and mismatches

A common perception is that employers face serious shortages of skilled workers, with the media reporting that employers claim graduates are 'unemployable' in terms of both soft and hard skills. **The majority of employers surveyed in the SWTS, in fact, reported that they do not face problems hiring the kinds of workers they currently need. The shortage is not in terms of numbers but mismatch is evident.** Employers rate soft skills and work experience above the academic and professional qualifications that are emphasised by Malaysian education and training institutions. The survey also found that young people themselves recognise that academic qualifications are inadequate and acknowledge that they lack the soft skills and work experience that are necessary for getting a good job.

#### Key takeaway 2: TVET not a popular education pathway

A key aspect of the skills mismatch is between academic qualifications and technical and vocational qualifications. Malaysia's Education Blueprints emphasise technical and vocational education and training (TVET) as essential for the needs of the labour market and economy. However, only 13% of all upper secondary students are pursuing TVET courses, while at the higher education level less than 9% are in polytechnics. **It has often been noted that students and their parents regard TVET as an inferior educational pathway, 'dead end' and for the academically challenged. But, in fact, the SWTS found that both young job seekers and young workers consider TVET as the most useful qualification for getting a good job—the reasons for the mismatch/misperception need to be addressed.** For example, the salary differential could be an important reason; the SWTS found that there is a significant wage differential between TVET graduates and those with other types of hard skills.

### Key takeaway 3: STEM education still lacking

Malaysia's Education Blueprints identify STEM as critical in the rapidly changing world of work, involving knowledge and skill sets that are in growing demand by employers. Since 1970, the government has been implementing a 60:40% target ratio of science to arts students. However, **the SWTS revealed that only a third of all upper secondary students are taking science subjects and another 44% additional mathematics, and only 32% of all tertiary students are enrolled for STEM courses.** The data also showed that although girls greatly outnumber boys in tertiary education a higher proportion of total males than total females are registered for STEM subjects.

### Key takeaway 4: Youth are not 'asking for too much'

A very commonly cited reason for high youth unemployment is that young people have 'unrealistic' wage expectations; employers complain that fresh graduates are 'asking for too much' (of between RM2,400 to RM3,000). The SWTS data show actual monthly income (mean value) of RM1,846 for young workers and reservation wage of RM1,715 for young job seekers. The reservation wage is the wage below which youth would refuse a job offer. **However, the SWTS data indicate that the young part-time workers and contributing family workers earn below their reservation income, suggesting that they are prepared to accept earnings below their reservation so that they have jobs.** Comparing with the government mandated minimum wage which will be RM1,100 as of January 2019, the monthly allowance for SL1M participants of RM2,000 and the salary employers offer newly hired undergraduates (minimum RM1,703 and maximum RM2,682) the SWTS data would argue that young Malaysians are not 'unrealistic' nor are they 'asking for too much'.

### Key takeaway 5: Youth are not 'choosy' about jobs

Youth unemployment is often attributed to them being 'choosy' and wanting high-paying jobs. **The SWTS results suggest that young women and men cannot be considered choosy when most in unskilled and low-skilled jobs are 'over-educated' and their current jobs are not related to their level or field of education.** The SWTS found that high income ranks fourth (or fifth) in the youth list of the most important characteristic of a job. They prioritise work-life balance and a secure and interesting job above high income as the most important characteristic of a job.

### Key takeaway 6: Youth lack entrepreneurship skills

Youth entrepreneurship is often touted as a solution to the youth unemployment problem. The SWTS found that young people would rather be employees working for others than starting their own business. **Only 35% of young workers and 20% of job seekers indicated a preference for creating their own jobs by starting a business.** Furthermore, they do not recognise the importance of entrepreneurship skills, whether to start and sustain business or to succeed in the gig economy. They are not aware of the incentives and supports for SMEs, and very few young entrepreneurs reported receiving government assistance.

### Key takeaway 7: Youth want migrant and expatriate jobs

The common argument is that employers need migrant workers because Malaysian youth do not want their jobs. The SWTS asked youth for their views about low-skilled migrant and high-skilled expatriate workers in the Malaysian labour market. **Youth believe these foreign workers threaten their job opportunities. They clearly want the expatriate jobs, and when they do not want the migrant jobs, it is not just because these are '3D' (dirty, difficult and dangerous) jobs but because the pay is too low—for example, compared to what they can earn doing the same jobs in Singapore.**

### Key takeaway 8: Mismatch of job search and recruitment methods

The SWTS found that while employers use online advertisements and informal networks to recruit the workers they need, young people look for jobs through public employment services, job fairs or open interviews. Informal recruitment channels can have cost-saving advantages but penalize poor, disadvantaged job seekers who have limited social networks and also restrict the selection pool of employers. The mismatch of job search and recruitment methods clearly affects the smooth functioning of the labour market.

### Key takeaway 9: Youth are going into informal and ‘non-standard’ employment

Gig work, freelance work sourced online from transaction platforms, crowd work are all rapidly expanding, offering flexible job opportunities but limited access to labour and social protection, and with work-related stress arising from job insecurity and unstable incomes. **The SWTS found that youth are optimistic about increasing job opportunities linked to the Internet of Things.** It identified significant numbers of young workers in such non-standard employment and also informal own-account workers and contributing family workers with poor earnings, low productivity and often difficult working conditions.

### Key takeaway 10: Inequalities persist among youth

The SWTS confirmed that the ‘lost boys’ in the education system have long been an issue of concern while girls continue to face constraints in the labour market. There are 15% more girls than boys in upper secondary education while at university level, girls comprise up to 70% of the incoming cohort of students. The ‘lost boys’ who drop out of education early or who have low educational attainment represent a wastage of human resources. **Despite females outnumbering and outperforming males at every level of education, they remain disadvantaged in the transition from school-to-work;** their labour force participation rate is lower and their unemployment rate higher than those of males. **Rural-urban and ethnic differentials persist,** and those from poor family backgrounds are disadvantaged in education and job search. **Another at-risk group comprises the NEETs (inactive youth who are not in employment, education or training).** The longer young people stay out of touch with the labour market, the more difficult and costlier to encourage a return to productive employment.

### Key takeaway 11: Employers play a limited role in enhancing youth employability

It is not just education and training institutions that are responsible for efforts to improve employability; employers have key roles to play. However, almost three-quarters of all enterprises surveyed do not have training budgets; their participation in employability training programmes for youth is very low; and they have limited interaction with education and training institutions to share their views on what and how students should be learning to enhance their employability. It is only in the area of work-based training that at least a quarter of all employers reported providing internships, apprenticeships and on-the-job training for young people.

### The structure of the report

**Chapter 1: Introduction:** elaborates the main issues and concerns regarding Malaysian youth that prompted the SWTS. It also briefly describes the survey methodology.

**Chapter 2: In-School Youth:** examines how secondary schools are preparing youth for employability and describes the profiles of the students. How young men and women fare in schools and the choices they make regarding education and training and what they expect out of life and work are shaped by their characteristics and family background.

**Chapter 3: Youth in Tertiary Education:** focuses on how tertiary education equips young men and women with the hard and soft skills they need for employability. It identifies the characteristics, aspirations and job expectations of tertiary students that are likely to affect the timing and manner of their transition into the labour market.

**Chapter 4: Young Job Seekers:** distinguishes youth by their job search status (first-time job seekers, those who had worked before but are currently unemployed and actively looking for work, and those currently working but actively looking to change jobs). It describes how they go about their job search, including the barriers and opportunities for getting the job they want. It examines the factors, including education and skills qualifications, family background and youth life goals and job expectations that affect their job search.

**Chapter 5: Young Workers:** examines how young workers are doing in the labour market in terms of their employment status (in regular or standard employment, non-standard employment and self-employment) and their working conditions. One aim of the chapter is to determine whether young workers have made successful transitions, have decent working conditions and are satisfied with their labour market situation.

**Chapter 6: Employers:** while the previous chapters focus on the supply side of the labour market, this chapter examines the demand side in terms of the role of employers in creating jobs, including providing training for young people, their perceptions regarding the employability of young people and the characteristics they look for when hiring young people. It detects the gaps between the supply of and demand for workers.

**Chapter 7: Key takeaways and policy implications and options:** highlights the main findings and considers the policy implications and options. It emphasises that the policy options suggested are not intended as a detailed checklist nor the examples of lessons learned and good practices the only measures going forward—they are intended to serve as a starting point for discussion and identification of measures appropriate in the Malaysian context to enhance the employability of young people and more effective functioning of the labour market.

# CHAPTER

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# 01

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## INTRODUCTION

This report presents the results of a School-to-Work Transition Survey (SWTS) conducted in Malaysia at the end of 2017/beginning of 2018. Several key issues and concerns regarding Malaysian youth prompted the SWTS:

- It is the human capital of young Malaysian men and women that will be a major determinant of Malaysia's advancement into high-income status. The Government's commitment to improving human capital is evident in a range of policies, including a focus on transforming technical and vocational education and training to meet industry demand, improving the quality of education and enhancing labour market efficiency. Yet, mismatches between the supply of and demand for young manpower and talent remain serious;
- Young Malaysians, upon leaving the education system, face serious challenges entering and progressing in the labour market. The youth today are the best educated generation, yet they are over-represented among the unemployed and under-employed. At the same time as young people face difficulties entering the labour market, employers report problems recruiting both skilled and low-skilled workers and hire migrant workers;
- Young people are going into less secure and more vulnerable forms of work. Rather than regular full-time wage employment, more and more are engaged in temporary, part-time, casual employment and freelance work in the platform and gig economies or are self-employed/own account workers. These informal or 'non-standard' forms of employment provide new opportunities but limited access to labour and social protection;
- It is crucial to understand why the Malaysian education and training system is not adequately equipping youth for employability in the rapidly changing labour markets and digital economy;
- The key to transforming Malaysia's youth bulge in its population into a demographic dividend is the productive and decent employment of youth human resources. The task is urgent because from 2020 on, the Malaysian population will age, and age rapidly, and young workers will need to support more elderly people;
- The transition from school-to-work is a critical juncture in the life of any young man or woman. Young people are the future of a country but unless they are able to make successful transitions from school-to-decent work, they pose a potential threat to social and political stability; and
- Addressing youth unemployment and underemployment is a priority area and strategy in the Mid-Term Review of the Eleventh Malaysia Plan 2016 – 2020 (Text Box 1.1). The decent employment and wellbeing of youth also feature prominently in the United Nations 2030 Agenda for Sustainable Development that Malaysia has committed to support and implement<sup>1</sup>.

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1 MEA (2018, pp.0-10 to 0-11). See also DOS (n.d.-a) and ILO (2017a, p.3)

**Box 1.1. Empowering human capital**

Pillar IV of The Mid-Term Review of the Eleventh Malaysia Plan 2016 – 2020 identifies empowering human capital as a key priority:

Human capital development will continue to be a key priority to empower the workforce in supporting economic growth. Focus will be given to create skilful, knowledgeable and innovative human capital to meet the requirements of the industry. Human capital development initiatives will provide opportunities for quality employment as well as ensure access to quality education and training towards building a more inclusive, equitable and prosperous nation. These will be implemented through four priority areas, namely reforming the labour market, improving labour efficiency and productivity, enhancing access to quality education and training as well as fostering stronger industry-academia linkages.

**Priority Areas and Strategies:**

The Government will intensify efforts in addressing issues of inadequate creation of skilled jobs, low wage growth, high youth unemployment rate and graduate underemployment as well as skills mismatch. Several initiatives will be undertaken to generate more skilled jobs, identify critical skills and address skills shortage as well as raising salaries and wages commensurate with productivity level. Efforts will also be undertaken to reduce dependency on foreign workers by promoting greater automation and strictly regulate the number of foreign workers by introducing multi-tiered levies. In addition, labour efficiency and productivity will be improved by strengthening workers' rights to enhance work conditions as well as increasing female participation in the labour force to expand the talent pool.

Continuous efforts will be undertaken in ensuring access to quality education and training that is inclusive and equitable. Students will be equipped with knowledge and diverse skills across all education levels to increase employability. Priority will also be given to raise the quality of education to improve student outcomes in preschool, primary and secondary education. Meanwhile, concerted efforts will be directed towards raising the quality of graduates as well as academic programmes and strengthening research capabilities. In addition, the autonomous status of public universities will be leveraged to ensure financial sustainability.

Efforts will also be intensified to improve the quality of TVET in improving employability of TVET graduates. Emphasis will be given to review TVET programme been offered, implement harmonised accreditation system and strengthen TVET as a preferred education pathway. The implementation of these initiatives will ensure the delivery of quality TVET programmes and employability of TVET graduates. In addition, greater industry collaboration will be intensified to uplift the level of education and training to produce quality talent.

Direct excerpt from MEA (2018, p.0-20)



The SWTS is a unique, multi-component survey instrument developed by the International Labour Organization (ILO)<sup>2</sup> and tested in some 34 low-and middle-income countries. The SWTS questionnaires were adapted to take into account the specific Malaysian context and concerns. While the SWTS cannot be expected to provide the quantitative bases for all the issues identified above, there are at least four main reasons for using a SWTS to collect education and labour market information on the youth population:

- It detects the individual profiles and characteristics of young people that determine labour market advantage or disadvantage and allows better identification of who is likely to succeed, who needs support, the kinds of support needed and the most effective ways of providing the support;
- It generates qualitative information on the aspirations and behavioural choices of youth, including their decisions about when and in what ways to pursue an educational or training pathway or participate in the labour market;
- It focuses on the quality of the transition—on whether young people have been able to achieve decent work and are satisfied with their labour market situation; and
- Besides unpacking the supply factors, it identifies the features of youth labour demand from the perspective of employers, which help determine mismatches that can be addressed by policy interventions.

The school-to-work transition is defined as the passage of a young person from the end of schooling to the first satisfactory or decent job<sup>3</sup>. A young person has not completed his/her transition if the work is not satisfactory or decent. Satisfactory employment is a subjective concept, based on the self-assessment of the job-holder. It implies a job that the respondent considers to ‘fit’ his/her desired employment path at that moment in time. The contrary implies a sense of dissatisfaction and a desire to change jobs. ‘Decent employment’ involves “opportunities for work that is productive and delivers a fair income, security in the workplace and social protection, better prospects for personal development and social integration, freedom to express concerns, organise and participate in the decisions that affect their lives, and equality of opportunity and treatment for all women and men”<sup>4</sup>. The three stages of transition are defined as:

- *Transited*: youth who are currently employed. A distinction is made between those who are in decent employment and satisfied with their jobs and those in ‘non-decent’ or vulnerable forms of employment but are still satisfied and have no desire to change jobs;
- *In transition*: those who are currently unemployed and actively looking for work and also those who are currently employed but not satisfied and looking to change jobs; and
- *Transition not yet started*: a young person who is still in upper secondary or tertiary education and currently inactive and not looking for work.

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2 ILO (n.d.-a)

3 Elder (2009)

4 ILO (n.d.-b)

## Structure of the report

The next section of this chapter elaborates the main reasons listed above that shaped the context and prompted the survey. The rest of the chapter briefly describes the survey methodology.

The next four chapters analyse the results of the survey covering youth in upper secondary education, youth in tertiary education, young job seekers and young workers. The chapters describe the profiles of the different groups of young people so as to identify the characteristics that affect their performance in the educational system, the timing and manner of entry into the labour market, and how they fare in their job search and in employment. The chapters also focus on the life goals, aspirations and job expectations of youth, with the aim of shedding light on what young people want out of life and work.

Chapters 2 and 3 examine how the education and training systems at upper secondary and tertiary education levels prepare youth for employability. Chapter 4 describes how young people go about their job search and identifies the barriers and opportunities for getting the jobs they want. Chapter 5 examines how young workers are doing in the labour market in terms of their employment status and their working conditions—to determine whether they have made successful transitions, have decent working conditions and are satisfied with their labour market situation.

Chapter 6 focuses on the demand side of the labour market. It analyses the perspectives and preferences of employers towards hiring young people, detects the gaps between the supply of and the demand for young workers; and also examines the role employers can play to enhance youth employability.

The final chapter of the report highlights the policy implications and areas for action arising from the main findings of the SWTS. The options for policy and action are accompanied by examples of lessons learned and good practices.

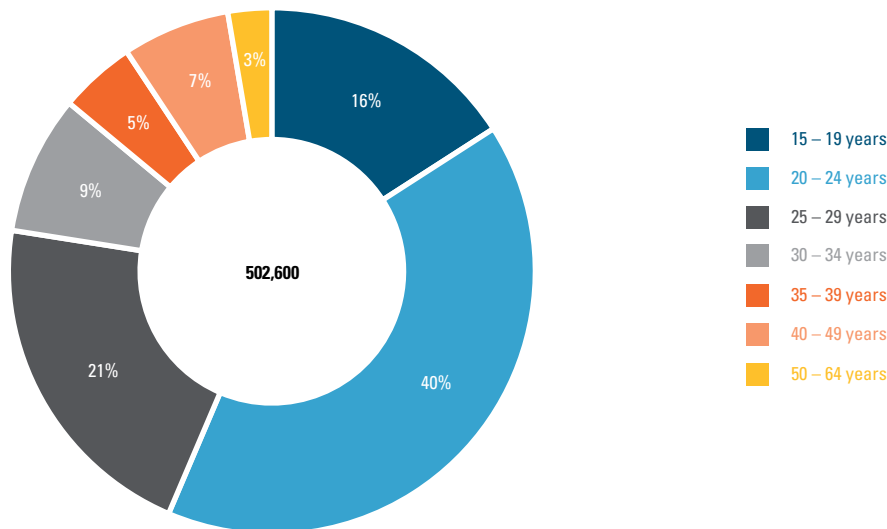
## The background and rationale for the SWTS

### The difficult transition from school-to-work

Moving from education to work is a crucial phase in life, when young people realise their aspirations, achieve economic independence and find their place in society. Difficulties in this initial phase of the process can have serious and long-lasting consequences. Becoming unemployed at an early stage of labour market transition can give rise to vicious cycles of low employability and the school leavers may also lose their freshly acquired knowledge or skills.

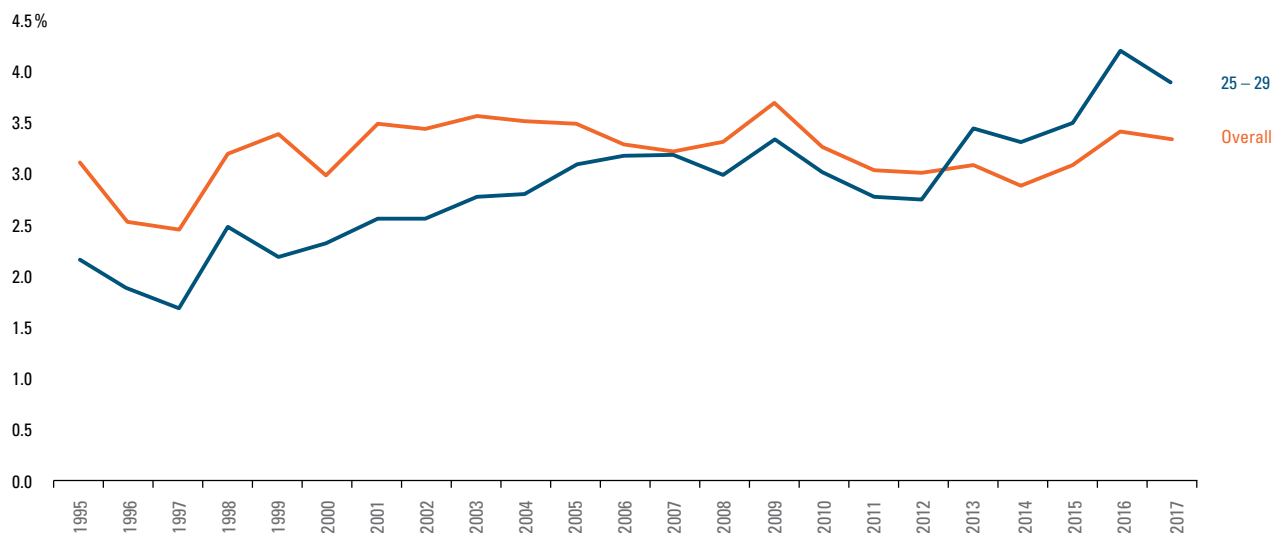
Of the total 502,600 unemployed Malaysians in 2017, youth aged 15 – 24 years accounted for 56.4% while those aged 25 – 29 years accounted for another 21.1% (Chart 1.1). The unemployment rate was 15.4% for those aged 15 – 19 years and 9.6% for those aged 20 – 24 years, as compared to the country’s total unemployment rate of 3.4%. For those aged 25 – 29 years, the unemployment rate was 3.9% (Chart 1.2). While the unemployment rate for Malaysian youth aged 15 – 24 years was below the global rate, it was higher than that of other countries in the presented regions, except for Indonesia (Chart 1.3).

Chart 1.1: Unemployed persons by age groups, 2017



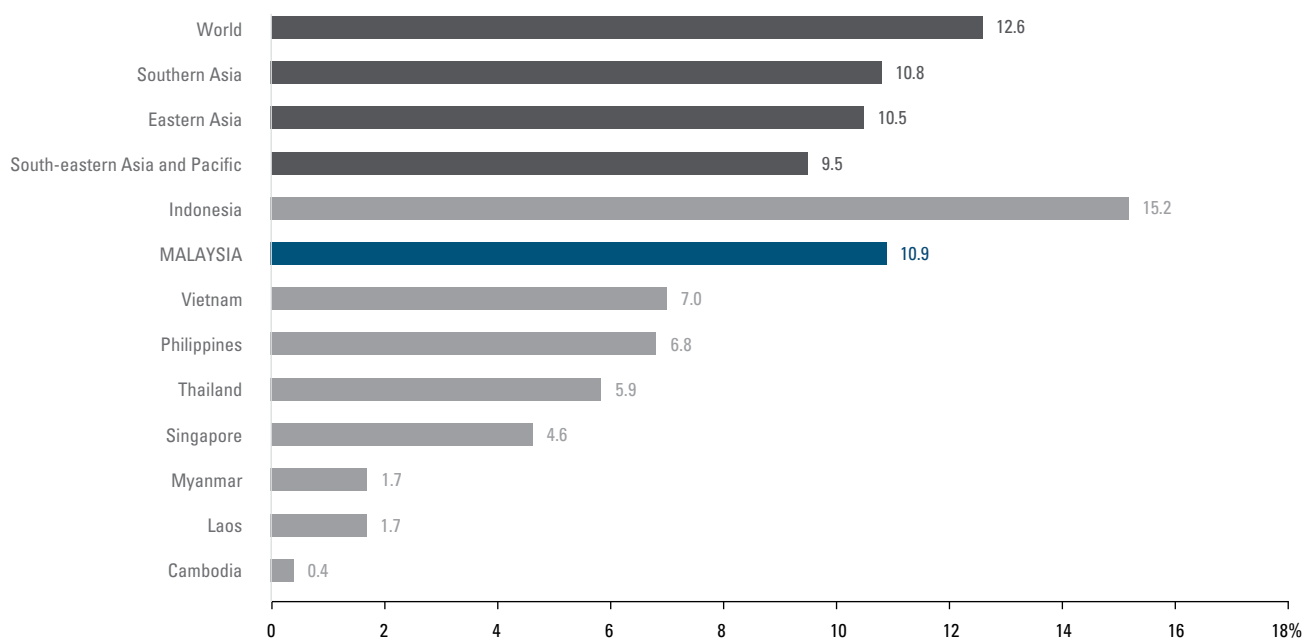
Source: DOS (2018-a, Table A6.1)

**Chart 1.2: Unemployment rate for 25 – 29 years versus overall unemployment rate, 1995 – 2017**



Source: DOS (2018-c) and KRI calculations

**Chart 1.3: Unemployment rate for youth aged 15 – 24 years for selected countries and regions, 2017**

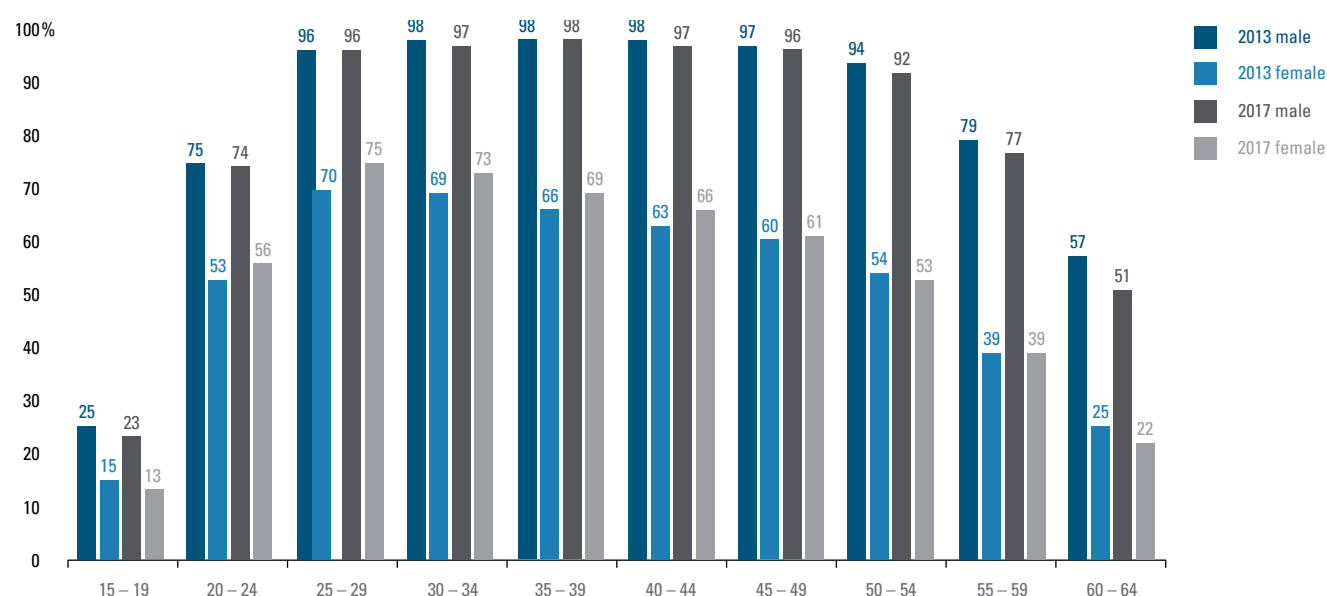


Note: Unemployment rate based on ILO modelled estimates

Source: ILO (n.d.-c)

Between 2013 and 2017, the labour force participation rate (LFPR)<sup>5</sup> declined for young women and especially for young men between the ages of 15 and 19 years (Chart 1.4). If these young people are staying on longer in the education and training system to pursue higher education rather than entering the labour market, this would mainly reflect a positive development. However, little information is currently available on the labour market situation of the significantly large group of young people who did not make it into higher levels of education and training but who only completed or dropped out of secondary or lower levels. For example, the Ministry of Higher Education (MOHE) data indicate that out of the 2014 cohort of about 450,000 *Sijil Pelajaran Malaysia* (SPM) graduates, only about 250,000 went on to some form of tertiary education.

**Chart 1.4: Labour Force Participation Rate by age group and sex, 2013 and 2017**



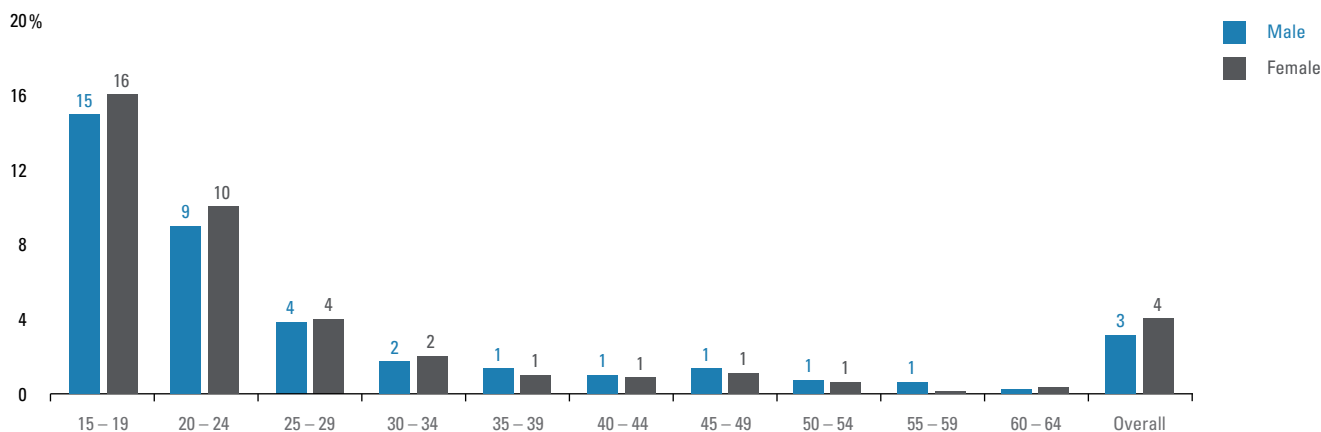
Source: DOS (2018-a, Table C1.2)

For the age groups 20 – 24 years and 25 – 29 years, the LFPR fell for young men over the past four years but increased for young women (by 5 percentage points for those aged 25 – 29 years). But the total female LFPR for Malaysian women is still significantly below that of Malaysian men (54.7% as compared to 80.1% in 2017) and lower than that of women in the region (Southeast Asia and the Pacific 58.8% and East Asia 61.3%)<sup>6</sup>. Furthermore, Chart 1.5 shows higher unemployment rates for young women than for young men, particularly at the younger ages. Despite females outnumbering and outperforming males at every level of education in Malaysia, as in many other countries around the world, they remain disadvantaged in the transition from school-to-work.

<sup>5</sup> The LFPR is defined as the ratio of the labour force (employed and unemployed) to the working age population expressed as a percentage.

<sup>6</sup> ILO (2017-c, p.6)

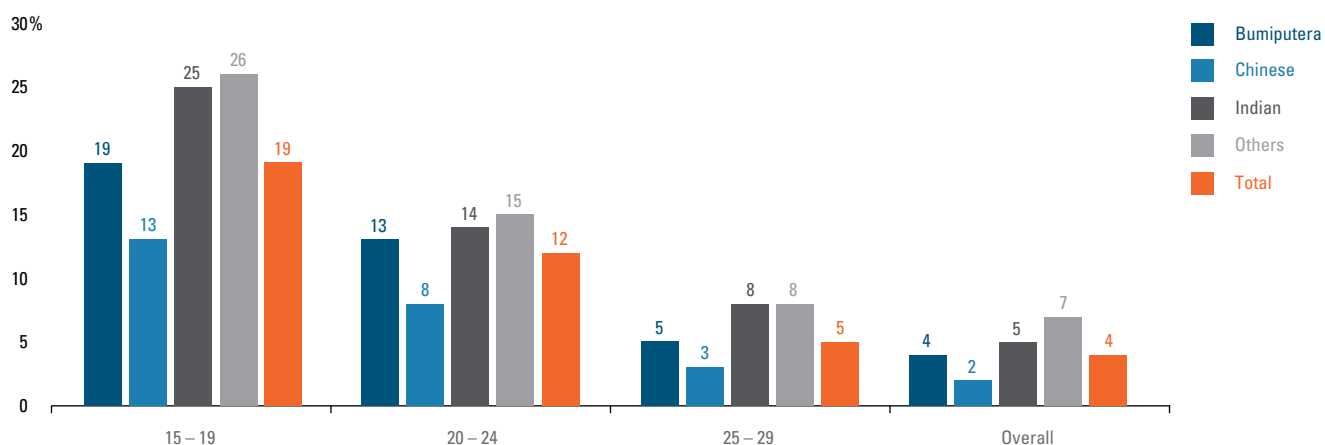
**Chart 1.5: Unemployment rate by age group and sex, 2017**



Source: DOS (2018-a, Table A5.1)

Another aspect of concern is the ethnic disparities<sup>7</sup> in youth unemployment in Chart 1.6. A quarter of the Indian youth labour force and also the Others aged 15 – 19 years of age are unemployed as compared to 13% of the Chinese youth and 19% of Bumiputera youth in the same age group. Among those aged 20 – 24 years, the differential in the unemployment rate is 5 percentage points between Chinese and Bumiputera youth and 6 percentage points between Chinese and Indian youth.

**Chart 1.6: Unemployment rate by age group and ethnicity, 2017**



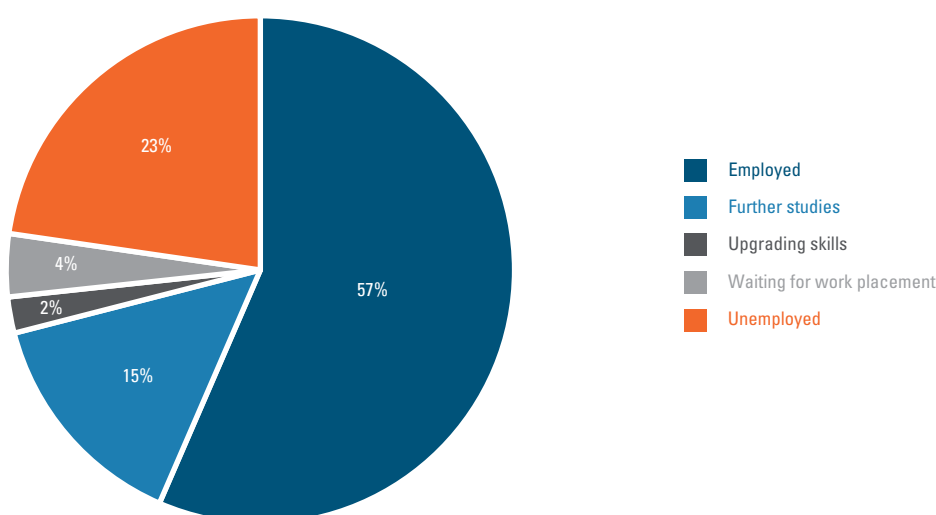
Source: DOS (2018-a, Table A5.2)

<sup>7</sup> For the detailed definition of the different ethnic groups see Appendix 4.

## The mismatch between supply and demand: the youth unemployment quandary

A key question raised by the World Bank was: “if the economy requires increasing numbers of talented workers, why does a relatively large share of better-educated youth have trouble finding a job?”<sup>8</sup> Graduate unemployment is the focus of growing concern. The Ministry of Higher Education (MOHE) Graduate Tracer Study found that at the time of convocation some six months after graduating in 2016, 23% of the graduates reported that they were unemployed (Chart 1.7). Of the 57% working, 15% of them were in part-time jobs. Furthermore, 16% of the PhD graduates in 2016 had yet to find employment, up from 12% in 2015 and 4% in 2011; while, the figure for undergraduates was 17% in 2016 as compared to 15% in 2015 and 12% in 2011<sup>9</sup>.

**Chart 1.7 Employment status of Malaysian graduates, 2016**



Source: MOHE (2017-b, Chart 3.1a)

At the same time, employers continue to cite significant skills gaps among new recruits and express the view that many young graduates are ‘unemployable’<sup>10</sup>. The Malaysia Education Blueprint 2015 - 2025 (Higher Education) noted that “over 70% of universities believe they have adequately prepared students for the workplace. In contrast, only 40% of employers and graduates believe students are adequately prepared for the workplace”<sup>11</sup>. The SWTS attempts to examine how educational institutions are preparing students for employability and also tries to shed light on whether and how employers play a role to enhance the employability of young people; do they, for instance, communicate with education and training centres on their skills needs or do their companies provide work-based training, work experience or industry awareness for young people?<sup>12</sup>

<sup>8</sup> World Bank (2014-a, p.22)

<sup>9</sup> MOHE (2017, Charts 3.1a, 3.2a, 3.3a)

<sup>10</sup> For example, according to the 2017 Hays Asia Salary Guide, an alarming 97% of employers in Malaysia reported difficulties recruiting the skilled workers they need. Source: HAYS (2017)

<sup>11</sup> MOE (2015, p.1.1)

<sup>12</sup> The World Bank-TalentCorp Survey on Graduate Employability 2014 identified limited interaction between employers and institutions of higher learning as a major reason for skills mismatches; it found that less than 10% of companies had experience in developing curricula or joint programmes with universities. Source: World Bank (2014-a, p.23)

At the other end of the spectrum, employers are clamouring for more migrant workers, arguing that the shortages are adversely affecting production, especially in agriculture and manufacturing<sup>13</sup>. The relationship between youth labour market issues and labour migration is central to this quandary. We need answers to some key questions. For example, is it because the Malaysian labour market is highly segmented and our youth do not want the jobs migrants are currently doing? Or are young Malaysians ‘choosy’ and have unrealistic salary expectations?<sup>14</sup> Or is it because employers place higher value on the characteristics of migrant workers that they do not think Malaysian youth possess? Of course, to the extent that employers keep depending on cheap labour and emphasise cost efficiency rather than pursuing innovation as a source of growth and to move up the value chain, the demand for low-skilled, cheap migrant workers will continue and young Malaysians will continue to face difficulties to find high-skilled, high-paying jobs.

### The expansion of informal and ‘non-standard’ forms of employment

Unemployment figures alone do not reveal the extent of youth labour market challenges. The SWTS also attempts to shed light on the quality and the nature of jobs that young women and men have, as well as their prospects for advancement. To examine whether young people are going into decent jobs, the SWTS distinguishes among:

- Those in a ‘*standard employment*’ relationship that is characterised as work that is full-time, indefinite, part of a subordinate relationship between an employee and an employer and covered by labour legislation and social protection;
- Those who are self-employed workers (own-account or contributing family workers or employers). A quarter of all employed youth aged 15 – 29 years in 2017 were own-account or contributing/unpaid family workers<sup>15</sup>—these employment statuses are termed ‘*vulnerable employment*’ since the workers commonly work informally, lack labour and social protection and tend to have poor working conditions<sup>16</sup>; and
- Those engaged in ‘*informal/non-standard*’ forms of employment who are typically not covered by labour law or employment-based social security<sup>17</sup>, including:
  - Temporary employment (fixed-term contracts, including project-or task-based contracts, seasonal work, casual work including daily work);
  - Part-time and on-call work including zero-hour contracts<sup>18</sup>;
  - Multi-party employment relationships (also known as ‘dispatch’, ‘brokerage’ and ‘labour hire’ and includes temporary agency work and subcontracted labour); and
  - Disguised employment or dependent self-employment where workers perform services for a business under a civil or commercial contract but depend on one or a few clients for their income and receive direct instructions on how the work is to be carried out.

13 A survey by the Federation of Malaysian Manufacturers (FMM) estimated that 84% of manufacturers were not able to hire sufficient numbers of workers. Source: The Star Online (2016)

14 It is a commonly held perception that young graduates have unrealistic salary expectations. See, for example, HR in Asia (2017) and FMT News (2017)

15 DOS (2018-a, Table 4-23)

16 ILO (2017-a, pp.19 – 20)

17 ILO (2016, pp.8 – 9)

18 Zero-hour contract is a type of contract between an employer and a worker, where the employer is not obliged to provide any minimum hours, while the worker is not obliged to accept any work offered. Such contracts are often used to enable on-call scheduling.



‘Non-standard’ employment is part and parcel of the ‘*gig economy*’/‘*platform economy*’ which has been growing rapidly in Malaysia<sup>19</sup>. More and more young people are doing several so-called gigs rather than rely on full-time employment with a sole employer. They perform contract work, freelance work, crowd work and work sourced from online marketplaces (also known as ‘transaction platforms’). Mobile internet connectivity and various digital platforms (the Internet of Things, IoT) are opening up new avenues for work or earning extra income. Other new ways of earning a living include publishing vlogs (video blogs) and being social media influencers and e-teachers giving tuition online. The gig economy is also labelled the ‘open talent economy’ with freelance independent professionals and other highly skilled individuals offering their know-how, skills and expert services to a range of different entities in software development and technology, creative and multimedia work, writing and translation, data entry and analyses, etc.

For the country with youth and graduate unemployment in the spotlight, the gig economy offers avenues not only for increasing employment but also productivity and innovation. For companies, freelancers offer greater resource flexibility, and therefore greater competitive advantage—allowing them to deploy expert skills as needed, at a considerably lower cost than full-time hires. For young people, a primary attraction is the independence, self-reliance and flexibility of being able to work when, where and in what ways one wants. Being able to earn extra income is also an important driving force. But non-standard employment also carries a number of challenges, difficulties and hardships, especially for those for whom such work is involuntary because they could not find regular employment. The informal nature of such employment means young people have limited labour or social protection<sup>20</sup>. The major downside is the precariousness and vulnerability associated with such employment—there is uncertainty of securing the next work assignment, irregularity of income, lack of economic security, lack of health insurance and retirement savings.

## The education and training challenge

Concerns about the employability of young Malaysians and their marketability and adaptability for the rapidly changing labour markets are frequently attributed to the quality and relevance of the national academic education and technical and vocational education and training (TVET) systems. A 2014 study conducted by the World Bank in collaboration with the Institute for Labour Market Information and Analysis (ILMIA), Ministry of Human Resources, concluded that the human capital challenge faced by Malaysia is the inadequate quality of skills and emphasised the critical importance of further revamping Malaysia’s education and training system so as to be responsive to the demands of a knowledge economy and fast changing labour market demands<sup>21</sup>. The OECD Economic Assessment of Malaysia 2016 concluded that “labour productivity growth in the past 15 years has been below that of regional competitors, partly due to slower capital deepening. It has also been held back by a declining share of skilled workers in the labour force and insufficient technology diffusion and innovation. Reforms to improve the quality of education and skills training, promote innovation and the adoption of information technology are key”<sup>22</sup>. The Malaysia Education Blueprint 2013 – 2025 (Preschool to Post-Secondary Education) and the Malaysia Education Blueprint 2015 – 2025 (Higher Education) aim to address these challenges, including, importantly, through major changes in the education and training systems<sup>23</sup>.

19 The chairman of the Employee’s Provident Fund (EPF) estimated that the gig economy grew by about 31% over 2017, faster than the formal employment sector and predicted that the gig economy will grow exponentially. Source: The Sun Daily (2017)

20 For example, Malaysia has the 1Malaysia Retirement Savings Scheme (SP1M) to cater for the growing number of Malaysians without a fixed monthly income but desire a fund to safely grow their savings for retirement; and the EPF has called on the government to increase its contribution to the SP1M as a means of supporting the participation of Malaysians who are engaged in the gig economy. Source: The Sun Daily (2017) and Azmil Mohd Amin (n.d.)

21 World Bank (2014-c, p.4)

22 OECD (2016, p.4)

23 The challenge of empowering human capital has also been emphasised in the Mid-Term Review of the Eleventh Malaysia Plan 2016 – 2020, as highlighted in Text Box 1.1.

The country is already devoting huge resources to building its human capital and improving youth employability. At least 19% of the 2019 Malaysian budget will be devoted to education<sup>24</sup>. There is already a plethora of programmes and schemes under different government ministries and agencies for enhancing the quality and quantity of the supply of labour and talent to meet industry demand<sup>25</sup>. There are also employability training programmes such as the 1Malaysia Training Scheme (*Skim Latihan 1Malaysia*, SL1M)<sup>26</sup> and the Graduate Employability Management Scheme (GEMS) conducted by companies as part of their corporate social responsibility (CSR) and aiming to reduce talent shortages in key areas of the economy<sup>27</sup>.

Education and training, which are long-term investments, should equip youth not just for current but also future labour market needs. “Many of the major drivers of transformation currently affecting global industries are expected to have a significant impact on jobs, ranging from significant job creation to job displacement, and from heightened labour productivity to widening skills gaps. In many industries and countries, the most in-demand occupations or specialties did not exist ten or even five years ago, and the pace of change is set to accelerate”<sup>28</sup>. A Critical Occupations List for Malaysia<sup>29</sup> that is prepared every year adds new occupations and drops others, reflecting the changing demand for workers. An obvious issue is whether and how Malaysia’s education and training system takes into account the drivers of change, making available lifelong learning and equipping young Malaysians with the flexibility, ability, entrepreneurship and e-business skills to succeed in a new technology-driven, digital world with networked markets.

## The demographic challenge

The productive employment of young people is crucial in the context of Malaysia’s demographic transition. Compared to neighbouring countries such as Thailand and Singapore which are already experiencing rapid population ageing, Malaysia’s working age population is currently at the most productive stage of the age distribution profile; with the median age of 28.2 years in 2015, the population bulging for the 20 – 29 years age group (Chart 1.8), and the working age population aged 15 – 64 years increasing up to 2020 (Chart 1.9).

24 Allocations to Ministry of Education, not taking into account the allocations to other ministries and agencies for various other education and skills training programmes.

25 For example, TVET programmes are offered at certificate, diploma and degree levels by at least seven government ministries including the Ministry of Higher Education (MOHE), Ministry of Rural and Regional Development (MRRD), Ministry of Youth and Sports (MOYR) and Ministry of Human Resources (MOHR); and there are over 1,000 TVET institutions of which some 506 are public institutions. Source: Study Malaysia (2016)

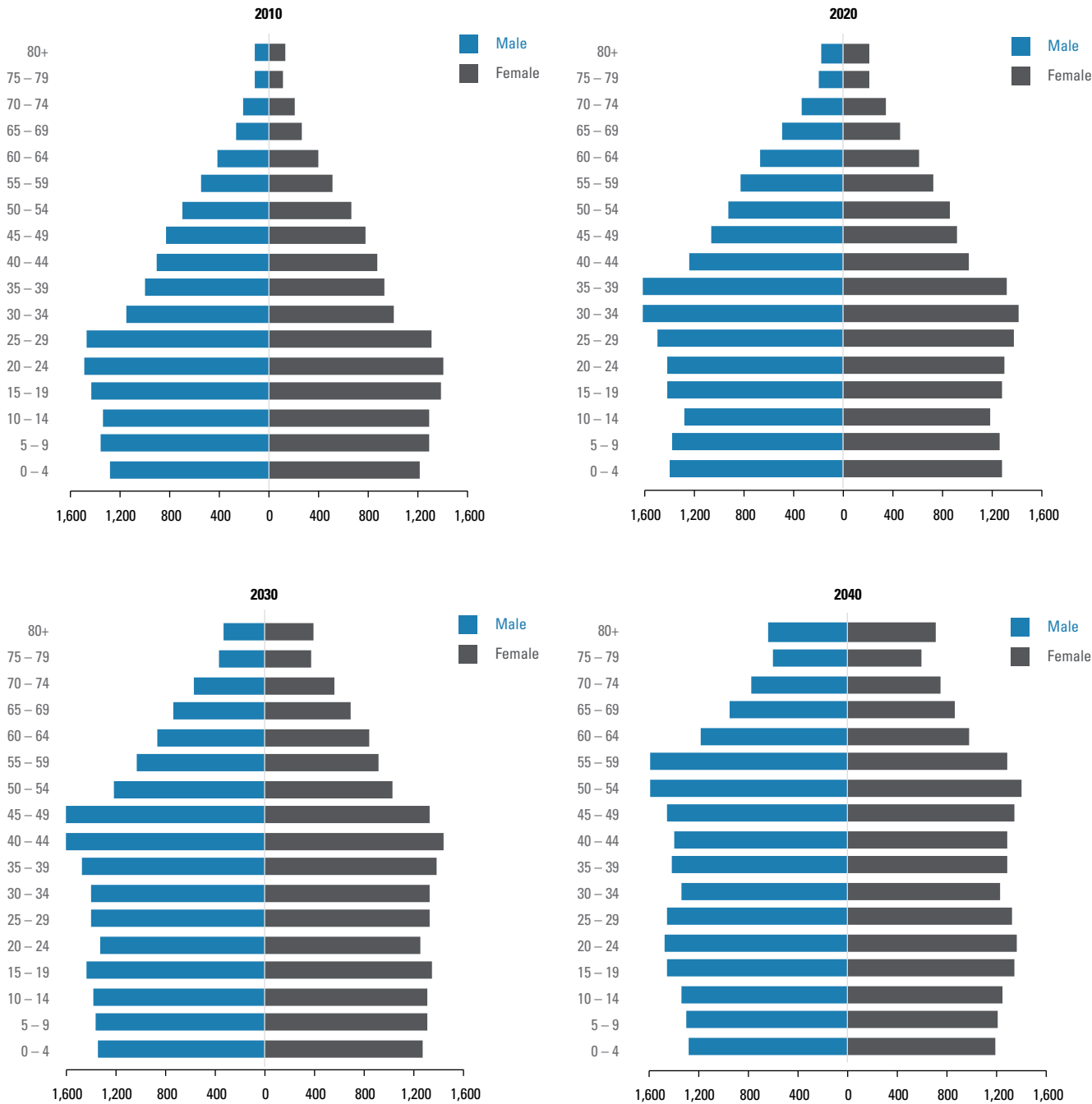
26 Malaysia Stream (2014)

27 TalentCorp. (n.d.)

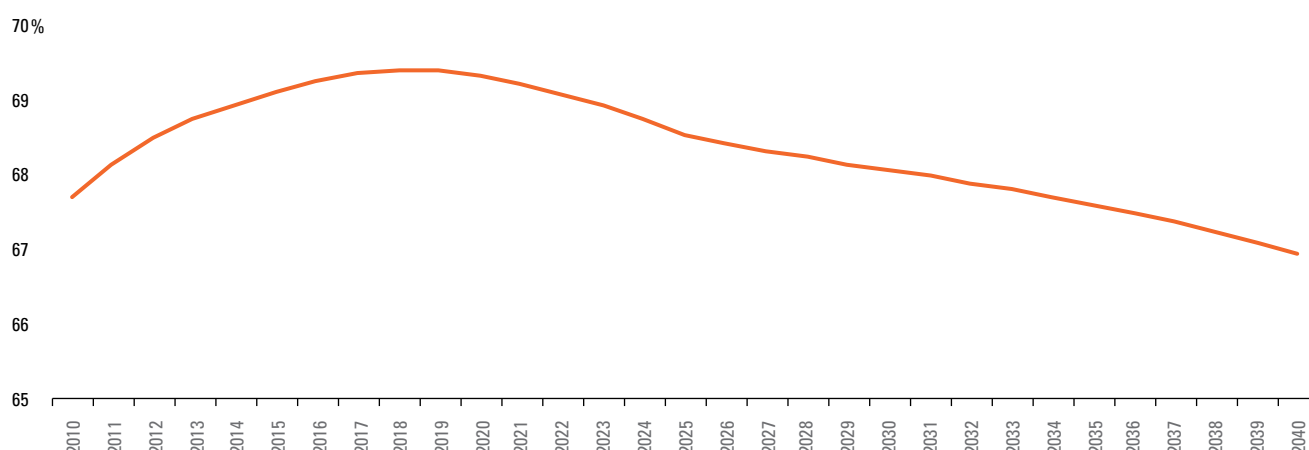
28 World Economic Forum (2016, p.1)

29 TalentCorp (2018)

Chart 1.8: Population projections by age groups and sex, Malaysia 2010 – 2040



Source: DOS (2016-a)

**Chart 1.9: Working age population projections, Malaysia 2010 – 2040**

Source: DOS (2016-a) and KRI calculations

“The key to transforming Malaysia’s youth bulge into a demographic dividend is the youth unemployment”<sup>30</sup>. The country is currently “in a sweet spot to seize the demographic dividend”<sup>31</sup>. The demographic dividend is a window of opportunity when the country’s population has proportionately more working adults than non-working (children and the elderly) dependents—when this happens the economic payoff can be substantial in terms of boosting per capita income growth and making available greater savings for productive investments. “But the demographic dividend is not automatic. The youth bulge presents countries with various challenges in terms of education, job creation and political stability. Success depends on ensuring that children and youth, both girls and boys, are well educated and the working age population is productively employed”<sup>32</sup>.

Malaysia’s performance in the productive employment of youth and harnessing the opportunities of the demographic dividend will determine the country’s preparedness for facing the subsequent ageing of the population. From about 2020 on, the proportion of the population aged 65 and over will rise and will rise increasingly rapidly, so that there will be increasing elderly dependency and a shrinking working age population—with serious implications for sustaining economic growth and coping with growing demands on social protection systems (for pensions, health and long-term care systems for the ageing society). The better able Malaysia is to effectively and efficiently utilise the current youth bulge, the more resources and capacity the country will have to face the potential ‘demographic cliff’.

## The socio-political challenge

High youth unemployment rates represent a potential source of social and political instability. Youth left behind in the transition from school to work or who are poorly integrated in the labour market cumulate multiple disadvantages and can pose serious threats. A 2016 online survey conducted by SkootJobs found that out of over 15,000 young Malaysians, only 15% either liked or loved their jobs, another 33% ‘hated’ their jobs, and 27% were ‘suicidal’ about their jobs<sup>33</sup>. These findings are shocking, especially in terms of the implications for productivity, high employee turnover rates and high suicide rates among youth<sup>34</sup>—it is clearly important to verify, confirm or debunk such findings from online surveys.

30 Goh and Ma (2014, p.7)

31 Ibid, p.4

32 World Economic Forum (2015, p.1)

33 The Rakyat Post (2016). SkootJobs is a job platform for entry to mid-level careers in Malaysia.

34 Malaysian Digest (n.d.-a)

Delays in finding initial employment and long spells of unemployment have long-term negative repercussions on career prospects, lifetime income, health prospects and social mobility and perpetuate an intergenerational cycle of poverty. Long-term negative consequences include psychological impacts, with young people increasingly distrustful of the political and economic system, increasingly frustrated and more susceptible to the temptations of crime, drugs and religious fundamentalism. The youth employment problem has been described as creating a ‘scarred’ generation<sup>35</sup>. The imminent dangers posed by a generation of young people scarred by joblessness have also been described as a ‘time bomb’ which risks damaging the economic, social and political fabric of the country. Examples from all over the world—the Arab Spring, Occupy Wall Street, demonstrations in Hong Kong, Egypt, Russia, Venezuela, Brazil to name but a few, those joining the Islamic State (IS) fighters—all point to what can happen when young people become disheartened about the future and increasingly are ready to fight for their rights and beliefs<sup>36</sup>.

There are also important social implications. The transition from school-to-work marks the transition into adulthood with the prospect of economic and social independence and socio-economic mobility. As explained above, the transition concerns not only the length of time between exit from education (either upon graduation or early exit without completion) to the first entry into any job, but also qualitative elements such as whether the job is stable, pays an adequate income or meets the young person’s expectations or aspirations. In turn, this influences other transition processes of young people, such as starting a family or where to live or participating in socio-political affairs of the country and, importantly, climbing the socio-economic ladder.

## The survey methodology

The SWTS was based on five structured, mainly pre-coded questionnaires targeting different groups of youth and employers. The questionnaires were designed in English and Malay, discussed extensively with a large number of stakeholders, pre-tested several times and finalised. The survey used face-to-face interviews based on fieldwork and a self-administered approach through an online platform. The Department of Statistics Malaysia (DOS) provided invaluable assistance and advice on the questionnaires and in particular on the sample design. The Ministry of Education (MOE) and Ministry of Higher Education (MOHE) provided the sample frames for youth in upper secondary and tertiary levels of education.

## The scope and coverage

The SWTS covers all states in Malaysia (both rural and urban areas) and also the Federal Territories of Kuala Lumpur, Putrajaya and Labuan. For the purposes of this survey, a young person is defined as male or female between the ages of 15 and 29 years. In many other contexts, the definition covers a person between the ages of 15 and 24 years<sup>37</sup>. For the SWTS, the upper age limit is extended to 29 years to take into account the fact that some young people stay on in the education system beyond the age of 24 years, and also with the aim of gathering information on the post-graduation/recent employment experience of young people.

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35 ILO (2011, p.6)

36 There are, of course, a variety of other factors that can contribute to social unrest, for example, the ILO observed a correlation between economic conditions and manifestations of social unrest or discontent. The ILO’s social unrest index 2016 – 17 saw an increase in the index in regions like Latin America and the Caribbean that also experienced poor labour market conditions in 2017. Source: ILO (2018, p.9)

37 As defined in Malaysia’s 1997 National Youth Development Policy, youth range between the ages of 15 and 40. However, the policy also specifies that youth development programmes and activities shall be focused on youth aged 18 – 25 years. The new Malaysian Youth Policy that was supposed to be implemented in 2018 to redefine the age range for youth to be 15 – 30 years has been put on hold.

The five different survey respondent groups are:

- In-school youth: those above 15 years of age in upper secondary or vocational/technical schools who are currently in Form 5 or Upper 6 (or the equivalent level of education);
- Youth in tertiary education: those aged between 15 and 29 years who are currently enrolled in various types of higher education institutions;
- Young job seekers: those between 15 and 29 years who are entering the job market for the first time, those previously employed but now looking for work, and those currently employed but actively looking to change their current job;
- Young workers: those aged between 15 and 29 years in different employment statuses as paid employees in standard or non-standard employment and the self-employed who are own-account workers, contributing family workers or employers; and
- Employers who hire young people: those who operate a business, plantation or other trade and employ one or more workers to help them. Their establishments can be micro, small, medium or large.

### The sampling frame and design

A major challenge in the survey design was to ensure that different cohorts of youth at different transition points in their lives were canvassed through the application of appropriate but rigorous survey data sampling techniques and data collection. For those groups for which sampling frames were available—namely in-school youth, those in tertiary education and employers—probability sampling techniques were applied. A probability sampling design based on a randomised and representative sample list is the best way to represent the population of interest since each member of the population has the same odds of being selected as a sample. The data were also weighted<sup>38</sup> for unequal probability of selection and adjusted for non-response bias. Hence, the weighted results presented can be considered representative at the national level, broadly reflecting the population of these three categories.

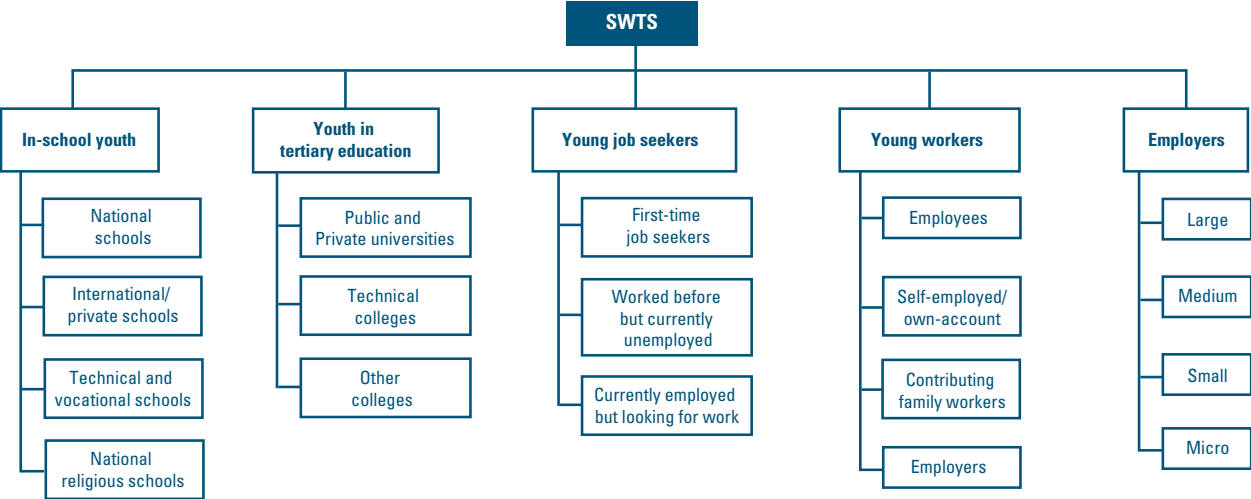
But since no sampling frames were available for young job seekers and young workers, non-probability sampling techniques were applied. Although non-probability sampling techniques are less rigorous than probability sampling, the survey implementation teams were trained extensively to make sure to comply with specified guidelines and the desired sample size for these two cohorts. Since the data are not representative of the entire population of these two groups, the results only represent the samples covered in the survey.

The sampling frame and design for each of the survey components is explained in detail in Appendix 1, and summarised in Charts 1.10 and 1.11. The sample size for each survey component is shown in Table 1.1. In total, the SWTS canvassed 22,165 youths and 1,620 employers.

**\*Note:** In the charts and tables that follow in the rest of the report, due to rounding totals may not add up to 100%.

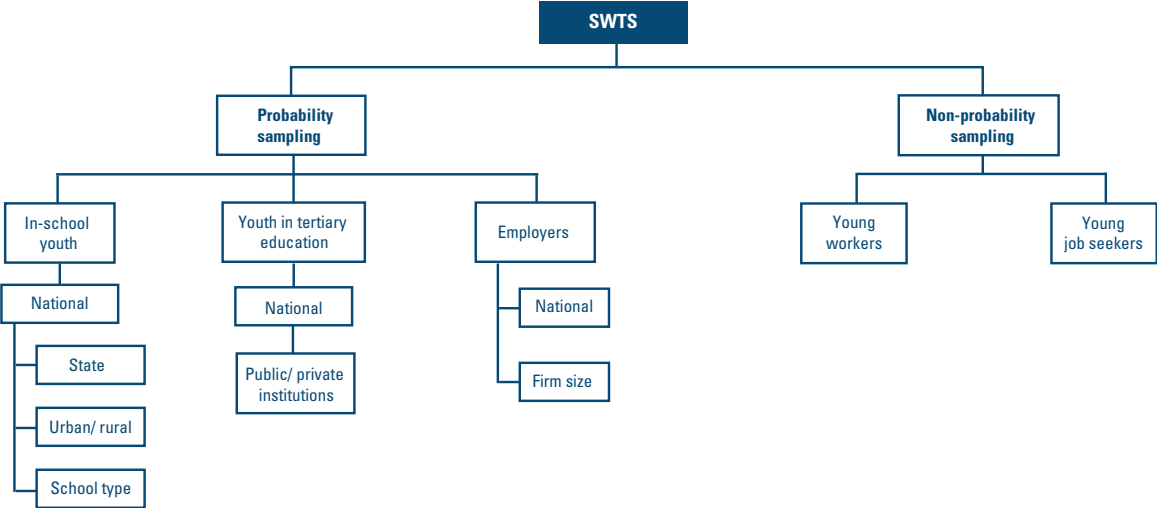
38 In the results estimation procedure, data were weighted using post-stratification procedure to adjust for under- or over-representation of the sample.

Chart 1.10: Sampling coverage for the SWTS



Source: KRI (2018)

Chart 1.11: Sampling design for the SWTS



Source: KRI (2018)

**Table 1.1: Sample size of the SWTS**

<b>Respondents</b>	<b>Total number</b>
Youth in upper-secondary education	7,026
Youth in tertiary education	3,572
Young job seekers	5,696
Young workers	5,871
Employers	1,620
<b>Total sample size</b>	<b>23,785</b>

Source: KRI (2018)

## The online survey

The SWTS was administered through not only fieldwork for face-to-face interviews but also an online platform<sup>39</sup>. Recognising that many of the targeted respondents might not be accessible online, the online survey remained a complementary method to the face-to-face data collection. While all five questionnaires were available online, the online platform was primarily administered to cater for young job seekers and workers. This was because there are no recent and reliable sampling frames for these two targeted sub-populations.

The details of the online survey are described in Appendix 2. Although great care was taken to ensure that the web-based survey would have the largest coverage possible, the response rate especially in terms of completed questionnaires was disappointingly low (only about 330 responses)—too low for any meaningful data analysis to be conducted.

Drawing lessons from the SWTS online experience, it appears that the success of online surveys might necessitate a specific methodology: where the questions are short and straightforward, and the potential respondents are known and easily-contactable. This experience and the existing literature not only highlight the difficulties in conducting online surveys but, perhaps more worrying, raise questions and concerns about the validity and rigorousness of present online survey findings—especially since the findings often quoted in the media and by employment service agencies, for example, about the job expectations and wage demands of Malaysian youth or about employers' views about young job seekers, are commonly based on online surveys.

39 The SurveyMonkey platform was used for the SWTS online survey, <http://www.krinstitute.org/swts/>



# CHAPTER

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# 02

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IN-SCHOOL YOUTH	21
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## IN-SCHOOL YOUTH

This chapter examines how secondary schools are preparing youth for employability and describes the profiles of the students. How young men and women fare in schools and the choices they make regarding education and training and what they expect out of life and work are shaped by their characteristics and family backgrounds.

### How secondary schools are preparing youth for employability

The Malaysian government provides free education for six years at primary level and five years at secondary level. Currently, only primary education is compulsory. At the end of secondary education, students sit for the public common examination, *Sijil Pelajaran Malaysia* (SPM). School leavers with SPM qualifications can opt to obtain a pre-university qualification<sup>40</sup>, and then subsequently go on to study for a certificate, diploma or degree at higher education institutions.

Secondary education in Malaysia is provided through different types of schools. Academic education is offered in national schools, private schools and international schools. Students have the option to be taught in their mother tongue, the option for a curriculum with a larger emphasis on religious education, as well as the mainstream option of instruction in the national language. National secondary schools (*Sekolah Menengah Kebangsaan*, SMK) are either government-funded or government-assisted and education is free for students. Education at private schools and international schools is provided for a fee. The private schools follow the Malaysian national curriculum but offer a wider array of elective subjects, comprehensive co- and extra-curricular activities and facilities for learning, sports, information technology and the arts. They place greater emphasis on language, mainly Chinese and English. Students in the private schools that emphasise Chinese<sup>41</sup> can go on to attend Chinese language universities in other countries. The international schools are also under the supervision of the Ministry of Education (MOE) but they offer an international curriculum conducted in English<sup>42</sup> and prepare students to sit for external international examinations. Some also prepare their students for the SPM. These high-fee paying international schools are supposed to provide a more child-centred and holistic approach to learning with diverse extra-curricular activities, superior amenities, smaller classes, and, sometimes, residential facilities<sup>43</sup>.

40 Such as the Sijil Tinggi Persekolahan Malaysia (STPM, Higher School Certificate), matriculation programmes or the General Certificate of Education 'A' levels.

41 There are also Chinese independent schools that are not under the Ministry of Education (MOE). Independently appointed Board of Trustees work with the school leadership to manage each of these schools, which are funded through tuition and philanthropic contributions. These schools use Chinese language as the main medium of instruction, and teach a curriculum developed by Dong Jiao Zong benchmarked against systems such as those used in Taiwan and England. The schools prepare students for a standardised examination known as the Unified Examination Certificate (UEC, at Year 6 of secondary school), although many schools also prepare their students for the SPM. The students in these Chinese independent schools account for 4% of the total recorded number of secondary school students in 2017. See for example, Lim (2017). Note that they are not covered in the SWTS but the survey does cover those students in private schools emphasizing the Chinese language but under the MOE.

42 The main types of international curriculum approved by MOE are the British, American, Canadian and Australian curricula.

43 Malaysia Education (n.d.)

Technical schools offer three streams of education—technical, vocational and skills streams<sup>44</sup>. Technical education prepares students for higher education and careers in engineering and professional fields. In addition to studying many of the same academic subjects as students in mainstream schools, students in technical schools can choose from a set of technical electives ranging from civil engineering to agricultural sciences to the principles of accounting. Vocational education prepares students for careers requiring expertise in a specific set of techniques. In contrast to the technical stream which prepares students for further education, the vocational stream is more career-oriented and provides courses in pre-employment skills<sup>45</sup>. In the skills training stream emphasis is given to practical work to develop competency in trade skills required by related industries.

The tahfiz stream is Islamic education at primary and secondary level with focus on both Islamic studies and academic subjects, mostly in public schools (national religious schools, state religious schools, government-aided religious schools, and private schools (*Sekolah Agama Rakyat*, *Sekolah Agama Persendirian* and *Sekolah Agama Swasta*). The concentration in these schools is on memorising and understanding the Al-Quran verses and contents<sup>46</sup>. The SWTS does not cover the private religious schools or the *tahfiz* schools<sup>47</sup>.

**The profile of youth in upper secondary schools**

Table 2.1 shows the distribution of Malaysian youth in their final years of secondary school (Forms 5 and 6 or equivalent). In the Federal Territories of Kuala Lumpur, Putrajaya and Labuan and the state of Melaka, the schools are all urban-based, while those in Sabah, Sarawak, Kedah, Kelantan and Perak are more likely to be in rural areas (Chart 2.1). There are also differences by ethnicity and urban-rural location (Chart 2.2). The bulk of the students are Bumiputeras with 54% in urban areas as compared to over 70% of Chinese and Indian students who are in urban schools. More than half of the group of Other students are in rural schools. The average age of the students is 17 years. Those 20 and above years of age are mainly in the private schools.

The Malaysia Education Blueprint 2013 – 2025 (Preschool to Post-Secondary Education) highlights significant variations in education outcomes by state, rural-urban location and type of school, although these student achievement gaps have been slowly narrowing over time<sup>48</sup>. Educational outcomes tend to be better in urban than rural schools and in private than public schools. States with higher proportions of rural schools underperform states with fewer rural schools. Furthermore, “socio-economic differences present a major challenge to achieving equitable outcomes. Educational disadvantage, whereby how much students’ parents earn and where they go to school correlates with student achievement”<sup>49</sup>.

44 MOE (2018)  
45 MOE (2013, pp.7-7 to 7-9)  
46 MOE (2013, p.G-8). See also Malay Mail (2017-a)  
47 The *tahfiz* schools are where the Al-Quran is memorised.  
48 MOE (2013, pp.3-17 to 3-21)  
49 Ibid., p.3-20

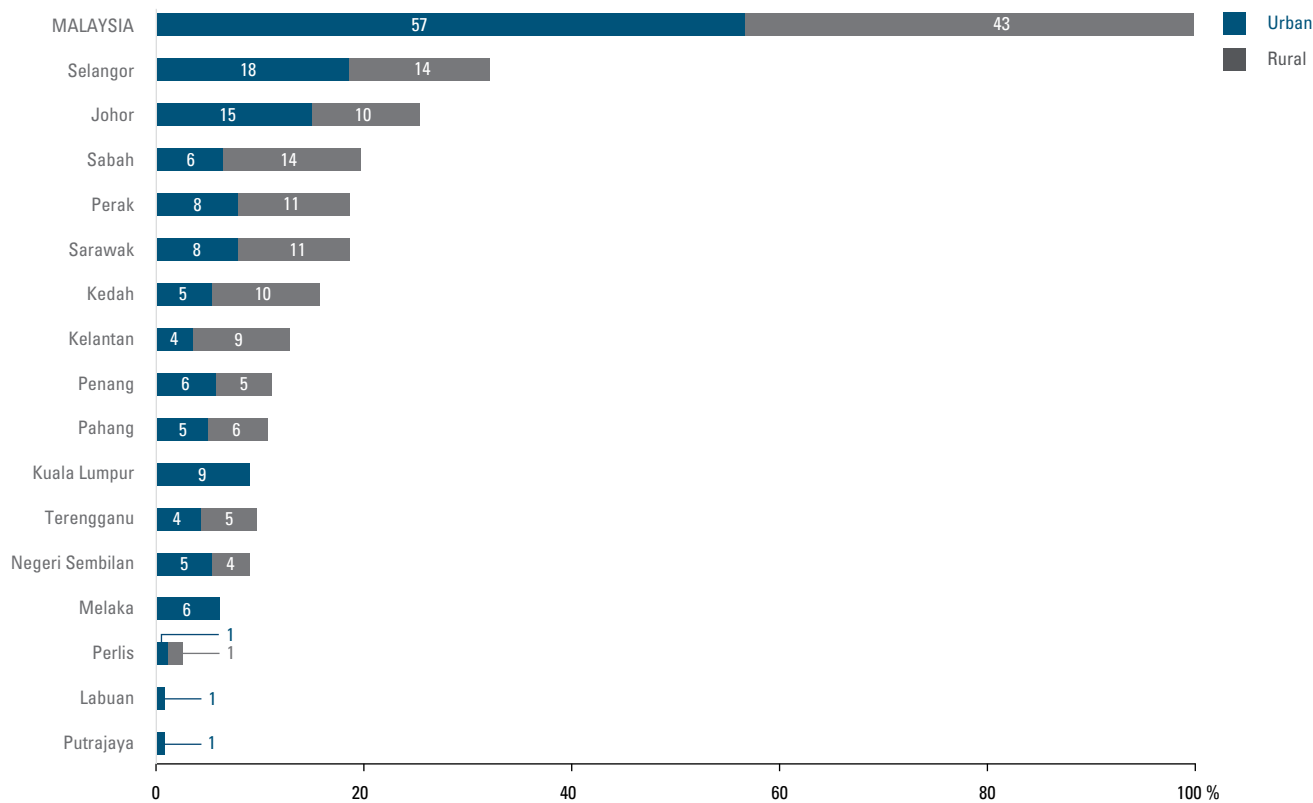
**Table 2.1: Profile of in-school youth**

Characteristics	Frequency	Percentage
<b>State</b>		
Johor	68,210	12.9
Kedah	39,230	7.4
Kelantan	31,912	6.0
Melaka	17,624	3.3
Negeri Sembilan	23,933	4.5
Pahang	27,624	5.2
Penang	28,963	5.5
Perak	48,087	9.1
Perlis	5,876	1.1
Selangor	86,732	16.4
Terengganu	24,986	4.7
Sabah	49,567	9.4
Sarawak	47,769	9.0
Kuala Lumpur	25,890	4.9
Labuan	1,848	0.3
Putrajaya	1,560	0.3
<b>Strata</b>		
Urban	299,572	56.5
Rural	230,239	43.5
<b>Form</b>		
Form 5	410,691	77.5
Upper 6	81,043	15.3
Diploma/other	38,077	7.2
<b>Sex</b>		
Male	224,987	42.5
Female	304,824	57.5
<b>Ethnicity</b>		
Bumiputera	439,799	83.0
Chinese	67,694	12.8
Indian	21,317	4.0
Others	1,000	0.2
<b>Age (years)</b>		
15	1,752	0.3
16	5,131	1.0
17	401,649	75.8
18	49,456	9.3
19	70,088	13.2
20	958	0.2
21	396	0.1
22	198	0.0
23	118	0.0
24	66	0.0
<b>Total</b>	<b>529,811</b>	<b>100.0</b>

Note: The numbers refer to weighted data based on targeted population of in-school youth, which was provided by the MOE (2017)<sup>50</sup>.  
Source: KRI (2018)

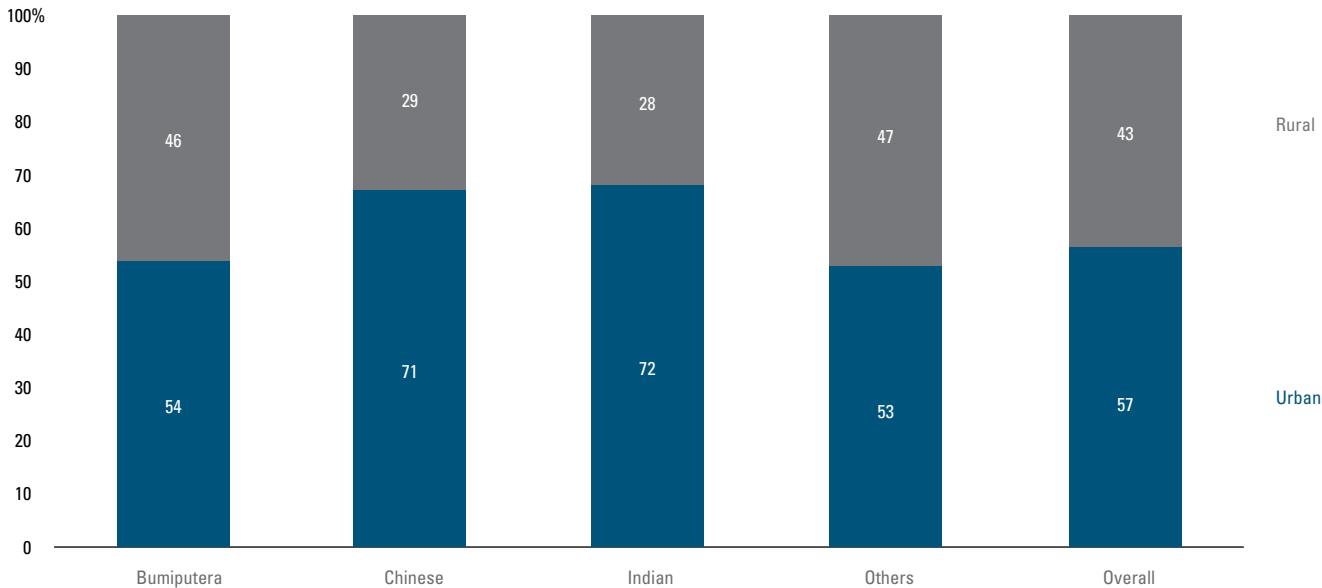
<sup>50</sup> Data requested from the MOE.

Chart 2.1: Distribution of in-school youth by state and urban-rural location



Source: KRI (2018)

Chart 2.2: Distribution of in-school youth by ethnicity and urban-rural location



Source: KRI (2018)

## There is a significant gender gap with ‘lost boys’

What is striking from Table 2.1 is that there are 15% more girls than boys in upper secondary education. The Malaysia Education Blueprint 2013 – 2025 highlighted the following key observations<sup>51</sup>:

- The gender gap is both significant and increasing. Girls consistently outperform boys. The difference in performance is already evident at *Ujian Pencapaian Sekolah Rendah* (UPSR, Year 6 Primary School Achievement Test) level and increases over the course of a student’s academic career;
- Boys are more likely to drop out, leading to a situation wherein the male to female ratio for any given cohort decreases from Year 1 to Form 5; and
- At university level, female students comprise up to 70% of the latest incoming cohort in some universities.

Although this reverse gender gap is to be found in many countries globally, the education of the ‘lost boys’ who either leave school early or with low educational attainment should be a matter of concern. These educationally marginalised young Malaysian men represent both a lost source of human capital and a potential source of social and political instability.

## Most students assess their family status as ‘middle class’

Since a student’s family status tends to affect educational advantage or disadvantage (in terms of where, what type of school and what level of schooling they attend) which correlates with student achievement, the students were asked to assess their family status. Four-fifths of all students assess their family status as being ‘middle class’. While almost all Other students claim their families are ‘middle class’, 17% of Bumiputera students feel their families are ‘poor’ (Table 2.2). What constitutes ‘poor’, ‘middle class’ and ‘well-off or rich’ is not based on specific income levels but on the perceptions of the students.

Within urban areas, ethnic differences are not large among the middle class but the differences are bigger among the poor and the well-off (excluding the group of Other students who assess their families to be ‘middle class’ in both urban and rural areas). Comparing rural to urban students, those in rural areas are 6 percentage points more likely than urban students to consider their families poor—with the Bumiputera students more likely to be poor than the other ethnic groups. On the other hand, no Chinese or Other students in rural areas consider their families well-off.

Bumiputera students have larger families; they commonly have three siblings whereas the other ethnic groups have two. Not only family status but also family size can affect the type of education and also the timing and types of transitions of the students into the labour market. Those from poorer and larger families tend to be educationally disadvantaged and can be expected to enter the labour market earlier rather than to further their studies.

51 Ibid.

**Table 2.2: Family status by ethnicity and urban-rural location of students**

	Bumiputera %	Chinese %	Indian %	Others %	Overall %
<b>Urban</b>					
Poor	14.0	13.8	9.1	1.1	13.7
Middle-class	82.4	82.3	84.4	98.9	82.5
Well-off	3.7	3.9	6.5	0.0	3.9
<b>Rural</b>					
Poor	20.5	14.8	14.6	0.0	19.9
Middle-class	76.7	85.2	83.0	100.0	77.6
Well-off	2.7	0.0	2.4	0.0	2.5
<b>Overall</b>					
Poor	17.0	14.1	10.6	0.6	16.4
Middle-class	79.7	83.2	84.0	99.4	80.4
Well-off	3.2	2.8	5.4	0.0	3.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

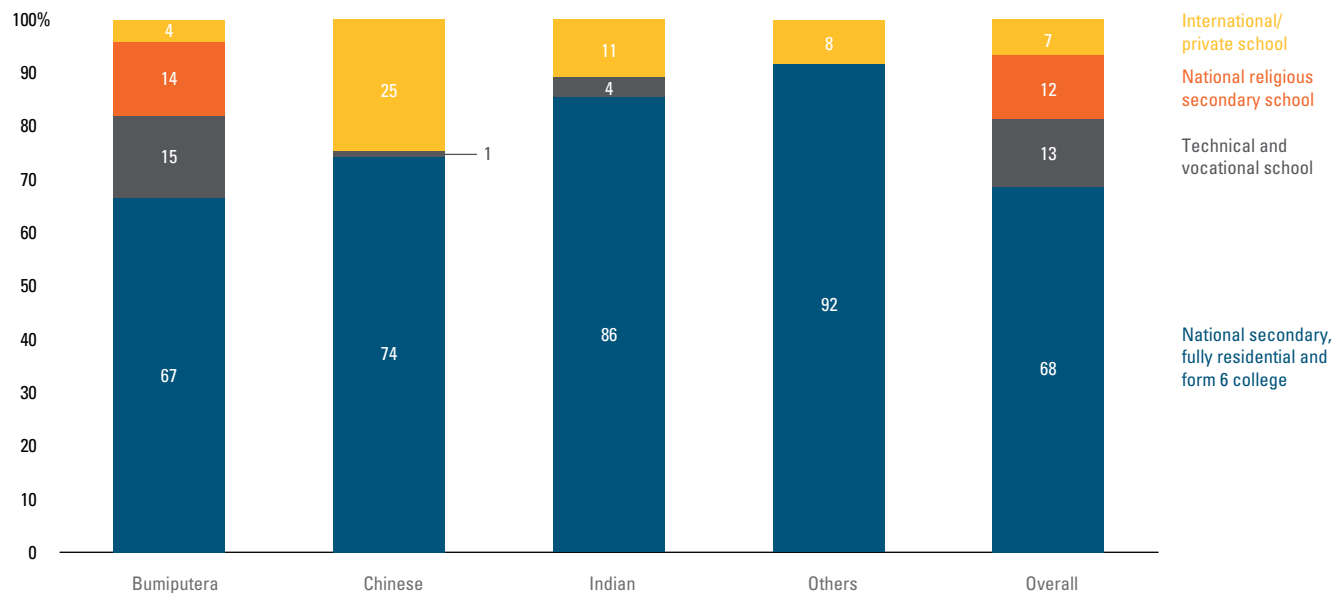
### Attendance in different types of schools is linked to ethnicity and family status

Three-quarters of all upper secondary school students follow academic education courses, mainly in national schools but also in private schools and international schools. Only 13% are in technical or vocational schools, while the remaining 12% (who are Bumiputera) are in national religious schools (Chart 2.3).

A quarter of all Chinese students are in international or private schools, more than six times the percentage of Bumiputera students in such schools; although it should be noted that in terms of absolute numbers, there are more Bumiputera (17,592) than Chinese (16,923) students. Out of the total number of Indian students, 11% or 2,345 attend international schools. Since the international and private schools are fee-paying, student attendance in these schools is linked to the family's socio-economic status (Chart 2.4). Of those from well-off families, almost a quarter are in fee-paying international or private schools whereas the percentage of those from middle-class families is 7% and from poor families 4%. The Malaysia Education Blueprint 2013 – 2025 points out that students in private schools using the national curriculum score about 6% higher than those in national schools at SPM<sup>52</sup>.

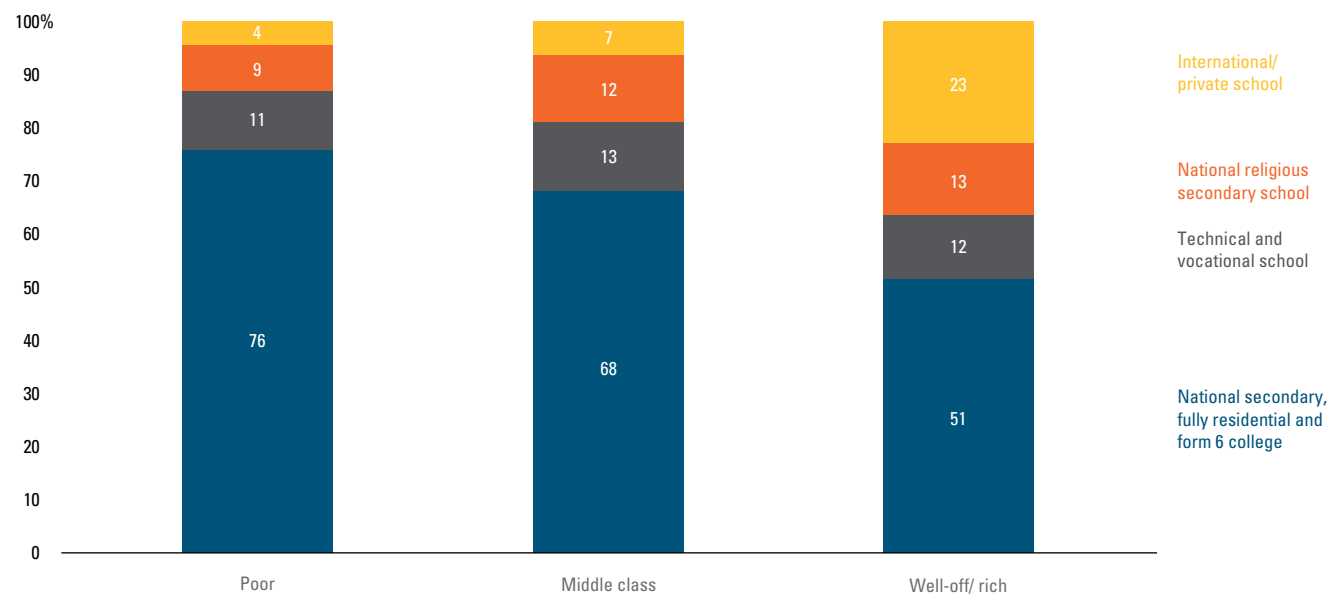
52 Ibid. p.3-21

**Chart 2.3: Type of school by ethnicity of students**



Source: KRI (2018)

**Chart 2.4: Type of school by family status of students**



Source: KRI (2018)



## TVET is not a popular education pathway...

Only 1% of all Chinese and 4% of Indian secondary school students are pursuing technical and vocational education as compared to 15% of Bumiputera students.

Despite the government's recognition of technical and vocational education and training (TVET) as critical to meet the demands of industry and contribute to economic growth, TVET is still not attractive as an education pathway choice. A number of reasons have been identified, including the fact that TVET graduates and practitioners are not recognised as professionals and, therefore are not able to demand higher wages and career advancement. Those from such schools also have limited access to higher education institutions<sup>53</sup>. TVET is often negatively perceived as the second or last choice and only ventured into by those who do not have good academic qualifications<sup>54</sup>.

## ... neither is STEM

Despite science, technology, engineering and mathematics (STEM) related subjects being recognised as the foundations of the industrial and corporate world and involving knowledge and skills sets that are in growing demand by employers, the emphasis is still lacking in Malaysian schools and the number of students taking up these subjects is low. Since they are not taking STEM subjects in school, it is less likely that they will take up these subjects at tertiary level or that they will qualify for STEM related jobs in the future.

The Malaysian government's 60:40% target for the ratio of students with significant STEM education to those with a greater focus on the Arts, which has been implemented since 1970, has never been met. The Malaysia Education Blueprint 2013 – 2025 highlights the declining enrolment and quality of student outcomes in STEM and cites a number of underlying reasons. Among the reasons is the general lack of awareness among students and parents of the value of STEM learning and its relevance to everyday life and for career opportunities. There is also a perception amongst students and parents that STEM subjects are harder than Arts subjects to excel in. This explains students opting for the Arts stream instead of the Science stream<sup>55</sup>. A National STEM Transformation Plan 2017 – 2025 was expected to be presented to address these issues<sup>56</sup>.

Only about a third of all students opt for the science subjects (biology, chemistry and physics); three-quarters do not take economics and only 3% have computer science. There are no significant differences by sex, the girls are as likely or unlikely as the boys to enrol in STEM subjects. The enrolment is better for additional mathematics at 44% (Chart 2.5).

The proportion of students taking the various STEM subjects is highest for the international and private schools (Chart 2.6). But what is also surprising is that the proportion of students in religious schools reporting that they are enrolled in science subjects and additional mathematics is higher than that of students in other types of national schools; but they fare relatively poorly in terms of enrolment in computer science.

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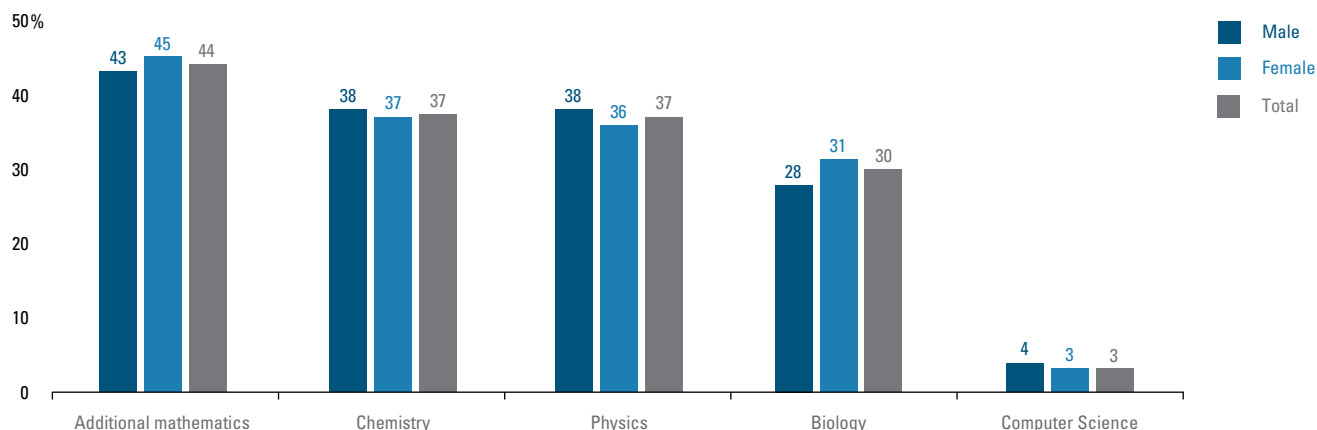
53 EPU (n.d., pp.9-4 to 9-7)

54 Cheong and Lee (2016)

55 MOE (2013, p.4 -7)

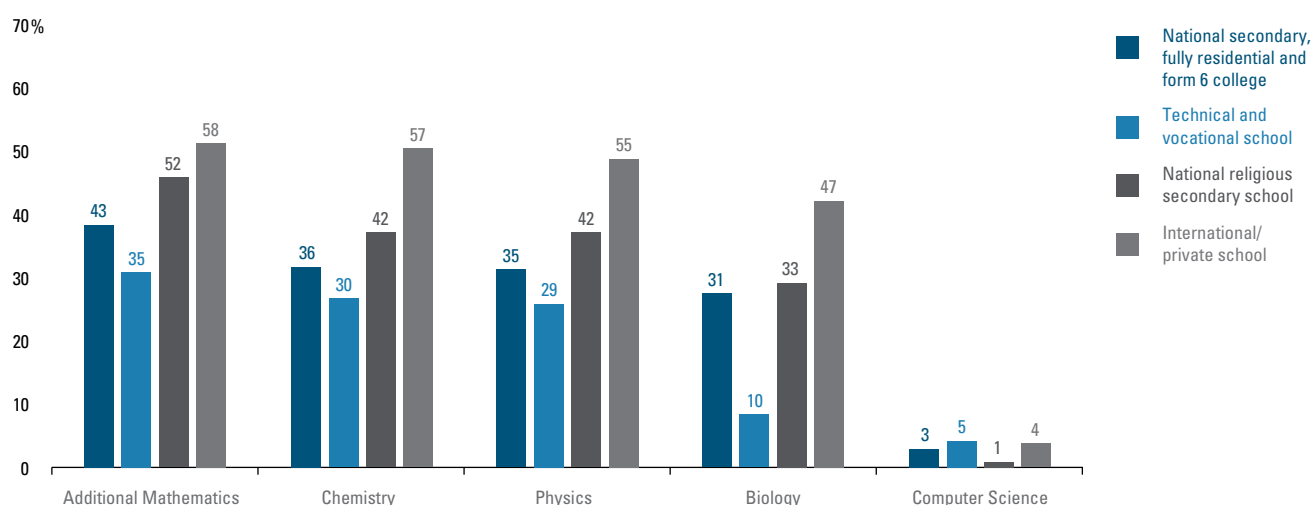
56 The Star Online (2017-a) and The Star Online (2017-b). To date, however, there has been no information on the actual plan.

**Chart 2.5: Students enrolled in STEM subjects by sex**



Source: KRI (2018)

**Chart 2.6: Type of school by students enrolled in STEM subjects**



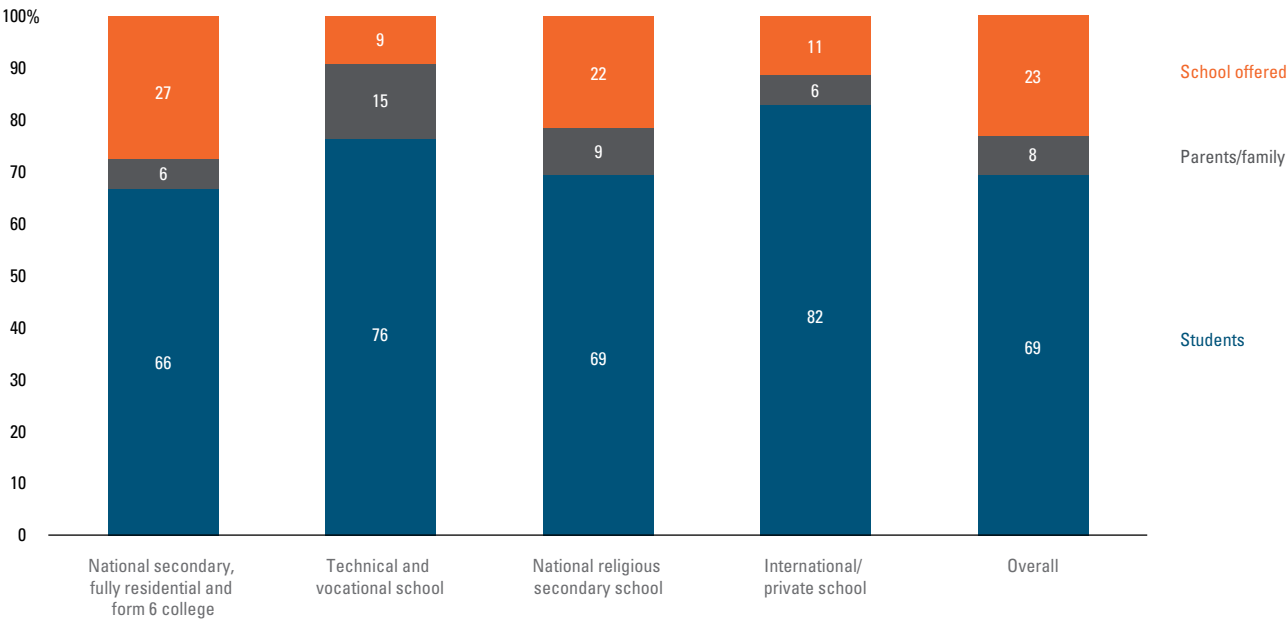
Source: KRI (2018)

## Students choose their own course of study with advice on education for a 'good job'

Contrary to a common perception that the courses that students take up is decided upon by their parents or by the school, more than two-thirds claim they made their own choice. Where the courses are decided by the school, it is more likely to be a national type school or a religious school. Those in international or private schools mainly choose their own field of study. Those whose parents made the decision are most likely to be in TVET schools (Chart 2.7).

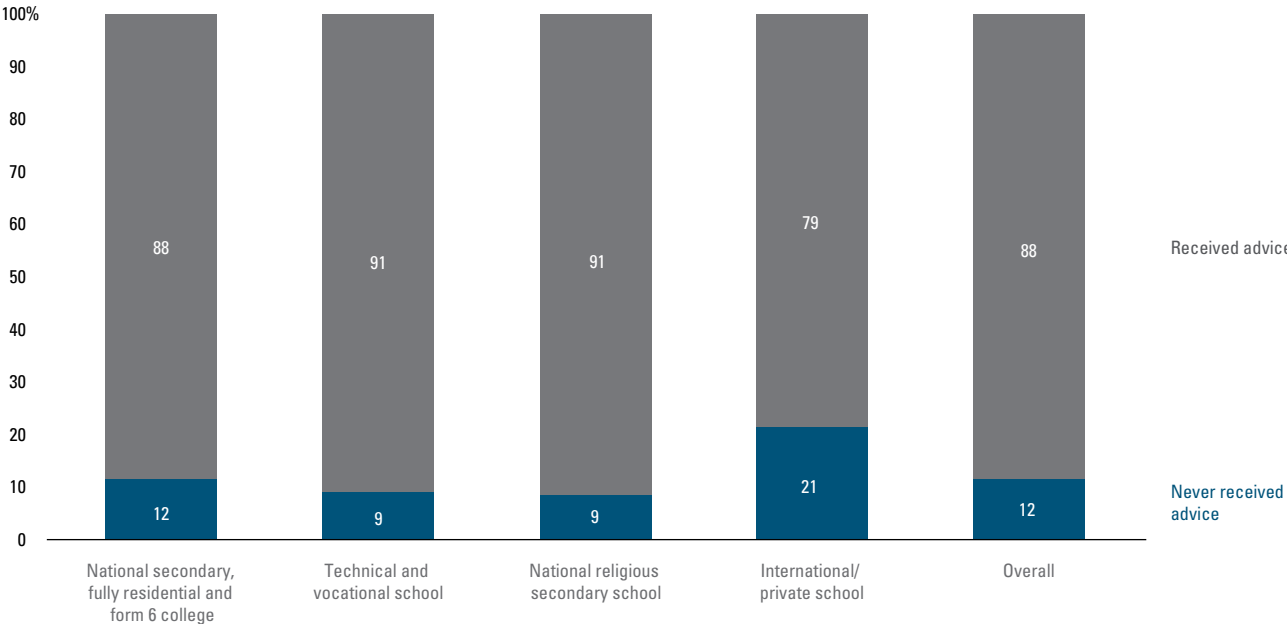
Almost nine-tenths of the students received advice on the education or training they need to get a 'good job'. The main sources of advice are parents and school guidance counsellors, but what is not clear is what constitutes a 'good job' or whether the advice is based on realistic employment opportunities. A larger percentage of the students in international and private schools claim they have not received advice as compared to the students in other types of schools.

Chart 2.7: Choice of course of study by type of school



Source: KRI (2018)

Chart 2.8: Advice on education for a good job by type of school



Source: KRI (2018)

## Their aspirations and job expectations

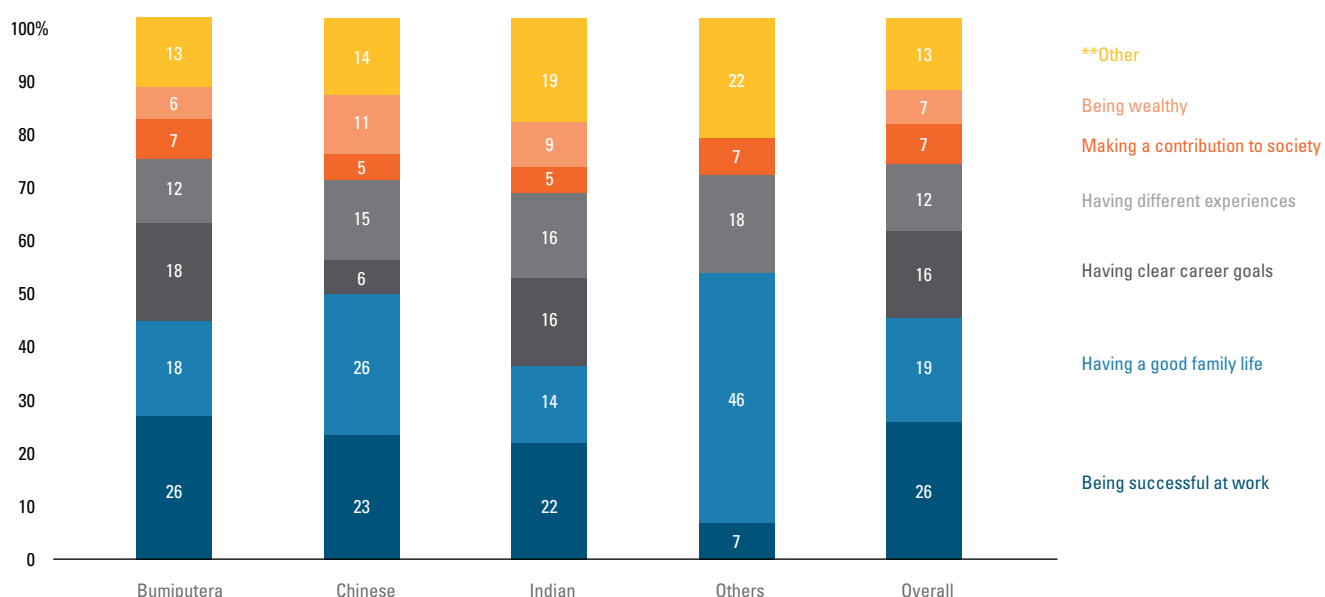
### Their main goals in life are success at work and having a good family life

When asked to name their most important long-term goal in life, the top six answers given by the students in order of priority are to be successful at work, have a good family life, have clear career goals including good promotion prospects, have different life experiences, make a contribution to society, and be wealthy (Chart 2.9). The priority placed on having a good family life is also common among in-school youth in other countries. SWTS done in other countries found that those who are not yet in the labour market are likely to give greater importance to family life, while those who are already economically active, whether employed or unemployed, tend to express goals related to success in terms of either job or money<sup>57</sup>.

Few students (together representing only 13% of the total number of students) identify other main life goals, including upholding religious faith, participating in politics, being famous, repaying parents or making them proud, having leisure time, and working or living in other countries.

Students of different ethnic groups differ in terms of what they prioritise as their main goal in life. For the Chinese, having a good family life is of the highest priority, followed by success at work. Material wealth is also more important for young Chinese than for the other ethnicities. For the Bumiputera students, the most important goal is to be successful at work, a good family life comes next, and then a clear career path; and it is more important to make a contribution to society than to be wealthy. The Indian students rank success at work the highest, followed by a clear career path; and they place higher priority on different life experiences than on family life. Interestingly, almost 10% of Indian students also see their life goal as living or working in another country. The group of Other students prioritise family life, followed by different life experiences.

**Chart 2.9: Goal in life by ethnicity of students**



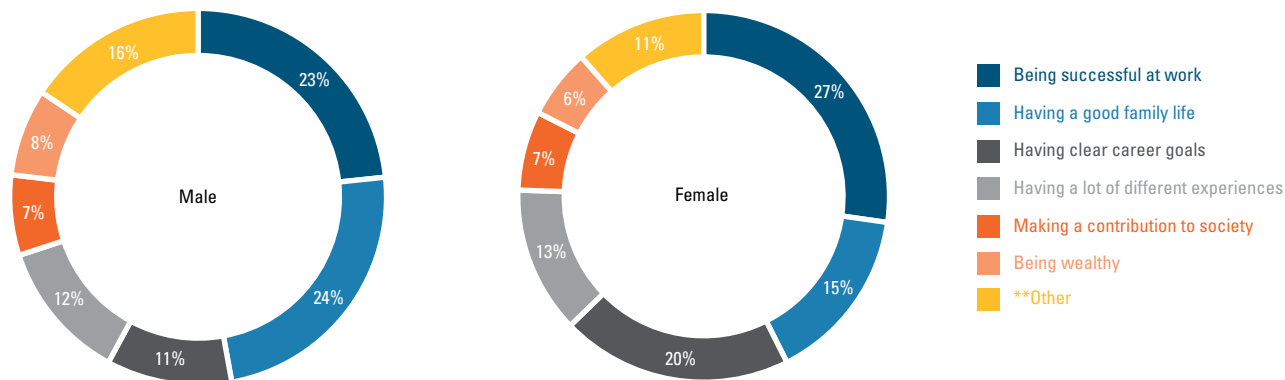
Note: The chart displays top six values. \*\*Other goals include upholding religious faith, working/living in other countries, having leisure time, being famous, participating in politics and making parents proud/repaying parents  
Source: KRI (2018)

57 Matsumoto and Elder (2010, pp.13 – 14)

Girls are more career-driven than boys

By gender, the girls tend to be more career-driven than the boys (Chart 2.10). They give greater importance to a clear career path with good promotion prospects and success at work—perhaps yet another indication of the ‘lost boys’ phenomenon. More boys (by 9 percentage points) than girls value a good family life the highest.

Chart 2.10: Goal in life by sex of students



Note: The chart displays top six values. \*\*Other goals include upholding religious faith, working/living in other countries, having leisure time, being famous, participating in politics and making parents proud/repaying parents  
Source: KRI (2018)

Rural students prioritise job-related goals

For the students in rural areas as compared to students in urban areas, success at work and having a good career is more important than a good family life (Table 2.3). Among Indian students, those in rural areas place twice as much importance on work success as those in urban areas. On the other hand, urban Indian students give higher priority to family life. Rural Bumiputera students prioritise success in jobs and clear career goals more than their urban counterparts who are more inclined to identify a good family life as their second most important life goal (after success at work). Among the Chinese students, the rural-urban differential is greatest for a clear career path; the proportion of those in rural areas valuing careers is at least two and a half times higher than that in urban areas.

**Table 2.3: Goal in life by ethnicity and urban-rural location of students**

Goal in life	Strata	Bumiputera %	Chinese %	Indian %	Others %	Overall %
Being successful at work	Urban	24.1	24.3	17.3	1.1	23.7
	Rural	28.6	20.3	33.1	12.7	28.0
Making contribution to society	Urban	7.2	4.7	0.2	13.3	6.8
	Rural	7.5	4.7	1.1	0.0	7.1
Participating in politics	Urban	0.3	0.2	1.7	16.1	0.4
	Rural	0.9	1.1	0.0	0.0	0.9
Upholding religious faith	Urban	6.2	1.5	3.9	0.0	5.3
	Rural	5.4	1.5	0.0	0.0	4.9
Being wealthy	Urban	6.4	11.0	8.6	0.0	7.2
	Rural	5.5	10.6	8.5	0.0	6.0
Being famous	Urban	0.8	2.0	2.2	0.0	1.1
	Rural	0.4	1.0	3.1	0.0	0.6
Having a good family life	Urban	18.8	25.0	15.1	28.4	19.6
	Rural	17.1	28.5	11.9	65.7	18.0
Having leisure time	Urban	0.6	3.4	2.0	13.3	1.1
	Rural	0.5	3.0	0.0	0.0	0.7
Having a lot of different experiences	Urban	13.0	16.0	15.3	15.3	13.6
	Rural	10.8	12.1	16.0	21.6	11.1
Working/living in other countries	Urban	4.6	6.2	9.4	12.5	5.1
	Rural	2.9	5.3	11.3	0.0	3.3
Having clear career goals	Urban	16.2	4.2	17.2	0.0	14.3
	Rural	19.5	11.2	13.6	0.0	18.6
Other	Urban	1.3	1.3	1.3	0.0	1.3
	Rural	0.6	0.8	0.3	0.0	0.6
Repaying parents	Urban	0.5	0.2	0.0	0.0	0.4
	Rural	0.2	0.0	0.0	0.0	0.1
<b>Total</b>	<b>Urban</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	<b>Rural</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

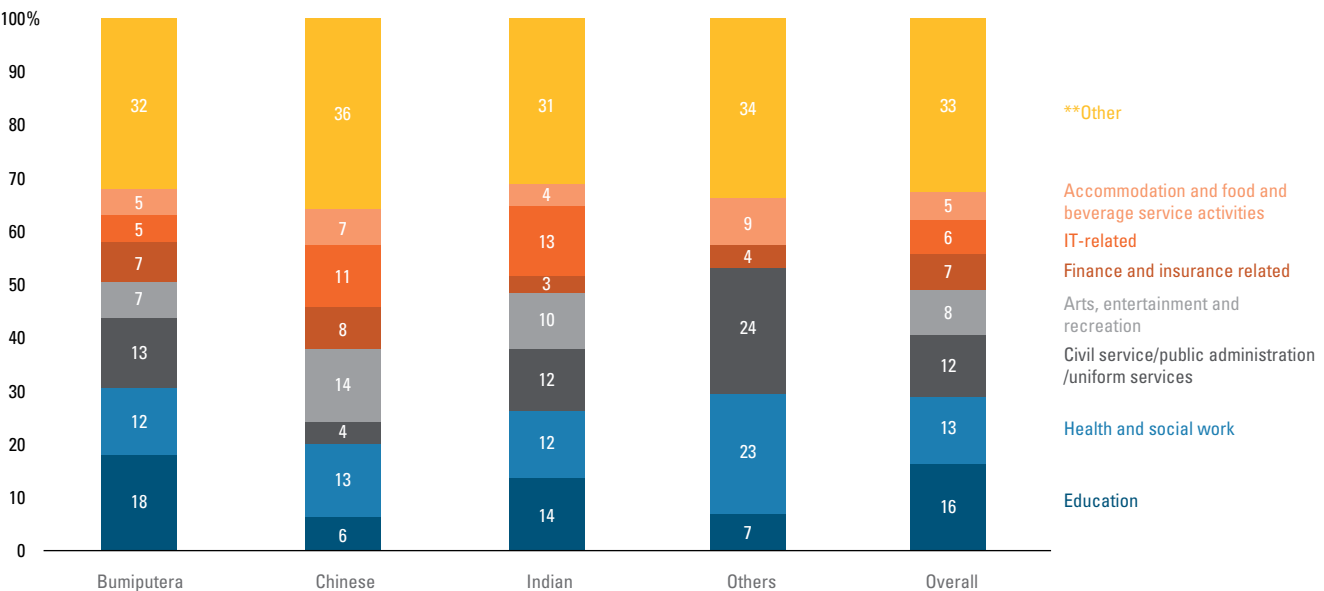
Source: KRI (2018)

They want professional occupations, in the education, health and social work and government service sectors

The students were asked about their future job preferences to help gauge their possibilities of successful transition into the labour market. The students, especially the girls, have a very strong preference for professional occupations, mainly as teachers, engineers and medical and health professionals. Malaysian students are not alone in their choice, professional occupations also rank highest for students in other Asia-Pacific countries<sup>58</sup>.

The main employment sectors preferred by the students are education, health and social work, civil service, arts, entertainment and recreation (related to tourism), finance and insurance, information technology-related and on-line businesses, and accommodation and food and beverage service activities (Chart 2.11).

Chart 2.11: Preferred employment sector by ethnicity of students



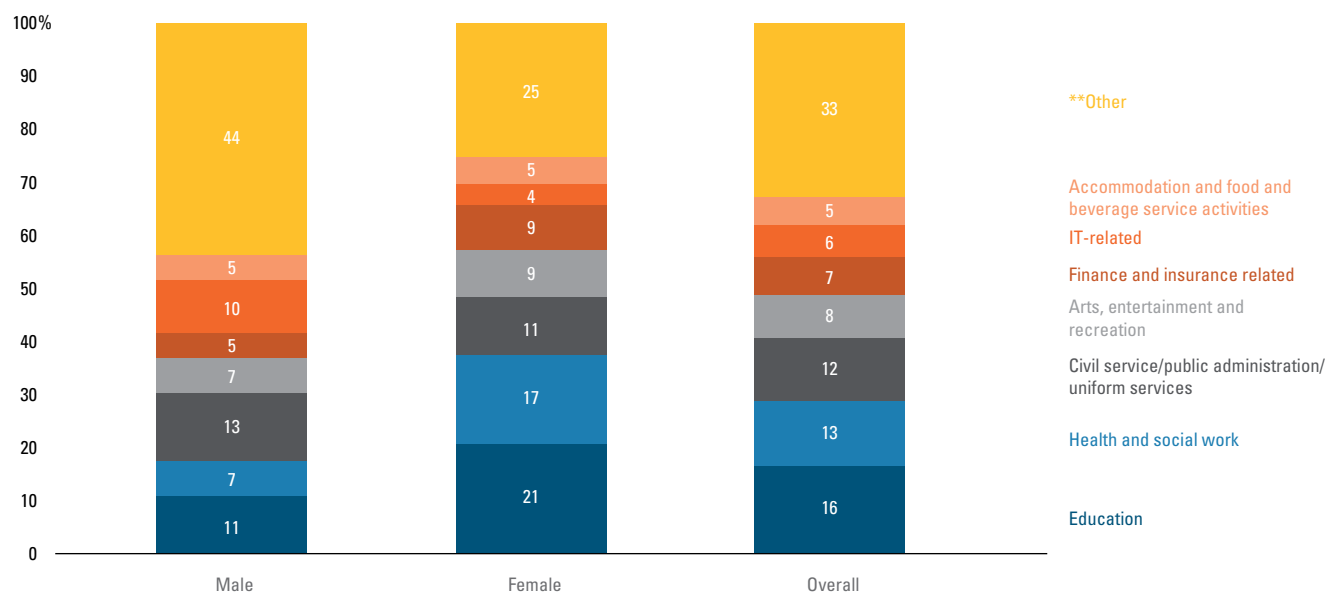
Note: The chart displays top seven values. \*\*Other sectors include online business, construction, wholesale and retail trade, manufacturing, mining including petroleum and gas, utilities, information and communications, professional, scientific and technical activities, agriculture and forestry, transportation and storage, real estate, fishing, administrative and support service activities, aerospace, religious and other service activities  
Source: KRI (2018)

The Bumiputera students show a distinct preference for the education and health and social work sectors and also for civil service/public administration and the armed forces. The Chinese students are much less interested in the education sector or public administration or the armed forces. Instead, they prefer jobs especially in arts, entertainment and recreation (related to the growing tourism industry), the finance and insurance sector and also the IT-related sector. Indian youths are also interested in the IT and online business sector but they have a much stronger preference for education and civil service than the Chinese.

There are clear gender differentials. The ratio of girls to boys is almost 2 to 1 for the proportions choosing education and more than 2 to 1 for the proportions choosing the health and social services sectors. On the other hand, the boys are more than twice as interested as the girls to be in the IT sector in the future (Chart 2.12).

58 Elder (2014, pp.18 – 19)

**Chart 2.12: Preferred employment sector by sex of students**



Note: The chart displays top seven values. \*\*Other sectors include online business, construction, wholesale and retail trade, manufacturing, mining including petroleum and gas, utilities, information and communications, professional, scientific and technical activities, agriculture and forestry, transportation and storage, real estate, fishing, administrative and support service activities, aerospace, religious and other service activities

Source: KRI (2018)

## They do not want the work of their parents

Few (only about 2% of total students) show a desire for future work in agriculture, forestry or fishing, clearly shifting away from the occupation of their parents. Table 2.4 shows that 16% of working fathers and 4% of working mothers are in agriculture, forestry or fishing. Other shifts in preferred and actual occupational sectors between one generation and the next are also evident; for example, only about 3% of students show a preference for work in the manufacturing sector, as compared to more than 10% of their fathers and 7% of their mothers who are working in manufacturing. The shift away from manufacturing is worth highlighting because the current structure of the Malaysian economy (with manufacturing still the single largest employment sector)<sup>59</sup> would suggest that this is where there would still be a demand for labour. On the other hand, about 11% of students would like future work in IT-related sectors (including online business) whereas 2% of their fathers and 4% of their mothers are in these sectors. It is important to point out, however, that Table 2.4 does not reflect social mobility in that the data do not compare the preferred employment sector of an individual student specifically with that of his/her parent.

59 DOS (2018-a, p.80)



**Table 2.4: Preferred employment sector of students by employment sector of working parents**

Employment sector	Students %	Fathers %	Mothers %
Agriculture and forestry	2.0	13.5	4.0
Fishing	0.4	2.0	0.3
Mining including petroleum and gas	3.2	1.8	0.3
Manufacturing	3.2	10.5	7.0
Utilities (electricity, gas and water supply)	2.8	3.1	0.5
Construction	4.1	9.6	0.8
Wholesale and retail trade	4.0	6.5	7.1
Transportation and storage	1.5	6.3	0.6
Accommodation and food and beverage service activities	5.1	2.0	5.1
Information and communications	2.5	1.0	1.1
IT-related	6.4	1.2	1.7
Online business	4.7	0.8	2.3
Finance and insurance related	6.9	2.2	6.6
Real estate	1.2	0.6	0.5
Civil service/public administration/uniform services	11.7	12.2	8.6
Education	16.4	9.0	30.0
Health and social work	12.6	2.4	6.4
Arts, entertainment and recreation	8.2	0.5	0.3
**Other service activities	3.4	14.8	16.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: \*\*Other service activities for students include professional, scientific and technical activities, administrative and support service activities, religious and aerospace  
Source: KRI (2018)

## Working for the government is the preferred type of future job

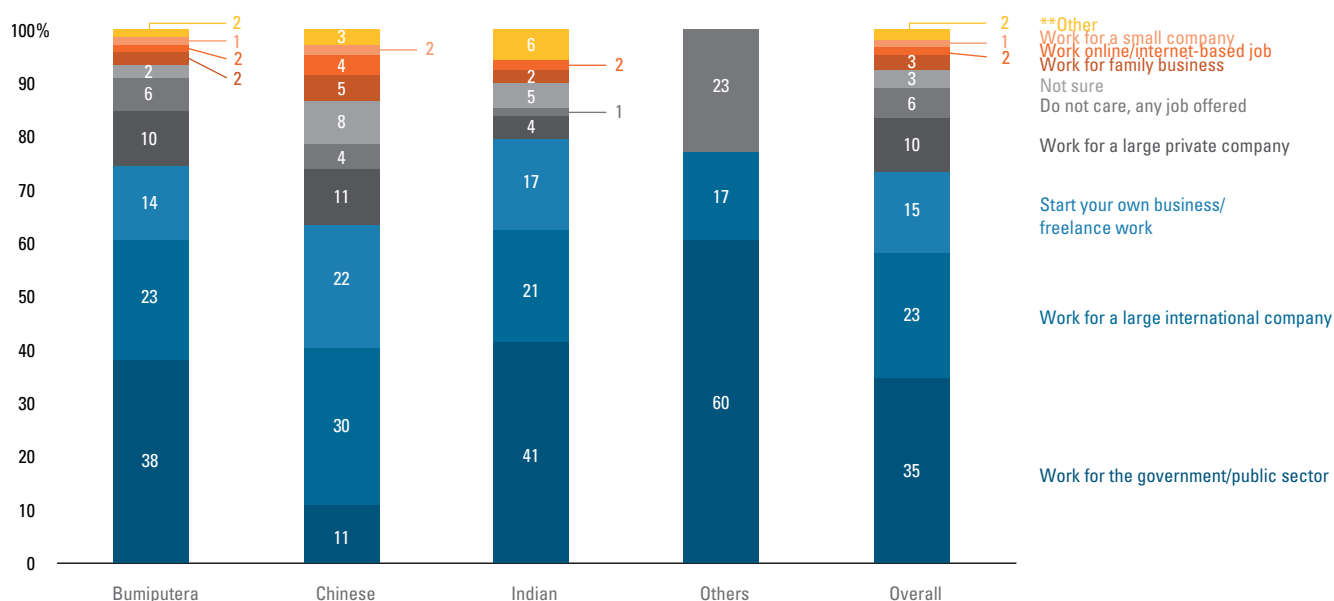
The students from all ethnic groups, except the Chinese, have the strongest preference for working for the government in the public sector in the future (Chart 2.13). Chinese students want to start their own business or work for a large international company. All ethnic groups would prefer to work for a multinational company rather than a local company, even a large one.

The desire to work for the government is especially strong among rural students with more than 40% choosing civil service or uniform service as compared to 30% of the urban students. The attraction of the public sector can be attributed to at least three factors: status, security and benefits. But given that Malaysia already has one of the highest percentages of civil servants in the world and the related concerns about government operating costs and expenses<sup>60</sup>, it does not seem realistic to think that the public sector will be able to absorb all those wanting such jobs. On the other hand, a higher proportion of urban than rural students show a preference for work in a large international company or starting their own business or doing freelance work (Chart 2.14).

60 Malaysia already has some 1.6 million civil servants, who include teachers, armed forces, police and healthcare staff. See, for example, Melati (2017)

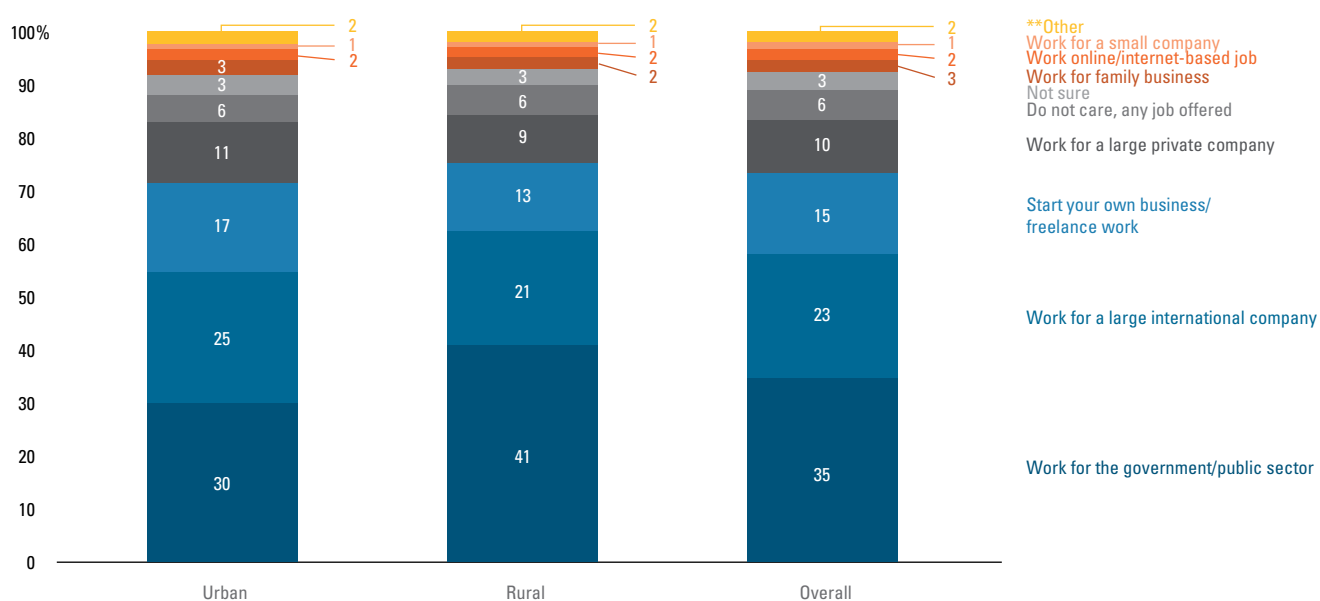
Both boys and girls prefer jobs in the public sector. Girls show a stronger preference to work for others, whether in the government or companies. Boys, on the other hand, are more inclined to be self-employed through starting their own business or to do freelance work including in the gig economy.

**Chart 2.13: Preferred type of job by ethnicity of students**



Note: \*\*Other types of job include working a number of part-time jobs and working for a non-profit organisation  
Source: KRI (2018)

**Chart 2.14: Preferred type of job by urban-rural location of students**



Note: \*\*Other types of job include working a number of part-time jobs and working for a non-profit organisation  
Source: KRI (2018)

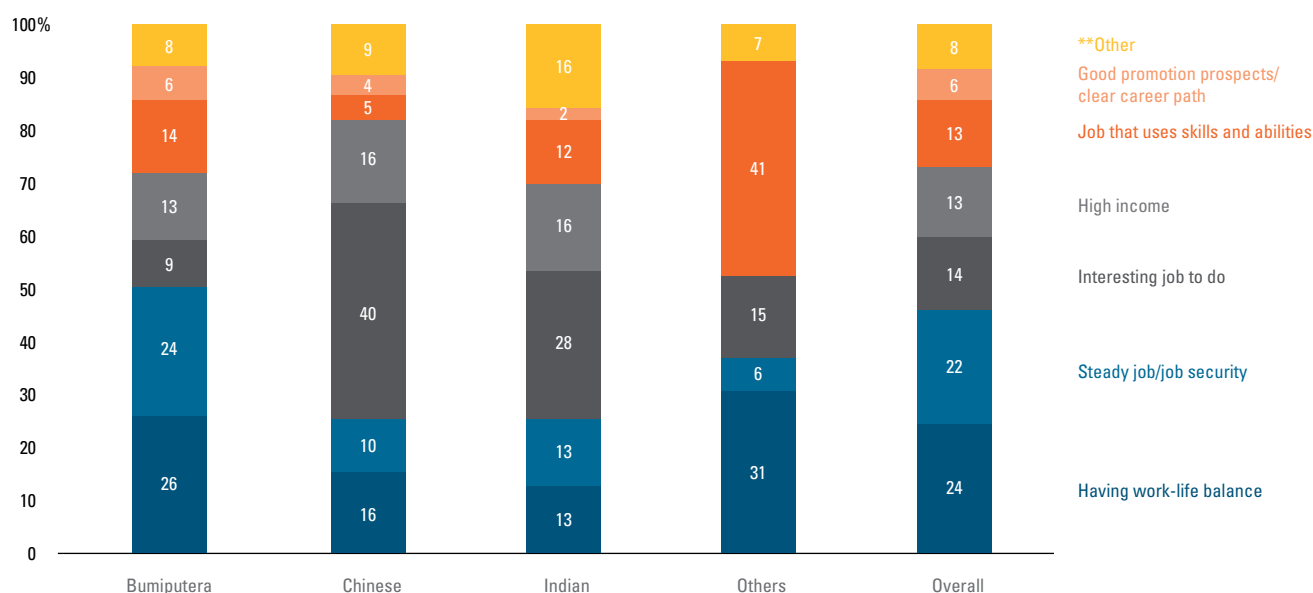
## They are not aware of the potential of SMEs

Those who indicate the desire to start their own business or work for small companies in the future can be compared to those who want to work for large companies, whether international or local (16% versus 33%). This is worth noting in the context of Malaysia's 2012 – 2020 SME Masterplan which emphasises the important role of small and medium enterprises (SMEs) as the backbone of the Malaysian economy and a key driver of employment and growth and the transformation to a high-income country<sup>61</sup>. It would seem that those in upper secondary education have yet to be cognizant of the potentials and possibilities for creating their own employment through starting their own business with support from the various incentives and funding available for SMEs—this is perhaps understandable given their relatively young ages and limited exposure to actual labour market conditions.

## Work-life balance the most important characteristic of a job

When asked to identify the most important characteristic of the job they want, the students, especially the Bumiputera students cite work-life balance, followed by job security (Chart 2.15). Much smaller percentages of students identify as the most important job characteristic opportunities to travel, ability to work from home, ability to work independently, having lots of vacation time or the status of the job. Forty per cent of Chinese students want an interesting job while 16% each value high income from the job and work-life balance. Indian students also want an interesting job, followed by high income, then work-life balance and job security. The group of Other students, however, strongly prioritise a job that uses their skills and abilities, followed by having work-life balance.

**Chart 2.15: Most important job characteristic by ethnicity of students**



Note: The chart displays top six values. \*\*Other job characteristics include job that people regard highly/status of the job, being able to work independently, having lots of vacation time, able to work from home, opportunities to travel, and contribute to society  
Source: KRI (2018)

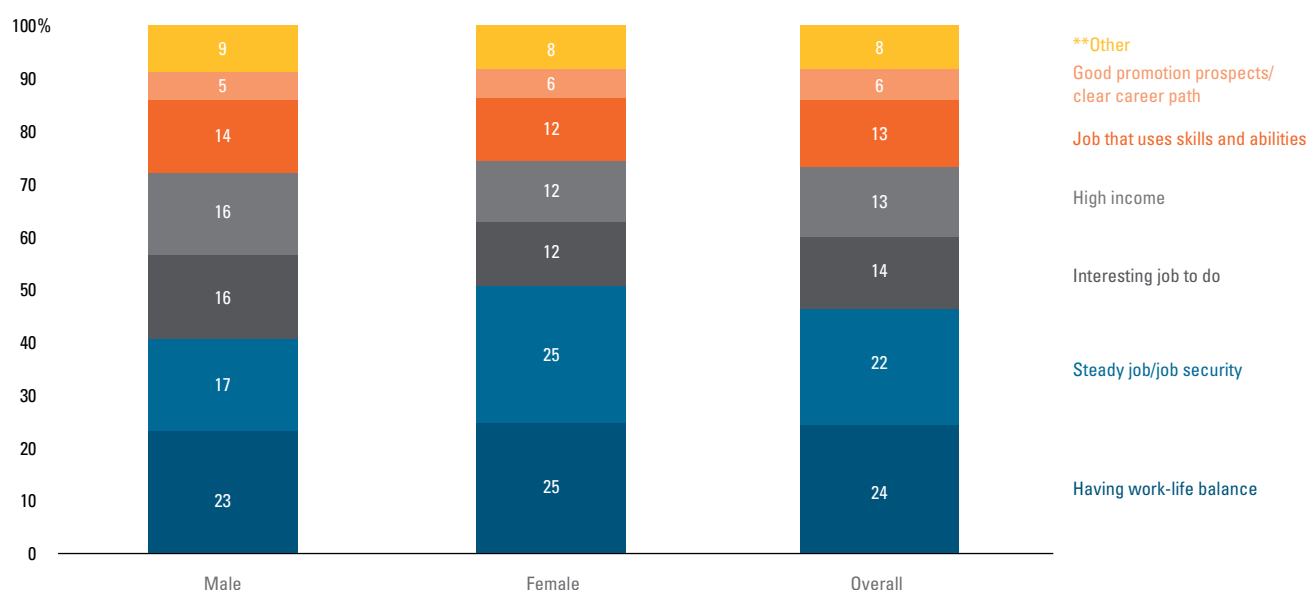
It is also more important to the boys than the girls to have interesting jobs and high income. Boys are much less concerned about job security. In line with the earlier finding that girls tend to be more career driven, they place as much importance on job security as they do on work-life balance (Chart 2.16).

<sup>61</sup> Already SMEs accounted for 65.3% of total employment in 2016, and the SME Masterplan aims to push the contribution of SMEs to 41% of GDP by 2020. Source: SME Corp. Malaysia (2017) and World Bank (2016)

Students in urban schools place more importance on having an interesting job than do students in rural schools (who are more likely to emphasise job security and work-life balance) (Chart 2.17).

The emphasis given by 14% of all students to an interesting job is worth drawing attention to—as this seems to be linked to the long-term goal of having different life experiences expressed by 12% of all students in Chart 2.9; and likely also reflects the more adventurous spirit of young people who do not see the attraction of a secure ‘job for life’.

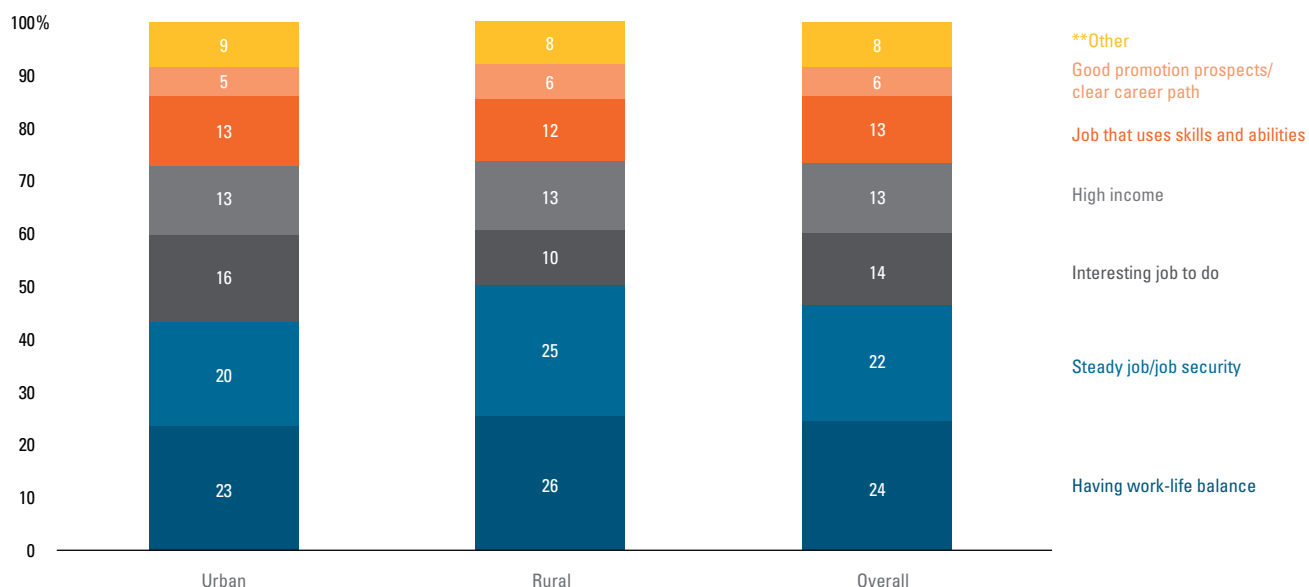
**Chart 2.16: Most important job characteristic by sex of students**



Note: The chart displays top six values. \*\*Other job characteristics include job that people regard highly/status of the job, being able to work independently, having lots of vacation time, able to work from home, opportunities to travel, and contribute to society

Source: KRI (2018)

**Chart 2.17: Most important job characteristic by urban-rural location of students**



Note: The chart displays top six values. \*\*Other job characteristics include job that people regard highly/status of the job, being able to work independently, having lots of vacation time, able to work from home, opportunities to travel, and contribute to society

Source: KRI (2018)

## To get a good job, the most useful qualification is professional...

The students were asked about the education or training they consider most useful for getting a good job (Table 2.5). All students, irrespective of ethnicity, gender or urban-rural location, prioritise professional qualifications. This view is clearly in line with their strong preference for professional occupations.

Overall, technical and vocational skills training is the next most important—this is striking in that it contrasts sharply with the relatively low attendance in TVET schools noted in Chart 2.3. The secondary school students appear to be aware of the importance of TVET for the job market but would rather pursue an academic education. Chinese students do not find technical and vocational skills training to be particularly important (this may be linked to their relatively low attendance at TVET schools); they put more emphasis on internships and on-the-job training and also on business management degrees.

In fact, all ethnic groups recognise the importance of apprenticeship training and work experience for getting a good job. This very likely reflects their perception that employers want to hire those with work experience and that a major reason why they do not easily get jobs upon completing their education is that they do not have practical experience.

**Table 2.5: Education or training most useful for getting a good job by ethnicity of students**

Education/training	Bumiputera %	Chinese %	Indian %	Others %	Overall %
Professional qualification	20.0	25.9	28.6	30.6	21.2
Technical/vocational skills training	20.0	7.7	10.4	31.6	18.0
Postgraduate/advanced degree	12.1	6.9	10.4	1.8	11.4
Apprenticeship/internship training/ work experience	11.1	11.1	11.1	7.0	11.1
On-the-job training	10.2	14.2	10.2	0.0	10.7
Business management degree	9.4	12.5	8.3	7.0	9.7
University sciences	5.4	8.4	6.1	20.9	5.9
University arts/social sciences	5.8	4.0	6.2	1.1	5.6
Computer science degree	2.3	5.2	5.5	0.0	2.8
Secondary arts/social sciences	1.9	1.5	1.9	0.0	1.8
Secondary sciences	1.0	1.0	0.4	0.0	1.0
Other	0.6	1.5	1.0	0.0	0.7
Religious qualification	0.2	0.0	0.0	0.0	0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

### ... and the most important competency is communication skills...

The students also identify communication skills as the most important competency for getting a good job in the future (Chart 2.18). Such skills can include verbal skills, listening skills, writing skills and technology communication skills. As part of communication skills, the ability to communicate in English is particularly important. Communication skills head the list compiled by MyStarjob.com of 20 top skills for developing a career<sup>62</sup>. A 2013 JobStreet.com survey also found that employers are increasingly looking beyond academic results when it comes to hiring new workers. The number one deciding factor is good interpersonal and communication skills, followed by a good command of English and the right salary expectation<sup>63</sup>. The next key soft skill identified by the students is creative and analytical thinking. This is also second on the list of skills most sought after by employers. The Malaysia Education Blueprint 2015 – 2025 (Higher Education) notes that “employers report that graduates lack the critical thinking and communication skills and the language proficiency (especially in English) that are essential for success in the 21<sup>st</sup> century”<sup>64</sup>. The students, especially Indian and Other students, also consider that it is most important to be honest and hardworking (Chart 2.18).

There are no clear differences between how students in urban schools and those in rural schools rank the most important competencies for getting a good job. However, there are clear gender differentials (Chart 2.19). The proportion of female students emphasising communication skills is at least one and a half times more than that of the male students. On the other hand, a greater proportion of the boys than the girls consider creative and analytical skills and also being honest and hardworking to be the most useful in getting a good job.

### .... but entrepreneurship is not recognised as a key competency

Although some 15% of all students say they would prefer to start their own business in the future only 2% identify entrepreneurship as the most important competency for success. Malaysia’s 2012 – 2020 SME Masterplan highlights entrepreneurship as a key element in successful SMEs, including identifying and starting a business venture, sourcing and organising the required resources and taking both the risks and rewards associated with the venture. Entrepreneurship courses can equip young people with the skills useful for starting and running a successful business; however, these are mainly at tertiary level<sup>65</sup>, and secondary school students have yet to be exposed to them.

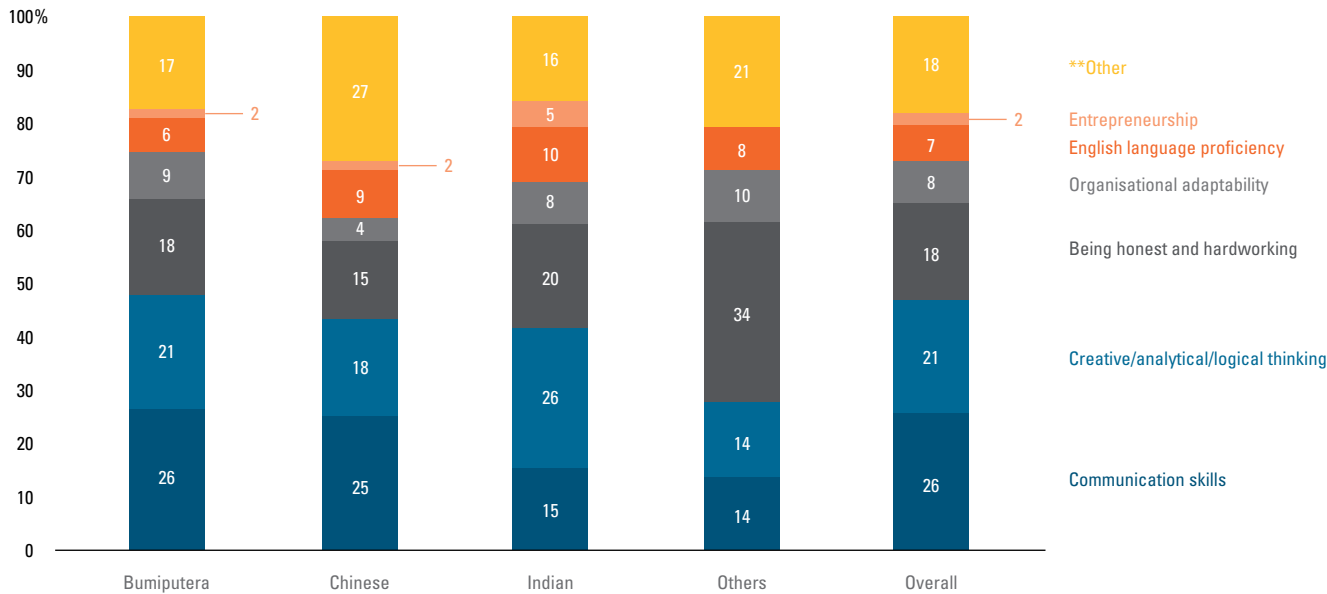
62 MyStarJob (2013)

63 Job Street (2013)

64 MOE (2015, p.E-4)

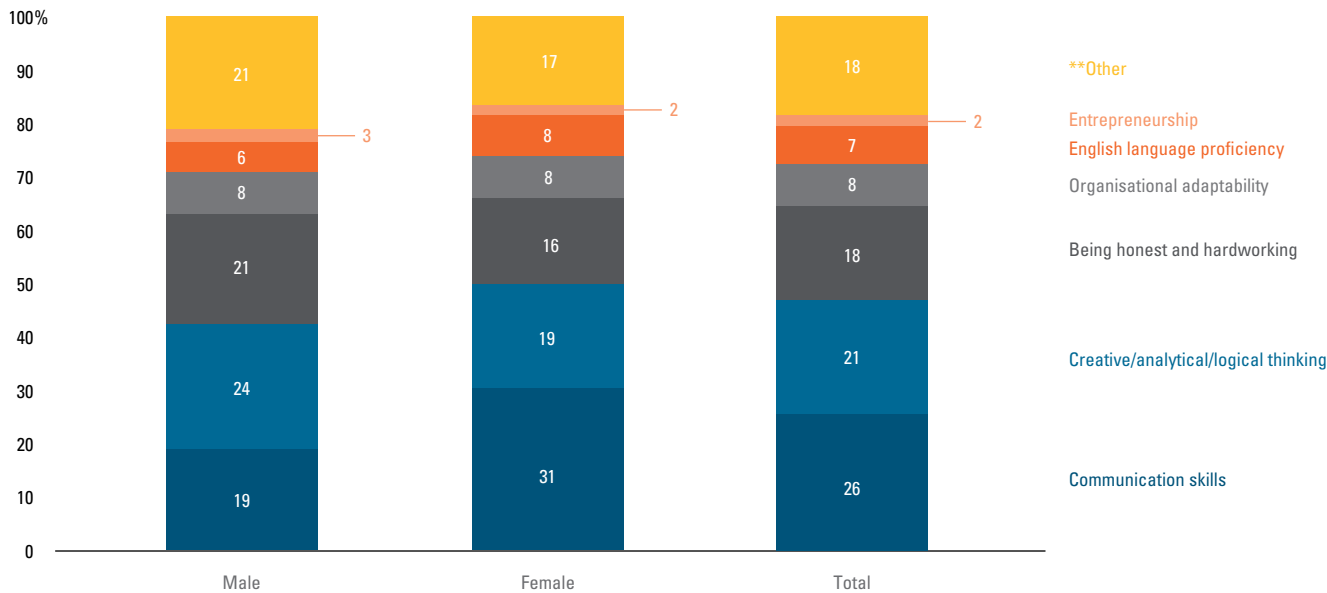
65 See, for example, Hot Courses Abroad (n.d.)

Chart 2.18: Competency most useful for getting a good job by ethnicity of students



Note: The chart displays top six values. \*\*Other skills include teamwork skills, financial management, ability to get along with people, knowledge of the business world, important contacts through people with influence, and attractive personal appearance  
Source: KRI (2018)

Chart 2.19: Competency most useful for getting a good job by sex of students



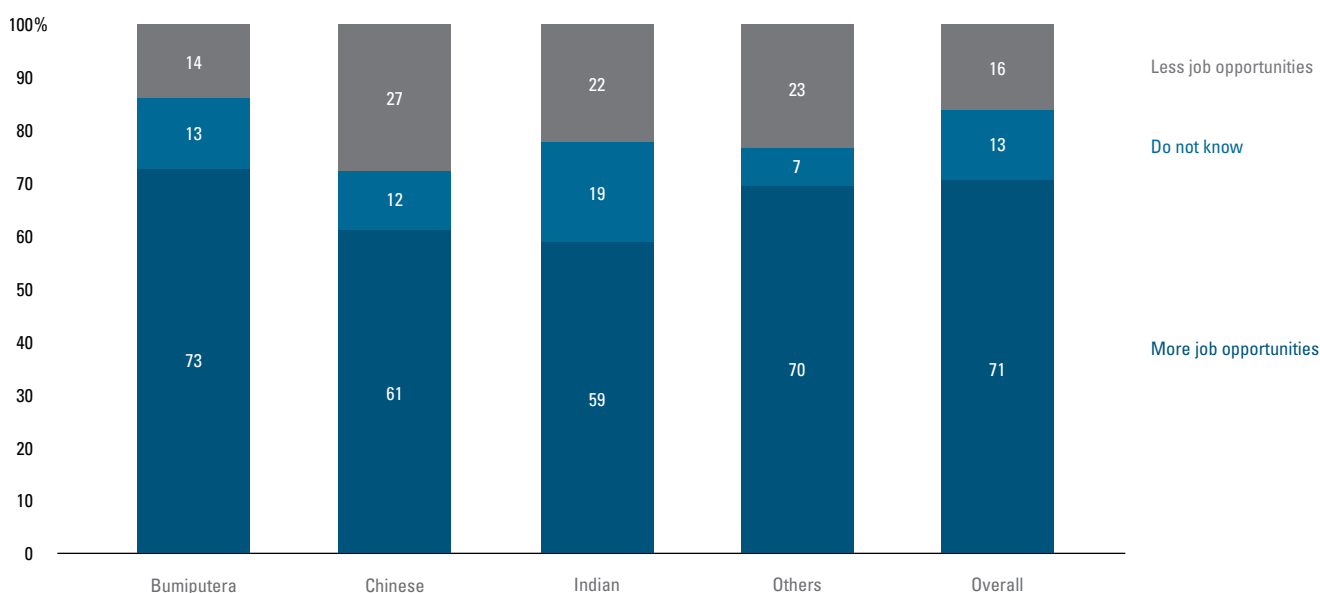
Note: The chart displays top six values. \*\*Other skills include teamwork skills, financial management, ability to get along with people, knowledge of the business world, important contacts through people with influence, and attractive personal appearance  
Source: KRI (2018)

## They expect more internet-related jobs

The students are mostly optimistic about the impact of internet connectivity and various transaction platforms on their future job opportunities (Chart 2.20). They expect that they will have greater opportunities for sourcing and performing jobs and earning extra income linked to the Internet of Things (IoT), including crowd work and gig jobs. Charts 2.11 and 2.12 had also shown that at least 6% of all students identify IT-related and online business as their preferred sector of employment. Job opportunities created by the internet include social media managers, social media influencers, web developers, search engine optimization consultants, app developers, cloud service specialists, software engineers, massive open online courses consultants and bloggers<sup>66</sup>. They can also work on the web for online companies as bloggers or in transcription, search engine evaluation and customer service<sup>67</sup>. Gig jobs have also been growing on sites such as Grab, Foodpanda and Airbnb. These jobs did not exist in the time of their parents. They expect not only more job opportunities but also greater flexibility in working arrangements which can improve quality of life factors for workers. Nevertheless, it is important to point out that these new jobs facilitated by internet technology tend to be associated with fewer opportunities for training and limited access to social protection and other work-related benefits.

The Bumiputera and Other students appear to be more confident about internet-related jobs than their Chinese or Indian counterparts—although higher proportions of Chinese and Indian students identify the IT and online sector as their preferred employment sector (shown in Chart 2.11). But the expectations of both male and female students are more or less the same. There are also no differences between the expectations of rural and urban students.

**Chart 2.20: Job opportunities linked to the internet by ethnicity of students**



Source: KRI (2018)

<sup>66</sup> Career FAQs (n.d.)

<sup>67</sup> Smith (2012)



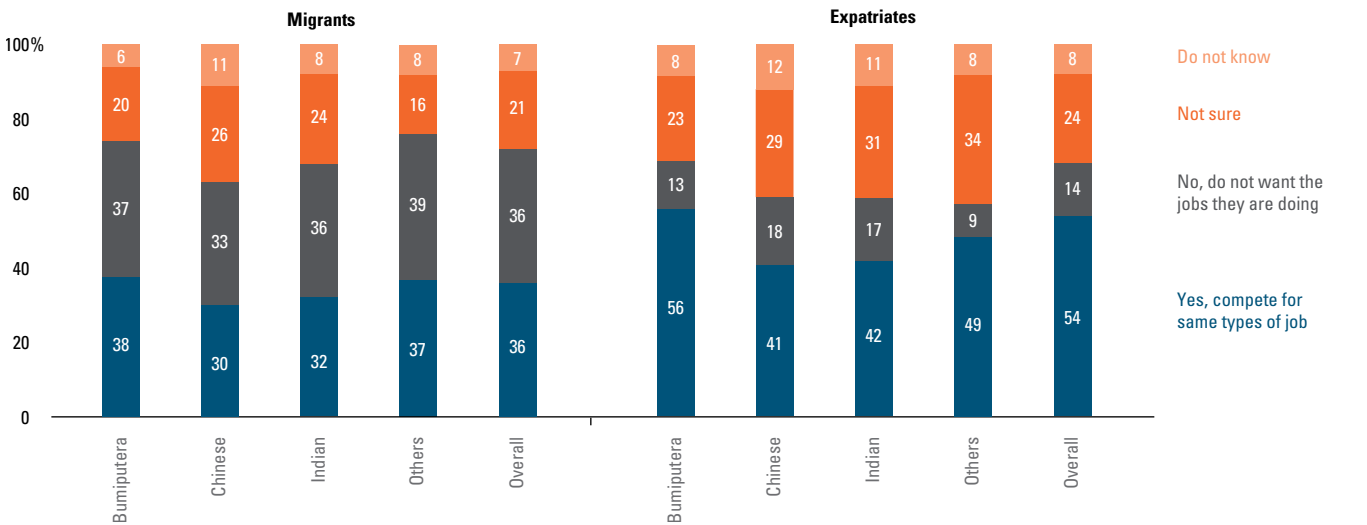
They do not want migrant jobs but want expatriate jobs

More than a third of the students do not want the jobs done by migrant workers since these are mainly low-paid unskilled or low-skilled jobs (Chart 2.21). But more than half the students, especially the Bumiputera students, consider that expatriate workers who are hired for skilled jobs pose a threat since they compete for the jobs that the students want in the future.

Since the students do not want migrant jobs, they view these workers as benefiting the Malaysian economy by providing the labour needed for the country’s development. However, they also feel that migrant workers are responsible for social problems, such as an increase in crimes, in the country. They do not regard expatriates as causing social problems. But where they feel that expatriate workers benefit the Malaysian economy, the reason is not because they fill a labour shortage but because they stimulate economic growth by expanding domestic demand (Chart 2.22).

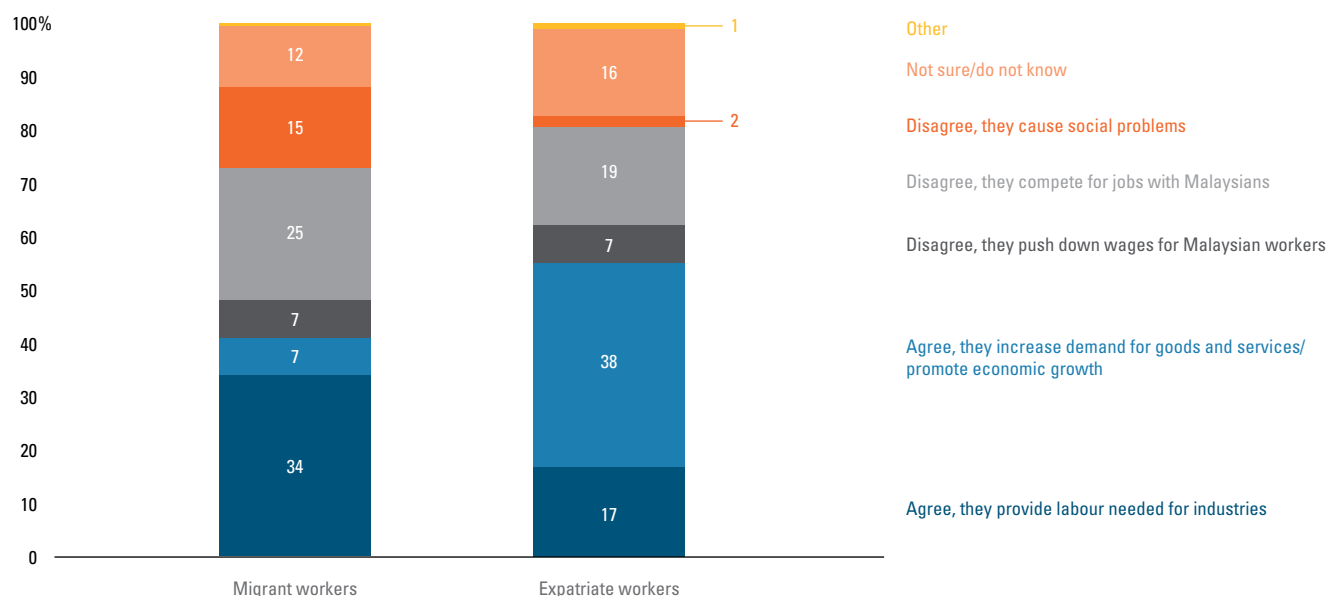
When asked for their views on why employers hire migrant workers, the most significant reasons given are that migrants accept lower wages; they are prepared to do jobs Malaysians do not want (the 3D jobs—dirty, dangerous and difficult); and they work harder. On the other hand, the main reason they give as to why employers hire expatriates rather than Malaysians is that the expatriate workers are more skilled (Chart 2.23).

Chart 2.21: Whether migrants/expatriates are a threat to job opportunities by ethnicity of students



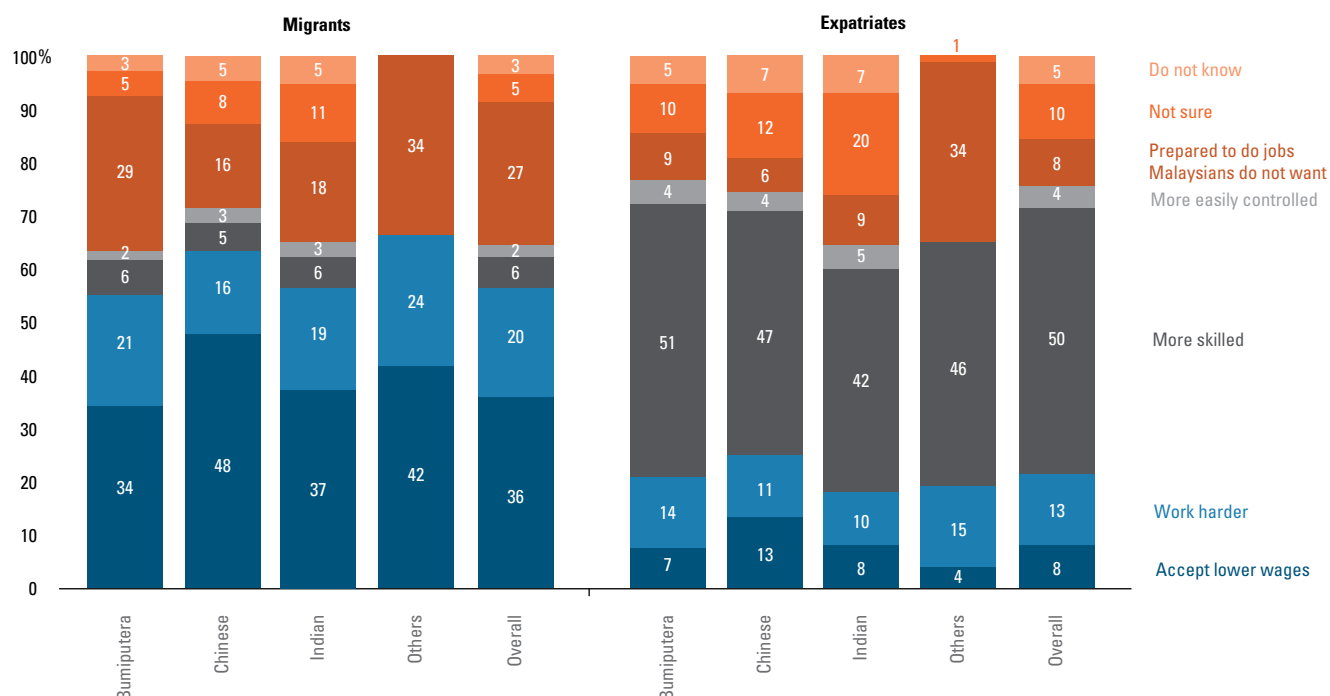
Source: KRI (2018)

**Chart 2.22: Whether migrants and expatriates benefit the Malaysian economy**



Source: KRI (2018)

**Chart 2.23: Reasons why employers hire migrant/expatriate workers by ethnicity of students**



Source: KRI (2018)

Transitioning from school-to-work

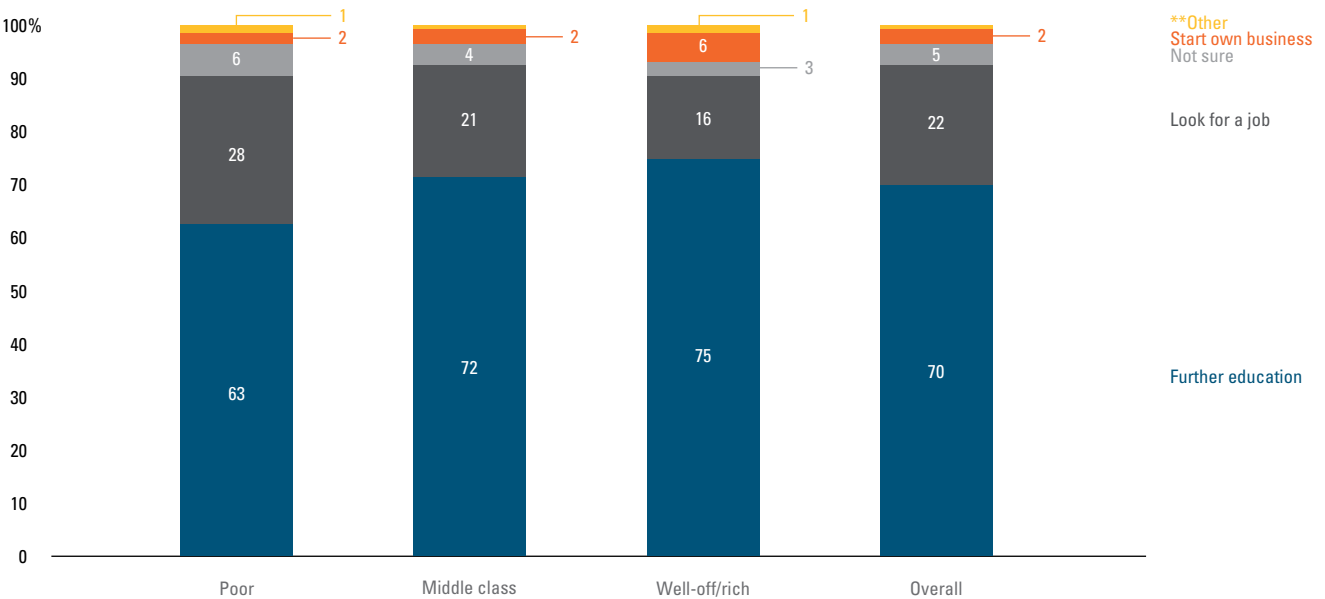
Most plan to go for further education and training

More than two-thirds of all students plan to go for further education or training upon completing secondary school. While 28% of those from poor family status want to drop out of the education system and immediately look for a job, only 16% of those from well-off families have such intentions. Those from well-off families are also more likely to say they intend to travel upon completing their current level of education. Overall, the proportions intending to stay at home or get married are negligible (Chart 2.24).

By ethnicity, Indian students are most likely to plan to go for further education. Compared to the other ethnic groups, the Other students are most unsure of their future plans and least likely to want to look for a job (Chart 2.25).

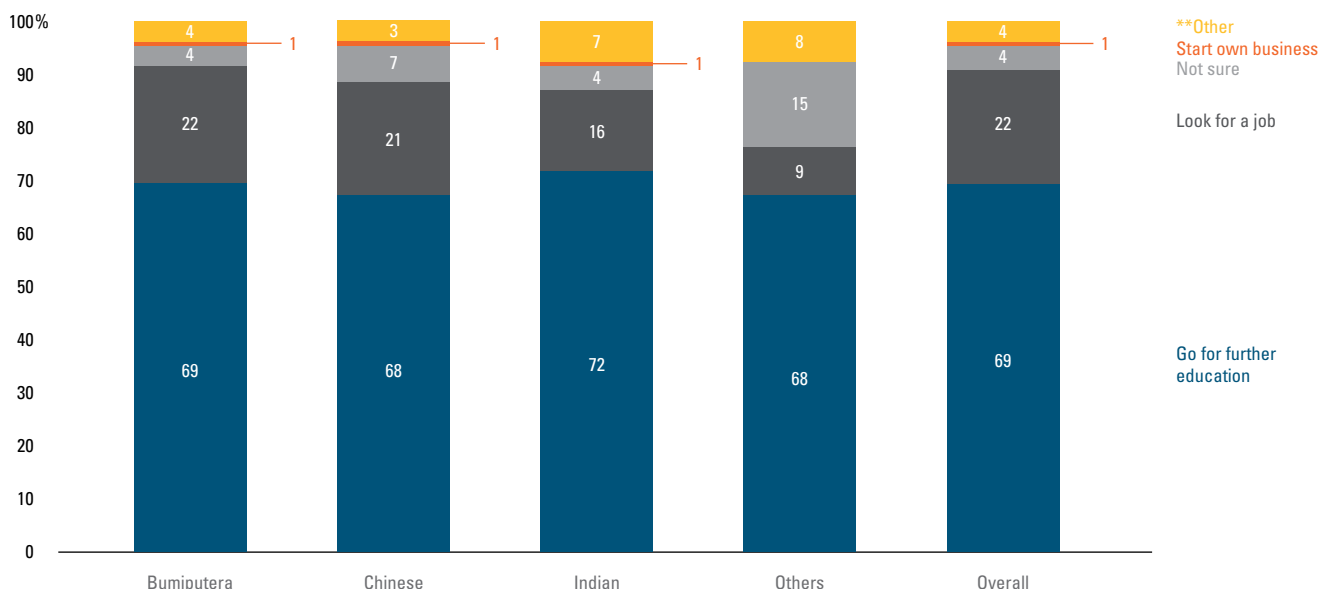
By gender, the data again point to the girls being more academically inclined, with 70% of the girls intending to further their studies as compared to 65% of the boys. On the other hand, 26% of the boys plan to look for a job or start their own business as compared to 22% of the girls (Chart 2.26).

Chart 2.24: Plan upon completing secondary education by family status of students



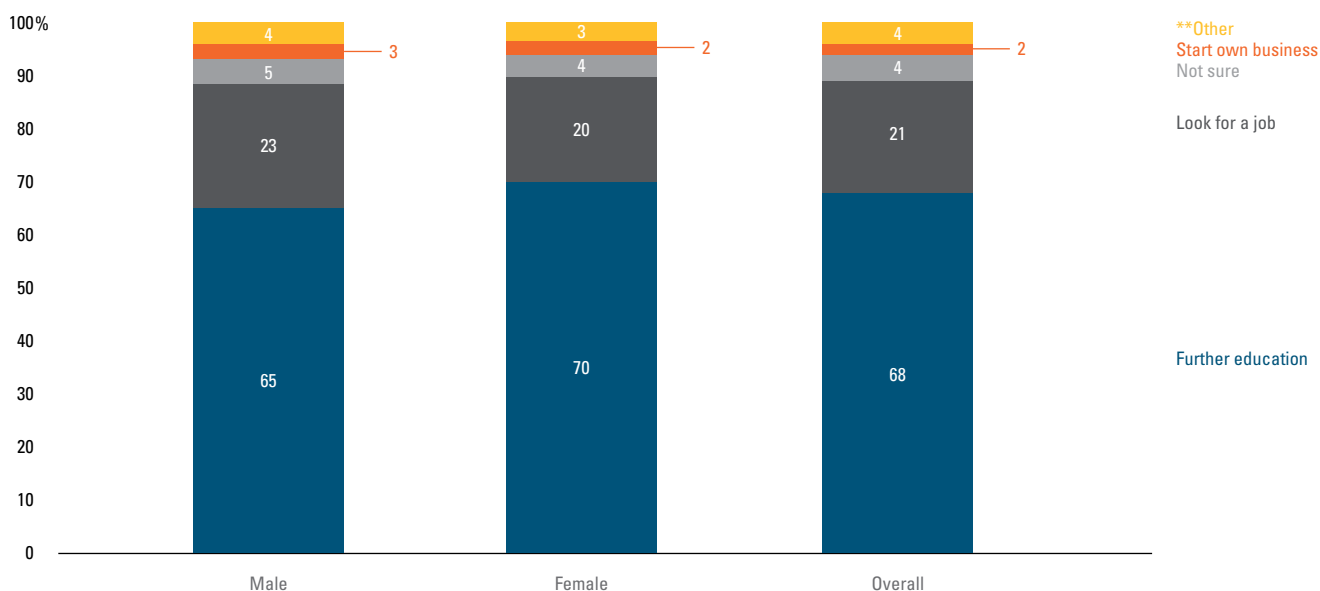
Note: The chart displays top four values. \*\*Other plans include travel, staying at home and getting married  
Source: KRI (2018)

**Chart 2.25: Plan upon completing secondary education by ethnicity of students**



Note: The chart displays top four values. \*\*Other plans include travel, staying at home and getting married  
Source: KRI (2018)

**Chart 2.26: Plan upon completing secondary education by sex of students**

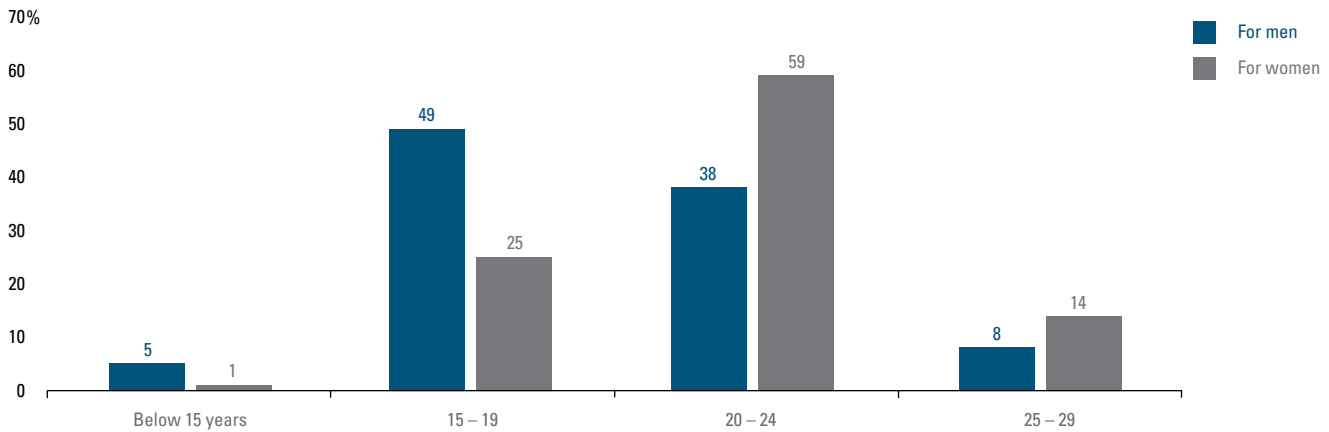


Note: The chart displays top four values. \*\*Other plans include travel, staying at home and getting married  
Source: KRI (2018)

## They consider that men should start work at an earlier age than women

Gender differentials are obvious when the students (who are of average age 17 years) are asked about a good age to start working. According to the students, men should start working between 15 and 19 years, while women should start later between 20 and 24 years (Chart 2.27). These gender differentials are likely linked to cultural perceptions and the finding that more boys intend to enter the labour market rather than go beyond secondary education.

Chart 2.27: Good age to start working for men and women

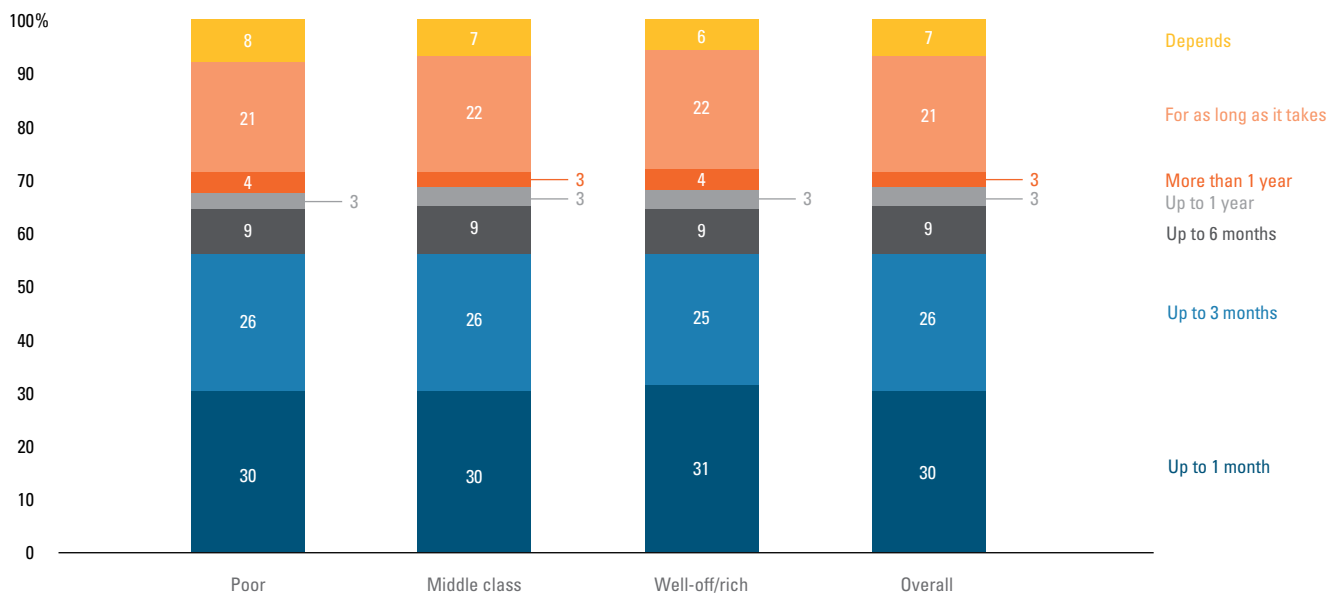


Note: Responses for ‘Above 30 years’ are not shown due to small percentages (less than 0.5%)  
Source: KRI (2018)

They are willing to wait up to six months to get the job they want

The waiting period for getting a job they want is short; 30% expect to wait only up to a month and another one-third are prepared to wait between three to six months. However, another one-fifth are willing to wait for as long as it takes to get the job they want. There are no clear differentials by family status (Chart 2.28). Although those from poor families are more likely to plan to immediately go into the labour market, they indicate the same waiting periods as those from other family backgrounds.

Chart 2.28: Length of time prepared to wait for desired job by family status of students



Source: KRI (2018)

## They expect to go into services, sales or internet-based jobs upon completing secondary education

When asked what kind of job they would expect to be able to obtain upon completing secondary school, the students appear to be relatively realistic. Table 2.6 shows that their job expectations upon completing secondary school are lower than their preferred occupations in the future (which for the majority of students would mean jobs after finishing tertiary education). The most commonly cited jobs they expect to get with an upper secondary level education are in services and sales. Twelve per cent also expect to be able to find internet-based jobs, including online businesses. It should be noted that jobs in services and sales and sourced from the internet are the most likely gig types of jobs. One-tenth of all students expect professional jobs—this contrasts sharply with the 60% who cite professional jobs as their future preference. On the other hand, 11% expect to be able to get managerial or administrative jobs with a secondary education but such jobs are preferred by only 4% of the students.

The Indian students appear most optimistic (or perhaps least realistic) compared to the other ethnic groups about being able to get professional jobs (Chart 2.29). The Chinese youths have lower expectations regarding professional or managerial jobs but the largest proportions expect to go in services or sales. The Bumiputera students also expect to go into services or sales.

The girls again show higher expectations than the boys about job prospects, with greater proportions expecting managerial or professional jobs and also internet-based jobs. On the other hand, 9 percentage points more boys than girls expect to find jobs as technicians (Chart 2.30).

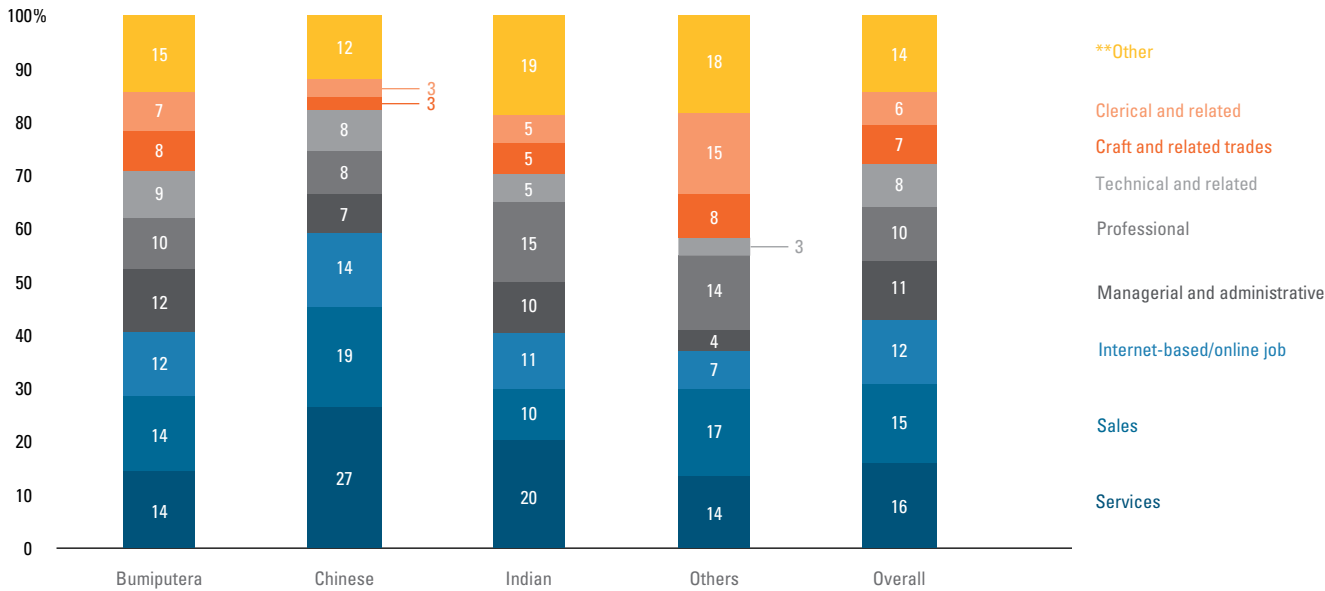
**Table 2.6: Job expectation upon completing secondary school by preferred occupation of students**

Occupation	Expected occupation %	Preferred occupation %
Managerial and administrative	11.3	4.2
Professionals	9.7	59.7
Technicians and associate professionals	8.4	8.3
Clerical support workers	6.5	0.6
Service and sales workers	30.8	7.2
Skilled agricultural, forestry, livestock and fishery workers	1.9	0.3
Craft and related trades workers	7.0	1.8
Plant and machine operators and assemblers	2.8	0.1
Elementary occupations	2.6	0.0
Armed forces	5.5	2.3
Internet-based/online job	12.0	n.a.
Other	1.6	15.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Note: n.a.- non-applicable.

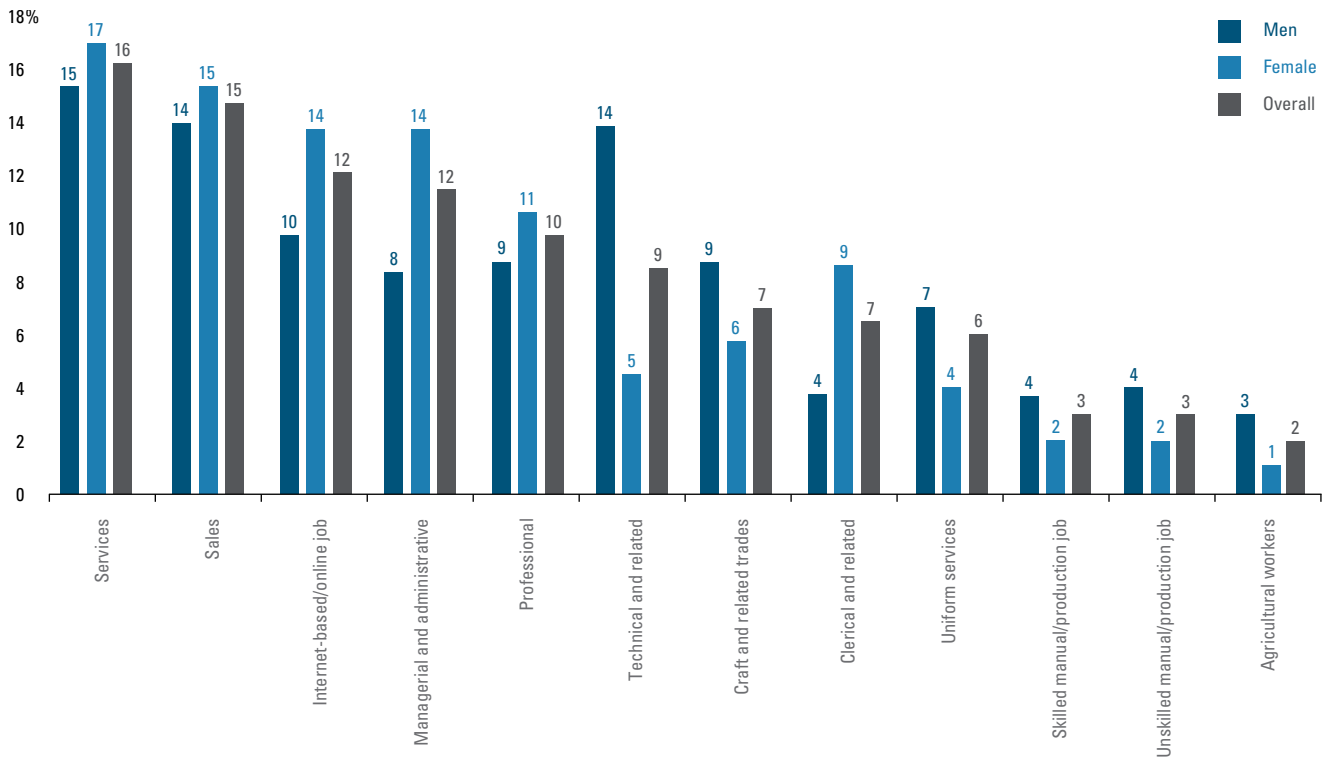
Source: KRI (2018)

Chart 2.29: Job expectation by ethnicity of students



Note: The chart displays top eight values. \*\*Other jobs include uniform services, skilled manual/production job, unskilled manual/production job and agricultural workers  
Source: KRI (2018)

Chart 2.30: Job expectation by sex of students



Source: KRI (2018)

## Their reservation wage is between RM2,400 and RM3,000 per month

The reservation wage is the lowest wage rate at which a worker would be willing to accept a particular type of job. A job offer involving the same type of work and the same working conditions, but at a lower wage rate, would be rejected by the worker. When asked about the minimum salary they would accept for a job, the answers given by the students showed a very wide and skewed distribution (Table 2.7), indicating either that they had unrealistic expectations or that they did not fully understand the question. It is also not clear whether the wage is related to a job they expect to get upon completing secondary education or the preferred job they wish to have in the future. The median and modal salaries range between RM2,400 and RM3,000.

The issue of whether young people have unrealistic wage expectations or are ‘asking for too much’ is discussed in subsequent chapters.

**Table 2.7: Lowest (reservation) monthly wage students would accept for a job (RM)**

Characteristics	Mean RM	Median RM	Mode RM
<b>Ethnicity</b>			
Bumiputera	4,460	2,000	3,000
Chinese	4,055	2,500	2,000
Indian	10,078	3,000	3,000
Others	2,996	2,000	3,000
<b>Sex</b>			
Male	6,276	2,500	3,000
Female	3,417	2,000	3,000
<b>Location</b>			
Urban	4,050	2,500	2,000
Rural	5,392	2,000	3,000
<b>Overall</b>	<b>4,633</b>	<b>2,400</b>	<b>3,000</b>

Source: KRI (2018)



# CHAPTER

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# 03

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## YOUTH IN TERTIARY EDUCATION

This chapter focuses on how tertiary education equips young men and women with the hard and soft skills they need for employability. It identifies the characteristics, aspirations and job expectations of tertiary students that are likely to affect the timing and manner of their transition into the labour market.

### Transitioning from secondary to tertiary education

Upon completing their secondary education, Malaysian students can opt to go on for higher education. Higher education programmes are of two categories: tertiary and non-tertiary. The latter encompasses post-secondary offerings such as the *Sijil Tinggi Persekolahan Malaysia* (STPM), matriculation, foundation and pre-university programmes. At tertiary level, study opportunities include certificate, diploma, undergraduate, as well as postgraduate studies. Undergraduate studies consist of bachelor degrees and professional qualifications while postgraduate studies offer master and doctorate degrees.

There are two types of tertiary education institutions in Malaysia. The government-funded public institutions include public universities, polytechnics, community colleges and public colleges. The private tertiary education institutions include private universities and university colleges, foreign university branch campuses and non-university status institutions such as private colleges. Although the students at public institutions need to pay tuition fees, the fees are highly subsidised by the government. The fees for private institutions are not subsidised by the government so students pay full fees<sup>68</sup>. Several types of financial aid are available for students in public and private institutions, including scholarships and study loans from both public and private sectors. The largest financial aid provider under the Ministry of Higher Education is the *Perbadanan Tabung Pendidikan Tinggi Nasional* (PTPTN).

Malaysian youth can pursue an academic pathway to acquire a higher education qualification or they have the option of technical and vocational education and training (TVET) programmes that lead to the award of skills qualification (at certificate, diploma or advanced diploma levels). The TVET programmes are currently offered by various ministries, government agencies and private sector institutions, leading to unintended competition and duplication<sup>69</sup>. Currently, there is a perception that TVET qualifications offer fewer attractive career and academic progression, thereby limiting the number of students who apply for such courses. The aim of the government, therefore, is to “move from a higher education system with a primary focus on university education as the sole pathway to success, to one where academic and TVET pathways are equally valued and cultivated”<sup>70</sup>.

### The tertiary education system and youth employability

In examining the results of the SWTS for youth in tertiary education, a key question is how is the education system preparing them for employability? The Ministry of Higher Education (MOHE) defines employability as shown in Text Box 3.1. What is important to note, however, is that the emphasis appears to be on a standard employer-employee relationship and an expectation that graduates will go into wage/salary employment rather than becoming self-employed or freelance workers. But as highlighted in Chapter 1, education and training need to take into account the rapid labour market changes and the rise of the gig and platform economies and prepare youth for the flexibility, adaptability and entrepreneurial skills required for the increasing non-standard forms of work.

68 StudyMalaysia.com (2015)

69 MOE (2015, p.4-4)

70 Ibid., p.E-13. In addition, a TVET Masterplan is currently under study to develop skilled talent to meet the growing and changing demands of industry, promote individual opportunities for career development and ensure that the country has the skilled technical workforce it needs to reach high income status.

### Text Box 3.1: Youth and employability

The Malaysia National Graduate Employability Blueprint 2012 – 2017 was developed to serve as a guide to what graduates need to know and should be able to do with respect to their employability attributes. It defines employability as:

- Employability is about the potential of obtaining and building a fulfilling career through continuous development of skills that can be applied from one employer to another;
- Employability is about possessing the sets of attributes and skills that match those required by industry;
- Employability is about taking the responsibility for self-development through learning and training, either through the employer or self-initiatives;
- Employability is about adopting the concept of life-long learning; and
- Employability is about being employed according to their level of qualification, functional competencies and being awarded accordingly in terms of their wages and benefits.

Direct excerpt from MOHE (2012, p.3)

### The ethnic distribution of students changes from secondary to tertiary level

The SWTS data in Table 3.1 reveals that the proportion of Bumiputera youth drops from 83% at upper secondary to 73% at tertiary level, while conversely the proportions of Chinese and Indian students go up. These findings are perhaps striking in the context of government efforts to promote Bumiputera education as a key means towards overall ethnic equality<sup>71</sup>.

**Table 3.1: Malaysian youth at tertiary and upper secondary education levels**

Characteristics	Number in tertiary education	Tertiary education %	Upper secondary %
<b>Sex</b>			
Male	433,377	37.6	42.5
Female	720,332	62.4	57.5
<b>Ethnicity</b>			
Bumiputera	847,126	73.4	83.0
Chinese	193,782	16.8	12.8
Indian	109,346	9.5	4.0
Others	3,456	0.3	0.2
<b>Total</b>	<b>1,153,709</b>	<b>100.0</b>	<b>100.0</b>

Note: The numbers refer to weighted data based on targeted population of youth in tertiary, which was provided by the MOHE (2017-a)<sup>72</sup>  
Source: KRI (2018)

<sup>71</sup> It is, however, important to point out that the SWTS data do not cover those on scholarships in tertiary institutions overseas.

<sup>72</sup> Data requested from the MOHE.

## More ‘lost boys’ at the tertiary level; the gender imbalance is greater in public than private tertiary institutions

What is also striking from Table 3.1 is that gender imbalance increases in the transition from upper secondary to tertiary level. There are five percentage points less males so that they account for less than two-fifths of the total higher education student population. As already emphasised in the previous chapter, the growing cohort of ‘lost boys’ who either leave school early or with low attainment levels should be a matter of serious concern.

A tool for measuring the changing demographics of tertiary education is the Gender Parity Index (GPI) highlighted in Box 3.2. Recognizing its limitations, it is still useful to examine the GPI in different types of tertiary institutions in Malaysia. Table 3.2 reveals a GPI of 1.78 for public institutions and 1.55 for private institutions. The disparity between public and private institutions was confirmed in another study which also found that the gender disparities have been increasing over time<sup>73</sup>.

The gender imbalances also vary among the public institutions. While the institutes for teachers’ education and the polytechnics are highly gender imbalanced, the ratios are balanced for the matriculation colleges and heavily in favour of males in the community colleges. The gender disparity is especially glaring in the institutes for teachers’ education; but this imbalance may be understandable given that females are commonly more drawn to the teaching profession than males. What is less understandable and noteworthy is the GPI of 2.32 for polytechnics—we would normally expect young men to be more interested in technical skills than young women. The low number of young men pursuing technical qualifications should be further examined for the policy implications.

### Text Box 3.2: The Gender Parity Index (GPI) in education

Measures of gender parity in education help to explain how participation in and opportunities for education compare for females and males. The Gender Parity Index (GPI) provides this comparison by showing the ratio of female to male values for a given indicator. The GPI in education is derived by dividing the number of females over males in a certain student population and rounding up to two decimal places. A GPI of less than 1 represents a disparity in favour of males, while a GPI greater than 1 represents a disparity in favour of females.

It is important to note, however, particularly when interpreting time trends, that a GPI equal to 1 does not necessarily mean that the education situation for a gender group has improved; instead, it may mean that participation or opportunities for the other gender group have declined. Furthermore, a GPI equal to 1 also does not necessarily mean that gender equality has been achieved, particularly in terms of returns on investments in education. What should also be taken into account is whether the courses females opt for are linked to employability and how they fare upon entering the labour market. In many cases, females still face greater barriers than males in employability and getting decent jobs.

Direct excerpt from EPDC (n.d.). See also Psaki et al. (2017)

**Table 3.2: Gender Parity Index (GPI) for youth in tertiary education by type of institution**

Institutions	Female	Male	GPI
Public Universities	281,022	155,867	1.80
Institutes for Teachers Education	8,572	3,117	2.75
Matriculation Colleges	10,508	10,508	1.00
Polytechnics	69,504	29,917	2.32
Community Colleges	7,335	12,669	0.58
Total youth in public tertiary education institutions	376,941	212,078	1.78
Private Universities	198,829	132,434	1.50
University Colleges	41,930	26,064	1.61
Overseas Colleges Branches	10,951	8,002	1.37
Colleges	91,681	54,798	1.67
Total youth in private tertiary education institutions	343,391	221,298	1.55
<b>Total youth in tertiary education</b>	<b>720,332</b>	<b>433,376</b>	<b>1.66</b>

Note: The numbers refer to weighted data based on targeted population of youth in tertiary, which was provided by the MOHE (2017-a) and MOE (2017)  
Source: KRI (2018)

### Almost half of all students are in private tertiary education institutions

Of the Malaysian youth in tertiary education, 49% are in private institutions which require the payment of full or at least higher fees (Table 3.3 and Chart 3.1). The Chinese and Indians are overwhelmingly paying for higher education; only about one-fifth are in public, government-subsidised institutions. In contrast, 62% of Bumiputera students are in public tertiary institutions.

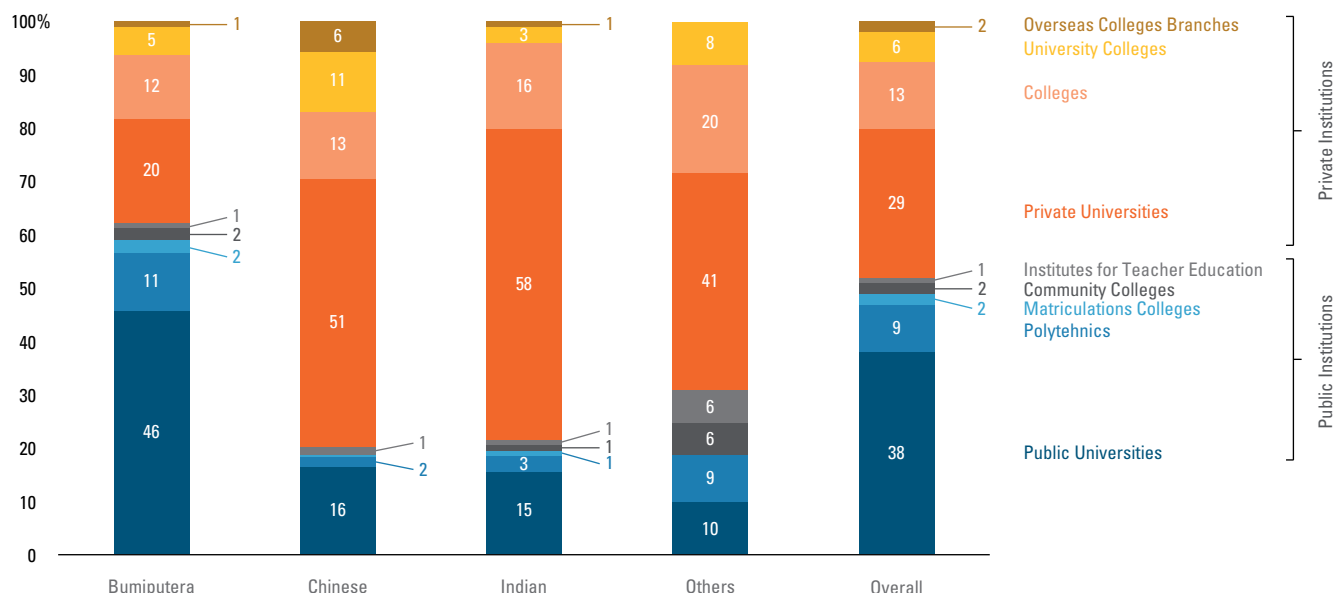
More than two-thirds of all those in higher education are at the university level, and less than one-fifth are at college level. Less than 9% are in polytechnics—this low percentage should be noted in the context of the country's efforts to promote polytechnic education to increase the skilled technical workforce.

**Table 3.3: Distribution of students by type of tertiary education institution**

Institutions	Frequency	Percentage
Public Universities	436,889	37.9
Institutes for Teachers Education	11,689	1.0
Matriculation Colleges	21,017	1.8
Polytechnics	99,421	8.6
Community Colleges	20,004	1.7
Total youth in public tertiary education institutions	589,020	51.0
Private Universities	331,263	28.7
University Colleges	67,994	5.9
Overseas Colleges Branches	18,953	1.6
Colleges	146,479	12.7
Total youth in private tertiary education institutions	564,689	48.9
<b>Total youth in tertiary education</b>	<b>1,153,709</b>	<b>100.0</b>

Note: The numbers refer to weighted data based on targeted population of youth in tertiary, which was provided by the MOHE (2017-a) and MOE (2017)  
Source: KRI (2018)

**Chart 3.1: Youth in tertiary education by type of institution and ethnicity**

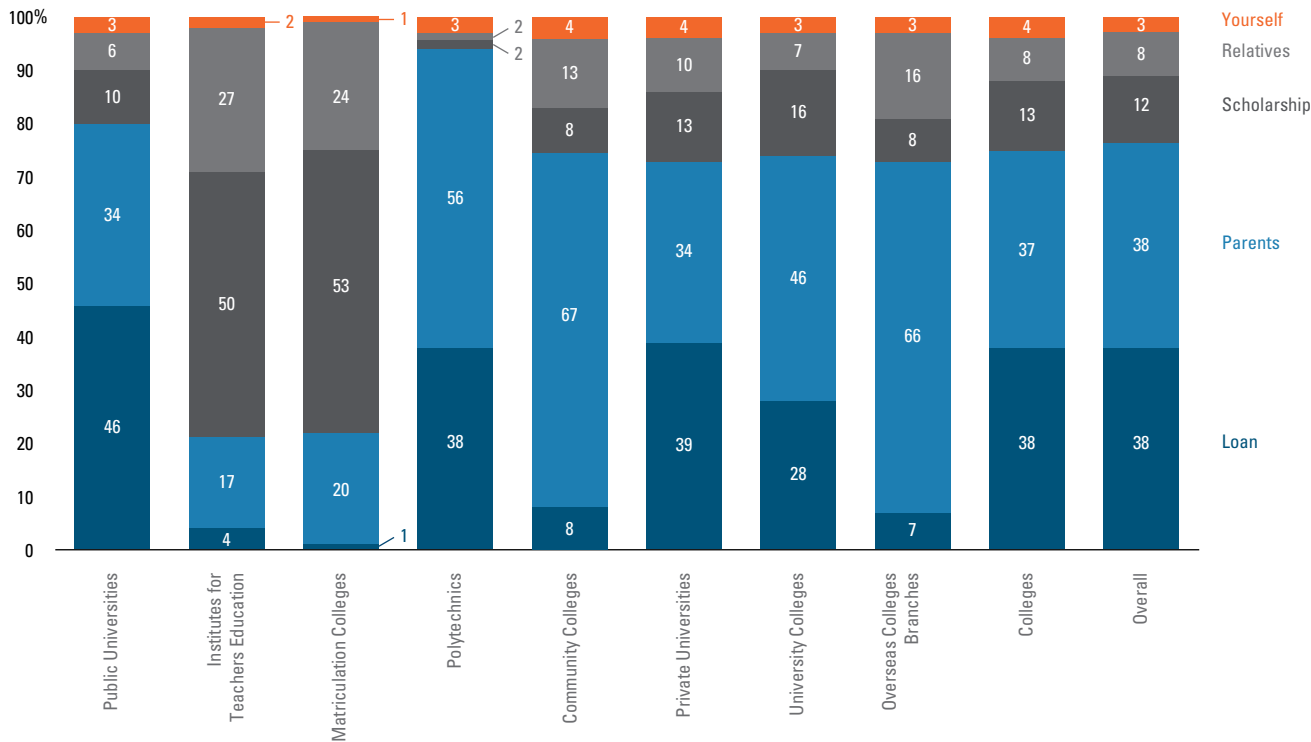


Source: KRI (2018)

### They depend on loans and also parents to fund their education

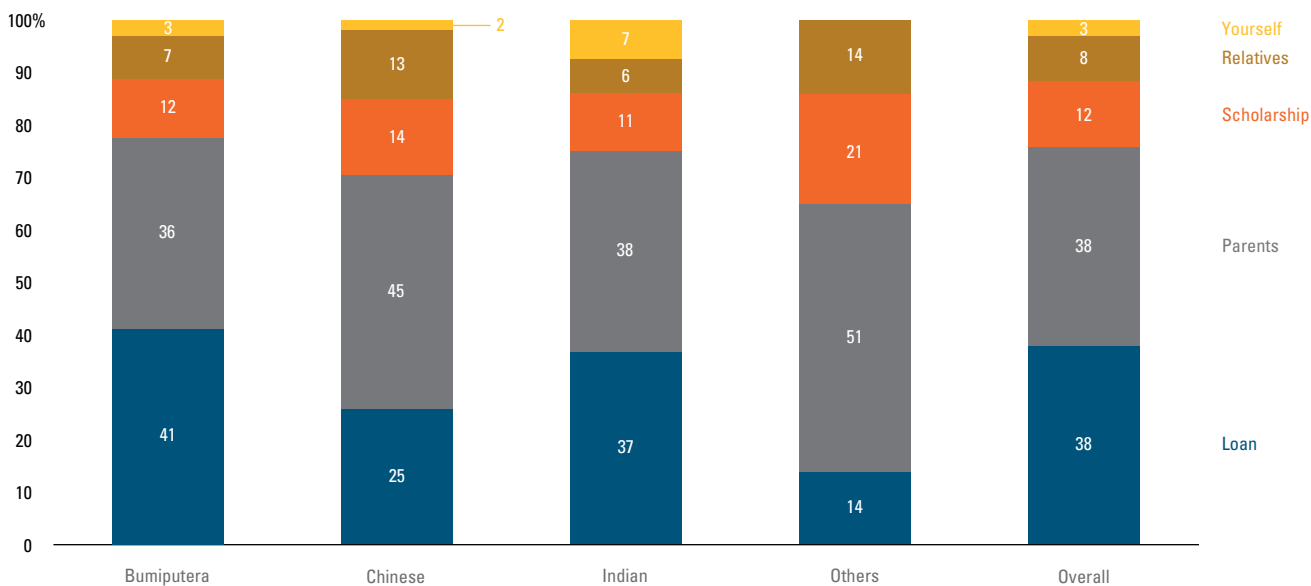
The main source of funding for tertiary education is from loans, closely followed by support from parents (Chart 3.2). What is striking is that even though education in public institutions is heavily subsidised by the government, 38% of students still rely on loans to fund their education. The issue of loans is important because the loans have to be paid back when students complete their education. The need to repay loans will obviously affect the reservation wage or minimum income they seek from work. The proportion of students (38%) relying mainly on funding from their parents is about the same whether they are in public or private institutions.

Chart 3.2: Funding for tertiary education by type of funding and type of institution



Source: KRI (2018)

Chart 3.3: Funding for tertiary education by type of funding and ethnicity of students



Source: KRI (2018)

Among the ethnic groups, Bumiputera students are most likely to rely on loans (mainly from the PTPTN) and least likely to rely on their parents (Chart 3.3). But what may be noteworthy is that, contrary to common perception, only about 12% of Bumiputera students are scholarship recipients—but what should be noted is that this amounts to 101,655 Bumiputera students as compared to 27,129 Chinese and 12,028 Indian and 726 Other students; and it should also be noted that Bumiputera students are also more likely to have received government scholarships to study abroad. The proportions are roughly the same for Indian students relying on loans and those relying on their parents.

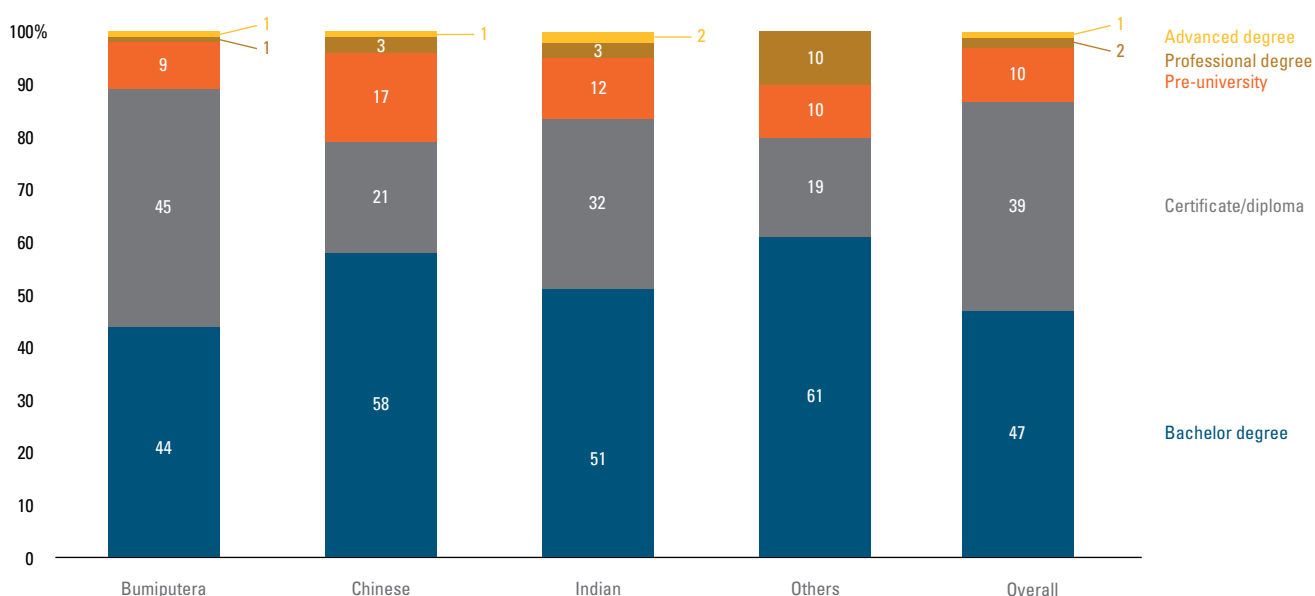
Some 14% of students claim they do not have enough money to support their daily expenses (for food, accommodation, transportation, etc.). More than half depend on their families, while another 17% have part-time jobs (mainly as taxi/Grab drivers, food and package deliverers and operating online businesses) and another 14% have taken loans to cover their daily expenses.

### Most are pursuing undergraduate degrees

Less than 4% of all tertiary education students are enrolled for professional or postgraduate courses. Forty-seven percent are studying for bachelor degrees and another 39% for certificates or diplomas. There are distinct differences by ethnicity (Chart 3.4); the group of Other students appear to be most highly educated with 10% registered for professional courses and more than 60% enrolled for bachelor degrees. Roughly equal proportions of Bumiputera students are registered for certificates/diplomas and bachelor degrees. On the other hand, higher proportions of Chinese and also Indian students are enrolled at the bachelor degree level rather than the certificate/diploma level.

There are no clear gender differences by level of higher education. Among both males and females in higher education, at least 85% are studying for bachelor degrees or certificates/diplomas. A slightly higher percentage of males than females are studying for professional degrees (2.3% as compared to 1.6%).

**Chart 3.4: Level of tertiary education by ethnicity of tertiary students**



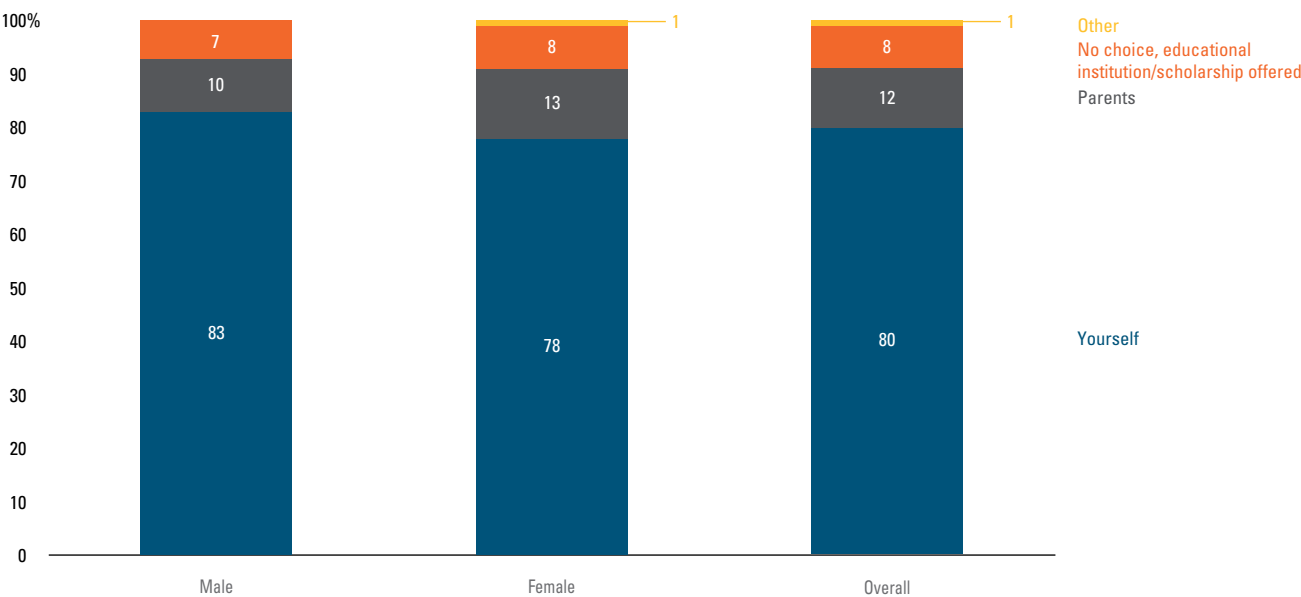
Source: KRI (2018)



Most choose their own field of study with advice mainly from parents

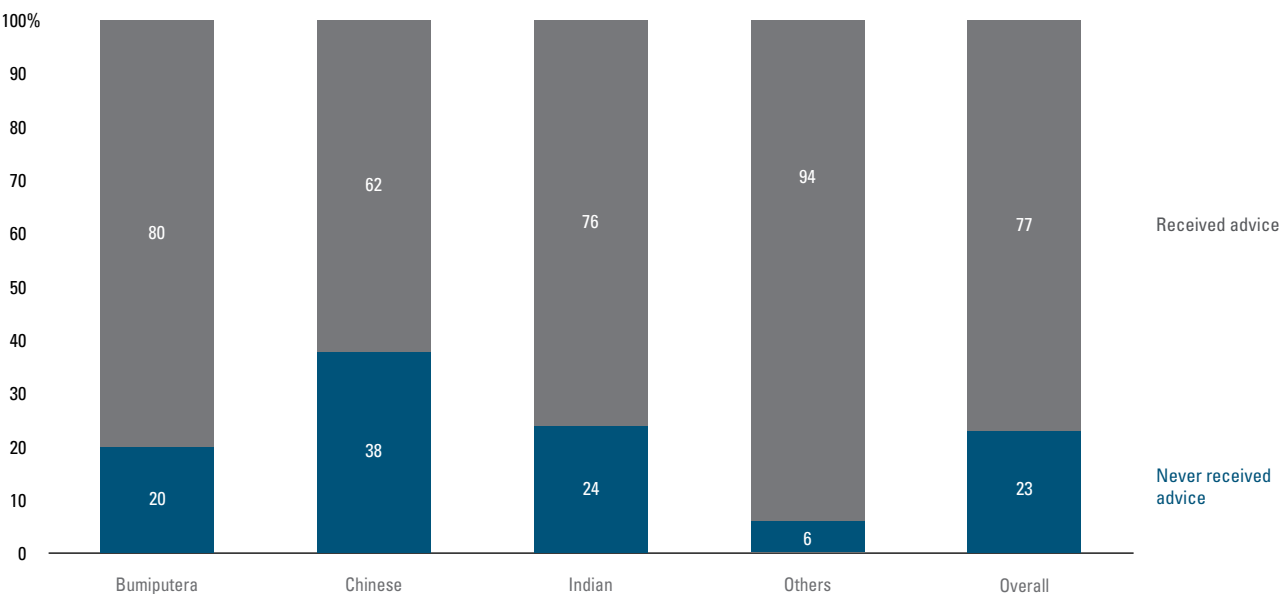
Some 80% of all students claim they chose their own field of study, although the women are a little more likely to say the choice was made by their parents (Chart 3.5). More than three-quarters of all students also claim that they had received advice on the type of education or training they need to get a good job (Chart 3.6). The main sources of advice are their parents, followed by lecturers and then guidance counsellors. Among the ethnic groups, the Chinese are the least likely to have received advice; most having made the choice of field of study on their own.

Chart 3.5: Choice of field of study by sex of tertiary students



Source: KRI (2018)

Chart 3.6: Advice received on education for a good job by ethnicity of tertiary students



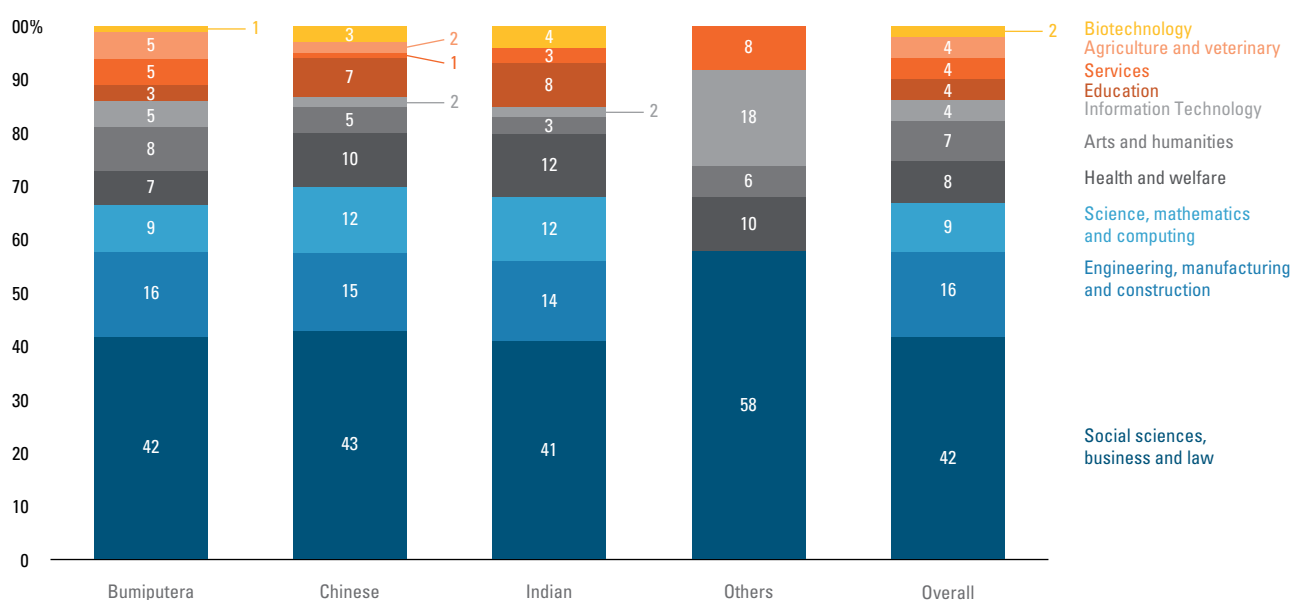
Source: KRI (2018)

## Their main fields of study differ by ethnicity

Two-fifths of all students are working towards degrees in social sciences, business or law (Chart 3.7). The next most popular courses are in engineering, manufacturing and construction. Arts and humanities are taken up by 7% of all students. Only 31% of all students are enrolled in STEM related courses (science, mathematics and computing, engineering, manufacturing and construction, biotechnology, and information technology).

In Chart 3.7, the group of Other students represents the exception with 58% concentrated in the fields of social sciences, business and law. Among the other ethnic groups, the percentages enrolled in the different fields of study are roughly similar.

**Chart 3.7: Main field of study by ethnicity of tertiary students**



Source: KRI (2018)

## Relatively low enrolment in STEM courses, with gender imbalances

The enrolment of only about 31% of all students in STEM related courses<sup>74</sup> is a matter of concern given that the government's target ratio since 1970 is 60:40% science to arts stream students.

Other reports have emphasised that not only are overall STEM student numbers falling in Malaysia but that more women than men are turning away from STEM subjects<sup>75</sup>. A UNESCO-KWDI report noted that globally, data show that despite increased parity in enrolment at the bachelor's level (or equivalent) in higher education, in STEM disciplines male students outnumber female students in 91% of countries with available data<sup>76</sup>. The calls have, therefore, been to encourage more women to take up STEM.

However, Table 3.4 and Chart 3.8 indicate that the Malaysian situation may be more 'complex' and there are other important aspects of the gender imbalances in higher education to consider. Women outnumber men in all but one of the fields of study listed in Table 3.4. Even in the areas which are traditionally male-dominated, the GPIs are higher than 1. The only field where males dominate is in engineering, manufacturing and construction<sup>77</sup>. However, in terms of the within-gender distribution shown in Chart 3.8, a slightly higher proportion of all males than females (10% versus 9%) are in science, mathematics and computing and 5% of all male students are in information technology as compared to 3% of all females.

Given the serious shortfall of males in higher education and the different dimensions of gender imbalances regarding STEM fields of study, a rational policy implication would be to focus not merely on enrolling more women but to provide gender-sensitive encouragement and incentives to both sexes to take up tertiary STEM fields of study.

**Table 3.4: Gender Parity Index (GPI) for tertiary students by field of study**

Field of study	Female	Male	GPI
Education	39,949	6,409	6.23
Biotechnology	14,739	4,911	3.00
Health and welfare	64,769	26,477	2.45
Social sciences, business and law	330,795	143,448	2.31
Science, mathematics and computing	65,104	41,742	1.56
Arts and humanities	44,490	35,491	1.25
Agriculture and veterinary	23,630	19,505	1.21
Information technology	24,769	22,411	1.11
Services	23,242	23,029	1.01
Engineering, manufacturing and construction	77,938	98,846	0.79
<b>Total</b>	<b>720,333</b>	<b>433,377</b>	<b>1.66</b>

Note: The numbers refer to weighted data based on targeted population of youth in tertiary, which was provided by the MOHE (2017-a) and MOE (2017)  
Source: KRI (2018)

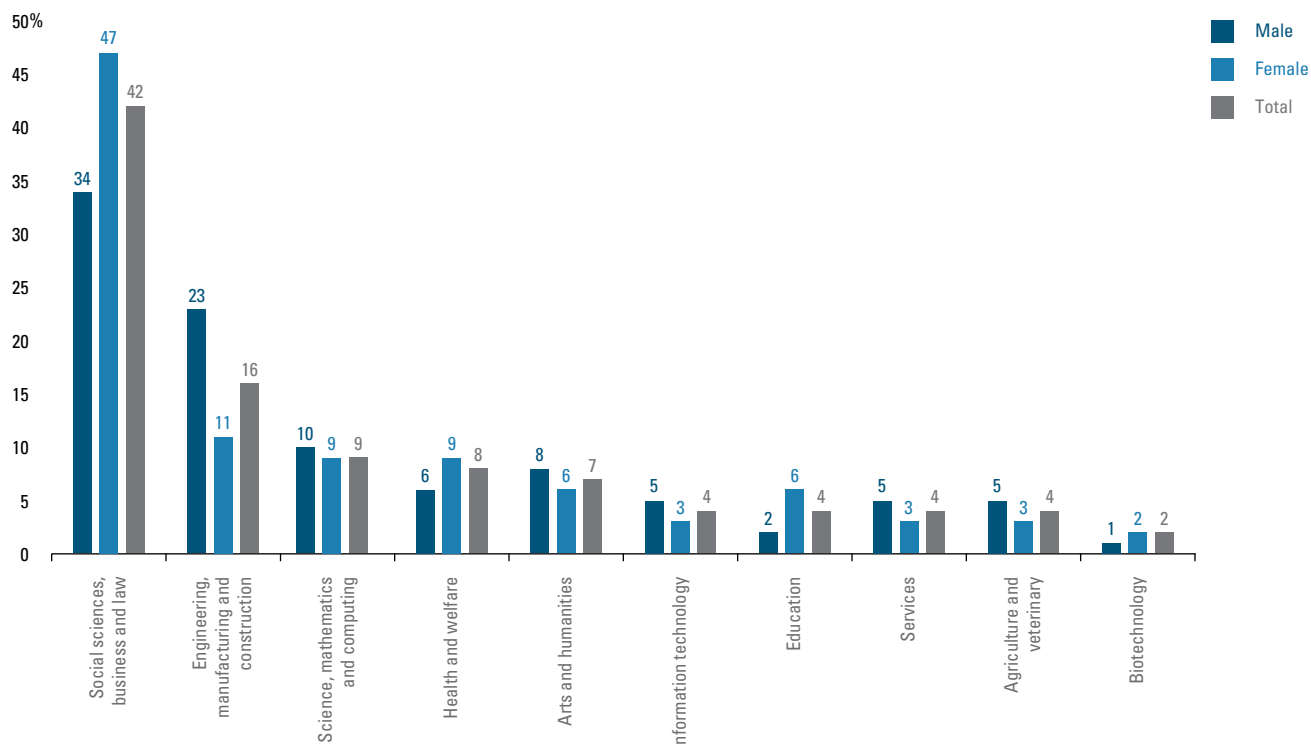
<sup>74</sup> From Chart 3.7, the percentage taking science, mathematics, computing, engineering, information technology and biotechnology.

<sup>75</sup> The Star Online (2017-c) and Malay Mail (2017)

<sup>76</sup> UNESCO and KWDI (2015, p.3)

<sup>77</sup> Girls tend to do relatively better in science as opposed to mathematics at the secondary level, which may explain why females prefer to choose science-related fields of study in higher education and occupations, such as biology, chemistry and medicine as opposed to more mathematics-oriented fields such as physics and engineering. Source: Ibid., p.2

**Chart 3.8: Tertiary students by field of study and sex**



Source: KRI (2018)

## The profile of youth in tertiary education

The students range in age from 17 to 29 years, with the average age of 20 years.

Only 2% of all students are married or engaged to be married. And only 8 out of the total number reported having children, normally one child.

They come from relatively small families with, on average, between two and three siblings. The Bumiputera students tend to have larger families (of average size 3 siblings) than do the other ethnic groups (with two siblings). Family size in terms of number of siblings and, where relevant, also the number of their own children would tend to influence decisions to continue with higher education or to enter the labour market.

## They are mainly from ‘middle-class’ family backgrounds

In addition to family size, family status would influence the timing and type of transition into higher education or the labour market. When asked to assess their family status, 86% of all tertiary education students consider their families as ‘middle class’—as compared to 80% of all upper secondary students (Table 3.5). The tertiary education students report a lower proportion of ‘poor’ families, but the proportion of ‘well-off’ or ‘rich’ families is slightly lower than for the upper secondary students (likely because those from ‘well-off’ families are pursuing higher education overseas).

Family status has some impact on whether the youth attend private or public institutions of higher learning. Chart 3.9 shows that those who consider their families ‘poor’ are more likely to attend public institutions where the fees are subsidised by the government, while those from well-off families are more likely to be in private institutions. Among the middle class, the difference between attendances in public or private institutions is not large.

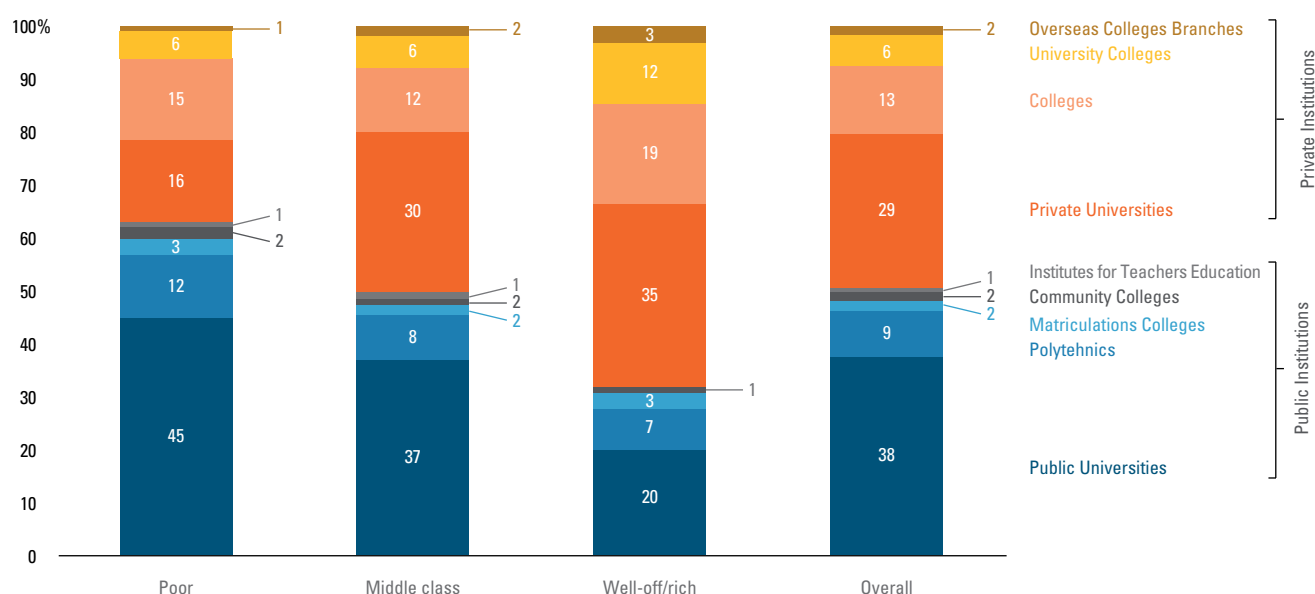
The ethnic patterns in Table 3.5 tend to be similar across the secondary and tertiary levels of education except for the group of Other students—while almost all Other tertiary students assess their families to be ‘middle class’ the proportion falls to less than three-quarters among those in tertiary education.

**Table 3.5: Youth in tertiary and upper secondary education by family status and ethnicity**

Ethnicity	Tertiary education			Upper secondary			Total %
	Poor	Middle class	Well-off/ rich	Poor	Middle class	Well-off/ rich	
	%	%	%	%	%	%	
Bumiputera	12.5	85.6	2.0	17.0	79.7	3.2	100.0
Chinese	10.3	87.8	1.9	14.1	83.2	2.8	100.0
Indian	5.9	90.6	3.4	10.6	84.0	5.4	100.0
Others	18.3	73.5	8.2	0.6	99.4	0.0	100.0
<b>Overall</b>	<b>11.5</b>	<b>86.4</b>	<b>2.1</b>	<b>16.4</b>	<b>80.4</b>	<b>3.3</b>	<b>100.0</b>

Source: KRI (2018)

**Chart 3.9: Type of tertiary education institution by family status of tertiary students**

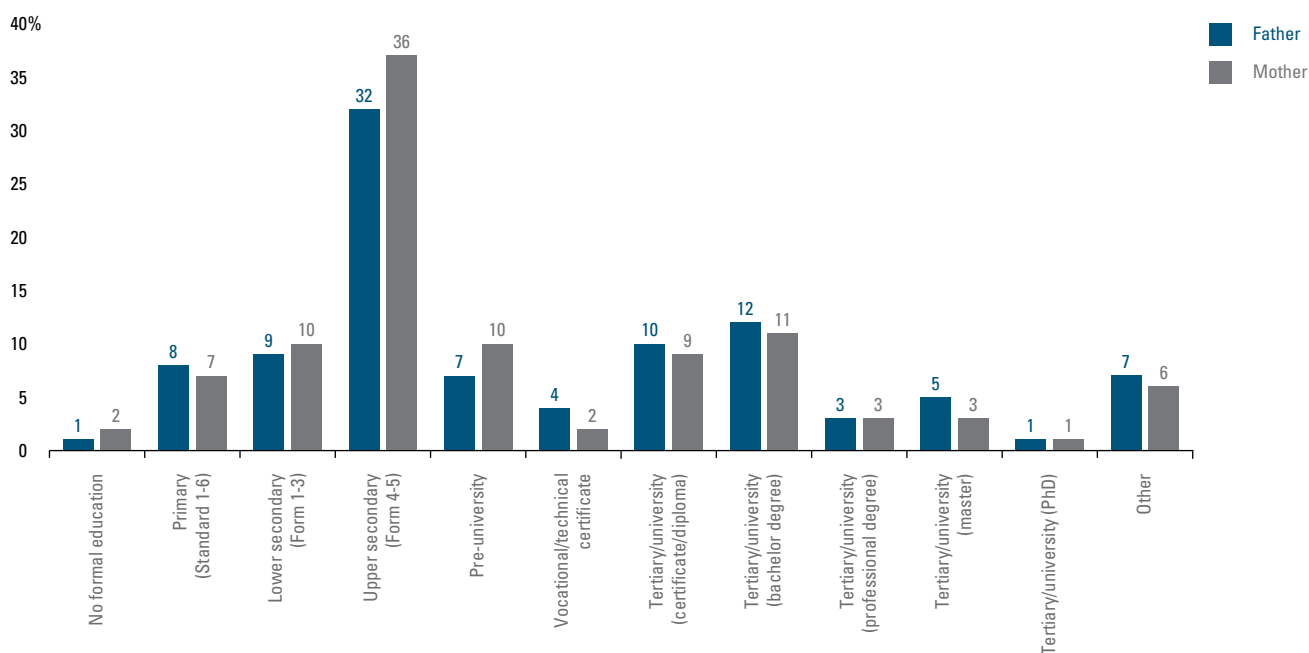


Source: KRI (2018)

## They have higher education than their parents

Chart 3.10 shows that 57% of fathers and 65% of mothers did not reach tertiary education levels. Given that their children are already in tertiary education, there is a clear generational improvement in educational levels. What is interesting from Chart 3.10 is the lower levels of education of the mothers as compared to the fathers. Not only are the mothers less likely to have gone beyond upper secondary (or pre-university) education but at each level of tertiary education, there are fewer women than men. Over one generation, there has been a dramatic shift with the females now far surpassing the males especially in higher education, as noted in Table 3.2 above. It would appear that Malaysia has done exceptionally well in closing the previous under-representation of females. But now the challenge is to address the ‘lost boys’ issue and to ensure that both females and males are well prepared for the job market.

**Chart 3.10: Educational level of parents of tertiary students**



Source: KRI (2018)

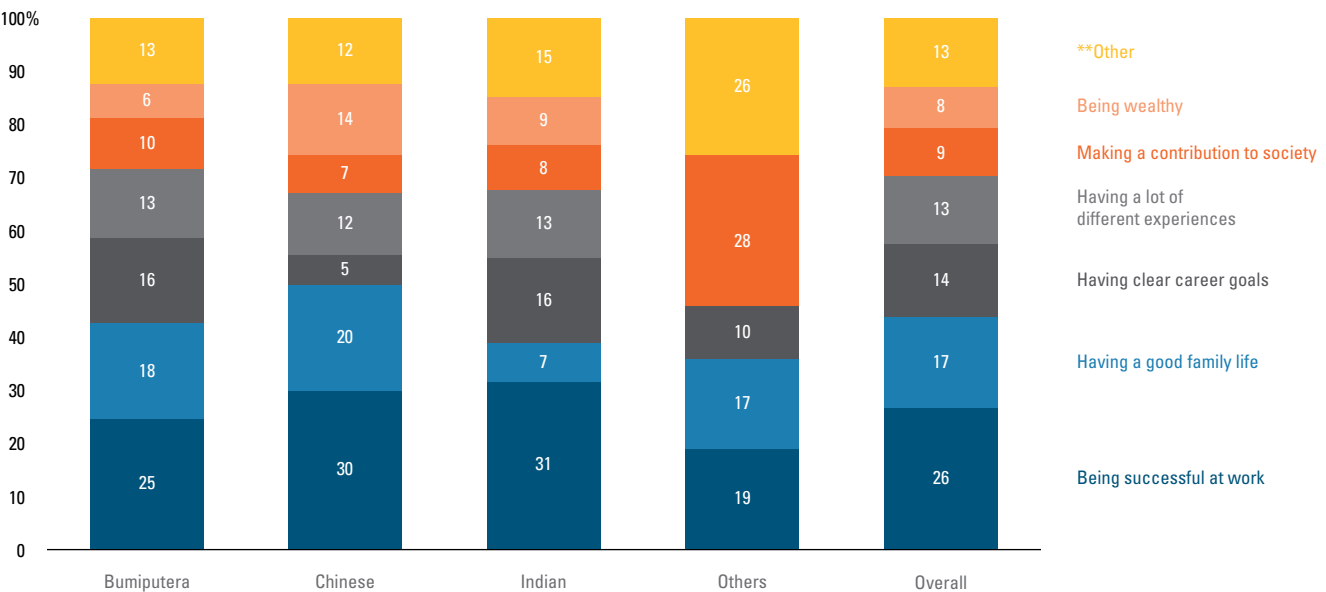
Their aspirations and job expectations

Success at work is their main life goal

When asked for their most important long-term goal in life, youth in tertiary education named, in order of priority, success at work, having a good family life, having clear career goals with good promotion prospects, having different life experiences, making a contribution to society, being wealthy and upholding religious faith (Chart 3.11). These are also the main life goals cited by upper secondary school students in the same order of priority (Table 3.6). Few tertiary students cite other main life goals, including participating in politics, being famous, having leisure time, helping their family or making parents proud, and working or living in other countries.

There are clear ethnic differentials among tertiary students in terms of what they prioritise as their main life goal. For Bumiputera students, both at tertiary and upper secondary levels, the most important goals in order of priority are to be successful at work, followed by having a good family life, then having clear career goals. For Indian students the order of priorities also remain the same between the different levels of education: being successful at work, having clear career goals, and having different life experiences. Whether at tertiary or upper secondary level, Indian students place lower priority on having a good family life while a higher percentage than any other ethnic group want to work or live in other countries. For the Chinese students, priorities differ between tertiary and upper secondary levels. Those at tertiary level give greater importance to being successful at work than to having a good family life whereas the priorities are reversed for those in upper secondary school. Twenty-eight per cent of Other students at tertiary level identify their top life goal as making a contribution to society—this contrasts sharply with the 7% at upper secondary level who see this as their top goal. On the other hand, 46% of Other students at upper secondary level and only 17% at tertiary level value a good family life.

Chart 3.11: Main goal in life by ethnicity of tertiary students



Note: The chart displays top six values. \*\*Other goals include upholding religious faith, working/living in other countries, having leisure time, participating in politics and being famous  
Source: KRI (2018)

**Table 3.6: Main goal in life for youth in tertiary and upper secondary education by ethnicity**

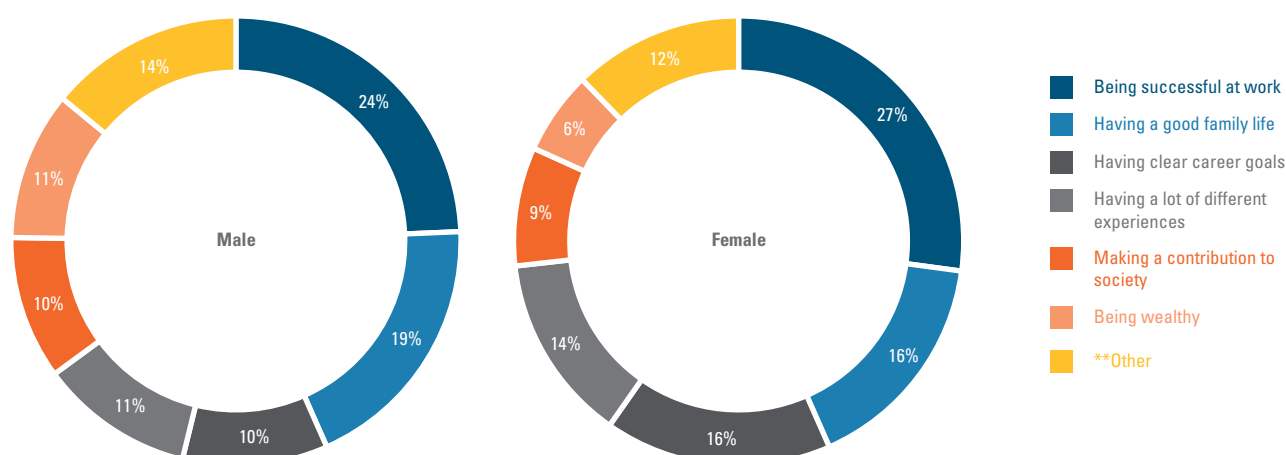
Goal in life	Tertiary education					Upper secondary				
	B %	C %	I %	O %	Overall %	B %	C %	I %	O %	Overall %
Being successful at work	24.5	30.0	31.4	19.0	26.1	26.2	23.1	21.7	6.6	25.6
Having a good family life	17.9	20.3	7.4	16.7	17.3	18.0	26.0	14.2	46.1	18.9
Having clear career goals	16.0	5.1	16.0	10.2	14.1	17.7	6.2	16.2	0.0	16.2
Having a lot of different experiences	12.8	11.7	13.0	0.0	12.6	12.0	14.9	15.5	18.3	12.5
Making a contribution to society	9.8	6.8	8.4	28.0	9.2	7.3	4.7	4.9	7.0	6.9
Being wealthy	6.3	13.7	8.6	0.0	7.8	6.0	10.9	8.5	0.0	6.7
Upholding religious faith	5.1	1.9	2.1	0.0	4.3	5.8	1.5	2.8	0.0	5.1
Participating in politics	0.7	0.5	0.9	5.6	0.7	0.6	0.5	1.2	8.5	0.6
Working/living in other countries	3.5	3.4	8.3	10.2	3.9	3.8	5.9	10.0	6.6	4.3
Having leisure time	1.0	5.2	0.3	0.0	1.7	0.5	3.3	1.4	7.0	0.9
Other	1.8	1.2	0.8	10.3	1.6	1.0	1.2	1.1	0.0	1.0
Being famous	0.4	0.2	2.8	0.0	0.6	0.6	1.7	2.5	0.0	0.9
Helping family/repaying parents/making them proud	0.3	0.0	0.0	0.0	0.2	0.3	0.2	0.0	0.0	0.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: B - Bumiputera, C - Chinese, I - Indian, O - Others  
Source: KRI (2018)



The analysis of the SWTS data of youth in upper secondary school had revealed that the girls tend to be more career-oriented than the boys, one indication being that their top life goals are to be successful at work and to have clear career goals with good promotion prospects, while the boys are more likely to want a good family life (Chart 2.10). This pattern continues into tertiary education as seen in Chart 3.12.

**Chart 3.12: Main goal in life by sex of tertiary students**



Note: The chart displays top six values. \*\*Other goals include upholding religious faith, working/living in other countries, having leisure time, participating in politics and being famous

Source: KRI (2018)

### Their preferred employment sectors are education and finance and insurance

When asked where they would prefer to work in the future, the top four sectors for tertiary students are education, finance and insurance, health and social work, and IT-related work. Since the women account for 62% of all tertiary level students, this reflects female preferences. Only 8% of tertiary students indicate a preference for the public sector (Table 3.7). That education is still the top preferred employment sector is perhaps understandable given the dominance of female students. But what is striking is that the ratio of women to men who prefer the financial and insurance sector is 1.5 to 1.0 but, conversely, the proportion of men choosing the IT-related sector is twice that of the women. It is worth pointing out that finance, accounting and banking jobs pay, on average, the highest salaries for recent graduates<sup>78</sup>.

Finance and insurance top the list of preferred employment sector of Chinese tertiary students, followed by health and social work, then education. But less than 2% of Chinese students prefer civil service. Bumiputera tertiary students indicate the highest preference for the education sector and also for finance and insurance; civil service comes third in their list of preferences. The Indian students rank health and social work at the top of their preferences, followed by the financial sector. The group of Other students indicate the highest preference for the IT-related sector and also for accommodation and food and beverage services.

<sup>78</sup> JobStreet (2017)

**Table 3.7: Preferred employment sector by ethnicity and sex of youth in tertiary education**

Preferred employment sector	B %	C %	I %	O %	Male %	Female %	Overall %
Education	14.7	11.0	12.0	10.3	8.9	16.8	13.8
Finance and insurance related	12.1	15.8	13.4	10.2	9.6	14.8	12.8
Health and social work	9.4	13.3	14.5	10.3	7.2	12.5	10.5
IT-related	8.4	9.5	9.7	18.3	12.7	6.4	8.8
Civil service/public administration/ uniform services	10.4	1.9	3.6	6.4	7.5	8.8	8.3
Arts, entertainment and recreation	6.7	9.8	9.1	10.3	7.0	7.7	7.4
Online business	6.0	5.9	3.1	0.0	4.7	6.2	5.7
Construction	3.7	6.0	5.4	0.0	4.8	3.9	4.2
Agriculture and forestry	4.7	2.7	2.5	0.0	5.4	3.4	4.1
Wholesale and retail trade	3.8	4.9	2.6	10.3	4.8	3.4	3.9
Manufacturing	3.6	5.1	3.7	0.0	5.8	2.6	3.8
Information and communications	3.4	2.9	6.1	0.0	3.3	3.7	3.6
Accommodation and food and beverage service activities	3.6	2.9	1.4	18.4	3.1	3.4	3.3
Mining including petroleum and gas	2.7	1.8	2.1	0.0	4.3	1.4	2.5
Real estate	2.3	1.1	2.9	5.6	2.6	1.9	2.1
Professional, scientific and technical activities	1.2	2.2	2.4	0.0	1.8	1.2	1.4
Utilities (electricity, gas and water supply)	1.4	0.9	1.9	0.0	2.7	0.6	1.4
Transportation and storage	1.0	0.7	2.8	0.0	2.1	0.5	1.1
Fishing	0.6	0.0	0.6	0.0	1.0	0.2	0.5
No answer	0.1	0.9	0.0	0.0	0.3	0.2	0.2
Administrative and support service activities	0.2	0.5	0.0	0.0	0.1	0.2	0.2
Other	0.0	0.2	0.3	0.0	0.1	0.1	0.1
Religious activities	0.1	0.0	0.0	0.0	0.2	0.0	0.1
Other service activities	0.1	0.0	0.0	0.0	0.1	0.0	0.1
Aerospace	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: B – Bumiputera, C – Chinese, I – Indian, O – Others

Source: KRI (2018)

## They prefer employment related to their current field of study...

The employment sector preference indicated by tertiary level students tends to be closely related to their current field of study, as shown in Table 3.8. Clearly, those currently enrolled in education studies prefer future employment in education; those taking agriculture and veterinary courses opt for employment in the agricultural sector; and those taking IT courses prefer IT-related employment. Those currently registered for science, mathematics and computing courses are also more likely to prefer IT-related employment.

**Table 3.8: Preferred employment sector by current field of study of tertiary students**

Preferred employment sector	Field of study										Overall
	Education	Arts and humanities	Social sciences, business and law	Science, mathematics and computing	Engineering, manufacturing, construction	Agriculture and veterinary	Health and welfare	Services	Biotechnology	Information technology	
Agriculture and forestry	0.0	1.8	1.5	1.7	1.9	61.9	1.1	3.2	16.8	0.0	4.1
Fishing	0.0	0.8	0.2	0.8	0.6	3.6	0.0	0.8	0.0	0.0	0.5
Mining including petroleum and gas	0.0	1.0	1.1	1.3	10.5	0.8	0.8	0.5	3.5	0.0	2.5
Manufacturing	0.0	1.1	1.4	3.6	16.5	0.8	0.0	2.4	3.1	0.7	3.8
Utilities	0.4	1.1	0.2	1.8	5.2	0.8	0.0	3.4	3.4	0.5	1.4
Construction	1.1	2.5	1.5	1.1	19.4	0.8	0.4	2.1	1.8	1.3	4.2
Wholesale and retail trade	0.0	1.3	7.3	1.7	1.2	3.7	1.9	3.4	1.7	0.0	4.0
Transportation and storage	0.0	0.0	1.8	0.0	1.7	0.0	0.0	2.1	0.0	0.0	1.1
Accommodation and food and beverages	0.0	2.1	3.0	1.3	0.9	0.8	1.0	35.9	1.7	2.2	3.4
Information and communications	1.5	6.9	3.8	3.4	2.8	0.7	1.7	1.7	0.0	11.0	3.6
IT-related	1.2	5.9	4.0	31.2	8.4	0.0	3.4	2.4	3.4	47.3	8.8
Online business	2.7	2.9	9.7	3.0	2.1	2.2	2.3	4.0	1.8	3.9	5.6
Finance and insurance related	1.5	3.4	27.4	4.6	1.9	1.5	0.6	1.9	1.4	4.3	12.9
Real estate	0.0	1.7	3.3	0.8	2.8	0.8	0.4	0.0	3.5	0.0	2.2
Civil service/ public administration/ uniform services	0.4	12.7	11.1	2.5	4.4	3.8	5.2	10.9	1.7	16.7	8.2
Education	79.3	26.4	10.8	15.9	7.8	5.2	7.6	7.2	6.5	4.9	13.8
Health and social work	2.0	2.5	3.6	15.4	1.8	10.5	71.7	2.6	37.5	2.8	10.6
Arts, entertainment and recreation	9.9	24.1	7.0	5.3	5.1	2.2	1.5	14.0	5.4	3.6	7.4
Other service activities	0.0	1.8	1.3	4.5	5.0	0.0	0.4	1.5	6.8	0.7	2.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

### ... but they prefer employment not related to that of their parents

Table 3.9 shows that the preferred sector of employment of the tertiary students has distinctly shifted away from the sectoral pattern of their working fathers and mothers. Even though education is the top choice of tertiary students (mainly women), the proportion choosing education is still very small compared to the one-third of mothers who are in the education sector. The students are much less interested in their parents' occupations in agriculture, manufacturing, construction or even civil service. On the other hand, only 4% of fathers and 8% of mothers are in finance and insurance which is the preferred sector for 13% of tertiary students; and 2% of parents are in the IT sector which is the choice of 9% of the students. However, it is important to emphasise again that this table does not reflect social mobility as it does not link individual students with their specific parents.

**Table 3.9: Preferred employment sector of tertiary students by employment sector of working parents**

Employment Sector	Students %	Fathers %	Mothers %
Agriculture and forestry	4.2	10.7	3.5
Fishing	0.5	1.8	0.5
Mining including petroleum and gas	2.5	1.5	0.5
Manufacturing	3.8	9.0	5.7
Utilities (electricity, gas and water supply)	1.4	2.5	0.5
Construction	4.2	9.8	1.4
Wholesale and retail trade	3.9	6.9	6.2
Transportation and storage	1.1	6.5	1.1
Accommodation and food and beverage service activities	3.3	2.0	2.7
Information and communications	3.6	1.1	1.4
IT-related	8.8	1.8	2.1
Online business	5.7	0.8	1.9
Finance and insurance related	12.9	3.6	7.8
Real estate	2.1	1.0	0.4
Civil service/public administration/uniform services	8.3	13.2	9.5
Education	13.8	9.6	32.5
Health and social work	10.5	1.9	5.9
Arts, entertainment and recreation	7.5	0.7	0.6
Other service activities	1.9	15.6	15.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

## They indicate lower preference for public sector work and higher preference for starting their own business as compared to upper secondary youth

Table 3.10 confirms that job preferences shift between upper secondary and tertiary level of education. The most likely reason is that young men and women would tend to have clearer choices linked to their field of study in higher education and would also be more aware of labour market opportunities. Perhaps the most striking finding is the much lower percentage who show a preference for working for the government and, conversely, the higher proportion, especially of young men, wanting to be self-employed through starting their own business. Tertiary students seem less choosy (and perhaps more realistic), with a slightly higher proportion than upper secondary students saying that they are prepared to take any job they are offered.

**Table 3.10: Preferred type of work of youth in tertiary and upper secondary education by ethnicity**

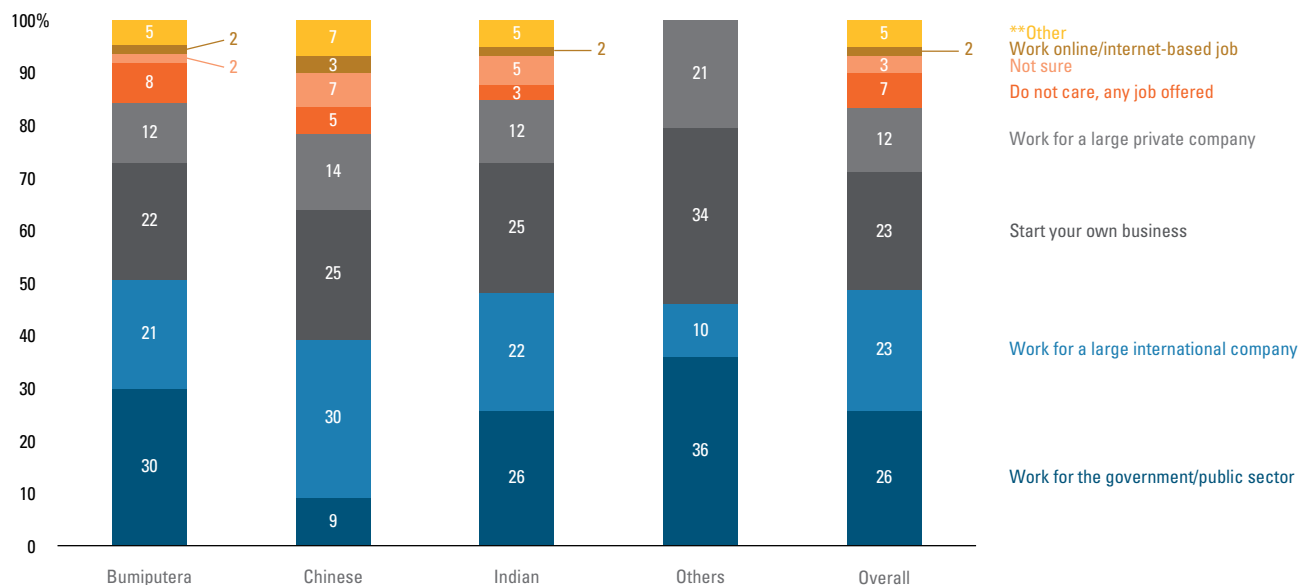
Type of work	Tertiary education					Upper secondary				
	B %	C %	I %	O %	Overall %	B %	C %	I %	O %	Overall %
Start your own business	21.8	24.7	24.7	33.6	22.6	13.8	22.4	17.0	0.0	15.0
Work for the government/ public sector	29.6	9.0	25.6	35.7	25.8	38.1	11.1	41.4	60.4	34.8
Work for a large international company	21.1	30.1	22.5	10.2	22.7	22.5	29.6	21.2	16.8	23.4
Work for a large private company	11.5	14.3	11.7	20.5	12.0	10.4	10.7	4.4	0.0	10.2
Work for a small company	1.3	3.3	0.6	0.0	1.5	1.1	1.8	0.4	0.0	1.2
Work for a non-profit organisation	0.6	0.5	2.2	0.0	0.7	0.1	0.1	1.7	0.0	0.2
Work for family business	1.7	2.0	1.0	0.0	1.7	2.4	4.7	2.3	0.0	2.7
Work online/ internet-based job	1.9	2.5	1.6	0.0	1.9	1.5	3.6	1.8	0.0	1.8
Work a number of part-time jobs	0.6	0.5	0.6	0.0	0.6	0.8	2.3	2.5	0.0	1.1
Not sure	1.9	7.3	5.4	0.0	3.1	2.2	8.4	4.6	0.0	3.1
Do not care, any job offered	7.7	5.1	3.2	0.0	6.8	6.1	4.5	1.3	22.8	5.7
Other	0.4	0.5	1.0	0.0	0.5	0.8	0.8	1.5	0.0	0.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: B – Bumiputera, C – Chinese, I – Indian, O – Others  
Source: KRI (2018)

More than a quarter of all tertiary students want to start their own business as compared to 15% among upper secondary students. This is noteworthy since an earlier concern in the analysis of the SWTS results for youth in upper secondary education had been that the students do not seem to be aware that they can create their own employment through starting their own small and medium enterprise (SME).

But Chart 3.13 confirms that there is still a strong preference, except among the Chinese, for the perceived status, security and benefits of working for the government/public sector. The Chinese students still show the highest preference for work in a large international company or in their own start-up company.

**Chart 3.13: Preferred type of work by ethnicity of tertiary students**



Note: The chart displays top seven values. \*\*Other types of job include work for family business, small company, non-profit organisation and work a number of part-time jobs  
Source: KRI (2018)

## Work-life balance is the most important characteristic of a job

Given that tertiary level students emphasise both work and family in their life goals, it is not surprising that they, in particular the Bumiputera and Other students, identify work-life balance as the most important characteristic of a job that they would want (Chart 3.14). This emphasis corresponds to the finding of the 2017 Hays Salary Guide that 40% of employees in Malaysia stayed in their jobs because of a healthy work-life balance<sup>79</sup>.

## The job must be interesting and not just secure, high income is of lower priority

As students move into higher education, they emphasise that the job must be interesting and not just secure. They appear less concerned about having a secure, safe 'job for life'. Chart 3.14 shows that Chinese students consider an interesting job the most important characteristic of a job, followed by work-life balance. Indian students also place greatest importance on an interesting job, followed by high income, but give less emphasis to work-life balance. The Other students also prioritise an interesting job and work-life balance, but give greater emphasis to a job that uses their skills and abilities and also offers good promotion prospects as compared to the other ethnic groups.

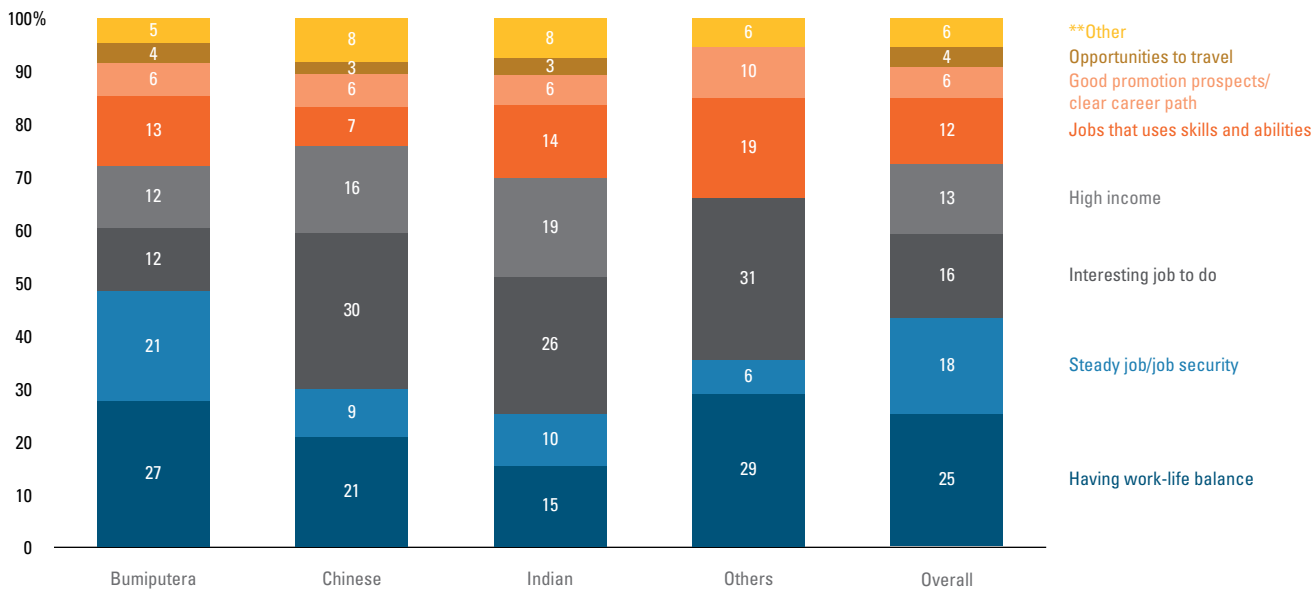
What should be highlighted is that overall, high income is only fourth on the list of most important characteristics of a job (except among the Chinese and Indian students). The Graduate Tracer Study from the Ministry of Higher Education also revealed that high income ranks lower than job security or valuable working experience when graduates are asked about their top job considerations<sup>80</sup>. These findings are inconsistent with the claims of employers that graduates are asking for unrealistic salaries and that is why they are not getting hired<sup>81</sup>. The issue will be further discussed in the salary section of this chapter and also in other chapters of the report.

79 HAYS (2017) and The Star Online (2017-d)

80 Ooi (2018, p.9)

81 HR in Asia (2017) and FMT News (2017)

Chart 3.14: Most important job characteristic by ethnicity of tertiary students



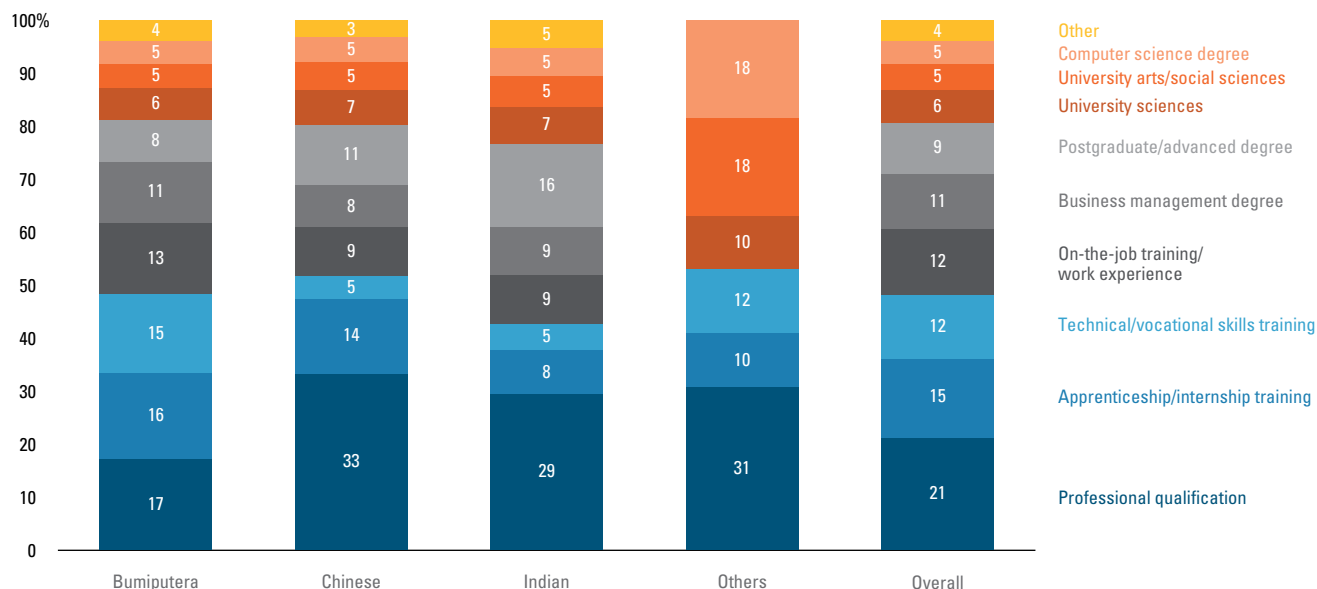
Note: The chart displays top seven values. \*\*Other job characteristics include being able to work independently, job that people regard highly/status of the job, having lots of vacation time, able to work from home, job that gives back to society  
Source: KRI (2018)

To get a good job, they do not consider tertiary academic qualifications adequate...

Students who are currently in universities do not appear to consider that having a higher academic education degree, diploma or certificate is adequate for ensuring a good job. They emphasise professional qualifications and, importantly, recognise the need for practical training. Chart 3.15 shows that 27% of all tertiary students feel that practical training through apprenticeship, internships or on-the-job training is essential for getting a good job—reflecting the perception that employers prefer to hire those with work experience.

The Bumiputera students place lower priority on professional qualifications as compared to the other ethnic groups. The Chinese and Indian students also emphasise postgraduate or advanced degrees for getting a good job; but they are less likely to consider technical and vocational skills training to be useful. The Other students prioritise computer science and also arts and social science degrees in addition to professional qualifications.

**Chart 3.15: Type of education or training most useful for a good job by ethnicity of tertiary students**



Source: KRI (2018)

### ... but consider communication skills and creative and analytical thinking the most useful competencies...

Chart 3.16 shows the competencies and soft skills that tertiary students identify as most useful for getting a good job. It suggests that the students are aware of what employers want in a worker and therefore what they need to be employable. Communication skills rank highest. As part of communication skills, the ability to communicate in English is particularly important. The Malaysia Education Blueprint 2015 – 2025 (Higher Education) notes that “employers report that graduates lack the critical thinking and communication skills and the language proficiency (especially in English) that are essential for success in the 21<sup>st</sup> century”<sup>82</sup>. A 2013 JobStreet.com survey also found that employers are increasingly looking beyond academic results when it comes to hiring new workers; and that the number one deciding factor is good interpersonal and communication skills, followed by a good command of English and the right salary expectation<sup>83</sup>. The Ministry of Higher Education’s Graduate Tracer Study also confirmed that the graduates (of 2014/2015) were aware of their weakness in communication skills as English communication and interpersonal skills were their top choices for training programmes<sup>84</sup>.

The next soft skill identified by the students as important for getting a good job is creative and analytical thinking. This is also second on the list of skills most sought after by employers. The students, especially Indian and Other students, also consider that it is important to be honest and hardworking.

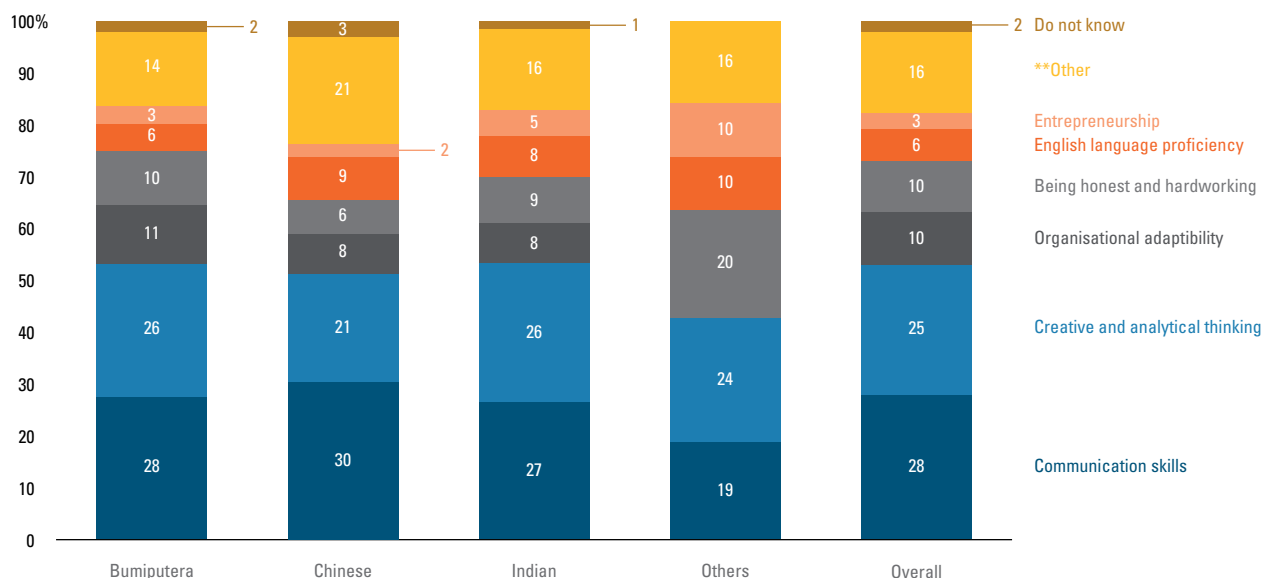
<sup>82</sup> MOE (2015, p.E-4)

<sup>83</sup> JobStreet (2013)

<sup>84</sup> Ooi (2018, p.17)



**Chart 3.16: Competencies and skills most useful for getting a good job by ethnicity of tertiary students**



Note: The chart displays top seven top values. \*\*Other skills include teamwork skills, financial management, ability to get along with people, knowledge of the business world, important contacts through people with influence and attractive personal appearance  
Source: KRI (2018)

### ... and fail to recognise the importance of entrepreneurship

While almost a quarter of all tertiary students indicate that they want to start their own business or work in SMEs, only 3% identify entrepreneurial skills as the key competency they need to succeed (Chart 3.16). Malaysia's 2012 – 2020 SME Masterplan highlights entrepreneurship as a main element in successful SMEs. Entrepreneurship skills are also crucial to succeed in the gig economy. One of the main aims of the Malaysia Education Blueprint 2015 – 2025 (Higher Education) is to instil an entrepreneurial mindset throughout the higher education system because the country is “lagging in entrepreneurship, particularly nascent and early stage entrepreneurship”<sup>85</sup>, and so as to “produce graduates with a drive to create jobs, rather than to only seek jobs”<sup>86</sup>.

### They expect to have more internet-related job opportunities

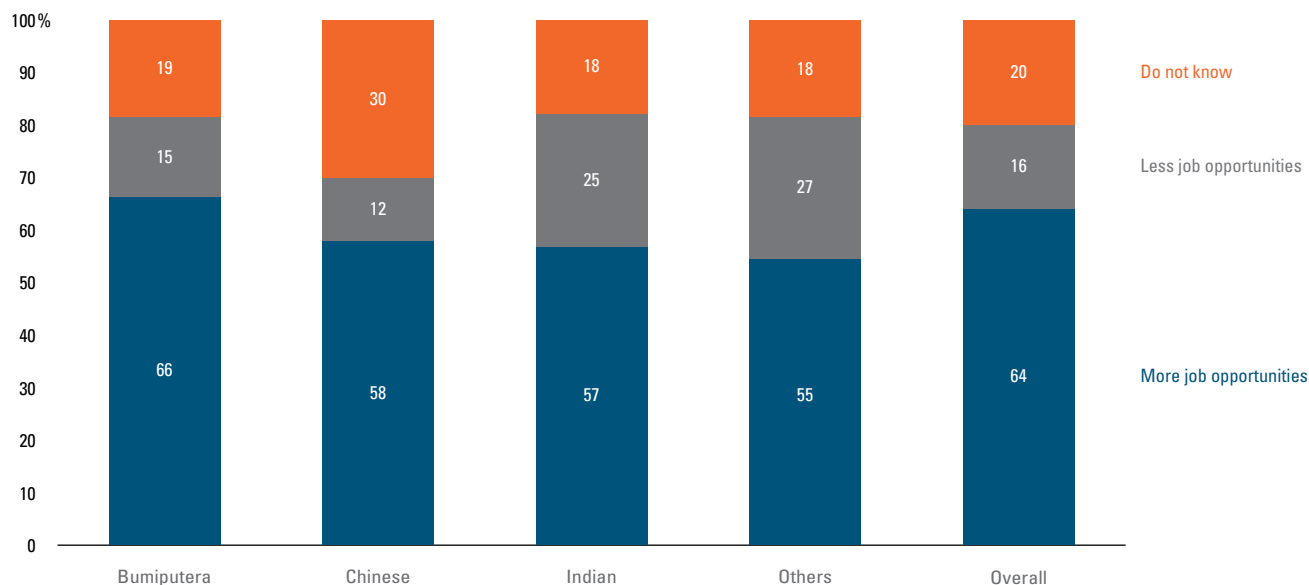
With 15% of tertiary students identifying IT-related and online businesses as their preferred employment sector (in Tables 3.8 and 3.9), it is understandable that they would tend to be optimistic about more and new forms of employment linked to the internet (Chart 3.17). Mobile internet connectivity, transaction platforms and modern technology such as smartphones, tablets and laptops mean greater opportunities for freelance jobs, multiple work streams and several and diverse income sources, particularly with the rise of the gig economy.

While both men and women appear equally confident about increased job opportunities with the Internet of Things (IoT), Chart 3.17 shows some ethnic differences. The Bumiputera tertiary students appear most confident that there will be more job opportunities. A quarter of the Indian students feel that there will be less job opportunities, while 30% of Chinese students say they do not know or are not sure of the impact of the internet on their job opportunities.

<sup>85</sup> MOHE (2015, p1-3), quoting from GEM (2013)

<sup>86</sup> Ibid., p.E-7

**Chart 3.17: Job opportunities linked to the internet by ethnicity of tertiary students**



Source: KRI (2018)

### They want both migrant and expatriate jobs

A lower percentage of tertiary students than upper secondary students feel that expatriates pose a threat to their job opportunities (Table 3.11)—this may be because they feel that they have higher education and skills than the upper secondary students to be able to compete with expatriates for available jobs. A relatively high percentage of tertiary students (41%) still feel they want the jobs held by unskilled or low-skilled migrant workers. Among the ethnic groups, the Bumiputera students are most likely to feel threatened by both migrant and expatriate workers.

Chart 3.18 shows that among the tertiary students, the Others and the Chinese (both are the least likely to want migrant jobs) view the migrants as benefitting the Malaysian economy because they provide the labour needed for industries. The Bumiputera tertiary students are more likely than the other ethnic groups to feel that migrants do not benefit the economy as they compete for jobs with locals and they also cause social problems. Where tertiary students agree that expatriates benefit the Malaysian economy, the reasons are related more to the fact that they increase demand and stimulate economic growth rather than because they fill a labour shortage.

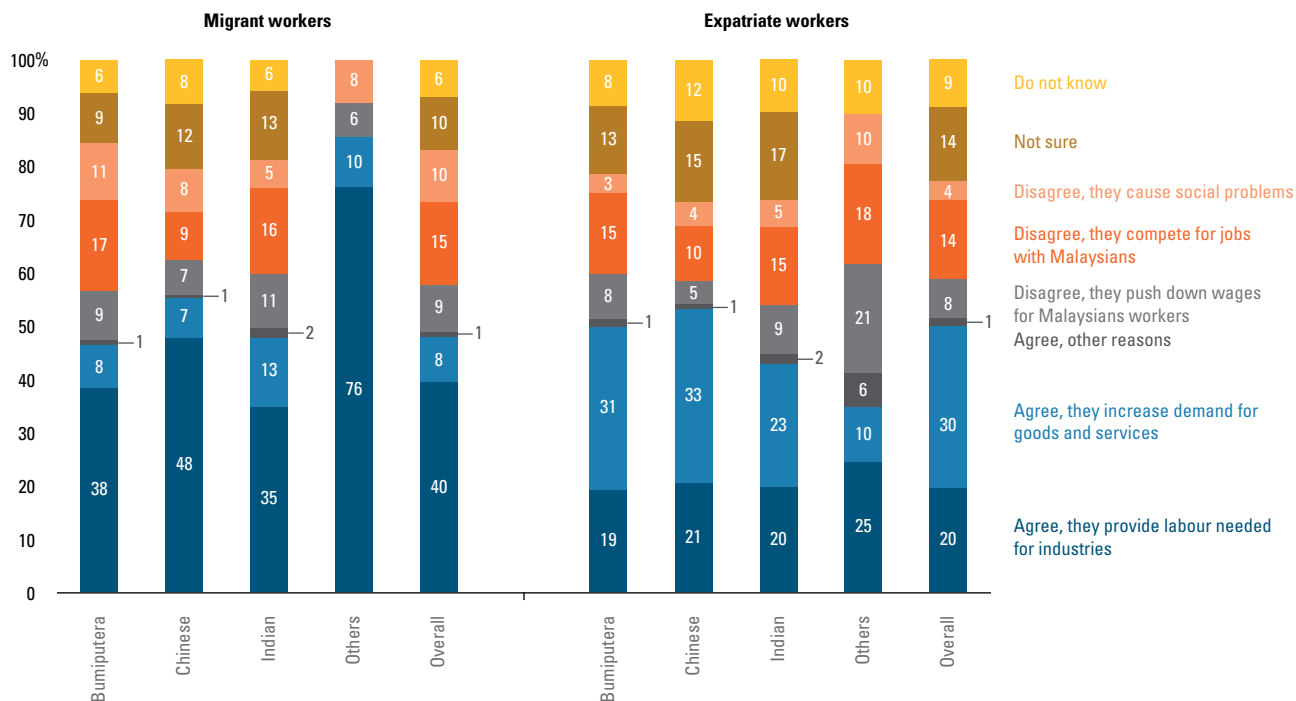
Tertiary students also agree with upper secondary students that the main reasons why employers hire migrant workers are that they are prepared to do the ‘3D’ (dirty, dangerous and difficult) jobs for lower wages, and work harder. As for why employers hire expatriate workers, the tertiary students feel the main reason is that they are more skilled or have expertise not possessed by locals (Chart 3.19).

**Table 3.11: Whether migrants/expatriates are a threat to job opportunities by ethnicity of tertiary and upper secondary students**

Competition from migrant and expatriate workers	Tertiary education					Upper secondary				
	B %	C %	I %	O %	Overall %	B %	C %	I %	O %	Overall %
<b>Migrant workers</b>										
Yes, compete for same types of job	43.3	30.2	42.7	21.6	41.0	37.6	30.1	31.9	36.8	36.4
No, do not want the jobs they are doing	23.5	29.9	22.1	38.8	24.5	36.6	33.0	36.1	39.3	36.1
Not sure	25.8	30.4	25.7	39.6	26.6	19.8	26.2	23.6	16.2	20.8
Do not know	7.4	9.4	9.4	0.0	7.9	6.0	10.7	8.4	7.7	6.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Expatriate workers</b>										
Yes, compete for same types of job	49.6	37.0	42.0	31.8	46.7	56.1	40.9	41.8	49.2	53.6
No, do not want the jobs they are doing	12.0	14.9	12.8	28.6	12.6	13.4	18.2	16.7	9.0	14.1
Not sure	28.5	35.6	31.6	39.6	30.0	22.9	29.0	30.9	34.1	24.0
Do not know	9.9	12.6	13.6	0.0	10.6	7.6	11.9	10.6	7.7	8.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

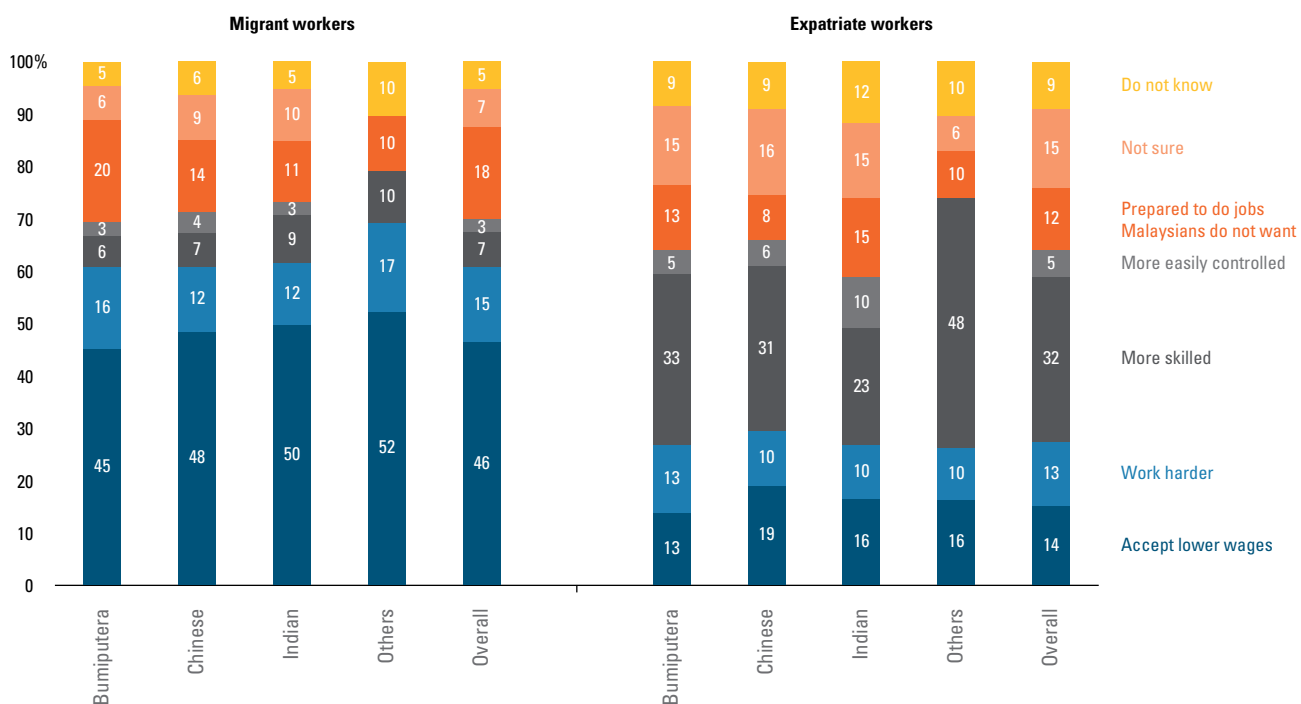
Note: B – Bumiputera, C – Chinese, I – Indian, O – Others  
Source: KRI (2018)

**Chart 3.18: Whether migrants/expatriates benefit the Malaysian economy by ethnicity of tertiary students**



Source: KRI (2018)

**Chart 3.19: Reasons why employers hire migrants/expatriates by ethnicity of tertiary students**



Source: KRI (2018)

## Transitioning from tertiary education into the labour market

When asked about their plans upon completing their current level of education, it is understandable that the majority of upper secondary students would want to go for further education while, on the other hand, the majority of tertiary students want to start working (Table 3.12). Only 35% of tertiary students plan to continue with their studies for more advanced degrees or training. More than half intend to enter the job market, while another 5% plan to start their own business or take over their family business. The Chinese students are least likely to want to continue studying and appear to be the most keen to enter the labour market (Chart 3.20).

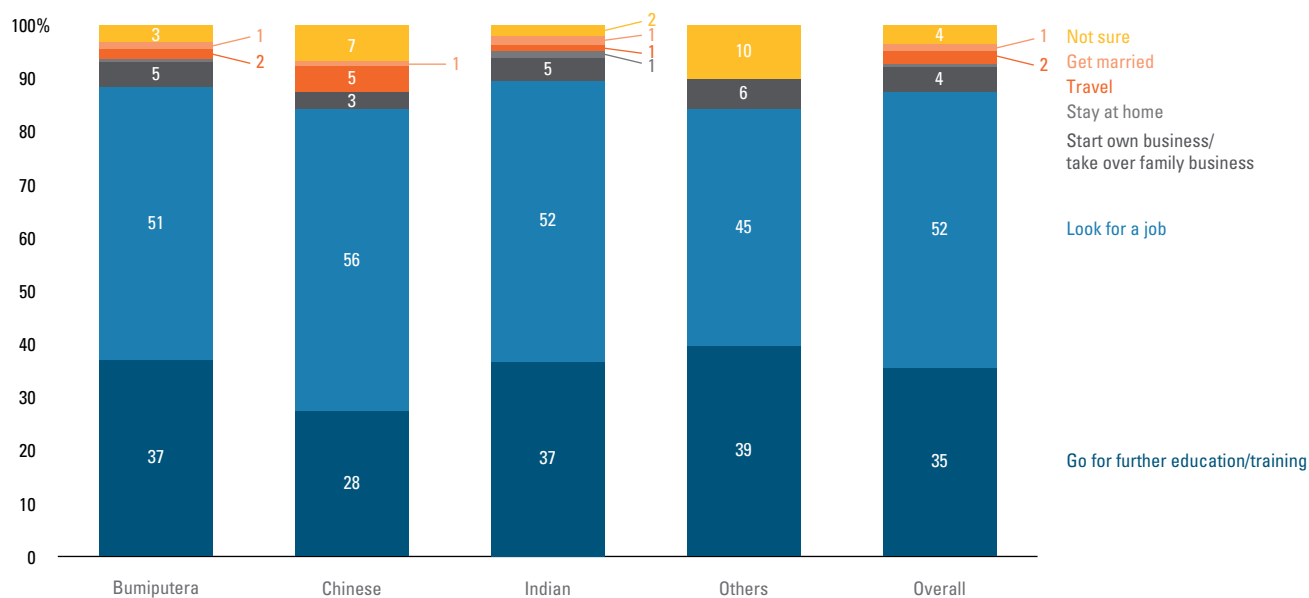
The female tertiary students are more likely than the males to say that they plan to look for a job upon completing their current studies—surprising because other findings have confirmed that the women are more academically inclined and therefore could be expected to want to continue to further their education (Chart 3.21).

**Table 3.12: Plan upon completing current education by ethnicity of youth in tertiary and upper secondary education**

Plan after completing education	Tertiary education					Upper secondary				
	B %	C %	I %	O %	Overall %	B %	C %	I %	O %	Overall %
Go for further education/training	37.0	27.6	36.5	39.5	35.4	68.3	66.6	70.4	67.7	68.1
Look for a job	51.2	56.5	52.3	44.7	52.1	21.8	20.8	15.3	9.2	21.4
Start own business	4.8	3.1	4.6	5.6	4.5	2.4	2.3	2.7	0.0	2.4
Stay at home	0.4	0.1	1.3	0.0	0.5	0.7	0.9	0.5	0.0	0.7
Travel	1.9	4.8	1.3	0.0	2.4	2.0	2.0	5.0	7.7	2.1
Get married	1.3	1.1	1.3	0.0	1.2	0.5	0.1	1.1	0.0	0.4
Not sure	3.3	6.7	2.2	10.2	3.8	3.9	7.1	4.3	15.4	4.4
Other	0.1	0.2	0.6	0.0	0.1	0.4	0.2	0.7	0.0	0.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

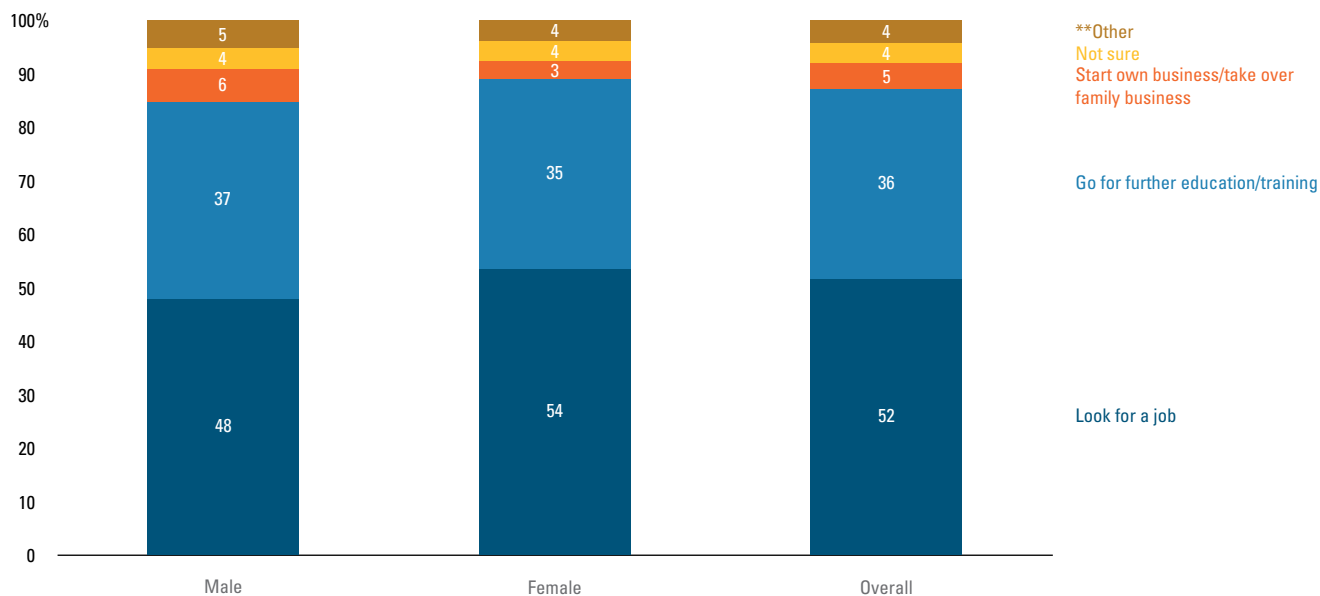
Note: B – Bumiputera, C – Chinese, I – Indian, O – Others  
Source: KRI (2018)

**Chart 3.20: Plan upon completing current education by ethnicity of tertiary students**



Source: KRI (2018)

**Chart 3.21: Plan upon completing current education by sex of tertiary students**

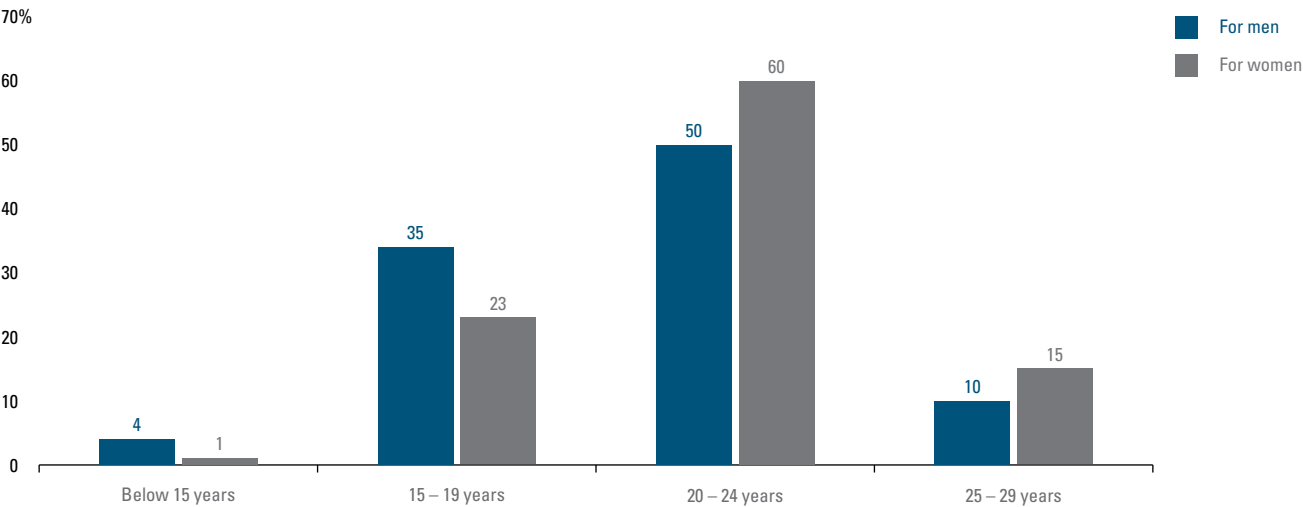


Note: The chart displays top five values. \*\*Other plans include travel, getting married and staying at home  
Source: KRI (2018)

They say both men and women should start working between 20 and 24 years

When asked about a good age to start working, upper secondary students say that men should start working between 15 and 19 years while women should start later between 20 and 24 years—likely linked to the finding that more boys intend to enter the labour market while women want to go on for higher education. But tertiary students, both male and female, whose average age is already 20 years and who are already in higher education, say the best age for both sexes to start working is 20 – 24 years (Chart 3.22).

Chart 3.22: Good age to start working for men and women



Note: Above 30 years is not shown due to small percentages (less than 0.5%)  
Source: KRI (2018)

They are not prepared to wait more than six months to get the job they want

Less than 20% of tertiary students are prepared to wait beyond a maximum of six months for getting the job they want—as compared to about 35% of upper secondary students. Furthermore, only 11% of tertiary students are prepared to wait for as long as it takes, whereas 21% of upper secondary students say they are prepared to wait for the job they want (Table 3.13). The difference is likely because the tertiary students are older, have already invested in their education and more anxious to start earning. Whether the waiting period indicated by tertiary students is realistic can be assessed in relation to the time it takes for graduates to get their first jobs. According to the Graduate Tracer Study for 2015, at least 90% of university graduates reported that they were able to get their first jobs (but not necessarily the job they want) within six months<sup>87</sup>.

There are no distinct differentials by family status. Tertiary students from different family backgrounds indicate more or less the same waiting periods for getting the job they want (Chart 3.23).

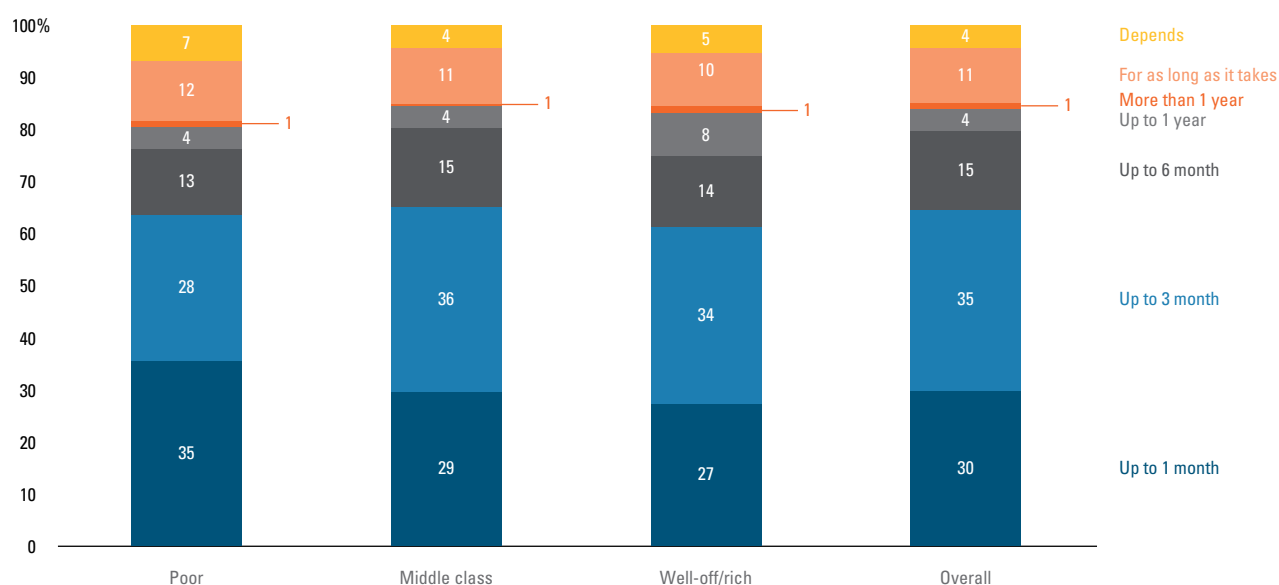
87 MOE (2015, p.67)

**Table 3.13: Length of time prepared to wait for desired job by ethnicity of youth in tertiary and upper secondary education**

Length of time prepared to wait	Tertiary education					Upper secondary				
	B %	C %	I %	O %	Overall %	B %	C %	I %	O %	Overall %
Up to 1 month	28.8	34.9	32.0	24.0	30.1	27.7	45.1	33.3	21.1	30.2
Up to 3 months	33.0	40.7	37.2	26.3	34.7	25.9	26.5	23.3	40.3	25.9
Up to 6 months	15.6	10.4	14.5	29.2	14.7	9.2	7.3	13.0	15.4	9.1
Up to 1 year	4.8	3.9	3.2	10.3	4.5	3.2	2.8	3.9	0.0	3.2
More than 1 year	0.8	0.6	1.0	0.0	0.8	3.3	2.0	4.3	0.0	3.2
For as long as it takes	11.7	7.4	9.5	10.3	10.8	23.0	12.3	17.9	23.2	21.4
Depends	5.3	2.1	2.6	0.0	4.5	7.6	4.1	4.3	0.0	7.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: B – Bumiputera, C – Chinese, I – Indian, O – Others  
Source: KRI (2018)

**Chart 3.23: Length of time prepared to wait for desired job by family status of tertiary students**



Source: KRI (2018)



## They expect to get managerial, administrative or professional jobs

Upon completing tertiary education, the students will be older and better qualified and, therefore, realistically can expect to get better jobs than upper secondary students (Table 3.14). More than half of the tertiary students expect to get managerial/administrative or professional jobs, whereas the most commonly cited job expectations of upper secondary students are in services and sales. Only 16% of tertiary students expect jobs in services or sales. Among the ethnic groups, Chart 3.24 shows that the Indians, Others and Chinese have the highest expectations of getting into professional occupations, whereas the Bumiputeras are more likely to expect managerial or administrative jobs. Among the Other students, the percentage expecting to find technical and related jobs (18%) is almost the same as for managerial and administrative jobs.

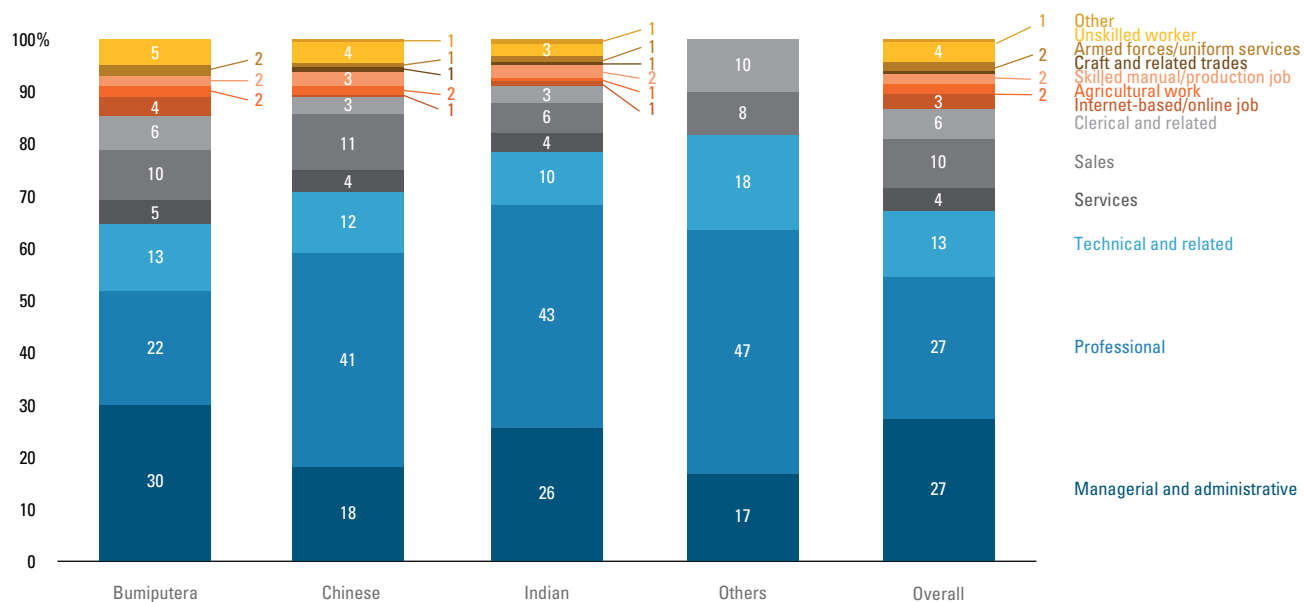
Roughly the same proportion of female and male tertiary students expect to go into professional jobs, but a much higher proportion of females than males (by 9 percentage points) expect to find managerial or administrative jobs (Chart 3.25). On the other hand, the males outnumber the females by 12 percentage points for expected technical and related jobs. There are no gender differences in the proportions expecting to have jobs in services or sales; but a very slightly higher proportion of females expect internet-based or online jobs.

**Table 3.14: Expected job upon completing tertiary and upper secondary education by ethnicity**

Expected job	Tertiary education					Upper secondary				
	B %	C %	I %	O %	Overall %	B %	C %	I %	O %	Overall %
Managerial and administrative	29.9	18.1	25.5	16.6	27.4	12.1	6.8	9.5	4.0	11.3
Professional	21.6	40.8	42.6	46.6	26.9	9.7	8.2	15.0	13.9	9.7
Technical and related	13.1	11.7	10.1	18.3	12.6	8.7	7.7	5.4	3.1	8.4
Clerical and related	4.5	4.1	3.8	0.0	4.4	7.0	3.4	5.3	15.4	6.5
Services	9.8	11.0	5.7	8.2	9.6	14.3	26.6	20.2	13.5	16.1
Sales	6.5	3.1	3.4	10.3	5.6	14.2	18.5	9.8	16.6	14.6
Agricultural workers	3.5	0.7	0.6	0.0	2.8	2.1	0.6	1.7	0.0	1.9
Craft and related trades	2.2	1.6	0.9	0.0	1.9	7.7	2.7	5.3	8.3	6.9
Skilled manual/production job	1.9	2.8	2.5	0.0	2.1	2.6	3.5	5.6	10.2	2.8
Unskilled manual/production job	0.2	0.8	0.5	0.0	0.3	2.6	2.8	2.7	0.0	2.6
Uniform services	1.9	0.5	0.9	0.0	1.6	6.1	1.1	7.8	7.9	5.5
Internet-based/online job	4.6	4.1	2.6	0.0	4.3	11.7	14.3	10.6	7.0	12.0
Other	0.4	0.8	1.0	0.0	0.5	1.3	3.9	1.3	0.0	1.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

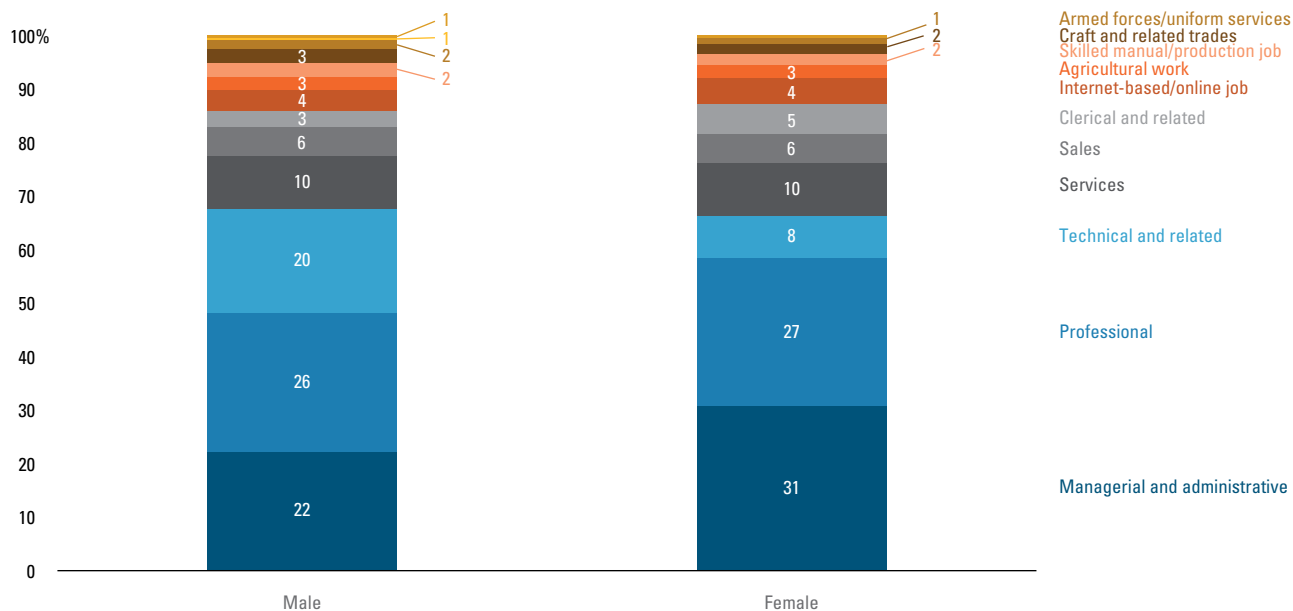
Note: B – Bumiputera, C – Chinese, I – Indian, O – Others  
Source: KRI (2018)

**Chart 3.24: Job expectation by ethnicity of tertiary students**



Source: KRI (2018)

**Chart 3.25: Job expectation by sex of tertiary students**



Note: Other and unskilled workers are not shown due to small percentages (less than 1.0%)

Source: KRI (2018)

### Their mean reservation wage is RM2,400 per month

When asked about the minimum salary they would accept for a job, the answers given by tertiary students ranged from RM500 to RM10,000 a month, this distribution range is narrower and less skewed than that of the upper secondary students<sup>88</sup>. For the tertiary students, the mean is about RM2,400 while the median and mode are both RM2,000 (Table 3.15). It is useful to clarify that the reservation wage (that is, the lowest wage rate at which a worker would be willing to accept a particular type of job) is not necessarily the asking wage of tertiary students when applying for a job—they might ask for more than RM2,000 but would be willing to accept RM2,000.

A common perception is that the wage expectations of young people are ‘unrealistic’, explaining their high unemployment rate<sup>89</sup>. A recent JobStreet Malaysia survey reported that unrealistic salary and benefit expectations top the list of reasons why youth are not finding jobs (the other reasons are too picky about the job or company, poor character, attitude or personality, poor command of the English language and poor overall communication skills)<sup>90</sup>. According to the survey, more than two-thirds of the employers complained that fresh graduates are asking too much, with starting salaries of between RM2,400 to RM3,000.

Since the issue of whether young people have unrealistic wage expectations and are asking for too much pertains not just to tertiary students but also to other groups, particularly job seekers, the issue is discussed at greater length in the next chapter.

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88 The minimum salary stated by upper secondary students ranged from RM100 to RM9 million, indicating either that they had unrealistic expectations or that they did not fully understand the question.

89 HR in Asia (2017) and FMT News (2017)

90 Balakrishnan (2017)

**Table 3.15: Lowest (reservation) monthly wage tertiary students would accept for a job (RM)**

Characteristics	Mean RM	Median RM	Mode RM
<b>Sex</b>			
Male	2,587	2,300	2,000
Female	2,344	2,000	2,000
<b>Ethnicity</b>			
Bumiputera	2,276	2,000	2,000
Chinese	2,882	2,500	3,000
Indian	2,869	2,500	2,500
Others	2,511	2,500	2,500
<b>Type of institution</b>			
Public Universities	2,336	2,000	2,000
Institutes for Teachers Education	2,543	2,500	2,500
Matriculations Colleges	2,870	2,500	2,000
Polytechnics	1,972	2,000	2,000
Community Colleges	2,200	2,000	2,000
Private Universities	2,690	2,500	3,000
University Colleges	2,359	2,000	3,000
Overseas Colleges Branches	3,010	2,900	3,000
Colleges	2,387	2,000	2,000
<b>Family status</b>			
Poor	2,292	2,000	2,000
Middle class	2,449	2,000	2,000
Well-off/rich	2,648	2,500	3,000
<b>Current level of education</b>			
Pre-university	2,945	2,500	2,000
Certificate/diploma	2,197	2,000	2,000
Bachelor degree	2,498	2,500	2,000
Professional degree	2,921	2,500	2,500
Advanced degree	2,374	2,000	2,000
PhD	3,342	3,000	1,000
<b>Total</b>	<b>2,435</b>	<b>2,000</b>	<b>2,000</b>

Source: KRI (2018)

# CHAPTER

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# 04

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## YOUNG JOB SEEKERS

The chapter distinguishes youth by their job search status and describes how they go about their job search, including the barriers and opportunities for getting the job they want. It examines the factors, including education and skill qualifications, family background and youth life goals and job expectations that affect their job search.

### The profile of young job seekers

In the SWTS, a job seeker is a young man or woman aged between 15 and 29 years who:

- Is entering the job market for the first time upon completing his/her education or training;
- Had worked before but is currently unemployed and actively looking for work; or
- Is currently working but actively looking to change jobs.

Actively looking for work means that the person has taken specific steps in a specified recent period to seek paid employment or self-employment. The specific steps can also include participation in an employability training programme.

The first-time job seekers and also those who are currently not in paid employment or self-employment but actively seeking work and are available for work would count as the ‘actively unemployed’. The third category of job seekers who are currently employed but actively looking to change jobs would count as ‘employed’ but is included in the survey because, using the International Labour Office (ILO) definition, a person has not completed the labour market transition until he/she is settled in a ‘decent’ job that provides a sense of security or a job that the person feels personally satisfied with<sup>91</sup>.

The SWTS did not cover youth who are not employed nor in education or training (the NEETs) and not actively looking for work. But it is useful to clarify the different components of the NEETs. Those who are not employed and not actively looking for work are often, but not always, ‘discouraged youth’—those who have given up searching for jobs for reasons that imply a sense of despair about the labour market. In statistical terms, discouraged youth are without work and available to work but did not seek work for one of the following reasons: not knowing how or where to seek work, an inability to find work matching their skills, previous job searches had led to no results, feeling too young to find work, and the sense that no jobs were available in the area<sup>92</sup>. There could also be youth who are not actively looking for work because they are not available for work—because they have restricted labour mobility, or they have other responsibilities or they face social or cultural constraints. Those who are not in education or training (the inactive non-students) often face some form of marginalization or exclusion. Although the SWTS was not able to directly canvass the NEETs, it is important to point out that the proportion of youth not in employment, education or training is a target for the 2030 Sustainable Development Goals (SDGs) that Malaysia is committed to achieve<sup>93</sup>.

91 Elder (2009, p.7)

92 See for example, Elder (2015)

93 DOS (n.d.)

**Table 4.1: Characteristics of young job seekers**

Characteristics	Frequency	Percentage
<b>Status</b>		
First-time job seeker	2,136	37.5
Worked before but currently unemployed	2,076	36.4
Currently working but looking for other work	1,484	26.1
<b>Age</b>		
15 – 19	1,508	26.5
20 – 24	2,963	52.0
25 – 29	1,225	21.5
<b>Sex</b>		
Male	2,317	40.7
Female	3,379	59.3
<b>Strata</b>		
Urban	4,259	74.8
Rural	1,437	25.2
<b>Ethnicity</b>		
Bumiputera	4,970	87.3
Chinese	432	7.6
Indian	275	4.8
Others	19	0.3
<b>States</b>		
Johor	382	6.7
Kedah	378	6.6
Kelantan	394	6.9
Melaka	365	6.4
Negeri Sembilan	371	6.5
Pahang	375	6.6
Penang	373	6.5
Perak	380	6.7
Perlis	331	5.8
Selangor	396	7.0
Terengganu	375	6.6
Sabah	383	6.7
Sarawak	334	5.9
Kuala Lumpur	376	6.6
Labuan	266	4.7
Putrajaya	217	3.8
<b>Total</b>	<b>5,696</b>	<b>100.0</b>

Source: KRI (2018)

Table 4.1 shows the characteristics of the job seekers covered in the SWTS. The total sample size is 5,696 young job seekers. It is important to note that the analysis that follows is confined to this group and is not nationally representative—because no national sampling frame was available and non-probability sampling techniques were used.

Although the SWTS data for job seekers is not nationally representative, it is still useful to consider the data in relation to information from the Labour Force Survey 2017 for Malaysia (Table 4.2). The higher proportion of women to men among the job seekers is reflective of the gender differences in national unemployment rates, where young females have substantially higher unemployment than young males in rural areas although young men tend to have slightly higher unemployment than young women in urban areas. The table confirms that the youngest age group is most likely to be unemployed and that the unemployment rate falls with age. It also reveals significant differences in unemployment rates by ethnicity, with the group of Others and the Indians having the greatest difficulties in finding jobs and the young Chinese with the lowest unemployment rates.

**Table 4.2: Unemployment rates, Malaysia 2017**

Characteristics	Unemployment rate (%)											
	15 – 19 years			20 – 24 years			25 – 29 years			Overall		
Strata and sex	M	F	O	M	F	O	M	F	O	M	F	O
Urban	17.2	16.4	16.9	10.1	9.9	10.0	4.3	3.7	4.1	3.5	3.4	3.5
Rural	10.6	16.1	12.3	6.8	11.7	8.5	2.1	5.1	3.1	2.5	4.0	3.0
<b>**Overall</b>	<b>14.9</b>	<b>16.3</b>	<b>15.4</b>	<b>9.2</b>	<b>10.3</b>	<b>9.6</b>	<b>3.8</b>	<b>4.0</b>	<b>3.9</b>	<b>3.3</b>	<b>3.5</b>	<b>3.4</b>

Characteristics	Unemployment rate (%)			
	15 – 19 years		20 – 24 years	
Ethnicity and age				
Bumiputera	19.1		12.9	
Chinese	13.4		7.5	
Indian	24.9		13.6	
Others	25.9		15.4	
<b>***Overall</b>	<b>18.7</b>		<b>11.9</b>	

Note: M – Males, F – Females, O – Overall

\*\* Total for Malaysian and non-Malaysian citizens

\*\*\* Total only for Malaysian citizens

Source: DOS (2018-a, pp.132 – 133)

## Most have yet to form their own families

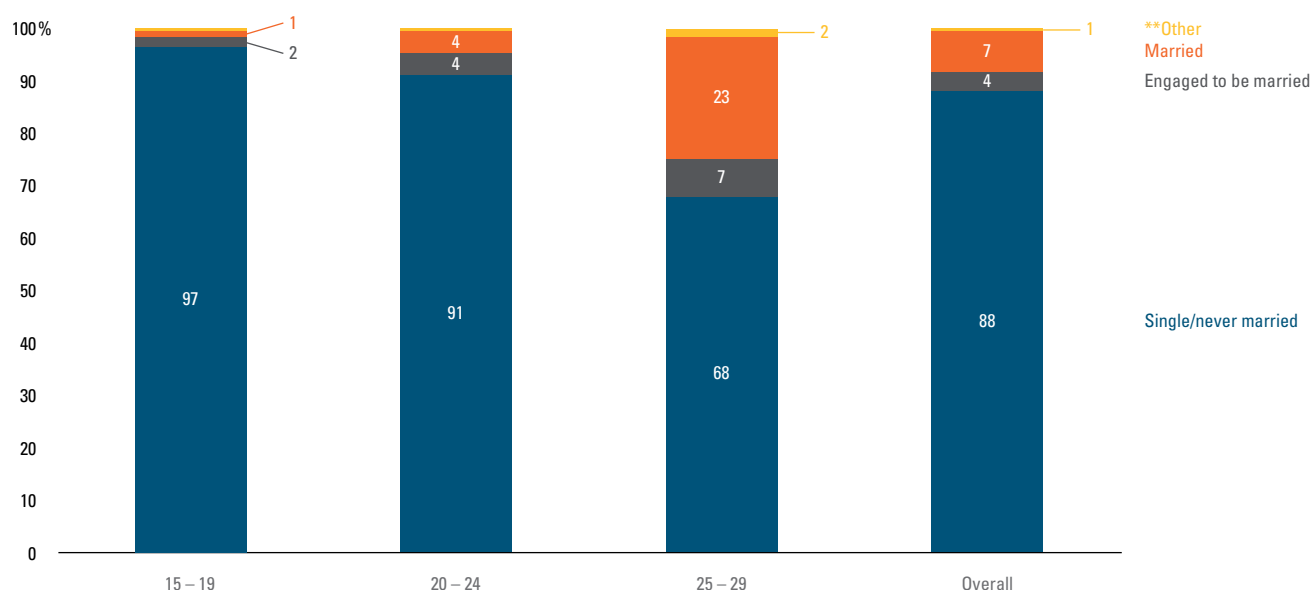
The mean and median age of the job seekers is 22 years, while the modal age is 23 years. Three-quarters of the young job seekers are in urban areas, but the distribution by states is fairly equal. By ethnicity, 87% are Bumiputeras. The ratio of female to male job seekers in the sample is almost 1.5 to 1 (Table 4.1).

The large majority of those below 25 years of age are single, while 30% of those above 25 years are married or engaged to be married (Chart 4.1). Among those who are married, the average number of children is 1. The stage of their own family formation can influence their job seeking decisions—those who are single may be able to afford to be choosier and to take their time finding a job whereas those with family responsibilities may be more pressured in their job search.



Responsibilities towards other family members can also influence their transition into the labour market—a large number of siblings, particularly younger siblings, may mean that they have to financially contribute to family support. Bumiputera youth tend to have a larger number of siblings, as do youth in rural areas and also those from poor family backgrounds (Table 4.3).

**Chart 4.1: Current marital status by age of job seekers**



Note: The chart displays top three values. \*\*Other statuses include separated, divorced and widowed  
Source: KRI (2018)

**Table 4.3: Number of siblings by characteristics of job seekers**

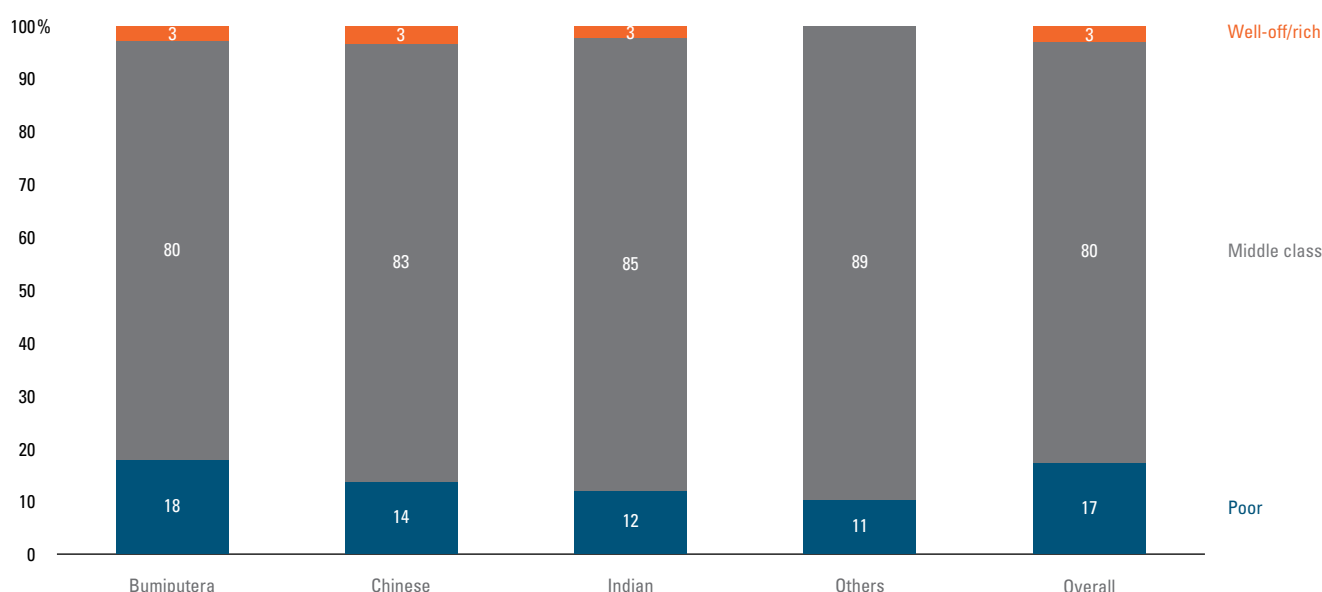
Characteristics	Mean	Median	Mode	Minimum	Maximum
<b>Ethnicity</b>					
Bumiputera	4	4	3	0	16
Chinese	2	2	2	0	10
Indian	3	2	2	0	13
Others	2	2	1	0	5
<b>Strata</b>					
Urban	4	3	3	0	16
Rural	4	4	3	0	12
<b>Family status</b>					
Poor	4	4	3	0	12
Middle-class	4	3	3	0	16
Well-off/rich	3	3	3	0	11

Source: KRI (2018)

## Most consider their family background to be ‘middle-class’

In addition to responsibilities for a spouse and children and/or siblings, family status could also influence entry into the labour market. When asked to assess their family background, 80% of all young job seekers consider their families to be ‘middle-class’. The group of Other job seekers are the least likely to consider their families ‘poor’ while the Bumiputeras indicate the highest percentage of ‘poor’ family background (Chart 4.2).

**Chart 4.2: Family status by ethnicity of job seekers**



Source: KRI (2018)

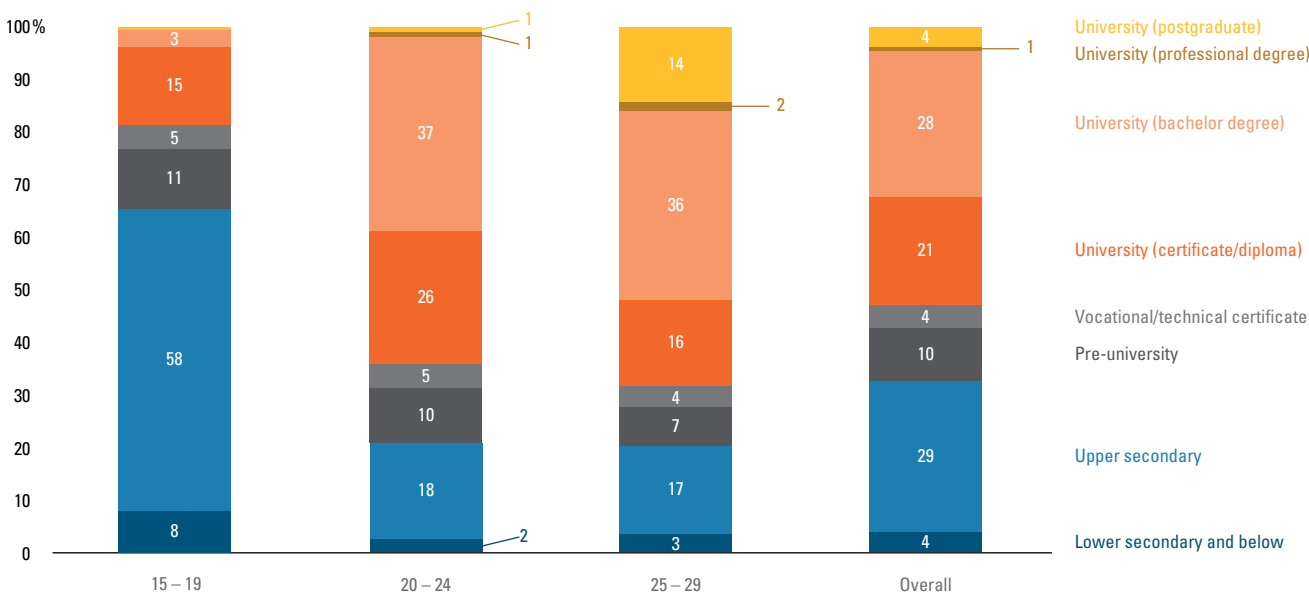
## Half of the job seekers have a tertiary education

A third of all job seekers had dropped out of the education system before reaching the pre-university level but, on the other hand, 53% have at least a certificate or diploma at tertiary level. It is worth highlighting that only 4% of job seekers have technical and vocational education and training—this could either be linked to the fact that TVET is not popular among youth or could mean that those equipped with such qualifications have higher employability and are therefore less likely to be among those still looking for jobs. As would be expected, the older job seekers have higher levels of qualification—two-thirds of those aged above 20 years have a tertiary education whereas 66% of those below 20 years had completed only upper secondary schooling or lower (Chart 4.3).

Also, the level of education of job seekers rises with family status, as evident in Chart 4.4. The pattern of women having higher educational achievements than men is also clear among the job seekers; there is an 11 percentage point difference between female and male job seekers having a tertiary education (Chart 4.5). Urban job seekers also tend to have higher educational qualifications than those in rural areas (Chart 4.6).

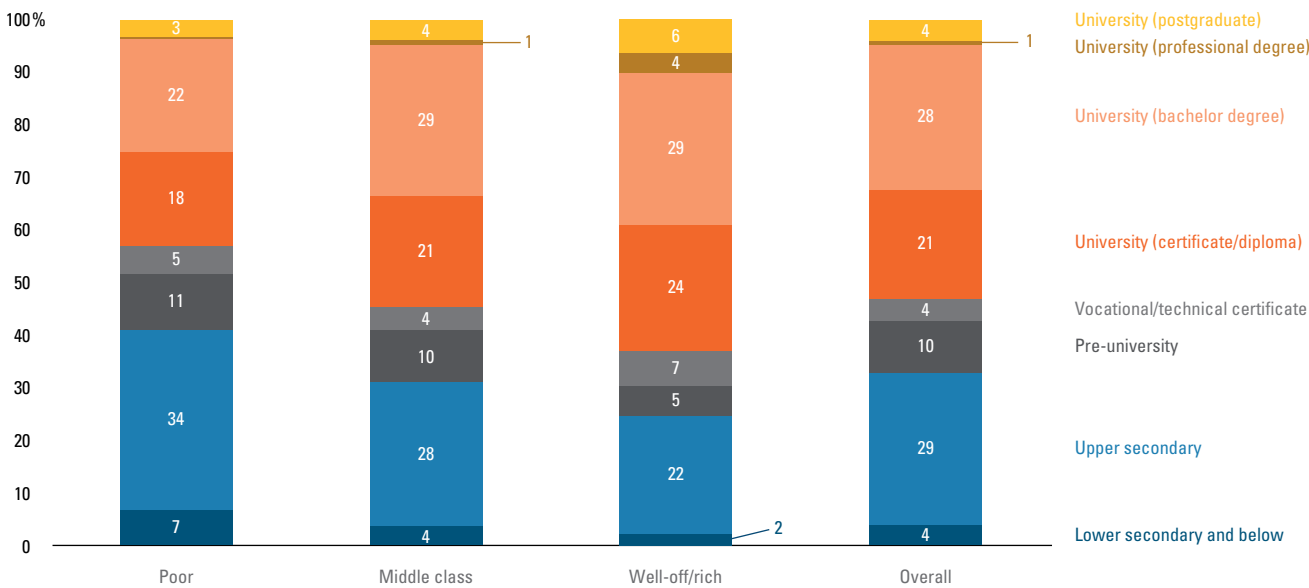
The main reason (for three-quarters of all young job seekers) for stopping their education and making the transition into the labour market is that they finished their education or training courses. The second most important reason is to start working. Only 4% of all job seekers claim they stopped their education to earn money to support their families (Chart 4.8). There are no distinct differences by gender but those from poor family backgrounds are more likely to have stopped their education because they could not afford to continue (Chart 4.7). By ethnicity, Chart 4.8 shows that a much higher proportion of Chinese youth than any of the other groups stopped their education so that they could start working.

Chart 4.3: Educational level by age of job seekers



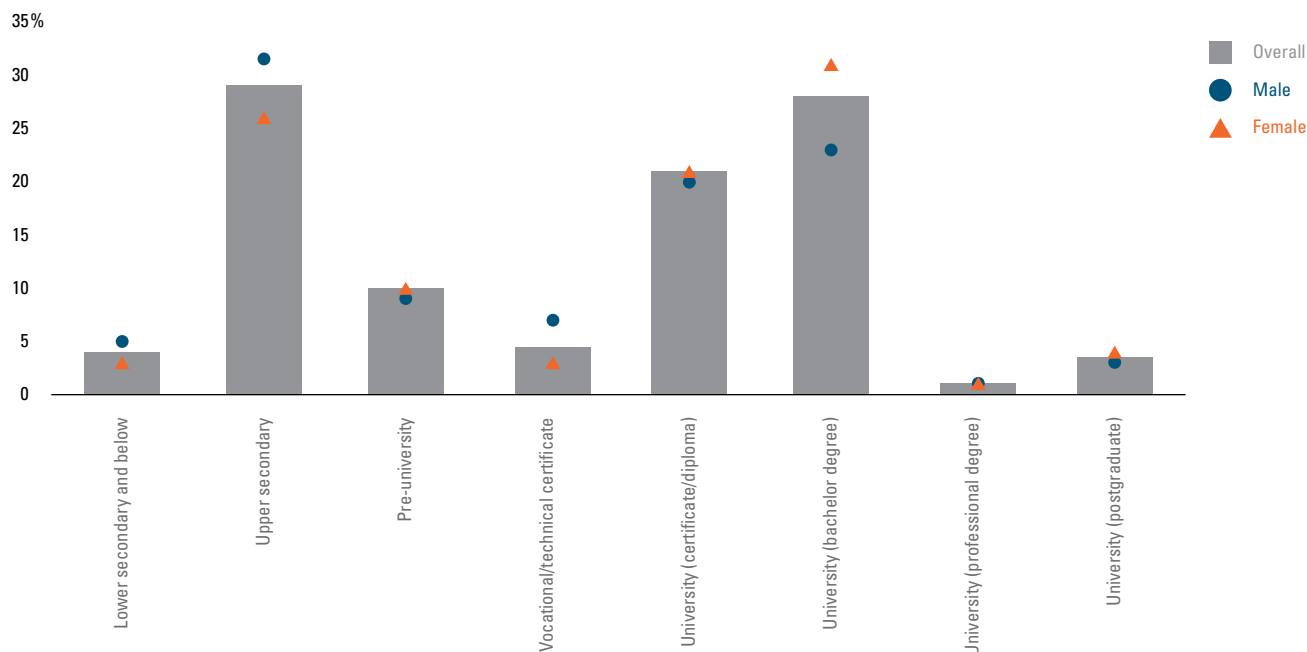
Note: Other is not shown due to small percentages (less than 0.5%)  
Source: KRI (2018)

Chart 4.4: Educational level by family status of job seekers



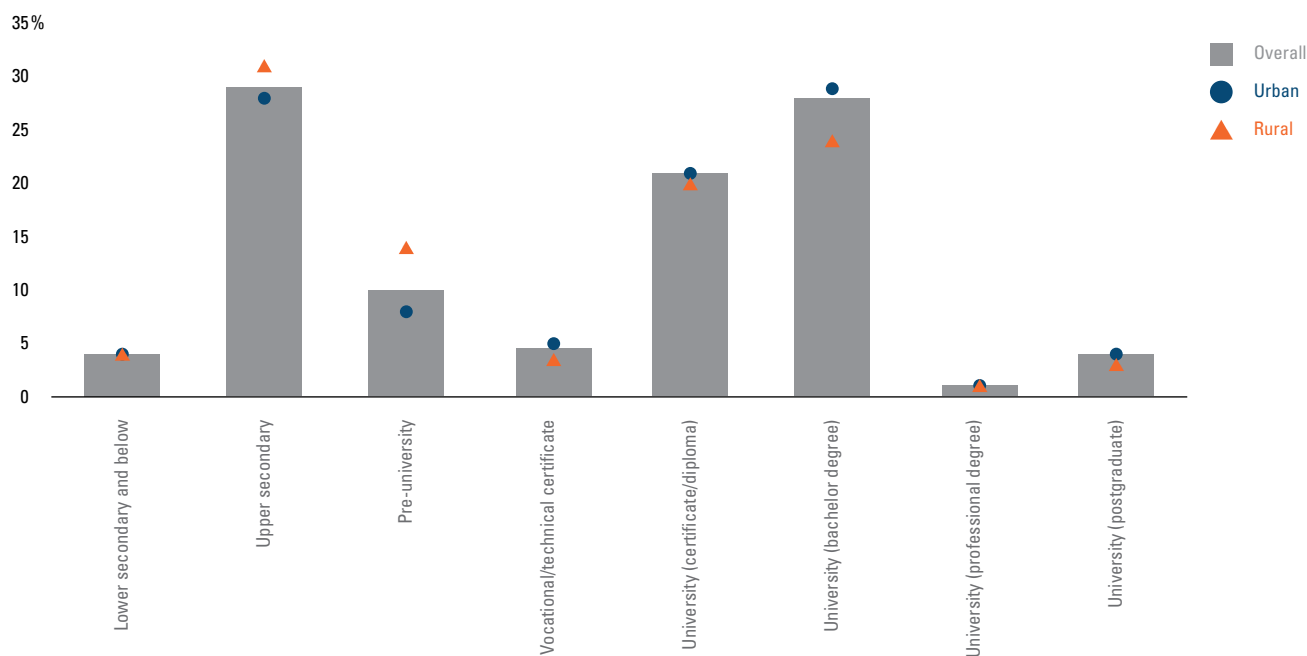
Note: Other is not shown due to small percentages (less than 0.5%)  
Source: KRI (2018)

**Chart 4.5: Educational level by sex of job seekers**



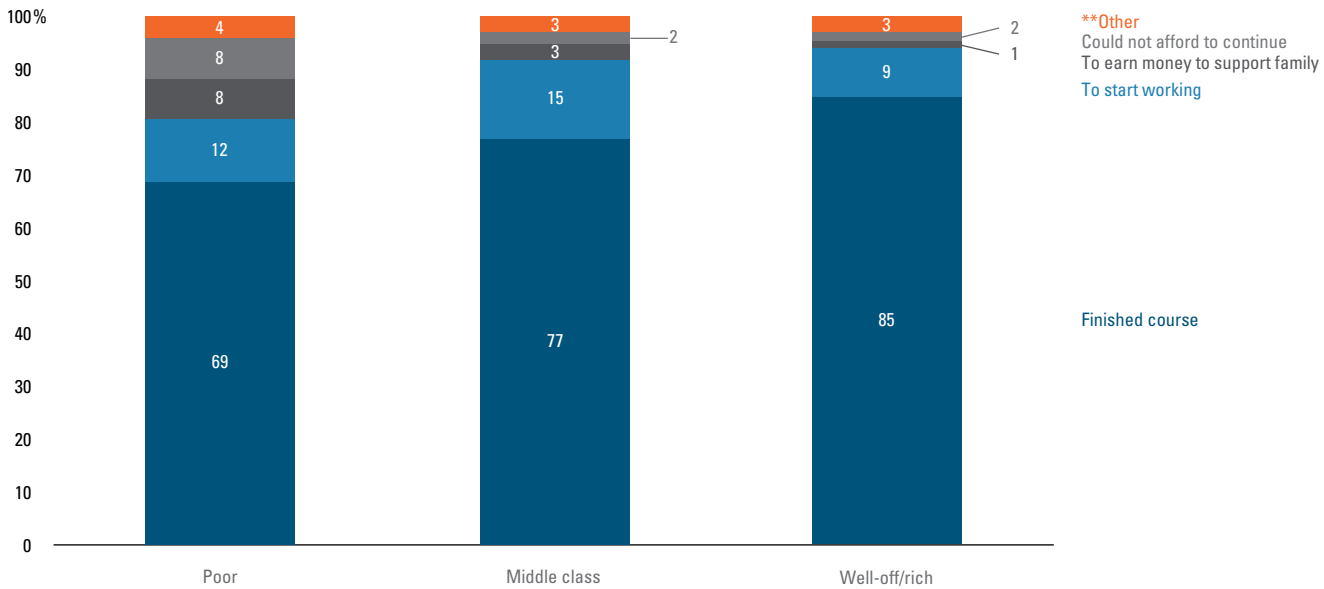
Note: Other is not shown due to small percentage (less than 0.5%)  
Source: KRI (2018)

**Chart 4.6: Educational level by rural-urban location of job seekers**



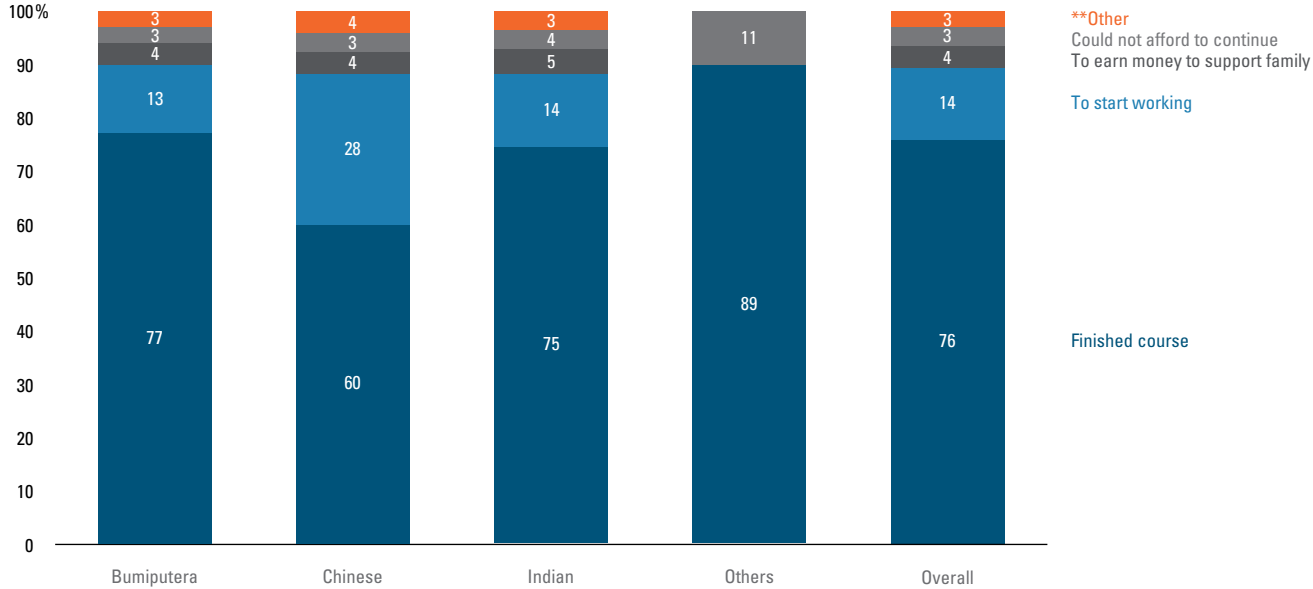
Note: Other is not shown due to small percentage (less than 0.5%)  
Source: KRI (2018)

Chart 4.7: Main reason for stopping education by family status of job seekers



Note: The chart displays top four values. \*\*Other reasons include failed examination, to get married and charged with disciplinary action  
Source: KRI (2018)

Chart 4.8: Main reason for stopping education by ethnicity of job seekers



Note: The chart displays top four values. \*\*Other reasons include failed examination, to get married and charged with disciplinary action  
Source: KRI (2018)

## They have higher educational qualifications than their parents

It is clear from Table 4.4 that the young job seekers are more highly qualified than their parents. Only 25% of fathers and 20% of mothers have tertiary qualifications as compared to more than half the young job seekers. It is worth noting that the pattern of mothers having lower levels of education than fathers is consistent with the earlier finding for youth in tertiary education that among the generation of parents, the women were disadvantaged. Over one generation, however, Chart 4.5 had shown that the current young women far excel in education compared to the men. However, as noted earlier, the data of much higher proportions of females among the job seekers would suggest that they still face greater difficulties finding employment.

**Table 4.4: Educational level of job seekers by educational level of parents**

<b>Educational level</b>	<b>Job seekers %</b>	<b>Fathers %</b>	<b>Mothers %</b>
No formal education	0.8	4.3	5.3
Primary	0.8	11.3	11.8
Lower secondary	2.4	11.3	11.7
Upper secondary	28.6	37.4	41.7
Pre-university	9.9	5.1	7.5
Vocational/technical certificate	4.5	3.6	1.5
Tertiary (certificate/diploma)	20.7	9.8	8.2
Tertiary (bachelor degree)	27.7	10.2	8.2
Tertiary (professional degree)	0.9	1.7	1.1
Tertiary (master degree)	3.4	2.5	1.5
Tertiary (PhD)	0.2	0.9	0.9
Other	0.0	1.8	0.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

## Their main fields of study affect their employability

In addition to their level of education or training, the job seekers were also asked about their field of study or specialisation—to get a sense of how the young women and men are qualified for the job market. While it is not strictly possible to assess employability from their field of study, it is still useful to consider how these qualifications match the jobs in demand in Malaysia's current labour market. Text Box 4.1 lists the most in-demand jobs in Malaysia and the appropriate education for employability in such jobs.

A third of young job seekers have qualifications in the fields of social science, business and law. Another one-fifth (heavily dominated by young men) have specialisations related to engineering, manufacturing and construction (Chart 4.9). Those with other qualifications, such as in communications and information technology or education, are not strongly represented among the job seekers (which may imply that they have had less difficulties finding jobs and are already employed and therefore not represented in this SWTS group).

**Text Box 4.1: Education for most in-demand jobs in Malaysia**

Based on the Critical Occupations List 2017/2018<sup>94</sup>, ten of Malaysia's most in-demand jobs and the qualifications for such jobs are:

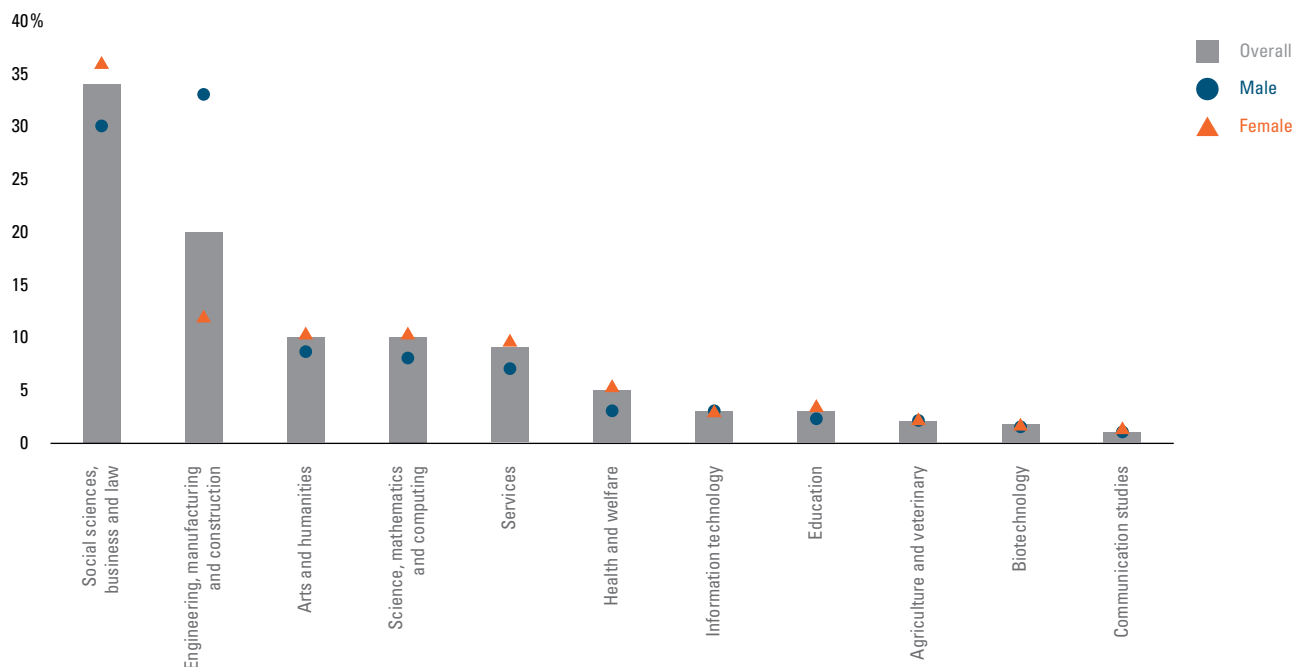
1. **Engineering:** Some of the in-demand engineering jobs include civil engineer, mechanical engineer, chemical engineer, electrical/electronics engineer, mechatronics engineer, mining engineer and research and development manager. Engineering technicians with diplomas are also sought after.
2. **Information and Communication Technology (ICT):** As technology, such as artificial intelligence (AI), cloud computing and big data becomes increasingly important in the workplace, companies of all sectors are urgently seeking ICT professionals, including systems analyst, software developer, applications programmer, database administrator and network engineer.
3. **Business:** Despite a large number of graduates in this field, companies are reporting a shortage of business professionals with relevant working experience. Employers are reportedly looking for talent with specialisations in marketing, business administration, finance, economics and management.
4. **Accounting:** Employers have a preference for those with a professional accounting qualification. The in-demand accounting jobs include auditor, tax consultant, account executive, management accountant and financial controller.
5. **Actuarial science:** While actuaries are critically needed in the insurance industry, their data-driven problem-solving skills are also required across other fields, including the financial services sector (banks, investment companies, etc.) and government bodies, making them high in demand.
6. **Occupational safety and health:** This is a new entrant into the Critical Occupations List. With many workplace accidents reported, companies are taking precautionary measures to ensure the safety of their staff on the ground, as well as to comply with safety regulations. Some of the in-demand jobs include industrial safety officer, technical safety officer and occupational health and safety officer.
7. **Education:** The education sector is calling for more university and college lecturers who are masters or PhD holders as a minimum requirement for the role. Lecturers specialising in the medical and health sciences, sciences, languages, education and engineering are particularly needed in the industry.
8. **Medicine:** While Malaysia has many medical graduates, there is still a shortage of specialist doctors. To be a specialist, doctors are required to have a postgraduate degree as well as extensive practical training experience, which has resulted in a difficulty in filling these roles. Some of the critical roles include psychiatrist, paediatrician, dermatologist, orthopaedic surgeon, urologist and ophthalmologist.
9. **Chemistry:** This is a new entrant into the Critical Occupations List. Many companies are reporting a need for chemists, particularly in the manufacturing and pharmaceutical industry. Among the in-demand jobs include research and development, product development, quality control and dyeing experts.
10. **Communications:** Particularly in the areas of public relations and advertising. According to reports, the talent shortage is partly due to a lack of candidates with the relevant job experience and required skills, such as time management and creativity.

Direct excerpt from Sin (2018)

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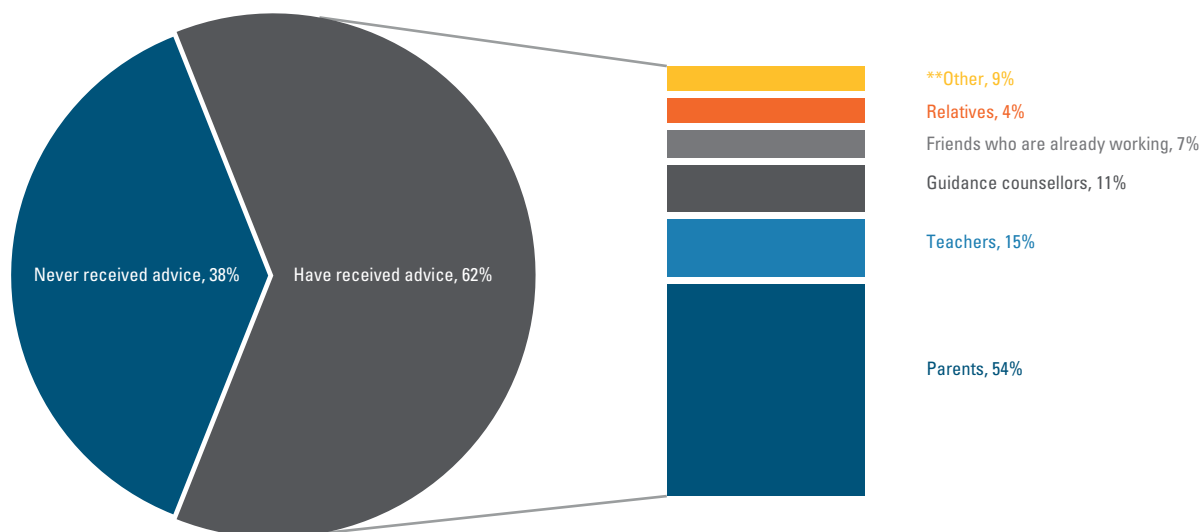
94 TalentCorp (2018)

**Chart 4.9: Main field of study by sex of job seekers**



Source: KRI (2018)

**Chart 4.10: Source of advice on the type of education or training to find a good job**



Note: The chart displays top five values. \*\*Other sources include advice from social media and official aptitude tests  
Source: KRI (2018)



## Most chose their own field of study but with advice, mainly from parents

Over 80% of all job seekers, irrespective of age, ethnicity, location or sex, claim they had chosen their own field of study, but only about 60% had received advice on the type of education or training to find a good job, and mainly from their parents (Chart 4.10). What is not evident from the data is how these choices are made and the basis of the advice they receive. The question that remains is whether the choices and advice youth receive are able to realistically take into account employability, for example by considering information such as shown in Text Box 4.1<sup>95</sup>.

## Their aspirations and job expectations

### Success at work is their most important goal in life

Through the different stages of their transition from upper secondary to tertiary education to entering the labour market, young people consistently identify success at work as their most important goal in life (Table 4.5). In fact, by the time they enter the job market, the aspiration for success at work is stronger than ever. Success, of course, means different things to different people but what is clear is that having a good job is the integral aspect of ultimate achievement in life. Success at work is linked to having clear career goals. But what is also important to young job seekers is having lots of different experiences—which suggests that they are more adventurous and are willing to have different life experiences through working in different jobs in different places, rather than a ‘job for life’. It is striking that being wealthy is less important than making a contribution to society for these job seekers.

**Table 4.5: Most important goal in life for young job seekers and youth in upper secondary and tertiary education**

Main goal in life	Job seeker %	Tertiary education youth %	Upper secondary youth %
Being successful at work	35.9	26.1	25.6
Making a contribution to society	8.1	9.2	6.9
Participating in politics	0.7	0.7	0.6
Upholding religious faith	3.5	4.3	5.1
Being wealthy	6.2	7.8	6.7
Being famous	0.6	0.6	0.9
Having a good family life	20.4	17.3	18.9
Having leisure time	0.9	1.7	0.9
Having a lot of different experiences	11.0	12.6	12.5
Working/living in other countries	1.1	3.9	4.3
Having clear career goals	10.5	14.1	16.2
Repaying parents/making them proud	0.3	0.2	0.3
Other	0.6	1.6	1.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

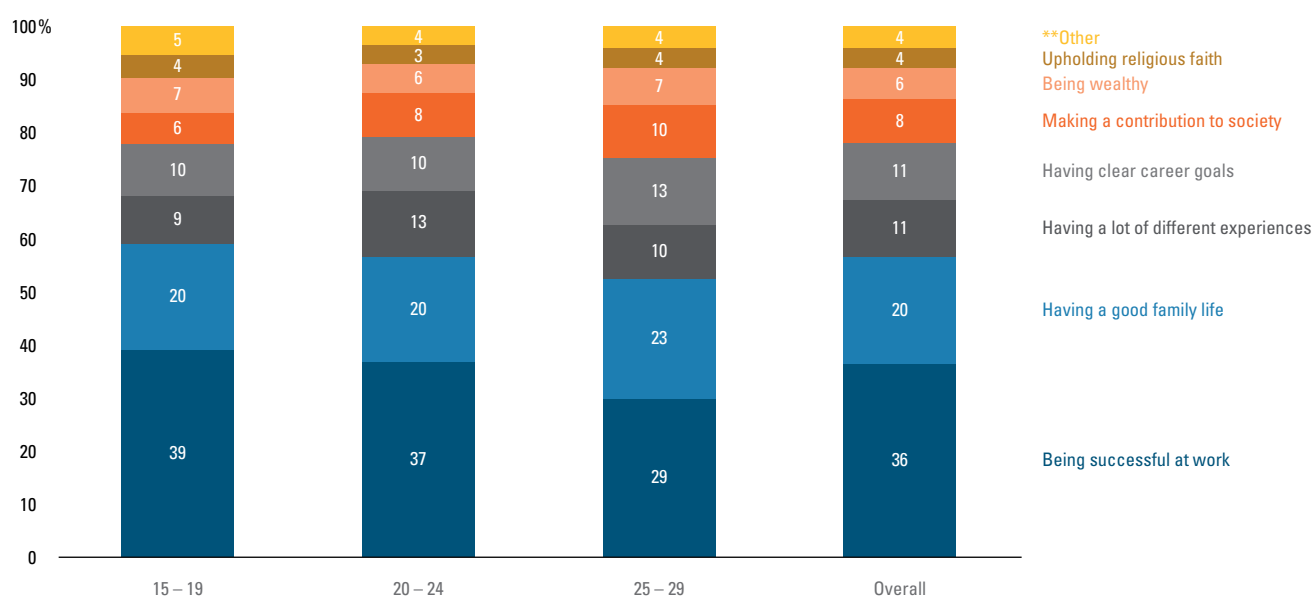
Source: KRI (2018)

Chart 4.11 shows the seven most important life goals as influenced by age of the job seekers. At this transition stage of their lives, young job seekers also place priority on having a good family life. It is the second most important long-term goal, after success at work. The younger the job seeker the higher the priority placed on success at work, while the older the job seeker the higher the priority given to a good family life.

<sup>95</sup> The Critical Occupations List changes from year to year, with some occupations being dropped and new ones added. For example, lawyers and architects have been dropped from the latest list of critical occupations, which would imply that those with law or architectural degrees might face increasing difficulties in their job search.

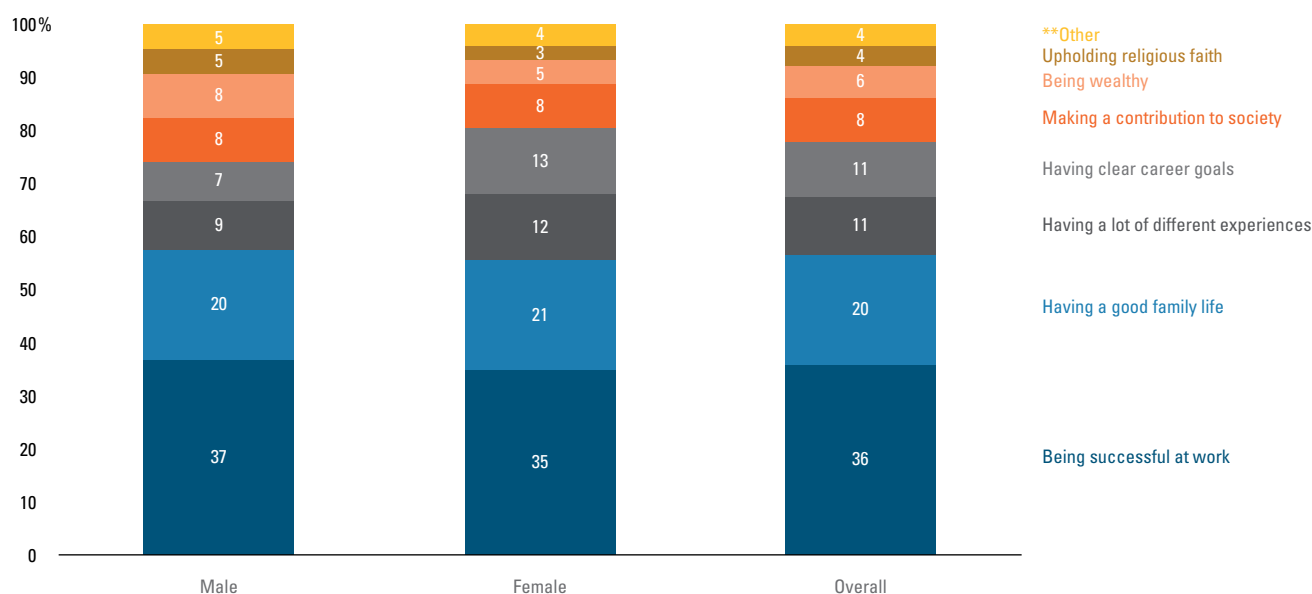
By gender and also by rural-urban location, there are no significant differences in terms of the percentages of the job seekers choosing success at work or having a good family life. However, the young female job seekers are 6 percentage points more likely than the males to prioritise clear career goals, and they are also more likely to want different life experiences. The idea of females being timid or home-bound or not adventurous does not appear to be relevant here (Chart 4.12).

**Chart 4.11: Most important goal in life by age of job seekers**



Note: The chart displays top seven values. \*\*Other goals include working/living in other countries, having leisure time, participating in politics, being famous and helping family/repaying parents  
Source: KRI (2018)

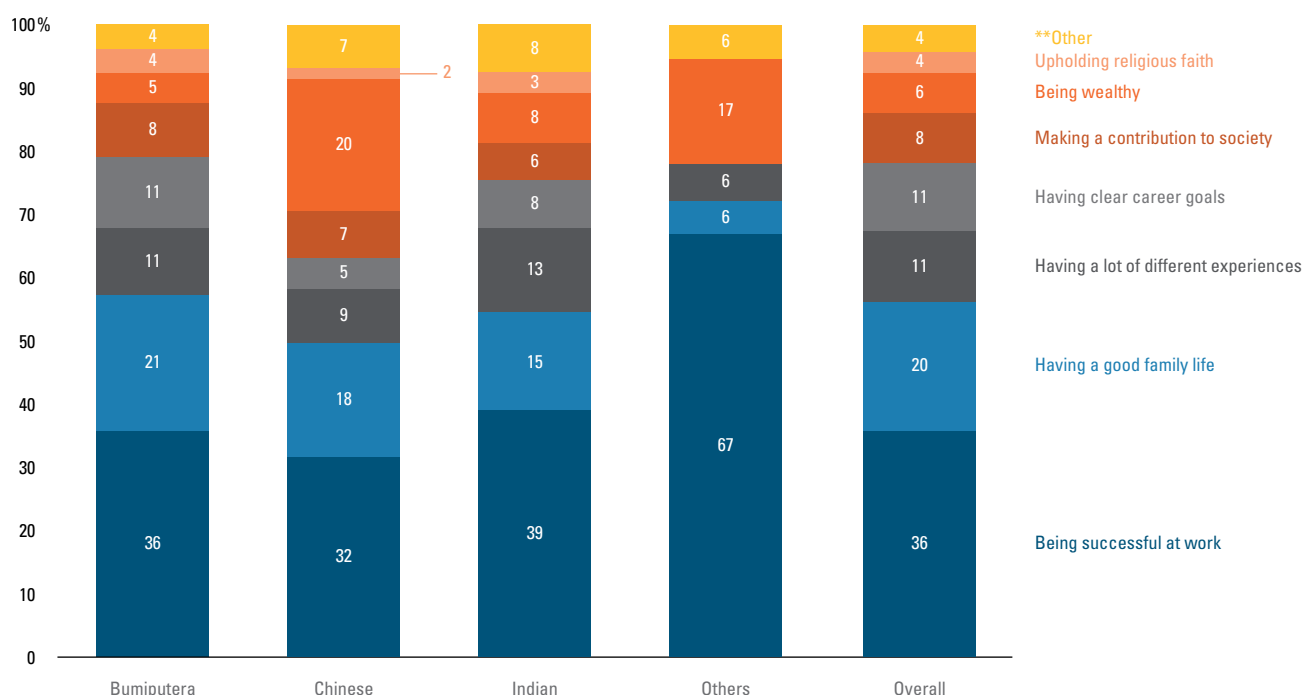
**Chart 4.12: Most important goal in life by sex of job seekers**



Note: The chart displays top seven values. \*\*Other goals include working/living in other countries, having leisure time, participating in politics, being famous and helping family/repaying parents  
Source: KRI (2018)

There are clear ethnic differences. As evident in Chart 4.13, the Chinese job seekers are very much more wealth conscious than any of the other ethnic groups; being wealthy ranks after success at work and above having a good family life. The Indian job seekers, like Indian students in upper secondary and tertiary education, place lower priority on having a good family life than any other ethnic group. The two top life goals for Bumiputera young job seekers are success at work and having a good family life and having clear career goals is more important to them than for the other ethnic groups. The life goal for 67% of the group of Others is success at work, higher than any other group.

**Chart 4.13: Most important goal in life by ethnicity of job seekers**



Note: The chart displays top seven values. \*\*Other goals include working/living in other countries, having leisure time, participating in politics, being famous and helping family/repaying parents  
Source: KRI (2018)

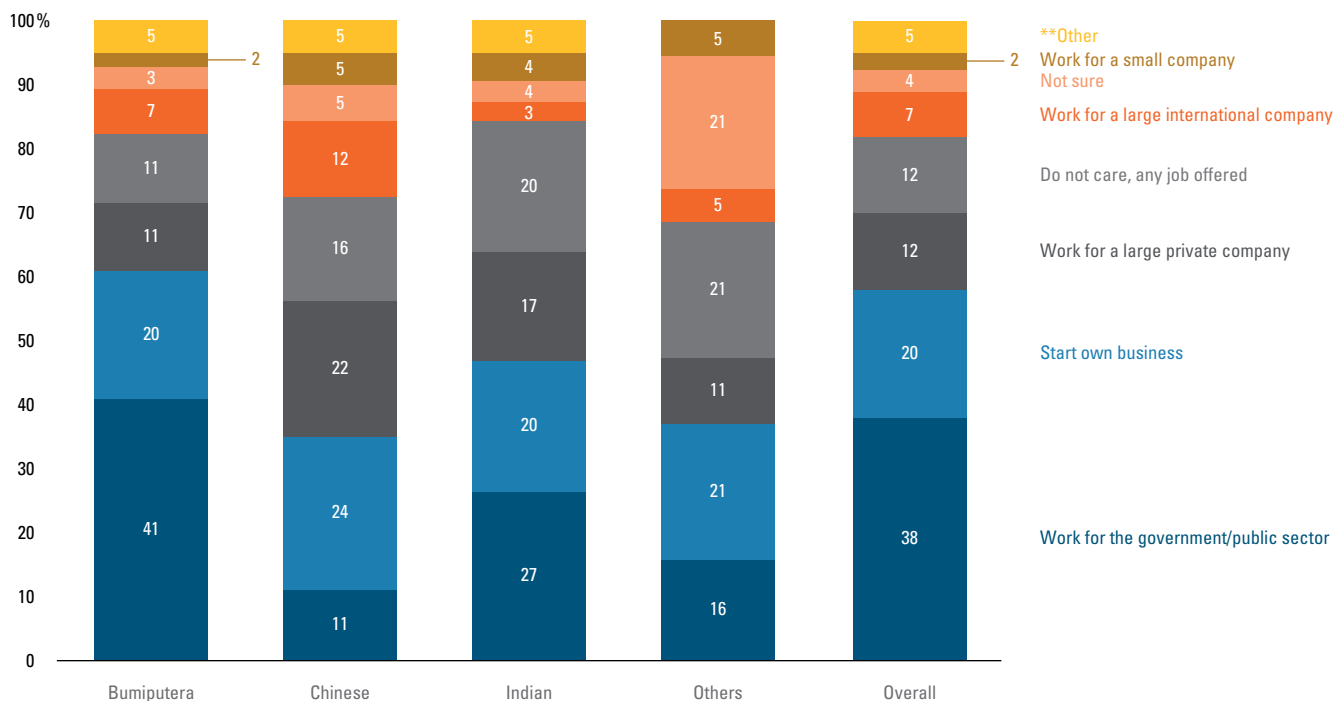
## They prefer to work as employees, particularly for the government and as professionals

When asked for their preferred type of work, 38% of all job seekers indicate work as civil servants in the public sector. The main attractions of government jobs are “job security, fringe benefits, sufficient pay, and good promotion prospects”<sup>96</sup>. “While choosers are mainly attracted because they see material rewards in the Malaysian public sector as sufficient and secured, non-choosers are pushed away mainly because they see the material rewards in the public sector as unattractive and the prospects of securing higher material rewards through promotion as poor ... findings also indicate the desire of Malaysian job seekers who are attracted to public employment to have a materially sufficient life and less work pressure”<sup>97</sup>.

The preference to be employed as civil servants in the public sector is especially strong among the women and also among job seekers in rural areas. But among the ethnic groups, the Chinese job seekers are very distinctly not drawn to public sector work and would rather start their own business (which could include working as freelancers in the gig economy) or work for a local company. The Bumiputeras show the strongest preference for public sector employment (Chart 4.14).

<sup>96</sup> Based on research for a doctoral dissertation. Source: Woo (2011, p.231)

<sup>97</sup> Ibid.

**Chart 4.14: Preferred type of work by ethnicity of job seekers**

Note: The chart displays top seven values. \*\*Other types of work include work online/internet-based jobs, work for family business, work for a number of part-time jobs and work for a non-profit organisation

Source: KRI (2018)

### They do not prefer to be self-employed

The preference for entrepreneurship is relatively weak, with only about a fifth of all job seekers preferring to be self-employed by starting their own business or freelancing in the gig economy (Chart 4.14). This is noteworthy because even those looking for jobs still appear to have limited awareness of the potentials and possibilities for creating their own employment in start-ups and micro, small and medium enterprises (SMEs)—and yet there are various incentives and funding available for SMEs<sup>98</sup>, and the aim of Malaysia's 2012 – 2020 SME Masterplan is to push the contribution of SMEs to 41% of GDP by 2020<sup>99</sup>. The SME Annual Report 2015 – 2016 had noted that due to a robust job environment, more Malaysians prefer to be employees rather than to have their own business and entrepreneurship is less of a career choice in countries like Malaysia and Singapore as compared to other ASEAN countries where job opportunities tend to be more limited<sup>100</sup>.

The aspiration to work for the government is also evident when the job seekers were asked about their preferred sector of employment. In Table 4.6, the strongest preference is for education, in either the public or private system—this is understandable given the dominance of women among the job seekers. The second preferred sector is the public sector/civil service. Less than 6% of job seekers indicate a preference for employment in manufacturing—this is significant because manufacturing is still the largest employment sector (accounting for 17.4% of total employment) in the country<sup>101</sup>. It is important to emphasise is that these preferences relate only to those looking for jobs. Youth with other job

98 Financial incentives come in the form of grants, conventional loans, venture capital funding, or tax incentives while non-financial incentives may be in the form of physical infrastructure, information and training provided by the government or by trade associations. All these incentives are mainly provided for or coordinated by government agencies.

99 SME Corp. Malaysia (2017) and World Bank (2016)

100 SME Corp. Malaysia (2016, p. 119)

101 DOS (2018-a, p.81)

preferences, for example in finance, health or information technology sectors, may have had less difficulties entering the labour market and, therefore, account for smaller proportions among the job seekers covered in this survey.

By ethnicity, the Chinese job seekers are least likely to want to be civil servants; instead their preferred sectors of work are in wholesale and retail trades (linked to their desire to start their own business) and in the IT-related sector. The Bumiputera and Other job seekers prefer civil service and the education sector. The Indians indicate the highest preference for health and social work, followed by the IT-related sector.

**Table 4.6: Preferred employment sector by ethnicity of job seekers**

Preferred employment sector	Bumiputera %	Chinese %	Indian %	Others %	Overall %
Civil service/public administration/ uniform services	19.5	5.1	10.3	22.0	13.5
Education	13.7	7.6	7.3	17.3	16.2
Wholesale and retail trade	6.5	12.7	5.9	6.6	2.7
Finance and insurance related	6.1	9.3	8.8	4.7	5.4
Health and social work	6.0	6.0	12.8	7.2	5.4
IT-related	5.1	12.5	10.6	2.7	8.1
Online business	6.1	5.6	1.8	3.4	2.7
Manufacturing	5.2	7.2	8.1	4.8	5.4
Accommodation and food and beverage service activities	4.7	9.7	3.3	4.2	13.5
Construction	4.1	3.2	4.8	2.8	2.7
Arts, entertainment and recreation	3.7	5.1	4.4	2.7	2.7
Information and communications	3.1	4.6	5.5	2.0	5.4
**Other	16.2	0.9	4.0	4.1	2.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: \*\*Other sectors include mining, agriculture, utilities, transportation, real estate and fishing  
Source: KRI (2018)

The public sector and the education sector preferred by job seekers are also among the main employment sectors of their parents. The preference for employment in manufacturing and the wholesale and retail trade bears some relationship to the employment of their parents. But Table 4.7 shows that job seekers are moving away from certain types of jobs held by their parents, particularly in agriculture, construction and other service activities. On the other hand, they prefer jobs in the IT-related sector, finance and health and social work in which their parents are currently poorly represented.

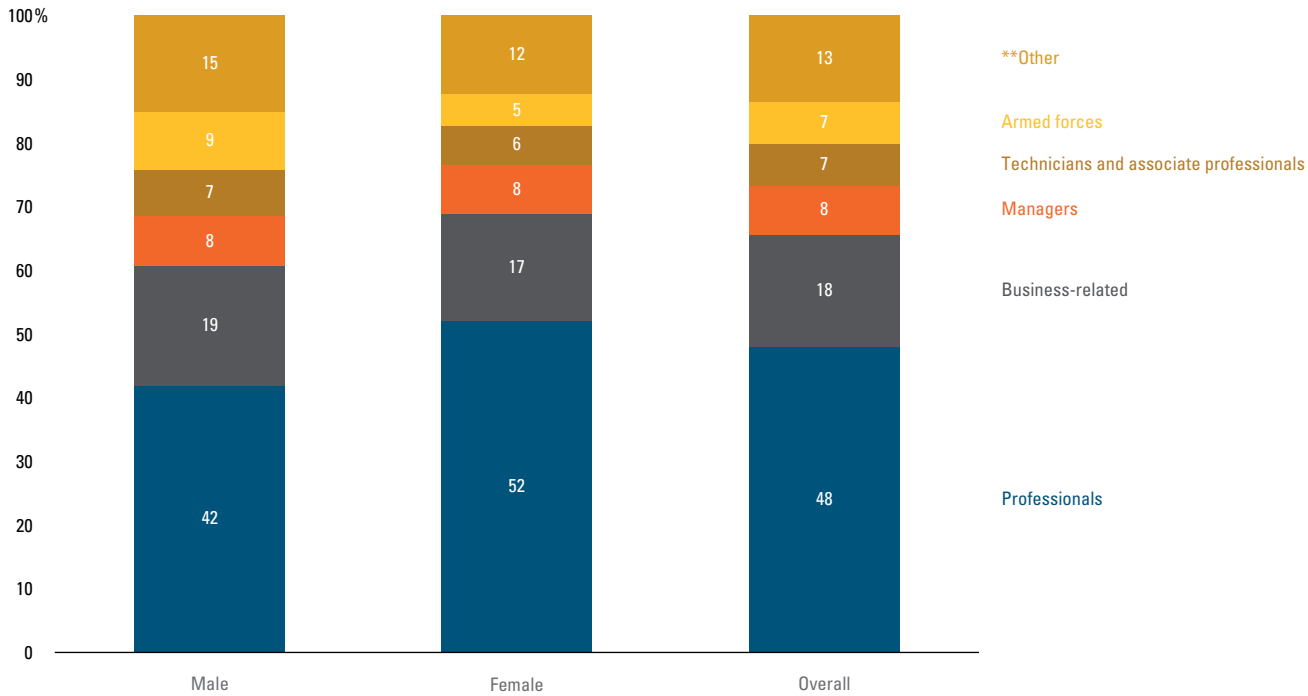
**Table 4.7: Preferred employment sector of job seekers by employment sector of working parents**

Employment sector	Job seekers %	Fathers %	Mothers %
Agriculture and forestry	3.2	16.1	8.8
Fishing	0.9	3.0	0.7
Mining including petroleum and gas	3.3	1.5	0.3
Manufacturing	5.5	6.9	5.2
Utilities (electricity, gas and water supply)	2.4	2.6	0.5
Construction	4.0	10.0	1.2
Wholesale and retail trade	6.9	8.2	9.0
Transportation and storage	2.1	6.0	0.8
Accommodation and food and beverage service activities	5.0	2.6	6.4
Information and communications	3.4	0.7	1.5
IT-related	5.9	0.8	0.7
Online business	5.8	0.6	1.5
Finance and insurance related	6.5	2.5	4.2
Real estate	1.6	0.4	1.1
Civil service/public administration/uniform services	17.9	13.9	11.3
Education	13.0	8.6	24.6
Health and social work	6.3	1.9	5.5
Arts, entertainment and recreation	3.8	0.6	0.6
Other service activities	2.5	13.0	16.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

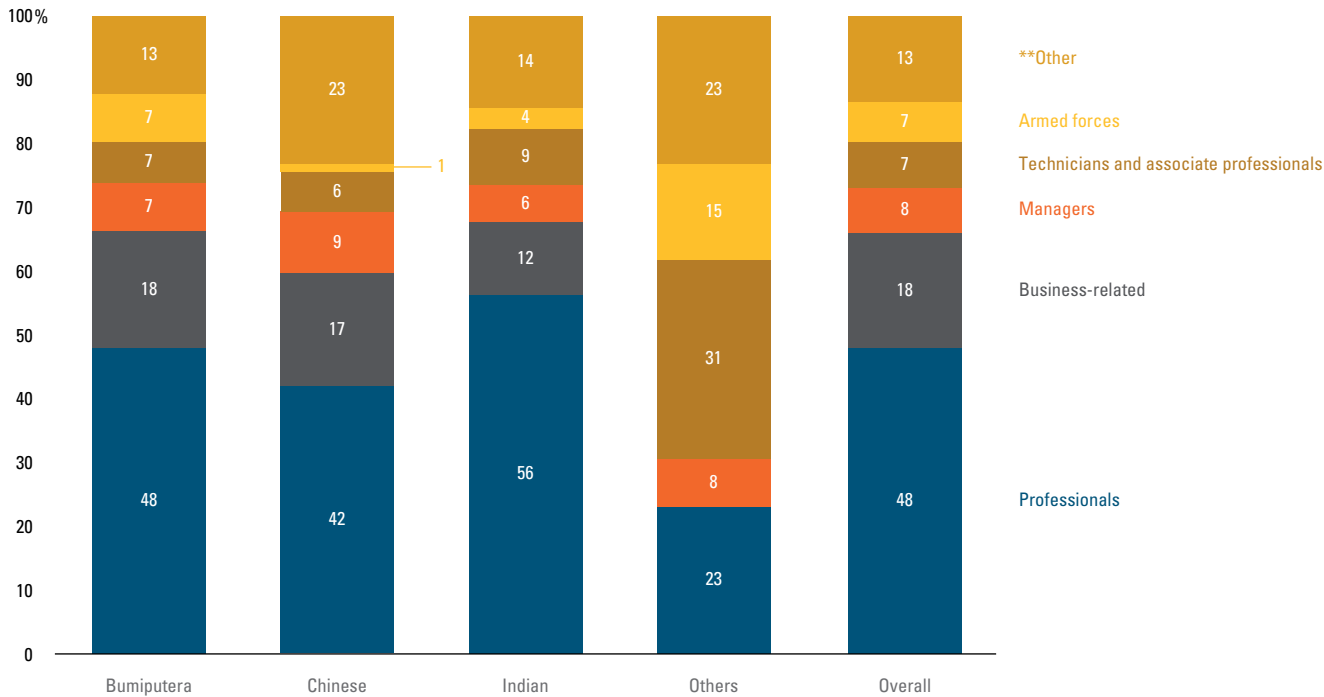
In terms of occupations, the preference of almost half of all job seekers is to be employed as professionals. This preference is especially strong among the female job seekers (Chart 4.15) and also Indian job seekers (Chart 4.16). Among the remaining job seekers, there is a higher preference for business related occupations rather than being managers. The group of Other job seekers surveyed indicate the strongest preference for jobs as technicians and associate professions (Chart 4.16).

Chart 4.15: Preferred occupation by sex of job seekers



Note: The chart displays top five values. \*\*Other occupations include service and sales, clerical support, craft and related trades, skilled agricultural work, plant and machine operation and elementary occupations  
Source: KRI (2018)

Chart 4.16: Preferred occupation by ethnicity of job seekers

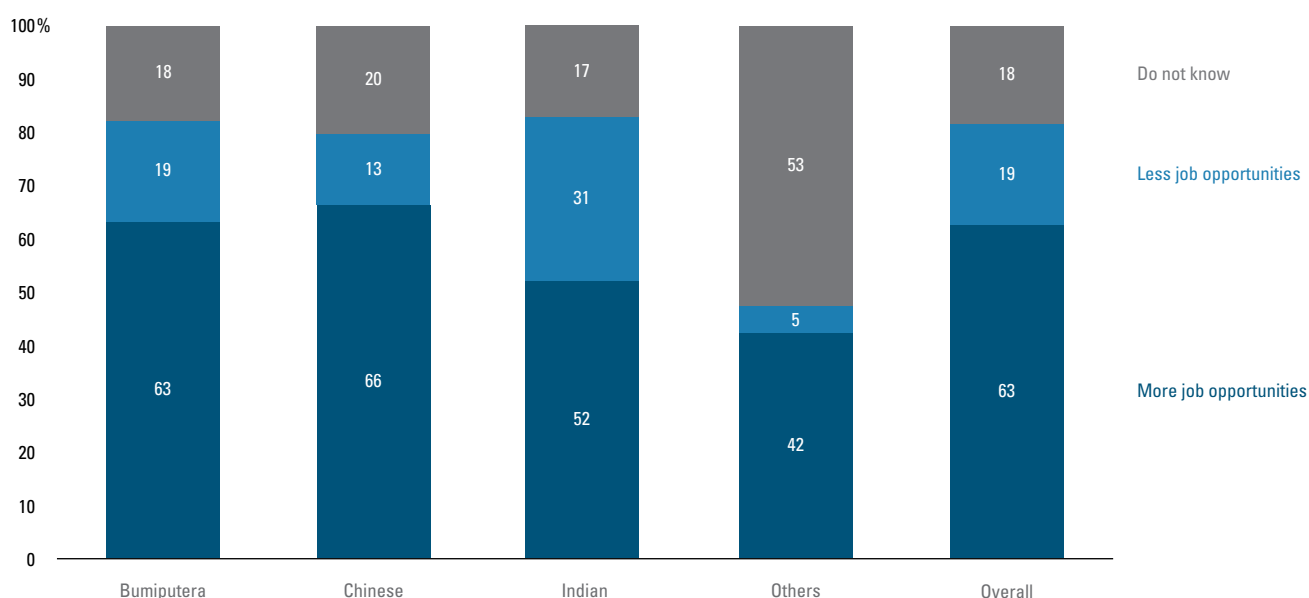


Note: Above chart displays top five values. \*\*Other occupations include service and sales, clerical support, craft and related trades, skilled agricultural work, plant and machine operation and elementary occupations  
Source: KRI (2018)

## They are optimistic about internet-linked employment opportunities

The job seekers are generally optimistic about employment opportunities linked to the internet. As highlighted in the earlier chapters, mobile internet connectivity, social media and other transaction platforms and modern technology offer greater and flexible opportunities for freelance jobs sourced online, e-commerce, taking on multiple gigs and earning income from a variety of sources and also opportunities to use their knowledge and skills in creative and multimedia work and in new types of occupations such as web developers, social media influencers, etc. Chart 4.17 shows that the Chinese and also the Bumiputeras are most likely to feel that there will be more opportunities for IT-related jobs. It is only the Other job seekers who claim they do not know whether there will be more or less opportunities.

**Chart 4.17: Job opportunities linked to the internet by ethnicity of job seekers**



Source: KRI (2018)

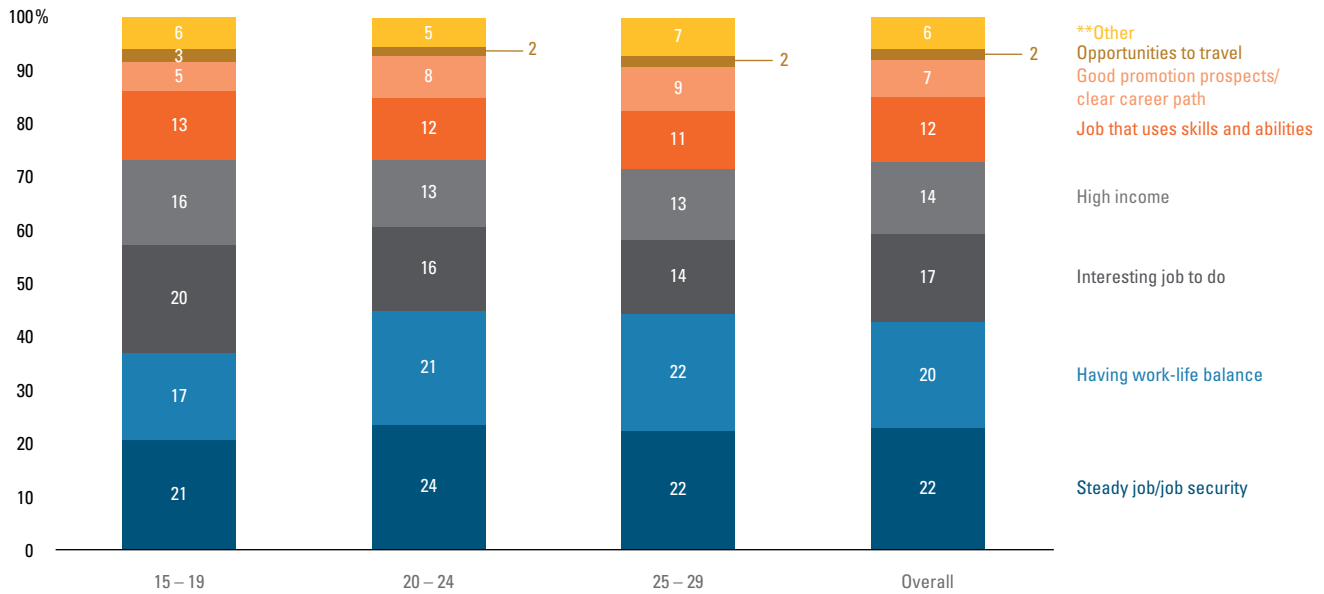
## They consider job security most important

Both young women and men who are actively looking for a job feel that the most important characteristic of the job is that it must be stable and secure and this is more important than that the job must provide work-life balance or be an interesting one or offer high income. Chart 4.18 shows that what job seekers consider to be the most important characteristic of a job alters with age. The emphasis on having job security and also on the ability to combine work with family life increases with age, whereas the priority given to an interesting job decreases with age. Earning high income from the job is fourth on the list of priorities and is more important for the younger than older job seekers.

In Chart 4.19, the Chinese pattern is distinct in that the job seekers emphasise that the job must be interesting and must provide a good income rather than that it must be secure or offer work-life balance. The Indians too are much less concerned about work-life balance than they are about having a secure and interesting job. The Bumiputeras emphasise job security and work-life balance. The Other job seekers prioritise income from the job.

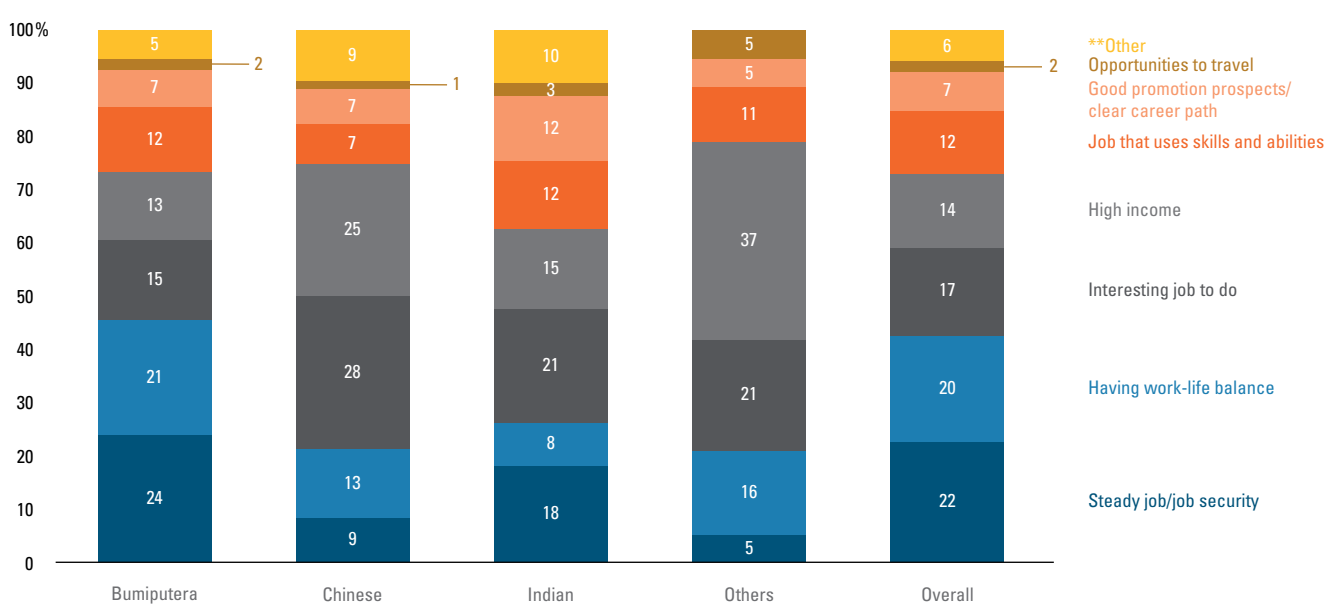


Chart 4.18: Most important job characteristic by age of job seekers



Note: The chart displays top seven values. \*\*Other characteristics include job that people regard highly, being able to work independently, able to work from home and having lots of vacation time  
Source: KRI (2018)

Chart 4.19: Most important job characteristic by ethnicity of job seekers

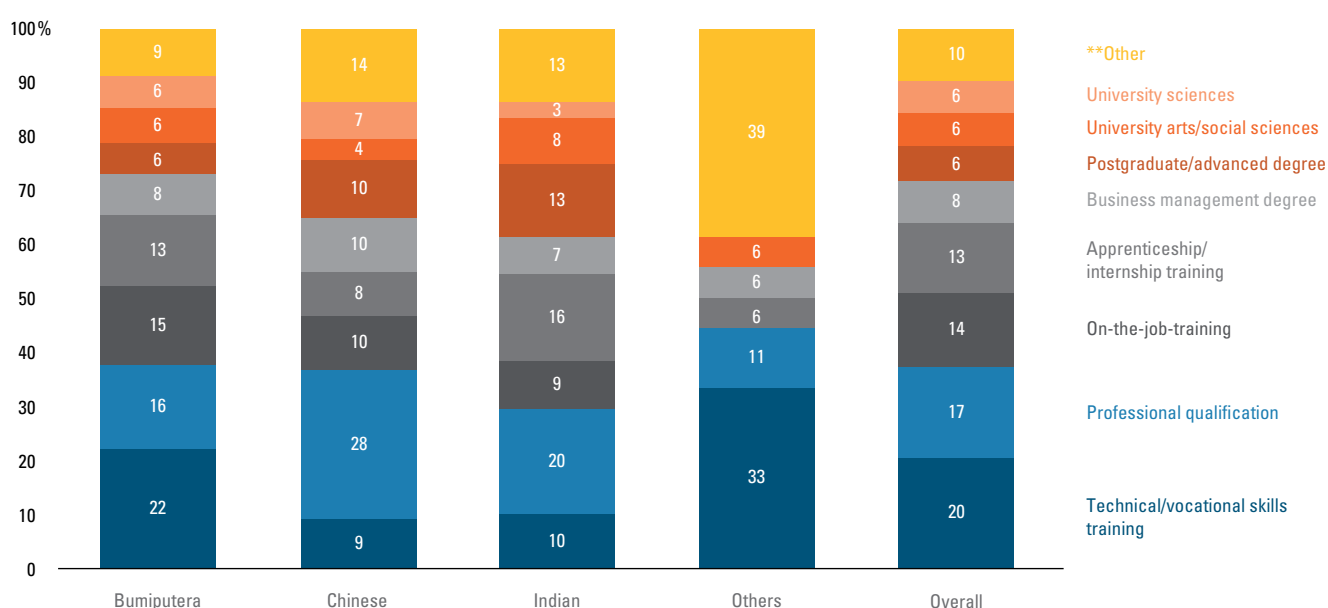


Note: The chart displays top seven values. \*\*Other characteristics include job that people regard highly, being able to work independently, able to work from home and having lots of vacation time  
Source: KRI (2018)

## To get a good job, they consider TVET the most useful qualification...

The job seekers, in particular the Bumiputeras and Others, identify TVET as most useful for getting a good job (Chart 4.20). This is striking when contrasted with the low ranking given to TVET by tertiary students (20% of job seekers as compared to 12% of tertiary students). It is also striking given that less than 5% of the job seekers have such qualifications (as shown earlier in Chart 4.3). The Chinese and Indian job seekers, on the other hand, feel that a professional qualification is most useful. Among all job seekers there is recognition of the usefulness of on-the-job training and apprenticeships; they recognise that work experience often counts in getting a job.

**Chart 4.20: Education or training most useful for getting a good job by ethnicity of job seekers**



Note: The chart displays top eight values. \*\*Other qualifications include secondary arts/social sciences, computer science degree and secondary sciences  
Source: KRI (2018)

These qualifications and attributes identified by the job seekers can be compared to what employers are looking for. The comparison is made in Chapter 6, but it is worth noting here that employers rank soft skills and work experience above academic qualifications. There is clearly a mismatch between what job seekers think employers look for and what employers emphasise<sup>102</sup>.

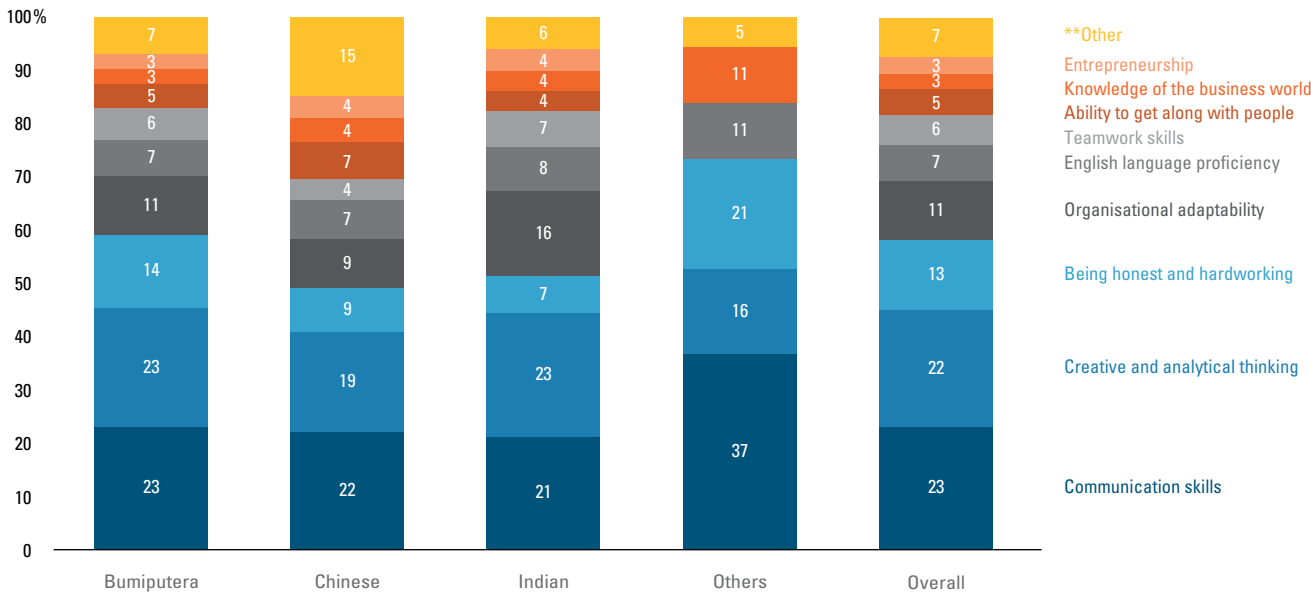
## ... but they do not consider entrepreneurial skills important

Only one-fifth of all job seekers wish to start their own business (as shown earlier in Chart 4.14) and an even smaller percentage (3%) recognise the importance of entrepreneurship as a key competency they need to succeed (Chart 4.21). Entrepreneurship is not just about organising and managing any enterprise, especially a business, it involves initiative and risk-taking and the skills “of identifying, evaluating viability, as well as exploiting and developing opportunities to create new products and services into a profitable business venture as well as resilience towards adversities and failure”<sup>103</sup>. And it is not just to start up and run a business enterprise that entrepreneurship skills are essential. Even freelancers in the gig economy need entrepreneurship skills to market themselves, find gigs, negotiate contracts, do invoicing and secure payments.

<sup>102</sup> It is also worth noting the findings of the 2016 JobStreet Survey that employers picked personality over qualifications—“skills and qualifications can be attained over time, but employees with the right attitudes are hard to come by, those who are positive and are able to work well with others”. Source: JobStreet (2016)

<sup>103</sup> SME Corp. Malaysia (2016, p.114)

Chart 4.21: Competencies and skills most useful for getting a good job by ethnicity of job seekers



Note: The chart displays top nine values. \*\*Other qualities include financial management, important contacts through people with influence, attractive personal appearance  
Source: KRI (2018)

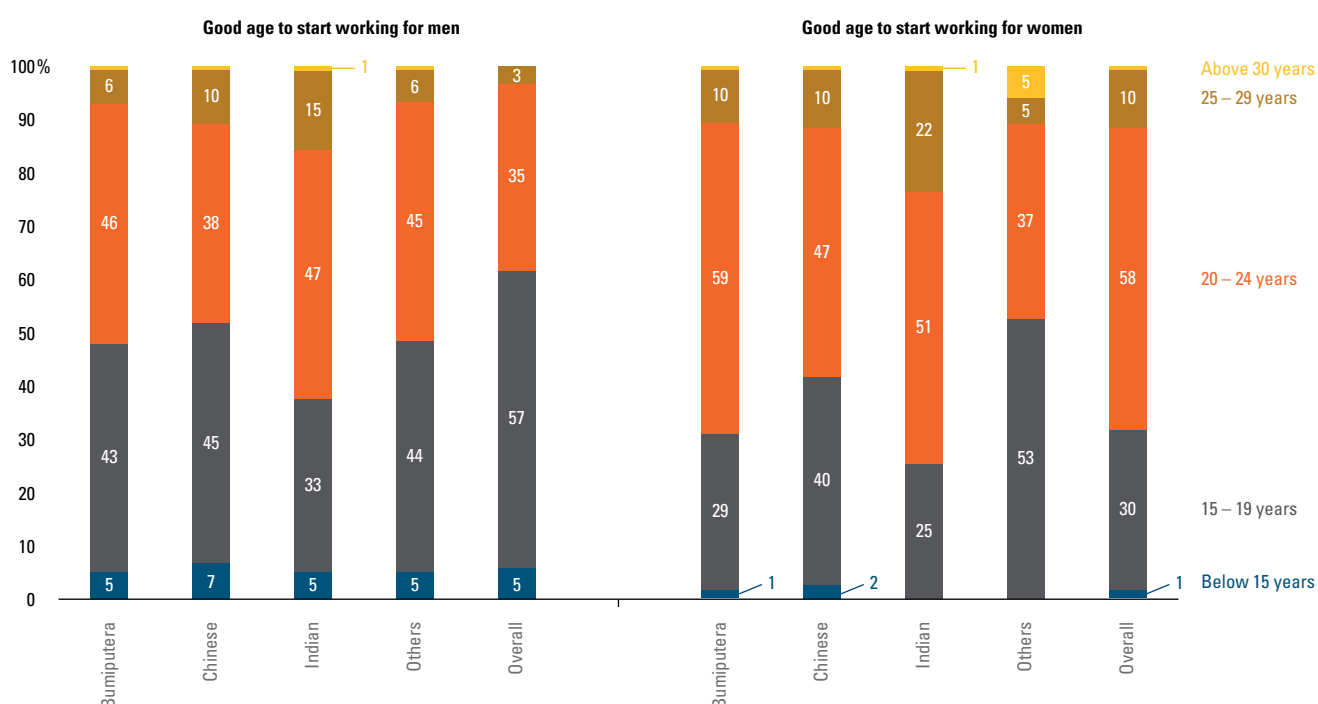
The Malaysia Education Blueprint 2015 – 2025 (Higher Education), in emphasizing the importance of instilling an entrepreneurial mindset among students, quoted a report by the Global Entrepreneurship Monitor (GEM)<sup>104</sup> which indicated that Malaysia’s nascent entrepreneurship rate is the lowest among the 11 Asia Pacific and South Asia countries surveyed and that its Total Early-State Entrepreneurial activity is the second lowest among the countries surveyed. Malaysia ranked lowest in ascribing high social status to successful entrepreneurship and highest in terms of fear of failure<sup>105</sup>. “Malaysia has the smallest base of potential entrepreneurs in the region. Malaysians generally have a low level of confidence in their own entrepreneurial abilities, and have a negative perception of entrepreneurship as a career choice. Malaysia’s level of entrepreneurial intention is half the average for efficiency-driven economies, and the country reports the lowest early-stage entrepreneurial activity in the ASEAN-6 region”<sup>106</sup>.

104 GEM (2013, p.26)  
105 MOE (2015, p.1-3)  
106 Xavier et al. (2015, p.45)

## They feel that men should start working at an earlier age than women

The job seekers are of the opinion that males should start working at an earlier age than women, as shown in Chart 4.22. While 62% say that the best age for men to start working is below 20 years, the comparable figure for women is 31%. The Chinese are the least likely to make the distinction while the Bumiputeras make the largest distinction between the best ages for women and men to start working.

**Chart 4.22: Good age to start working by ethnicity of job seekers**



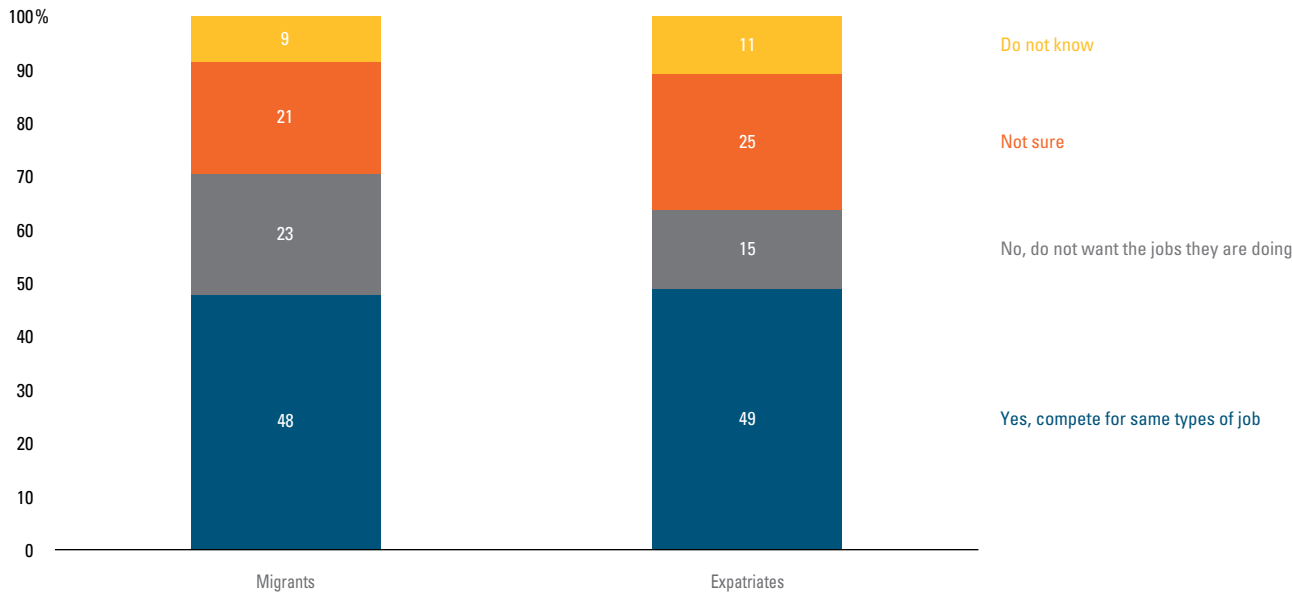
Source: KRI (2018)

## They consider both migrant and expatriate workers a threat in the labour market

Almost half of all job seekers regard both migrant and expatriate workers a threat to their opportunities in the labour market. This means that they see themselves as competing for the low-skilled or unskilled jobs held by migrants and also for the higher-skilled professional jobs held by expatriate workers. Only 23% do not want the migrant jobs, while 15% are not interested in the expatriate jobs (Chart 4.23).

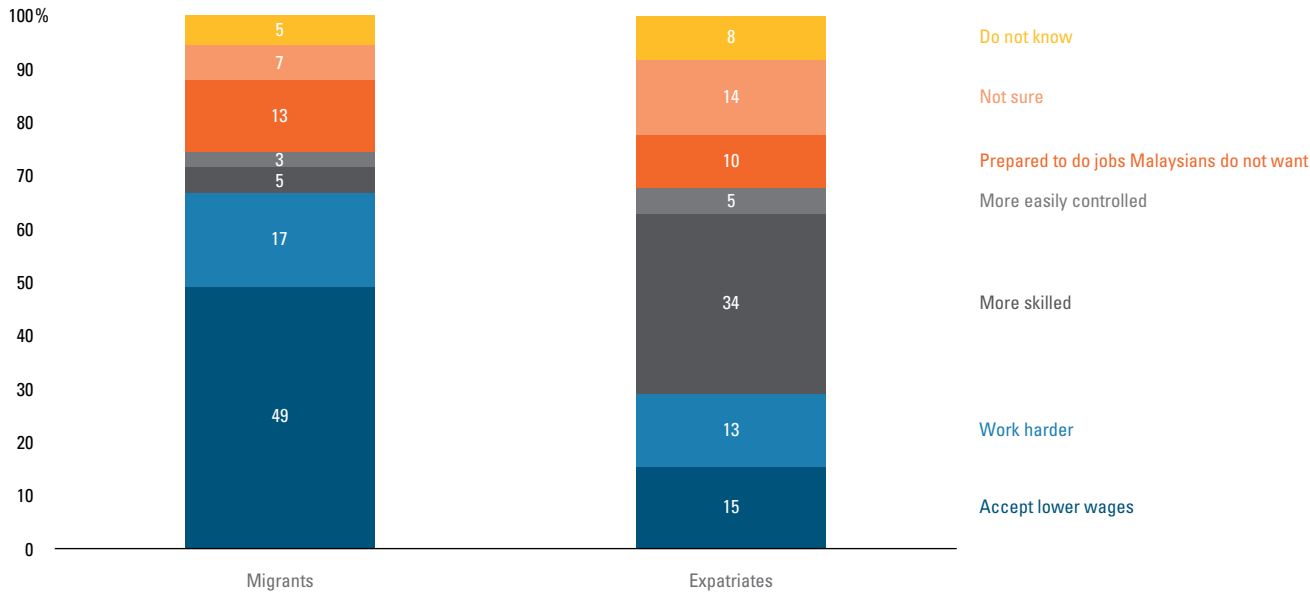
At the same time as they see migrant workers as a threat, the job seekers recognise that the main reasons why employers hire them are because they work harder and are prepared to do the '3D' (dirty, dangerous and difficult) jobs for lower wages than locals are prepared to accept. They are of the opinion that while lower wages is the main reason for hiring migrant workers, the main reason for hiring expatriates is because these workers are more skilled (Chart 4.24).

Chart 4.23: Whether migrants and expatriate workers are a threat to job seekers



Source: KRI (2018)

Chart 4.24: Main reason for hiring migrant and expatriate workers



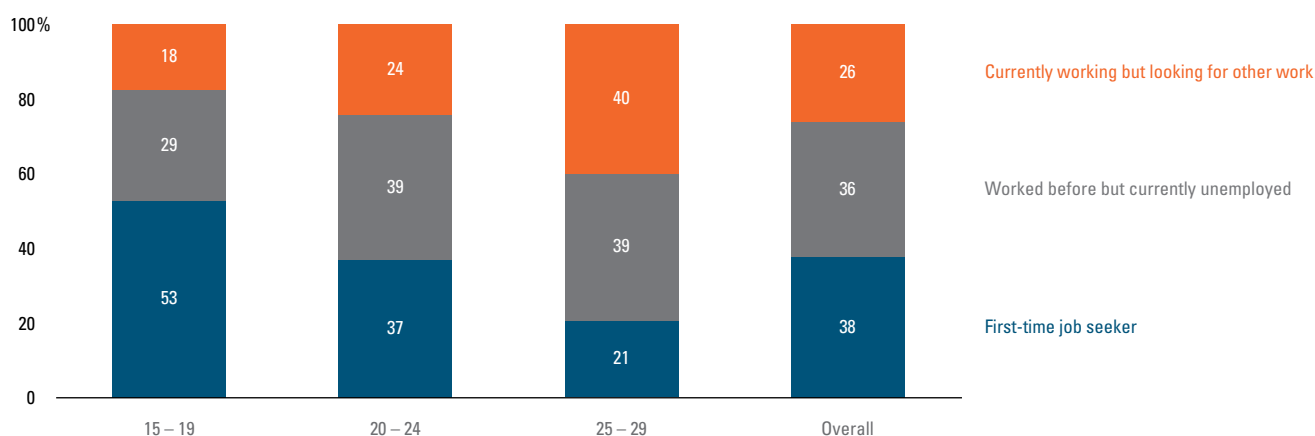
Source: KRI (2018)

## The status of young job seekers and their job search process

Among the job seekers, 38% are entering the job market for the first time, 36% had previously worked but are currently unemployed and the remaining 26% are currently employed but actively looking for another job. As would be expected, more than half those between 15 and 19 years of age are first-time job seekers as compared to one-fifth of those 25 – 29 years of age. On the other hand, the proportion currently unemployed or currently employed but looking for other work rises with age (Chart 4.25).

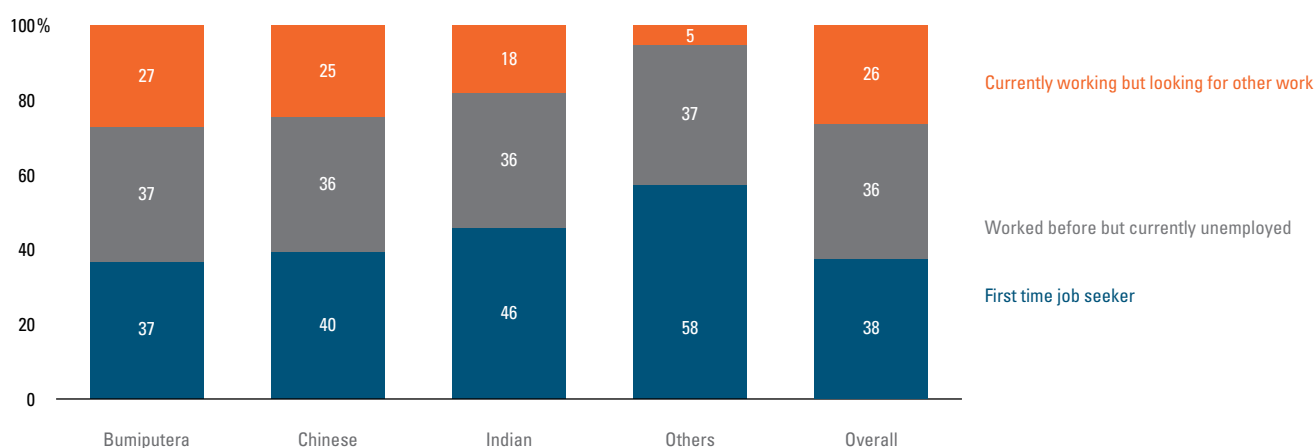
By ethnicity, the Indians and Others are most likely to be first-time job seekers (Chart 4.26). There are no distinct differences by sex or by rural-urban location of the job seekers.

**Chart 4.25: Status of job seekers by age**



Source: KRI (2018)

**Chart 4.26: Status of job seekers by ethnicity**



Source: KRI (2018)

### The previously employed were mainly in sales or services as part-time or temporary workers

The average number of jobs of those who had previously worked is 2; they worked mainly in sales or services (Chart 4.27) in the wholesale and retail trade sector and the hospitality sector (Chart 4.28). It is important to note that services and sales accounted for the largest share (44%) of the informal workforce in Malaysia who are not covered under national legislation for labour or social protection<sup>107</sup>. Ten per cent had also worked in the education sector, mainly giving private tuition. Their work status was either part-time or temporary (these are the ‘vulnerable’ forms of employment); although one-fifth were also regular full-time employees (Chart 4.29).

The main reasons for leaving their last jobs were because their temporary jobs were not extended or they wanted better prospects. Education related reasons were also important—they left their last jobs to complete their education (meaning they were working part-time or during their education institution vacation periods) or to further their studies (Chart 4.30).

Thirty per cent had been unemployed for more than six months, while almost the same percentage had been without work for between three and six months. Their period of unemployment can be compared to the national data; in 2017, 45 % of those actively seeking work were able to secure work within 3 months and another 32 % found employment within three and less than 6 months<sup>108</sup>.

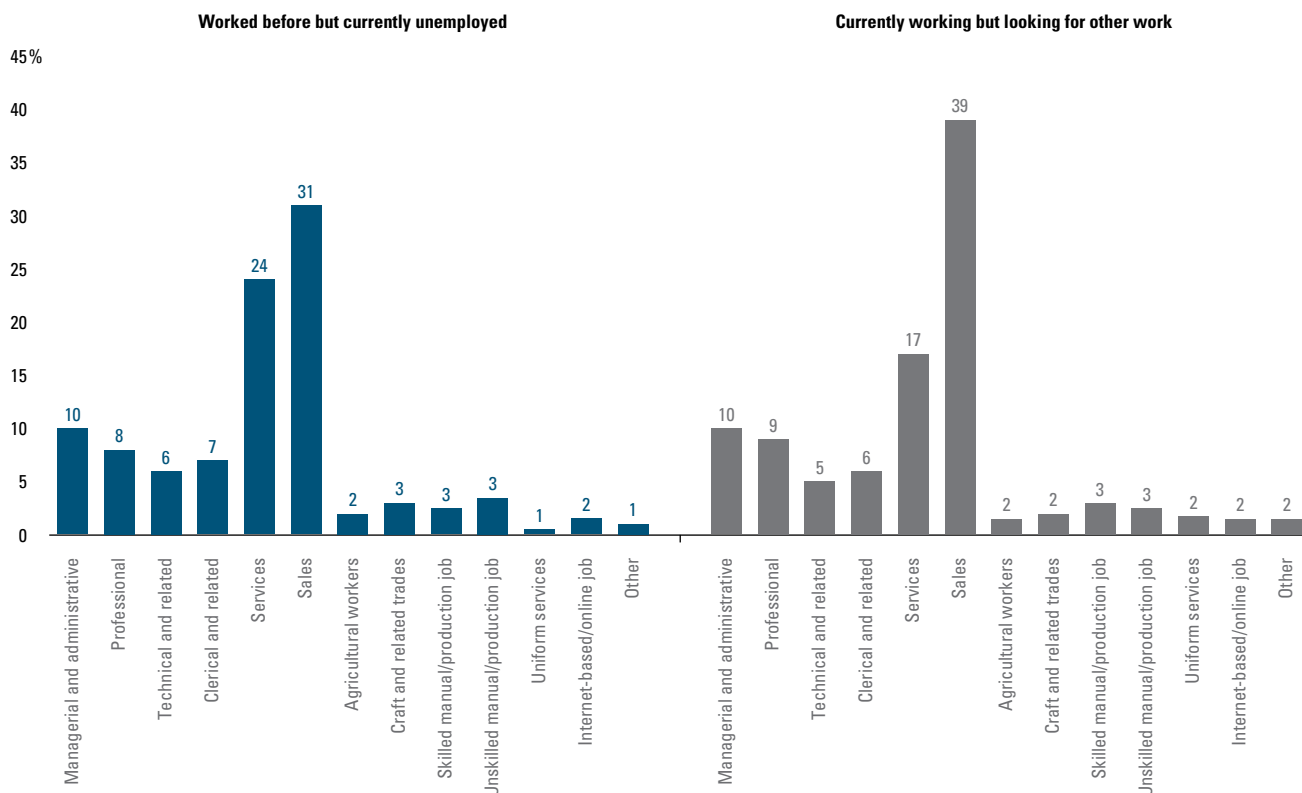
### More than half the currently employed are looking for jobs with better prospects

Among those currently working but looking for other work, 39% are in sales and 17% are in service-related occupations (Chart 4.27). More than a quarter are currently working in the wholesale and retail trade sector (Chart 4.28). As compared to the currently unemployed whose previous jobs were mainly part-time, 44% of those currently working are in regular full-time employment (Chart 4.29). More than half are looking for other jobs because they want brighter prospects, while another 16% feel that their current pay is too low (Chart 4.30). The majority (85%) have been looking for a new job for less than 6 months.

107 The informal sector comprises informal enterprises outside of agriculture that meet the following criteria: (i) all or at least one goods or services produced are meant for sale or barter transactions, (ii) the enterprise is not registered with the Companies Commission of Malaysia (CCM) or any other professional bodies, including the Local Authority (LA) and (iii) the size in terms of employment is less than 10 persons and is not registered under specific form of national legislation. Source: DOS (2016-b)

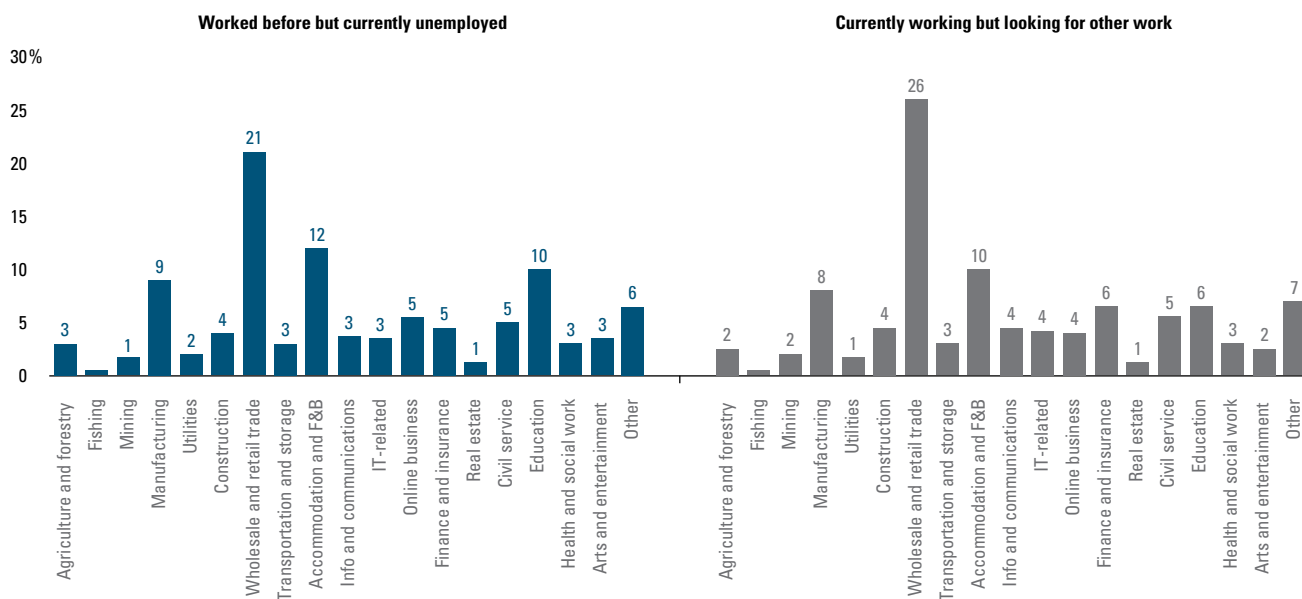
108 DOS (2018-a, p.18)

**Chart 4.27: Occupation of job seekers who had previously worked or who are currently working**



Source: KRI (2018)

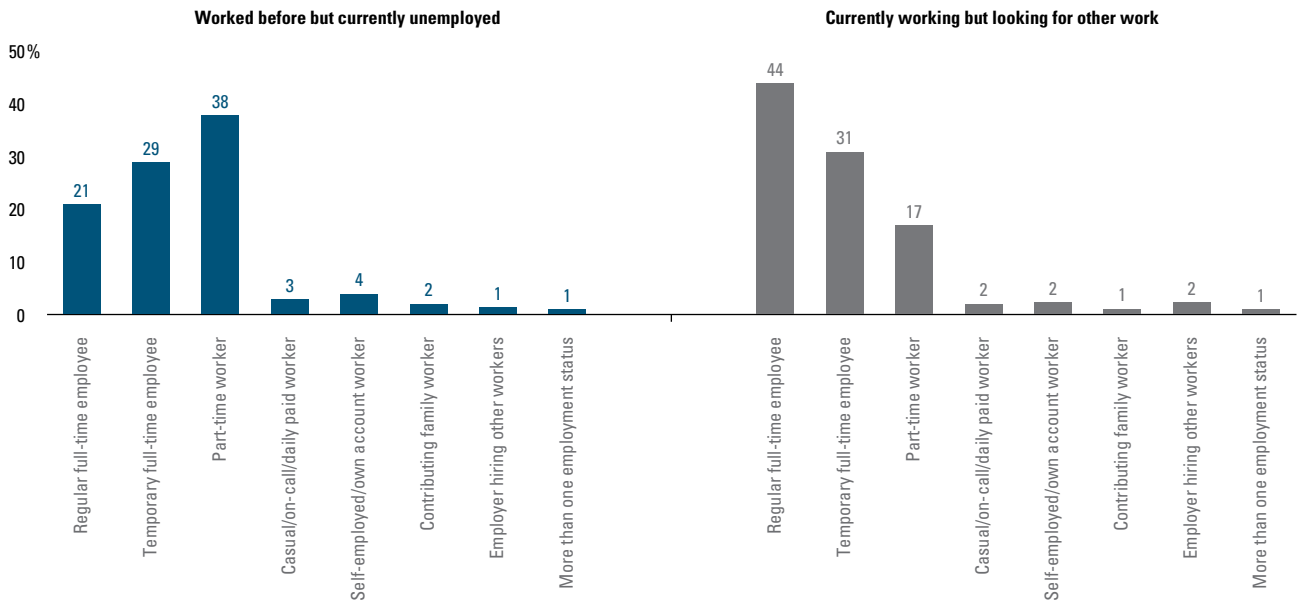
**Chart 4.28: Employment sector of job seekers who had previously worked or who are currently working**



Source: KRI (2018)

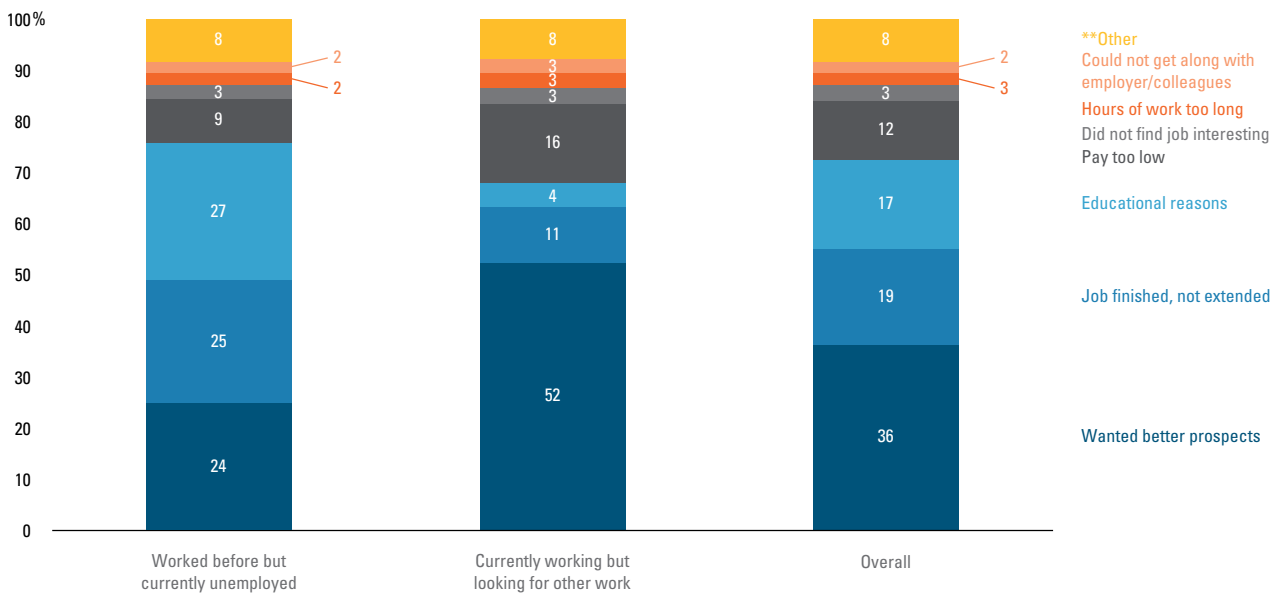


Chart 4.29: Work status of job seekers who had previously worked or who are currently working



Source: KRI (2018)

Chart 4.30: Main reason for leaving/wanting to leave job for job seekers who had previously worked or who are currently working



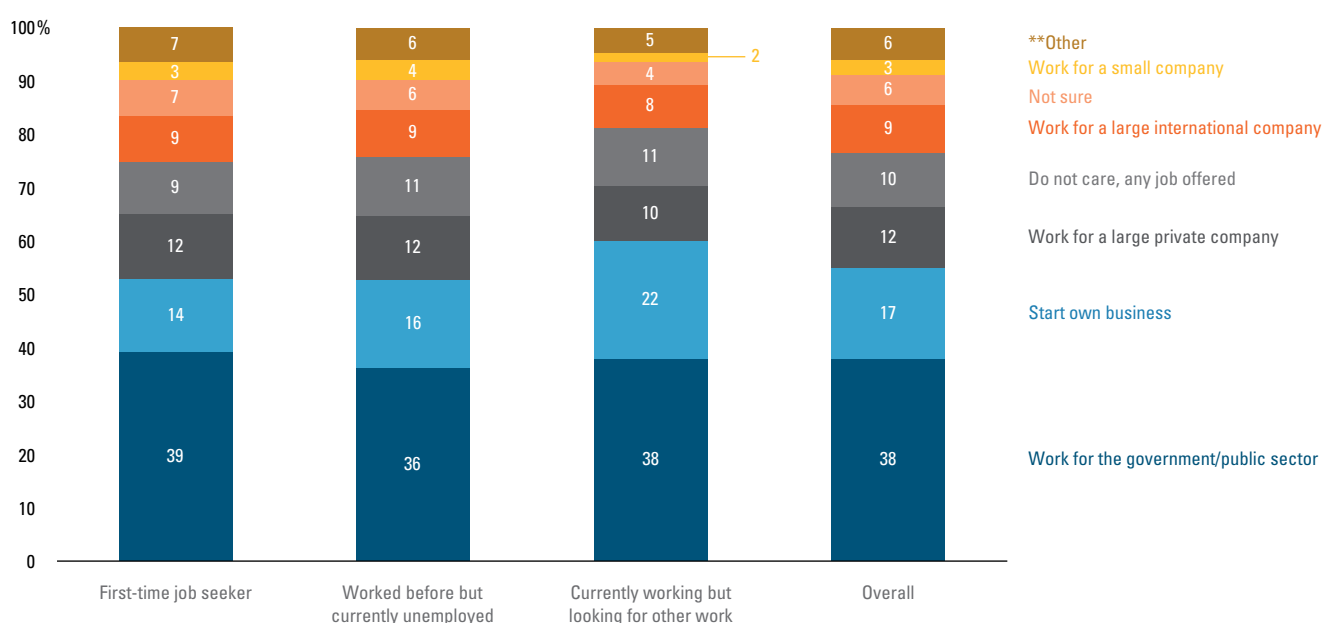
Note: The chart displays top six values. \*\*Other reasons include being retrenched (company cut jobs), work too difficult and being sacked, and for family related reasons, including to get married or to care for elderly or family members with disabilities, or because they moved to other locations

Source: KRI (2018)

## The status of the job seekers influences the type of jobs they are looking for...

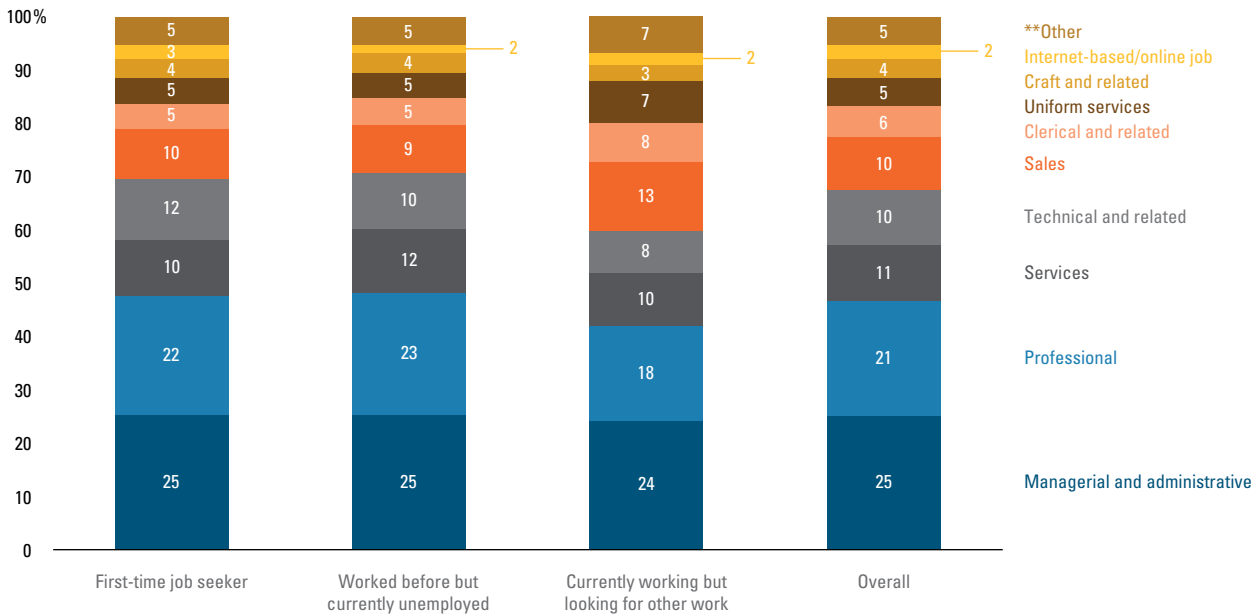
Irrespective of whether they are entering the job market for the first time or they are previously or currently employed, 38% of all young job seekers are looking for jobs in the public sector. However, 22% of the currently employed, as compared to 14% of the first-time job seekers, are looking to start their own business (Chart 4.31) and to manage the business. The first-time job seekers and also those who were previously employed are more likely than the currently employed to look for professional jobs (Chart 4.32).

**Chart 4.31: Type of work job seekers are looking for**



Note: The chart displays top seven values. \*\*Other types of work include work for a small company, work online/internet-based jobs, work for family business, work for a number of part-time jobs and work for a non-profit organisation  
Source: KRI (2018)

Chart 4.32: Occupation job seekers are looking for

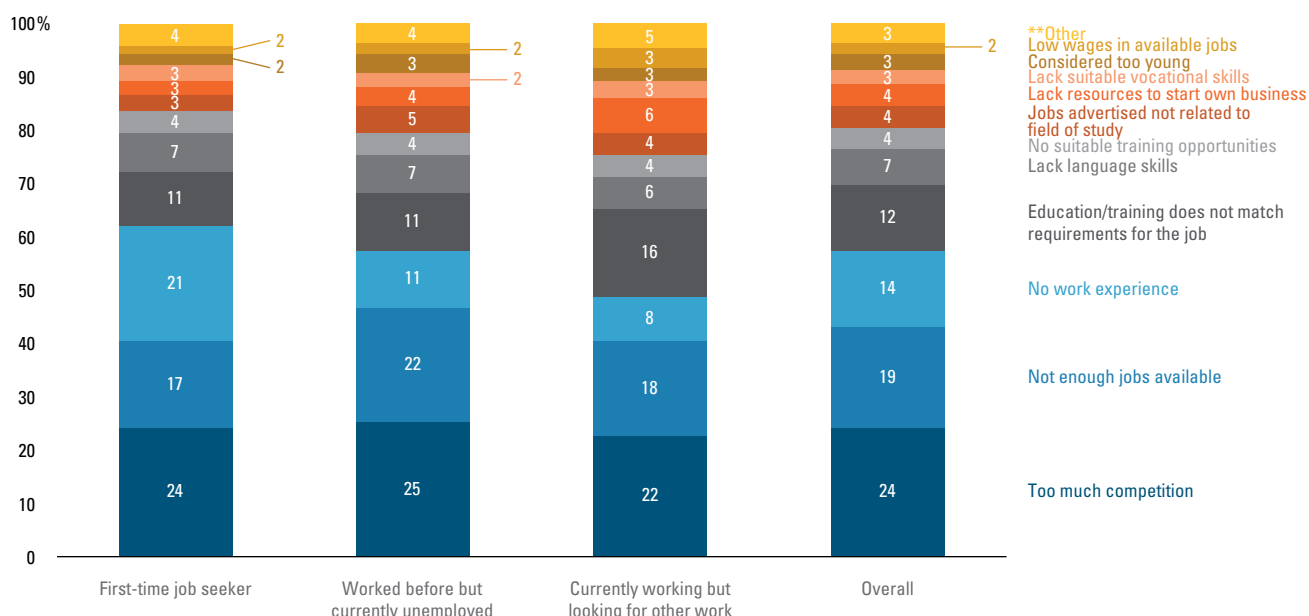


Note: The chart displays top eight values. \*\*Other occupations include skilled manual/production job, agricultural work and unskilled manual/production job  
Source: KRI (2018)

...and the obstacles they face in finding a job they want

For all job seekers, competition in the labour market or insufficient available jobs are the main obstacles in finding the job they want. But for first-time job seekers, it is also the lack of work experience that is the second most important obstacle in their job search. For those currently working, they lack the education or training required for the job they want to switch to or they lack the resources needed to start their own business. What is also noteworthy is that most of the job seekers do not feel that discrimination, whether by age or gender or in favour of migrant or expatriate workers, is a real obstacle in their job search (Chart 4.33).

**Chart 4.33: Main obstacle in finding a job by status of job seekers**



Note: The chart displays top 11 values. \*\*Other obstacles include poor working conditions, employers set job criteria based on ethnicity, religion, appearance, etc., employers prefer to hire migrant/expatriate workers and employers prefer to hire male/female workers

Source: KRI (2018)

### Job seekers are not 'asking too much' in terms of their reservation wage; the reservation wage falls the longer the job seeker has been in the labour market

Table 4.8 shows the reservation wage for job seekers—it is the lowest wage rate which they would be willing to accept for a particular type of job. A job offer involving the same type of work and the same working conditions but at a rate lower than their reservation wage would be rejected.

The reservation wage is highest for the first-time job seekers who may have least experience and knowledge of conditions in the labour market. What is interesting is the low reservation wage of those who are currently employed—the main reasons for this group to seek another job are to have better prospects or higher pay (refer to Chart 4.30), yet the minimum salary they would accept for a job is on average RM1,550 per month and the modal salary is only RM1,000 per month.

In terms of other characteristics of the job seekers, Table 4.8 shows that the male job seekers have higher wage expectations although their educational qualifications are lower than those of the females (shown earlier in Chart 4.5). The Chinese and Indians also have higher wage expectations than the other ethnic groups. As would be expected, the minimum wage a job seeker would accept for a job rises with family status and also with the level of education. What is also worth highlighting from the table is the reservation wage of job seekers is lower than that indicated by tertiary education students—suggesting that once young people enter the job market they tend to lower their expectations.

**Table 4.8: Lowest (reservation) monthly wage job seekers would accept for a job (RM)**

Characteristics	Mean RM	Median RM	Mode RM
<b>Status</b>			
First-time job seeker	1,861	1,600	2,000
Currently unemployed	1,684	1,500	1,500
Currently employed	1,551	1,300	1,000
<b>Sex</b>			
Male	1,809	1,500	2,000
Female	1,651	1,500	1,500
<b>Ethnicity</b>			
Bumiputera	1,650	1,500	1,500
Chinese	2,232	2,000	2,000
Indian	2,120	2,000	2,000
Others	1,432	1,200	1,000
<b>Family status</b>			
Poor	1,538	1,300	1,500
Middle class	1,737	1,500	2,000
Well-off/rich	2,152	2,000	2,000
<b>Education level</b>			
No formal education	1,250	910	900
Primary	1,031	900	900
Lower secondary	1,273	1,000	1,000
Upper secondary	1,546	1,200	1,000
Pre-university	1,680	1,500	1,500
Vocational/technical certificate	1,468	1,200	1,000
Tertiary/university (certificate/diploma)	1,660	1,500	1,500
Tertiary/university (bachelor degree)	1,955	1,900	2,000
Tertiary/university (professional degree)	2,227	2,000	1,500
Tertiary/university (master)	2,305	2,200	2,000
Tertiary/university (PhD)	2,556	3,000	500
Other	3,250	3,250	500
<b>Job seekers</b>	<b>1,715</b>	<b>1,500</b>	<b>2,000</b>
<b>Tertiary students</b>	<b>2,435</b>	<b>2,000</b>	<b>2,000</b>

Source: KRI (2018)

A 2017 JobStreet Malaysia survey found that more than two-thirds of the employers complained that fresh graduates are ‘asking for too much’ with starting salaries of between RM2,400 and RM3,000. Only 2% of employers said they were willing to pay fresh graduates RM3,000 per month<sup>109</sup>. The issue of whether young people are ‘asking for too much’ or have unrealistic wage expectations can be considered in several ways.

Firstly, the current government-mandated monthly minimum wage is RM1,000 for Peninsular Malaysia and RM920 for East Malaysia<sup>110</sup>. It is important to clarify that the minimum wage is normally targeted at the ‘working poor’ and the low-skilled. It is dependent on government approved raises which are normally influenced by the economy and business interests, and has not changed since 2016. Compared to this minimum wage, the reservation wage of job seekers, most of whom have a tertiary education, does not seem unrealistic. It is worth noting, for example, that the minimum monthly allowance for youth participating in the 1Malaysia Training Scheme (SL1M) is RM2,000.

Secondly, it does not seem unrealistic for young people to want a living, fair or decent wage that will allow them to sustain a socially acceptable minimum standard of living, beyond the basic necessities like food, clothing and shelter<sup>111</sup>. A minimum wage is not necessarily a living wage. In fact, the Malaysian Trade Union Congress has argued that a starting salary of RM3,000 is actually reasonable, given the current cost of living for recent graduates, including the need to repay student loans<sup>112</sup>.

Thirdly, the reservation wage of job seekers can be compared with the pay of recent graduates who had found jobs. For 2016, the Graduate Tracer Study reported that among those already working, the bulk of recent graduates with first degrees earn below RM3,000 and those with diplomas earn below RM2,000. More than half of unemployed degree holders expect salaries of less than RM2,500 and 70% of unemployed diploma holders expect to earn below RM2,000<sup>113</sup>.

Fourthly, it is noteworthy that a ‘Cost of Talent’ report issued by Universum Global, an international human resources consulting firm, concluded that “Malaysian graduates have one of the lowest expectations in the world for starting salaries”<sup>114</sup>.

### They take a number of pro-active steps to find employment

When asked about the steps they are taking to find employment, the job seekers listed a number of steps—they are likely to rely on several methods rather than one method (Table 4.9). The most common steps for all job seekers are to register at public employment services and to attend job fairs or open interviews. Public employment services are much more popular than the private ones—most likely because of the strong preference of job seekers to find employment in the public sector and also because of the fees involved in registering at a private agency. The main public employment services are provided by the Public Services Commission and by JobsMalaysia which is under the Ministry of Human Resources. The job seekers are also pro-active in directly applying to employers or answering advertisements. It is also evident from Table 4.9 that the first-time job seekers are much more likely to be attending employability training courses than those who are previously or currently employed.

109 HR in Asia (2017)

110 The 2019 Budget presentation announced that the minimum wage will be implemented nationally at RM1,100 per month from January 2019.

111 Chong and Khong (2018) and Koning (2018) explain the differences between a living wage and minimum wage.

112 HR in Asia (2017) and FMT News (2017)

113 MOHE (2016, pp. 64 – 65) and Ooi (2018, p.9)

114 The report is based on the feedback from 533,351 Business and STEM (Science, Technology, Engineering and Mathematics) students from 29 countries that participated in Universum Global, The Global Cost of Talent 2017. According to the report, on average, Malaysian business students expect an annual salary of USD 8,765 (RM34,700), which translates to RM2,875 per month while STEM students expect a monthly salary of RM3,050, or USD9,285 (RM36,600) a year. Only students from Kazakhstan and Indonesia have lower salary expectations as compared to Malaysian students. Source: Universum Global (2017) and Tan (2018)

But the table shows that the proportion of job seekers who are actively taking steps to set up their own business is small. They also do not tend to rely on informal networks of friends or relatives to find work.

**Table 4.9: Steps taken to find employment by status of job seekers**

Steps taken	First-time job seeker %	Currently unemployed %	Currently employed %	Overall %
Attending employability training course	36.6	33.9	27.2	33.2
Registering at public employment service	39.5	41.4	41.6	40.8
Registering at private employment service	25.5	25.4	25.6	25.5
Attend job fairs, open interviews	39.6	38.8	37.1	38.7
Directly applying to employers	31.3	33.1	34.2	32.7
Checking at worksites, factory gates, etc.	13.4	15.7	12.1	13.9
Answering advertisements	29.2	35.2	34.9	32.9
Placing advertisements	6.7	7.1	7.7	7.1
Seeking assistance from friends, relatives, etc.	28.6	32.4	32.1	30.9
Looking for land, building etc. to set up own business	4.6	4.9	4.2	4.6
Applying for financial resources to set up own business	5.5	6.9	6.1	6.2
Applying for permits, licences to set up own business	4.5	5.7	6.1	5.4
Doing nothing	4.6	2.6	2.6	3.3

Note: The table displays the percentages of 'Yes' answers  
Source: KRI (2018)

Table 4.10 shows that, as would be expected, those who are currently working had applied for the largest number of jobs and they are also most likely to have attended interviews. Only about one-fifth of the first-time job seekers have ever been called for interviews.

**Table 4.10: Number of jobs applied for and whether called for interviews**

	First-time job seeker	Currently unemployed	Currently employed	Total
<b>Number of jobs applied for</b>				
Mean	5	8	9	7
Median	2	4	5	3
<b>Whether called for interview</b>				
Never been called	77.6%	48.2%	40.0%	57.1%
Yes, been called	22.4%	51.8%	60.0%	42.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: KRI (2018)

Among those who had attended interviews, only 16% claimed that they had received feedback from the potential employer. The positive feedback included statements like: they had ‘performed well in the interview’, had shown ‘potential, ‘leadership’, ‘confidence’, ‘good communication skills’, ‘good attitude’, ‘efficient’, ‘sociable’, ‘impressive ability to handle people’, ‘had the right qualifications’, ‘enthusiastic and energetic’, and had been successful in getting the job. Among the negative feedback, the two main reasons were ‘lack of work experience’ and ‘poor language and communication skills’. It was striking that another commonly cited reason was that the job seekers were ‘over-qualified’ for the job. Other feedback for why a job seeker failed an interview were ‘under-qualified’, ‘poor technical skills’, ‘failed the online test for the job’, ‘too shy’, ‘inappropriately dressed’, ‘too young’ and ‘too nervous’.

### They are willing to move to find work, but for short moves

The job seekers indicate a willingness to move to find work, with half of them saying that they are prepared to move anywhere (Table 4.11). But there is clearly a preference for shorter moves—within the same state and especially to urban rather than rural areas. Their mobility is also more limited between Peninsular and East Malaysia and also to other countries.

**Table 4.11: Willingness of job seekers to move to find work**

Willingness to move	First-time job seeker %	Currently unemployed %	Currently employed %	Overall %
Move to town in same state	77.2	74.3	75.8	75.8
Move to town in another state	67.7	63.9	62.6	65.0
Move to rural area in same state	60.9	57.2	60.2	59.4
Move to rural area in another state	51.1	47.2	48.6	49.0
Move from Peninsular to East Malaysia	43.7	42.2	38.6	41.8
Move from East to Peninsular Malaysia	45.6	43.9	40.6	43.7
Move to another country	45.2	45.7	39.4	43.9
Prepared to move anywhere	51.4	52.1	48.4	50.9

Note: The table displays the percentages of ‘Yes’ answers  
Source: KRI (2018)

### They have turned down job offers, mainly because the pay was too low or the location was not convenient

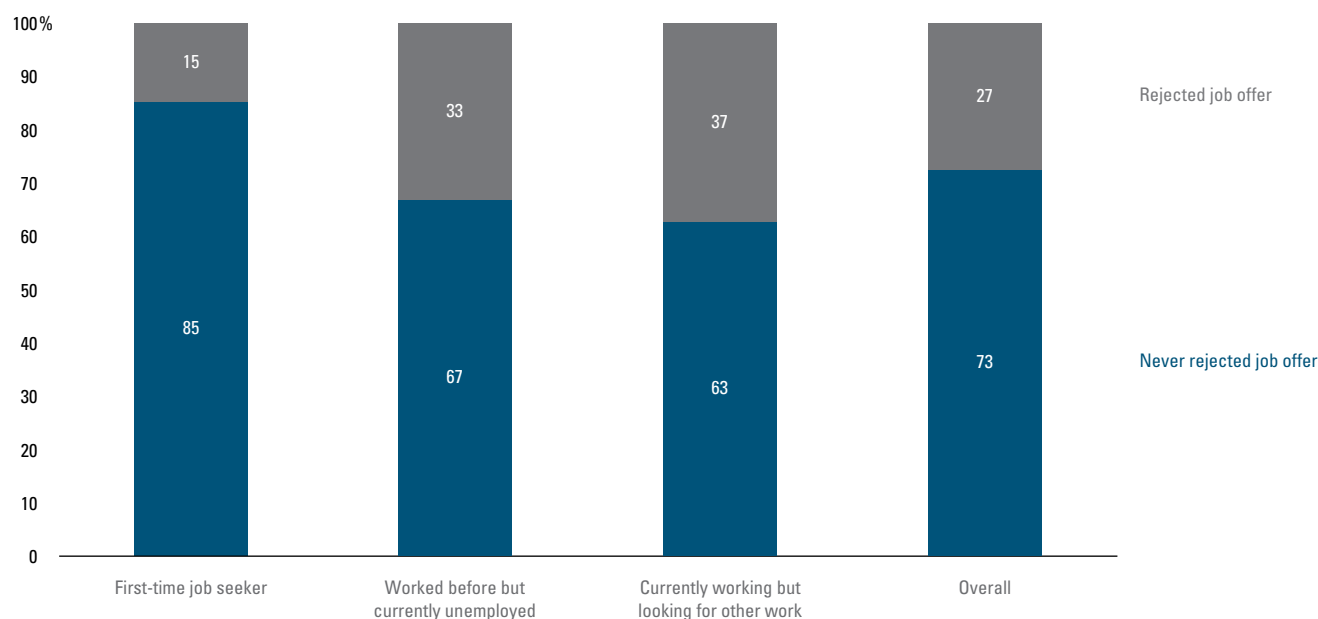
When asked whether they have turned down job offers, it is not surprising that the younger, first-time job seekers are less likely to have rejected offers as compared to those who were previously employed or those who are currently working but looking for other jobs (Chart 4.34).

The main reasons for rejecting job offers are that the pay offer was too low or the location was not convenient (Chart 4.35). These reasons are perhaps surprising, given that, firstly, high income is only fourth on the list of priorities of what job seekers want in a job (as shown earlier in Charts 4.18 and 4.19) and, secondly, job seekers indicate readiness to move for a job (Table 4.11). However, rejecting a job because it was not interesting is consistent with the earlier finding that job seekers emphasise that a job should be interesting.



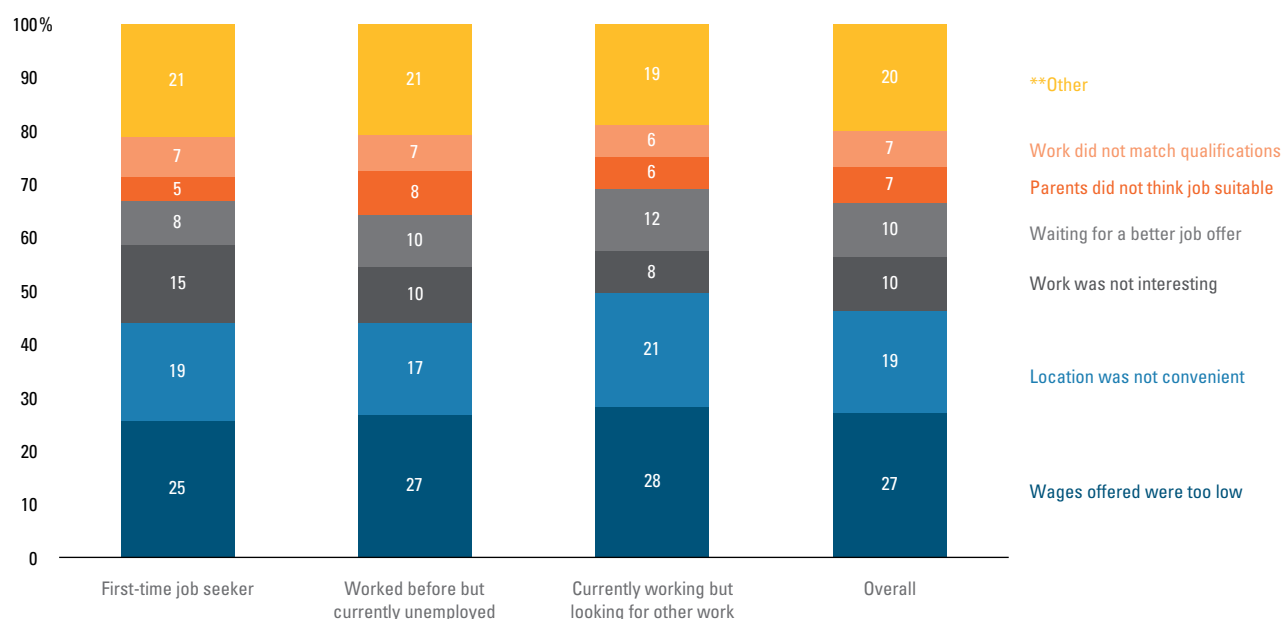
Female job seekers are more than twice as likely as males to turn down jobs because their parents did not think the job appropriate (Chart 4.36). The women are also much more likely to reject a job because the location was not convenient. Males, on the other hand, turn down jobs for pay related reasons.

**Chart 4.34: Rejection of job offers by status of job seekers**



Source: KRI (2018)

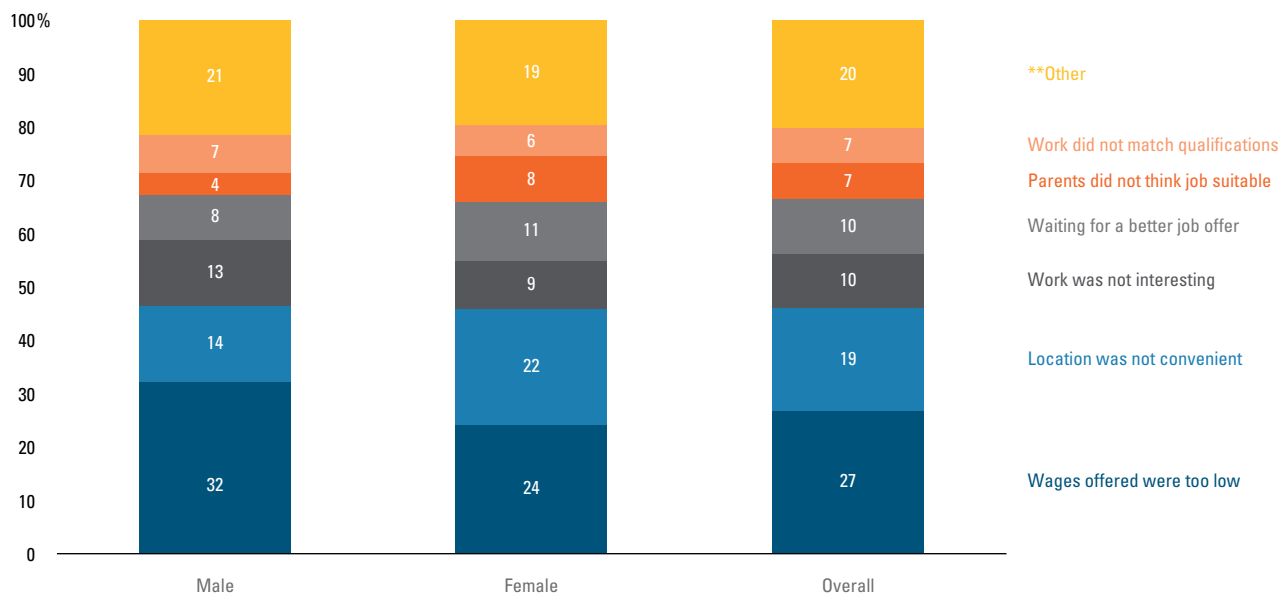
**Chart 4.35: Main reason for rejecting job offer by status of job seekers**



Note: The chart displays top six values. \*\*Other reasons include no possibilities for advancement, working hours too long, work too difficult and no contract offered/contract too short

Source: KRI (2018)

**Chart 4.36: Main reason for turning down job offer by sex of job seekers**

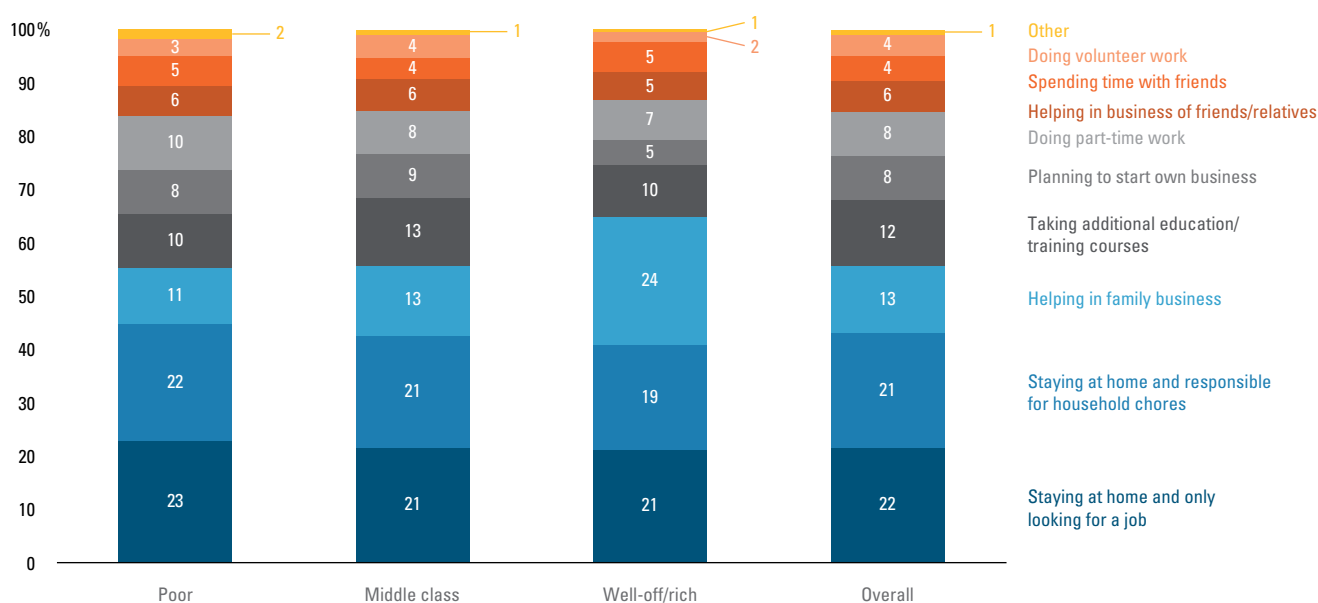


Note: The chart displays top six values. \*\*Other reasons include no possibilities for advancement, working hours too long, work too difficult and no contract offered/contract too short  
Source: KRI (2018)

## While looking for work, they have been mainly staying at home

The first-time job seekers and the currently unemployed have been mainly staying at home and focussing on their job search or helping out with household chores. But what is striking is that a much higher proportion of those from well-off or rich family backgrounds are helping out in their family business while looking for a job. On the other hand, those from poor families are more likely to be doing part-time work (Chart 4.37).

**Chart 4.37: Main activity while looking for work by family status of job seeker**



Source: KRI (2018)

# CHAPTER

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# 05

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## YOUNG WORKERS

This chapter examines how young workers are doing in the labour market in terms of their employment status and their working conditions—to determine whether they have made successful transitions, have decent working conditions and are satisfied with their labour market situation.

### The status in employment of young workers

The International Classification of Status in Employment (ICSE-93) classifies workers under two main types of jobs: paid employment and self-employment<sup>115</sup>. Those in ‘paid employment’ jobs are employees or wage and salary workers who hold explicit (written or oral) or implicit employment contracts that give them a basic remuneration that is not directly dependent upon the revenue of the unit for which they work. Standard or regular paid employment is full-time, indefinite, part of a subordinate and bilateral relationship between an employee and an employer and covered by labour legislation and employment-related social protection.

However, nowadays, young people are increasingly engaged in informal or ‘non-standard’ forms of employment described in Chapter 1 of this report<sup>116</sup>. They work in temporary, part-time or casual jobs, freelancing, doing several so-called gigs rather than relying on full-time employment with a sole employer. They perform contract work, crowd work and work sourced from online marketplaces (also known as ‘transaction platforms’)<sup>117</sup>. Freelance independent professionals and other highly skilled individuals offer their know-how, skills and expert services in the ‘open talent economy’ to a range of different entities in software development and technology, creative and multimedia work, writing and translation, data entry and analyses, etc. A primary attraction is the independence, self-reliance and flexibility of being able to work when, where and in what ways one wants. Being able to earn extra income is also an important driving force.

But ‘non-standard’ employment also carries a number of challenges, difficulties and hardships—especially for those for whom such work is involuntary because they could not find standard employment. The informal nature of such employment means young people have limited labour or employment-related social protection. The major downside is the precariousness and vulnerability associated with such employment. They face irregularity of income, lack of economic security, lack of health insurance and retirement savings. The inherent uncertainty of securing the next work assignment could also heighten job-related stress. Being an independent worker carries an increased burden of ensuring one’s skills are up to date to continue getting gigs—hence the pressure for lifelong learning to acquire new skills or refresh old ones. With no steady guaranteed income, most freelancers need to possess entrepreneurial skills in order to do their work—marketing themselves, finding gigs, negotiating contracts, invoicing and securing payments.

Those in ‘self-employment’ jobs are employers, own-account workers, contributing family workers and members of producers’ cooperatives. Employers are those workers who, working on their own account or with one or a few partners, hold the type of jobs defined as a ‘self-employment jobs’ (i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced), and, in this capacity, have engaged, on a continuous basis, one or more persons to work for them as employee(s). Own-account workers are those workers who, working on their own account or with one or more partners, hold the type of jobs defined as ‘self-employment jobs’, and have not engaged on a continuous basis any employees to work for them. Contributing family workers are those workers who hold ‘self-employment jobs’ as own-account workers in a market-oriented establishment operated by a related person living in the same household. Members of producers’ cooperatives hold self-employment

115 ILO (2013-b)

116 See also ILO (2016)

117 The better-known transaction platforms for gig jobs include Grab, Uber, FoodPanda, Airbnb and Lazada. A person can also be a freelance worker or seek additional sources of income through websites such as Maideasy, Maukerja.my, HerPortal.co, Supahands.com, e-Rezeki.my and e-Usahawan.

jobs in a cooperative producing goods and services, where the members take part on an equal footing in making major decisions concerning the cooperative. The own-account and contributing family workers are often termed ‘vulnerable workers’ because their employment tends to be characterised by inadequate earnings, low productivity and difficult conditions of work that undermine workers’ fundamental rights<sup>118</sup>.

## The profile of young workers

**One-third of all young workers are not in standard employment; it is only as they get older that they become regular full-time paid employees**

Table 5.1 shows the status in employment of the young workers covered in the SWTS. It is important to emphasise that the analysis that follows refers only to this sample and is not representative of the entire population of young workers in the country.

Of the total young workers, 29% are in non-standard forms of employment (as temporary full-time employees, part-time workers and casual/on-call/daily paid workers) and 7% are self-employed (as own-account workers, contributing family workers or employers hiring other workers). The remaining 64% are regular full-time paid employees.

**Table 5.1: Status in employment of young workers**

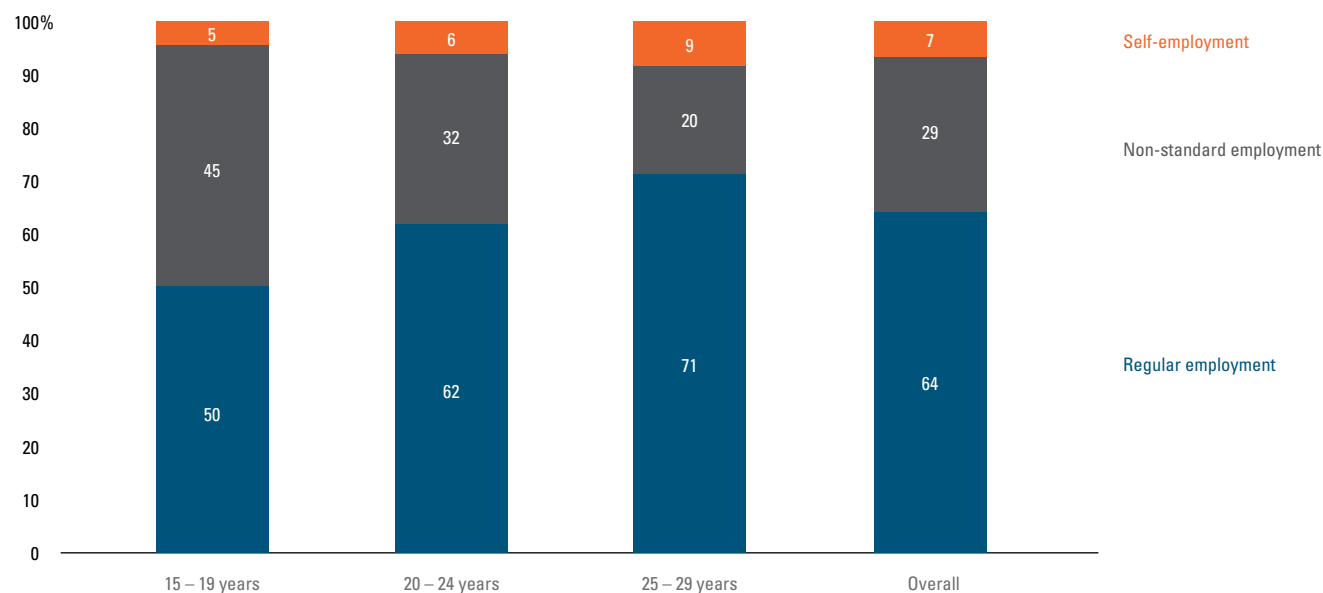
Status in employment	Frequency	Percentage
Regular full-time employee	3,760	64.0
Temporary full-time employee	1,123	19.1
Part-time worker	489	8.3
Casual/on-call/daily paid worker	82	1.4
Own account	338	5.8
Contributing family worker	32	0.5
Employer hiring other workers	47	0.8
<b>Total</b>	<b>5,871</b>	<b>100.0</b>

Source: KRI (2018)

There are no clear differences either by sex or rural-urban location of the status in employment of the young workers. However, Chart 5.1 shows that the older the worker, the more likely to be in regular full-time employment, whereas those aged between 15 and 19 years are much more likely to be in non-standard forms of employment. The percentage of young workers in non-standard forms of employment goes down with age. By ethnicity, the Bumiputera and Other young workers are less likely than the other two ethnic groups to be in regular full-time employment and more likely to be in non-standard forms of work (Chart 5.2).

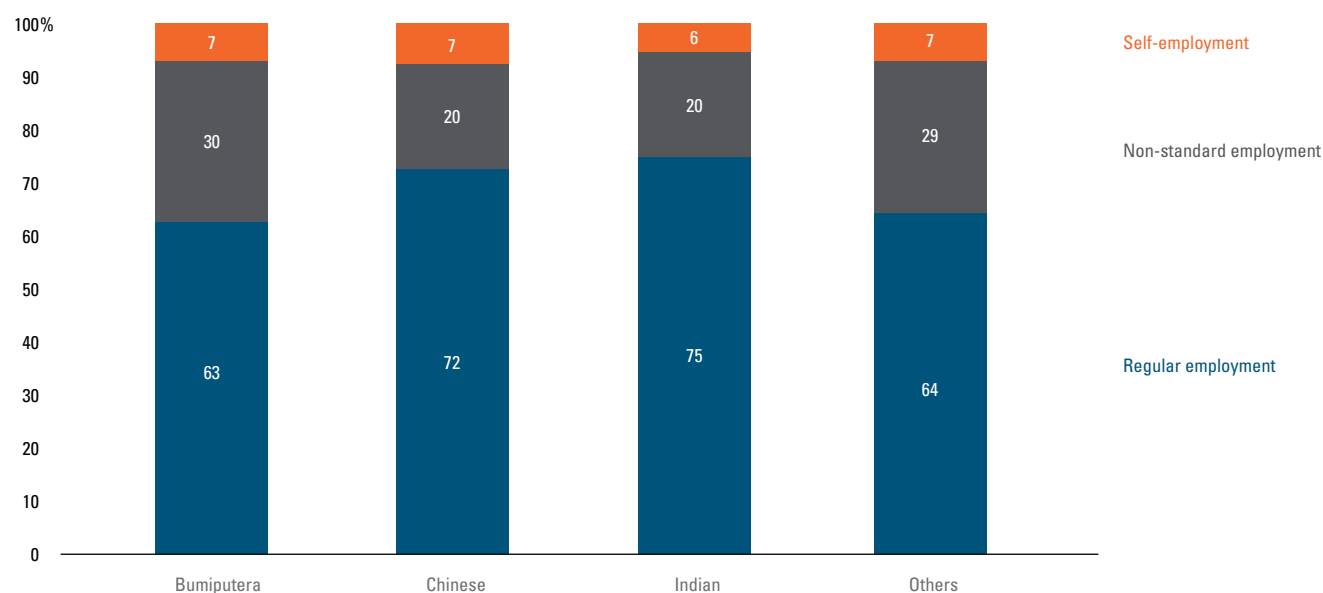
118 The vulnerable employment rate was one of the indicators for the Millennium Development Goal (MDG) Target 1B to “achieve full and productive employment and decent work for all, including women and young people”. The vulnerable employment rate is based on the proportion of own-account and contributing family workers in total employment.

**Chart 5.1: Status in employment by age of young workers**



Source: KRI (2018)

**Chart 5.2: Status in employment by ethnicity of young workers**



Source: KRI (2018)

**Table 5.2: Characteristics of young workers**

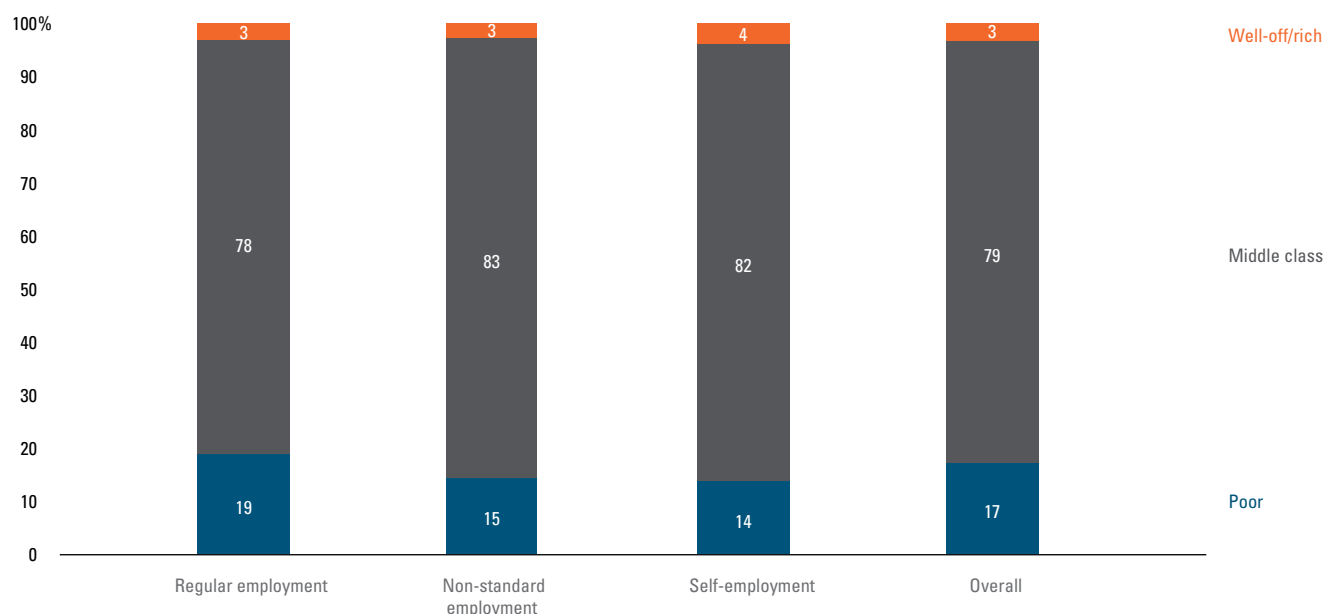
Characteristics	Frequency	Percentage
<b>Age</b>		
15 – 19	766	13.0
20 – 24	2,664	45.4
25 – 29	2,441	41.6
<b>Sex</b>		
Male	2,337	39.8
Female	3,534	60.2
<b>Strata</b>		
Urban	4,339	73.9
Rural	1,532	26.1
<b>Ethnicity</b>		
Bumiputera	5,163	87.9
Chinese	431	7.3
Indian	263	4.5
Others	14	0.2
<b>States</b>		
Johor	375	6.4
Kedah	364	6.2
Kelantan	392	6.7
Melaka	374	6.4
Negeri Sembilan	378	6.4
Pahang	383	6.5
Penang	361	6.1
Perak	374	6.4
Perlis	362	6.2
Selangor	384	6.5
Terengganu	392	6.7
Sabah	411	7.0
Sarawak	312	5.3
Kuala Lumpur	377	6.4
Labuan	266	4.5
Putrajaya	366	6.2
<b>Marital status</b>		
Single/never married	4,330	73.8
Engaged to be married	391	6.7
Married	1,101	18.8
Separated	10	0.2
Divorced	23	0.4
Widowed	15	0.3
No answer	1	0.0
<b>Overall</b>	<b>5,871</b>	<b>100.0</b>

Source: KRI (2018)

Some of the main characteristics of the young workers are shown in Table 5.2. The mean and median age of the young workers is 24 years. Since they are already working they tend to be older than the other groups of youth covered in the SWTS, 42% are in the age range 25 – 29 years. A quarter are married or engaged to be married and have an average of one child and a maximum of 6 children. There is a female bias in the sample, with young female workers accounting for 60% of the sample. Almost three-quarters of the young workers reside in urban areas. By ethnicity, 88% of those surveyed are Bumiputera.

Almost 80% of all young workers consider their family background to be ‘middle class’, with no significant differences by employment status (Chart 5.3). But a higher percentage of Bumiputera and Other young workers assess their families to be ‘poor’ as compared to the two other ethnic groups (Chart 5.4).

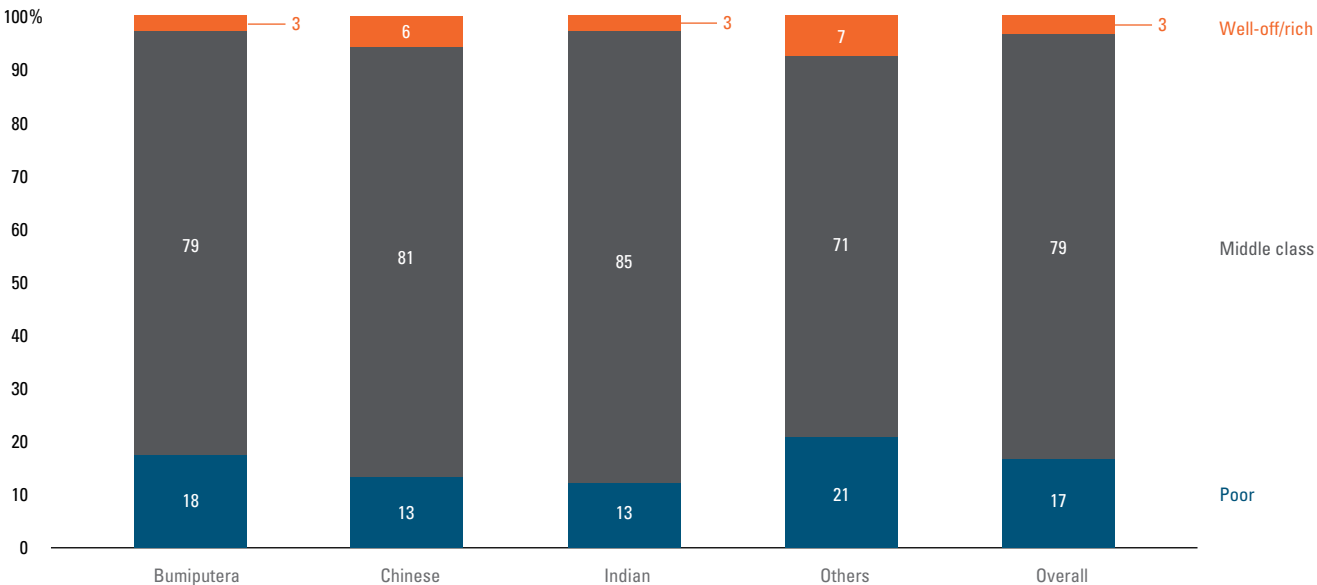
**Chart 5.3: Family background by employment status of young workers**



Source: KRI (2018)



Chart 5.4: Family status by ethnicity of young workers



Source: KRI (2018)

Their aspirations and job expectations

Success at work the most important goal in life, followed by a good family life

Table 5.3 confirms that throughout their transition from the education system to entry into and working in the labour market, young people consistently identify success at work as their most important life goal. Being older than those still in the educational system, the young workers also more strongly prioritise a good family life. But being wealthy appears to be less important to the young workers than to students. Chart 5.5 shows how their priority life goals shift with age.

It is only the Chinese young workers who prioritise wealth as their most important life goal (Chart 5.6), and, in fact, being wealthy is more important than having a good family life. The Indian young workers are also more likely to value wealth than the remaining ethnic groups, but they also value having a good family life and success at work more than do the Chinese. The Bumiputera young workers value success at work and a good family life. The group of Others place the most importance on having a good family life.

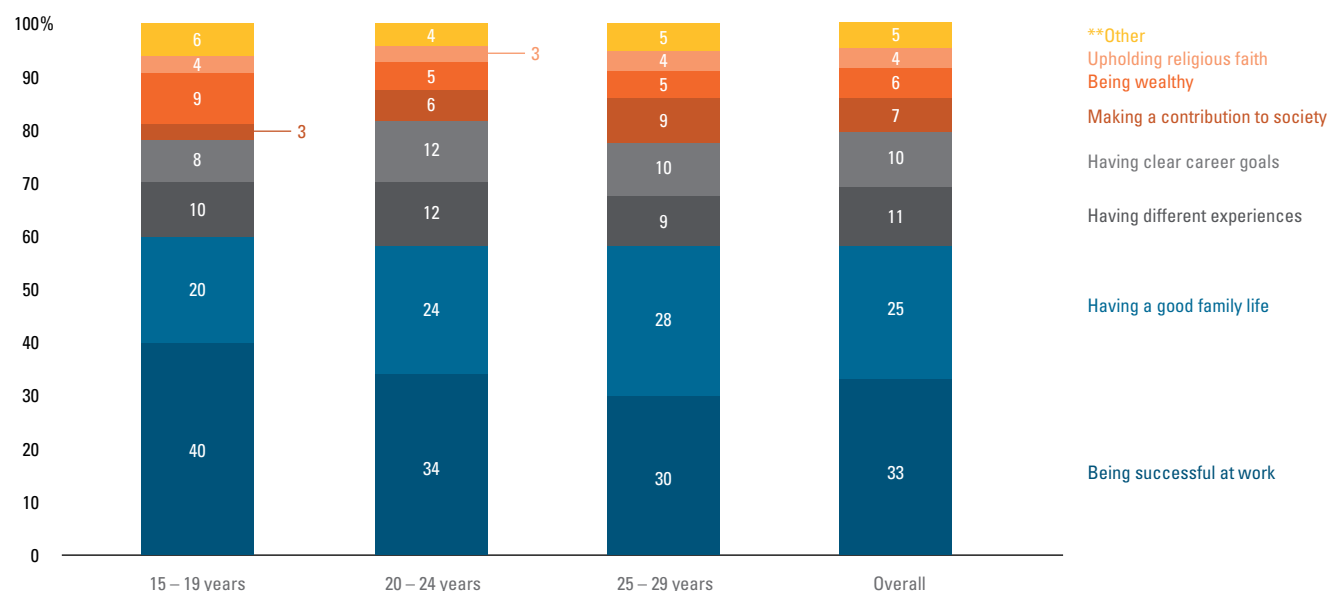
**Table 5.3: Most important goal in life for different groups of youth**

Main goal in life	Young workers	Job seekers	Tertiary education youth	Upper secondary youth
	%	%	%	%
Being successful at work	33.3	35.9	26.1	25.6
Making a contribution to society	6.6	8.1	9.2	6.9
Participating in politics	0.5	0.7	0.7	0.6
Upholding religious faith	3.5	3.5	4.3	5.1
Being wealthy	5.6	6.2	7.8	6.7
Being famous	0.4	0.6	0.6	0.9
Having a good family life	25.2	20.4	17.3	18.9
Having leisure time	1.6	0.9	1.7	0.9
Having a lot of different experiences	10.6	11.0	12.6	12.5
Working/living in other countries	1.3	1.1	3.9	4.3
Having clear career goals	10.5	10.5	14.1	16.2
Repaying parents/making them proud	n.a.	0.3	0.2	0.3
Other	1.0	0.6	1.6	1.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: n.a.- non-applicable.

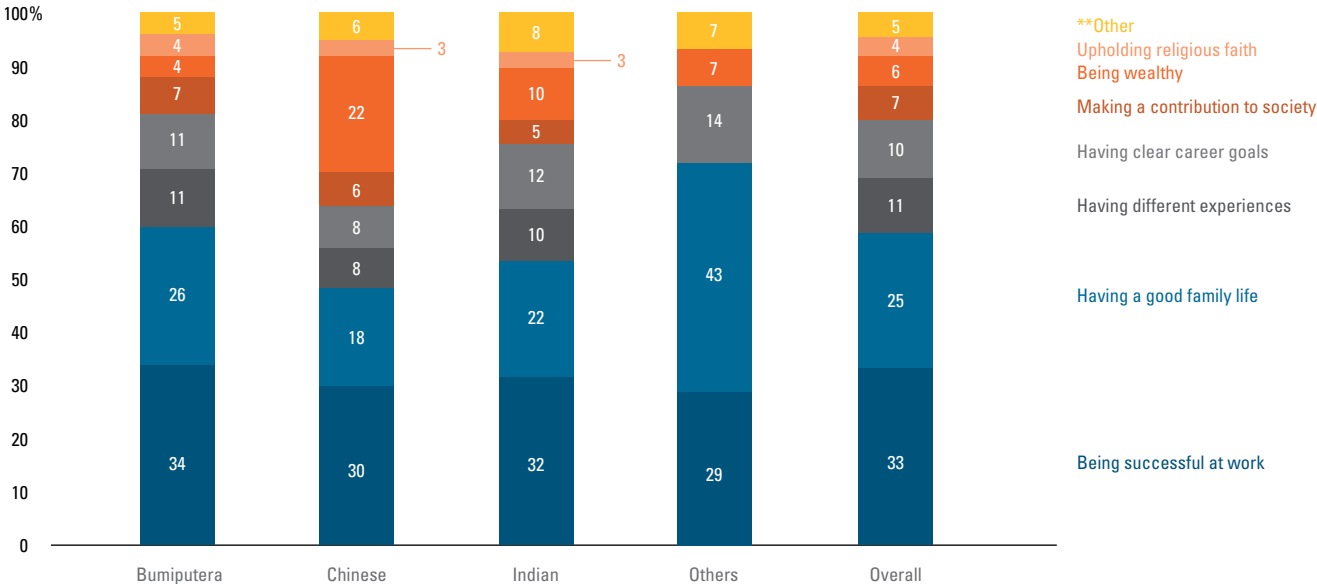
Source: KRI (2018)

**Chart 5.5: Most important goal in life by age of young workers**



Note: The chart displays top seven values. \*\*Other goals include having leisure time, working/living in other countries, participating in politics, and being famous  
Source: KRI (2018)

Chart 5.6: Most important goal in life by ethnicity of young workers

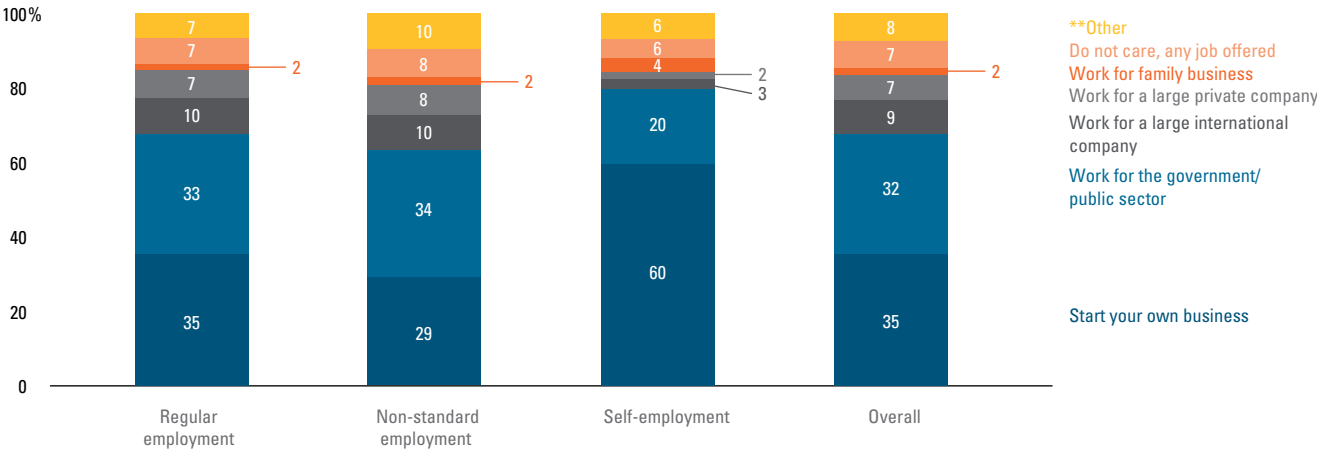


Note: The chart displays top seven values. \*\*Other goals include having leisure time, working/living in other countries, participating in politics, and being famous  
Source: KRI (2018)

The self-employed prefer to start their own business while employees prefer working for the public sector as professionals

The results shown in Chart 5.7 are not surprising; it can be expected that the self-employed would indicate a stronger preference for starting their own business whereas employees are more likely to prefer working for the government in the public sector. Chart 5.8 confirms that the self-employed prefer business-related occupations while the paid employees prefer professional occupations.

Chart 5.7: Preferred type of work by employment status of young workers



Note: The chart displays top six values. \*\*Other preferred types of work include work for a small company, work for a non-profit organisation, work online/ internet-based job, and work a number of part-time jobs  
Source: KRI (2018)

**Chart 5.8: Preferred occupation by employment status of young workers**

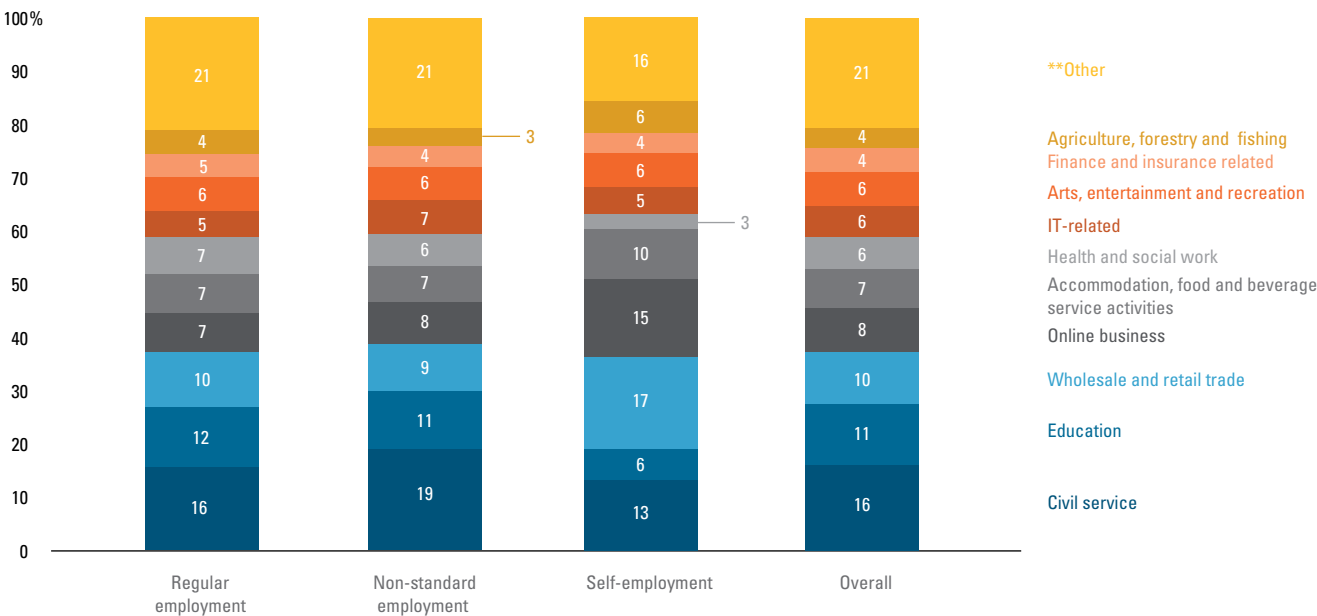


Note: The chart displays top seven values. \*\*Other preferred occupations include service and sales workers, craft and related trades workers, plant and machine operators and assemblers, skilled agricultural, forestry, livestock and fishery workers, and elementary occupations

Source: KRI (2018)

Chart 5.9 shows the top ten employment sectors preferred by young workers. Those who are paid employees indicate a strong preference for work in the public sector/civil service and also in the education sector. However, the three main preferred employment sectors for the self-employed are wholesale and retail trade, online business and accommodation, food and beverage service activities—these are the sectors where it is relatively easy to create one’s own employment. Where there is a preference for the agriculture, forestry and fishing sector, the young workers are more likely to be self-employed.

Chart 5.9: Preferred employment sector by employment status of young workers

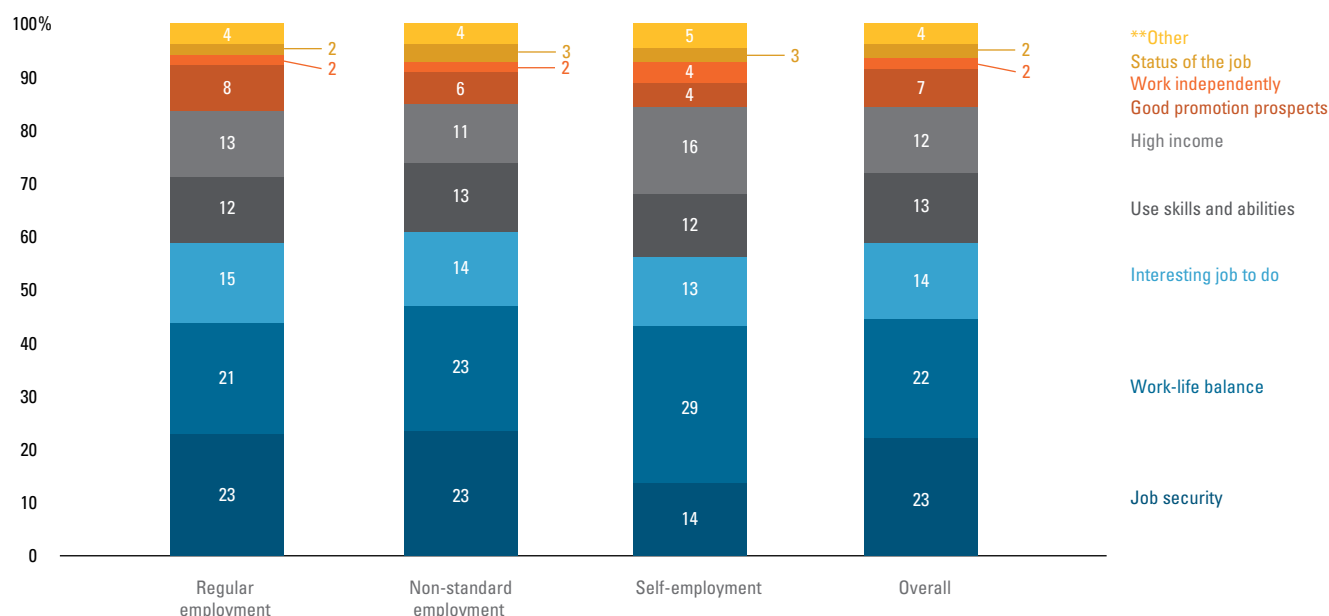


Note: The chart displays top ten values. \*\*Other preferred employment sectors include manufacturing, construction, mining including petroleum and gas, information and communications, transportation and storage, utilities, and real estate  
Source: KRI (2018)

The paid employees value job security while the self-employed value work-life balance

Chart 5.10 shows the eight most important characteristics of a job for young workers. The characteristics not shown in the chart because they are mentioned by very few young workers include: having lots of vacation time, ability to work from home and opportunities for travel. It is clear that status in employment affects what young workers consider to be the most important aspect of a job. For those in both regular and non-standard employment, job security is what they look for in a job. For the self-employed however, work-life balance is more important. In fact, the flexibility to be able to better balance work and family life is often a significant reason why men and especially women choose self-employment. The self-employed place lower importance on job security (14% as compared to 23% for regular full-time employees and also non-standard workers). However, the self-employed give greater emphasis to income from the job than do the paid employees.

**Chart 5.10: Most important job characteristic by employment status of young workers**



Note: The chart displays top eight values. \*\*Other job characteristics include able to work from home, opportunities to work from home, and having lots of vacation time

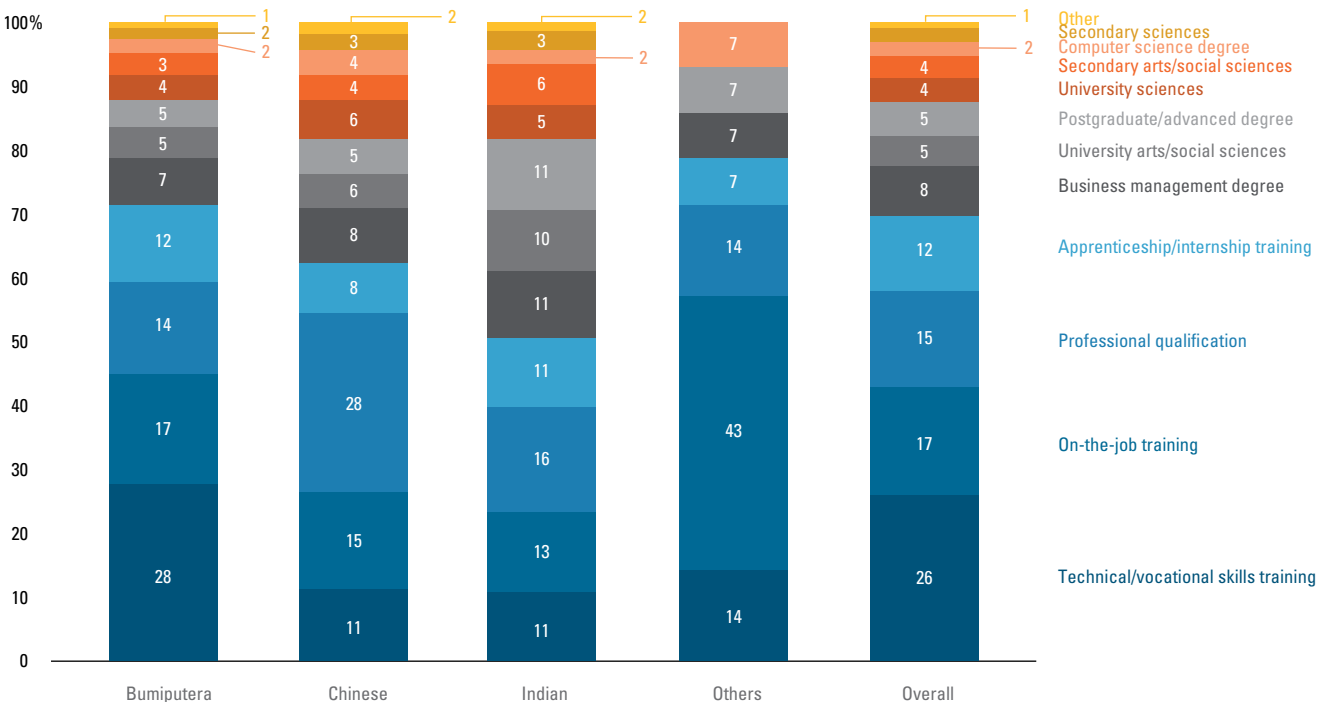
Source: KRI (2018)

## To get a good job, they consider TVET the most useful qualification

The young workers, in particular the Bumiputeras, identify TVET as the most useful qualification for getting a good job (Chart 5.11). This is striking given that less than 5% of the young workers have TVET qualifications. But, as explained in the earlier chapter on job seekers (who also identify TVET as the most useful qualification although less than 5% of them have such qualifications), it is indicative of the fact that there is an industry shortage of persons with such skills and the young workers, like the job seekers, realize the importance of TVET education for employability. The Chinese and Indian young workers, on the other hand, feel that professional qualifications are most useful. It is also important to note that practical on-the-job training and apprenticeship/internship training are recognised by young workers as critical. In fact, 43% of Other young workers identify on-the-job training as most important.

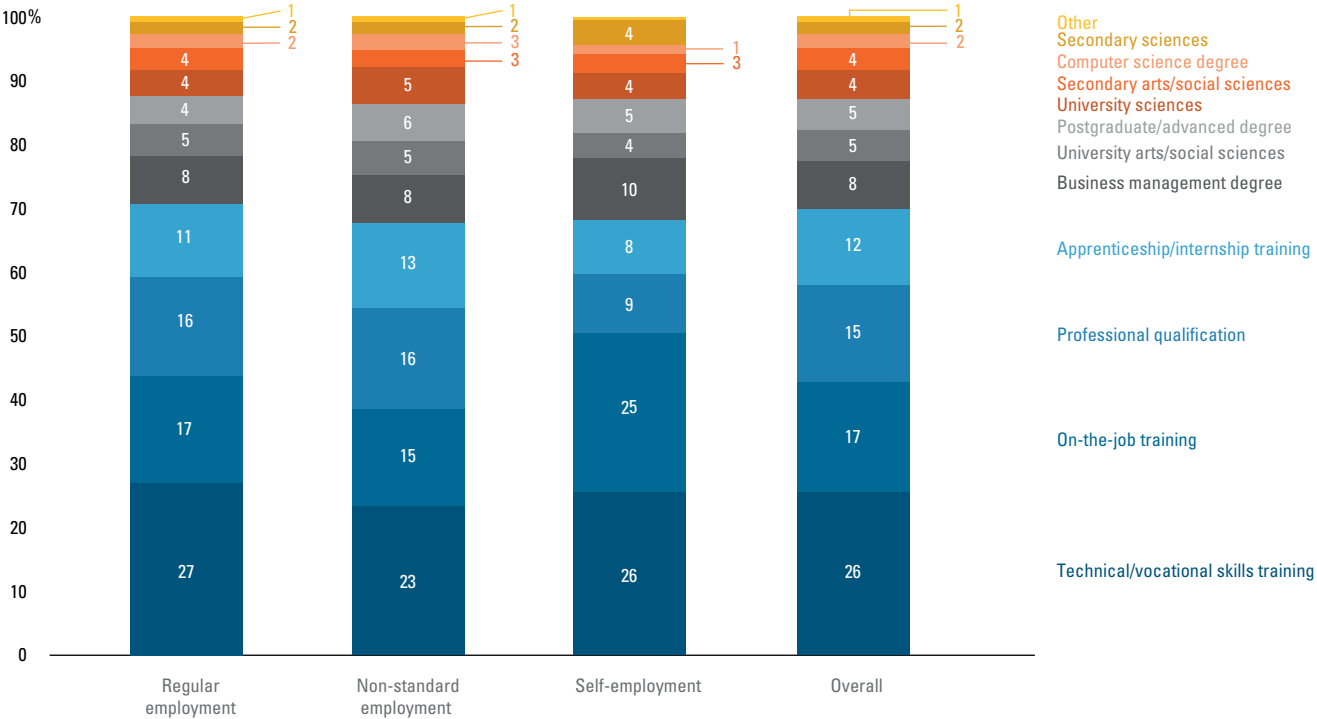
Chart 5.12 shows that those in regular or non-standard employment, consistent with their preference for professional occupations (highlighted in Chart 5.8), also prioritise professional qualifications (although their highest priority is still for technical/vocational training). The self-employed also prioritise technical/vocational training but they stress the importance of on-the-job training and give less emphasis to academic or professional qualifications.

Chart 5.11: Education or training most useful for getting a good job by ethnicity of young workers



Source: KRI (2018)

Chart 5.12: Education or training most useful for getting a good job by employment status of young workers



Source: KRI (2018)

## Employment status affects what they consider to be the most useful soft skills

The competencies or soft skills that young workers consider most useful for getting a good job differ slightly from those identified by the other groups of young people covered in the SWTS. In Table 5.4, young workers rank creative and analytical thinking as most useful, followed by communication skills and being honest and hardworking. Young people still in the education system and job seekers rank communication skills above creative and analytical thinking; they also put greater emphasis on English language proficiency than do young workers.

For the young workers in self-employment, the competency they value most is being honest and hardworking (Chart 5.13). It is also striking that the self-employed indicate a much higher appreciation of entrepreneurship than those in paid employment—again, this is a good indication since entrepreneurship skills are essential to successfully create and sustain employment in their own businesses or succeed in the gig economy. Regular full-time employees and non-standard workers feel that their employability hinges on possessing creative and analytical thinking and also communication skills.

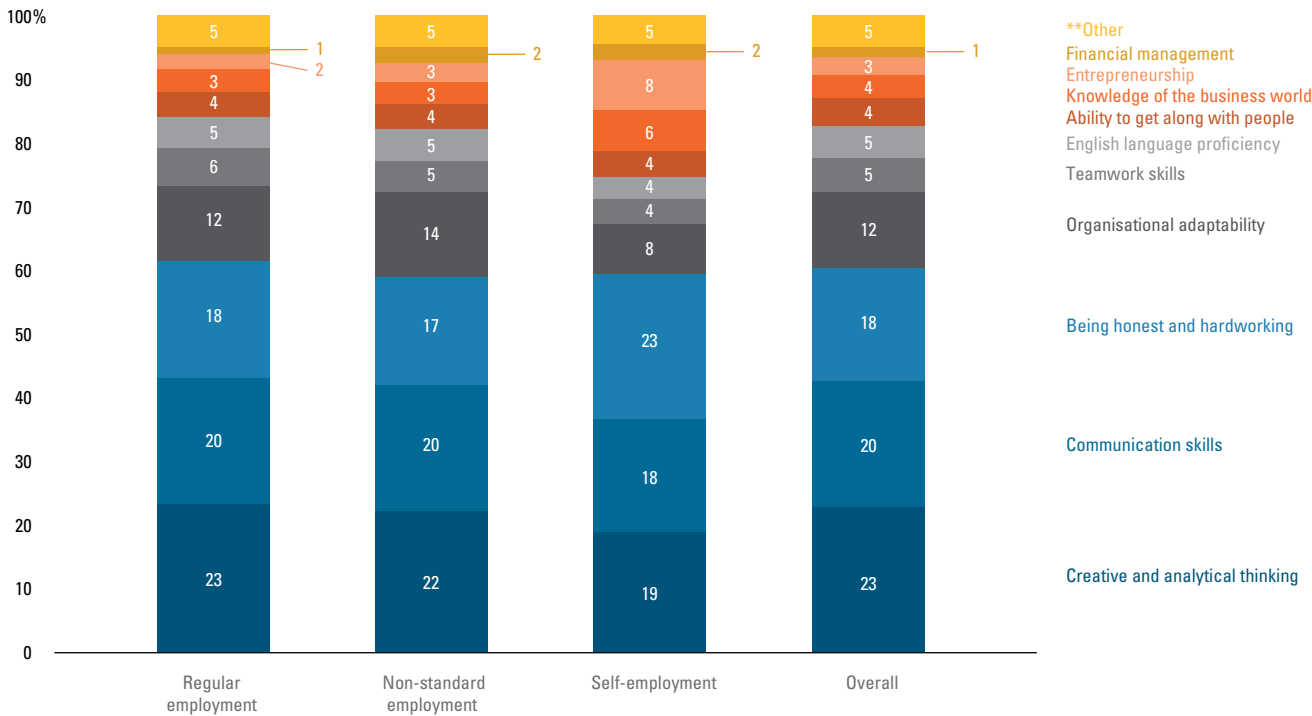
**Table 5.4: Most useful soft skill for getting a good job for different groups of youth**

Most useful soft skill	Young workers	Job seekers	Tertiary education youth	Upper secondary youth
	%	%	%	%
Creative and analytical thinking	22.6	22.3	24.8	21.2
English language proficiency	4.9	7.2	6.4	6.8
Communication skills	19.7	22.8	28.1	25.8
Teamwork skills	5.5	5.5	5.0	3.0
Financial management	1.5	2.2	1.1	1.2
Entrepreneurship	3.0	3.0	3.2	2.1
Organisational adaptability	12.0	11.0	10.2	7.9
Ability to get along with people	4.2	4.7	4.0	5.9
Knowledge of the business world	3.6	3.1	2.9	3.5
Important contacts through people with influence	1.4	1.9	1.1	0.8
Attractive personal appearance	1.1	0.8	0.9	1.0
Being honest and hardworking	18.1	13.2	9.6	18.0
Do not know	1.4	1.6	2.0	2.0
Other	1.0	0.8	0.8	1.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)



Chart 5.13: Most useful soft skill for getting a good job by employment status of young workers

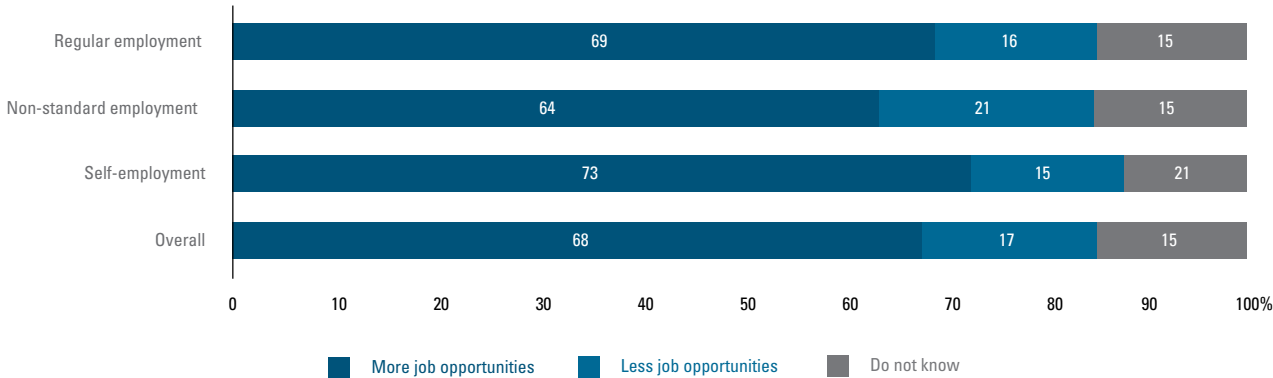


Note: The chart displays top ten values. \*\*Other soft skills include important contacts through people with influence and attractive personal appearance  
Source: KRI (2018)

They are generally upbeat about job opportunities linked to digital technologies

When asked about job opportunities in the context of digital technologies and the internet, the young workers are generally optimistic (Chart 5.14). Having grown up better educated than previous generations and exposed to various digital platforms, more than two-thirds of the young workers feel that they should be well-placed to seize new job opportunities or earn extra income, although these are most likely to be gig jobs rather than standard employment. There could also be opportunities for new occupations such as web developers, social media influencers, bloggers, and cloud service specialists. By employment status, the self-employed tend to be more optimistic than the paid workers that they will have more job opportunities.

Chart 5.14: Internet-linked job opportunities by employment status of young workers



Source: KRI (2018)

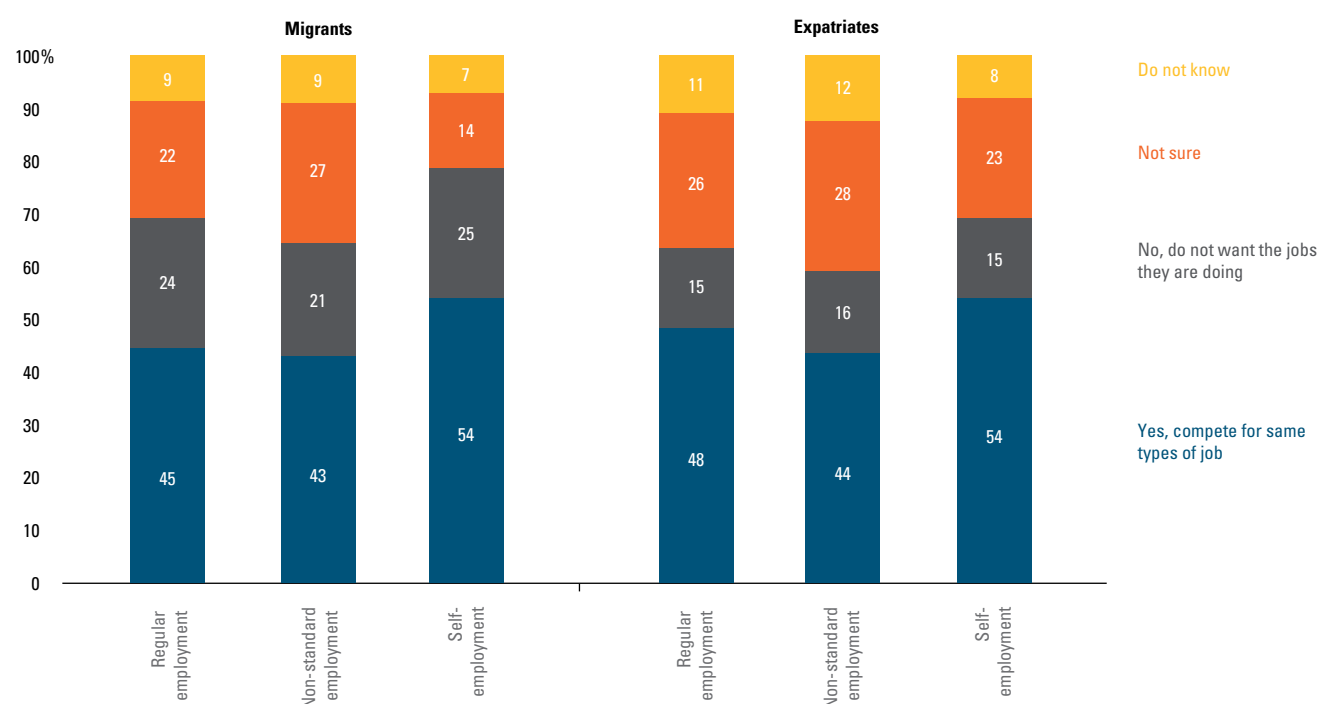
## They consider migrant and expatriate workers a threat

The young workers, especially the self-employed, consider migrant and expatriate workers a threat in the labour market; they want both the low-skilled jobs held by migrants and also the high-skilled jobs performed by expatriates (Chart 5.15). However, all young workers, irrespective of employment status, are less likely to want migrant jobs and more likely to want the expatriate jobs.

Those that consider migrants and expatriates a threat are more likely to feel that these foreigners do not benefit the Malaysian economy, either because they compete with Malaysians for available jobs, they push down wages for locals or they (especially migrant workers) are the cause of social problems in the country (Chart 5.16). Where they acknowledge that the foreign workers do benefit the Malaysian economy, the reasons cited differ for migrant workers and expatriate workers—the migrant workers are seen as providing the labour needed for the country’s development while the expatriate workers are seen as stimulating demand for goods and services. There are no distinct differences in these views of the young workers by employment status.

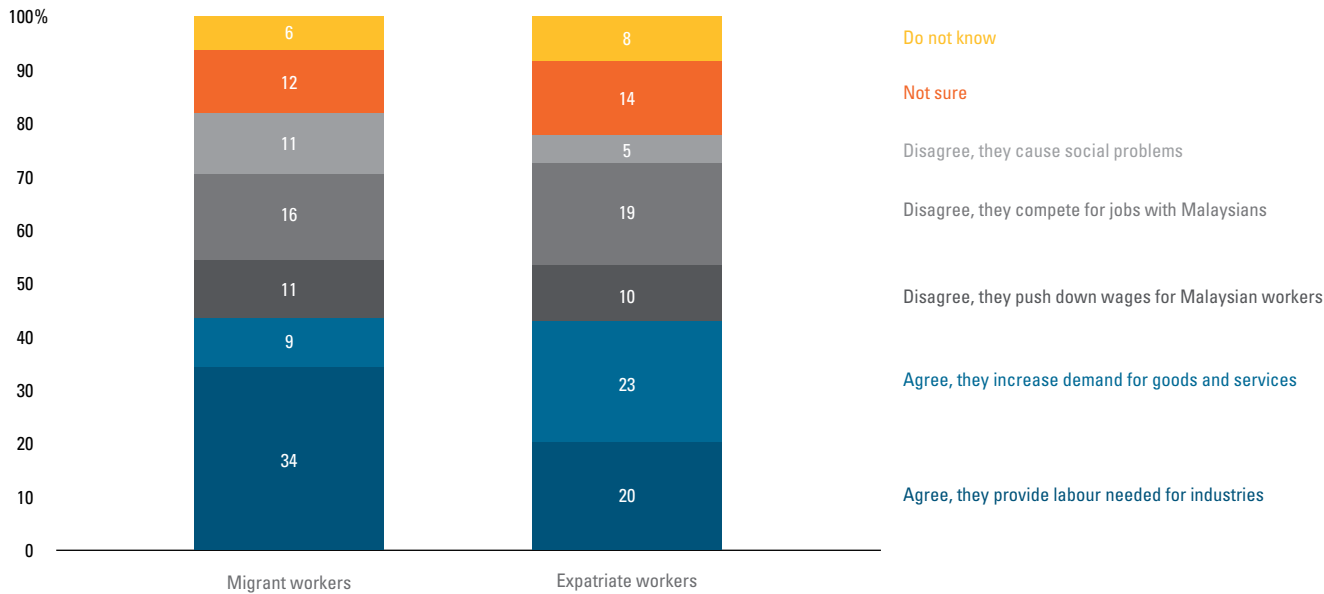
At the same time as they see them as a threat, the young workers, irrespective of their employment status, recognise that the main reason why there is a demand for migrant workers is because they are willing to do the low-paid ‘3D’ (dirty, difficult and dangerous) jobs for pay lower than what locals are prepared to accept, and they are hard working. They attribute the demand for expatriate workers to the fact that such workers are more highly skilled, or they have expertise Malaysians lack (Chart 5.17).

**Chart 5.15: Whether migrant and expatriate workers are a threat to young workers**



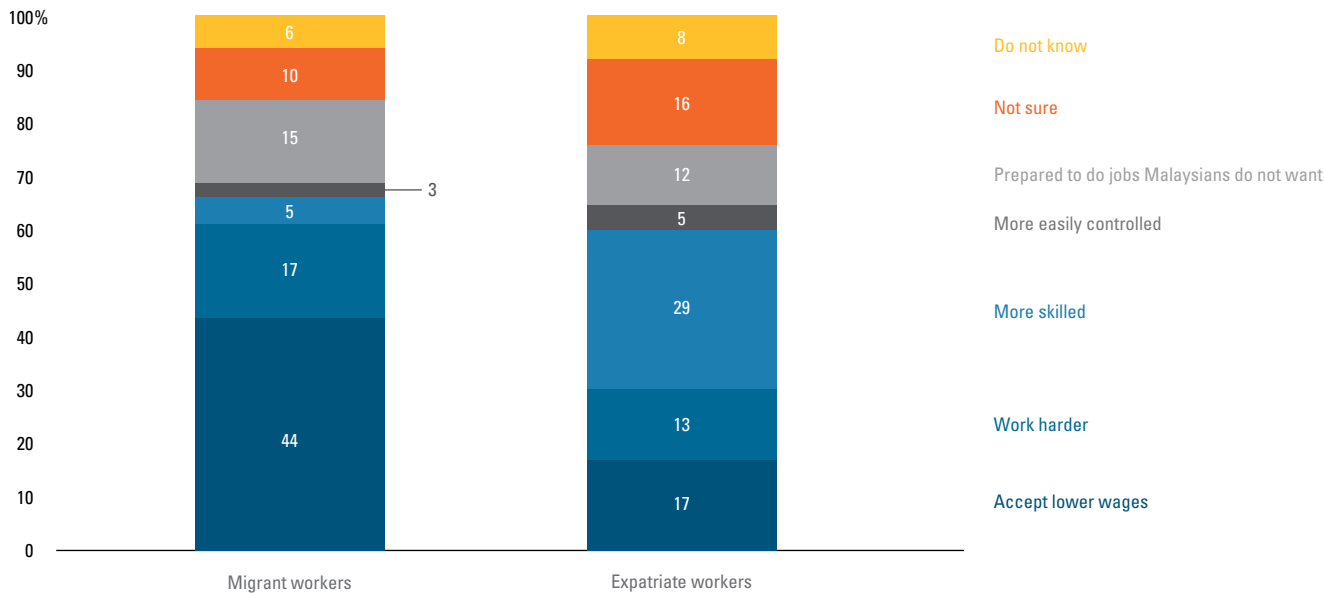
Source: KRI (2018)

Chart 5.16: Whether migrant and expatriate workers benefit the Malaysian economy



Source: KRI (2018)

Chart 5.17: Main reason for hiring migrant and expatriate workers



Source: KRI (2018)

## Their education and training for employability

### Over half have tertiary qualifications

The young workers canvassed in the SWTS are relatively well-qualified, with over half of them having some form of tertiary qualification, at diploma, degree, professional or postgraduate levels (Table 5.5). Less than 2% have either primary education or no formal education. Less than 5% have vocational or technical certificates. The low share of young workers with a TVET background is not surprising as the earlier chapters had highlighted that TVET is not a popular educational pathway<sup>119</sup>, although there is a high demand for qualified workers with such skills<sup>120</sup>.

**Table 5.5: Educational level of young workers**

<b>Educational level</b>	<b>Young workers %</b>
No formal education	0.6
Primary	0.9
Lower secondary	2.9
Upper secondary	30.8
Pre-university	8.9
Vocational/technical certificate	4.5
University (certificate/diploma)	24.9
University (bachelor degree)	23.0
University (professional degree)	1.1
University (master)	2.2
University (PhD)	0.2
<b>Total</b>	<b>100.0</b>

Source: KRI (2018)

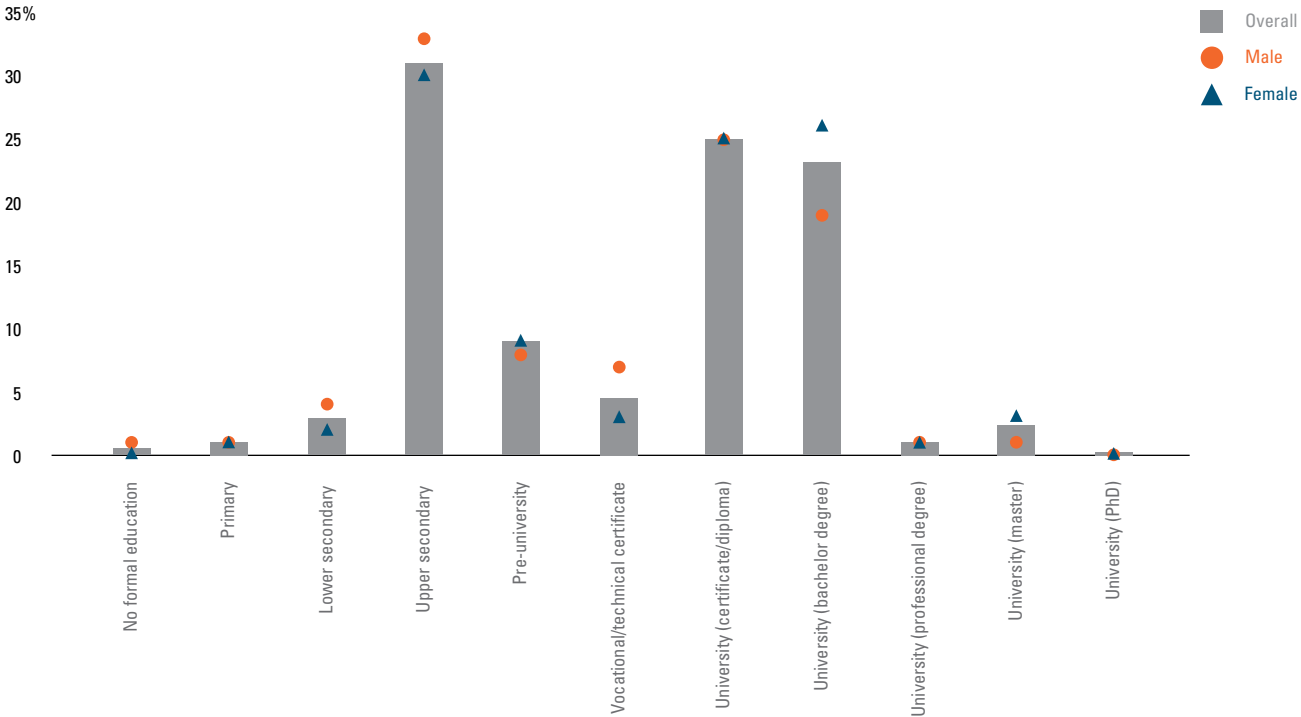
Consistent with the analysis in the earlier chapters indicating gender imbalances in educational levels, the young female workers are more highly educated than their male counterparts; in Chart 5.18, 54% of the women have university education as compared to 47% of the men. It is only in terms of vocational and technical education that young men outnumber young women by 4 percentage points. Although the SWTS sample for young workers is not nationally representative, the finding that young women workers are more highly educated than the men is in line with the results of the Malaysia Labour Force Survey 2017 which show that 36% of all employed women are educated at the tertiary level as compared to 23% of all employed men<sup>121</sup>.

119 For example, the number of graduates from polytechnics was only 26,905 as compared to 122,956 from public universities in 2016. Source: MOHE (2017, p. 6-7)

120 The then Deputy Education Minister Datuk Chong Sin Woon was quoted as reporting that 90% out of 13,000 TVET graduates secured employment prior to graduation in 2017, implying a high demand for TVET-trained workers. Source: The Star Online (2018-a) and The Star Online (2018-b)

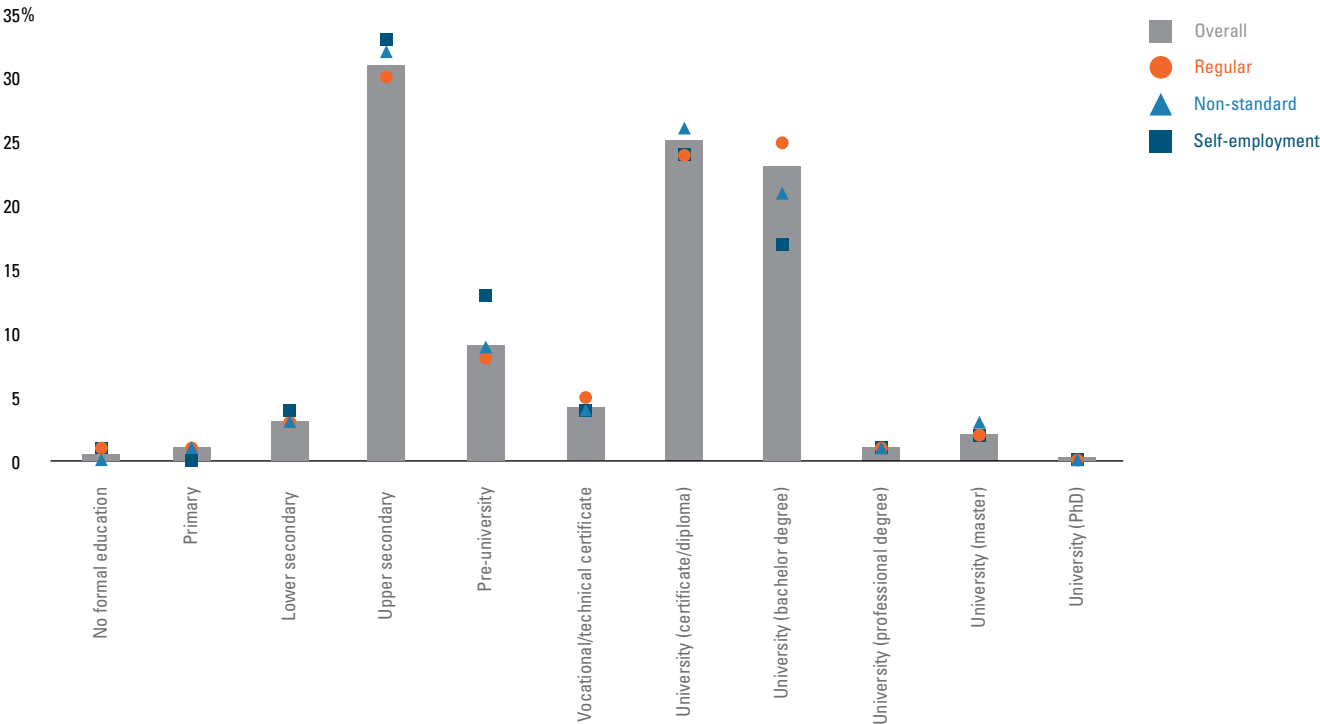
121 DOS (2018-a, p. 113)

Chart 5.18: Educational level by sex of young workers



Source: KRI (2018)

Chart 5.19: Educational level by employment status of young workers



Source: KRI (2018)

## Those in regular full-time employment tend to have higher educational qualifications

Chart 5.19 shows that a higher percentage of those in regular full-time employment have a university certificate or degree, especially as compared to those who are self-employed. This finding is not unexpected as those who are self-employed are less likely to need specific educational qualifications to create their own employment whereas those who are hired for regular full-time employment normally need to meet the educational or hard skill requirements of employers.

## They have higher educational qualifications than their parents

Table 5.6 compares the educational achievements of the young workers with those of their parents. It is very obvious that the young workers have distinctly higher educational achievements than their fathers or mothers. While 51% of young workers have a tertiary education or higher, 18% of their fathers and 14% of their mothers had attained similar educational levels.

**Table 5.6: Educational level of young workers and their parents**

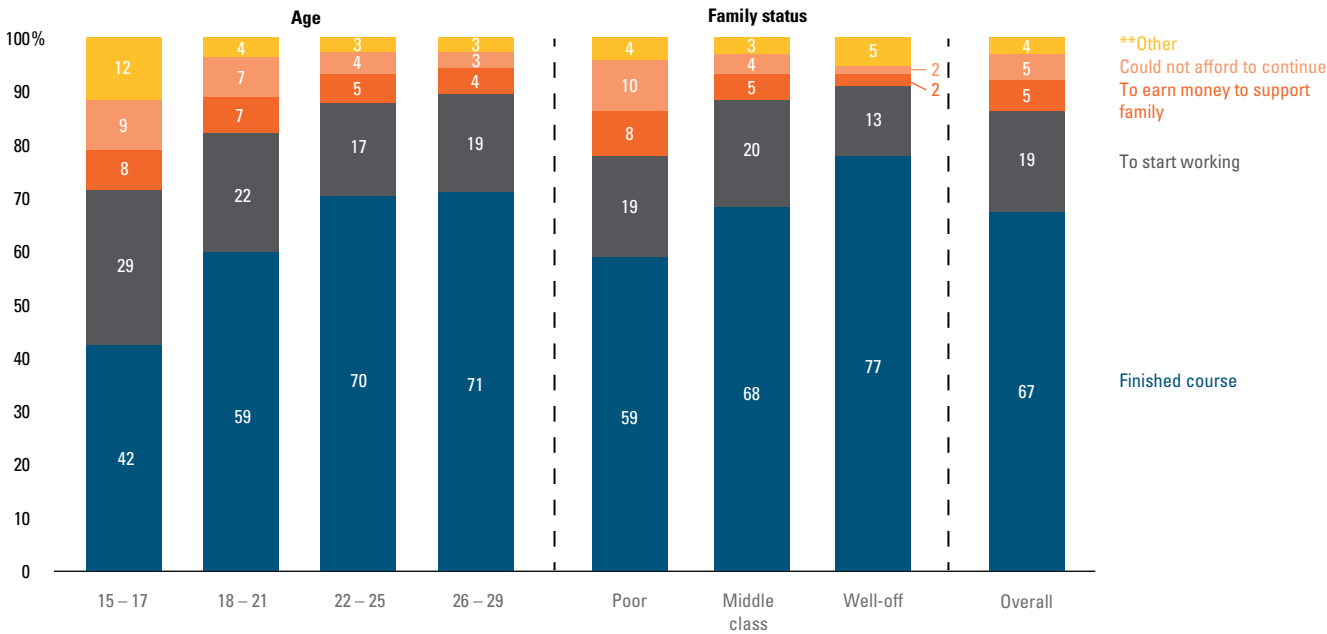
<b>Educational level</b>	<b>Young workers %</b>	<b>Fathers %</b>	<b>Mothers %</b>
No formal education	0.6	5.3	6.8
Primary	0.9	11.3	12.5
Lower secondary	2.9	10.5	11.9
Upper secondary	30.8	38.3	40.1
Pre-university	8.9	4.9	6.1
Vocational/technical certificate	4.5	2.9	1.1
Tertiary (certificate/diploma)	24.9	7.2	6.5
Tertiary (bachelor degree)	23.0	6.9	5.4
Tertiary (professional degree)	1.1	1.1	0.6
Tertiary (master degree)	2.2	1.4	0.9
Tertiary (PhD)	0.2	0.9	0.6
Other	0.0	9.3	7.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

## Course completion the main reason for stopping education

More than two-thirds of the young workers cite course completion as the main reason for stopping their education. Other reasons relate mainly to monetary considerations—to start working (19%), to earn money to support the family (5%) and inability to afford to further their education (5%). Very few (0.5 to 1.5%) of the young workers give other reasons such as failing examinations, getting married or being charged with disciplinary action. Not surprisingly, Chart 5.20 shows that monetary considerations for stopping education are stronger for younger workers and also those from lower socio-economic backgrounds.

Chart 5.20: Main reason for stopping education by age and family status of young workers

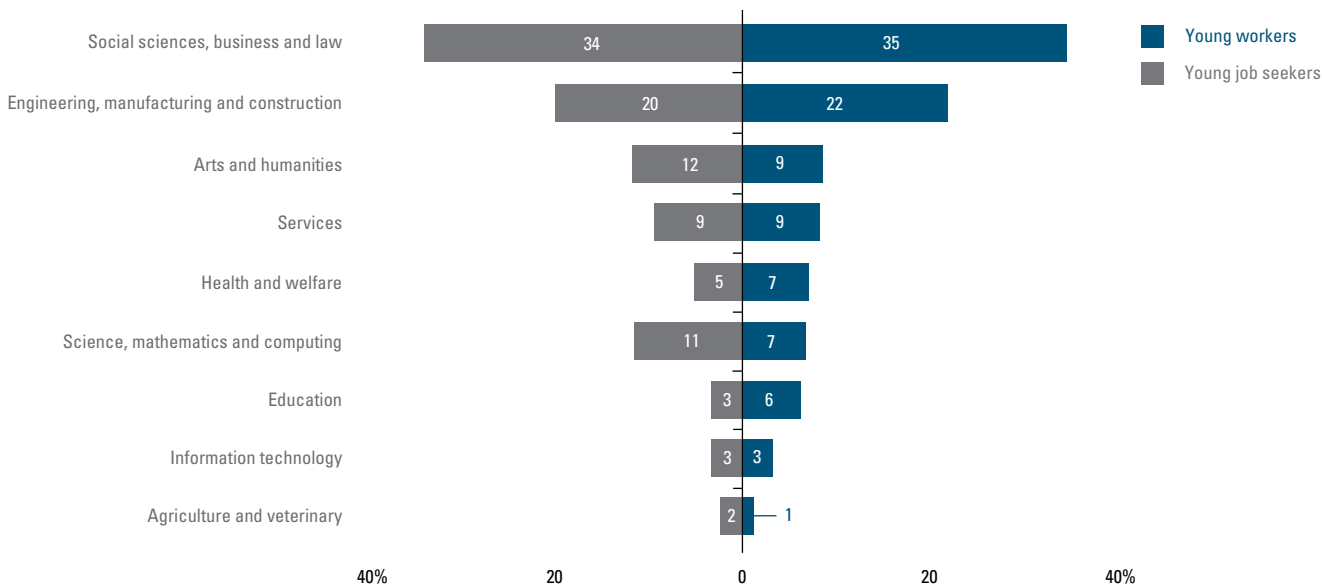


Note: The chart displays top four values. \*\*Other reasons include being charged with disciplinary action and to get married  
Source: KRI (2018)

They consider their level and field of education generally useful for their current job

The fact that young people are not entering the job market with the TVET or the STEM qualifications that are increasingly in demand in the labour market<sup>122</sup> is evident from Chart 5.21. Whether they are looking for a job or they have already found a job, more than a third have social science, business or law qualifications, whereas only about 14% of young workers are qualified in science, mathematics and computing.

Chart 5.21: Field of study of young workers and job seekers



Source: KRI (2018)

122 See, for example, The Star (2018-a)

Chart 5.22 shows that some 80% of those with STEM qualifications feel that their field of study is very useful or at least somewhat useful for their current jobs. Those qualified in the field of education and also in health and welfare are very likely to be of the opinion that their education is very useful. Those with agriculture and veterinary qualifications are most likely to think that their studies are not useful (17% as compared to the overall of 9%)—most likely because their current jobs are not in these fields.

When responses are organised by level of education, the patterns are clearer with larger shares of workers with tertiary qualifications finding their educational attainment to be useful. Notably, almost two-thirds of the workers with postgraduate and professional qualifications see their education to be very useful for their work (Chart 5.23). Forty-four percent of those with vocational /technical qualifications also find their qualifications very useful. The charts confirm that both the level and field of study of education and training are important for employability.

Tables 5.7 and 5.8 classify the relevance of field of study and educational attainment by employment status. Table 5.7 shows that those in regular full-time employment are generally more likely to consider their fields of study, especially in education, health and welfare, to be very useful for their current jobs. It is very interesting that close to 90% of the self-employed find that their qualifications in science, mathematics and computing and information technology to be very useful or at least somewhat useful for their current jobs. The self-employed also find service related qualifications to be very useful for jobs related to personal services (such as culinary arts, hospitality, sewing, sports training and hairdressing), logistics and security services. Over 90% of the young workers in non-standard employment feel that information technology is useful for their current jobs.

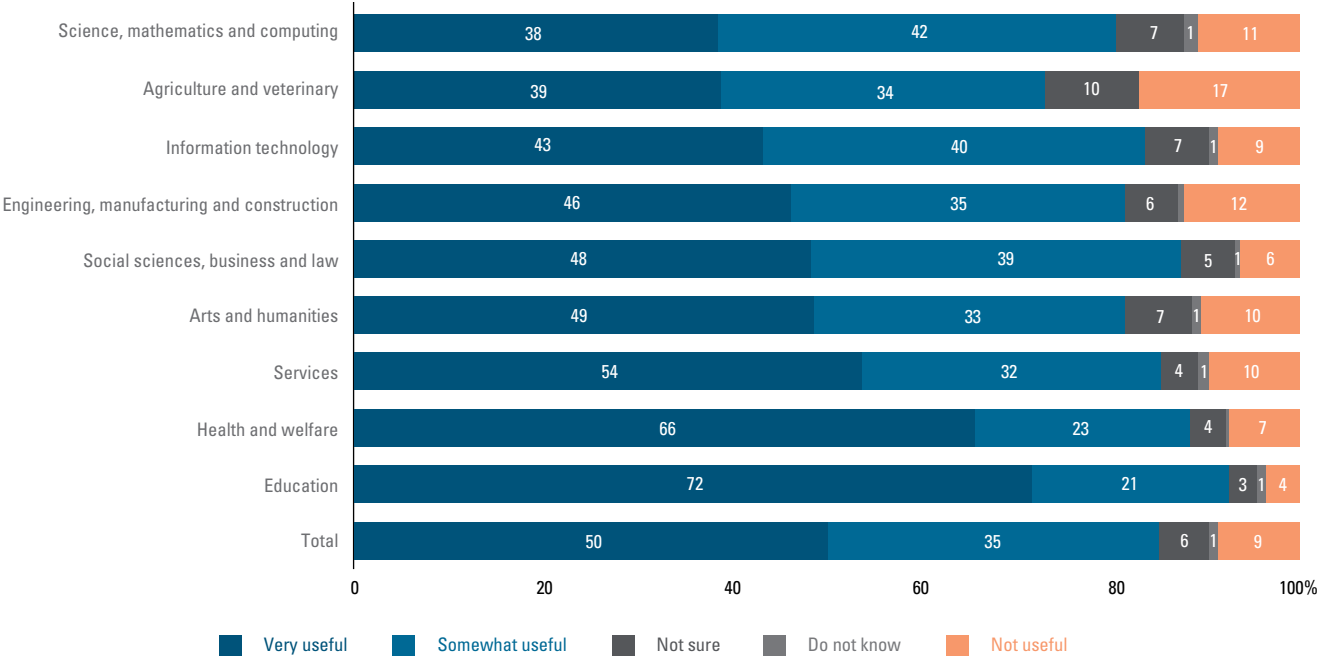
Table 5.8 clearly highlights the relevance of professional qualifications. Irrespective of their employment status, all young workers with professional degrees identify their qualification as most relevant for their current jobs. Those with postgraduate degrees in regular and also non-standard employment also find their degrees to be very relevant. However, a higher percentage of those in self-employment find vocational/technical education very useful as compared to those with postgraduate qualifications.

### Their current jobs are not what they prefer and mismatched with their education

Despite the young workers considering their levels of education and fields of study to be generally very useful or somewhat useful for their current jobs, Table 5.9 reveals some mismatches between education and employment. Table 5.9 compares the preferred and actual occupations of young workers by their field of study—it shows for example, that of those with qualifications in science, mathematics and computing, 25% prefer IT-related jobs but only 17% are actually in such jobs. Another way of interpreting the table is that, for example, of those qualified in engineering, manufacturing and construction, only 13% prefer an occupation in construction and 12% are actually working in construction. The table also shows a concentration of young workers actually working in wholesale and retail trades—which generally do not require specific qualifications and which are not among their preferred employment or job of choice. This concentration of young workers, more than half of whom have tertiary qualifications, in the wholesale and retail sector that is not their preferred job and that generally does not have educational restrictions indicates a mismatch of education and employment.

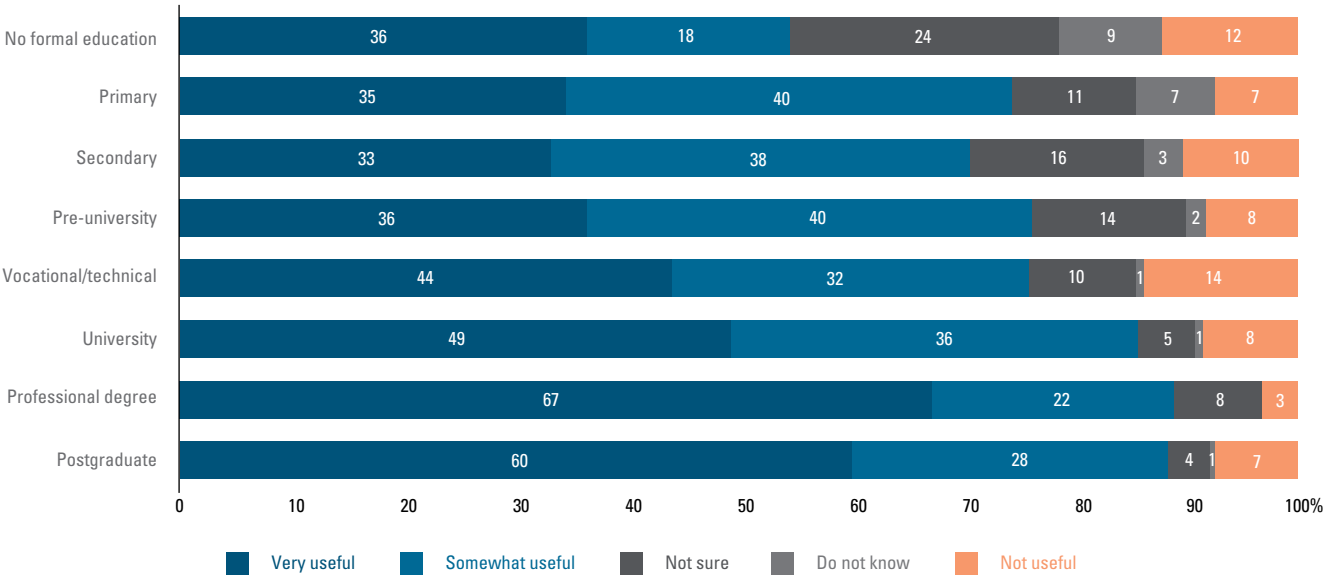


Chart 5.22: Relevance of field of study for current job of young workers



Source: KRI (2018)

Chart 5.23: Relevance of highest level of education for current job of young workers



Source: KRI (2018)

**Table 5.7: Relevance of field of study for current job by employment status of young workers**

Relevance	Education	Arts and humanities	Social sciences, business and law	Science, mathematics and computing	Engineering, manufacturing and construction	Agriculture and veterinary	Health and welfare	Services	Information technology	Overall
	%	%	%	%	%	%	%	%	%	%
<b>Regular employment</b>										
Very useful	78.3	51.6	50.1	40.0	50.7	50.0	71.8	55.6	46.3	54.2
Somewhat useful	17.2	33.1	38.1	43.1	33.6	40.0	18.1	30.0	32.8	32.8
Not useful	1.3	9.6	6.1	10.0	11.4	0.0	5.9	10.0	10.4	7.8
Not sure	1.9	5.1	4.9	5.4	4.0	10.0	3.7	3.3	9.0	4.5
Do not know	1.3	0.6	0.8	1.5	0.2	0.0	0.5	1.1	1.5	0.8
<b>Non-standard employment</b>										
Very useful	47.4	44.1	48.2	36.8	35.8	27.8	36.1	48.1	40.0	42.9
Somewhat useful	31.6	35.5	39.4	36.8	38.9	27.8	41.7	35.1	53.3	38.3
Not useful	13.2	10.8	6.7	13.2	14.2	38.9	16.7	10.4	6.7	10.9
Not sure	7.9	8.6	5.5	11.8	10.0	5.6	5.6	5.2	0.0	7.2
Do not know	0.0	1.1	0.3	1.3	1.1	0.0	0.0	1.3	0.0	0.7
<b>Self-employment</b>										
Very useful	33.3	48.1	35.4	33.3	42.5	33.3	57.1	66.7	28.6	40.9
Somewhat useful	66.7	22.2	46.8	60.0	37.5	33.3	42.9	33.3	57.1	42.0
Not useful	0.0	14.8	5.1	6.7	12.5	0.0	0.0	0.0	0.0	7.3
Not sure	0.0	14.8	10.1	0.0	7.5	33.3	0.0	0.0	14.3	8.8
Do not know	0.0	0.0	2.5	0.0	0.0	0.0	0.0	0.0	0.0	1.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

**Table 5.8: Relevance of level of education for current job by employment status of young workers**

Relevance	No formal education	Primary	Secondary	Pre-university	Vocational/technical	University	Professional degree	Postgraduate	Overall
	%	%	%	%	%	%	%	%	%
<b>Regular employment</b>									
Very useful	34.8	35.7	36.6	39.8	49.2	53.9	67.3	63.9	46.9
Somewhat useful	17.4	45.2	36.6	40.4	32.0	33.6	22.4	27.8	34.9
Not useful	8.7	2.4	10.9	7.2	13.3	7.4	2.0	5.6	8.7
Not sure	30.4	9.5	12.9	10.7	5.0	4.3	8.2	2.8	7.9
Do not know	8.7	7.1	2.9	1.9	0.6	0.8	0.0	0.0	1.7
<b>Non-standard employment</b>									
Very useful	60.0	33.3	27.4	31.6	28.1	41.3	66.7	58.2	35.8
Somewhat useful	20.0	25.0	41.7	33.6	35.9	40.6	25.0	25.5	39.4
Not useful	20.0	16.7	10.3	11.8	17.2	10.6	8.3	9.1	10.9
Not sure	0.0	16.7	16.6	21.7	17.2	6.9	0.0	5.5	11.9
Do not know	0.0	8.3	4.1	1.3	1.6	0.6	0.0	1.8	2.0
<b>Self-employment</b>									
Very useful	20.0	0.0	27.7	30.2	50.0	38.2	66.7	45.5	33.9
Somewhat useful	20.0	0.0	30.3	54.7	16.7	45.3	0.0	45.5	38.9
Not useful	20.0	100.0	5.2	3.8	5.6	7.1	0.0	9.1	6.3
Not sure	20.0	0.0	32.3	9.4	27.8	7.6	33.3	0.0	18.0
Do not know	20.0	0.0	4.5	1.9	0.0	1.8	0.0	0.0	2.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

**Table 5.9: Top three preferred and actual occupational sectors by field of study**

Preferred occupation		Actual occupation	
Education			
Education	64.1	Education	73.7
Civil service/uniform services	7.6	Wholesale and retail trade	8.6
Online business	5.1	Civil service/uniform services	5.1
Arts and humanities			
Education	21.6	Education	21.6
Arts, entertainment and recreation	16.9	Wholesale and retail trade	18.3
Civil service/uniform services	15.5	Civil service/uniform services	10.1
Social sciences, business and law			
Civil service/uniform services	20.0	Wholesale and retail trade	15.6
Finance and insurance related	13.9	Finance and insurance related	14.9
Education	13.0	Civil service/uniform services	14.1
Science, mathematics and computing			
IT-related	25.3	IT-related	16.7
Education	16.3	Wholesale and retail trade	15.8
Health and social work	8.6	Education	14.5
Engineering, manufacturing and construction			
Construction	13.2	Manufacturing	15.6
Manufacturing	11.9	Wholesale and retail trade	13.4
Civil service/uniform services	11.7	Construction	11.8
Agriculture and veterinary			
Agriculture and forestry	46.3	Wholesale and retail trade	17.1
Civil service/uniform services	12.2	Agriculture and forestry	14.6
Health and social work	12.2	Accommodation and food and beverage service	12.2
Health and welfare			
Health and social work	50.6	Health and social work	60.2
Education	13.4	Civil service/uniform services	9.1
Civil service/uniform services	11.3	Wholesale and retail trade	6.9
Services			
Accommodation and food and beverage service	36.8	Accommodation and food and beverage service	32.0
Civil service/uniform services	12.6	Wholesale and retail trade	18.0
Education	9.3	Health and social work	10.2
Information technology			
IT-related	34.6	IT-related	24.0
Civil service/uniform services	11.5	Wholesale and retail trade	16.3
Education	9.6	Civil service/uniform services	10.6
Overall			
Education	14.7	Wholesale and retail trade	14.5
Civil service/uniform services	14.5	Education	13.0
Health and social work	7.4	Civil service/uniform services	10.1

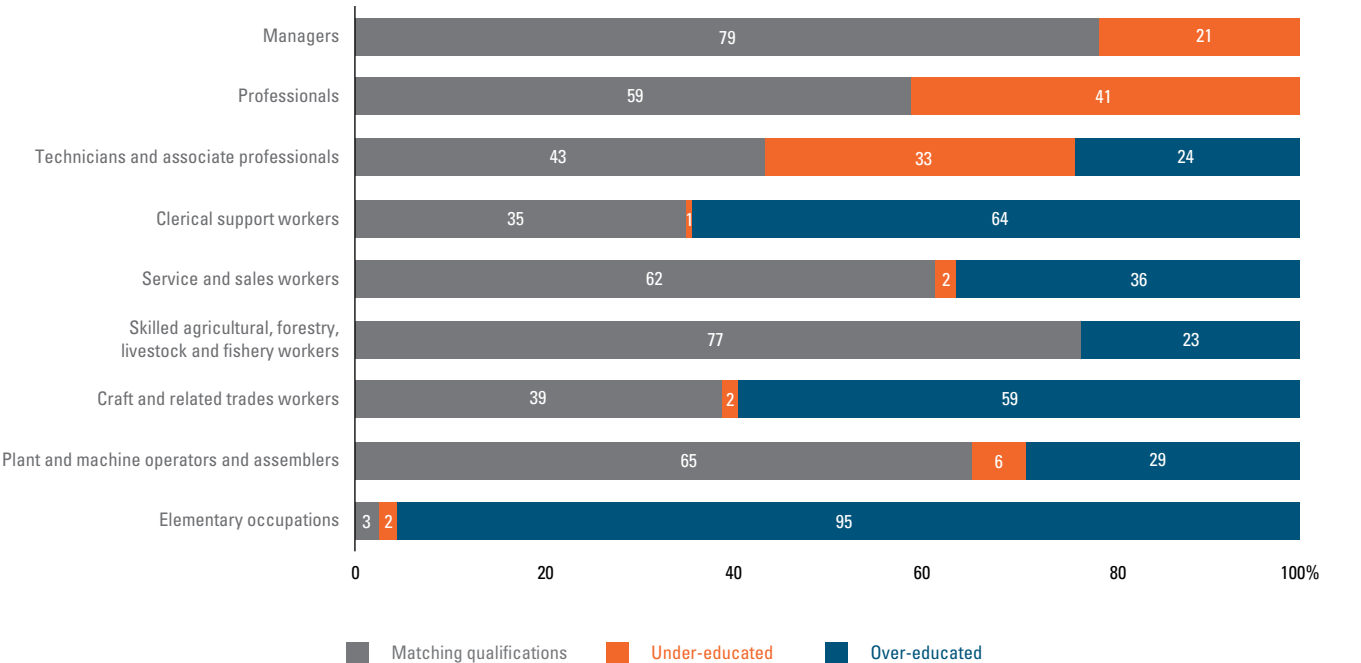
Note: The grey bands in the table indicate the fields of study of young workers  
Source: KRI (2018)

Many young workers are over-educated for their current jobs

The mismatches can be examined in greater detail. Appendix 3 explains how the young workers can be grouped according to their occupational and skill levels and the corresponding educational requirements. When workers under the same MASCO occupational group match the assigned level of education, they can be considered to be well-matched to the job they have. On the other hand, those with higher educational background than required would be considered over-educated and those with lower than required education level are under-educated for their jobs.

Charts 5.24 and 5.25 reveal evidence of mismatch, with 95% of those in unskilled jobs and 50% of those in low-skilled manual jobs over-educated<sup>123</sup>. Young workers appear to have been forced to ‘dumb down’ and accept inferior forms of employment relative to their levels of education or skills training. Over-educated young people are likely to earn less than they otherwise could have and are not making the most of their productive potential. Not only do the skills mismatches signify wastage of human resources but they also put into question the view often expressed in the media that youth are ‘choosy’ about jobs—they should not be considered ‘choosy’ if they are doing jobs below what they are educated and trained for. On the other hand, the under-education of young workers would have a negative impact on worker productivity and thus, on the output of the enterprise they are working for. Under-education can also have a negative impact more personally on the sense of security of the young worker<sup>124</sup>.

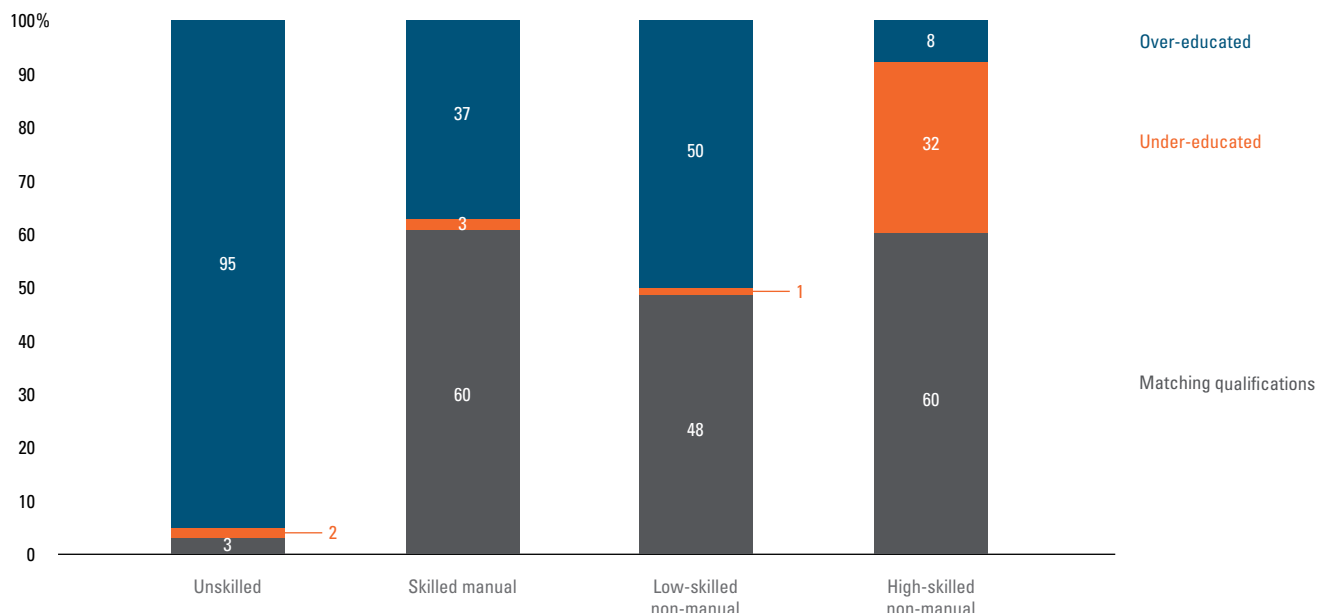
Chart 5.24: Young workers by occupation and education



Source: KRI (2018)

123 Other evidence of mismatch is provided in a recent MIDF Research report which indicated that out of all job vacancies in 2017, 76% was for elementary occupations and another 10.3% was for plant and machine operators and assemblers. These low-skilled jobs are obviously below the educational attainments of recent graduates. Source: MIDF Research (2018)

124 Elder (2014, p.41)

**Chart 5.25: Young workers by skill group and education**

Source: KRI (2018)

## Their employment experience

### Those from disadvantaged backgrounds start working earlier

The average age at which young Malaysians first start working is 20 years, while the modal age is 18 years. Their first jobs are mainly temporary, part-time or casual, or as contributing family workers—which explains the range of reported ages (from 9 to 29 years). When the age data are disaggregated by characteristics of the young workers (Table 5.10), it is notable that those with lower educational attainment, from poor family backgrounds and in non-standard or vulnerable forms of employment started working earlier by one to two years than those from more privileged backgrounds. Since they started working at an earlier age, the disadvantaged are more likely to have had one or two more jobs prior to their current job as compared to those from more privileged backgrounds.

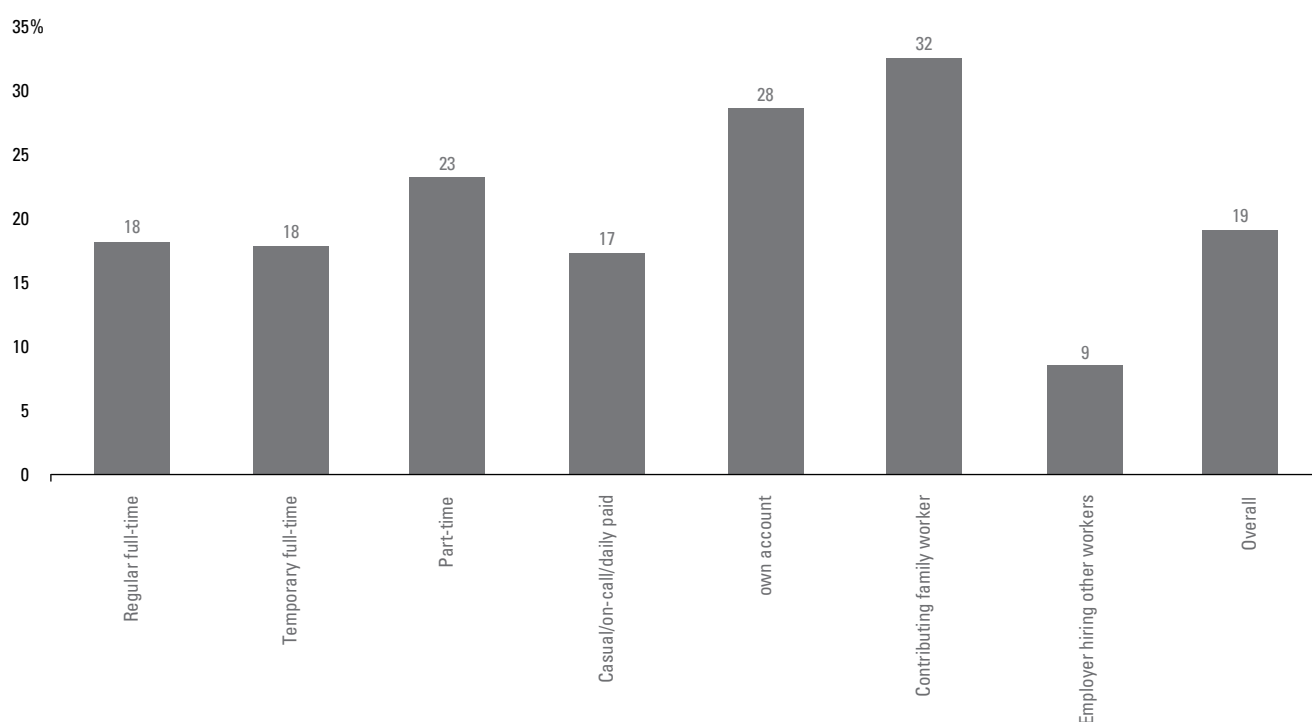
Those working for the first time account for 19% of all young workers surveyed. Chart 5.26, which shows the percentage of first-time workers within each employment status, suggests that it is easier to enter the labour market through self-employment, either through working as a contributing family worker or through own-account work. It is obviously harder for first-timers to get regular full-time wage employment.

**Table 5.10: Age young workers first started working (years)**

Characteristics	Mean	Median	Mode
<b>Family status</b>			
Poor	19	19	18
Middle class	20	19	18
Well-off/rich	21	21	23
<b>Level of education</b>			
No formal education	18	18	18
Primary	18	18	18
Secondary	18	18	18
Tertiary	21	20	18
Other	23	23	18
<b>Present employment status</b>			
Regular full-time employee	20	19	18
Temporary full-time employee	20	19	18
Part-time worker	19	18	18
Casual/on-call/daily paid worker	19	19	18
Self-employed/own account	19	19	18
Contributing family worker	18	18	16
Employer hiring other workers	20	20	18
<b>Overall</b>	<b>20</b>	<b>19</b>	<b>18</b>

Source: KRI (2018)

**Chart 5.26: Share of first-time workers within each employment status**



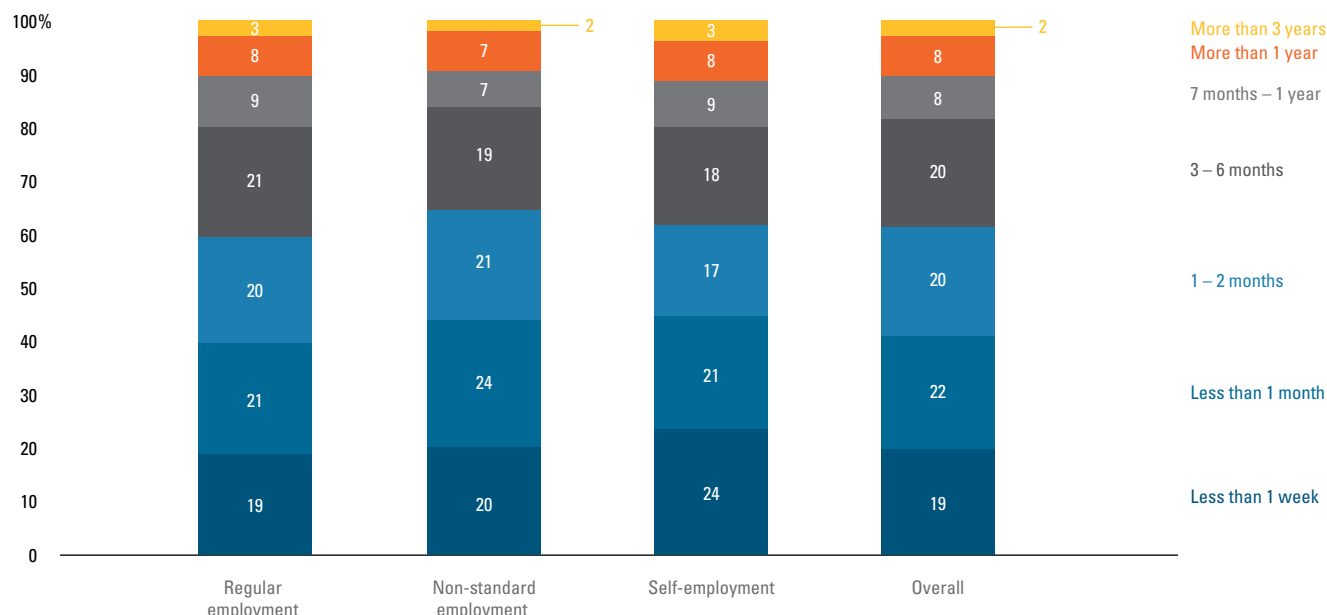
Source: KRI (2018)

## The job search period is relatively short—though it does not mean that they found decent jobs

At least 80% of young workers managed to secure their current employment within six months of active job search. When the results are classified by present employment status, more non-standard (65%) and self-employed workers (62%) spent shorter time (less than 3 months) landing jobs than regular full-time workers (60%) (Chart 5.27). However, shorter job search duration does not necessarily signify positive employment outcomes. In fact, “the young people quickest to get jobs may also be the most disadvantaged”<sup>125</sup>. This is particularly when young workers from disadvantaged educational and family backgrounds cannot afford to be choosy and accept less secure and unprotected jobs that are more common in non-standard working arrangements and self-employment as compared to regular full-time employment. In terms of their stage of transition, it would mean that these young people are ‘in transition’ and not fully ‘transited’.

When length of job search is cross-tabulated with broad occupation/skill groups, more than one-fifth of workers with high-skilled, non-manual jobs<sup>126</sup> took longer than 6 months to land their present jobs (Chart 5.28). But more than 60% of the low-skilled and unskilled workers found employment in less than 3 months. These results emphasise that it is important to look beyond the length of job search as rapid entry into the labour market is not meaningful if it does not lead to a decent (i.e. ideally, stable and satisfactory) job.

**Chart 5.27: Length of active job search by employment status**



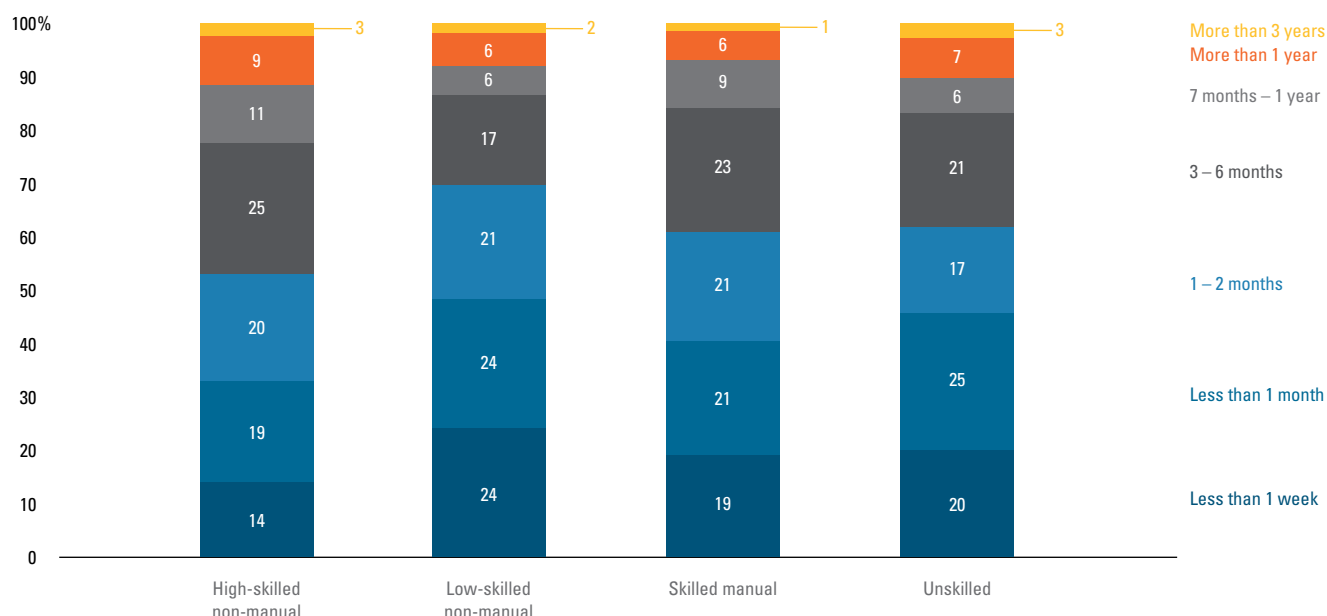
Source: KRI (2018)

<sup>125</sup> ILO (2017-a, p.30)

<sup>126</sup> The broad occupational groups and corresponding MASCO major groups are as follows: high-skilled non-manual (managers, professionals, technicians and associate professionals), low-skilled non-manual (clerical support workers and service and sales workers), skilled manual (skilled agricultural, forestry, livestock and fishery workers, craft and related trades workers, and plant and machinery operators and assemblers) and unskilled (elementary) occupations. Reported armed forces and business-related occupations are excluded.



**Chart 5.28: Length of active job search by broad occupation/skill group**



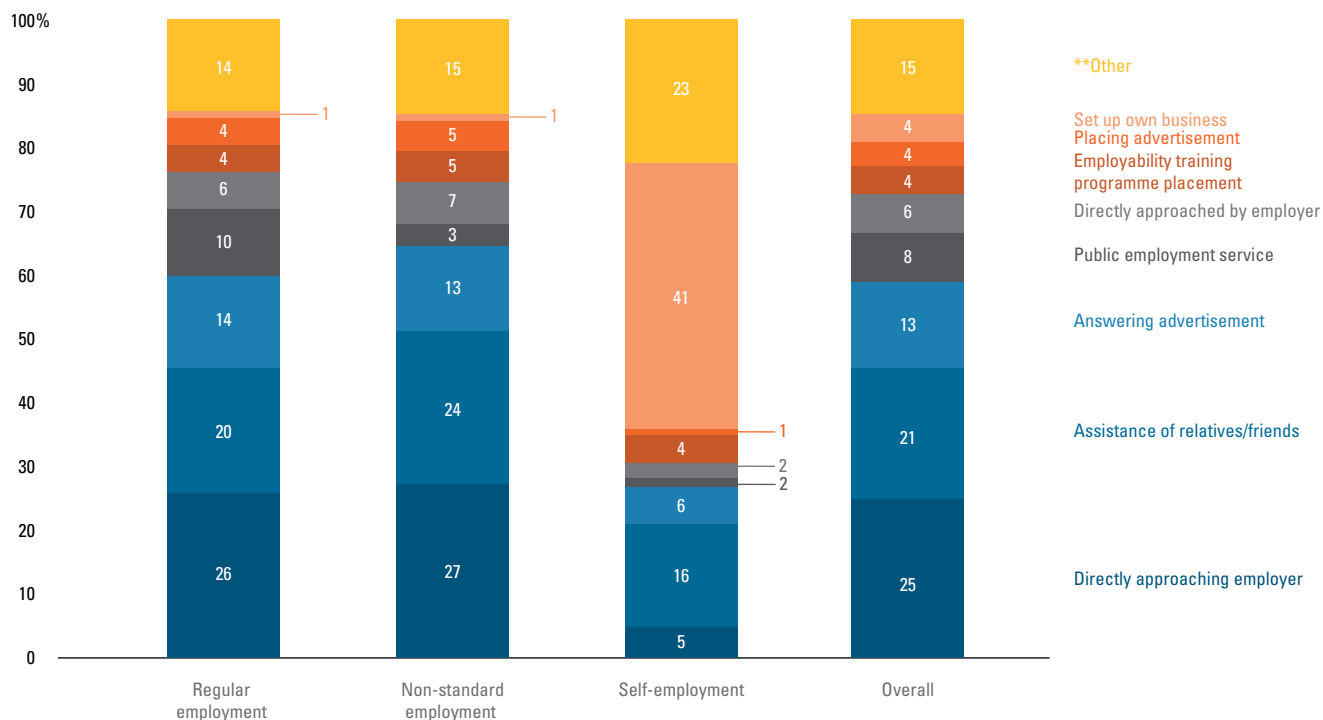
Source: KRI (2018)

### The job search methods differ by employment status

Chart 5.29 shows the top 8 job search methods; it indicates that young workers of different employment status go about their job search differently. For the self-employed, clearly the most common way of finding employment is to set up their own business or take over the family business, followed by relying on the assistance of relatives or friends. However, the regular full-time workers and those in non-standard forms of employment rely on directly approaching employers and also on leveraging contacts in their networks of relatives or friends. Informal job search methods, however, tend to penalize those from poor backgrounds as they have limited access to useful social networks. Only some 4% of all young workers got employment through employability training programme placement, such as the Skim Latihan 1Malaysia (SL1M) and the Graduate Employability Management Scheme (GEMS). Also, while some 8% of all young workers got employment through the public employment service, private employment service was not an important channel for getting a job (it is not shown in the chart as less than 3% of young workers found their job through private employment agencies).

Chart 5.30 illustrates differences in approaches to finding jobs between young workers and job seekers. It is very striking that young workers rely heavily on informal networks and social ties while those still looking for jobs are reliant on formal labour market institutions, importantly public employment service, job fairs and employability training courses. What is important to point out is that reliance on social ties may result in self-sorting or restricted selection; individuals with similar locale, family or ethnic background or educational attainment would likely use their own social networks but these networks often do not integrate. A young person from a poor household or whose parents were poorly educated may find it difficult to have networks that allow him/her to access a decent job with good working conditions and social status.

**Chart 5.29: Job search methods by employment status of young workers**



Note: The chart displays top eight values. \*\*Other methods include through education/training institution, attending job fairs/open interviews, took over family business, through private employment service, and sponsors/scholarships  
Source: KRI (2018)

**Chart 5.30: Top five job search methods used by young workers and job seekers**



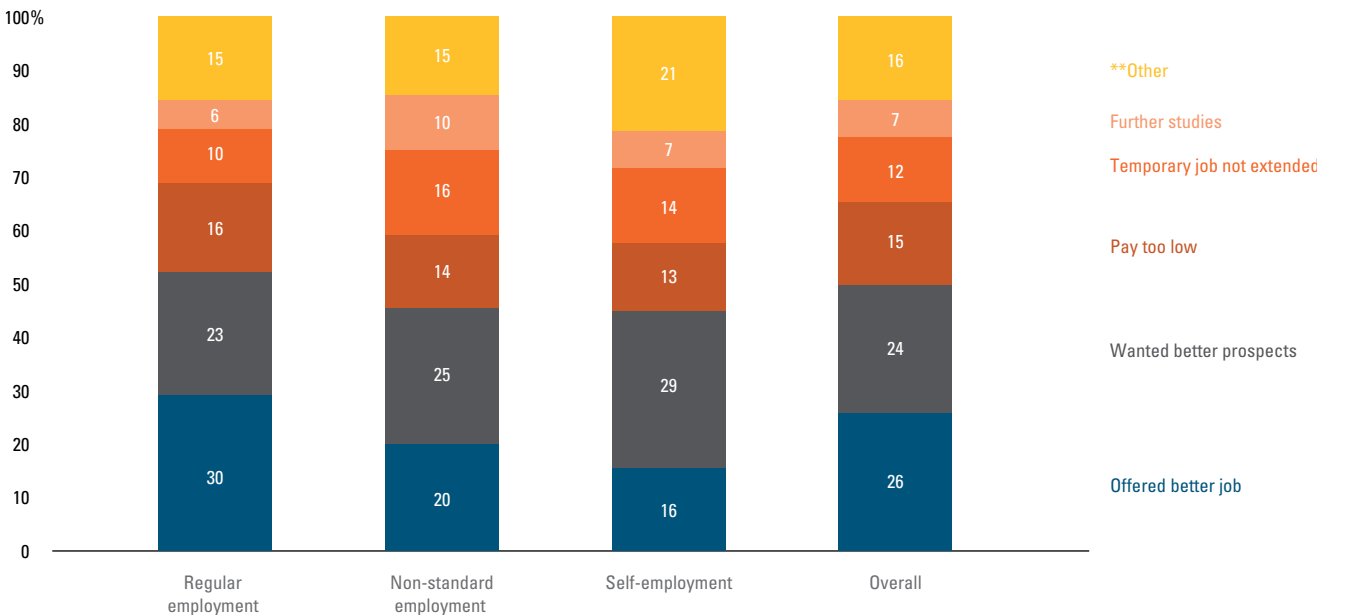
Source: KRI (2018)

### A better job offer the main reason for leaving previous job

When asked about the main reason for leaving their previous jobs, the top five answers are (in descending order) they received a better offer, they wanted better prospects, the pay was too low, the temporary job was not extended and to pursue further studies (Chart 5.31). Very few say they found the job not interesting, too difficult or the working hours too long, could not get along with employers/colleagues, or they were retrenched.

When the responses are organised by main employment status, Chart 5.31 indicates that those in regular employment were most likely to have been offered a 'better job' whereas those in self-employment most likely wanted better prospects. However, these patterns need to be observed with care since we lack information on past employment status to determine whether they moved across different or within the same employment status.

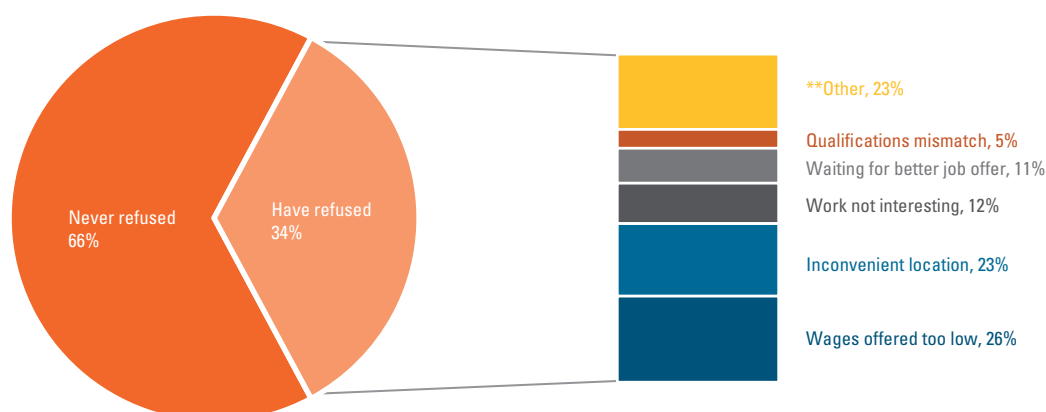
**Chart 5.31: Top five reasons for leaving previous job by present employment status**



Note: The chart displays top five values. \*\*Other reasons include did not find job interesting, could not get along with employers/colleagues, retrenched, working hours too long, work too difficult, own business failed, and being sacked  
Source: KRI (2018)

### Low wages the main reason for turning down a job offer

A third of the young workers reported that they had turned down a job offer. Chart 5.32 shows the five top reasons for turning down a job. The main reason for rejecting the job offer is that the wages offered were too low. The next most important reason is that the location of the job was not convenient; this is especially significant for female workers. They also refused a job because they did not consider the job interesting or the job did not offer prospects and also that there was a mismatch with their qualifications. Other reasons not shown in the chart because of the very small percentages include the work being too difficult, the working hours being too long, the lack of a contract for the job and (especially for the females) because their parents did not think the job suitable.

**Chart 5.32: Main reasons for rejecting a job offer**

Note: The stacked column chart displays top five values. \*\*Other reasons include no possibilities for advancement, parents did not think job suitable, working hours too long, work too difficult, and contract not extended

Source: KRI (2018)

### Length of current job linked to their employment status

Those who are regular full-time workers, own-account workers or employers have been in their current jobs for at least two years on average (Table 5.11). On the other hand, part-time workers have only spent about 11 months on average in their current jobs and temporary and casual workers and contributing family workers also have been in their current jobs for less than two years—clearly, these types of jobs are less stable and insecure, and young people need to job hop to be employed.

**Table 5.11: Length of current job (years and months) by present employment status**

Present employment status	Length of current job		
	Mean	Median	Mode
Regular full-time employee	2 y 0 m	1 y 5 m	1 y 0 m
Temporary full-time employee	1 y 3 m	0 y 9 m	0 y 1 m
Part-time worker	0 y 11 m	0 y 5 m	0 y 1 m
Casual/on-call/daily paid worker	1 y 7 m	1 y 0 m	0 y 1 m
Own account worker	2 y 9 m	2 y 1 m	5 y 0 m
Contributing family worker	1 y 4 m	1 y 0 m	1 y 0 m
Employer hiring other workers	2 y 1 m	1 y 3 m	0 y 0 m
<b>Overall</b>	<b>1 y 10 m</b>	<b>1 y 2 m</b>	<b>1 y 0 m</b>

Source: KRI (2018)

## Their current occupation and employment sector are not what they would ideally prefer

Tables 5.12 and 5.13 compare the current occupation and employment sector of young workers with their preferred or ideal jobs. It is noteworthy that while one-third of all young workers are service and sales workers, only 3% identify this as their preferred occupation. It is also worth noting that Chart 5.24 had shown that 36% of service and sales workers are over-qualified for their current jobs. On the other hand, while 6% are in business related occupations, such occupations represent the preferred choice of almost a third of all young workers. The strongest preference (38%) is for professional occupations but currently only a quarter of all young workers have professional jobs. In terms of employment sectors, Table 5.13 shows that the differentials between current and preferred jobs are particularly large for the wholesale and retail trade and accommodation, food and beverage and manufacturing sectors; the percentages currently working in these sectors are much higher than the percentages preferring these sectors. On the other hand, the percentages of those currently working in online businesses, civil service, education, health and social work and arts, entertainment and recreation are smaller than those indicating a preference for these sectors.

**Table 5.12: Current and preferred occupation of young workers**

Occupational type	Current %	Preferred %
Managers	2.4	6.2
Professionals	24.8	38.2
Technicians and associate professionals	14.6	6.6
Clerical support workers	6.7	2.4
Service and sales workers	33.4	3.2
Skilled agricultural, forestry, livestock and fishery workers	0.5	0.6
Craft and related trades workers	2.4	1.2
Plant and machine operators and assemblers	3.1	0.7
Elementary occupations	3.3	0.2
Armed forces	1.7	5.7
Business related	5.7	32.2
Other	1.4	2.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

**Table 5.13: Current and preferred employment sector of young workers**

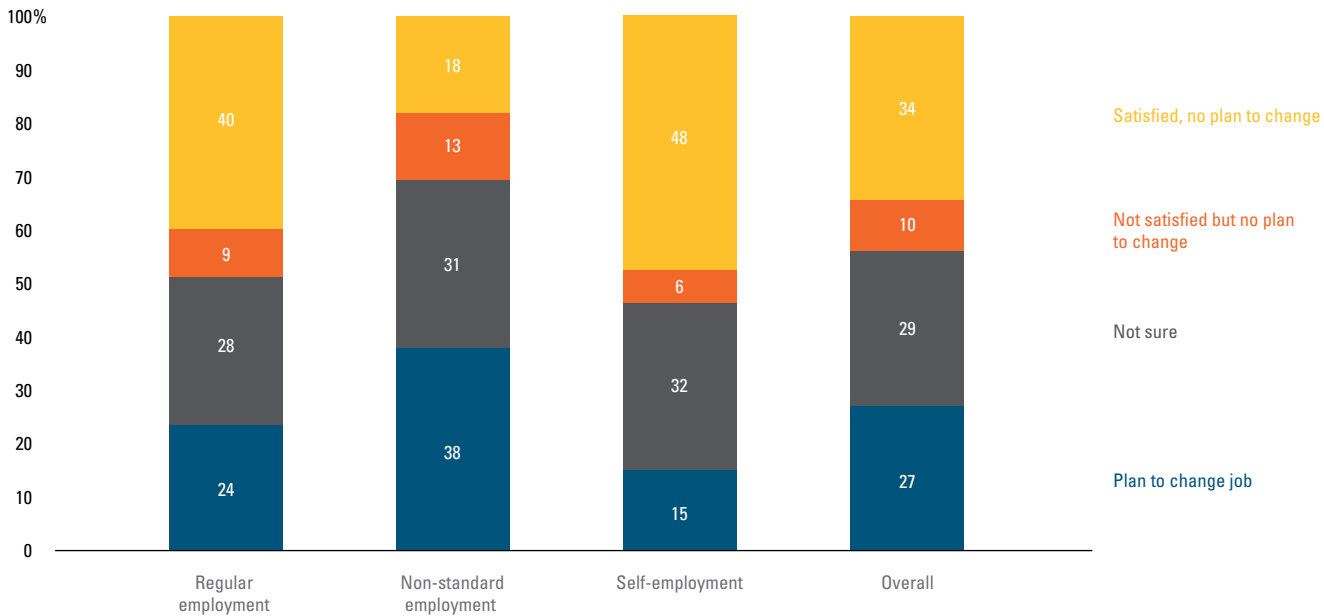
Employment sector	Current %	Preferred %
Agriculture and forestry	2.3	3.5
Fishing	0.3	0.6
Mining including petroleum and gas	2.0	2.9
Manufacturing	6.8	3.7
Utilities	2.1	1.8
Construction	3.2	3.4
Wholesale and retail trade	22.1	10.2
Transportation and storage	3.1	2.3
Accommodation and food and beverage	10.7	7.4
Information and communications	4.2	2.7
IT-related	4.3	5.5
Online business	3.0	7.9
Finance and insurance related	4.5	4.4
Real estate	0.7	1.6
Civil service/uniform services	9.0	16.4
Education	8.4	11.0
Health and social work	5.5	6.2
Arts, entertainment and recreation	3.2	6.3
Other	4.6	2.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

### Those in temporary, part-time or casual work indicate the strongest desire to change jobs

Since significant proportions of young workers are currently not working in occupations or employment sectors that are their ideal choices or they are over-qualified for their current jobs, it can be expected that they would not be satisfied and seek to change jobs. Chart 5.33 indicates that only one-third of all young workers are satisfied with their current jobs and have no plans to change. Those who are in regular full-time employment or who have created their own employment are more likely to feel satisfied with their current jobs and have no plans to change. Only 18% of those with temporary, part-time or casual jobs that are informal and insecure are satisfied with their current jobs while 38% indicate the desire to change jobs.

Chart 5.33: Plan to change jobs by present employment status of young workers

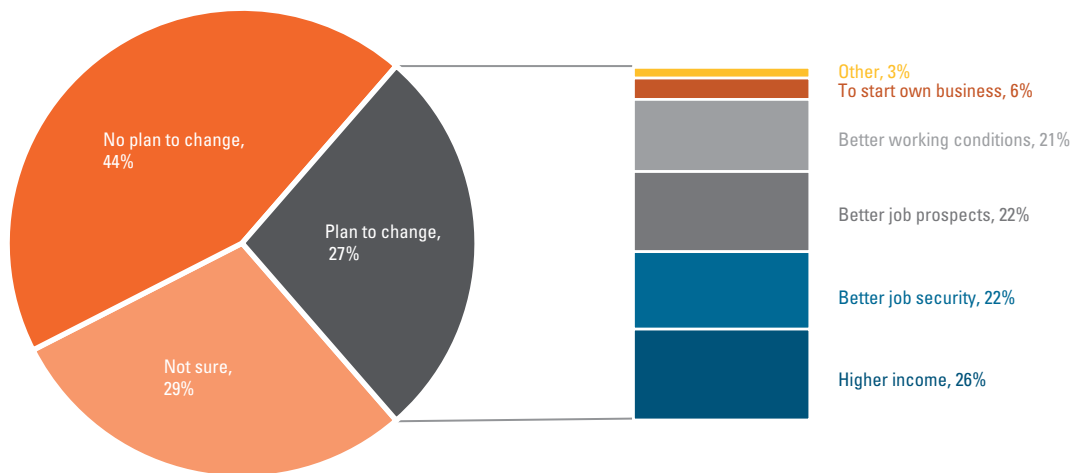


Source: KRI (2018)

Plan to change jobs driven by the desire for better prospects, importantly better pay

It is understandable that young workers would want to try to achieve their preferred job choice rather than being stuck in a job that is not their choice or for which they are over-qualified or that does not utilize their education or training. Changing jobs should mean overall better prospects, including, importantly, higher income and also better prospects for career advancement, job security and working conditions (Chart 5.34). A smaller percentage also indicates the desire to start their own business.

Chart 5.34: Main reason for wanting to change current job

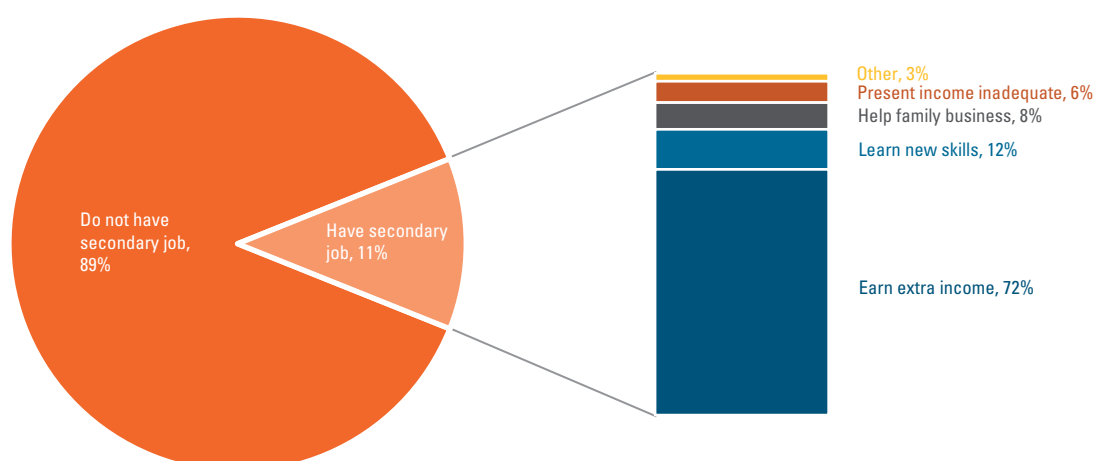


Source: KRI (2018)

### Only a small percentage have secondary jobs, mainly to earn extra income

Only about one-tenth of all young workers reported that they have a secondary job, and that the main reason for doing so is to earn additional income (Chart 5.35). It could be that they consider their multiple non-standard jobs, especially if in the same line of work (for example, driving a Grab car for passengers and delivering food for GrabFood) as one job; they may not consider the gigs as secondary jobs. What is also worth noting is that among the young workers in regular full-time employment, 10% reported having secondary jobs as compared to 12% of those in non-standard employment and 15% of those in self-employment. The differences are small but could still suggest that those in regular full-time employment are better off and have less need for secondary sources of income.

**Chart 5.35: Main reason for having a secondary job**



Source: KRI (2018)

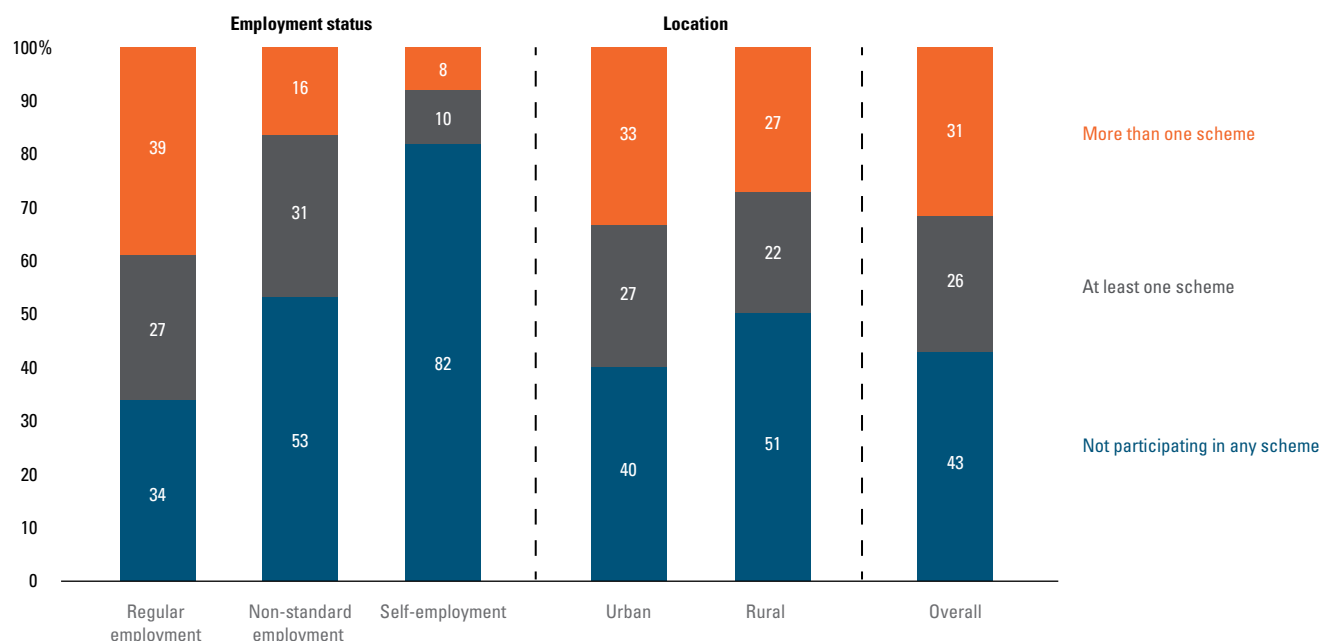
### Young workers in non-standard or self-employment have limited access to social security

The SWTS asked young workers to identify their membership in different forms of employment-related social protection schemes: the Employees Provident Fund (EPF) which functions not only as a retirement fund but also a multi-purpose savings fund that allows withdrawals to be made to finance housing, education and medical expenses; the Social Security Organisation (SOCSSO) which has an ‘Employment Injury Scheme’ to provide coverage for workplace accidents and the ‘Invalidity Scheme’ to provide coverage for employees who suffer from invalidity or death due to any cause and not related to their employment, and also other types of private retirement or pension schemes.

Chart 5.36 reveals stark differences between workers of different employment status; 82% of the self-employed workers reported that they are not covered by any form of employment-related social protection—this explains their vulnerable status. In contrast, about a third of those in regular full-time employment and half of those in non-standard forms of work are not participating in employment-related social protection schemes. The available data also reveal that workers in rural areas are less likely (by 11 percentage points) than those in urban areas to be covered under some sort of employment-related social protection scheme. Although employers are legally bound to contribute to EPF and SOCSSO for their employees, there have been many reported cases of employers defaulting on their responsibilities to their workers and the situation may be especially serious when young workers are not aware of their legal rights. Text Box 5.1 illustrates the precariousness of the freelance work of young men and women in the multimedia creative industry who depend on gigs and have no access to employment-related social protection.



**Chart 5.36: Participation in employment-related social protection by employment status and location of young workers**



Source: KRI (2018)

**Text Box 5.1: Exciting but insecure: Youth in the multimedia creative industry**

The winners of local and international awards and accolades for game development, the crew behind the production of blockbuster films and television series and recent graduates in multimedia studies: seven young people talked with passion about working in the multimedia creative industry<sup>127</sup> but also about the trials and tribulations of the work.

**Starting out through personal interest and motivation**

“It was something I always wanted to do since I was a child”: one young man taught himself the necessary skills, started developing games at age 16 and went into it full-time at 24. He is now a partner in a game studio, lectures on game development at a local university and co-organises ‘game jams’ and developer meet-ups. Another young man developed games as a hobby while studying engineering at Cambridge University and, after winning awards, now works virtually with two friends across the globe. Family acceptance of their career choice and financial support from Malaysia’s Multimedia Development Corporation (MDEC) helped kick-start their careers. Awards including prize money and recognition from the gaming community have spurred them on.

Of the other five youths in the film industry, only one young man worked in unrelated fields but is now an experienced camera and boom operator. The others made conscious decisions to enrol for directly relevant degree courses like film and animation at local universities.

<sup>127</sup> It is worth noting that Malaysia’s National Creative Industry Policy (Dasar Industri Kreatif Negara) issued in 2009 covers 14 sub-sectors subsumed under three categories: creative multimedia, creative cultural arts and creative cultural heritage. This text box deals only with youth in the first category.

**The pathways must include work experience, internships and self-learning**

All seven young people reported that they had little or no guidance for a career in the creative multimedia industry during their school days, either from teachers, counsellors, parents or others. However, the two who went to private international schools felt they had better exposure in terms of relevant courses, such as in computing, design technology, drama and media studies, and a range of related extra-curriculum activities, such as theatre and gaming competitions.

Those who elected for creative multimedia related courses in local private universities shared the view that the structure and contents of their course syllabus do not adequately equip students for employment. What they identified as important are practical work experience and internships which are also helpful in easing their transition into the workforce by providing them with useful contacts.

However, they also acknowledged that, given the very rapid pace of technological advances, institutions of higher learning can only be expected to lay the critical foundations for skill acquisition. Self-learning is essential; interested youth must take the initiative to learn and hone their skills; for example, by participating in outside-of-the classroom events, such as game jams and hackathons.

**Exciting but unstable and insecure working conditions**

Work in the industry is by no means a mundane nine-to-five job.

The two game developers obviously enjoy and are absorbed in and rightfully proud of their work. The nature of their work means that they are freelancers in the independent game industry and make use of co-working space. They distribute their games on platforms such as Apple App Store, Google Play Store and Steam and derive their income from sales and advertising (commonly on a 70-30 sharing basis with the distributor). However, working remotely with overseas distributors and partners does raise problems of bank transfers, delayed payments and withholding taxes related to cross-border transactions.

While the two game developers relish the flexibility of being 'indie game developers' the youths in the film industry had no choice but to accept freelance work as the industry does not employ full-time crew. They work on a project-by-project basis. The two experienced crew members (one male and one female) reported being part of major foreign film productions (such as Marco Polo, Mission Impossible and Crazy Rich Asians) but they also highlighted a number of negative consequences of on-demand work. They have no job security; they are not covered by employee's provident fund, health insurance or other labour benefits. When there is work, it is often hectic involving 14-hour days of filming, and even then, they are discriminated against vis-à-vis expatriate workers who are entitled to claim overtime after only 10 hours of work. Although local crews have the same skill sets and work longer hours with lower pay than the expatriates, foreign production houses are not incentivised by the government to hire locals when they shoot in Malaysia. As freelancers, they have no unions to promote or protect their rights. When work on films or television series is not available, they work for production companies on advertisements for the regional market. Media advertisement work is comparatively well-paid, but it can often take up to a year to receive payment for the work.

The remaining three young persons are recent graduates of the Multimedia University Johor Campus. One young man has been fortunate enough to be hired as a visual effects artist by the firm where he had done his internship. But the other two young women are still struggling to break into the creative industry. "I am from Johor but Kuala Lumpur is where the opportunities are. I tried living in KL but I cannot afford the high cost of living compared to the starting salary for fresh graduates so I have gone back to Johor where I am trying to find work related to my degree".

### To continue in this industry or not?

The two game developers noted that game distribution is getting increasingly harder than game development; the market is getting crowded very fast. But both appear confident of their future; they feel that game developers have technical skills that can easily be transferred to other digitally related areas such as mobile applications. One says that he can always fall back on his engineering degree if need be. Both appear nonchalant about protecting or enforcing intellectual property rights on the grounds that there is a lot of ‘copy-catting’ the format of successful games; no game can be copied in entirety.

The on-demand workers in the film industry are much less secure about their future. Work is so uncertain and incomes so volatile that “I cannot continue in this line of work if I think about marriage and starting a family. How can I support children when my income is so insecure?”

### Supporting the workers in the multimedia creative industry

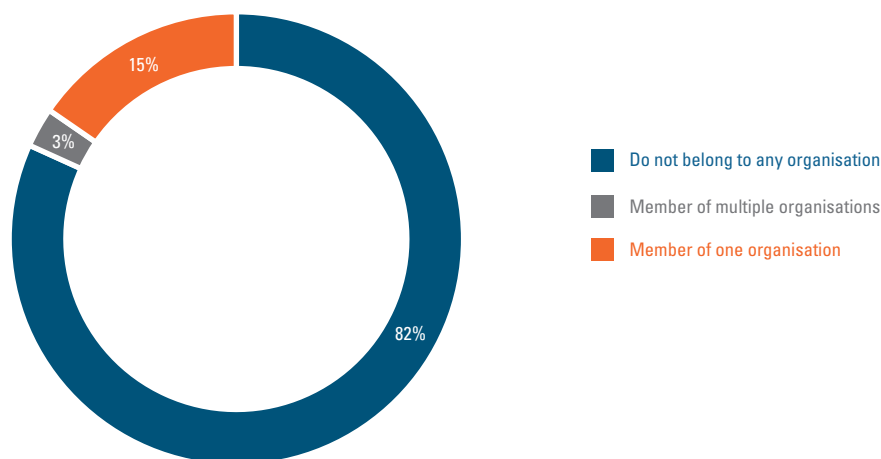
Infrastructure such as co-working space and financial support from the government and also crowd funding have nurtured the growth of the industry. However, the game developers mentioned that more can be done to facilitate cross-border payment transactions and solve taxation issues especially since the industry is virtual and international.

For those in the film industry the major concerns related to job insecurity, unstable incomes, the lack of employment-related social protection and the competition and discrimination they face vis-à-vis expatriate crew members. The extension of employment-related social protection to freelance workers would ease the precariousness of their situation. There could also be regulations (such as those enforced, for example by Singapore) to encourage foreign production houses to hire local crew and avoid discriminatory treatment.

Source: KRI (2018)

## Young workers are not active in organisations

The SWTS also asked young workers about their membership and participation in different types of organisations—trade unions, employers’ organisations, producers’ organisations/cooperatives, trade associations, political parties, religious organisations, NGOs and social/recreational groups. A very high percentage (82%) claim they do not belong to any type of such organisations (Chart 5.37). It would appear that young workers are not aware of or do not appreciate the potential of group organisation to work together for change, such as in their working conditions.

**Chart 5.37: Participation in organisations**

Source: KRI (2018)

### Their reservation and actual incomes

Table 5.14 compares the reservation income with the actual earnings of young workers. The gap between the reservation income and actual monthly income earned raises at least a couple of important issues. The first is whether the reservation income is ‘unrealistic’—employers often claim that young workers are not realistic in their expectations and ‘ask for too much’. The second is whether the gap indicates that young people are possibly adjusting their reservations to get into employment, accepting lower wages than what they feel should be their due compensation.

The minimum income or wage young workers would be prepared to accept for a particular type of job is a monthly average of RM1,555, while the modal income (indicated by the most number of respondents) is RM1,000. This reservation income does not seem unrealistic, especially given that over half of the young workers have at least tertiary qualifications and the current monthly minimum wage is RM1,000 for Peninsular Malaysia and RM920 for East Malaysia<sup>128</sup>. It is also worth noting that the RM1,555 indicated by young workers is very close to the RM1,551 cited by those who are currently employed and actively looking to change jobs for better prospects or higher pay (Table 4.8 in Chapter 4).

On the second issue, the data by transition status in the table suggest that some young women and men lowered their expectations and traded off their expected earnings so as to secure jobs. Those who are already working and earning have a lower reservation income than those who are still looking for a job or those who are still in tertiary education. In fact, the actual earnings of young workers are even lower than the reservation income specified by tertiary students.

128 The 2019 Budget presentation announced that the minimum wage will be implemented nationally at RM1,100 per month from January 2019.

**Table 5.14: Reservation wage and actual monthly earnings of young workers (RM)**

	Mean		Median		Mode	
	Reservation income	Actual income	Reservation income	Actual income	Reservation income	Actual income
	RM	RM	RM	RM	RM	RM
<b>Employment Status</b>						
Regular full-time	1,577	1,961	1,400	1,700	1,000	2,000
Temporary full-time	1,471	1,486	1,300	1,200	1,000	1,000
Part-time worker	1,514	1,319	1,200	1,000	1,000	1,000
Casual/on-call/ daily paid worker	1,387	1,621	1,000	1,100	1,000	1,000
Self-employed/own account	1,669	2,378	1,300	1,500	1,000	1,000
Contributing family worker	1,598	1,550	1,500	1,300	2,000	1,000
Employer hiring other workers	1,641	3,190	1,200	1,500	900	1,000
<b>Gender</b>						
Male	1,668	2,058	1,500	1,700	1,000	1,000
Female	1,480	1,708	1,200	1,400	1,000	1,000
<b>Ethnicity</b>						
Bumiputera	1,495	1,779	1,200	1,500	1,000	1,000
Chinese	1,937	2,334	1,800	2,000	2,000	2,000
Indian	2,101	2,356	2,000	2,000	2,000	3,000
Others	1,479	1,593	1,300	1,200	1,000	1,000
<b>Location</b>						
Urban	1,600	1,910	1,500	1,500	1,000	1,000
Rural	1,428	1,661	1,200	1,300	1,000	1,000
<b>Family status</b>						
Poor	1,397	1,652	1,200	1,300	1,200	1,000
Middle class	1,572	1,857	1,400	1,500	1,400	1,000
Well-off/rich	1,999	2,681	1,800	2,000	1,800	1,200
<b>Education level</b>						
No formal education	1,086	1,174	910	935	1,000	1,000
Primary	1,126	1,363	920	1,000	900	1,000
Secondary	1,287	1,453	1,000	1,200	1,000	1,000
Pre-university	1,385	1,701	1,200	1,500	1,000	1,000
Vocational/technical	1,389	1,818	1,200	1,400	1,000	1,000
University	1,747	2,103	1,500	1,800	2,000	2,000
Professional degree	2,453	3,026	2,000	2,500	2,000	3,000
Postgraduate	2,273	2,697	2,000	2,400	2,000	2,000
<b>Overall</b>						
Young workers	1,555	1,846	1,300	1,500	1,000	1,000
Job seekers	1,715	-	1,500	-	2,000	-
Tertiary students	2,435	-	2,000	-	2,000	-

Source: KRI (2018)

The mean monthly income earned by young workers is RM1,846—higher than their reservation income by only RM291 and certainly well below the RM2,400 to RM3,000 that employers say fresh graduates are asking for<sup>129</sup>. The monthly incomes reported by the young workers covered in the SWTS can also be compared to the results of the 2017 Salaries and Wages Survey Report of Department of Statistics Malaysia (Table 5.15).

**Table 5.15: Monthly income of young workers from the SWTS and the Salaries and Wages Survey Report**

Age		School-to-work transition survey RM	Salaries and wages survey RM
<b>15 - 19</b>			
Male	Mean	1,411	1,381
	Median	1,200	1,200
Female	Mean	1,230	1,228
	Median	1,000	1,100
<b>20 - 24</b>			
Male	Mean	1,859	1,685
	Median	1,500	1,400
Female	Mean	1,506	1,587
	Median	1,225	1,400
<b>25 - 29</b>			
Male	Mean	2,478	2,248
	Median	2,000	1,988
Female	Mean	2,072	2,267
	Median	1,800	2,145

Source: KRI (2018) and DOS (2018-b, p.25)

The disaggregation of income by the characteristics of young workers in Table 5.14 reveals other interesting information. By employment status, the actual income of young employers is not only highest but almost twice their reservation income. The actual earnings of the own-account workers, regular full-time workers and also casual workers are higher than their reservation income, but the part-time workers and contributing family workers earn below their reservation income, indicating that that they are even prepared to accept earnings below their reservation so that they have jobs.

By gender, the differential is larger in terms of actual earnings (young male workers earn 1.2 times more than female workers) compared to their reservation income (the male reservation income is 1.1 times that of females).

By ethnicity, there are significant differences for both the reservation income and actual income. The young Indian workers indicate a reservation income that is RM606 more than that of the Bumiputeras while their actual income is the highest among all ethnic groups and some RM577 more than that of the Bumiputeras. However, the gap between reservation and actual income is only RM255 for young Indian workers; the gap is the largest for the Chinese and smallest for the group of Others.

By location, young workers in urban areas earn more than those in rural areas but the gap between the expected and actual income is larger in urban areas than in rural areas. Youth in urban areas

129 HR in Asia (2017) and FMT News (2017)

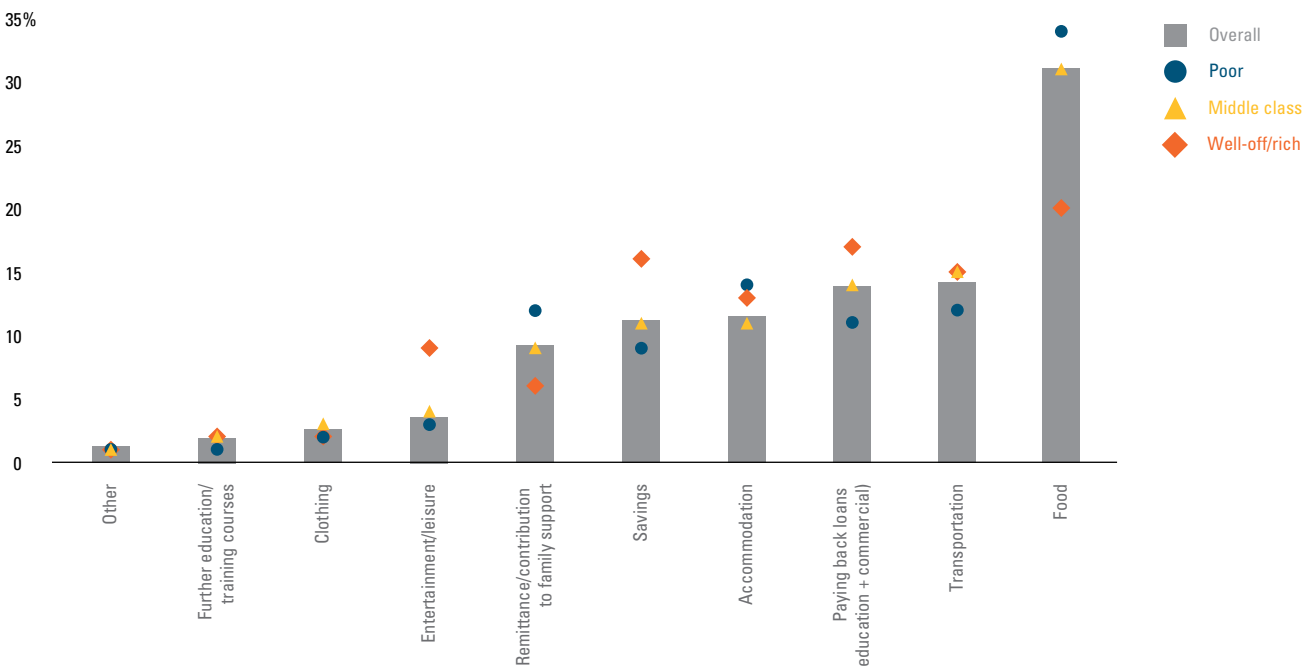
tend to have higher expectations which are not always met, whereas rural youth may be more realistic in terms of what they can earn. By family status, as would be expected, those from well-off families tend to set their reservation wage considerably higher than those from poor families. But what is interesting is that youth from well-off/rich families earn very significantly more than those from middle-class or poor families—suggesting that family background is most likely linked to educational qualifications and probably also social contacts that enable youth from well-off families to have access to better paying jobs.

The results by educational levels are not surprising. The reservation wage and also actual earnings go up with the level of qualifications, indicating the expectation and also the ability to achieve higher returns with education. Those with professional degrees have the highest average income earnings, and the gap between their actual and reservation income is also the biggest. The next highest group in terms of both reservation and actual income is those with postgraduate qualifications. Young workers with university degrees earn on average RM2,103 monthly, which can be compared with the results of the 2016 Graduate Tracer Study which reported that the majority of degree graduates earn between RM2,000 and RM3,000<sup>130</sup>.

Food is the largest expenditure item for young workers

Food represents the largest expenditure item for young workers (Chart 5.38). After food, the next three largest items of young workers’ monthly expenditure are transportation, repayment of loans and accommodation. Young workers from poor family backgrounds report that they spend close to 35% of their total income on food items. They are also more likely than the other better off groups to be spending a larger portion of their income on support for their families. In contrast, those from privileged backgrounds allocate less of their money on food and more on savings, paying off loans and also on entertainment and transportation.

Chart 5.38: Monthly expenditure breakdown by family status of young workers



Source: KRI (2018)

130 MOHE (2017, p.65)

## The young employees

Of the total young workers who are paid employees, 69% are regular full-time workers, 20% are temporary full-time employees, 9% are part-time workers and the remaining 2% work as casual, on-call or daily paid workers. Table 5.16 shows the main characteristics of these young employees.

**Table 5.16: Characteristics of young employees**

Characteristics	Regular full-time employee	Temporary full-time employee	Part-time worker	Casual/on-call/daily paid worker	Total
<b>Location</b>					
Urban	68.7	19.7	10.0	1.6	100.0
Rural	69.7	23.2	6.0	1.2	100.0
<b>Sex</b>					
Male	70.2	19.4	8.4	2.0	100.0
Female	68.1	21.4	9.3	1.2	100.0
<b>Ethnicity</b>					
Bumiputera	67.6	21.9	8.9	1.6	100.0
Chinese	78.2	9.5	11.5	0.8	100.0
Indian	79.0	13.7	6.5	0.8	100.0
Others	69.2	15.4	15.4	0.0	100.0
<b>Age</b>					
15 – 17	42.3	28.6	28.0	1.2	100.0
18 – 21	58.3	24.1	15.9	1.7	100.0
22 – 25	71.0	20.7	6.9	1.4	100.0
26 – 29	78.0	16.7	3.8	1.5	100.0
<b>Educational attainment</b>					
No formal education	82.1	14.3	3.6	0.0	100.0
Primary	77.8	9.3	7.4	5.6	100.0
Secondary	67.5	22.1	9.1	1.3	100.0
Pre-university	67.7	20.8	9.3	2.1	100.0
Vocational/technical	73.9	15.1	9.8	1.2	100.0
University	69.7	19.8	8.9	1.6	100.0
Professional degree	80.3	11.5	8.2	0.0	100.0
Postgraduate	56.7	36.2	6.3	0.8	100.0
Other	50.0	50.0	0.0	0.0	100.0
<b>Overall</b>	<b>68.9</b>	<b>20.6</b>	<b>9.0</b>	<b>1.5</b>	<b>100.0</b>

Source: KRI (2018)



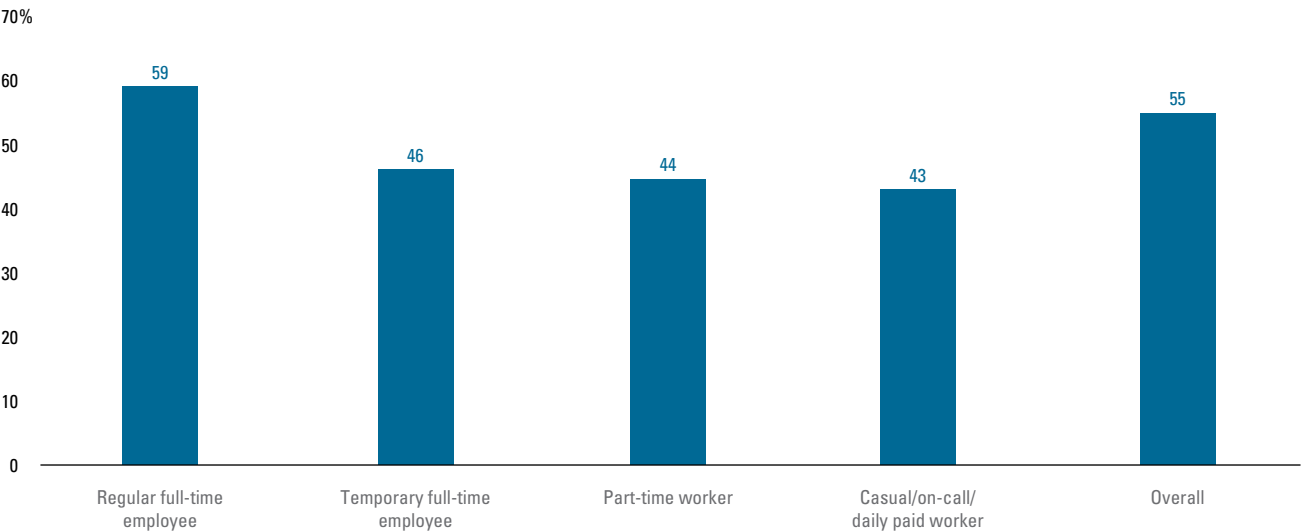
Table 5.16 shows no distinct differences by location; more than two-thirds of all young employees in both rural and urban areas are in regular full-time employment. There are also no major differences between young female and male employees in terms of their paid employee status. However, by ethnicity, a higher proportion of young Bumiputera employees are in non-standard forms of employment as compared to the other ethnic groups (32% of Bumiputeras as compared to 22% of Chinese, 21% of Indian and 31% of Other young employees). By age, it is obvious from Table 5.16 that the younger employees are more likely to be in non-standard employment and that with age, they attain regular full-time status. However, in terms of education, the pattern is not distinct; those with no formal education are as likely as those with professional degrees to be in regular employment.

Regular full-time employees are more likely to receive training

As would be expected, the regular full-time employees are more likely to receive training for their job, as compared to those in non-standard forms of employment (Chart 5.39). However, it is still striking that more than half of all young workers claim that they receive some form of training from their employers. The training is mainly in-house structured training, but some workers also receive training provided by external trainers (Chart 5.40).

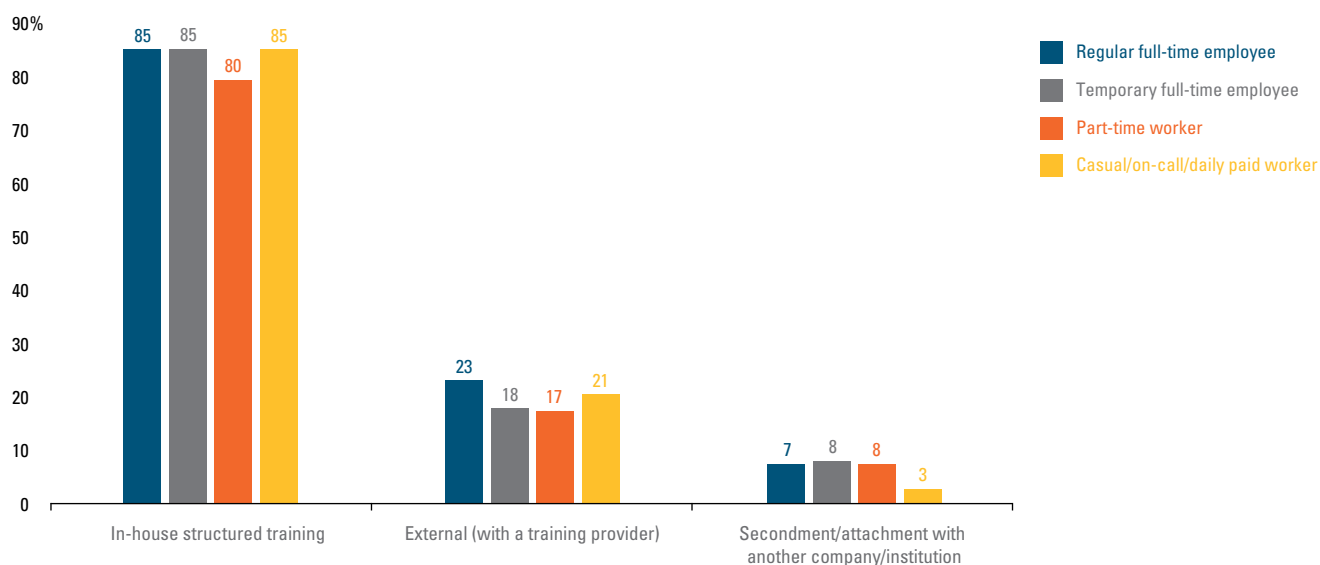
The main purpose of the training is clearly to learn the job they are hired for (Chart 5.41), linked to the basic requirements of the job, such as the essential operations and safety training for the job. But what is worth noting is that the training is also to upgrade current skills, acquire new skills and use new technologies—such training is offered especially for regular full-time employees, indicating that employers are investing in these young workers and there could be opportunities for career advancement. In fact, 10% of the regular full-time employees reported that they received training so as to be promoted.

Chart 5.39: Percentage who received training by status of young employees



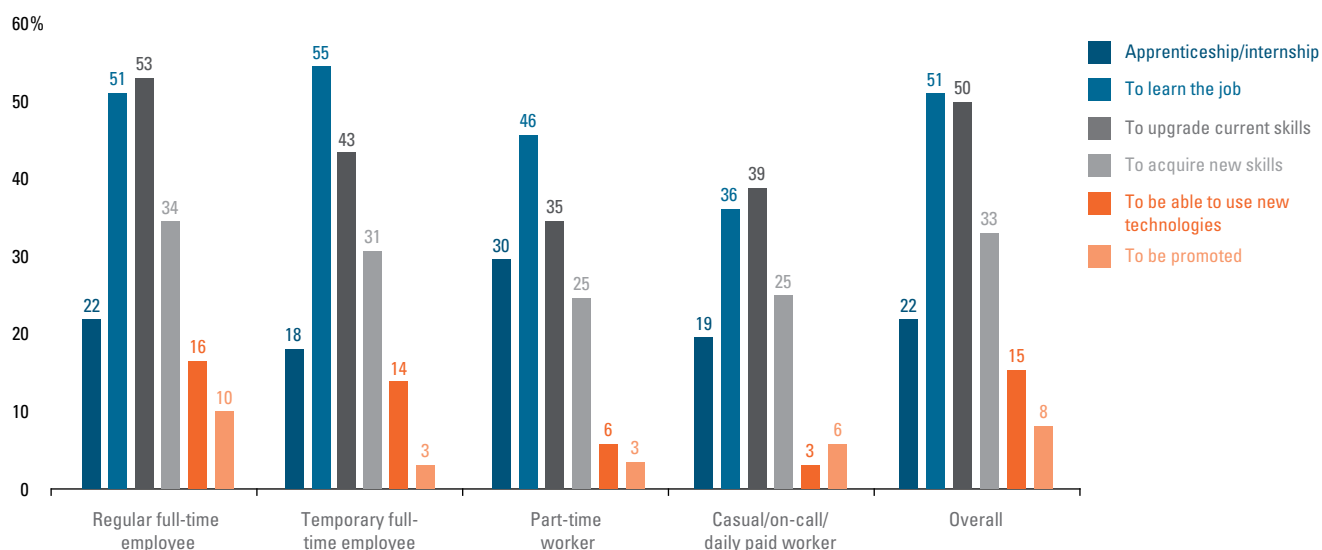
Source: KRI (2018)

**Chart 5.40: Type of training by status of young employees**



Note: The chart displays the percentages of 'Yes' answers  
Source: KRI (2018)

**Chart 5.41: Purpose of training by status of young employees**



Note: The chart displays the percentages of 'Yes' answers  
Source: KRI (2018)

They feel employers prefer those with work experience but have less distinct preferences regarding other characteristics

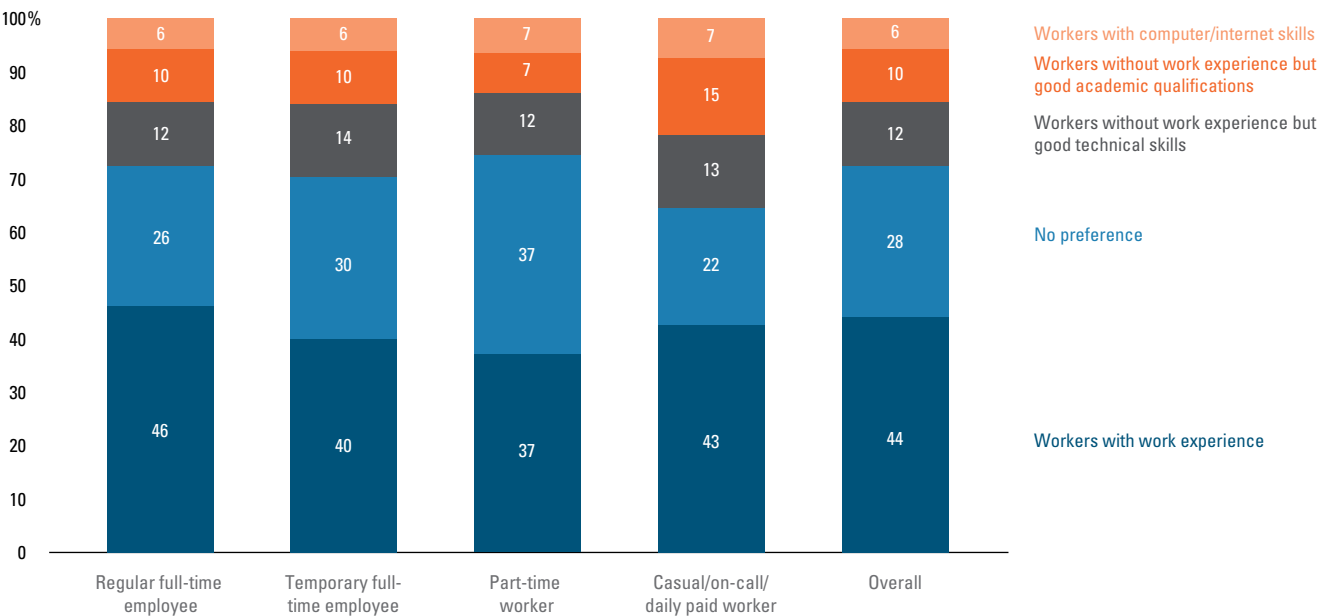
The young workers were asked about what they thought were the preferences of employers when hiring. The most important preference identified by young workers, irrespective of their employment status, is that employers prefer those with work experience (Chart 5.42).

By gender preference, the young workers feel that employers generally do not discriminate; although where there is a preference it is for female workers, except in the case of casual/on-call/daily paid workers where male workers are preferred to female workers (Chart 5.43).

By age preference, the young workers are of the opinion that employers prefer those who are below 29 years of age, especially when they are hiring full-time workers, whether for regular or temporary positions. But they feel that employers prefer those below 25 years of age for part-time work and are less likely to have specific age preferences when it comes to casual work (Chart 5.44).

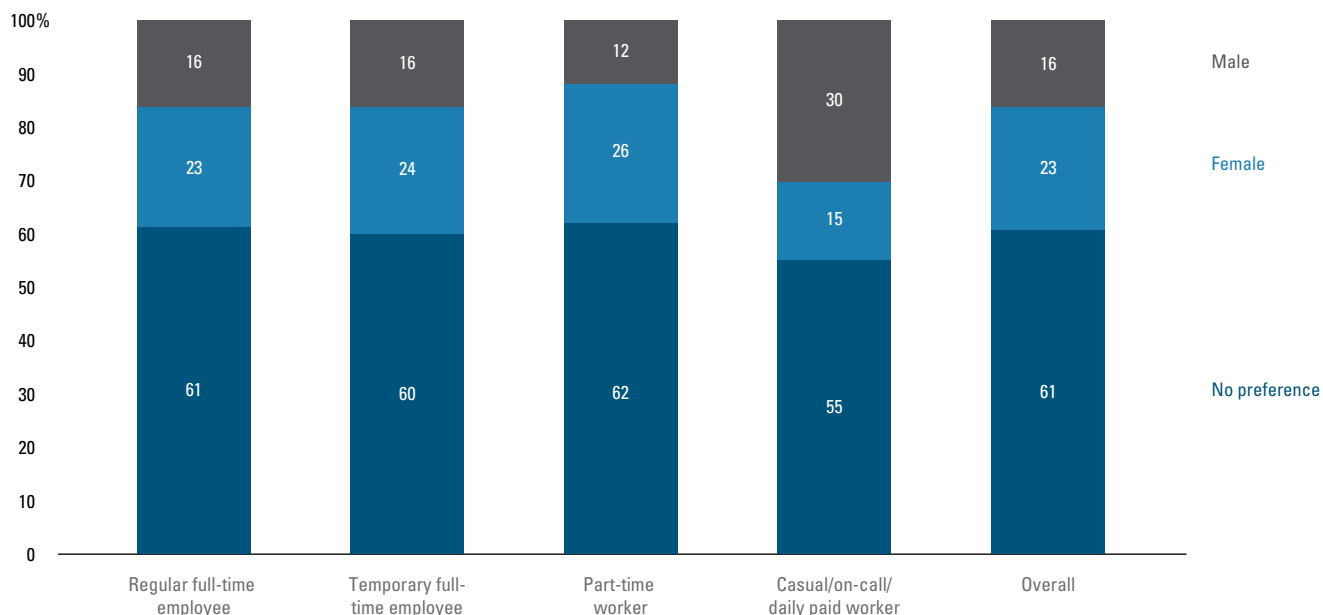
By language competency, at least a third of all young workers feel that employers do not have specific preferences. Where employers do indicate a preference, it is most likely for those with competency in more than one language. What is also interesting from Chart 5.45 is that the young workers feel that employers have a stronger preference for those with Malay language rather than English language competency.

Chart 5.42: Employer preference in terms of experience and skills by status of young employees



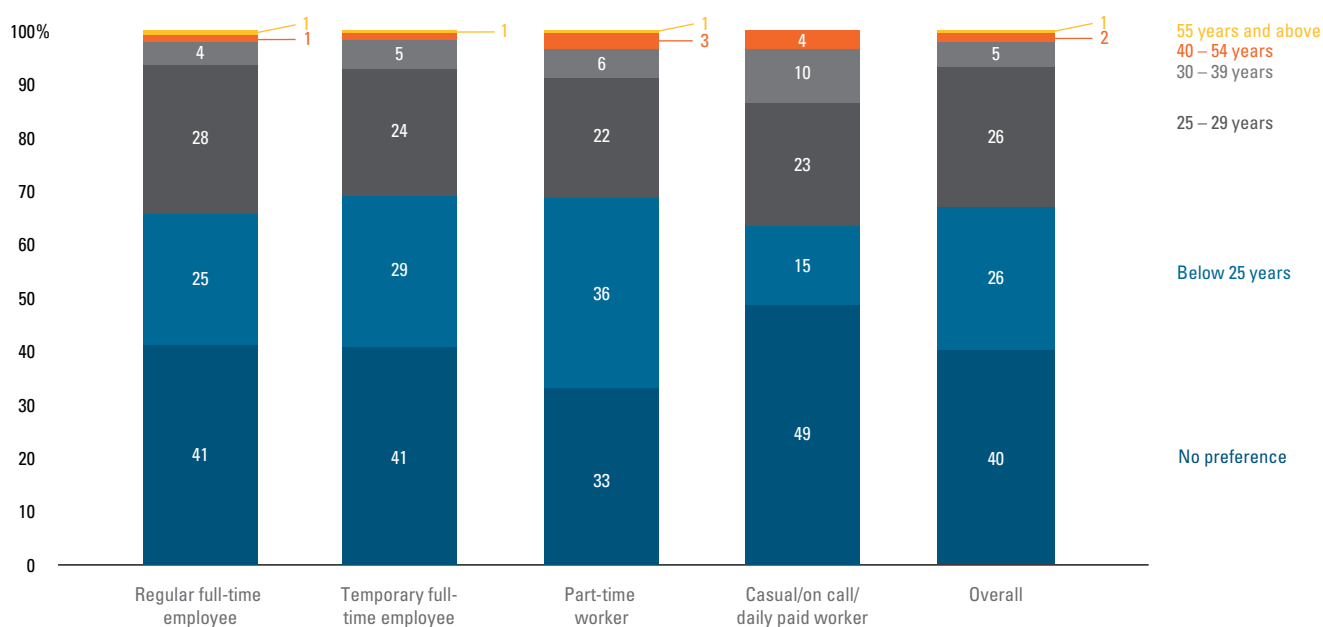
Source: KRI (2018)

**Chart 5.43: Employer preference in terms of gender by status of young employees**



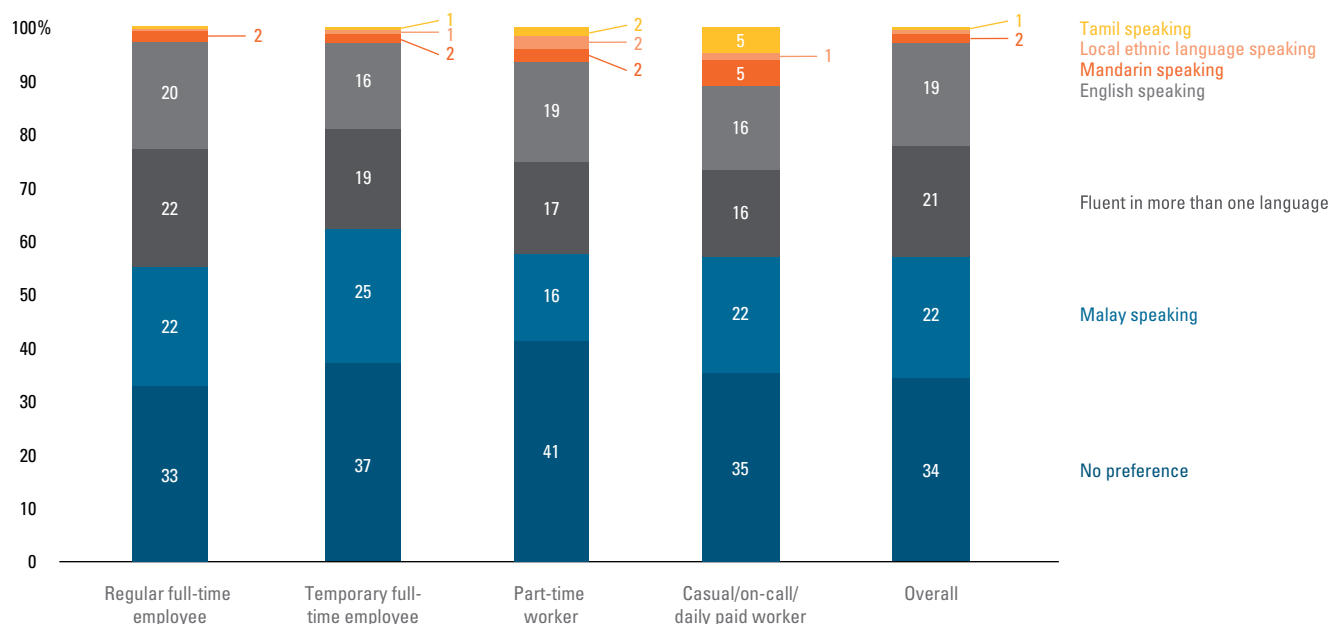
Source: KRI (2018)

**Chart 5.44: Employer preference in terms of age by status of young employees**



Source: KRI (2018)

**Chart 5.45: Employer preference in terms of language competency by status of young employees**



Source: KRI (2018)

## The young self-employed

Of the total young workers covered in the SWTS, only 8% are self-employed (6% are own account workers and 1% each contributing family workers and employers) (Table 5.1). Self-employment can be freely chosen and profitable, but should be distinguished from self-employment as a coping mechanism used by young people who have no alternative source of employment and thus become their own ‘employer of last resort’. Table 5.17 shows some of the main characteristics of the self-employed. Of all those who are self-employed, 81% are own-account workers, 11% are employers hiring other workers and 8% are contributing family workers.

**Table 5.17: Characteristics of the young self-employed workers**

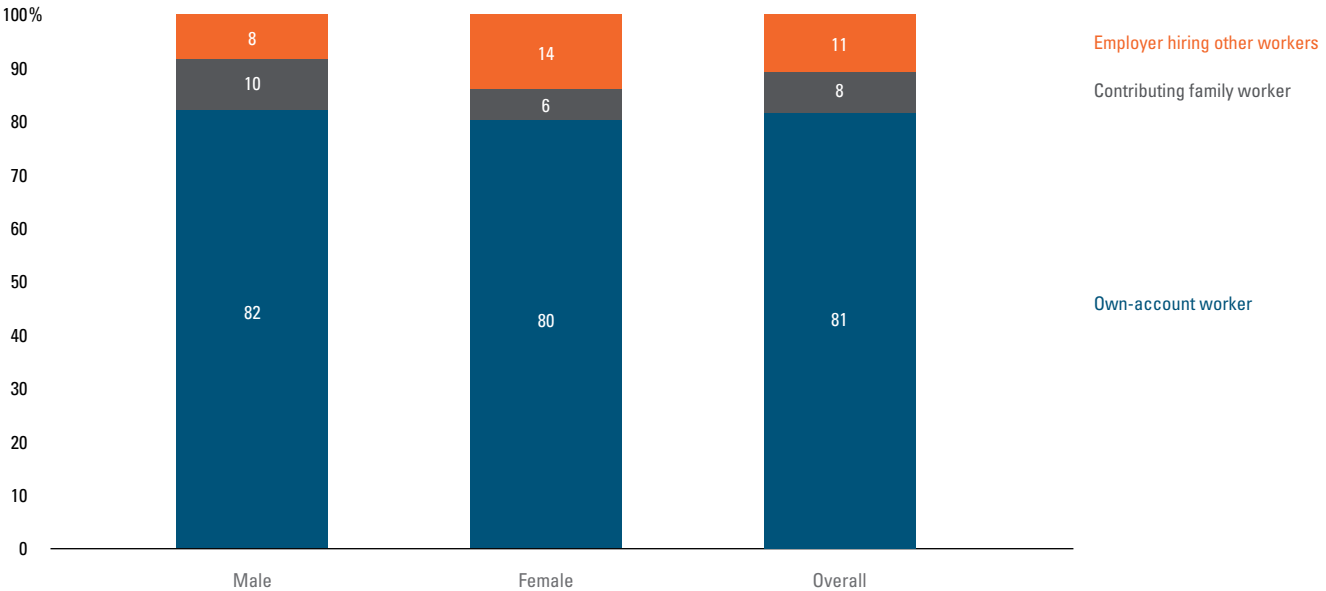
Characteristics	Self-employed/ own-account	Contributing family worker	Employer hiring other workers	Total
<b>Location</b>				
Urban	79.7	5.7	14.6	100.0
Rural	83.3	10.9	5.8	100.0
<b>Sex</b>				
Male	81.9	9.8	8.3	100.0
Female	80.3	5.6	14.1	100.0
<b>Ethnicity</b>				
Bumiputera	81.6	6.2	12.2	100.0
Chinese	81.3	15.6	3.1	100.0
Indian	73.3	26.7	0.0	100.0
Others	0.0	0.0	100.0	100.0
<b>Age</b>				
15 – 17	50.0	50.0	0.0	100.0
18 – 21	70.9	13.9	15.2	100.0
22 – 25	83.2	5.4	11.4	100.0
26 – 29	84.4	6.0	9.6	100.0
<b>Educational attainment</b>				
No formal education	80.0	0.0	20.0	100.0
Primary	50.0	0.0	50.0	100.0
Secondary	78.1	9.7	12.3	100.0
Pre-university	81.5	11.1	7.4	100.0
Vocational/technical	72.2	5.6	22.2	100.0
University	83.5	5.9	10.6	100.0
Professional degree	0.0	0.0	100.0	100.0
Postgraduate	90.9	0.0	9.1	100.0
Other	0.0	0.0	0.0	0.0
<b>Overall</b>	<b>81.1</b>	<b>7.7</b>	<b>11.3</b>	<b>100.0</b>

Source: KRI (2018)

Chart 5.46 confirms that the bulk of the self-employed are own-account workers. The own-account workers, as the name implies, operate on their own; very few have help, on average from one other family member or friend. Roughly equal numbers of male and female self-employed were covered in the SWTS. But, as indicated in Table 5.17, the proportion among the male self-employed who are contributing family workers is higher than the proportion among the female self-employed. On the other hand, a higher proportion among the female self-employed are young employers. The young employers reported a minimum of 3 and a maximum of 25 workers. Half of the young employers reported hiring migrant workers.

Table 5.17 shows that the young self-employed based in urban areas are more likely to be employers, whereas those in rural areas are likely to include a larger proportion who are contributing family workers. In both rural and urban areas, the bulk of the self-employed are own-account workers. By ethnicity, the proportion who are contributing family workers is highest among the Indian self-employed while more than 80% of both Bumiputera and Chinese self-employed are own-account workers. The small number (13) of the group of Others among the self-employed covered in the survey are all reported as employers. By age, the younger self-employed are not in the employer category. With age, they are less likely to be working for the family farm or business as contributing family workers and, instead, will be own-account workers or employers. By educational qualification, it is clear that all those with professional degrees are employers and those who are contributing family workers tend to have lower educational levels.

Chart 5.46: Self-employment status by sex

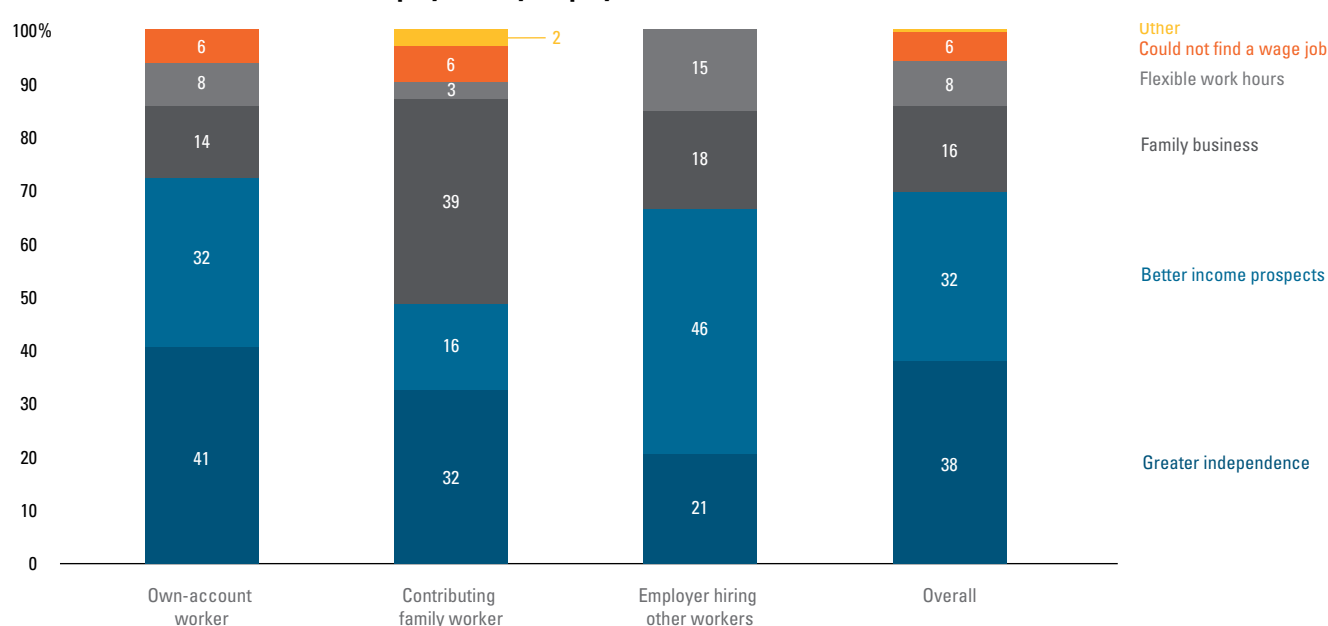


Source: KRI (2018)

## The main reason for choosing self-employment differs by type of status

Out of the young people in self-employment, 6% chose to ‘create their own employment’ because they could not find work as wage employees (Chart 5.47). Others want the independence and flexibility of self-employment; more than 40% of the own account workers cite this as their main reason for choosing to be self-employed. For the contributing family workers, the main motivating factor is to help out in the family business. Employers, on the other hand, are motivated by the desire for better income prospects.

**Chart 5.47: Main reason for self-employment by employment status**



Source: KRI (2018)

## They are going into the ‘easy-to-enter’ sectors, using their own savings

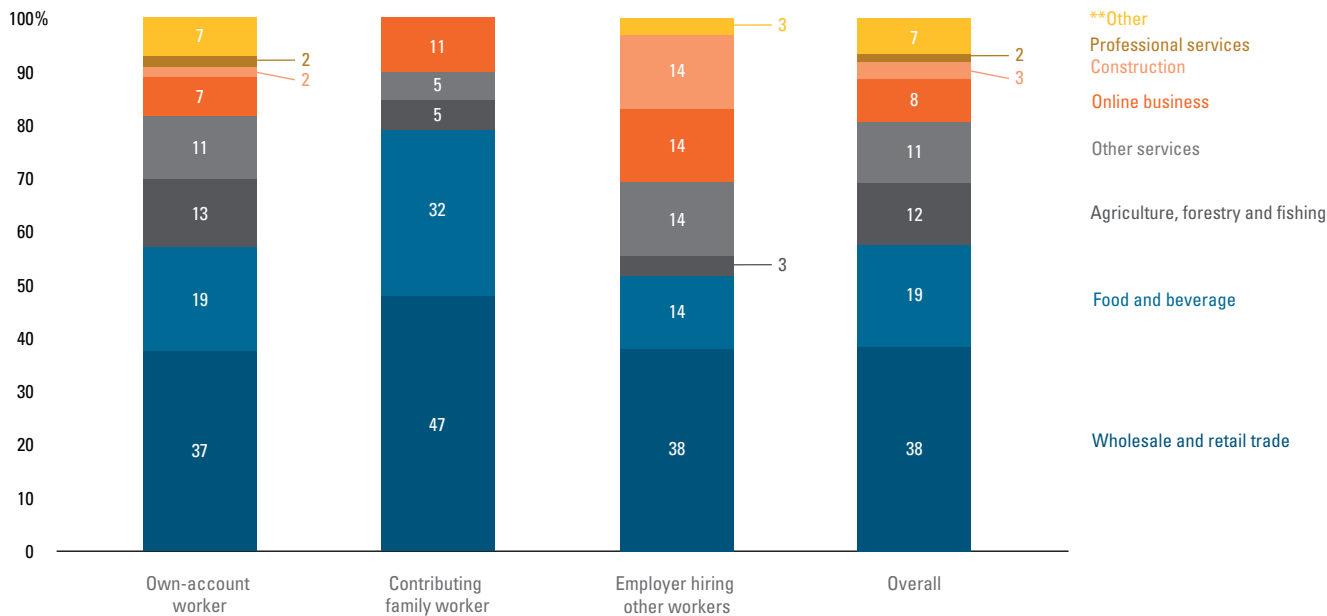
Chart 5.48 shows that the young self-employed are concentrated in those sectors and occupations where the entry requirements are few or easy, mainly in the wholesale and retail trade, online businesses and food and beverage preparation and sale. Those in rural areas are mainly in farms and plantations, helping out with family activities. ‘Other’ forms of self-employment include providing personal services (beauticians, hairdressers, laundry, childcare, tailoring), transportation (Grab drivers, food delivery), education (tuition classes), repairs (of motor vehicles and electronics), construction and professional services (consultants, interior designers, accountants, multimedia work).

The own-account workers and the young employers rely on their own savings; while the contributing family workers do not need financing as they are working in family businesses that have been mainly set up using the savings of family members. The young employers report that they get credit from their suppliers or agents and some also take loans from private money lenders. But what is striking from Chart 5.49 is that the young self-employed are getting very little or no assistance from government institutions or from private financial institutions—despite the fact that the government has various incentives and funding available for SMEs<sup>131</sup>.

131 SME Corp. Malaysia (2017, pp.67 – 72)

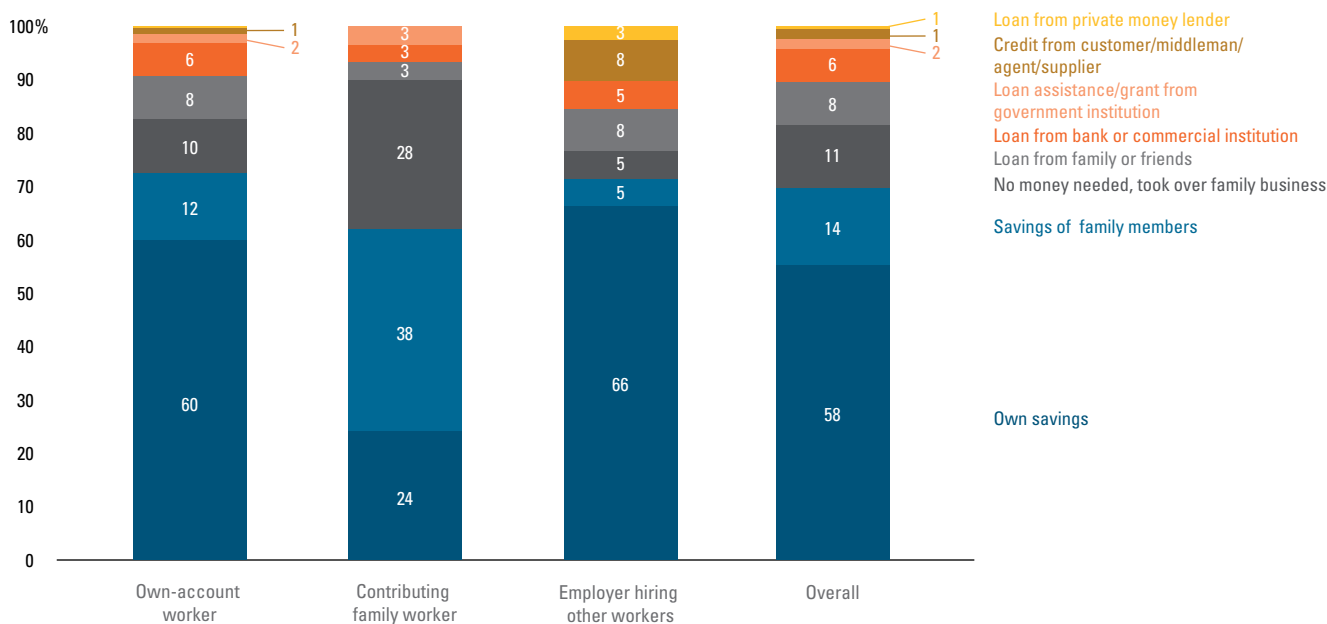


Chart 5.48: Employment sectors by self-employment status



Note: The chart displays top seven values. \*\*Other sectors include education, entertainment, real estate, repairs and transportation  
Source: KRI (2018)

Chart 5.49: Sources of financing by self-employment status



Source: KRI (2018)

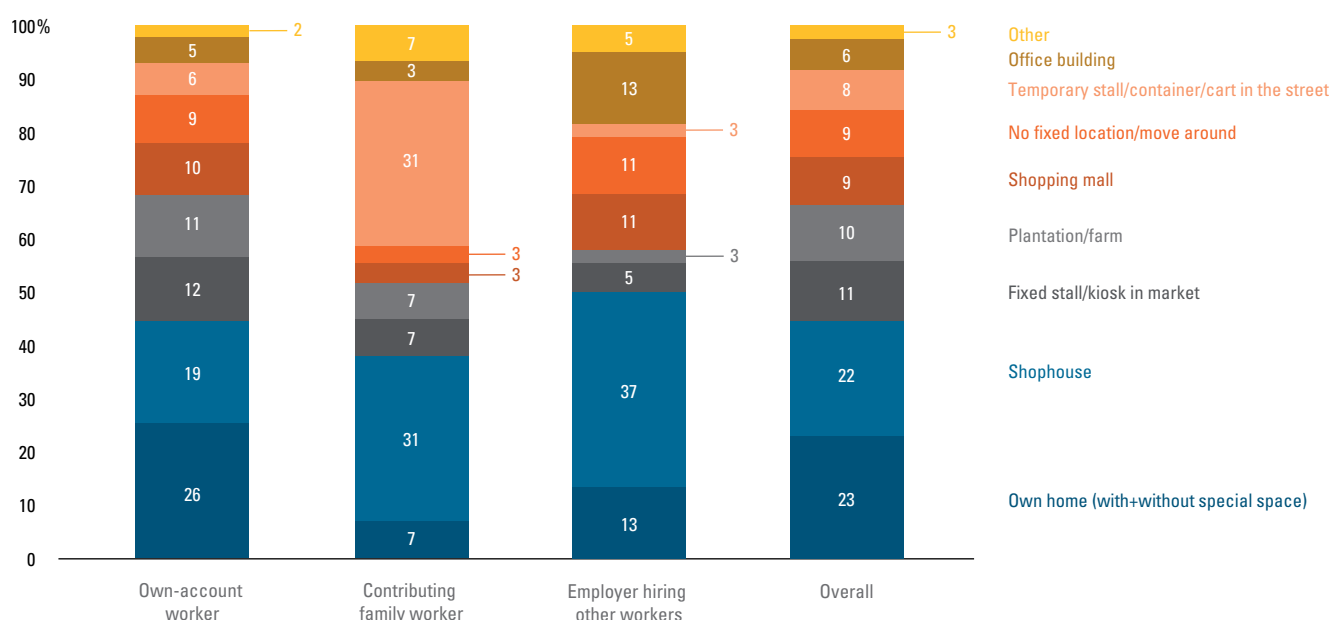
## Their places of work are their own homes or shophouses; many are also itinerant traders

A quarter of the own-account workers operate out of their own homes. Some have a dedicated space in the home for their business, others share the space with the rest of the household members and other household activities (Chart 5.50). Because their homes are also their workplaces, these workers tend to be directly affected by government policies regarding housing, such as slum upgrading or relocation or eviction schemes, and also zoning regulations (notably whether commercial activities are permitted in residential areas). Their economic activities are also affected by the availability and reliability of basic infrastructure services, including electricity, water and transportation<sup>132</sup>. Depending on the type of economic activity carried out in the home, there can also be health and safety concerns especially for young children. The own-account workers are also the most likely group to be working on farms or plantations.

The young employers are most likely to operate out of shophouses or run their business in office buildings. The contributing family workers help out in the family business either in temporary stalls, containers or carts in the street or in shophouses.

Out of the total self-employed, close to one-fifth move around, they have no fixed location and operate in the streets or sidewalks where they could face harassment from the authorities or local thugs. These traders and street vendors also tend to be affected by the need to make cash payments to access a space on the street or sidewalk, bribes to ward off evictions, and fines levied for real or trumped up transgressions of by-laws<sup>133</sup>.

**Chart 5.50: Location of work by self-employment status**



Source: KRI (2018)

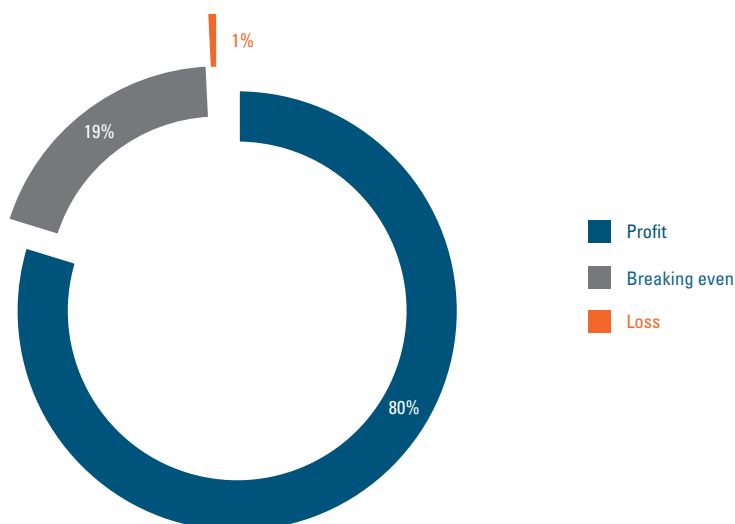
132 Lim (2015, pp.40 – 41)

133 Ibid., pp.42 – 43

## The majority claim they are making a profit from their business

Despite the small scale of their business operations, 80% of all the self-employed claim that they are making a profit, 19% are breaking even and only 1% report a loss (Chart 5.51).

**Chart 5.51: How are the self-employed faring**



Source: KRI (2018)

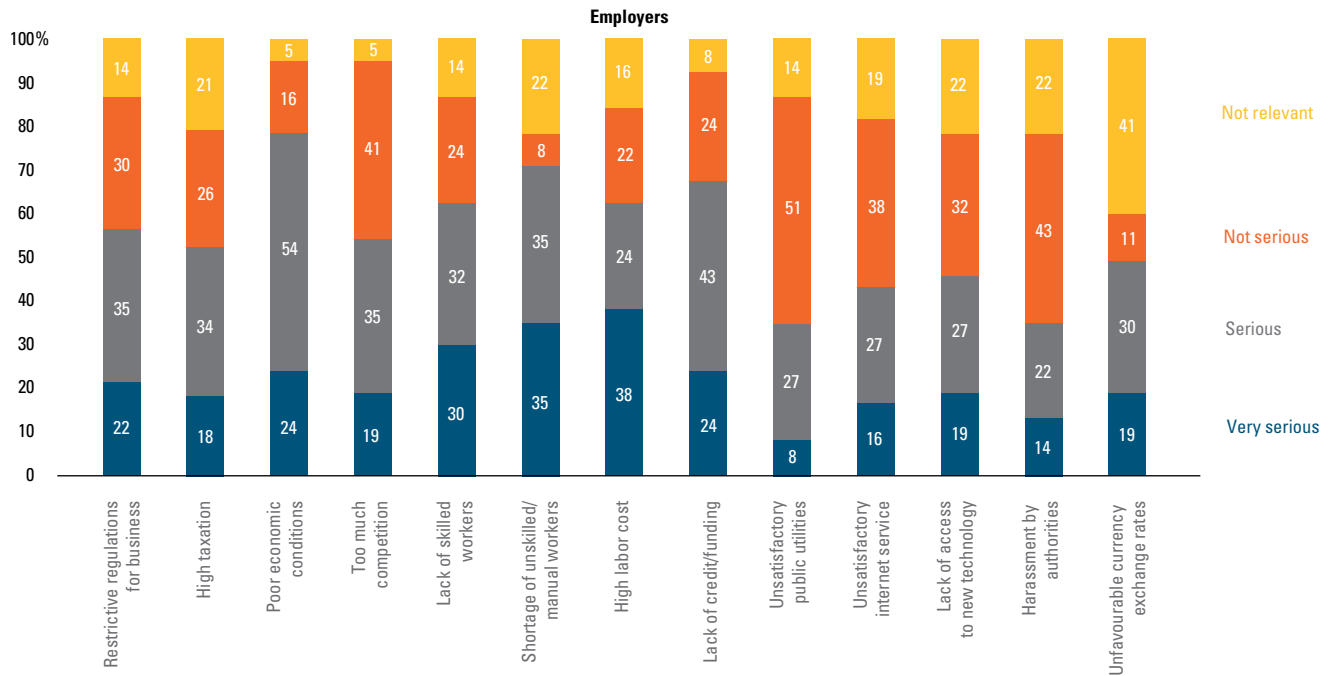
## Poor economic conditions and competition the most serious issues confronting the self-employed

The self-employed were asked to rate the seriousness of various issues they have to face in running their business (Chart 5.52). Poor economic conditions and excessive competition are the most serious problems, especially for more than one-third of the own-account workers who rate these to be very serious issues. The lack of credit or funding to expand their business is another issue. Harassment by the authorities is also a problem, especially since one-fifth of all the self-employed operate in public spaces and in the streets. High labour cost is a very serious issue for 38% of the employers who also cite problems of lack of both skilled and unskilled workers. Strangely, high labour cost also appears to be of great concern to contributing family workers—although this may explain why they are working in the family business because it is too expensive to hire workers.

Given the scale and nature of their operations, most of the self-employed do not consider restrictive regulations, high taxation or currency exchange rates to be particularly serious issues. The quality of public utilities and internet service also do not pose very serious problems.

Chart 5.52: Issues affecting their business by self-employment status



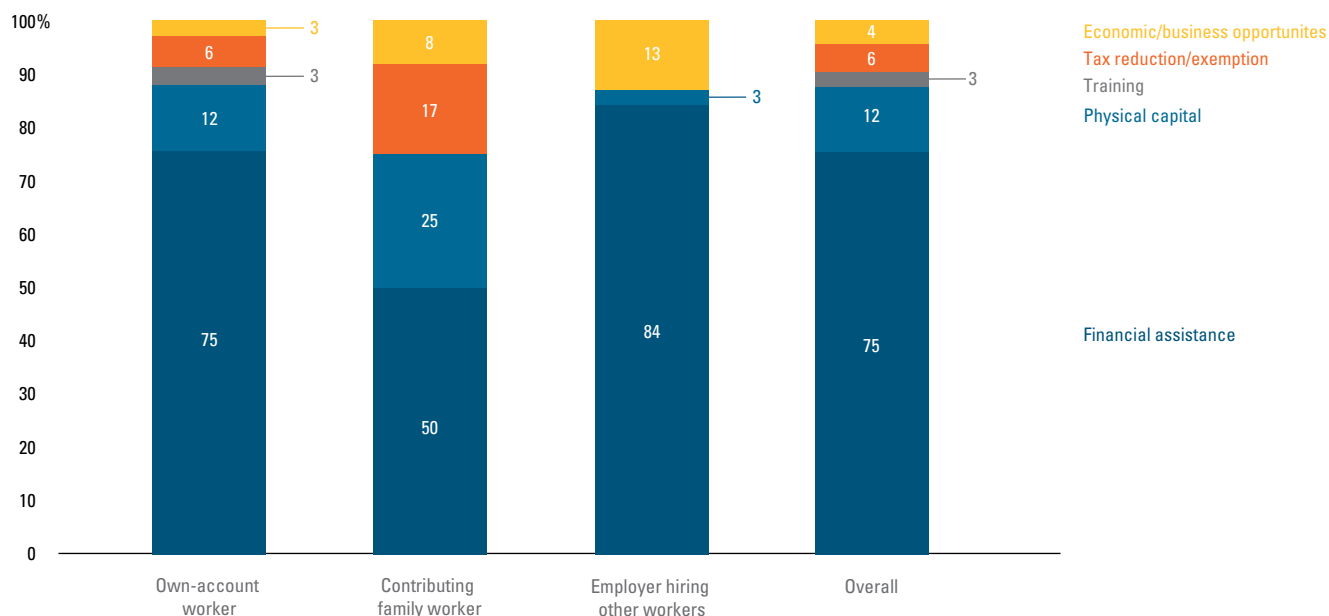


Source: KRI (2018)

Financial assistance from the government most needed to succeed in their business

When asked what kind of assistance the self-employed would most need from the government to succeed in their business, it is very obvious from Chart 5.53 that it is financial assistance. The chart also shows that employers would like government assistance in terms of better economic or business opportunities, while the own-account and contributing family members are concerned about access to physical capital, including machines, business premises and other equipment for their economic activities. Both own-account and contributing family workers also identified tax reductions or exemption as concessions that they wish to have from the government.

**Chart 5.53: Assistance from the government by self-employment status**

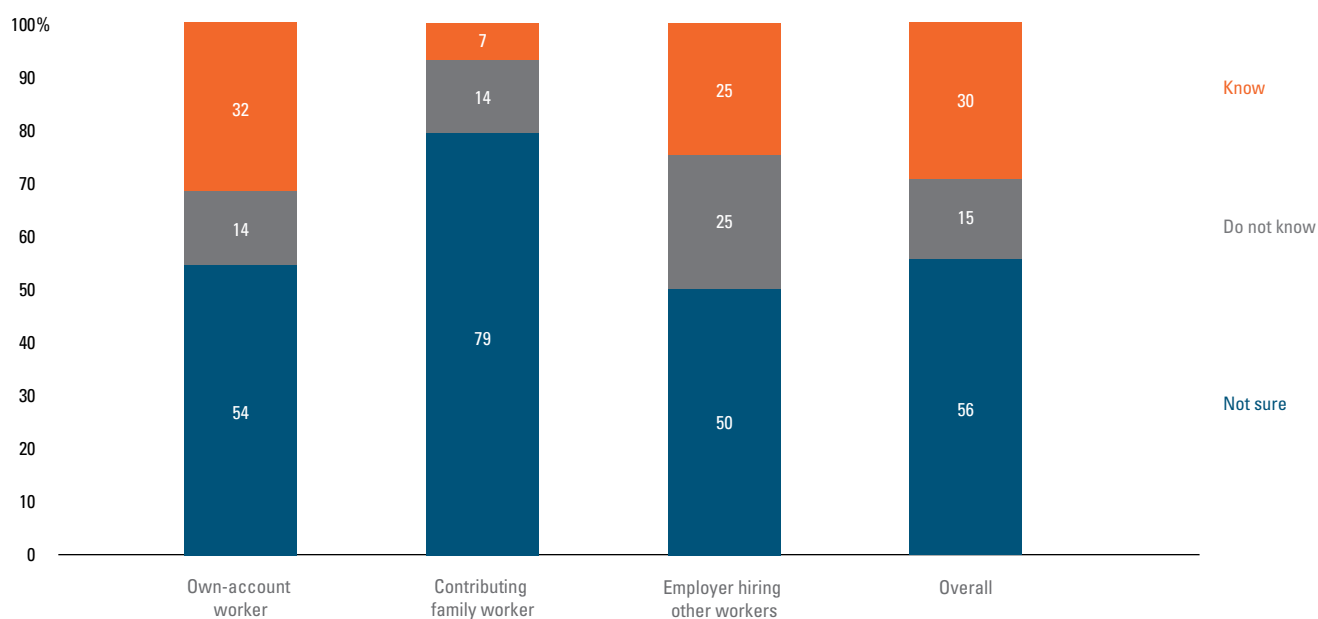


Source: KRI (2018)

### The large majority have not received support for their business and do not even know where they can get support

However, at least 90% of all self-employed workers claim that they have never received any assistance or support from the government. And only 30% of the young self-employed are aware of where they can get support for their business (Chart 5.54). On one hand, this might hint at the ineffectiveness of agencies such as the Malaysian Global Innovation and Creativity Centre (MaGIC), SME Corp Malaysia, and *Bank Perusahaan Kecil dan Sederhana Malaysia Berhad* (SME bank) in reaching out to their targeted clients. Of course, on the other hand, this could also indicate that young business owners are not entrepreneurial enough to find information on such facilities and to access these facilities.

**Chart 5.54: Knowledge of support for their business by self-employment status**



Source: KRI (2018)

# CHAPTER

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# 06

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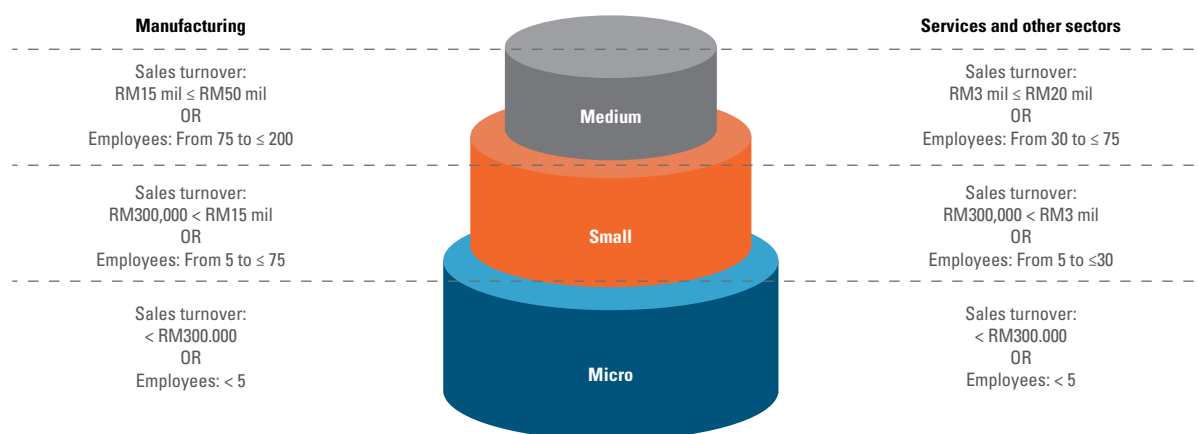
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While the previous chapters focused on the supply side of the labour market, this Chapter examines the demand side in terms of the role of employers in creating jobs, including providing training for young people, their perceptions regarding the employability of young people and the characteristics they look for when hiring young people. The chapter detects the gaps between the supply of and the demand for young workers. It also highlights the role of employers in enhancing employability.

### The profile of employers

Employers hire workers to operate enterprises, hence the sampling frame to survey employers was based on the enterprise database from the Malaysian Statistical Business Register (MBSR), DOS. The frame consisted of large, medium, small and micro establishments in Malaysia, based on the official definition for Small and Medium Enterprises (SMEs)<sup>134</sup> (Chart 6.1). The large companies are those with sales turnover or number of employees above the SME definition.

**Chart 6.1: Definition of the size of enterprises in Malaysia**



Source: Adapted from SME Corp. Malaysia (2013)



**Table 6.1: Profile of enterprises**

Characteristics	Frequency	Percentage
<b>Size</b>		
Large	13,234	1.1
Medium	19,316	1.6
Small	254,211	21.6
Micro	888,641	75.6
<b>Type of enterprise</b>		
Sole proprietorship	586,810	49.6
Family business	203,463	17.2
Private limited company	309,996	26.2
Public listed company	16,505	1.4
Foreign-owned/multinational	21,592	1.8
Public sector/government agency	7,722	0.7
Private contractor	24,626	2.1
Other	12,411	1.0
<b>Sector</b>		
Agriculture and forestry	26,376	2.2
Fishing	10,869	0.9
Mining including petroleum and gas	8,864	0.7
Manufacturing	109,549	9.3
Utilities	18,437	1.6
Construction	50,748	4.3
Wholesale and retail trade	350,205	29.6
Transportation and storage	56,644	4.8
Accommodation and food and beverage service activities	186,281	15.7
Information and communications	27,143	2.3
IT-related	44,990	3.8
Online business	8,087	0.7
Finance and insurance related	43,136	3.6
Real estate	13,834	1.2
Civil service/public administration/uniform services	14,419	1.2
Education	32,945	2.8
Health and social work	95,476	8.1
Arts, entertainment and recreation	51,211	4.3
Other	33,909	2.9
<b>Total</b>	<b>1,183,124</b>	<b>100.0</b>

Note: The numbers refer to weighted data based on targeted population of enterprise, which was provided by DOS (2017)<sup>135</sup>  
Source: KRI (2018)

<sup>135</sup> Data requested from DOS.

The SWTS data were collected using a probability sampling design and the results weighted (across size of enterprise) for unequal probability of selection and adjusted for non-response bias, therefore the weighted results presented in Table 6.1 should be representative at the national level by size of enterprise. However, it is important to clarify that while the classification of enterprises by size was based on the sample frame provided by DOS, the classification by type of enterprises was based on the answers provided by the respondents themselves<sup>136</sup>.

### SMEs account for 99% of all enterprises in the country

Table 6.1 shows the distribution of enterprises in Malaysia. Three-quarters of the establishments are micro enterprises (with sales turnover of less than RM300,000 per annum or less than 5 employees). Another 22% of all establishments are ‘small’, leaving medium and large enterprises to make up the remaining 3% of establishments in the country. Although the micro, small and medium enterprises accounted for close to 99% of establishments, their share of total employment was 65% in 2016<sup>137</sup>. The large enterprises which only account for 1% of total establishments are responsible for the remaining 35% of total employment. This finding suggests to create employment for young people, it will be essential to focus not only on the role of large enterprises but also to enhance the capacity of SMEs to grow in productivity and employment potential.

By type of enterprise, almost half are sole proprietorships (business wholly owned by a single individual). Data from the previous chapter on young workers had indicated that sole proprietors are more likely to hire workers on a part-time or casual basis rather than on regular full-time contracts. The next two most important types of employers are private limited companies and family businesses—this is important to note since the preference indicated by young people, especially those still in the education system (and therefore not yet in transition) is for work in multinationals rather than local companies. Multinational corporations (MNCs) and public listed companies on the main Stock Exchange Board together account for 3% of total establishments. Public sector/government agencies represent less than 1% of total establishments yet the SWTS found that there is a high preference among young people for work in such establishments. ‘Other’ types of establishments include NGOs, social and political organisations.

### Enterprises are increasingly going into the service sector

By sector of operations, the country is clearly moving towards greater service orientation; 30% of establishments are in wholesale and retail trades and another 16% are in accommodation and food and beverage service activities (Table 6.1)—but it is worth noting that these tend to be low value-added activities. The traditional sectors of agriculture, forestry and fishing and also mining account for less than 4% of all establishments but still provide 12% of total employment in the country<sup>138</sup>. The health and social work sector accounts for about 8% of all establishments while another 7% of all establishments are dealing with information and communications and IT-related, including online businesses.

Less than 10% of all enterprises are in manufacturing but manufacturing is the most important economic sector for the large and medium enterprises in Chart 6.2. It is worth mentioning that manufacturing accounts for about 23% of the country’s GDP and is the single largest employment sector with over 17% of total employment<sup>139</sup>.

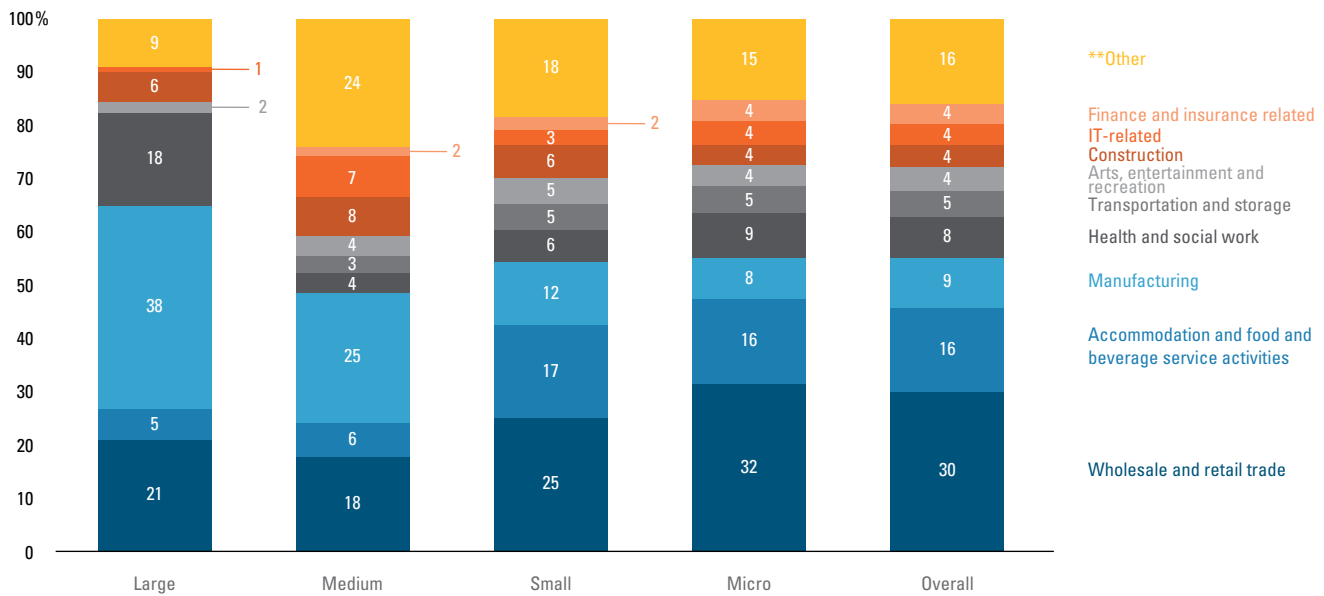
136 Because the classification by type of enterprise was provided by the respondents themselves, some biases may have been introduced by incorrect choice of answers. The answers were checked and reclassified wherever possible. But since the data were not weighted by type of enterprise, the representativeness at national level by type of enterprise may include biases and the data should be used with caution.

137 SME Corp. Malaysia (2017). The contribution of SMEs to GDP was 37% and to exports 19%.

138 DOS (2018-a, p.80)

139 Ibid.

Chart 6.2: Enterprises by size and sector



Note: \*\*Other sectors include education, information and communications, agriculture and forestry, utilities (electricity, gas and water supply), real estate, fishing, civil service, mining including petroleum and gas and online business  
Source: KRI (2018)

Competition and poor economic conditions most serious problems; labour problems not serious

The enterprises were asked to rate the seriousness of different problems they encounter in their operations. Table 6.2 indicates that, irrespective of size, the enterprises identify excessive competition and poor economic conditions as their main problems. High taxation and restrictive business regulations are also issues of concern, especially for the large and medium enterprises. Unfavourable currency exchange rates appear to be more of a concern to medium enterprises but, surprisingly, not to the large enterprises. However, they do not rate issues directly under the purview of local authorities, such as unsatisfactory public utilities and internet services or harassment to be serious. Lack of credit or funding does not appear to be of serious concern, even for the micro enterprises.

Lack of access to new technology is not rated a serious problem—but this could actually be a cause for concern since it could indicate that enterprises are not focussing on upgrading to new technology. In fact, Bank Negara Malaysia, adopting the World Bank’s Digital Adoption Index (DAI) which classifies countries as ‘front runners’, ‘adopters’ and ‘laggards’, emphasised that although Malaysia is an ‘adopter’ country it lags behind notable front runners including South Korea, Japan and Singapore<sup>140</sup>. The report stressed that for Malaysia to become a forerunner, digital adoption must improve. The SME Association of Malaysia also noted that SMEs are still based mainly on brick-and-mortar businesses and that there is an urgent need to encourage and enable SMEs to adopt digital technology<sup>141</sup>.

140 Kylasapathy et.al. (2018)  
141 Lee (2017)

Table 6.2: Rating of issues by size of enterprise

Rating	Very Serious %	Serious %	Not serious %	Not relevant %
<b>Large establishments</b>				
Poor economic conditions	50.2	21.7	22.2	5.9
Too much competition	34.6	32.1	30.8	2.5
High taxation	33.8	40.9	19.5	5.9
Restrictive regulations for business	31.6	37.5	27.9	3.0
Shortage of unskilled/manual workers	23.9	24.8	39.2	12.1
Unsatisfactory internet service	17.1	38.0	40.6	4.3
Unfavourable currency exchange rates	11.1	17.7	28.8	42.3
High labour cost	8.3	38.3	49.6	3.9
Lack of skilled workers	8.3	23.7	58.3	9.7
Harassment by authorities	4.5	14.6	52.3	28.6
Lack of credit/funding	3.4	32.8	55.1	8.7
Unsatisfactory public utilities	2.5	22.7	65.0	9.9
Lack of access to new technology	2.5	26.8	64.4	6.2
<b>Medium establishments</b>				
Poor economic conditions	33.2	37.3	29.1	0.4
Restrictive regulations for business	29.0	22.6	46.5	1.9
Too much competition	28.3	35.4	31.3	5.0
Unfavourable currency exchange rates	26.2	15.6	30.7	27.5
High taxation	22.2	43.6	33.5	0.6
Lack of skilled workers	18.2	26.9	39.3	15.7
Unsatisfactory internet service	17.3	17.5	52.0	13.1
Harassment by authorities	17.3	15.0	47.3	20.4
High labour cost	17.1	34.0	41.6	7.4
Lack of access to new technology	17.1	12.0	55.8	15.1
Shortage of unskilled/manual workers	16.8	21.3	44.4	17.4
Lack of credit/funding	16.2	16.6	56.8	10.4
Unsatisfactory public utilities	14.9	11.2	53.0	20.9
<b>Small establishments</b>				
Poor economic conditions	22.4	53.7	21.6	2.2
Too much competition	22.0	49.7	23.4	5.0
Restrictive regulations for business	17.3	39.1	33.4	10.1
Unfavourable currency exchange rates	14.9	20.8	32.1	32.2
Unsatisfactory internet service	14.8	19.9	42.0	23.3
High taxation	14.4	56.1	23.7	5.9
Lack of skilled workers	10.7	31.4	45.8	12.2
Lack of access to new technology	10.1	23.9	43.5	22.5
High labour cost	8.8	33.3	43.6	14.2

Rating	Very Serious %	Serious %	Not serious %	Not relevant %
<b>Small establishments</b>				
Unsatisfactory public utilities	8.8	21.1	47.6	22.4
Lack of credit/funding	8.3	32.4	44.9	14.5
Harassment by authorities	7.9	18.0	53.0	21.1
Shortage of unskilled/manual workers	7.4	26.6	48.5	17.4
<b>Micro establishments</b>				
Too much competition	22.6	42.6	32.1	2.7
Poor economic conditions	21.3	51.1	24.5	3.0
High taxation	11.1	40.9	35.0	12.9
Unfavourable currency exchange rates	9.8	16.7	27.5	45.9
Restrictive regulations for business	8.1	32.2	46.0	13.6
Lack of credit/funding	7.3	29.6	47.5	15.6
Lack of skilled workers	5.5	25.0	52.4	17.1
Unsatisfactory internet service	5.4	15.9	55.4	23.4
High labour cost	5.4	29.9	45.2	19.6
Unsatisfactory public utilities	4.0	17.6	61.3	17.1
Lack of access to new technology	3.8	15.2	49.5	31.6
Harassment by authorities	3.3	13.7	52.0	31.0
Shortage of unskilled/manual workers	2.9	20.1	53.5	23.5
<b>Overall</b>				
Too much competition	22.7	43.9	30.2	3.2
Poor economic conditions	22.1	51.1	24.0	2.9
High taxation	12.3	44.2	32.4	11.1
Unfavourable currency exchange rates	11.1	17.7	28.8	42.3
Restrictive regulations for business	10.7	33.6	43.1	12.5
Unsatisfactory internet service	7.8	17.0	52.2	23.0
Lack of credit/funding	7.6	30.0	47.2	15.2
Lack of skilled workers	6.9	26.4	50.8	15.9
High labour cost	6.3	30.8	44.8	18.0
Lack of access to new technology	5.3	17.2	48.5	29.0
Unsatisfactory public utilities	5.2	18.3	58.3	18.2
Harassment by authorities	4.5	14.6	52.3	28.6
Shortage of unskilled/manual workers	4.4	21.6	52.1	21.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

**Table 6.3: Rating of issues by enterprises and young employers**

Rating	Very serious		Serious		Not serious		Not relevant	
	Enterprises	Young employers	Enterprises	Young employers	Enterprises	Young employers	Enterprises	Young employers
	%	%	%	%	%	%	%	%
Restrictive regulations for business	10.9	21.6	33.5	35.1	43.0	29.7	12.7	13.5
High taxation	12.2	18.4	44.0	34.2	32.5	26.3	11.3	21.1
Poor economic conditions	22.0	24.3	51.0	54.1	24.0	16.2	3.1	5.4
Too much competition	22.6	18.9	43.7	35.1	30.3	40.5	3.4	5.4
Lack of skilled workers	6.8	29.7	26.4	32.4	50.8	24.3	16.0	13.5
Shortage of unskilled/manual workers	4.3	35.1	21.5	35.1	52.2	8.1	21.9	21.6
High labour cost	6.4	37.8	30.6	24.3	44.8	21.6	18.2	16.2
Lack of credit/funding	7.6	24.3	30.0	43.2	47.0	24.3	15.4	8.1
Unsatisfactory public utilities	5.2	8.1	18.2	27.0	58.5	51.4	18.2	13.5
Unsatisfactory internet service	7.7	16.2	17.2	27.0	52.3	37.8	22.8	18.9
Lack of access to new technology	5.4	18.9	17.2	27.0	48.5	32.4	28.9	21.6
Harassment by authorities	4.5	13.5	14.7	21.6	52.1	43.2	28.7	21.6
Unfavourable currency exchange rates	11.0	18.9	17.6	29.7	29.0	10.8	42.4	40.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

What is noteworthy from Table 6.2 is that labour problems do not feature prominently among the issues rated as ‘very serious’ or ‘serious’. More than half of all employers rate the lack of both skilled and unskilled/manual workers as ‘not serious’. The large employers are more likely to consider the shortage of unskilled/manual workers more of a problem than the lack of skilled workers, whereas the opposite is the case for the small establishments.

It is striking that 45% of all employers rate high labour cost as ‘not serious’ while another 18% do not consider labour costs to be a relevant concern. Even half of all large employers rate high labour cost to be ‘not serious’. The issue of labour costs does raise at least one related question—if labour costs are not a serious concern, why are employers complaining that workers, especially young workers, are ‘asking for too much’?

Table 6.3 compares the findings in Table 6.2 with the ratings indicated by the young employers in the previous chapter (who would actually be counted within the establishment frame if they are legally registered). It shows that the young employers also identify poor economic conditions and competition to be ‘very serious’ or ‘serious’ problems. But the young employers are much more likely to consider most of the other issues listed in the table to be more serious than indicated in the data for total employers. Very interestingly, the young employers consider the lack of both skilled and unskilled workers and high labour costs to be much more serious issues than overall employers. They also consider all the other listed issues to be more serious problems—suggesting that the young employers face greater difficulties and more serious problems establishing businesses and succeeding.

## **Employment of young workers**

### **Young workers account for less than a third of the workforce of half of all employers**

Table 6.4 confirms that more than half of all employers are in micro enterprises with less than 5 employees, while another quarter have between 5 and 10 employees each. The largest employers are the public sector, the public listed companies and the multinational companies. Young workers account for less than 30% of the workforce in half of all the enterprises. But, on the other hand, 29% of all enterprises claim that young workers account for more than 70% of the workforce.

The public sector employers tend to have the oldest workforce; 80% have less than a fifth of their workforce who are below 30 years of age. The multinational companies and sole proprietors tend to have the highest proportion of young workers in their workforce.

Almost all the employers reported that they either do not have skilled expatriates in their workforce or expatriates account for less than 10% of their entire workforce. The proportion of migrant workers in each enterprise is also small, only about 12% of all enterprises reported that migrant workers account for more than a tenth of their workforce.

Table 6.4: Size and composition of workforce by type of enterprise

	Sole proprietor- ship %	Family business %	Private ltd. company %	Public listed company %	Multina- tional %	Public sector %	Private contractor %	Overall %
<b>Total number of employees</b>								
Less than 5	71.7	57.6	33.6	12.3	18.3	2.2	34.6	55.2
5 – 10	22.3	29.8	33.0	4.4	43.2	10.9	21.7	26.6
11 – 15	2.3	6.1	6.2	11.3	11.8	0.0	12.2	4.5
16 – 20	1.6	1.0	6.1	0.0	7.9	3.6	1.4	3.0
21 – 30	1.5	2.3	7.7	17.6	0.0	0.0	12.7	3.8
31 – 50	0.4	1.2	6.6	18.4	2.5	38.4	9.3	3.2
50 – 100	0.3	2.0	2.9	18.1	0.9	17.4	5.4	1.8
More than 100	0.0	0.0	3.8	17.9	15.5	27.4	2.7	1.9
<b>Percentage of employees below 30 years of age</b>								
Less than 10%	43.4	51.0	35.3	43.4	4.8	24.4	26.4	41.9
11 – 20%	0.7	5.2	4.6	0.0	12.9	55.5	3.3	3.3
21 – 30%	2.6	6.4	6.3	7.7	44.8	0.0	16.2	5.0
31 – 40%	3.3	5.5	6.4	15.4	0.0	0.0	0.0	4.5
41 – 50%	8.0	3.0	10.6	3.4	0.0	6.1	0.5	7.3
51 – 70%	8.2	5.1	10.3	21.4	0.0	0.0	36.7	9.3
More than 70%	33.9	23.7	26.4	8.7	37.5	14.1	16.9	28.6
<b>Percentage of total employees who are migrant workers</b>								
Less than 10%	92.1	85.0	86.6	78.6	69.2	91.4	93.6	88.7
11 – 20%	1.0	4.4	3.5	2.5	15.7	0.0	0.0	2.6
21 – 30%	0.6	1.7	1.2	0.8	0.0	0.0	0.0	0.9
31 – 40%	0.6	1.7	1.5	1.2	0.0	0.0	0.0	1.0
41 – 50%	1.2	1.4	1.6	0.0	2.2	0.0	3.4	1.4
51 – 70%	2.1	2.5	2.0	0.0	11.7	8.6	0.0	2.2
More than 70%	2.5	3.4	3.5	16.8	1.3	0.0	3.0	3.1
<b>Percentage of total employees who are expatriate workers</b>								
Less than 10%	99.4	97.5	98.1	100.0	100.0	100.0	100.0	98.7
11 – 20%	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.3
21 – 30%	0.0	2.5	0.1	0.0	0.0	0.0	0.0	0.4
31 – 40%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
41 – 50%	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.2
51 – 70%	0.4	0.0	0.1	0.0	0.0	0.0	0.0	0.2
More than 70%	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

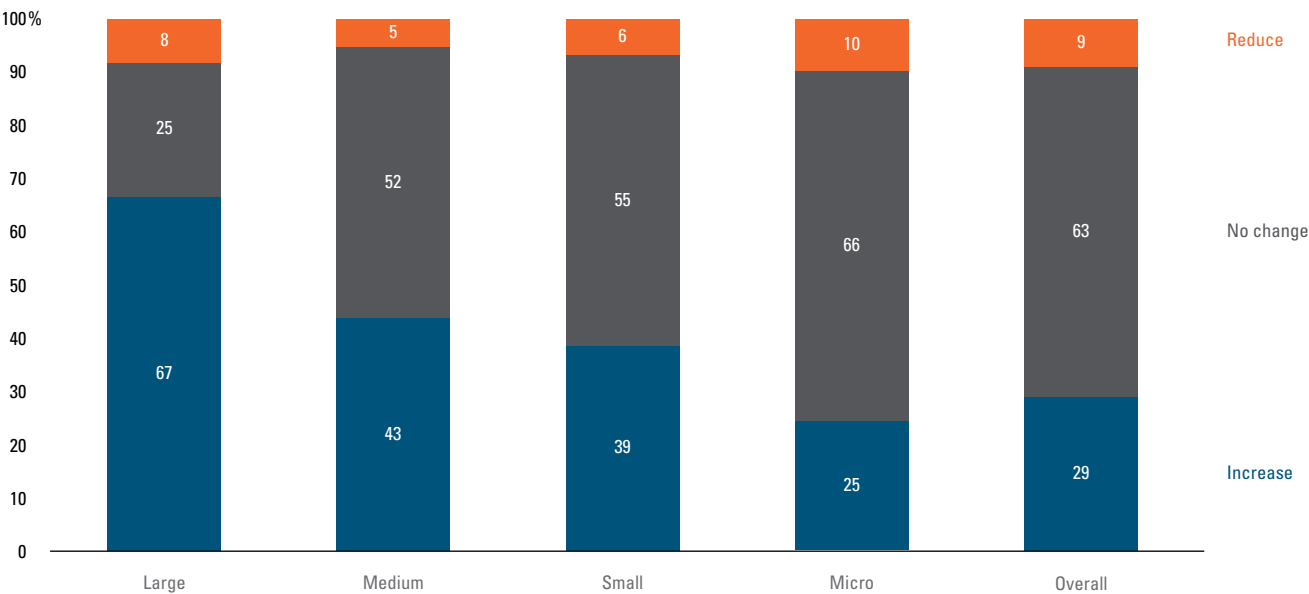


The large enterprises increased their workforce over the past two years and expect further increases in the future

Overall, the bulk of enterprises reported no changes in the size of their labour force over the past two years (Chart 6.3). The micro enterprises were most likely to report no change, whereas two-thirds of the large enterprises reported that they had increased the number of workers. By type of enterprise (Chart 6.4), the most obvious changes were by public listed companies which reported increasing their workforce. All the other types of enterprises were more likely to have had no change. However, where there were changes, these were in the direction of increases rather than decrease. The family businesses were least likely to have increased their workforce in the recent past.

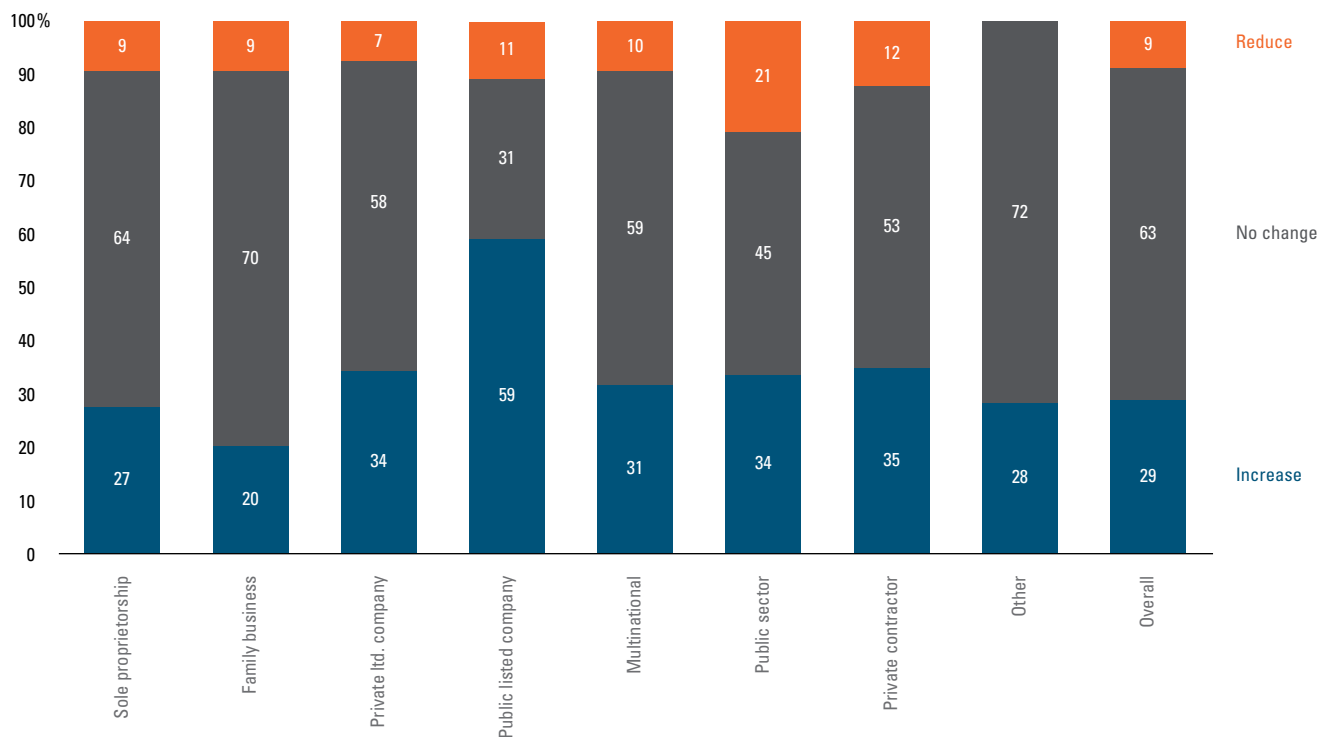
Looking ahead, it is again the micro enterprises that are most likely to expect no change in their labour force over the next two years (Chart 6.5). However, the large enterprises and also the medium and small enterprises are more optimistic and expect to increase their number of workers. By type of enterprise (Chart 6.6), the public listed companies expect to continue their expansion; with 61% expecting to increase their workforce over the next two years as compared to the 59% that reported an increase in the past two years. The private contractors expect to have the biggest increases—65% expect an increase in the next two years as compared to 35% over the past two years. What is surprising is that 53% of public sector enterprises expect their workforce to grow—surprising because the previous chapters had emphasised that the country already has one of the highest percentages of public servants in the world and given the concerns about government operating costs and expenses, we would not expect this to be an employment growth sector.

Chart 6.3: Change in labour force over the past two years by size of enterprise



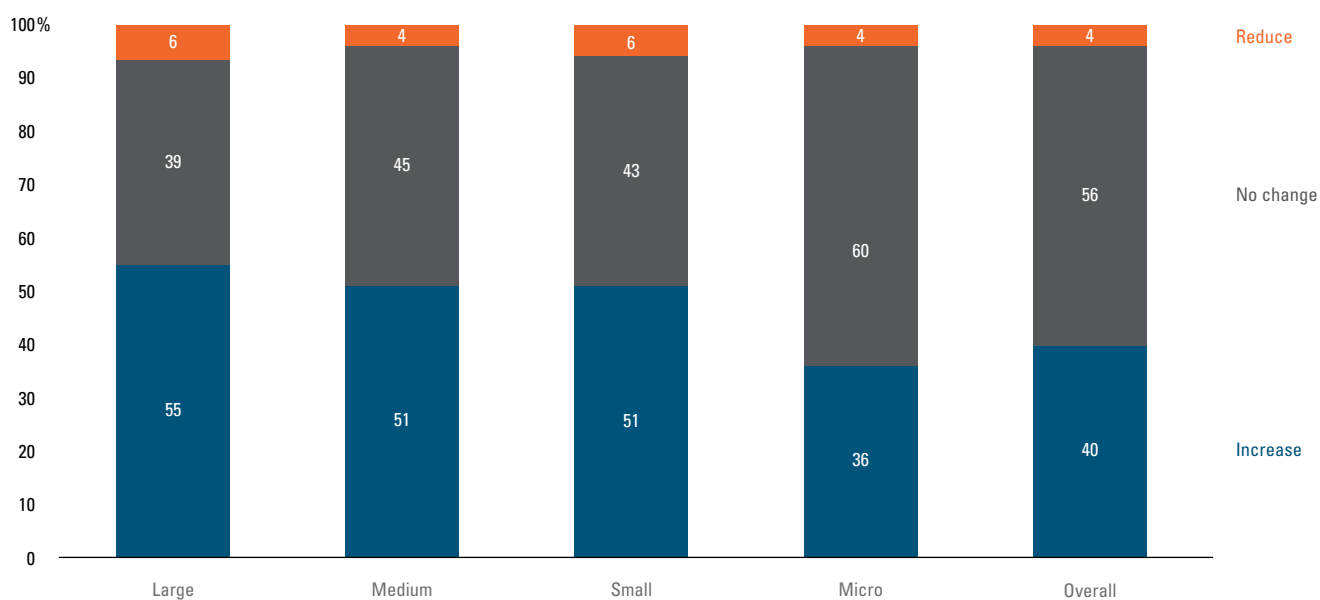
Source: KRI (2018)

**Chart 6.4: Change in labour force over the past two years by type of enterprise**



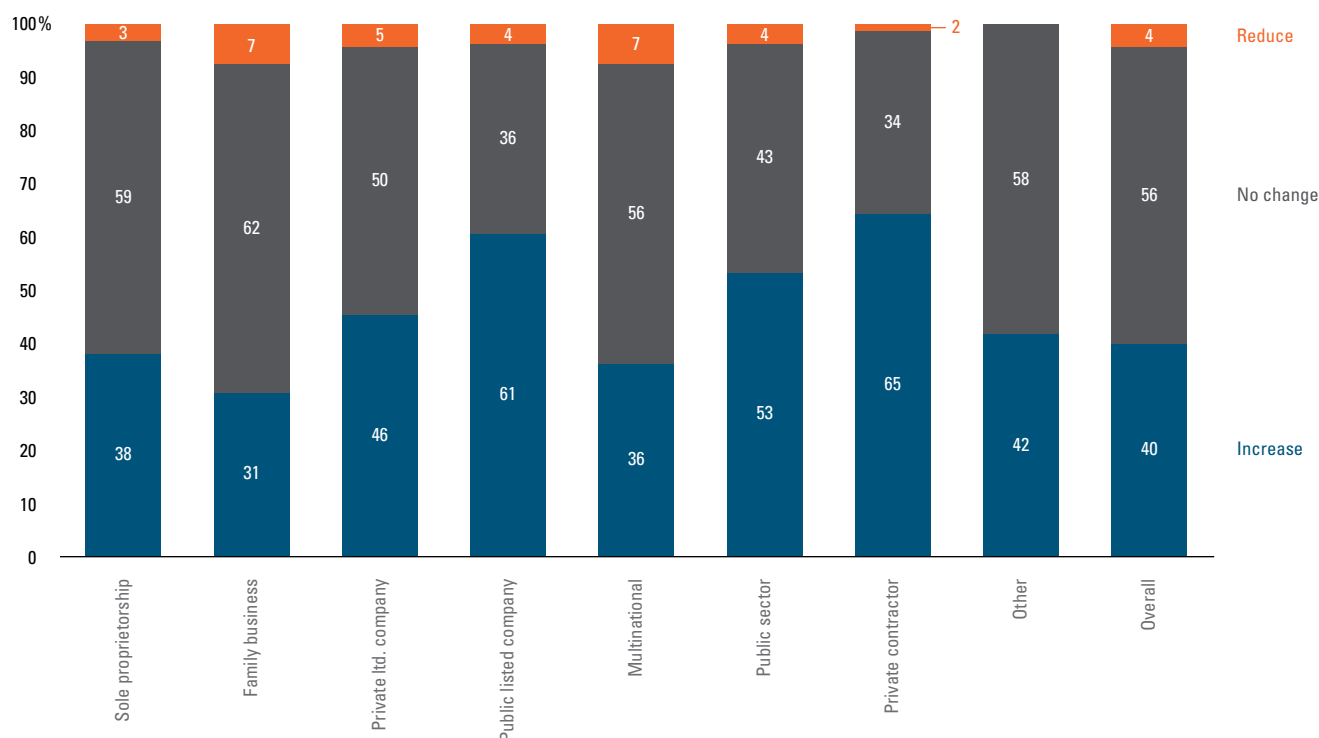
Source: KRI (2018)

**Chart 6.5: Expected change in labour force over the next two years by size of enterprise**



Source: KRI (2018)

**Chart 6.6: Expected change in labour force over the next two years by type of enterprise**



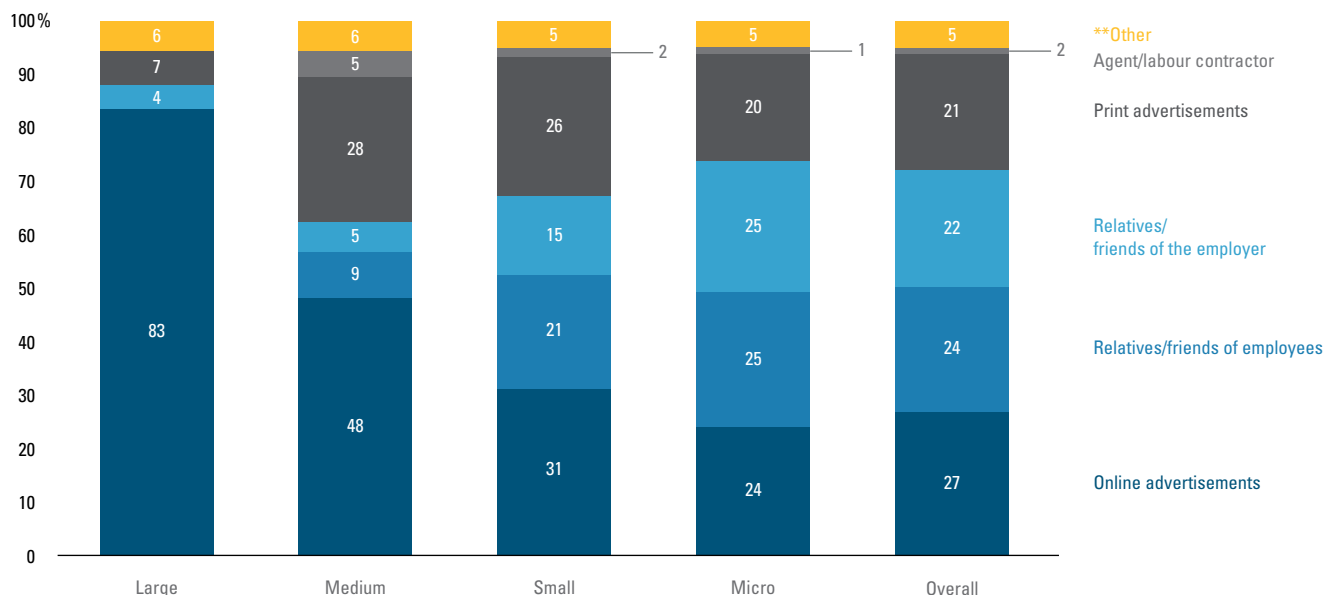
Source: KRI (2018)

## Recruitment methods differ by size and type of enterprise

Chart 6.7 shows the five most common recruitment methods used by employers. Other methods not shown in the chart (because each of them is used by only about 1% of total employers) include public and private employment services, job fairs and recruiting directly from educational institutions. The most common method is online advertisements. More than four-fifths of the large employers rely on this method, especially for hiring skilled administrative or professional workers. The medium size enterprises rely on online and print advertisements. Employers from small and micro enterprises use both online and print advertisements, but they are also more likely to use networks of families and friends, their own and their current workers, as an important channel for recruitment.

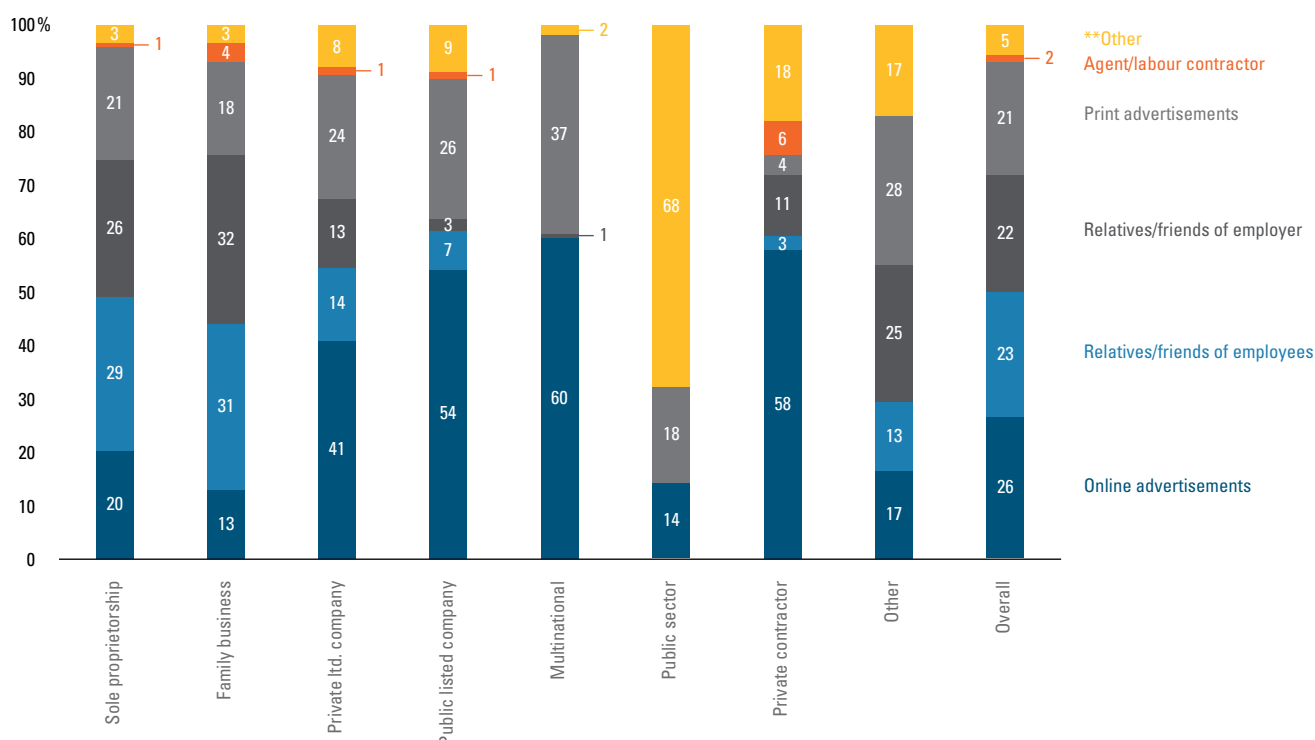
By type of enterprise, there are significant differences in the recruitment methods used (Chart 6.8). Foreign owned/multinational companies rely solely on advertising, online or through print media. The private contractors and also public listed companies indicate a heavy reliance on online advertisements. But the public sector relies mainly on public employment services provided mainly by the Public Services Commission and JobsMalaysia which is under the Ministry of Human Resources. The private limited companies use both formal and informal recruitment methods while the sole proprietorships and family businesses indicate a heavier reliance on informal social networks of relatives and friends.

**Chart 6.7: Recruitment method by size of enterprise**



Note: The chart displays top five values. \*\*Other recruitment methods include direct from education/training institution, from public and private employment service and through job fairs/open interviews  
Source: KRI (2018)

**Chart 6.8: Recruitment method by type of enterprise**



Note: The chart displays top five values. \*\*Other recruitment methods include direct from education/training institution, from public and private employment service and through job fairs/open interviews  
Source: KRI (2018)

## Mismatch in recruitment and job search methods

Table 6.5 compares the hiring methods used by employers against the job search methods of young workers and job seekers. Chart 6.9 illustrates the ranking of the six most commonly used methods. It is clear that there are mismatches, especially between the job search methods of young job seekers and the ways in which employers actually fill their vacancies. Young job seekers indicate a high reliance on employment service, especially public employment service, and also on job fairs and open interviews. But these methods are not commonly used by employers when hiring workers, nor by those young people who had already found jobs. The most common recruitment method for employers is online advertisements. They also use informal social networks to recruit workers and young workers reported finding their jobs through these networks but young job seekers are less likely to rely on relatives and friends. Informal recruitment channels may have cost-saving advantages, but tend to penalize job seekers from disadvantaged backgrounds who have limited social networks and also to restrict the selection pool of employers. It is also worth noting that both job seekers and young workers identify employability training programmes as a channel in their job search but employers do not mention this among their recruitment methods<sup>142</sup>.

It is important to take into account such mismatches; they help to explain constraints in the labour market and highlight the need to have more efficient and inclusive intermediation channels to better match the supply of and demand for young workers. If employers and workers are using different channels, the job search will not be efficient and less likely to be successful, while at the same time employers will have greater difficulties hiring the right candidates for their vacancies.














**Table 6.5: Most used recruitment and job search methods**

Recruitment by employers	Job search by young workers	Job search by job seekers
1. Online advertisements	1. Directly approaching employer	1. Public employment service
2. Relatives/friends of employees	2. Assistance of relatives/friends	2. Job fairs/open interviews
3. Relatives/friends of employer	3. Answering advertisements	3. Employability training programme
4. Print advertisements	4. Public employment service	4. Answering advertisements
5. Agent/labour contractor	5. Directly approached by employer	5. Directly applying to employers
6. Educational institution	6. Employability training programme	6. Assistance of relatives/friends
7. Job fairs/open interviews	7. Placing advertisement	7. Private employment service
8. Promoting current employees	8. Set up own business	8. Checking at worksites
9. Public employment service	9. Educational institution	9. Placing advertisements
10. Private employment service	10. Job fairs/open interviews	10. Set up own business

Source: KRI (2018)

<sup>142</sup> But as discussed in the later section of this chapter on training, it is clear that some employers do offer employability training programmes and hire workers from these programmes.

**Chart 6.9: Most used recruitment and job search methods**

Employers		Young workers		Job seekers	
1	 Online advertisements	 Apply directly to employers	 Public employment service		
2	 Relatives/friends of employees	 Assistance of relatives/friends	 Attend job fairs, open interviews		
3	 Relatives/friends of employers	 Answer advertisements	 Employability training programme		
4	 Print advertisements	 Public employment service	 Answer advertisements		
5	 Agent/labour contractors	 Directly approached by employer	 Apply directly to employers		
6	 Educational institution	 Employability training programme	 Assistance of relatives/friends		

Source: KRI (2018)

## The salary range for new workers

The employers were asked about the salary range they offer for new hires with different qualifications. Focussing on the mean values, Table 6.6 shows that salaries increase with higher educational qualifications of workers. But there are no clear differences between the salaries offered by enterprises of different sizes; the difference between minimum and maximum salaries within each enterprise size tends to be greater. The range between average minimum and maximum salaries tends to be largest for the new hires with advanced degrees.

What is worth noting from the table is that the average minimum salaries that large and medium enterprises indicate they are paying, in particular for university graduates, is above the reservation wage of both young workers (RM1,555) and also job seekers (RM1,846) and below that of tertiary students (RM2,435). But the mean salaries offered for those with TVET qualifications are quite significantly below those for university graduates—which may help to shed light on why TVET qualifications are not popular among the young.

**Table 6.6: Monthly salary range for new hires by qualification of new hires and size of enterprise (RM)**

Size of enterprise	School leaver		Technical/vocational college		Undergraduate		Advanced degree	
	Range of Salary							
	Minimum RM	Maximum RM	Minimum RM	Maximum RM	Minimum RM	Maximum RM	Minimum RM	Maximum RM
Large								
Mean	1,057	1,532	1,322	2,053	1,944	2,987	1,900	2,440
Median	1,000	1,500	1,000	1,500	2,000	3,000	1,500	1,800
Mode	1,000	1,500	1,000	1,500	2,000	3,000	1,500	1,800
Medium								
Mean	1,089	1,640	1,243	1,886	1,787	2,602	1,884	2,712
Median	1,000	1,500	1,200	1,600	1,800	2,800	1,500	2,000
Mode	1,000	1,000	800	1,200	2,000	2,000	1,000	1,500
Small								
Mean	1,015	1,599	1,243	2,019	1,689	2,692	1,590	2,729
Median	1,000	1,500	1,100	1,500	1,500	2,200	1,500	2,000
Mode	1,000	1,500	1,000	1,500	2,000	1,500	1,100	1,800
Micro								
Mean	1,023	1,495	1,274	2,059	1,689	2,591	1,607	2,784
Median	1,000	1,200	1,100	1,500	1,500	2,000	1,200	1,800
Mode	1,000	1,200	1,000	1,200	1,000	1,500	1,000	6,500
Overall								
Mean	1,024	1,529	1,270	2,066	1,703	2,682	1,628	2,809
Median	1,000	1,300	1,100	1,500	1,500	2,200	1,300	2,000
Mode	1,000	1,200	1,000	1,500	2,000	1,500	1,000	6,500

Source: KRI (2018)

By type of enterprise in Table 6.7, public sector agencies offer the highest salaries for each educational level—this would partly explain why it is the preferred employment sector for young people. But the average maximum salary reported by public sector employers for workers with TVET qualifications is some RM3,000 less than for university graduates and only about RM500 more than for school leavers. After the public sector agencies, the sole proprietors offer the next highest salaries. But what is perhaps unexpected is that the multinational employers report among the lowest average starting salaries. There are no significant differences in the salary scales for new workers among the other types of enterprises.

**Table 6.7: Monthly salary range for new hires by qualification of new hires and type of enterprise (RM)**

Type of enterprise	School leaver		Technical/vocational college		Undergraduate		Advanced degree	
	Range of salary							
	Minimum RM	Maximum RM	Minimum RM	Maximum RM	Minimum RM	Maximum RM	Minimum RM	Maximum RM
Sole proprietorship								
Mean	1,000	1,516	1,310	2,306	1,766	3,027	1,842	3,678
Median	920	1,200	1,200	1,500	1,500	2,500	1,600	2,000
Mode	1,000	1,200	1,000	1,200	1,200	7,000	2,500	6,500
Family business								
Mean	986	1,403	1,175	1,886	1,474	2,173	1,238	2,087
Median	950	1,200	1,100	1,500	1,200	1,800	1,100	1,700
Mode	1,000	1,500	1,000	1,500	2,000	1,800	1,100	2,000
Private limited company								
Mean	1,081	1,609	1,256	1,896	1,727	2,565	1,558	2,416
Median	1,000	1,500	1,100	1,500	1,700	2,500	1,500	2,000
Mode	1,000	1,200	1,000	1,500	2,000	2,500	1,000	1,800
Public listed company								
Mean	1,031	1,395	1,221	1,764	1,758	2,338	1,791	2,416
Median	1,000	1,300	1,000	1,300	1,500	2,000	1,300	1,800
Mode	700	1,000	1,000	1,200	1,500	2,000	1,000	1,500
Foreign-owned/multinational								
Mean	1,100	1,499	1,193	1,651	1,484	2,052	1,475	2,032
Median	1,100	1,250	1,100	1,250	1,200	1,250	1,100	1,250
Mode	1,000	1,100	1,000	1,200	1,000	1,250	1,000	1,250
Public sector/government agency								
Mean	1,215	3,002	1,482	3,659	1,973	6,032	2,116	6,872
Median	1,200	2,983	1,377	4,052	2,080	5,156	2,429	6,000
Mode	1,200	1,200	1,000	1,800	1,800	3,500	1,493	5,672
Private contractor								
Mean	947	1,330	1,234	1,831	1,713	2,465	1,652	2,248
Median	950	1,200	1,200	1,700	1,800	2,500	1,500	1,800
Mode	1,000	1,000	1,200	2,500	1,800	2,500	1,500	1,800

Source: KRI (2018)



## Their hiring preferences

To better understand the supply and demand dynamics, employers were asked to indicate their hiring preferences, evaluate the qualities and qualifications of young people and identify the most important factor they consider when hiring a young person.

The next four tables (Tables 6.8 to 6.11) highlight their selection criteria in terms of age, sex, marital status, qualifications and language proficiency for skilled/professional workers and low skilled/manual or production workers.

Where employers categorised by size of enterprise indicate a preference by age, the preference is for those aged 25 – 29 years for skilled/professional workers. The large enterprises in particular prefer workers in this age group. But younger persons (below 25 years) are favoured in recruitment for low skilled/manual jobs. By type of enterprise, more than two-thirds of the multinationals have no age preference, but where they have a preference it is for ages below 25 years for both skilled and low skilled workers. The other types of enterprises are more likely to prefer slightly older workers, between 25 and 29 years for skilled/professional jobs. For skilled positions, public sector employers also prefer those between 25 and 29 years but for low skilled positions, they would rather have those below 25 years.

For more than 60% of all enterprises, the sex of the worker does not appear to be a major criterion for employers to hire either skilled or low-skilled workers. Where there are preferences, the large and medium enterprises choose male workers for both skilled and low skilled jobs. The micro enterprises, on the other hand, strongly prefer female workers especially for skilled/professional jobs. For skilled jobs, more than 90% of multinational and public sector employers indicate no sex preference; where the other types of enterprises indicate a preference it is for female workers. For low-skilled jobs, the family businesses and private contractors strongly prefer male workers.

Marital status does not appear to matter as a criterion for hiring. Where there is a preference, it is for those who are not married.

There are clear differences in preference by educational qualifications for skilled and low-skilled workers. For skilled workers, the large enterprises prefer undergraduates from local universities, followed by SPM holders who have completed five years secondary schooling, then TVET graduates. On the other hand, the micro enterprises have lower educational criteria for skilled workers, 63% choose SPM holders. For the low-skilled workers, employers specify lower educational requirements; 85% only require workers who have completed upper secondary schooling.

Employers from the public sector, public listed companies and also private contractors prefer undergraduates from local universities for skilled jobs. Other employers who indicate a preference for TVET graduates in skilled jobs include sole proprietors, private limited companies and especially private contractors. For the low-skilled or manual workers, employers do not have strong educational preferences; where there are preferences it is worth noting that the public sector and public listed companies indicate a preference for TVET graduates.

The earlier chapters had highlighted that communication skills and language competency are important qualities that employers look for in young workers—which young people themselves recognise that they are often lacking in. For skilled/professional jobs, employers, especially in large and medium enterprises, prefer English speaking candidates. Being fluent in more than one language is obviously an asset valued

by employers. For the low-skilled jobs, however, the preference of employers is very distinctly for Malay-speaking candidates. Language competency is less of a concern for micro enterprises when hiring either skilled or low-skilled workers. By type of enterprise, the preference for English speaking candidates for skilled jobs is especially strong among public sector and public listed company employers. However, the multinational companies and also private contractors prioritise fluency in more than one language for skilled jobs. For the low-skilled/manual jobs, almost all enterprises, irrespective of type, indicate a preference for Malay speaking candidates.

**Table 6.8: Hiring preferences for skilled/professional workers by size of enterprise**

Preference for skilled workers	Enterprise size				Overall
	Large %	Medium %	Small %	Micro %	
By age					
Below 25 years	10.6	12.2	16.2	14.1	14.5
25 – 29 years	42.2	21.5	30.7	22.9	24.9
30 – 39 years	5.6	29.8	20.1	12.1	14.1
40 – 54 years	0.0	3.6	1.8	3.7	3.3
55 years and above	0.0	0.0	0.2	0.3	0.2
No preference	41.6	32.9	31.0	46.8	43.0
By sex					
Female	4.3	12.7	21.3	23.5	22.6
Male	11.8	20.4	22.9	14.4	16.4
No preference	84.0	66.9	55.8	62.1	61.0
By marital status					
Not married	33.6	5.9	13.6	11.7	12.3
Married	0.0	3.4	5.7	7.0	6.6
No preference	66.4	90.8	80.7	81.3	81.1
By qualifications					
Undergraduate from local university	45.9	40.0	30.0	17.9	21.3
Undergraduate from foreign university	0.0	0.0	1.5	2.2	2.0
Postgraduate from local university	2.8	13.7	4.8	2.6	3.3
Postgraduate from foreign university	0.0	0.6	2.2	0.7	1.0
Graduate from technical/vocational college	21.2	14.2	11.4	13.2	12.9
SPM holder	30.0	31.5	50.1	63.4	59.5
By language					
English speaking	45.0	38.6	19.3	8.9	12.1
Malay speaking	7.6	5.8	16.8	19.5	18.6
Mandarin speaking	0.0	0.5	3.2	3.2	3.2
Tamil speaking	0.0	0.0	1.1	0.3	0.5
Local ethnic language speaking	0.0	0.0	0.3	0.1	0.2
Fluent in more than one language	24.1	26.3	14.6	16.8	16.5
No preference	23.2	28.8	44.7	51.1	48.9
Total	100.0	100.0	100.0	100.0	100.0

Source: KRI (2018)

**Table 6.9: Hiring preference for low skilled/manual workers by size of enterprise**

Preference for low skilled workers	Enterprise size				Overall
	Large %	Medium %	Small %	Micro %	
By age					
Below 25 years	36.7	21.3	23.2	23.0	23.1
25 – 29 years	15.1	18.9	30.2	18.8	21.3
30 – 39 years	4.5	19.8	12.7	9.0	9.9
40 – 54 years	0.0	3.4	2.5	1.9	2.1
55 years and above	0.0	0.0	0.0	0.7	0.6
No preference	43.8	36.7	31.4	46.6	43.0
By sex					
Female	8.8	26.4	17.8	20.2	19.6
Male	10.5	16.3	26.8	18.0	19.8
No preference	80.7	57.2	55.4	61.8	60.5
By marital status					
Not married	20.4	2.9	7.8	12.6	11.4
Married	6.2	7.5	7.7	4.6	5.3
No preference	73.4	89.6	84.6	82.8	83.2
By qualifications					
Undergraduate from local university	0.9	8.5	7.1	4.9	5.4
Undergraduate from foreign university	0.0	7.2	4.7	1.0	1.9
Postgraduate from local university	0.0	1.1	0.8	1.1	1.1
Postgraduate from foreign university	0.0	0.5	1.0	0.5	0.6
Graduate from technical/ vocational college	24.3	8.4	6.7	5.8	6.2
SPM holder	74.8	74.3	79.7	86.7	84.8
By language					
English speaking	3.6	5.3	9.3	6.2	6.8
Malay speaking	50.6	32.8	23.3	24.2	24.4
Mandarin speaking	2.9	3.7	2.2	3.9	3.5
Tamil speaking	0.0	0.0	1.3	0.2	0.4
Local ethnic language speaking	0.0	0.0	0.1	0.3	0.3
Fluent in more than one language	14.5	16.9	11.4	12.4	12.3
No preference	28.5	41.2	52.4	52.8	52.2
Total	100.0	100.0	100.0	100.0	100.0

Source: KRI (2018)

Table 6.10: Hiring preference for skilled workers by type of enterprise

Preference for skilled workers	Type of enterprise							Overall
	Sole proprietorship	Family business	Private ltd. company	Public listed company	Multi-national	Public sector	Private contractor	
	%	%	%	%	%	%	%	%
<b>By age</b>								
Below 25 years	16.3	16.4	9.5	18.6	19.0	10.9	17.6	14.5
25 – 29 years	23.8	19.1	31.8	25.5	7.9	45.3	15.7	25.0
30 – 39 years	9.4	15.6	20.5	19.8	3.6	0.0	35.0	14.0
40 – 54 years	3.7	5.4	1.3	0.0	0.8	0.0	6.5	3.2
55 years and above	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.2
No preference	46.6	43.5	36.1	36.1	68.6	43.8	25.2	43.0
<b>By sex</b>								
Female	26.0	21.0	19.2	20.0	5.2	3.6	15.9	22.4
Male	16.5	17.7	17.0	14.4	0.0	3.6	16.6	16.3
No preference	57.5	61.4	63.8	65.6	94.8	92.7	67.5	61.3
<b>By marital status</b>								
Not married	13.9	10.2	10.4	19.6	11.0	0.0	12.0	22.4
Married	6.5	9.9	4.7	1.1	0.0	3.6	13.4	6.5
No preference	79.6	79.9	84.9	79.3	89.0	96.4	74.6	81.3
<b>By qualifications</b>								
Undergraduate from local university	15.1	16.2	32.0	59.3	25.9	80.7	43.9	21.7
Undergraduate from foreign university	1.2	0.8	3.7	1.1	8.1	0.0	2.6	1.9
Postgraduate from local university	2.7	1.6	4.4	17.8	7.3	3.6	3.9	3.3
Postgraduate from foreign university	0.7	0.0	2.4	4.3	0.0	0.0	0.0	1.0
Graduate from technical/vocational college	14.6	9.0	12.6	5.3	7.2	0.0	17.7	12.8
SPM holder	65.7	72.4	44.9	12.3	51.5	15.7	31.8	59.2
<b>By language</b>								
English speaking	7.1	13.8	17.6	55.2	11.3	56.9	19.4	12.5
Malay speaking	21.8	13.9	18.5	7.4	0.0	15.7	1.1	18.5
Mandarin speaking	3.2	4.3	2.5	0.0	0.9	0.0	5.8	3.1
Tamil speaking	0.1	2.3	0.0	0.0	0.0	0.0	0.0	0.5
Local ethnic language speaking	0.2	0.0	0.0	0.0	3.6	0.0	0.0	0.2
Fluent in more than one language	12.5	13.4	21.5	7.6	53.7	8.3	39.0	16.5
No preference	55.0	52.4	39.9	29.9	30.5	19.1	34.5	48.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

**Table 6.11: Hiring preference for low skilled/manual workers by type of enterprise**

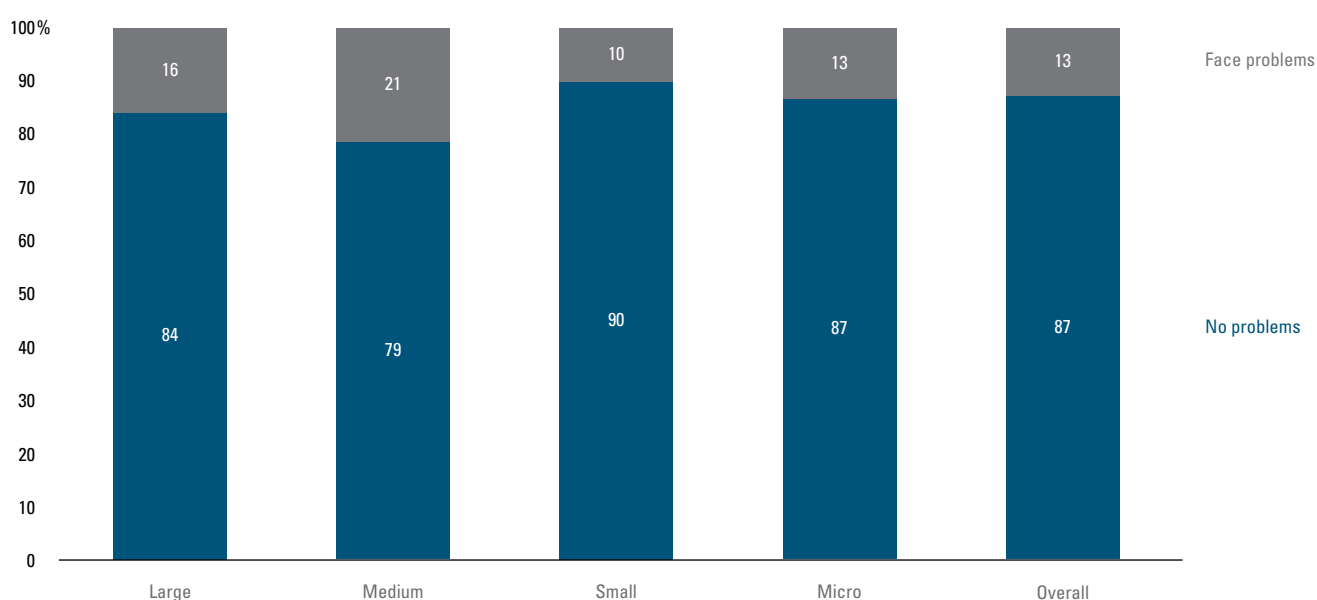
Preference for low skilled workers	Type of enterprise								Overall
	Sole proprietorship	Family business	Private ltd. company	Public listed company	Multi-national	Public sector	Private contractor	Other	
	%	%	%	%	%	%	%	%	%
<b>By age</b>									
Below 25 years	22.7	19.0	26.3	20.1	24.9	43.1	27.0	19.7	23.3
25 – 29 years	20.7	21.7	22.6	24.8	7.2	13.1	20.4	31.7	21.2
30 – 39 years	7.0	14.6	12.0	15.7	0.8	0.0	22.5	6.4	9.9
40 – 54 years	2.0	2.4	1.8	0.0	0.0	0.0	7.9	0.0	2.0
55 years and above	0.6	0.0	0.7	4.0	0.0	0.0	0.0	0.0	0.6
No preference	47.1	42.3	36.5	35.4	67.0	43.8	22.3	42.1	43.0
<b>By sex</b>									
Female	22.8	15.8	17.9	20.9	7.4	0.0	13.6	6.1	19.5
Male	18.8	24.6	20.1	19.1	3.1	3.6	21.1	16.5	19.7
No preference	58.4	59.7	62.0	60.0	89.5	96.4	65.3	77.4	60.8
<b>By marital status</b>									
Not married	14.1	5.9	10.0	7.7	7.3	0.0	17.4	6.1	11.4
Married	4.9	10.9	2.9	13.5	3.6	0.0	4.2	0.0	5.3
No preference	81.0	83.1	87.1	78.8	89.0	100.0	78.4	93.9	83.3
<b>By qualifications</b>									
Undergraduate from local university	4.7	3.8	7.8	3.6	0.0	0.0	9.1	13.2	5.4
Undergraduate from foreign university	0.7	3.8	2.2	9.3	0.0	0.0	7.6	0.0	1.9
Postgraduate from local university	0.3	1.9	1.0	3.7	14.7	0.0	0.0	0.0	1.0
Postgraduate from foreign university	0.4	0.3	0.5	7.5	0.0	0.0	4.4	0.0	0.6
Graduate from technical/vocational college	5.5	4.7	8.1	15.9	5.2	35.7	5.3	3.5	6.4
SPM holder	88.5	85.4	80.4	59.9	80.2	64.3	73.7	83.3	84.7
<b>By language</b>									
English speaking	4.0	5.2	11.5	24.0	2.3	5.8	19.0	0.0	6.8
Malay speaking	25.6	27.2	22.4	41.2	15.0	37.9	1.6	22.0	24.5
Mandarin speaking	4.1	3.9	2.4	0.0	0.0	0.0	5.8	10.0	3.5
Tamil speaking	0.1	2.1	0.0	0.0	0.0	3.6	0.0	2.8	0.5
Local ethnic language speaking	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Fluent in more than one language	8.9	9.5	15.6	5.4	48.5	22.6	39.0	20.1	12.4
No preference	56.8	52.2	48.1	29.4	34.1	29.9	34.5	45.2	52.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

## They do not face problems hiring the kinds of young workers they prefer

Given their hiring preferences, an important question is whether employers encounter problems hiring the kinds of young workers they prefer. Charts 6.10 and 6.11 confirm that, whether by size or by type of enterprise, employers generally do not face hiring problems. This finding is noteworthy since a commonly heard complaint of employers is that they are not able to find ‘employable’ young people<sup>143</sup>. The question that arises then is whether employers do not face problems hiring young workers because the young people are able to meet the hiring preferences indicated by employers. To address this question, the next section of the chapter examines how employers actually rate the qualities and competencies of young people.

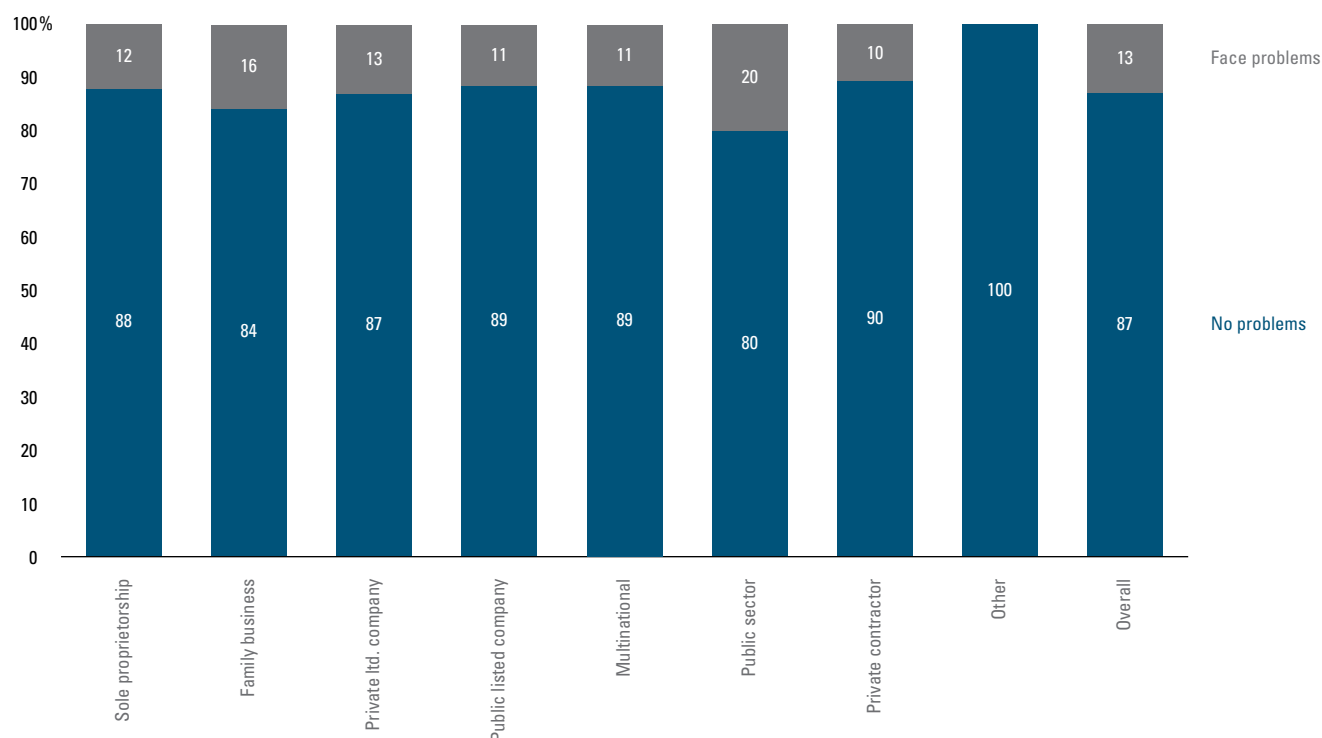
**Chart 6.10: Problems recruiting young workers by size of enterprise**



Source: KRI (2018)

<sup>143</sup> For example, according to the 2017 Hays Asia Salary Guide, an alarming 97% of employers in Malaysia reported difficulties recruiting the skilled workers they need. Source: HAYS (2017)

**Chart 6.11: Problems recruiting young workers by type of enterprise**



Source: KRI (2018)

## Their assessment of youth skills

To examine further the question of whether young people meet the hiring preferences of employers, the SWTS asked employers to rate their qualities and competencies. Tables 6.12 and 6.13 highlight that for the most part, employers have relatively positive assessments of young people. They generally do not rate the competencies or soft skills that young people possess as ‘poor’ or ‘very poor’. However, they also do not think that young people have ‘excellent’ qualities. Overall, they rate the soft skills of young job applicants above academic qualifications or technical/professional skills. Perhaps surprisingly, more than 8% of employers rated computer skills of the young to be ‘poor’ or ‘very poor’. Preparedness for work is also poorly rated by employers—very likely because young people lack work experience.

**Table 6.12: Rating of characteristics of young job applicants by size of enterprise**

Rating of characteristics	Excellent %	Good %	Fair %	Poor %	Very poor %	Total %
<b>Large establishments</b>						
Academic qualifications	4.3	63.0	26.9	5.9	0.0	100.0
Technical/professional skills	12.8	33.4	49.8	4.0	0.0	100.0
Communication skills	22.2	34.4	34.4	9.0	0.0	100.0
Writing skills	8.4	64.6	21.9	5.1	0.0	100.0
Computer/IT skills	28.9	39.9	23.6	7.6	0.0	100.0
Teamwork skills	24.7	46.8	22.6	5.9	0.0	100.0
Discipline and commitment	41.2	35.5	20.1	3.1	0.0	100.0
Innovative and creative	20.0	62.6	17.4	0.0	0.0	100.0
Overall preparedness for work	24.5	47.7	18.0	0.9	9.0	100.0

Rating of characteristics	Excellent %	Good %	Fair %	Poor %	Very poor %	Total %
<b>Medium establishments</b>						
Academic qualifications	26.0	39.0	35.0	0.0	0.0	100.0
Technical/professional skills	27.5	34.2	34.4	3.9	0.0	100.0
Communication skills	26.1	37.4	35.0	1.5	0.0	100.0
Writing skills	23.9	38.2	32.4	5.0	0.5	100.0
Computer/IT skills	29.8	37.0	25.8	6.8	0.5	100.0
Teamwork skills	24.9	41.2	29.1	1.5	3.4	100.0
Discipline and commitment	38.9	31.6	24.9	0.8	3.8	100.0
Innovative and creative	23.8	38.4	31.5	2.1	4.2	100.0
Overall preparedness for work	27.0	45.3	23.7	0.4	3.6	100.0
<b>Small establishments</b>						
Academic qualifications	16.8	46.3	33.6	3.2	0.1	100.0
Technical/professional skills	16.4	46.1	33.3	3.4	0.7	100.0
Communication skills	21.5	43.1	33.4	1.9	0.1	100.0
Writing skills	14.1	43.2	36.8	5.8	0.0	100.0
Computer/IT skills	12.8	35.6	43.8	5.8	2.0	100.0
Teamwork skills	20.7	42.8	29.9	4.0	2.6	100.0
Discipline and commitment	24.8	38.1	30.5	3.9	2.6	100.0
Innovative and creative	18.2	36.3	37.0	4.0	4.5	100.0
Overall preparedness for work	20.4	37.1	36.3	1.7	4.5	100.0
<b>Micro establishments</b>						
Academic qualifications	7.4	43.2	43.6	4.2	1.5	100.0
Technical/professional skills	13.5	41.9	40.1	3.0	1.6	100.0
Communication skills	18.7	44.7	33.7	2.6	0.3	100.0
Writing skills	11.2	43.6	41.6	2.6	0.9	100.0
Computer/IT skills	9.1	34.7	47.7	6.9	1.7	100.0
Teamwork skills	16.4	45.7	34.3	2.4	1.2	100.0
Discipline and commitment	21.1	42.9	32.5	3.2	0.2	100.0
Innovative and creative	22.4	41.6	31.8	3.3	0.8	100.0
Overall preparedness for work	17.8	43.8	35.2	2.7	0.5	100.0
<b>Overall</b>						
Academic qualifications	9.7	44.1	41.1	3.9	1.2	100.0
Technical/professional skills	14.4	42.6	38.6	3.1	1.3	100.0
Communication skills	19.4	44.1	33.7	2.5	0.3	100.0
Writing skills	12.0	43.7	40.2	3.4	0.7	100.0
Computer/IT skills	10.5	35.0	46.2	6.7	1.7	100.0
Teamwork skills	17.5	45.0	33.1	2.8	1.5	100.0
Discipline and commitment	22.4	41.6	31.8	3.3	0.8	100.0
Innovative and creative	14.3	39.2	41.4	3.5	1.6	100.0
Overall preparedness for work	18.6	42.4	35.1	2.4	1.5	100.0

Source: KRI (2018)



**Table 6.13: Rating of characteristics of young job applicants by type of enterprise**

Rating of characteristics	Excellent %	Good %	Fair %	Poor %	Very poor %	Total %
<b>Sole proprietorship</b>						
Academic qualifications	8.0	43.4	44.2	3.8	0.6	100.0
Technical/professional skills	14.0	41.3	40.4	3.5	0.8	100.0
Communication skills	19.9	43.8	34.3	1.9	0.0	100.0
Writing skills	12.3	40.3	44.4	2.5	0.6	100.0
Computer/IT skills	8.3	32.3	51.6	6.3	1.6	100.0
Teamwork skills	15.3	46.6	35.4	1.6	1.1	100.0
Discipline and commitment	20.2	42.9	33.7	2.6	0.6	100.0
Innovative and creative	13.5	36.7	46.6	2.2	1.0	100.0
Overall preparedness for work	16.9	43.1	37.1	2.3	0.8	100.0
<b>Family business</b>						
Academic qualifications	7.8	36.5	47.5	4.0	4.1	100.0
Technical/professional skills	11.8	43.3	38.5	2.8	3.6	100.0
Communication skills	14.4	45.9	35.1	3.3	1.4	100.0
Writing skills	5.8	47.0	39.4	5.6	2.2	100.0
Computer/IT skills	5.7	32.7	48.0	9.8	3.8	100.0
Teamwork skills	16.6	43.1	31.0	5.9	3.4	100.0
Discipline and commitment	19.7	43.0	29.6	6.1	1.6	100.0
Innovative and creative	11.7	42.6	35.3	6.3	4.1	100.0
Overall preparedness for work	17.5	44.1	30.0	3.9	4.5	100.0
<b>Private ltd. company</b>						
Academic qualifications	13.2	47.7	34.3	4.2	0.6	100.0
Technical/professional skills	16.8	44.2	35.7	2.1	1.2	100.0
Communication skills	22.5	42.3	32.6	2.6	0.0	100.0
Writing skills	14.4	47.3	35.9	2.4	0.0	100.0
Computer/IT skills	17.5	40.8	35.7	5.5	0.6	100.0
Teamwork skills	23.1	44.2	29.1	3.0	0.6	100.0
Discipline and commitment	28.8	39.6	28.2	3.3	0.1	100.0
Innovative and creative	17.6	40.4	36.9	4.3	0.8	100.0
Overall preparedness for work	23.1	41.3	33.2	2.0	0.4	100.0
<b>Public listed company</b>						
Academic qualifications	34.5	41.0	24.5	0.0	0.0	100.0
Technical/professional skills	25.9	51.0	13.5	9.6	0.0	100.0
Communication skills	26.0	45.0	29.1	0.0	0.0	100.0
Writing skills	17.1	30.5	38.6	13.8	0.0	100.0
Computer/IT skills	13.0	56.2	17.3	7.6	5.9	100.0
Teamwork skills	14.9	42.8	30.4	0.0	11.8	100.0
Discipline and commitment	15.8	35.4	36.9	3.6	8.3	100.0
Innovative and creative	24.7	35.8	18.7	11.4	9.5	100.0
Overall preparedness for work	17.0	39.8	31.4	0.0	11.8	100.0

Rating of characteristics	Excellent %	Good %	Fair %	Poor %	Very poor %	Total %
<b>Multinational</b>						
Academic qualifications	0.8	61.8	35.7	0.8	0.9	100.0
Technical/professional skills	14.5	27.9	54.9	1.9	0.8	100.0
Communication skills	12.7	49.0	35.6	1.9	0.8	100.0
Writing skills	12.8	43.8	41.7	0.8	0.9	100.0
Computer/IT skills	7.3	20.8	65.5	5.4	0.9	100.0
Teamwork skills	9.1	39.4	50.7	0.0	0.8	100.0
Discipline and commitment	17.3	41.7	38.3	1.9	0.8	100.0
Innovative and creative	8.2	45.6	45.4	0.0	0.8	100.0
Overall preparedness for work	17.3	27.0	53.0	0.0	2.7	100.0
<b>Public sector</b>						
Academic qualifications	29.6	66.8	3.6	0.0	0.0	100.0
Technical/professional skills	7.3	89.1	3.6	0.0	0.0	100.0
Communication skills	31.0	51.2	17.8	0.0	0.0	100.0
Writing skills	27.4	63.1	9.5	0.0	0.0	100.0
Computer/IT skills	20.1	70.4	9.5	0.0	0.0	100.0
Teamwork skills	27.4	58.4	14.2	0.0	0.0	100.0
Discipline and commitment	20.1	65.7	14.2	0.0	0.0	100.0
Innovative and creative	27.4	46.4	22.6	3.6	0.0	100.0
Overall preparedness for work	29.6	58.4	12.0	0.0	0.0	100.0
<b>Private contractor</b>						
Academic qualifications	11.6	51.9	30.8	5.6	0.0	100.0
Technical/professional skills	9.0	42.4	43.0	5.6	0.0	100.0
Communication skills	15.6	45.1	28.5	10.8	0.0	100.0
Writing skills	22.0	50.9	11.0	16.1	0.0	100.0
Computer/IT skills	9.3	37.2	46.3	7.2	0.0	100.0
Teamwork skills	20.4	39.8	29.9	8.3	1.6	100.0
Discipline and commitment	25.8	31.8	38.2	2.6	1.6	100.0
Innovative and creative	6.8	47.0	42.1	2.5	1.6	100.0
Overall preparedness for work	15.0	36.2	44.8	2.5	1.6	100.0
<b>Overall</b>						
Academic qualifications	9.7	44.1	41.1	3.9	1.2	100.0
Technical/professional skills	14.4	42.6	38.6	3.1	1.3	100.0
Communication skills	19.4	44.1	33.7	2.5	0.3	100.0
Writing skills	12.0	43.7	40.2	3.4	0.7	100.0
Computer/IT skills	10.5	35.0	46.2	6.7	1.7	100.0
Teamwork skills	17.5	45.0	33.1	2.8	1.5	100.0
Discipline and commitment	22.4	41.6	31.8	3.3	0.8	100.0
Innovative and creative	14.3	39.2	41.4	3.5	1.6	100.0
Overall preparedness for work	18.6	42.4	35.1	2.4	1.5	100.0

Source: KRI (2018)

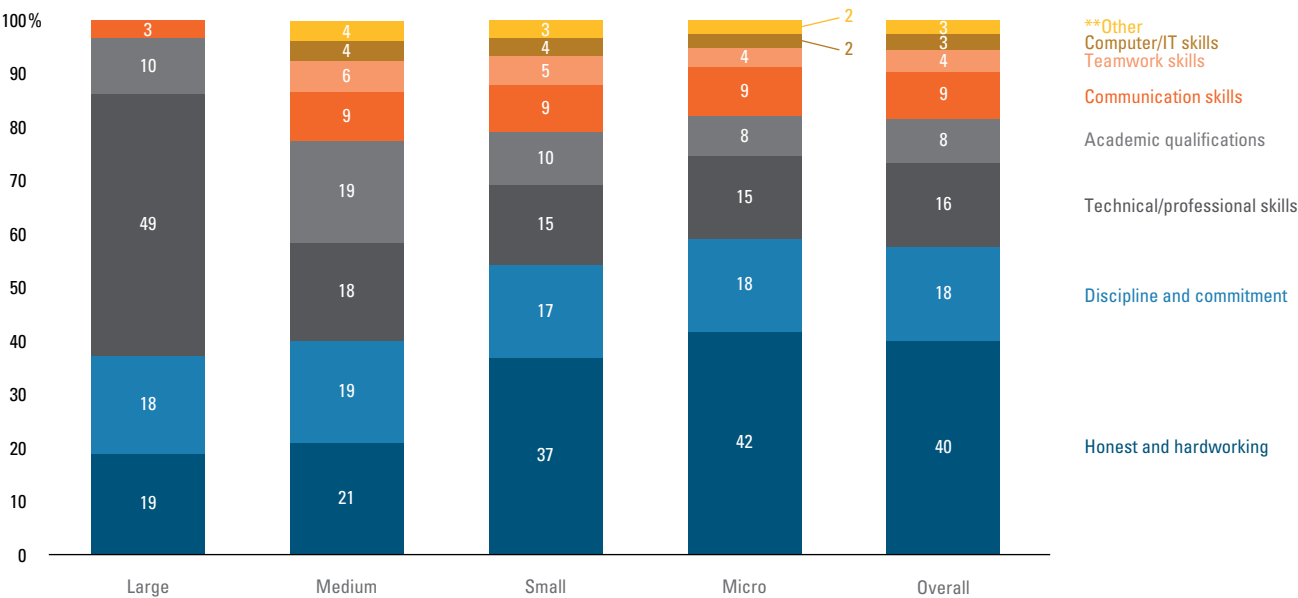
Work ethics considered most important for a skilled/professional worker

In addition to rating their preferences for different soft and hard skills in hiring, the employers were also asked to identify the most important characteristic. Charts 6.12 and 6.13 highlight the seven top characteristics for skilled/professional workers. The most important qualities that employers look for are work ethics. The family businesses and sole proprietors in particular consider it most important that workers be honest, hardworking, disciplined and committed.

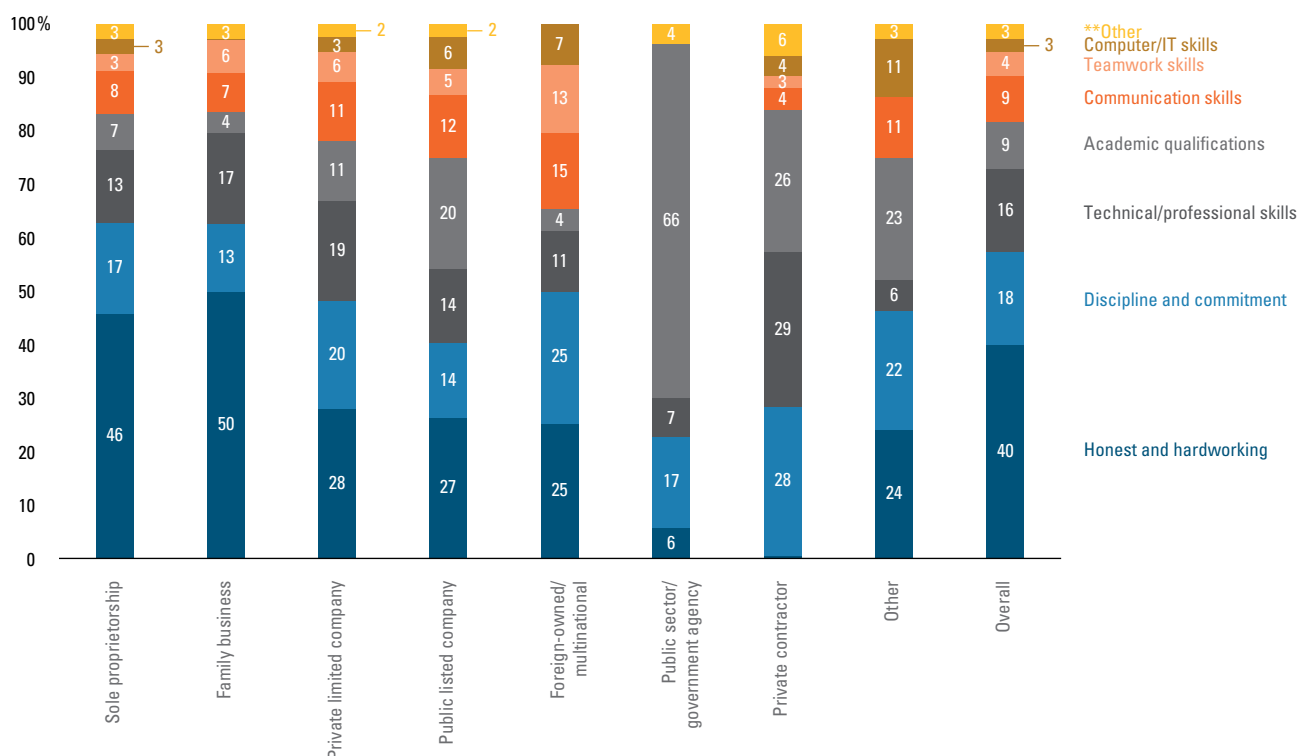
Only the large enterprises prioritise technical/professional skills. Academic qualifications are considered most important by less than one-tenth of all enterprises (it is only the employers of medium size enterprises that are more likely to value academic qualifications). Communication skills are identified by only 9% of all employers as being most important.

Chart 6.13 reveals that different types of enterprises tend to prioritise different characteristics as being most important when hiring a young person for a skilled or professional job. Public sector employers very strongly emphasise academic qualifications, and their hiring preference indicated in Table 6.10 is for undergraduates from local universities. All the other types of enterprises are more likely to emphasise technical or professional skills rather than academic qualifications. Employers of multinationals and public listed companies also give priority to communication skills and computer/IT skills. For all types of enterprises work ethnics—being honest and hardworking, disciplined and committed—are clearly important.

Chart 6.12: Most important characteristic in hiring a skilled/professional worker by size of enterprise



Note: The chart displays top seven values. \*\*Other characteristics include writing skills and being innovative and creative  
Source: KRI (2018)

**Chart 6.13: Most important characteristic in hiring a skilled/professional worker by type of enterprise**

Note: The chart displays top seven values. \*\*Other characteristics include writing skills and being innovative and creative  
Source: KRI (2018)

## Mismatch between characteristics emphasised by employers and those emphasised by youth

It is also useful to compare the competencies and qualifications that employers consider most important when hiring skilled/professional workers against those that young people consider most important to get a good job. Although the categories in Table 6.14 are not identical for employers and young people, it is still useful to note the evident mismatches. While youth looking for jobs or already employed feel that they need communication skills and creative and analytical thinking to get good jobs, communication skills are ranked lower by employers and innovation and creativity is hardly prioritised by employers. However, the soft skills/personal characteristics stressed by employers are also recognised by young people as important. In terms of qualifications, the young feel that TVET qualifications are most important, followed by tertiary qualifications whereas a majority of employers indicate that their hiring preference is for secondary school SPM holders.

**Table 6.14: Ranking of most important characteristic for skilled/professional workers identified by employers and youth**

Most important characteristic considered by employers for hiring workers	Most important characteristic young workers consider they should have	Most important characteristic young job seekers consider they should have
<b>Competencies</b>		
1. Honesty and hard work	1. Creative and analytical thinking	1. Communication skills
2. Discipline and commitment	2. Communication skills	2. Creative and analytical thinking
3. Technical/professional skills	3. Honesty and hard work	3. Honesty and hard work
4. Academic qualifications	4. Organisational adaptability	4. Organisational adaptability
5. Communication skills	5. Teamwork skills	5. English language proficiency
6. Teamwork skills	6. English language proficiency	6. Teamwork skills
<b>Qualifications**</b>		
1. Secondary schooling (SPM)	1. TVET	1. TVET
2. Undergraduate	2. Professional degrees	2. Professional degrees
3. TVET graduate	3. Business management degree	3. Business management degree
4. Postgraduate	4. University degrees	4. University degrees
	5. Postgraduate	5. Postgraduate
	6. Computer science	6. Computer science
	7. Secondary schooling	7. Secondary schooling

Note: \*\* As indicated in their hiring preferences shown in Table 6.8

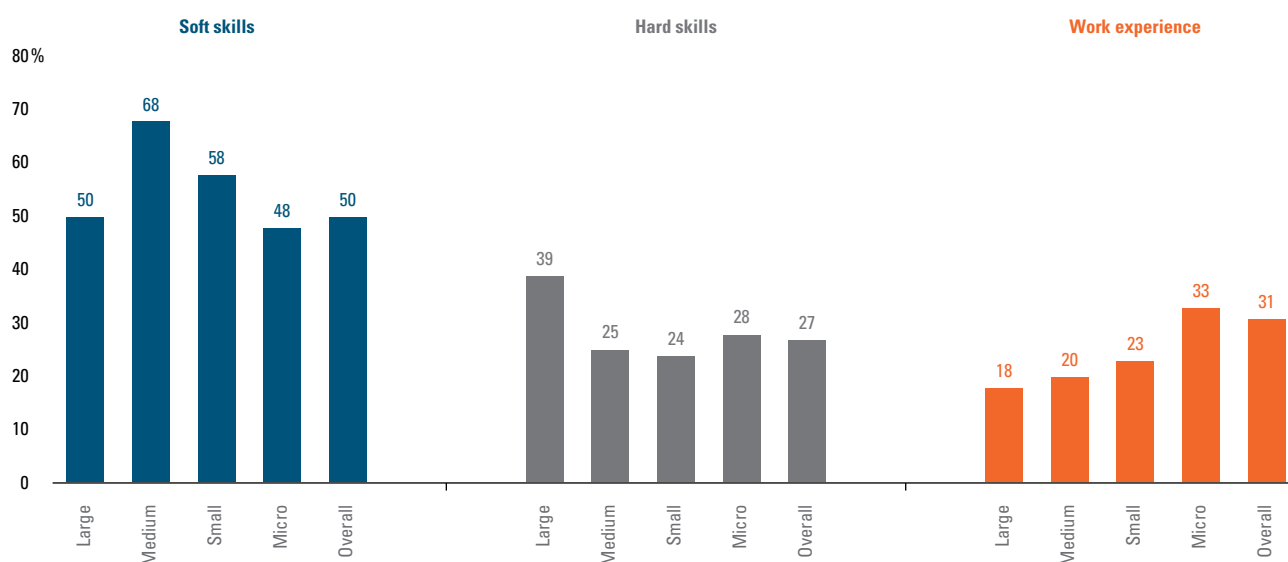
Source: KRI (2018)

## Soft skills and work experience ranked more important than hard skills for a skilled/professional worker

To obtain further information on the hiring practices of employers, they were asked to rank the importance of soft skills (both cognitive and non-cognitive—creative and analytical thinking, communication skills, work ethics, teamwork, organisational adaptability), hard (knowledge-based, technical and professional) skills and work experience. Charts 6.14 and 6.15 show the ‘most important’ ranking that employers assign (the other two types of ranking are ‘less important’ and ‘least important’). It is very obvious that employers, irrespective of size or type of enterprise, rate soft skills to be most important when hiring a worker for a skilled or professional position. Even the public sector which rates academic qualifications higher than the other types of employers (Chart 6.13) rank soft skills and competencies above hard skills.

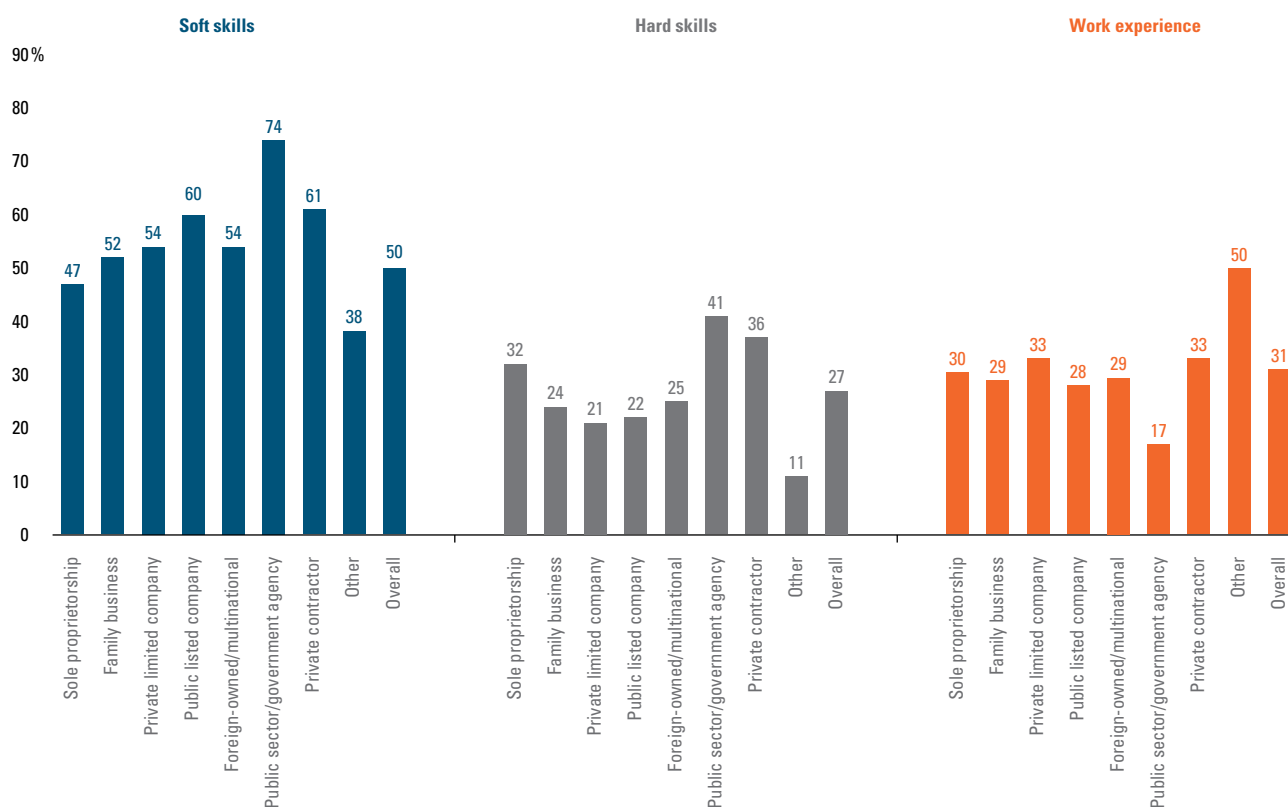
Hard skills related to formal qualifications are more likely to be valued by large employers, public sector employers and private contractors. Other types of employers tend to rank work experience above hard skills. For example, 33% of micro enterprises consider work experience most important as compared to 28% who identify hard skills; and there is a 12 percentage point difference between private limited company employers rating work experience and those rating hard skills as most important.

**Chart 6.14: Ranking of skills and work experience by size of enterprise**



Note: Above chart displays percentages of 'Most important' answers  
Source: KRI (2018)

**Chart 6.15: Ranking of skills and work experience by type of enterprise**



Note: Above chart displays percentages of 'Most important' answers  
Source: KRI (2018)

## Mismatch in terms of the most important characteristic of a job

Employers were asked what they consider to be the main aspect youth look for when choosing a job. In the earlier chapters, each group of young people was asked to identify the most important characteristic of a job they want. Table 6.15 compares the responses. The mismatch is very obvious. What is particularly noteworthy is that employers are of the opinion that young people place greatest emphasis on high income from the job whereas remuneration ranks fourth in the list of what youth consider most important. Having work-life balance is ranked fifth in what employers consider that young workers look for in a job but this is the most important characteristic for youth still in the educational system and the second most important characteristic for youth looking for jobs or already working. Those already in the labour market give greatest importance to job security whereas employers think that this is far less important to young workers or job seekers than high income.

**Table 6.15: The most important job characteristic identified by employers and youth**

Most important job characteristic	Employers %	Young workers %	Job seekers %	Tertiary education youth %	In-school youth %
High income	35.9	12.5	13.7	13.3	13.3
Interesting job to do	15.0	14.3	16.6	16.2	13.6
Steady job/job security	13.7	22.7	22.5	17.8	22.0
Job that uses skills and abilities	12.7	12.5	11.8	12.4	12.7
Having work-life balance	11.8	22.2	20.1	25.2	24.3
Good promotion prospects/ clear career path	3.1	7.0	7.3	5.9	5.7
Being able to work independently	2.3	2.5	1.5	1.5	0.8
Job that people regard highly/ status of the job	2.0	2.1	1.8	1.4	1.5
Having lots of vacation time	1.1	1.0	1.0	1.3	0.5
Opportunities for travel	0.9	1.4	2.1	3.5	4.0
Able to work from home	0.8	1.5	1.2	1.0	0.5
Other	0.7	0.5	0.3	0.4	0.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

These differences in what employers think young people want and what young people actually are looking for highlight important aspects of the supply-demand mismatches. Perhaps the most significant implication is that wage is not the main reason for the mismatch—the reason why employers may have problems hiring young workers is not because they want ‘unrealistically’ high income levels.

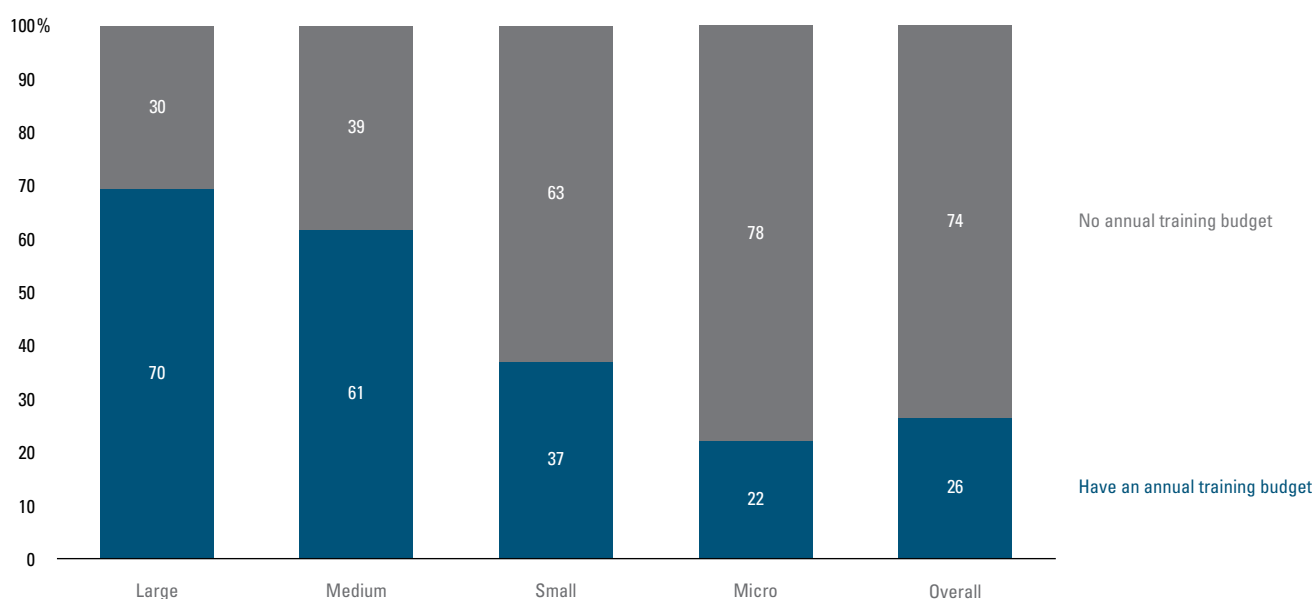
## The role of employers in enhancing employability

It is not just education and training institutions that are responsible for efforts to improve employability; employers have key roles to play. The SWTS asked employers about the training they provide for youth, their involvement with education and training institutions and their role in the labour market information system.

### Almost three-quarters of all employers do not have training budgets

Employers were asked, firstly, about whether they have a budget specifically for training their workers. In Chart 6.16, 70% of the large enterprises have specific budget allocations for training purposes as compared to almost three-quarters of all enterprises that do not have training budgets. In Chart 6.17, the large majority of public listed companies and public sector enterprises have training budgets. But less than one-fifth of sole proprietors and private family businesses have training budgets—yet they account for almost three-quarters of all enterprises in the country.

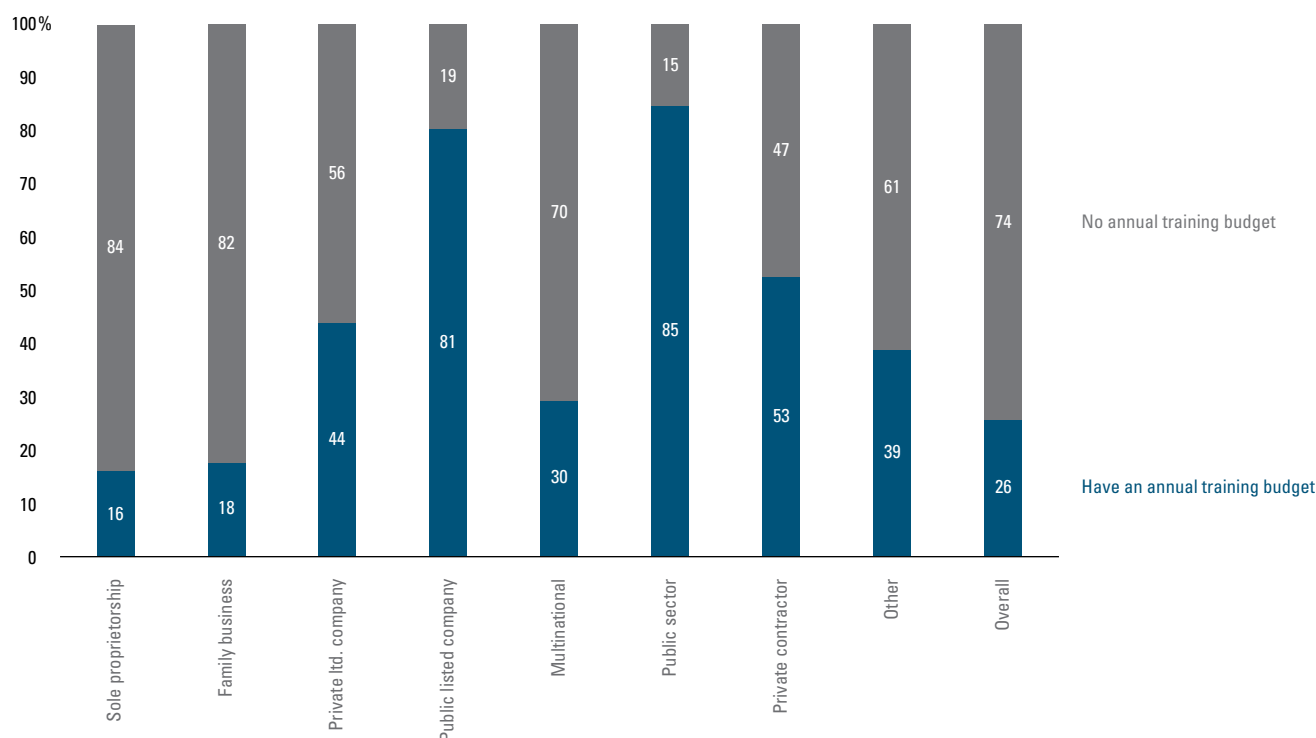
**Chart 6.16: Training budget by size of enterprise**



Source: KRI (2018)



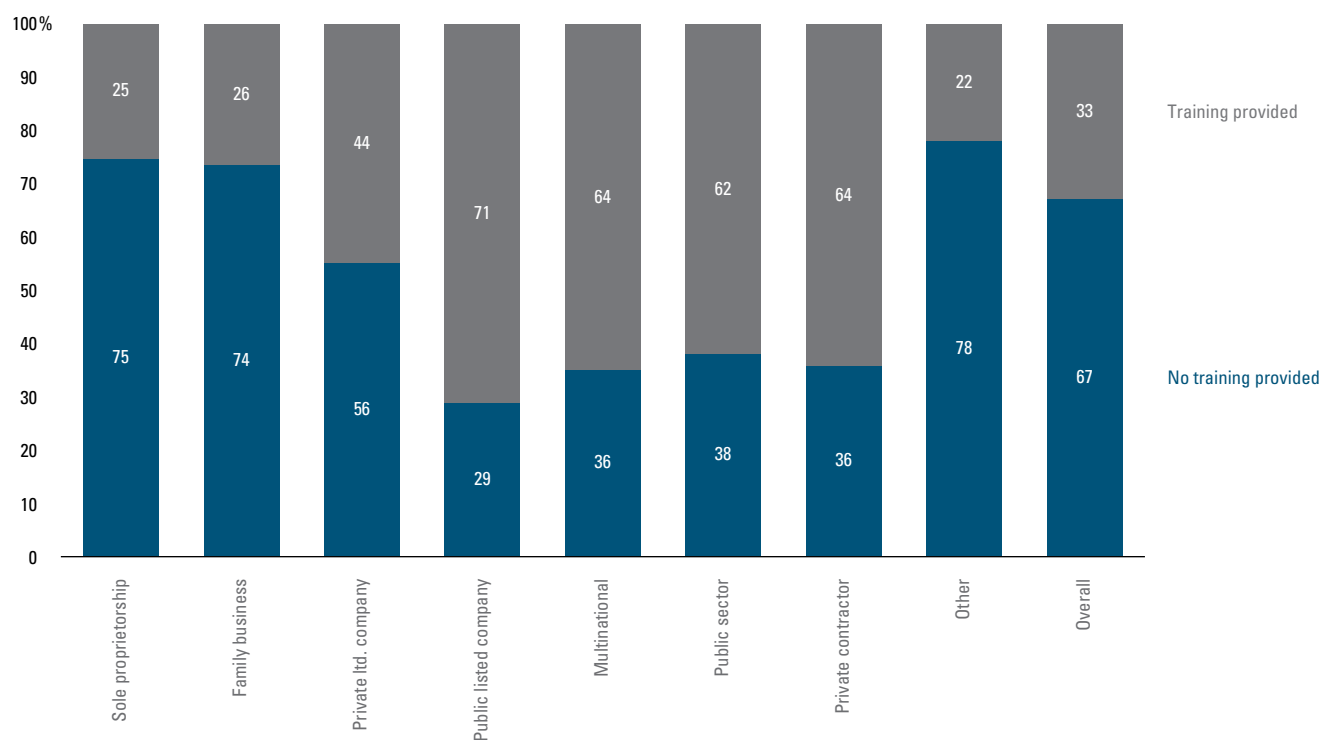
**Chart 6.17: Training budget by type of enterprise**



Source: KRI (2018)

Since it is the large enterprises that have budget allocations, they are most likely to provide training for their newly recruited young employees. While more than two-thirds of the large enterprises reported that they provide training, less than a third of the micro enterprises do so. By type of enterprise, Chart 6.18 reveals that more than 60% of public listed companies, multinationals, public sector employers and private contractors provide training as opposed to three-quarters of sole proprietorships and family businesses that do not provide training. Those that provide training do so mainly through in-house structured programmes; only 17% use external training providers and another 5% arrange secondments or attachments with other employers. Text Box 6.1 highlights a good example of an employer-provided training programme to enhance employability.

**Chart 6.18: Training provided for young, newly recruited employees by type of enterprise**



Source: KRI (2018)

**Text Box 6.1: A Skills Enhancement and Employee Development Programme (SEED)**

Employers have a pivotal role to play to identify the skills, competencies and capabilities they value in their workforce—and to help develop these so as to enhance the employability of young workers.

The UEM Group, which is an engineering-based, wholly-owned subsidiary of Khazanah Nasional Berhad employing more than 21,000 workers in Malaysia and several other countries, runs a number of structured training programmes to attract and develop young talents and capabilities<sup>144</sup>. The UEM Skills Enhancement and Employee Development Programme (SEED) is one such programme that has been designed based on feedback from employees and other stakeholders and a survey of current practices in the industry. The table below highlights the types of training found useful for enhancing employability and the behavioural competencies important in large corporations.

SEED TRAINING MODULES TO BUILD SKILLS, COMPETENCIES AND CAPABILITIES	
Module	Learning outcomes
<b>Discover yourself</b>	
Developing Self Leadership	Gain deeper understanding of self, others and apply techniques to increase effectiveness and efficiency at work through demonstrating self-leadership
Be an effective team player	Develop positive attitude, build trust, improve communication, cooperation and commitment level to build effective relationships with team members
<b>Build your capabilities</b>	
Critical thinking and creative problem solving	Change one's mind set from 'Problem Conscious' to 'Solution Conscious' using the right tools and techniques of critical thinking and creative problem solving
Emotional intelligence and conflict management	Determine root cause of conflicts, evaluate the behavioural and emotional reasons behind it and apply the relevant methods to minimise conflict at work
Customer service excellence	Determine root cause of conflicts, evaluate the behavioural and emotional reasons behind it and apply the relevant methods to minimise conflict at work
Presenting with impact	Present and communicate with an increased level of self-confidence by mastering powerful and effective verbal & non-verbal communication techniques
Leveraging technology	Learn how to drive your own learning by leveraging on technology
<b>Be a leader</b>	
Be an effective leader	Apply the fundamental elements of leadership to perform the role of a leader by adopting appropriate leadership style to each individual and situation and possess the ability to provide constructive feedback and acquire sound practical coaching skills and techniques in various coaching conversations

SEED behavioural competencies	
<b>Managing self</b>	
Core values	Enterprising Teamwork Integrity Passion Success
Professionalism	Maintains a professional demeanour and dresses appropriately for the job and its requirements Behaves in a manner that inspires trust and confidence Demonstrates a positive attitude towards work, takes pride in one's work and the work of the group

144 For more detailed information on these programmes, see UEM (2017)

### SEED behavioural competencies

Planning and execution	Clearly understands responsibilities, roles, target and job expectations Works on allocated tasks, deciding on immediate priorities with the ability to differentiate between urgent, important and not important items, and engage in proactive manner Is reliable in delivering own work to deadlines and quality standards
<b>Managing others</b>	
Communication	Records and passes on messages and information accurately Speaks up own needs, ideas or concerns concisely, directly and willingly Completes standard paperwork and records, fills in forms accurately and writes using simple language
Leading and developing others	Energy: Keeps a strong work pace over time; exhibits interest in compiling work objectives Energise: Gains agreement from people to improve performance or try new ways of doing things Edge: Decides how to resolve problems quickly Execute: Commits to a course of action without delay
<b>Managing business</b>	
Customer focus orientation	Acts promptly to serve obvious and immediate needs of customers and colleagues Deals promptly, pleasantly and patiently with all enquiries or requests Defines own priorities while considering the needs of colleagues
Problem solving and decision making	Checks to see if the action proposed will satisfy the need or opportunity Attends to details when handling information, data and paperwork; ensures accuracy Collates information from a number of sources Able to quickly and efficiently gather the type of high quality information needed
Innovation and change management	Demonstrates willingness to changes ideas and perception and wish to do things better, faster and with better value Is open to new ideas and listens to other people's point of view Applies new information to work problems and situations
Business acumen	Does not waste resources and consistently looks for ways to build better productivity of resources Looks for methods to improve processes that have a positive impact on the bottom line

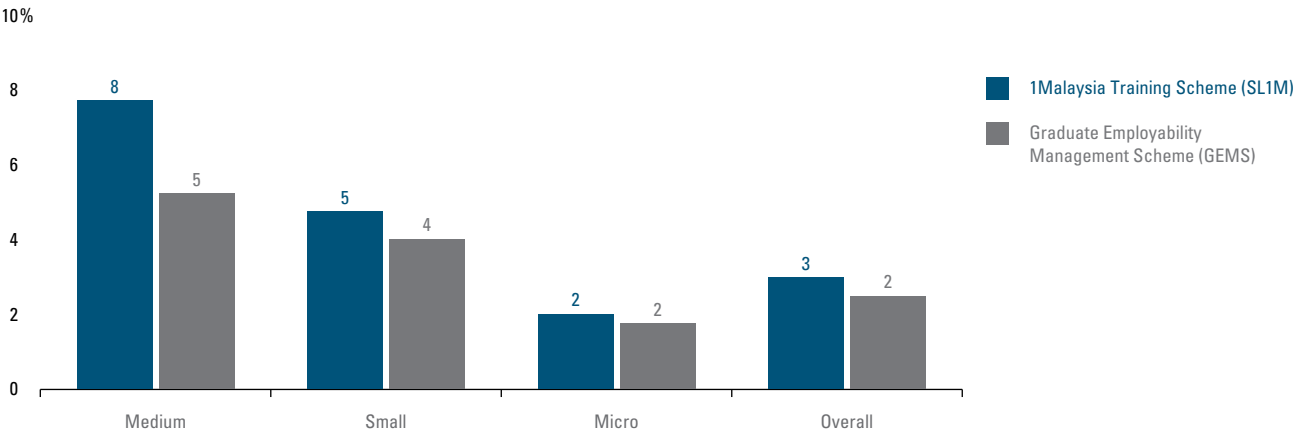
As part of the government's Upward Mobility Scheme (UMS), SEED is open to all non-executives in the organisation. In addition to this Talent Development Programme, the UEM Group also offers a 10-week internship programme where degree students or graduates work alongside experienced professionals in one of the member companies. The Group also focuses on enhancing the employability of hard-to-place graduates; under the *Skim Latihan 1Malaysia* (SL1M); it provides them remunerated on-the-job training and work experience and opportunities to be absorbed into regular employment.

Source: Information provided by the UEM Group

Very low participation in employability training programmes

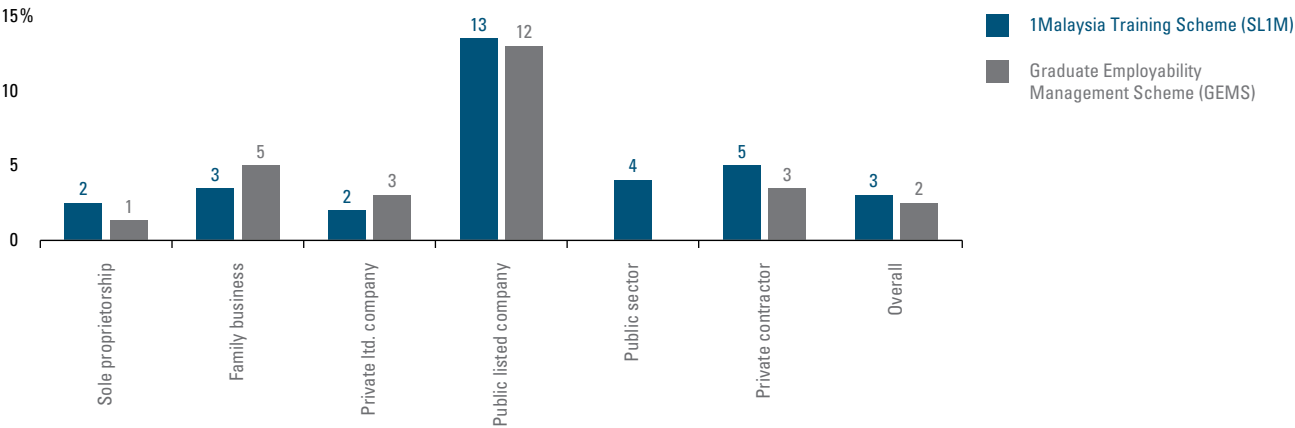
Employers were asked about their participation in employability training programmes for youth. These are programmes intended to enhance the employability of fresh and unemployed graduates through soft skills training and on-the-job training. They are conducted by enterprises as part of their corporate social responsibility (CSR) and aim to reduce talent shortages in key areas of the economy. Charts 6.19 and 6.20 illustrate the very low participation by employers. Only 3% of all employers participate in the 1Malaysia Training Scheme (SL1M) and 2% participate in the Graduate Employability Management programme (GEMS). The public listed companies are the biggest participants in SL1M and also in GEMS. The government sector participates in SL1M but not in GEMS. It is very striking that the foreign-owned companies/multinational employers do not participate at all in employability training programmes for Malaysian youth. Employers mainly use their own company resources to fund the employability training programmes (Charts 6.21 and 6.22). Government funding is comparatively limited, but the private contractors and some micro and medium enterprises have some jointly-funded programmes.

Chart 6.19: Participation in SL1M and GEMS by size of enterprise



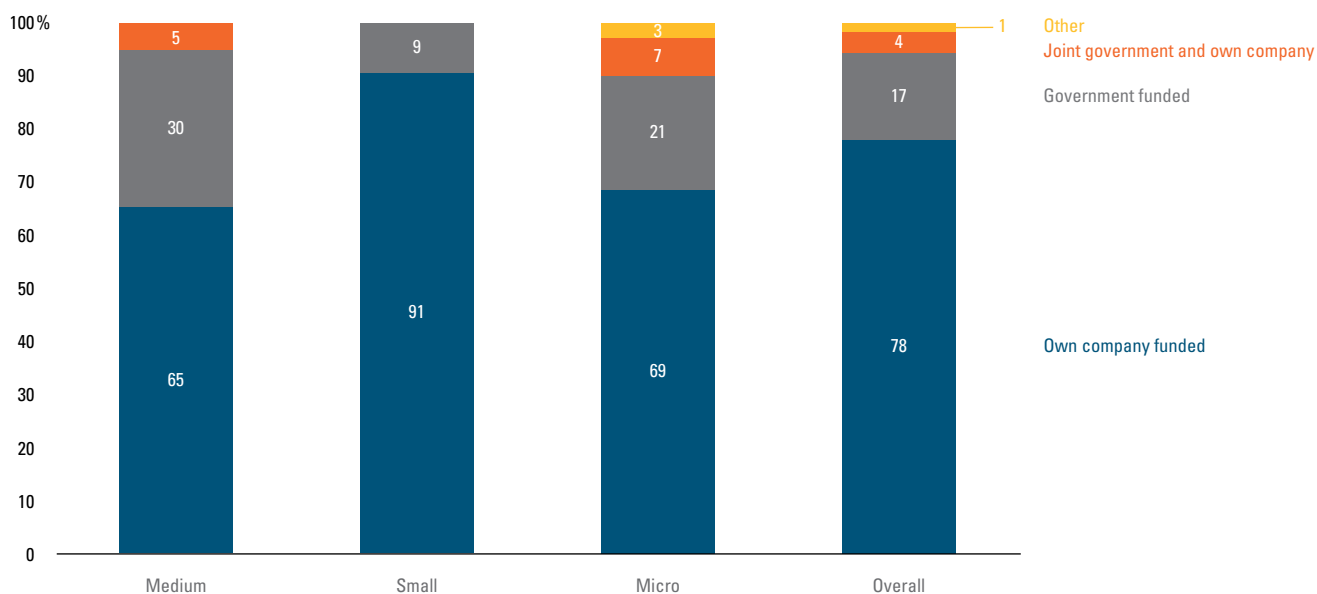
Source: KRI (2018)

Chart 6.20: Participation in SL1M and GEMS by type of enterprise



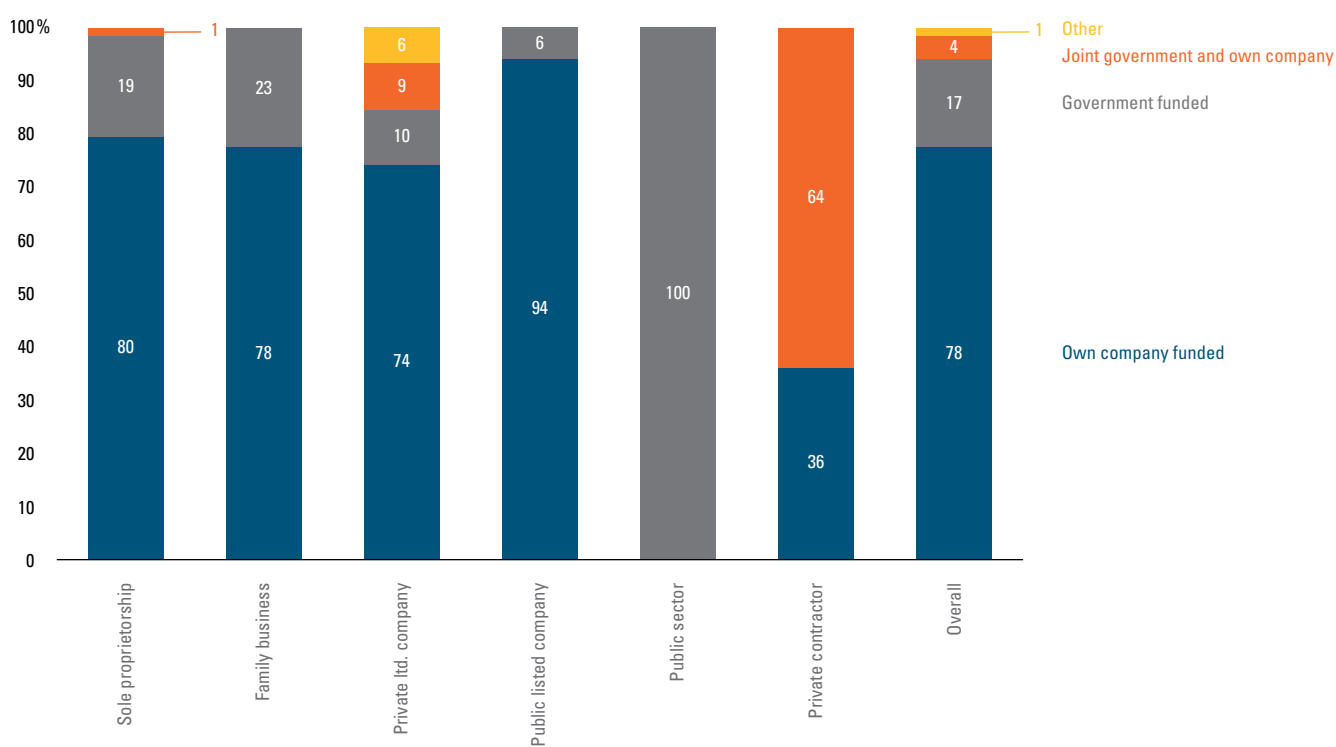
Source: KRI (2018)

**Chart 6.21: Funding for employability training programmes by size of enterprise**



Source: KRI (2018)

**Chart 6.22: Funding for employability training programmes by type of enterprise**



Source: KRI (2018)

Employers were asked about the total number of young people who participated in the enterprise's employability training programme and the number of participants that they hired into their workforce over the past two years. Table 6.16 shows that, by type of enterprise, more than 70% of public listed companies had each trained between 21 and 50 persons, while 38% of the public sector enterprises reported each training more than 100 young people. More than 60% of the total participating companies reported hiring no more than 10 workers from the programmes over the past two years. Another one-third each hired between 11 and 50 of the graduates from the programmes.

**Table 6.16: Number of participants in employability training programme by type of enterprise**

Total participants	Sole proprietorship	Family business	Private ltd. company	Public listed company	Public sector	Private contractor	Overall
	%	%	%	%	%	%	%
0	0.0	0.0	0.0	5.9	0.0	0.0	0.5
1 - 5	27.8	23.1	72.6	23.6	62.1	63.7	39.1
6 - 10	32.8	33.0	0.0	0.0	0.0	0.0	20.6
11 - 15	0.0	0.0	5.9	0.0	0.0	0.0	1.5
16 - 20	0.0	0.0	7.5	0.0	0.0	36.3	3.0
21 - 50	27.7	43.9	12.0	70.6	0.0	0.0	29.7
51 - 100	4.3	0.0	0.0	0.0	0.0	0.0	1.7
More than 100	7.4	0.0	2.0	0.0	37.9	0.0	3.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

## Low reliance on employment services

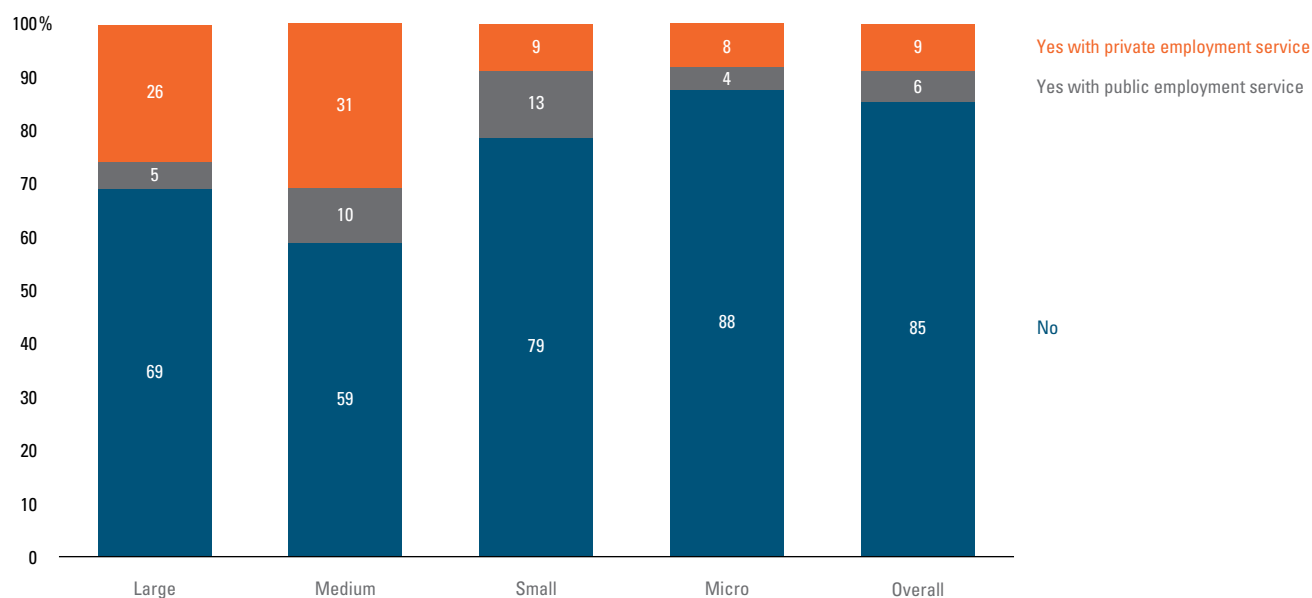
Employment services can play an important intermediation role in bringing together employers looking for workers with particular skills and attributes and the right types of job seekers. They are a key part of the labour market information system, providing information on both the quantitative and qualitative aspects of the supply of and demand for labour<sup>145</sup>.

However, Charts 6.23 and 6.24 confirm the finding highlighted above on employer recruitment methods that there is low reliance on employment services, so that the potential role of employment services is under-utilised. Some 85% of all enterprises are not registered and those that are registered tend to be with private rather than public employment service agencies. In Chart 6.24, it is only the public sector employers that rely on public employment services. This is yet another indication of mismatch in the labour market since young people, especially job seekers, rely heavily on employment services and on public rather than private employment services.

Those registered with employment services are more likely to find them 'useful' rather than 'very useful' (Chart 6.25). But they make no distinction between the usefulness of public and private employer services.

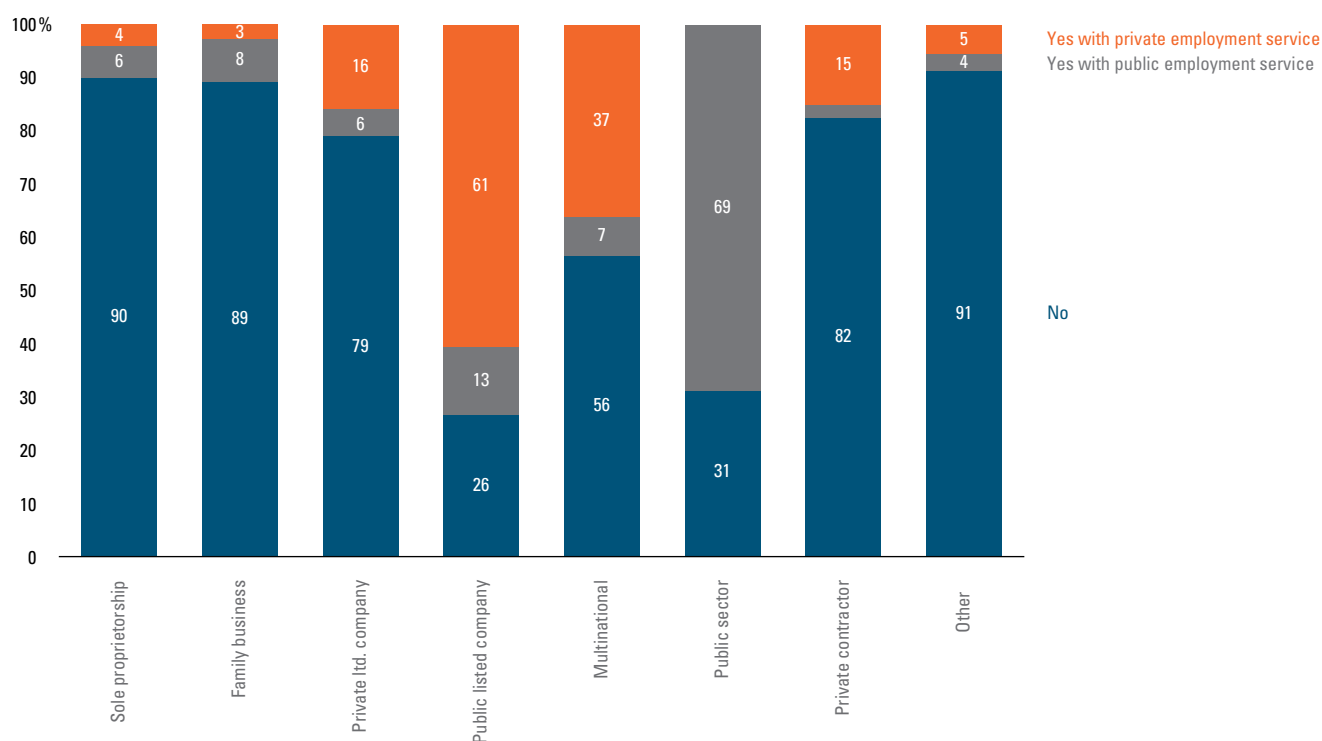
<sup>145</sup> For more information on the role of employment services, see, ETF, Cedefop and ILO (2015).

**Chart 6.23: Registration with employment service by size of enterprise**



Source: KRI (2018)

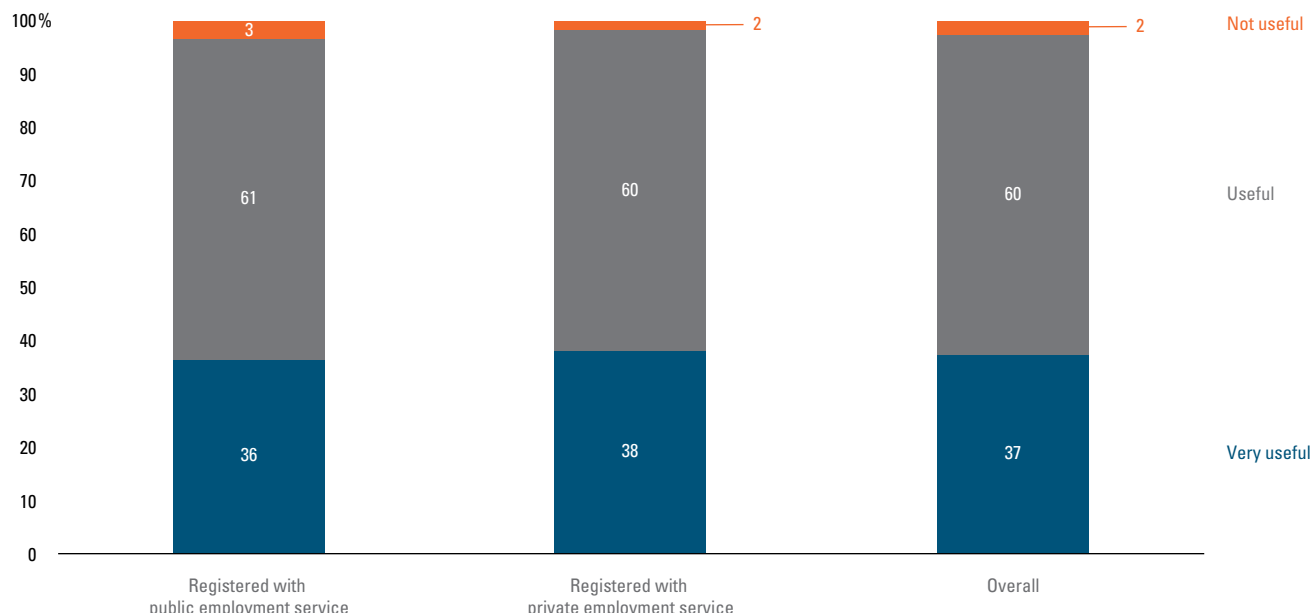
**Chart 6.24: Registration with employment service by type of enterprise**



Source: KRI (2018)



**Chart 6.25: Usefulness of employment service**



Source: KRI (2018)

### Limited interactions with education and training institutions...

The World Bank-TalentCorp Survey on Graduate Employability in 2014 had identified limited interaction between employers and education and training institutions as a key reason for the mismatches between supply and demand in Malaysian labour market<sup>146</sup>. The SWST data confirm that the feedback mechanism is weak between employers and education and training institutions; the evidence underscores the need to strengthen collaboration between employers and institutions to improve the quality and content of education and training to enhance employability and meet employer needs.

Chart 6.26 reveals that 84% of all enterprises never communicate with education and training institutions on their requirements for relevant soft and hard skill sets nor share their views on what and how students should be learning in order to enhance their employability. The institutions cannot produce employable students unless they have a clear understanding of what enterprises are looking for and are able to incorporate these requirements into their course curricula, teaching and assessment methods or the kinds of career guidance they offer their students. Overall, only 16% of all employers reported interacting and providing information to education/training institutions. Those that do interact with the institutions are most likely the large enterprises, private contractors, public listed companies and government agencies (Chart 6.27).

It is not only the employers that should be responsible for communicating with the institutions; these institutions also need to reach out to employers. But only 10% of all employers have been invited by institutions of learning to provide career guidance or information on job opportunities to students. It is most likely the large employers and the public-listed companies and government agencies that have been invited to help provide students with information to select the courses they enrol for that match labour market demands.

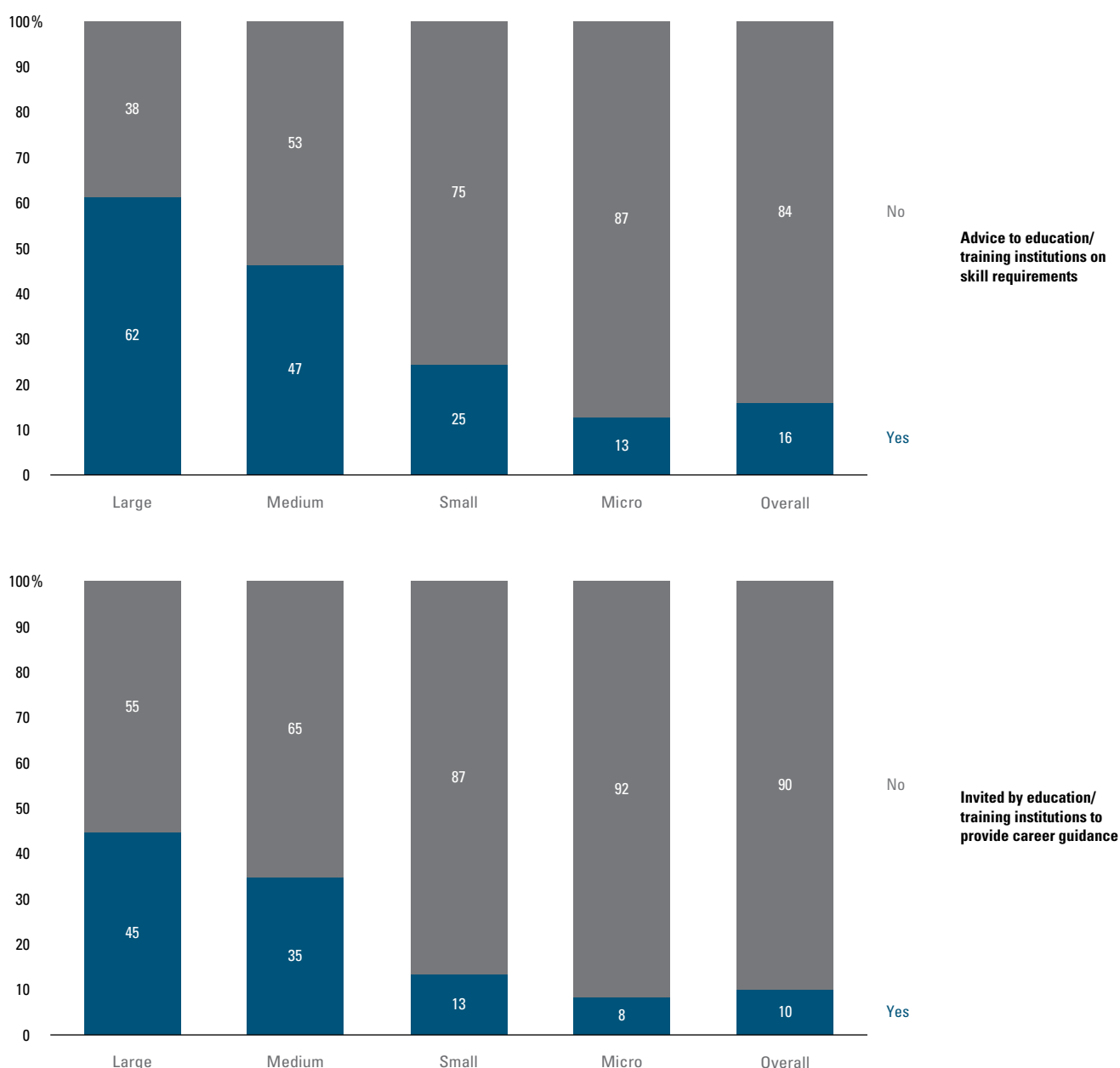
<sup>146</sup> World Bank (2014-a, p. 26)

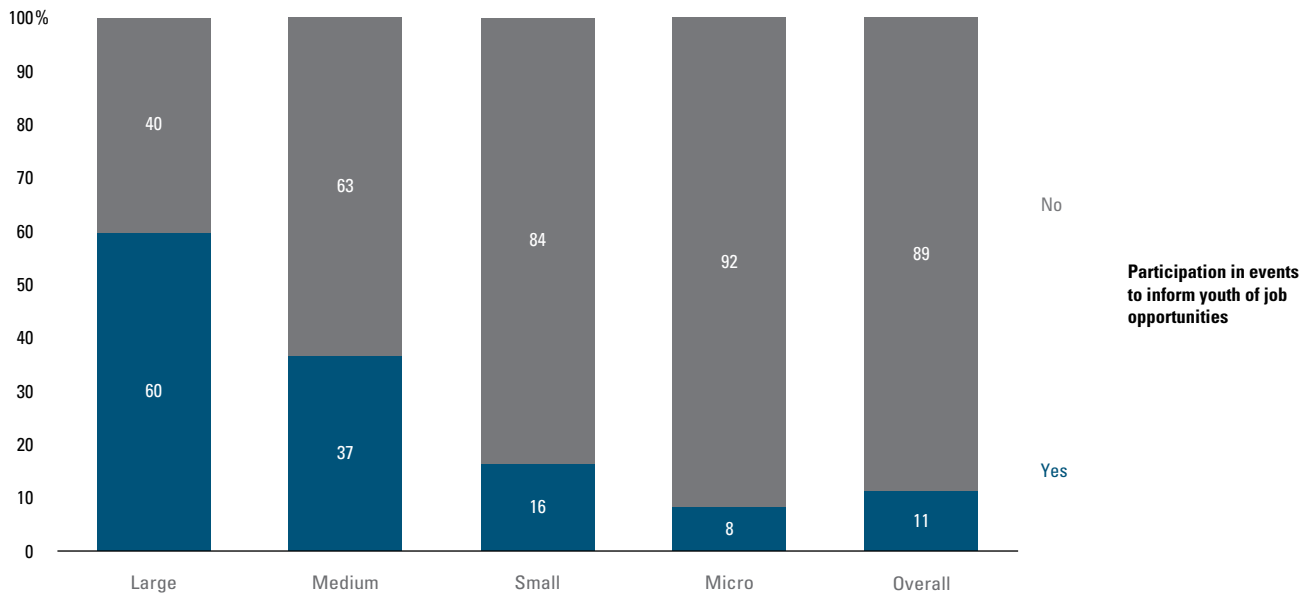
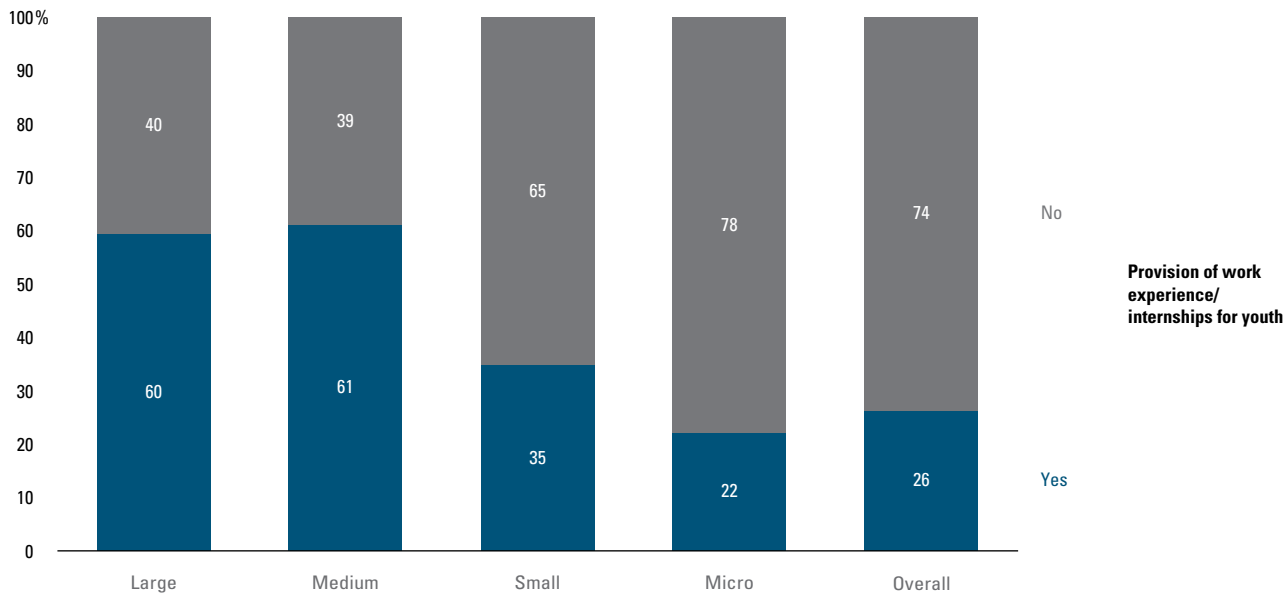
### ...but more efforts to provide work-based training

Besides providing advice employers can also offer structured internship programmes or attachments to students which not only provide work experience but also expose young people to various career paths and help them to develop the requisite soft skills for a particular position. The role of employers appears to be stronger in this area. At least a quarter of all employers offer some sort of work-based training; in fact, more than 60% of public listed companies, multinationals and public sector reported such programmes (Chart 6.27).

An informal way of reaching out to young people is through participation in events such as job fairs. Only 11% of all employers reported such participation. The public listed companies and multinationals are most likely to take part in such events as a CSR activity and awareness raising for youth.

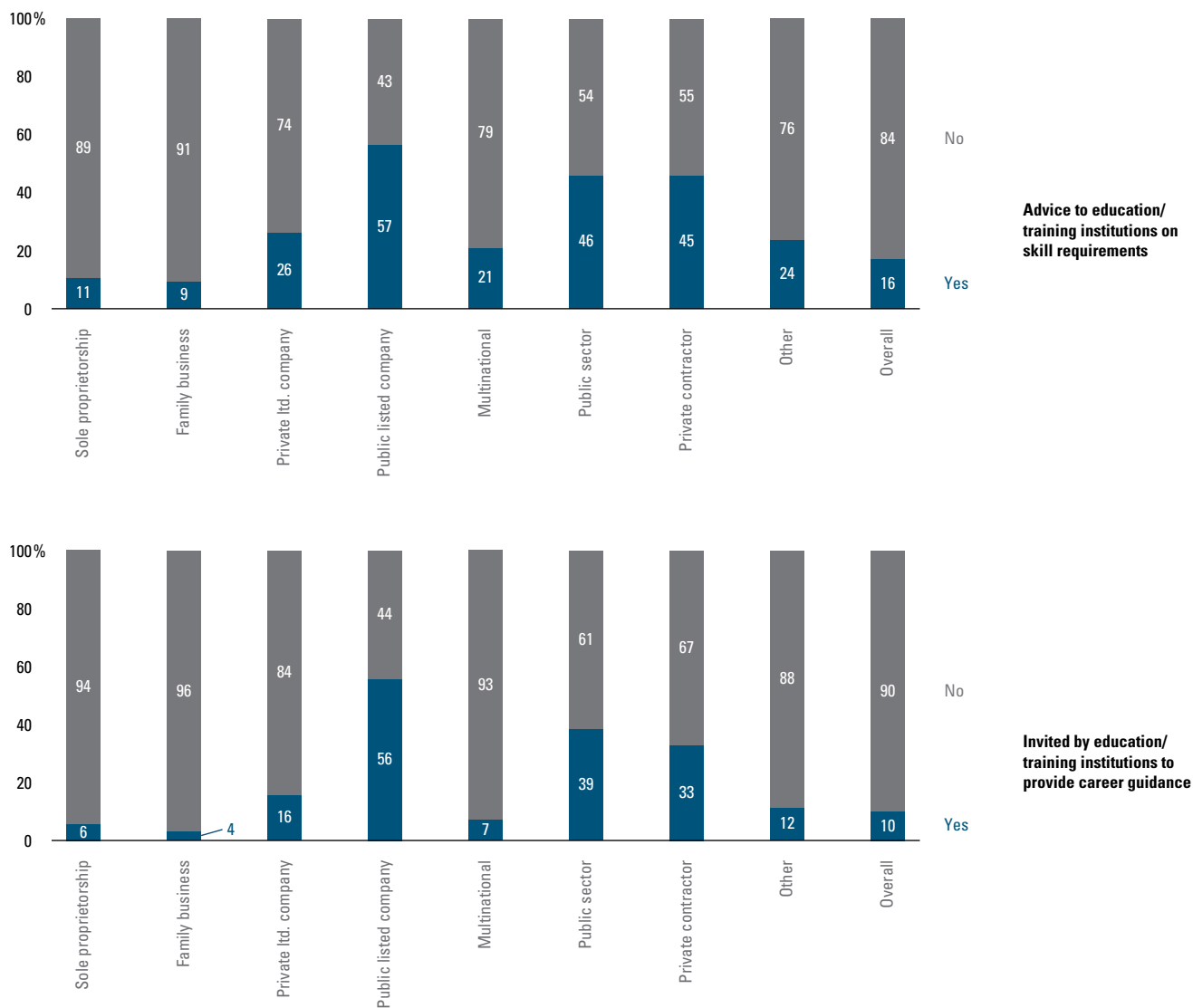
**Chart 6.26: Interactions with education/training institutions by size of enterprise**



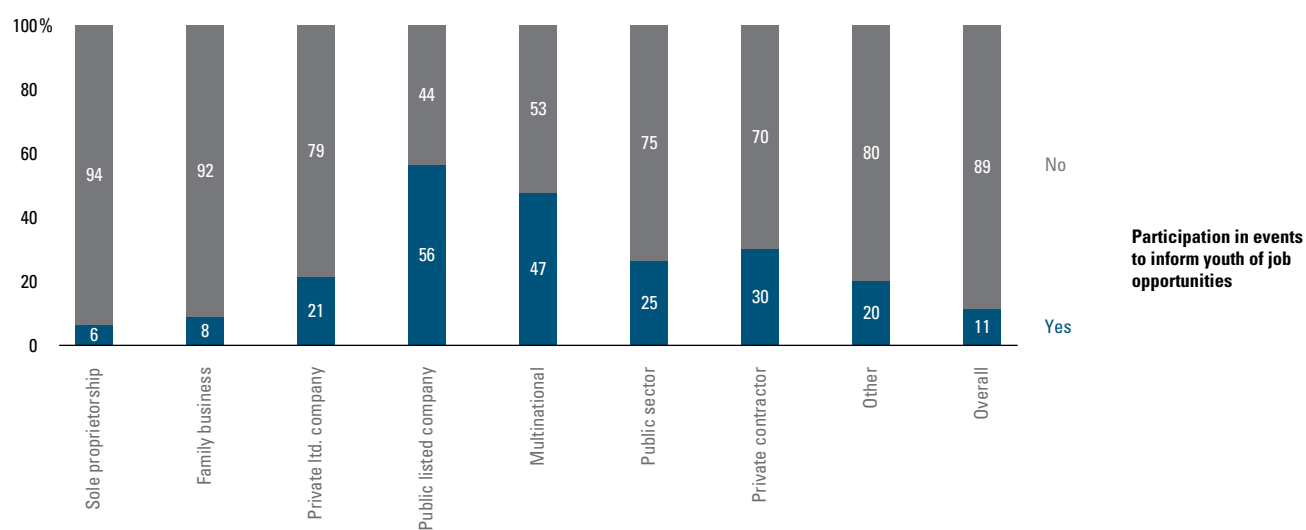
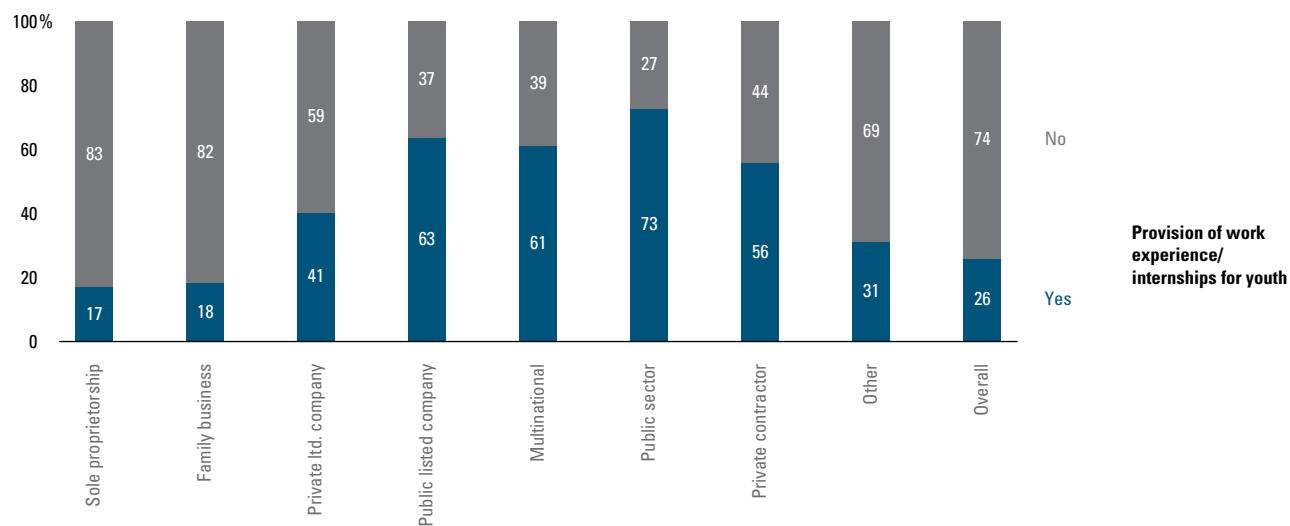


Source: KRI (2018)

**Chart 6.27: Interactions with education/training institutions by type of enterprise**



## CHAPTER 6 EMPLOYERS



Source: KRI (2018)

# CHAPTER

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# 07

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## KEY TAKEAWAYS AND POLICY IMPLICATIONS AND OPTIONS

Analysis of the SWTS data pointed to a number of difficulties young Malaysian men and women encounter in their transition from school-to-work. The survey also highlighted mismatches and popular misperceptions about the relationship between the supply of and demand for young people in the labour market and identified features of the labour market requiring policy interventions, especially in light of the rapidly changing nature and world of work. These main findings are briefly highlighted. The policy options and implications that follow are not intended as a detailed checklist nor the examples of lessons learned and good practices in highlighted text boxes the only options going forward—they are only to serve as a starting point for discussion and identification of measures appropriate in the Malaysian context to enhance the employability of young people and more effective functioning of the labour market.

### Key takeaway 1: Skills shortages and mismatches

A common perception is that employers face serious shortages of skilled workers, with the media reporting that employers claim graduates are ‘unemployable’ in terms of both soft and hard skills. The majority of employers surveyed in the SWTS, in fact, reported that they do not face problems hiring the kinds of workers they currently need. The shortage is not in terms of numbers but mismatch is evident. Employers rate soft skills and work experience above the academic and professional qualifications that are emphasised by Malaysian education and training institutions. The survey also found that young people themselves recognise that academic qualifications are inadequate and acknowledge that they lack the soft skills and work experience that are necessary for getting a good job.

### Policy implications and options:

#### » Strengthen soft skills, including ‘learning to learn’ skills

“Every country risks creating lost generations if they fail to adopt a holistic approach to nurturing talent that takes into account proactive approaches to managing the transition from education to employment, as well as ongoing learning and skills acquisition”<sup>147</sup>.

The soft skills commonly identified as what employers want include strong work ethics, good communication skills, creative and analytical thinking, problem solving skills, acting as a team player, positive attitude, learning from criticism and working under pressure. In a world of rapid technological change, the days of studying once and setting oneself up for a ‘career for life’ are over. As demand for certain occupations decreases and skills required for other occupations shift, young workers will need to reskill and upskill through lifelong learning—they need to have the learning agility to adapt, innovate and perform through change. Inculcating these skills requires methods and facilities different from teaching academic subjects. Many educational institutions have begun to implement their own soft skill curricula while there is a growing number of digital and community-based programmes.

147 Saadia Zahidi, the World Economic Forum Head of Education, Gender and Work, speaking at the launch of the 2017 Human Capital Report, NST (2017) and WEF (2017).

### Text Box 7.1: Preparing graduates for the labour market

Universities in Singapore have been upgrading their curricula in response to market needs. The **Finishing Touch Programme at the Singapore Management University** consists of a series of career preparation and enrichment workshops to prepare students for internships, job applications and necessary skills for future careers. As a graduation requirement, undergraduates are required to complete and achieve a pass grade for all seven compulsory subjects in self-discovery and awareness, career planning, job search strategies, resume and cover letter writing, social etiquette and groom for success, personal branding and networking skills and interviewing skills. The university also works closely with employers with regards to soft skills that they are increasingly looking for.

Direct excerpt from SMU (2016)

### Text Box 7.2: Promoting lifelong learning

**SkillsFuture** is a national movement to provide Singaporeans with the opportunities to develop their fullest potential throughout life, regardless of their starting points. The Future Economy Council (FEC) oversees the implementation of SkillsFuture. The FEC comprises members from government, industry, unions and educational and training institutions. Through this movement, the skills, passion and contributions of every individual will drive Singapore's next phase of development towards an advanced economy and inclusive society. “No matter where you are in life—schooling years, early career, mid-career or silver years—you will find a variety of resources to help you attain mastery of skills. Skills mastery is more than having the right paper qualifications and being good at what you do currently; it is a mindset of continually striving towards greater excellence through knowledge, application and experience”. The key thrusts of SkillsFuture are:

- Help individuals make well-informed choices in education, training and careers;
- Develop an integrated, high-quality system of education and training that responds to constantly evolving needs;
- Promote employer recognition and career development based on skills and mastery; and
- Foster a culture that supports and celebrates lifelong learning.

Direct excerpt from SkillsFuture (2017)

### Text Box 7.3: A mobile learning app for the changing world of work

The **Learn2Learn app** (<http://learn2learnapp.com/>) is a useful digital programme that emphasises the importance of learning, unlearning and relearning in today's world of rapid technological changes. It highlights nine ways to have the learning agility to adapt and thrive in the changing world of work:

- Develop a growth mindset to embrace challenges and a curious mindset to explore situations and problems without bias;
- Learn less information: make use of low-tech tools such as checklists or high-tech tools such as searchable knowledge bases and chatbots—these offer in-time support while allowing us to achieve more while learning less;
- Learn more mental models, including exposure to diverse experiences, ideas, industries, and people that help us to understand and act in the world;
- Be conscious of the unconscious: be aware of our biases and know when to take a more considered view;
- Learn to unlearn: letting go of deeply held mental models is one of the most challenging aspects of learning agility;



- Deliberate practice: includes seeking expert feedback to identify and practise our weak spots in relation to our goals;
- Work out loud: ‘know who’ and the ability to draw on diverse networks for support is crucial. There are a number of aspects to this, from working effectively in a team, fostering a community of practice, and engaging with broad networks;
- Working with ambiguity requires cycles of exploration, testing and learning and understanding that failure is part of the journey. End the ‘blame game’ and provide a context where failure is identified and talked about without shame; and
- Embed reflective habits: Because motivation generally does not last, it is important to adopt three elements of habit formation: cue, routine and reward.

Direct excerpt from Pradhan (2017)

### » Emphasise work-based learning (WBL)

Work-based learning “refers to all forms of learning that takes place in a real work environment. It provides individuals with the skills needed to successfully obtain and keep jobs and progress in their professional development. Apprenticeships, internships/traineeships and on-the-job training are the most common types of work-based learning. These types usually—but not always—combine elements of learning in the workplace with classroom-based learning”<sup>148</sup>. The value of learning that takes place in a real work environment is not only in better matching the supply of and demand for skills but also facilitating transitions from school-to-work and enabling youth to sharpen and clarify their career plans. It is acknowledged as a powerful form of pedagogy and is proven to raise enterprise productivity and innovation<sup>149</sup>.

One measure to promote WBL is to incentivise employers, such as through government subsidies, tax breaks, condition for award of public contracts, etc. to provide approved apprenticeships, internships/traineeships and on-the-job training to match/supplement the skills demanded in the labour market with those acquired in classroom-based education and training.

The experience of various countries has underscored the importance of marketing WBL programmes to SMEs who are least likely to be aware of such programmes and their benefits. A crucial related measure is to provide tailor-made support services to facilitate WBL in SMEs<sup>150</sup>.

#### **Text Box 7.4: Facilitating work-based learning in SMEs**

SMEs face particular challenges in providing work-based learning, given their smaller workforces, limited resources and lack of familiarity with the WBL regulatory and administrative framework. Their engagement can be encouraged by intermediary organisations that offer expertise, information and help to support and motivate employers participating in WBL. Intermediary bodies can relieve employers from the administrative burdens that are often associated with different forms of WBL provision and assist them in locating information, for example advice on tax incentives to train young people. Intermediary organisations can, for example, provide advice to SMEs on curricula or on how to organise different forms of WBL. The government should therefore support networks of companies and empower intermediary bodies such as Chambers of Commerce or Employers’ Organizations to facilitate high-quality WBL, notably involving SMEs.

Direct excerpt from EC (2013, p.14)

148 IAG-TVET (2017, p.02)

149 UNESCO-UNEVOC (2013, Chapter 5)

150 ETF (2014)

### Text Box 7.5: An online platform for promoting apprenticeships

The United States Department of Labour has an online platform, <https://www.dol.gov/apprenticeship/toolkit.htm>, offering an Apprenticeship Toolkit aimed at introducing employers, workers and the workforce system to apprenticeship and its benefits. The website offers tools to help build strong partnerships and plan apprenticeship strategies. It also provides resources for implementing apprenticeship in companies.

**ApprenticeshipUSA** (within the US Department of Labour) is a national example of an online platform connecting some 150,000 employers covering more than 1,000 occupations.

The ApprenticeshipUSA platform is linked to Careeronestop and its ApprenticeshipFinder: [www.careeronestop.org/toolkit/training/find-apprenticeships.aspx](http://www.careeronestop.org/toolkit/training/find-apprenticeships.aspx)

Direct excerpt from DOL (n.d.)

### » Widely publicise and support the use of the Critical Occupations List

The Critical Occupations List (COL) is collated on an annual basis by the Critical Skills Monitoring Committee. It provides an evidence-based list of occupations in Malaysia that reflects the most sought-after and hard-to-fill occupations by industry and identifies skill imbalances across key sectors of the Malaysian economy. The list is intended to serve as a foundation for companies, education and training institutions and the government to implement strategies aimed at training, attracting, retraining and upskilling talent. What is needed is to make the list much better known and put to practical use, such as shown in the boxes below.

### Text Box 7.6: Application of shortage lists around the world

List	Use	Programme	Purpose	List content
NSW Skills List	Training incentives	Smart and Skilled, Australia	Identify training courses eligible for subsidies	Qualifications that lead to employment in critical occupations
National Skills Bulletin	Training incentives	Springboard+, Ireland	Identify in-demand sectors and qualifications for subsidised training	Annual outlook for 130 major occupations
National Skills Needs List	Training incentives	Apprenticeships, Australia	Target incentives to apprentices and employers	TVET occupations that are in national skills shortage
Skills Shortage Lists	Training Information	Training package development, Australia	Inform development of training packages	Skilled occupations with shortage or recruitment difficulty
Demand Occupations List	Career counselling	Career Connections, USA	Direct jobseekers to occupations when approving training funds	High growth occupations and matching credentials
Labour Market Balance Report	Career counselling	Job Centres, Denmark	Identify occupations with employer-reported shortages and a pool of qualified job seekers	Report balance of demand and supply for 900 occupations

Direct excerpt from TalentCorp (2018, p.65)

**Text Box 7.7: Applying the 'shortage list' at local level**

The Smart and Skilled programme in New South Wales (NSW) provides subsidised fees for courses up to an advanced diploma in skills for occupations included on the NSW Skills List. The NSW Skills List includes qualifications that lead to employment in critical occupations. The List is created by the NSW Department of Industry through labour market research and consultations with industry and community and is created specifically for the Smart and Skilled programme. Students may apply directly for support to Training Services NSW or be sponsored by employers. Courses include classroom training as part of apprenticeships or traineeships. To be eligible to enrol sponsored students, training providers must register listed programmes and accept high standards for quality and customer satisfaction. They must also charge a pre-determined course fee set by the government at a level that they have determined allows providers to recoup the cost of delivery. This is meant to incentivise efficiency in service delivery and prevent the availability of subsidies from driving an increase in course fees.

Direct excerpt from TalentCorp (2018, p.66)

» **Adopt a forward-looking approach to anticipate and match skill needs**

It is crucial not only to ensure that education and training match skills to current demands but anticipate future demands. The world of work is rapidly changing, and the skills of the workforce must adapt to new technologies and changing forms of work organisation. Initial education is the cornerstone, but continuous lifelong learning is imperative for career advancement or even to remain in work. "Skills anticipation is a strategic and systematic process through which labour market actors identify and prepare to meet future skills needs, thus helping to avoid potential gaps between skills demand and supply. Skills anticipation enables training providers, young people, policy-makers, employers and workers to make better educational and training choices, and through institutional mechanisms and information resources leads to improved use of skills and human capital development"<sup>151</sup>.

**Text Box 7.8: Guides to anticipating and matching skills and jobs**

Countries that have succeeded in linking skills to gains in productivity, employment and development have targeted skills development policy towards three main objectives: matching supply to current demand for skills; helping workers and enterprises adjust to change; and building and sustaining competencies for future labour market needs. Anticipating and delivering the skills that will be needed is recognised as one of the principal building blocks of effective skills development systems.

The European Training Foundation (ETF), the European Centre for the Development of Vocational Training (Cedefop) and the International Labour Office (ILO) joined forces and combined expertise and geographic coverage to develop a compendium of methodological **Guides to Anticipating and Matching Skills and Jobs**: Volume 1: how to use labour market information, Volume 2: how to develop skills foresights, scenarios and skills forecasts, Volume 3: what works at sector level, Volume 4: what is the role of employment service providers, Volume 5: how to develop and run an establishment skills survey; Volume 6: how to carry out tracer studies. There is also a useful **Guidance Note on Anticipating and Matching Skills and Jobs**.

A **Skills Technology Foresight Guide** developed by the SKOLKOVO Education Development Centre and the ILO identifies future technological skills gaps at the industry level and recommends changes in technical and vocational education and in higher education.

Direct excerpt from ILO (2015)

151 See also ILO (2015); Řihova (2016); and SEDeC (2016)

## Key takeaway 2: TVET not a popular education pathway

A key aspect of the skills mismatch is between academic qualifications and technical and vocational qualifications. The Education Blueprints emphasise TVET as essential for the needs of the labour market and economy. But only 13% of all upper secondary students are pursuing TVET courses; while at the higher education level less than 9% are in polytechnics. It has often been noted that students and their parents regard TVET as an inferior educational pathway, ‘dead end’ and for the academically challenged. But, in fact, the SWTS found that both young job seekers and young workers consider TVET as the most useful qualification for getting a good job. However, the SWTS also found that there is a significant wage differential between TVET graduates and those with other types of hard skills. For example, the maximum salary reported by public sector employers for workers with TVET qualifications is about RM3,000 less than for university graduates and RM500 more than for SPM holders.

### Policy implications and options<sup>152</sup>:

#### » Overhaul the current TVET system

A plethora of weaknesses has been identified in the current TVET system and solutions proposed with little sustainable impact to date<sup>153</sup>. The establishment by the government of a National Taskforce to reform TVET holds promise of real change—that will happen only if there is a complete structural overhaul of the system to:

- Ensure strategic coordination, importantly, by bringing the diverse and huge number of training providers (over 1,000 public and private TVET institutions) under a single effective governance body that can provide quality assurance for the skill outputs from the different institutions;
- Prioritise a demand-driven approach by ensuring close industry involvement to realistically relate training to workforce needs, including providing incentives for employers to offer WBT;
- Establish a relevant and reliable competency standards and qualifications framework for better matching and to facilitate entry of TVET graduates into universities; and
- Raise the status of TVET, including through gender-sensitive labour market information and career guidance, including introducing role models. A review of salary differentials between TVET graduates and those from other educational streams could also shed light on the issues that need to be addressed.

#### Text Box 7.9: Governance, quality and partnerships: the success factors for TVET

The experience of the European Union countries has highlighted three success factors for TVET: **governance, quality and partnerships**.

In terms of **governance**, the first condition of success is to integrate work-based learning in the broader formal TVET system. For different pathways to be attractive to students and employers, they must be structured such as to enable people to access additional, continuing and advanced TVET or further and higher academic/professional education. The qualification must be clearly linked to and anchored within the overall qualification framework. In well-established dual systems, there must be quality assurance of what is learnt in school-based and workplace-based instruction.

A clear regulatory framework is essential not only to avoid employers using apprentice/trainee status to replace regular workers but more broadly to develop competency standards and qualifications frameworks; provide for quality assurance, evaluation and review; and regulate public funding and

152 The recommendations for reforming TVET should also take into account the recommendations for addressing skills shortages; together the recommendations represent a more complete package.

153 See, for example, Cheong and Lee (2016)

its use. In Germany, for example, the Vocational Training Act (1969) defines the parameters within which firms and Chambers of Commerce may legitimately operate apprenticeship contracts.

Good governance also means creating a cost-benefit ratio that encourages employers to provide work-based learning. Companies need to buy into the concept and offer apprenticeship places, student placements or cooperate with schools. The regulatory framework clarifies for employers the incentives to engage in TVET. In France, employers receive exemptions from social contributions and receive a bonus for hiring apprentices. In the Netherlands, employers are eligible for a reduction in tax and social insurance contributions. The United Kingdom has an Apprenticeship Grant for Employers to take on unemployed 16 to 24-year olds.

In terms of **quality**, one core aspect is the profile of knowledge, skills and competencies that learners develop. Identification of the range of competencies acquired through WBL in combination with school-based learning will allow for better matching of the profiles of those trained and the requirements of employers. The qualification standards for work-based or learning outcomes should give learners the basis for immediate transition into employment and also future transitions, such as entry into institutions of higher learning.

It is important that WBL is not too narrow or too company-specific, since this limits opportunities for transferability and progression. Students need exposure to a range of situations and tasks, and the curriculum for WBL should define a sufficiently broad range of knowledge, skills and competences, ‘training alliances’ to offer learners exposure to a full range of situations and tasks. Sharing an apprentice among several companies ensures that s/he gets familiar with different technologies/processes.

Involving national social **partners** is necessary to ensure that TVET remains responsive. Their involvement is essential for identifying future skill requirements so that the development of skills keeps pace with labour market needs. In successful systems, TVET schools operate in networks with local businesses.

Direct excerpt from: EC (2013, pp.11 – 19)

## » Promote competency-based education and training using modular courses

The experience of various developing countries has confirmed that Competency-Based Training (CBT) is critical to TVET reform. The system will allow practical, demand-driven courses to be designed to respond to present and future industry needs. “The CBT methodology deviates from the traditional approach to education and training, placing a heavy emphasis on what a person can do in the workplace after the completion of the training programme. Progression of learners within a CBT programme is not time-bound; instead it depends on the person’s ability to demonstrate the necessary competence for the job. CBT focuses on assisting learners to develop and demonstrate competent performance as required by the industry-approved competency standards. It aims to prepare the individual for employment or become more productive in the workplace”<sup>154</sup>. Competency-based TVET using short modular courses can be geared to meeting labour market demand and allows students to enter the labour market with clear credentials and a specific set of skills. Such modular courses are also crucial for lifelong learning. Another advantage is that CBT is less time-intensive compared to the formal TVET system which normally offers programmes over a few years with little option for shorter courses.

154 ILO (2012-a)

### Text Box 7.10: The key principles of a Competency-Based Training system

The government of Bangladesh, with the support of the ILO and funded by the European Union, has been implementing a **Competency-Based Training system in Bangladesh** to reform its TVET. The **ten key principles of CBT** are:

- Training is based on course design developed from the competency standards;
- Learning is modular in structure;
- Training is learner-centred and accommodates individualised and self-paced learning;
- Training is based on work that must be performed;
- Training materials are directly related to competency standards/curriculum modules;
- Assessment is based on collecting evidence of work performance;
- Training has both on and off the-job components;
- Training allows for recognition of prior learning or current competencies;
- Training allows for the multiple entry and exit of learners if needed; and
- Training programmes are registered and accredited by Bangladesh Technical Education Board (BTEB).

Direct excerpt from ILO (2012-a)

### » Evaluate the applicability of the dual training system

The German vocational education and training system, also known as the dual training system, is often advocated as an answer to promoting TVET and reducing youth unemployment. The dual system is highly recognised worldwide due to its combination of theory and training embedded in a real-life work environment, enabling young people to make the transition from the world of education to the world of work. It can play a key role in enhancing youth employability by helping young people acquire the relevant skills while simultaneously having the opportunity to gain work experience and start the process of building a career<sup>155</sup>. However, certain key factors need to be taken into account in any proposal to adopt the German system.

### Text Box 7.11: The dual training system in Germany

The main characteristic of the **German dual system** is cooperation between mainly small and medium sized companies and publicly funded vocational schools. This cooperation is regulated by law. Trainees in the dual system typically spend part of each week at a vocational school and the other part at a company, or they may spend longer periods at each place before alternating. Dual training usually lasts two to three-and-a-half years. There is close alliance between the federal government, the federal states and companies with a view to providing young people with training in nationally recognised occupations which is then documented accordingly by means of a certificate issued by a competent body (chamber of industry and commerce or chamber of crafts and trades).

Employer organisations and trade unions are the drivers when it comes to updating and creating new training regulations and occupational profiles or modernising further training regulations. As a result, training, testing and certificates are standardised in all industries throughout the country. This ensures that all apprentices receive the same training regardless of region and company. Moreover, employers have trust in these certificates as they provide evidence of what an individual knows and is able to do. The shared responsibility between government, employers and trade unions also helps in responding to emerging new challenges such as digital innovations like the Internet of Things which will have an increasing impact on manufacturing and the way work is organised.

155 Global Commission on the Future of Work (2018)



Businesses that take part in the dual training scheme consider vocational training to be the best form of personnel recruitment. Companies which provide training not only save on recruitment costs but also avoid the risk of hiring the wrong employee for the job. Investment in first-class training is a key factor for success in an increasingly competitive world. The main benefit for apprentices is that they receive market-relevant training that improves their chances on the labour market which is constantly evolving and upgrading skills in response to the latest innovations of the digital age while simultaneously broadening their social and democratic participation.

There is a growing awareness across Europe and all over the world that excellent work-based vocational education and training is vital for competitiveness and social participation. Demand from other countries for cooperation with Germany in this area remains high. Together with the relevant ministries from countries which also have a dual system (Austria, Switzerland, Luxembourg and Denmark), Germany has launched an online ‘Apprenticeship Toolbox’ to provide support for decision-makers throughout Europe who want to implement the key principles of dual apprenticeship schemes (<http://www.apprenticeship-toolbox.eu/>).

Direct excerpt from BMBF (n.d.)

**Text Box 7.12: A conducive environment needed for the dual training system to succeed**

The dual system is firmly established in the German education system. However, a basic tenet is that **adopting the dual system makes sense only if broken down into elements that can be adjusted to suit a country’s given goals and framework conditions:**

- Firstly, it is necessary to promote understanding of the dual system, including the importance of practical oriented vocational training as a proven measure to reduce youth unemployment;
- Reforms often fail because too few companies are willing to participate. One large hurdle is the involvement of companies who often only see vocational training from the financial side. However, cost-benefit simulations, based on country and industry-specific data, can help to show that dual education can already pay off during the training period; and
- Vocational training exists in many countries, but such schemes are rarely as popular as in Germany. More German youth follow TVET programmes rather than go to university, even though many are qualified for further study. One reason for TVET's success in Germany is a culture of apprenticeships. The practical component of study is so pervasive in German education that many young people even opt for semi-vocational university courses.

Feeding such systems into countries without a culture of vocational training poses problems. While Germany provides technical advice to countries looking to implement TVET systems, the efforts often cannot be described as an export hit. ‘A system that has grown in Germany under very specific conditions cannot just be exported to another country under very different conditions’.

Direct excerpt from Wieland and Thies (2018)

### Key takeaway 3: STEM education still lacking

Malaysia's Education Blueprints place emphasis on STEM as critical in the rapidly changing world of work and involving knowledge and skill sets that are in growing demand by employers. Since 1970, the government has been implementing a 60:40% target ratio of science to arts students. However, the SWTS data show that only a third of all upper secondary students are taking science subjects and another 44% additional mathematics; and only 32% of all tertiary students are enrolled for STEM courses. The data also revealed that although girls greatly outnumber boys in tertiary education a higher proportion of total males than total females are registered for STEM subjects.

#### Policy implications and options:

#### » Make STEM more attractive and widely accessible from a young age, including through setting up 'maker spaces'

Researchers and practitioners strongly agree that interest in STEM can be nurtured from a very early age. "When we expose young children to STEM ideas, we create a foundation for future passion and interest in these concepts, which may lead to continued learning and even a successful career in related fields"<sup>156</sup>. There is a growing global movement to introduce 'maker spaces' in schools not only to promote STEM but also to inculcate essential 21<sup>st</sup> century skills.

#### Text Box 7.13: Early-age STEM encouragement

Children are naturally curious about the world around them, always asking, 'Why?' 'What is that?' 'How does that work?' 'Why is that happening?' Their curiosity leads them to explore their environment, problem solve, invent and discover new things, which ultimately leads to future learning and development. It is through play that young children are able to engage in this learning process, and it is through play that adults can support and guide children's natural desire to explore and learn about STEM ideas.

**Learning STEM skills can be fun and motivating for children**, and it is easy to incorporate age-appropriate activities into routines at home and at school. Introducing STEM concepts at a young age increases the chance that children will continue to be interested in these subjects throughout their lives. Children gain better understanding of concepts when we provide them with different contexts for learning and different lenses through which to explore. Adults can guide and support children's interest in STEM by incorporating STEM concepts into everyday life:

**Science** is observing, experimenting, asking questions, wondering how things work, making predictions, and sharing findings.

**Technology** is being inventive, using a variety of tools, making things work, identifying issues, using computers.

**Engineering** is problem-solving, testing materials, designing, creating and building.

**Math** is patterning, sequencing, exploring shapes, numbers, volume, and size.

Direct excerpt from Fix.com (2017)

156 Fix.com (2017). See also Science Explorers (2018)



**Text Box 7.14: 'Maker spaces' support STEM education**

'Maker spaces' are creative spaces where students can explore, tinker, discover and create. In these spaces students are learning how to tinker collaboratively with a problem and keep trying until they find a solution. They are learning to be thinkers, innovators and problem-solvers rather than mere consumers of information. Maker spaces support hands-on exploration and learning. They are most often associated with STEM education. But really, they're interdisciplinary, promoting important educational principles such as inquiry, play, imagination, innovation, critical thinking, problem solving and passion-based learning.

The Ontario Ministry of Education, the Council of Ontario Directors of Education and the University of Ontario Institute of Technology introduced teachers to a number of innovative ideas and practices in maker space teaching and learning and provided funding and support to elementary schools. Researchers then followed teachers to track their use of tools and technologies and their promotion of student inquiry, creativity, design and critical thinking. Teachers in all participating schools stated that their students are more engaged and more motivated when they are learning in a maker space environment. They also noticed a reduction in discipline problems. And they recorded improvements in academic achievement, particularly among students with learning disabilities and those who struggle in a traditional classroom setting. Giving students the freedom to pursue projects that are authentic, meaningful and based on their own 'wonderings' or passions has provided opportunities for a more personalised and inclusive learning experience for all students. Teachers also observed that a variety of 21<sup>st</sup> century skills and competencies were developed as a result of the maker spaces, such as problem-solving, communication, collaboration and the development of perseverance.

There are also opportunities for students to share their learning at local and global community levels through Maker Fairs and websites such as: [www.instructables.com](http://www.instructables.com), [www.thingiverse.com](http://www.thingiverse.com) and [www.DIY.org](http://www.DIY.org)

Direct excerpt from Hughes (2017)

**» Adequately equip teachers and students for STEM**

Teachers obviously play a pivotal role in driving STEM education. It is necessary to ensure that teaching STEM subjects is an attractive career choice. Teachers must be suitably qualified and get the support and resources they need. The poor quality of instructors and poor or outdated equipment and facilities are often cited as reasons for poor performance in STEM. The need for role models, especially female role models, in STEM fields is often highlighted. Students need to be motivated to take up STEM subjects.

**Text Box 7.15: STEM Education: What students and teachers in Singapore want<sup>157</sup>**

The STEM Education in Asia Pacific Survey conducted in October 2017, including in Singapore, identified how to better engage students and teachers in STEM	
Despite the high interest in STEM locally, there is still a gap in engaging students and equipping teachers:	
Students want more interactive classes to make studying STEM more appealing such as: <ul style="list-style-type: none"> <li>✓ Variety of hands-on activities</li> <li>✓ Access to quality experiments</li> <li>✓ Interesting curriculum</li> </ul>	<p>4 in 10 teachers feel that there is an over-emphasis on facts rather than cultivating a love for the subjects</p> <p>7 in 10 teachers say that access to quality practical experiments for students would enhance the appeal of STEM subjects</p> <p>7 in 10 teachers feel that learning about how people use STEM subjects in the real world is important in making STEM more appealing</p>
Solution: Open up pathways to STEM by providing more support to schools and teachers	
<p>Make science more engaging for students</p> <ul style="list-style-type: none"> <li>✓ Support schools and teachers by introducing more hands-on experiments with real-world application</li> </ul>	<p>Support teachers in their development</p> <ul style="list-style-type: none"> <li>✓ Provide teachers with better resources and professional development</li> </ul>

Direct excerpt from AMGEN (2017)

» From STEM to STEAM

There is a growing movement to integrate STEM with the arts (STEAM) across the wider curriculum. ‘STEAM’ represents STEM plus the arts—humanities, language arts, dance, drama, music, visual arts, design and new media. The main difference between STEM and STEAM is STEM explicitly focuses on scientific concepts. STEAM investigates the same concepts, but does this through inquiry and problem-based learning methods used in the creative process.

**Text Box 7.16: STEAM in various countries**

**STEAM education in schools** provides students with the opportunity to learn creatively, using 21<sup>st</sup> century skills such as problem solving. The Review to Achieve Educational Excellence in Australian Schools of 2017/2018 highlighted the importance of these skills for a future Australian workplace. These general capabilities are crucial to growing a future-ready workforce that understands the potential of ‘what if’ when solving problems that occur in real life. They also point us in the direction of 22<sup>nd</sup> century skills—connection, care, community and culture. There are various hands-on learning STEAM activities in schools and institutions across Australia. These are generally called ‘maker spaces’; they encourage collaboration in learning and discovery, using science and tech resources such as soft circuits, embedded video, game creation, data art and more.

Globally too there are growing examples. For example, Cambridge University’s STE(A)M education research places professors alongside 12-year-olds. They do live coding to create manipulated music at STEAM education exhibitions. There is also the US’ NEXT.cc—a weblog of open source creative STEAM experiences, and OfficeMax in collaboration with Cool Australia, which launched a new national initiative to help educators integrate STEAM learning into Australian primary and secondary schools. Innovative research and resources like these fully realise the intersections between the arts, engineering, mathematics, science and technology, and the influence they have on each other.

Direct excerpt from Wade-Leeuwen et al. (2018)

157 The survey did not cover Malaysia, only Hong Kong, Australia, Singapore, China, Korea, Japan and Taiwan.

#### Text Box 7.17: STEAM in South Korea

Since 2011, the Republic of Korea has advocated STEAM education to promote students' capabilities in imagination and artistic emotion as well as understanding of science contents. Korean students show high performance but very low interest in science and mathematics. The number of highest ability students entering universities to study natural sciences and engineering has been decreasing. To cope with these situations, STEAM education was designed to raise students' interest in and understanding of science and its application by focusing on linking science with other disciplines, including the arts, and solving problems on a daily basis. The Korean Ministry of Education, Science and Technology emphasised STEAM education as one of the main projects for The Second Basic Plan to foster and support the human resources in science and technology (2011 – 2015).

The Korea Foundation for the Advancement of Science and Creativity (KOFAC) is the most representative national institution for STEAM education and for science education. It supports various projects: the development of STEAM contents, STEAM research and education involving groups of students, STEAM research involving groups of teachers, the development of STEAM outreach programmes, management of the Teacher Training Centre for Cutting-edge Science, STEAM Leader Schools and STEAM In-service Training Programmes for teachers.

Direct excerpt from Delissio (2013)

#### Key takeaway 4: Youth are not 'asking for too much'

A very commonly cited reason for high youth unemployment is that young people have 'unrealistic' wage expectations; employers complain that fresh graduates are 'asking for too much'. The SWTS found that the reservation wage (below which they would refuse a job offer) is RM1,555 for young workers and RM1,715 for job seekers. The actual mean monthly income of young workers is RM1,846. For comparison, the current government-mandated minimum wage is RM1,000 for Peninsular Malaysia and RM920 for East Malaysia<sup>158</sup>, the monthly allowance for SL1M participants is RM2,000, and the salary employers offer newly hired undergraduates ranges from RM1,703 to RM2,682. Furthermore, the survey revealed that many young workers earn below their reservation wage so as to have jobs.

#### Policy implications and options:

##### » Urgently conduct a review of wage levels and differentials

A review of wage levels and differentials is urgently needed to determine how the minimum wage is being fixed in the country, for example, should it be fixed at the national level or by sector, locality, occupation, employment status or even age. Such a review can be guided by the ILO Minimum Wage Fixing Convention, 1970 (No.131) which Malaysia ratified in 2016. The Convention and related Recommendation No 135 identify important considerations to take into account in fixing minimum wages, as set out in the text box below.

158 The 2019 Budget presentation announced that the minimum wage will be implemented nationally at RM1,100 per month from January 2019. Source: MOF(2018)

### Text Box 7.18: Minimum wage guidelines

A balanced approach is reflected in **ILO Minimum Wage Fixing Convention No. 131** which calls on policy makers to take account of: a) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups; and b) economic factors, including requirements of economic development, levels of productivity, and the desirability of attaining and maintaining a high level of employment. “We must never overlook the fact that when we are dealing with wages we are not dealing with an economic abstraction but with the source of livelihood of millions of people.”

A review of minimum wage systems at the 2014 International Labour Conference identified the criteria commonly used by countries, including the cost of living, consumer price index, inflation rate, the general level of wages in the country and the link between minimum wage and the mean wage in the country.

In several countries, the types of workers’ needs that the minimum wage must satisfy are specified such as the cost of housing, food, transportation, health care and medical supplies. Importantly, the Convention requires that not only workers’ needs but those of their families must be taken into account in fixing minimum wages.

Direct excerpt from ILO (2017-b)<sup>159</sup>

The review should also consider the likely desirability of establishing a living, fair and decent wage and not just a minimum wage. A question to consider is whether young people and other workers are ‘asking for too much’ to want an income that not only keeps them above poverty level but allows them to be able to sustain an area-specific socially acceptable minimum standard of living beyond the basic necessities, and have meaningful participation in society, the opportunity for personal and family development and freedom from severe financial stress—a living, decent, fair wage rather than a minimum wage.

### Text Box 7.19: Differences between a living wage, a minimum wage and an aspirational income

In practice, a living wage differs from a minimum wage in several aspects:

- First, a living wage is typically not a statutory requirement for the economy unlike a minimum wage.
- Second, a living wage refers not just to the existence of a minimum level of remuneration, but also to a minimum acceptable standard of living. Therefore, the living wage rates are usually higher than the minimum wage rate, especially when the latter has been less frequently updated in line with living cost increases.
- Third, while the determination of a living wage is based primarily on cost of living concerns, the minimum wage may consider additional factors given that it is a legislated requirement, such as its effect on employment and job creation. In terms of affording a certain standard of living, the living wage is meant to sustain the socially acceptable minimum standard of living, beyond the basic necessities such as food, clothing, and shelter.

An aspirational income goes beyond that: it could fulfil a desired lifestyle beyond the socially acceptable minimum, including spending on the latest gadgets or travels abroad.

Direct excerpt from Chong and Khong (2018)<sup>160</sup>

159 The full guide is available at [www.ilo.org/minimumwage](http://www.ilo.org/minimumwage).

160 See also Koning (2018)

### **Key takeaway 5: Youth are not 'choosy' about jobs**

Youth unemployment is often attributed to them being 'choosy' and wanting high-paying jobs. The SWTS results argue that young women and men should not be considered choosy when most in unskilled and low-skilled jobs are 'over-educated', their current jobs are not related to their level or field of education and their current jobs are often not their preferred jobs. High income ranks fourth in the youth list of the most important characteristic of a job. They prioritise work-life balance and a secure and interesting job above high income as the most important characteristic of a job.

#### **Policy implications and options:**

- » Correct the misperception that young people are unemployed because they are 'choosy about jobs'. Strengthen the role of the Department of Statistics Malaysia (DOS) and the Institute for Labour Market Information and Analysis (ILMIA) to make widely available relevant, up-to-date labour market and business-related information (not only on the traditional indicators but the new forms of work);
- » Strengthen the labour market information system, including improving career guidance and job search counselling. Most students currently say that they make their own educational choices with advice mainly from parents who may not have realistic, up-to-date information about employment opportunities and employability. Trained guidance counsellors armed with accurate information can reach young people at a stage in their lives when critical decisions are made. Review the relevance of current psychometric tests in profiling young people for the rapidly changing world of work;
- » Encourage job fairs and other innovative events to raise youth awareness of job opportunities and connect employers and young people; and
- » Employers may have greater success attracting and retaining the kinds of workers and talents they need by improving working conditions and the work environment so that there is better work-life balance (for example, through flexible work arrangements) and making job prospects interesting (by offering workers opportunities to be creative and use their skills and abilities or to be engaged in different duties, projects and assignments).

### **Key takeaway 6: Youth want migrant and expatriate jobs**

The common argument is that employers need migrant workers because Malaysian youth do not want their jobs. The SWTS asked youth for their views about low-skilled migrant and high-skilled expatriate workers in the Malaysian labour market. Youth believe these foreign workers threaten their job opportunities. They clearly want the expatriate jobs, and when they do not want the migrant jobs, it is because these are '3D' jobs offering low pay.

#### **Policy implications and options:**

##### **» Review the country's cheap labour policy**

A review of the country's cheap labour policy is fundamental for the country to tackle its migrant workers issues while improving jobs and incomes for young Malaysians and reducing the lure of 3D jobs in Singapore. The review would also help to address the impact and implications of the policy on the country's productivity and growth. It has often been pointed out that the country's adoption of technology and productivity growth and achievement of high-income status have been constrained by its continued reliance on a cheap labour policy.

**Text Box 7.20: Why are Malaysians doing '3D' jobs in Singapore?**

Much has been said about the reluctance of local workers in undertaking 'dirty, dangerous and difficult' (3D) jobs. While cultural factors and the inherent nature of the work do play a role in deterring local involvement, it may also be argued that it is partly due to local wage conditions. Of the approximate 200,000 daily commuters from Malaysia to Singapore, it was found that 40% were working in mid- to low-skilled jobs, motivated mainly by higher wages. This includes occupations that are often avoided in Malaysia such as plant and machine operators and assemblers, cleaners and labourers. In other words, at a more attractive level of wages, Malaysian workers would not shun 3D jobs. While this is a limited example, it does suggest that current wages in Malaysia may be too low to attract local workers. Employers may also be reluctant to increase them due to the presence and abundance of cheaper alternatives. In the same vein, so long as blue-collar wages continue to face downward pressures, employers will not be hard pressed to adopt productivity-enhancing measures. Consequently, Malaysia risks being trapped in a low-wage, low-skill conundrum.

Direct excerpt from Ang et al. (2018)

**Key takeaway 7: Youth lack entrepreneurship skills**

Youth entrepreneurship is often touted as a solution to the youth unemployment problem. The SWTS found that young people would rather be employees working for others than starting their own business<sup>161</sup>. Only 35% of young workers and 20% of job seekers indicated a preference for creating their own jobs by starting a business. Furthermore, they do not recognise the importance of entrepreneurship skills, whether to start and sustain business or to succeed in the gig economy. They are not aware of the incentives and supports for SMEs, and very few young entrepreneurs reported receiving government assistance.

**Policy implications and options:**

**» Promote programmes for sustainable entrepreneurship development**

First and foremost, it is essential to promote the value of entrepreneurship among young people. For example, many countries have successfully adopted the ILO's Know about Business (KAB) and the Start and Improve Your Business (SIYB) Programmes.

The most important lesson learned from entrepreneurship programmes is that training alone is inadequate; what is needed is an effective and consistent range of supports for sustainable entrepreneurship, including access to funding, information and markets; continuous mentoring support; business development services and supportive national and local regulations. In the national context, the support of organisations such as the Entrepreneurs' Organization of Malaysia, National Association of Women Entrepreneurs of Malaysia, Malaysian Association of ASEAN Young Entrepreneurs and Young Entrepreneur Organization Malaysia can be tapped into for networks, mentorships and advocacy to improve the ecosystem for young entrepreneurs.

<sup>161</sup> See also Xavier et al. (2015, p.45) and the annual GEM Global Reports for more detailed analysis of the situation of entrepreneurship in Malaysia and suggestions for promoting entrepreneurship.



**Text Box 7.21: ILO's Know About Business (KAB)**

The ILO's **Know About Business (KAB)** programme is a training methodology to create awareness about entrepreneurship among youth. It has been in use since the 1990s in some 50 countries and successfully mainstreamed into national policies of 18 countries. The KAB aims to strengthen the capacity not just of youth but also governments and the social partners, mainly to:

- Develop positive attitudes towards sustainable enterprises, self-employment and social entrepreneurship;
- Create awareness about working in enterprises and about self-employment as a career option for young people;
- Provide knowledge about the desirable attributes for starting and operating a successful enterprise;
- Prepare students to become better employees through improved understanding of business and stronger positive and adaptive behavioural attitudes;
- Create a responsible, enterprising culture among youth—the entrepreneurs of tomorrow;
- Encourage qualities such as initiative, innovation, creativity and risk taking among youth. Increase young peoples' understanding of the role they can have in shaping their own future, as well as that of their country, by being entrepreneurs; and
- Strengthen skills—how to apply professional skills to the realities of new jobs.

The strengths of the KAB are:

- Interactive, learner-centred, and participatory methodology of teaching and materials;
- Step-by-step training for teachers/trainers/professors;
- Adaptability to requirements of national curricula;
- Can quickly achieve scale and sustainability, being implemented through national educational structures;
- Transfer of re-training potential to national constituents through building core groups of KAB Key Facilitators inside the education system (often at training of trainers institutes); and
- KAB methodology updated every two years.

Direct excerpt from the ILO website (n.d.-d)

**Text Box 7.22: ILO's Start and Improve Your Business (SIYB)**

**Start and Improve Your Business (SIYB)** is a management training programme with a focus on starting and improving small businesses as a strategy for creating more and better employment for women and men, particularly in developing economies. The programme is composed of a set of inter-related training packages and supporting materials for different levels of business maturity from starting to growing enterprises. It is implemented through a three-tier structure comprising Master Trainers, Trainers, and entrepreneur-level end beneficiaries. This provides a means to assure quality and to reach scale through a multiplier effect and explains why SIYB is one of the world's largest programmes in this field.

Practical guidance is available for rolling out each of the steps of SIYB implementation at country level: assessing the market for SIYB, selecting partner organisations, developing Trainers and Master Trainers, accessing and adapting materials, rolling out training at the entrepreneur level, monitoring and evaluation, and planning for sustainability.

Direct excerpt from ILO (2014)

### Text Box 7.23: Supporting youth entrepreneurship

A diagnosis of youth employment challenges in G20 countries came up with a guide on **Avoiding a Lost Generation: Ten Key Recommendations to Support Youth Entrepreneurship across the G20**. These recommendations and the key mechanisms are:

- Capital without mentorship is lost capital: Create funding mechanisms, either government run or government backed, that make mentorship and financial education a condition of funding;
- Access to alternative funding is critical: Create strong relationships and provide incentives with venture capitalists, incubators and business angels to develop or create initiatives that enable alternative sources of capital;
- Public funding matters: Sponsor start-up growth with low-cost funding for targeted groups, in particular for youth who are in the start-up phase and need finance;
- Entrepreneurs still need banks to keep credit moving: Create a new class of loans for small businesses and young entrepreneurial firms that offers targeted funding to meet expansion capital needs;
- Targeted tax and business incentives are highly important to support young entrepreneurs in scaling their businesses: Encourage investment in start-ups by offering tax benefits;
- Support global mobility for young entrepreneurs: Encourage top international talent by changing visa rules and offering funding support;
- Complex and burdensome rules in areas such as tax hold back young entrepreneurs: Simplify and streamline tax administration to ease administrative burdens on young entrepreneurs;
- Positive mainstream views about entrepreneurship are needed to attract young people: Create a positive narrative around entrepreneurship to help engage young people from an early age;
- Encourage a national, regional and local culture of entrepreneurship: Encourage and foster hubs, incubators, accelerators and networks to bring relevant talent together; and
- For many of the recommendations and actions to have sustainable impact they need to work as part of a regional ecosystem, and within a regional ecosystem framework that fosters and attracts a critical mass of talent, capital and most importantly entrepreneurial leaders: Create the foundation for a regional entrepreneurial ecosystem to flourish<sup>162</sup>.

Direct excerpt from EY and G20 YEA (2014)

### » Take into account the specific constraints that youth face in establishing sustainable enterprises

Efforts to promote youth entrepreneurship need to take into account not only the problems youth share in common with adults in small business development, such as a lack of business acumen and management skills, but also their specific youth constraints. The main youth constraints include limited business networks and contacts, fewer relevant role models and lack of financial/credit record. Young men and women may also suffer age and gender discrimination in not being taken seriously by customers, clients and financial institutions. To compensate for the lack of experience and weak business networks, mentorship support has been proven to be particularly effective during the first years of business start-ups, since this is when youth enterprises tend to have high failure rates.

<sup>162</sup> In Asia-Pacific region there are already several regional initiatives to promote youth employment. For example, the Asia-Pacific Youth Employment Network (APYouthNet) is an online community of practice which facilitates members to share youth employment information, resources and news. Source: APYouthNet (n.d.) The Regional Cooperation Platform for Vocational Teacher Education (<http://www.tvet-online.asia>) enables universities and other similarly important institutions in the region involved in the education of vocational teachers to cooperate in a process of regionalisation that will significantly support and improve the education of vocational school teachers.



**Text Box 7.24: Mentoring young entrepreneurs**

Two well-known networks with successful mentorship programmes are **Youth Business International (YBI)** and the **Young Entrepreneurs Mentoring Partnership (YEMP)**.

Mentoring is a key component of the integrated package of financial and non-financial support services that members of YBI provide to young entrepreneurs. Over the past nine years, YBI has supported 41-member organisations around the world to start, build or strengthen mentoring programmes for young entrepreneurs.

The primary activity of YEMP is to pair young people in developing nations with experienced volunteer mentors who are on hand to guide them through the challenging early stages of establishing a new enterprise. The mentors are experienced business and civic leaders in the United States who understand the importance of mentoring a new generation of leaders and are eager to transfer their entrepreneurial know-how to college-aged enterprising youth worldwide.

Mentoring is a key component in youth entrepreneurship support by:

- Encouraging, guiding, and emotionally supporting young adults as they start new enterprises;
- Imparting basic business know-how;
- Providing models of business transparency, sound accounting and democratic values;
- Exposing students to online educational opportunities; and
- Teaching mentees how to effectively use web-based resources, cloud tools, e-commerce, and social marketing

Direct excerpt from YBI (n.d.) and YEMP (n.d.)

» **Ensure that the services offered by SME Corp Malaysia and other government agencies pro-actively reach young people.**

The SWTS finding that young people are not aware of the incentives and supports for SMEs available in Malaysia and that very few have received any kind of support clearly needs to be addressed. The country already has a range of incentives and supports to achieve the aims of the 2012 – 2020 SME Masterplan. Financial incentives come in the form of market development grants, conventional loans, venture capital funding, or tax incentives while non-financial incentives include physical infrastructure, information and training provided by various government agencies or trade associations. SME Corporation Malaysia (SME Corp. Malaysia) is a Central Coordinating Agency under the Ministry of International Trade and Industry Malaysia that formulates overall policies and strategies for Small and Medium Enterprises (SMEs) and coordinates the implementation of SME development programmes across all related Ministries and Agencies.

To promote youth entrepreneurship, SME Corp. Malaysia and other government agencies need to pro-actively take into account the specific constraints young potential entrepreneurs face and implement targeted measures to reach out to them.

## Key takeaway 8: Mismatch of job search and recruitment methods

The SWTS found that while employers use online advertisements and informal networks to recruit the workers they need, young women and men look for jobs through public employment services, job fairs or open interviews. Informal recruitment channels can have cost-saving advantages but penalise poor, disadvantaged job seekers who have limited social networks. The mismatch of job search and recruitment methods clearly affects the smooth functioning of the labour market.

### Policy implications and options:

#### » Enhance the role of employment services, both public and private

Effectively managed employment services can play important roles in both anticipating and matching supply and demand for labour and skills and making the connection between young people and employers more efficient and systematic.

#### Text Box 7.25: The role of public employment services

**Public employment services (PES)** are usually part of ministries of labour or operate as separate executive agencies. They plan and execute many of the active, and sometimes passive, labour market policies used to help workers enter the labour market, to facilitate labour market adjustments, and to cushion the impact of economic transitions. To do this, PES typically provide labour market information, offer job-search assistance and placement services, administer unemployment insurance benefits and manage various labour market programmes. They must provide these services to both jobseekers and enterprises. Private employment agencies (PrEA) also contribute to better-functioning labour markets, acting either as temporary work agencies or recruitment and placement services. Employment services increasingly provide a range of services at one-stop facilities. Many are expanding their use of multiple channels for service delivery, both to increase cost-efficiency and to more effectively reach job seekers and employers, they make increasing use of digital technology to provide relevant information and facilitate job search and job matching processes; an example is provided below:

**China Employment Network (CEN)** is a government portal for employment services and training under the Ministry of Human Resources and Social Security (<http://www.chinajob.gov.cn/>). The homepage shows 13 channels and the content is sorted and labelled in four main domains:

Employment	Training
Users can find information on:	Users can find information on:
<ul style="list-style-type: none"> <li>• policies and regulations (employment promotion law   central   local)</li> <li>• public employment services</li> <li>• business to promote employment</li> <li>• job vacancies</li> <li>• employment of college graduates</li> <li>• employment assistance</li> <li>• job transfer of rural labour personnel</li> <li>• employment for personnel overseas and Taiwan, Hong Kong and Macao</li> </ul>	<ul style="list-style-type: none"> <li>• entrepreneurship training</li> <li>• highly-skilled craft institutions</li> <li>• pre-employment training</li> <li>• school-enterprise cooperation</li> <li>• occupational skills standards</li> <li>• new career guidance</li> <li>• identification of quality assessment</li> <li>• national exams</li> <li>• skills competition commendation</li> </ul>

<b>Comprehensive information</b> Users can find information on: <ul style="list-style-type: none"><li>• quarterly conference</li><li>• authoritative guidance</li><li>• expert perspectives</li><li>• national wage levels reference</li><li>• pension insurance</li><li>• medical insurance</li><li>• unemployment insurance</li><li>• online reading</li><li>• recommended online showrooms</li></ul>	<b>Region</b> Users can find information on: <ul style="list-style-type: none"><li>• employment matters in major cities of China such as Beijing, Tianjin, Hebei, Shanxi and Liaoning Shanghai, Jiangsu and Zhejiang, Anhui, Fujian, Shandong, Henan and Hainan Chongqing, Qinghai and Ningxia Hong Kong, Macau.</li></ul>
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Direct excerpt from ETF, Cedefop and ILO (2015)

**Text Box 7.26: Jobs Saturday in Benin**

In Benin, the occupation choice of many young people is strongly influenced by the cultural context and family expectations rather than driven by professional advice and labour market information. This has been identified as one of the factors contributing to an increasing gap between available qualifications and skills and demand from employers.

The **National Employment Agency of Benin** has adopted a forward-looking approach to influence the career choices of young people; and improve alignment between the skills acquired through education and future occupation requirements. The initiative is a collaborative model that organises expertise on career advice and job counselling by inviting participation from employers and professionals in those sectors experiencing difficulties in recruiting skilled workers. Exhibitions are organised with stands provided for workers from the targeted sectors, training centres and government agencies supporting entrepreneurship. Executive professionals from those sector enterprises and institutions chair round table sessions and panel discussions. The employment agency organises the event and provides guidance and individual counselling both on site and at the employment office. It also assesses the number of visitors, type of assistance provided, challenges identified and feedback from employers.

The key successes of these events lie in the expanded access to labour market information and direct contact between jobseekers, potential employers and training institutions. Some key challenges remain, however, including the quality of training and education provided and the level of integration between the employment services, education programmes and workforce development.

Direct excerpt from ETF, Cedefop and ILO (2015)

» **Ensure that employment services are available where they are most needed**

Lessons learned have emphasised that it is crucial to make employment services available where they are most needed. Strengthening the outreach of employment services would benefit youth in disadvantaged, rural areas and East Malaysia where internet penetration is low and communication with cities is limited. Particularly in rural areas, it is very useful to integrate services and encourage co-location of service providers to make the delivery of employment support from small centres more economically viable and more joined-up for the clients (one-stop shops).

### Text Box 7.27: Partnerships to deliver employment services

Some countries, such as Turkey, Mexico, Argentina and Russia adopt a decentralised approach where employment services focus on delivering services to jobseekers in large urban areas and use partnership arrangements with other stakeholders to deliver services in smaller remote communities and rural areas. These partners include local governments at the provincial, municipal and county levels, NGOs, and private agencies. In China, the network of public employment services supports rural migrant workers in securing decent jobs in cities.

Direct excerpt from OECD (2015)

### Text Box 7.28: Extending employment services to rural areas

The **Rural Employability Project (REP)**, a project supported by the Northumberland County Council in the United Kingdom, aims to identify a critical mass of clients in rural areas who may have formerly been hidden from the statistics, and then to influence and challenge training providers and mainstream services to address the demand for employment and skills support. Two local pilots have been in operation. Staff at the local Development Trust have been trained to assist local people with CVs and online job search, and to signpost to other agencies, including mainstream services. The core teams are supported by ‘expert’ wider management teams from the employability field, an arrangement that reflects and promote Northumberland’s commitment to partnership working in addressing worklessness and employability issues in the county.

The Development Trust staff are well known within their own communities and local residents are willing to come in and chat about employment and skill needs. Demand has exceeded expectations and feedback shows that employers want to deal locally. To assist in its employment agenda, the REP successfully piloted the use of digital photo screens placed in shops, post offices, and cafes in remote areas; along with an electronic noticeboard in the main street to advertise local jobs and training opportunities. The REP service has grown organically and is now an established employability brokerage hub. A direct spin off was the creation of a local learning partnership. This brought in new partners, such as the middle schools. Training courses are delivered locally for the first time. Another spin off is a drop-in service for individuals seeking jobs or business start-up. The rural employability model which emerged from the project is currently being replicated and tested in other parts of the county.

Direct excerpt from IDEa (2010)

## Key takeaway 9: Youth are going into informal and ‘non-standard’ employment

Gig work, freelance work sourced online from transaction platforms, crowd work are all rapidly expanding. The survey found that youth are optimistic about increasing job opportunities linked to the Internet of Things (IoT). It also confirmed that gig work offers flexible job opportunities but with limited access to labour and social protection and also work-related stress arising from job insecurity and unstable incomes. The SWTS identified significant numbers of young workers in such non-standard employment and also informal own-account workers and contributing family workers with poor earnings, low productivity and difficult working conditions.

## Policy implications and options:

### » Make work-related benefits and legal obligations portable by linking directly to the worker rather than an employer.

Establishing a portable social security account for non-standard workers is a start<sup>163</sup>. The i-Saraan, previously known as 1Malaysia Retirement Savings Scheme (SP1M), under the Employee's Provident Fund is intended to target those in the gig economy. But such a retirement scheme will not provide basic income security for young workers in non-standard employment struggling with unsteady and uncertain income. For young people struggling for their start in life the concern may be less for the future than for now. Besides basic income security, there should be provisions for health and accident insurance. For example, extending the coverage of SOCSO could make the system more flexible with regard to contributions and qualification for benefits. It is worth pointing out that the SWTS found that the majority of young workers are not protected by any social security system.

### » Review labour legislation to improve the employment status and coverage of workers in non-standard employment and amend legislation for appropriate coverage

The major issue for workers in non-standard or informal employment is that they are not covered by labour legislation. The aims of addressing the gaps in labour legislation would be “to extend to such workers, protections that are enjoyed by workers in ‘standard’ arrangements as well as to better align the protections available through different employment arrangements. This helps to support equality of treatment, fairer working conditions and inclusive labour market practices in favour of workers in non-standard employment. In addition, they prevent abuses in these arrangements by mitigating incentives for their inappropriate use as simply a cheaper alternative to standard employment, as well as ensuring a level playing field, based on fair and sound competition between enterprises. To this end, greater efforts are needed to address disguised employment relationships, including multi-party employment arrangements, constructed with the express purpose of evading labour protection”<sup>164</sup>.

#### Text Box 7.29: Extending labour protection

In 2014, **South Africa** amended its Labour Relations Act to provide that fixed-term employees employed for more than three months must not be treated less favourably than an employee employed on a permanent basis who performs the same or similar work, unless there is a justifiable reason for different treatment.

In Asia, the **Republic of Korea** was concerned about the status of its temporary and part-time workers, where it was found that non-standard workers earned significantly less than their standard counterparts. In response, the Act on the Protection of Fixed-Term and Part-Time Employees, introduced in 2006 and strengthened in recent years, prohibits discrimination against fixed-term or part-time workers on the grounds of their employment status. **Japan** also amended its Labour Contract Act in 2012, to prohibit ‘unreasonable working conditions resulting from the difference in work period of a fixed-term employee compared to an undetermined-term employee’.

Direct excerpt from ILO (2016)

163 Behrendt and Nguyen (2018)

164 ILO (2016, p. 250). See also Mulcahy (2018)

## » Provide supports for youth in internet-related work and the digital future

The range of job opportunities linked to the Internet of Things (IoT) is ever growing. Young people interviewed in the SWTS see increasing opportunities. In addition to appropriate skills training<sup>165</sup>, adequate support facilities, including good digital infrastructure and coworking spaces, are essential. The National Internet of Things (IoT) Strategic Roadmap which was announced in 2015<sup>166</sup> and the Malaysia Internet-of-Things Association (<http://www.my-iot.org/>) can give specific attention to supporting and providing opportunities for young people who are digital technology savvy but face various constraints in using their knowledge in successful start-ups or employment opportunities.

### Text Box 7.30: Tech in Asia

**Tech in Asia** is a media, events and jobs platform on a mission to build and serve Asia's tech and start-up community. Members share information and experiences, such as on factors that make or break a start-up, successes and failures selling online, new types of ventures. It facilitates search for tech jobs and talents, bringing together job seekers and employers. It bridges the connection gap by bringing together Asia's tech communities, including through organising offline events.

Direct excerpt from Tech in Asia (2018)

### Text Box 7.31: Promoting digital adoption

Lessons drawn from the recent experiences of 'frontrunner' economies on **digital adoption** highlight **some immediate policy priorities for Malaysia**. Firstly, the education system must emphasise lifelong learning, stimulate more interest in STEM degrees and make ICT literacy skills mandatory (e.g. computational math, robotics, peer-to-peer learning). For instance, the Thomas Jefferson High School for Science and Technology in the US has research labs with experienced computer scientists across all subject areas (e.g. astrophysics and oceanic).

As the skills requirements change, government policy and firms must incentivise upskilling by providing and rewarding skills upgrade via Massive Open Online Courses. A coordinated national framework to continuously upskill the workforce, as adopted by Singapore's Skills Future Programme, will help at-risk workers be redeployed. Secondly, a universal digital infrastructure is needed to encourage more digital adoption and participation. This infrastructure consists of high-speed network connectivity, a digital ID, an efficient digital payment network and open data systems. These building blocks allow secure digital identification and authentication for digital services delivery (including legal services to transfer property, telemedicine and financial services). This will reduce costs of services delivery. A notable case study is Estonia, through its public and private sector partnership to develop the 'X-Road Initiative'.

Direct excerpt from Kylasapathy et al. (2018)

165 Refer back to the box on SkillFuture for an example of how Singapore is promoting skills to adjust to rapid technological changes.

166 MOSTI and MIMOS (2015).

**Text Box 7.32: The advantages of coworking spaces**

Many advantages of coworking spaces have been identified, among them:

- Separating work from home where there is no real accountability and it is easy to be distracted;
- Enhancing effectiveness due to the energy and mindset adjustment that is generated by the interaction and accountability a coworking environment creates;
- Avoiding loneliness and getting inspired from like-minded people; working alone can be isolating;
- Creating a network that will connect you with the most relevant people for your business, from potential clients, suppliers or even business partners;
- Reducing costs of renting an office and adding flexibility;
- Accessible expert help when needed;
- Educational opportunities and events—many coworking spaces are organising such events; and
- Building a team.

Direct excerpt from BecomeNomad (n.d.)

» **Encourage young workers to organise**

The SWTS found that young people currently do not belong to organisations. Encouraging them to organise or join youth organisations, trade unions, producer groups, cooperatives, forums, would enable them to have a collective voice to express their concerns and needs and more effectively dialogue with employers, clients and the authorities, and also to improve their access to technology, information, networks and markets.

**Key takeaway 10: Inequalities persist among youth**

The SWTS confirmed that the ‘lost boys’ in the education system have long been a problem while girls continue to face constraints and discrimination in the labour market. Rural-urban and ethnic differentials persist; and those from poor family backgrounds are disadvantaged in education and job search. Another at-risk and growing group comprises the NEETS (inactive youth who are not in education or the labour market; the term is now commonly used to capture disengagement and social exclusion, as well as levels of unemployment among young people). The longer young people stay out of touch with the labour market, the more difficult and costly to encourage a return to productive employment.

**Policy implications and options:**

» **Gender-sensitive Active Labour Market Policies (ALMPs) can effectively target disadvantaged or vulnerable groups**

The most prominent ALMPs are the employability training programmes, the 1Malaysia Training Scheme (SL1M) and the Graduate Employability Management Scheme (GEMS) in particular—they should be evaluated for their coverage (they currently cover only university graduates), impact, sustainability and relative costs and benefits; and alternatives considered that may be more inclusive, cost effective and reach larger numbers.

Many countries are using technology to enhance the effectiveness, efficiency and coverage of ALMPs to help ensure that specific groups of young people do not get left behind.



**Text Box 7.33: Using technology to enhance Active Labour Market Policies**

The use of technology in ALMPs can better diagnose the needs of young people and improve targeting and profiling by using biometric and spatial data as well as real-time labour market information. They can also improve such services as matching and counselling by complementing face-to-face interviews with online interactions. In addition, they can use new technology to improve programme monitoring and coordination with other service providers. This should help tackle both employment and labour market participation barriers in an integrated manner. The relatively low cost of ICT-based intermediation services allows developing countries to provide services to a wider audience than ever before. The challenge, however, is the low rates of Internet penetration.

As part of a multi-channel strategy to deliver employment services, many emerging and developing countries, such as India, have launched online job portals. Developed countries have adapted their services to provide a combination of online and one-on-one services according to the unemployment spell, such as in the Netherlands. ALMPs are also reaching out to youth through apps developed and maintained by public employment services. Belgium, for example, now has several options: ‘Mycoach’ offers online coaching on job applications; ‘Mentor’ matches school-leavers with professional mentors; ‘Mirror’ is a collection of mini apps providing insights on mobility and competitiveness.

Direct excerpt from ILO (2017-a, p.83)

The need for gender-sensitivity in programmes, laws and regulations cannot be over-emphasised. On the one hand is the challenge of the ‘lost boys’. Current employability programmes tend to target only university graduates. What is needed is to understand why boys are dropping out of the educational system and are less academically inclined, and to develop programmes to reach out to those who did not reach university level. Such programmes likely need to be community-based and offer practical skills training rather than an academic focus. Mentoring support would also be needed.

On the other hand, the SWTS highlighted that girls outnumber and outperform boys at every level of education, yet they continue to face constraints and discrimination in the labour market. For example, a recent paper reviewed Malaysian laws and regulations and provided evidence to indicate that there is a lack of gender sensitivity and limited recognition of the rights of women workers, and called for an urgent review of these laws<sup>167</sup>. Business and civil society groups also have a role to play. For example, the National Association of Women Entrepreneurs of Malaysia (NAWEM) could provide mentoring support to young women attempting to start out in business<sup>168</sup>.

167 Raja and Devadason (2017)

168 See NAWEM (n.d.)



» ‘Preventive’ and ‘reintegration’ strategies targeted at NEET young people (these strategies could also apply to addressing the ‘lost boys’ problem)

“Preventive strategies are early interventions designed to reduce the likelihood of drop-out at a later stage. ‘At risk’ young people are identified on the basis of their neighbourhood, school, family background etc. Reintegration strategies are targeted at those who have already dropped out of the education and training system. The distinction between ‘preventive’ and ‘reintegration’ strategies is important in deciding when and where mechanisms for establishing risk factors are introduced. Prevention points to the need for predominantly school-based data to be collected and analysed at an early stage in a young person’s experience in the education system, whereas reintegration is likely to require the input of a range of agencies and takes place once an individual has fallen out of the system”<sup>169</sup>.

**Text Box 7.34: Prevention and re-integration measures**

While certain characteristics, such as poor educational performance, disaffection with education and low socio-economic status, are more prevalent, many young people who are NEET have average levels of attainment, live at home supported by their family and, as such, can become ‘invisible’ Policy interventions tend to be focused on the most marginalised and vulnerable groups, while mainstream groups often operate under the radar of policy intervention until their status triggers entitlement to social security and associated benefits. Rising numbers of young people whose destinations are ‘unknown’, rather than NEET, may constitute an emerging underclass. The spectre of an emerging underclass, which is distinct from the NEET group, and does not attract interventions, due to their lack of any policy identity, cannot be discounted. Therefore, effective tracking systems are essential for the targeting of policy interventions.

**Preventive interventions targeted at NEET young people (and the ‘lost boys’)** which have been shown to be successful include:

- Investment in good quality Early Childhood Education and Care to reduce the propensity of early school leaving/NEET status;
- Identifying, targeting and supporting ‘at risk’ students including through intensive mentoring support;
- Offering financial support to those from lower income households and other vulnerable groups can encourage and sustain their participation in learning;
- Within schools, the introduction of alternative curricula, the provision of more vocational and technical education and working in partnership with other organisations, such as specialist technical colleges, charity/voluntary sector and employer organisations to support delivery can combat the propensity for early leaving;
- Identifying the triggers of disengagement from school; and
- Raising the participation age at which young people can leave education or training.

In terms of **specific re-integration measures**, outreach services and community-based participation have been shown to be successful but resource intensive. At the same time, young people who are NEET need financial support mechanisms, intensive support (from trained advisers) and tailored education, employment and training solutions to achieve long-term, sustainable outcomes.

Direct excerpt from Maguire (2013)

169 Maguire (2013, p.3)

## **Key takeaway 11: Employers play a limited role in enhancing youth employability**

It is not just education and training institutions that are responsible for efforts to improve employability; employers have key roles to play. However, almost three-quarters of all enterprises surveyed do not have training budgets; their participation in employability training programmes for youth is very low; and they have limited interaction with education and training institutions to share their views on what and how students should be learning to enhance their employability. It is only in the area of work-based training that at least a quarter of all employers reported providing internships, apprenticeships and on-the-job training for young people.

### **Policy implications and options:**

#### **» Encourage employers' organisations and chambers of commerce to make the business case to their members on their role in promoting youth employability**

Rather than just saying that young graduates are 'unemployable', employers need to be aware of why it is important and what they can do to invest in and engage with young people to create their workforce skills and talents for productivity and competitiveness.

#### **» Strengthen the interactions between employers and education and training institutions**

Employers and their organisations have central roles to play in the identification and subsequent design and implementation of the appropriate education, training and general skills requirements for the job market. Some tried and tested measures include:

- Employers serving on school/university boards and advisory committees;
- Directly assisting vocational education by providing instruction on special skills and access to machinery and the technical resources necessary for modern and relevant training. This is especially relevant for instruction on hi-tech machinery, which only employers may have access to; and
- Importantly, providing work-based training. Successful schemes normally involve close interactions where employers provide on-the-job training as part of or in addition to the formal training system; where the government provides various incentives and supports; and where there is a close alliance (industry-school partnership arrangements) between companies and training institutions.

#### **» Educate both sides about each other**

The SWTS found several misperceptions that, on the one hand, employers have of young people and, on the other hand, youth have of what employers want. Companies can provide young people with internships or apprenticeships to familiarize them with the world of work and at the same time assess their suitability for future recruitment. Other useful measures include the involvement of employers in initiatives related to career guidance for youth, such as:

- Visiting individual schools for career days and providing information about specific occupations;
- Taking part in job fairs or recruitment drives;
- Forging strategic linkages with guidance counsellors to create a mutual flow of information, as well as a shared understanding of priorities; and
- Recognizing that young people are digital savvy and making available web-based information such as on current and predicted skills requirements.

## » Encourage and support youth entrepreneurship

To address the current problem that young men and women lack entrepreneurship skills and are less interested in setting up their own business, employers can, for example:

- Establish networks for young entrepreneurs to help them set up their business and find business partners;
- Identify suitable mentors within a network and match them with young people to advise on business plans, help access financial services and provide ongoing support;
- Sponsor youth business start-up programmes that reward innovation by young people and at the same time promote a positive image of sponsoring companies. Such sponsorships can help employers develop good working relationships with different stakeholders and get in touch with new emerging companies; and
- Help young entrepreneurs have a voice. Employers are more likely to be able to participate in policy-making or to lobby government on the needs of emerging business people.

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## THE SURVEY METHODOLOGY

This section elaborates SWTS sampling design and survey methodology. Unlike other SWTS projects<sup>1</sup> that utilise a household-based methodology, the SWTS for young Malaysians used five different methodologies for the five different components. With assistance from DOS, the survey utilised a probability sampling method for in-school youth, youth in tertiary education and employer. Due to lack of information and data, a non-probability sampling was adopted for young workers and job seekers.

### The sample

#### In-school youth

The target population of the survey is upper secondary youth in both public and private schools, i.e. Those who are in form 5 and upper 6 (or equivalent level of education) in 2017. The in-school youth in the sampling frame was based on the database provided by the Ministry of Education (MOE). There are four main types of school covered in the sample were:

- National schools that include daily national schools (SMK), fully residential school (SBP), MARA Junior College and form 6 colleges;
- Technical and vocational secondary schools and colleges;
- Religious secondary schools include Islamic national secondary schools and Islamic government-aided secondary schools; and
- International and private secondary schools include Chinese private high schools and international secondary schools.

The sampling frame was also classified into urban and rural areas. A two-stage stratified sampling design was adopted for the in-school component. The levels of stratification were as below:

- Primary strata : 16 states include federal territories in Malaysia; and
- Secondary strata : the locality of schools (urban and rural).

All schools within each school type canvassed. A total of 20 respondents conveniently enumerated in each selected school during the survey fieldwork period from October to November 2017. Total sample size for youth in upper secondary education was 7,680 from 376 schools. A total of 7,026 respondents from 350 schools participated in the survey. In overall, the total response rate obtained for the in-school component was 93.1%. The distribution of respondents are as follows:

1 For example, Moldova, Palestine and Ukraine. Refer Ganta and Shamchiyeva (2016), Libanova et al. (2016) and Sadeq (2016).

**Table 1: Distribution of the respondents for in-school youth by state and strata**

State	Total schools	Strata		Total respondents
		Urban	Rural	
Johor	23	300	158	458
Kedah	27	220	320	540
Kelantan	23	163	268	431
Melaka	20	391	0	391
Negeri Sembilan	23	222	217	439
Pahang	27	320	168	488
Penang	25	297	211	508
Perak	22	221	240	461
Perlis	16	240	140	380
Selangor	27	305	192	497
Terengganu	26	270	240	510
Sabah	29	225	345	570
Sarawak	25	264	244	508
Kuala Lumpur	16	306	0	306
Labuan	9	290	0	290
Putrajaya	12	249	0	249
<b>Total</b>	<b>350</b>	<b>4,283</b>	<b>2,743</b>	<b>7,026</b>

Source: KRI (2018)

## Youth in tertiary education

The sampling frame utilised for youth in tertiary education component was based on the 2017 students' enrolment database provided by the MOE and the MOHE. The database covered youth in tertiary education old who were enrolled in the types of institutions listed below:

- Public and private universities;
- Technical colleges (including polytechnics and community colleges);
- Institute of Teacher Education (IPG);
- Matriculations; and
- Colleges and university colleges (including overseas branch colleges).

A two-stage stratified sampling design was adopted and the levels of stratification are as follows:

- Primary strata: types of institutions (public and private); and
- Secondary strata: categories of institutions (public universities, Institutes for Teachers Education, matriculation colleges, polytechnics, community colleges, private universities, university colleges, overseas colleges branches and colleges).

All institutions selected within different types of tertiary institutions were canvassed. The sample units were selected systematically with equal probability within each level of the sampling design at the secondary strata level. A total of 30 respondents for each selected university was conveniently enumerated. Total sample size for youth in tertiary education component was 3,840 from 128 tertiary institutions in Malaysia.

The fieldwork survey managed to collect a total of 3,572 respondents from 127 tertiary institutions. Overall, the total response rate for youth in tertiary education component was 99.2%. The distribution of respondents was as follows:



**Table 2: Distribution of the respondents for youth in tertiary education by types and categories of institution**

Type and category of institution	Number of selected institutions	Number of selected respondents
Public Universities	45	1,323
Institutes for Teachers Education	2	60
Matriculations Colleges	3	90
Polytechnics	11	329
Community Colleges	3	90
<b>Public Institutions</b>	<b>64</b>	<b>1,892</b>
Private Universities	36	933
University Colleges	8	240
Overseas College Branches	3	90
Colleges	16	417
<b>Private Institutions</b>	<b>63</b>	<b>1,680</b>
<b>Total</b>	<b>127</b>	<b>3,572</b>

Source: KRI (2018)

## Young job seekers

Non-probability sampling is applied for young job seekers due to unavailability of its sampling frame. Based on the assistance from the DOS, a convenience sampling was used based on key characteristics of the respondents (i.e. state and locality). A total of 5,696 respondents participated in the survey during the survey fieldwork. Distribution of respondents is as follows:

**Table 3: Distribution of the respondents for young job seekers by state and strata**

State	Strata		Total respondents
	Urban	Rural	
Johor	355	27	382
Kedah	89	289	378
Kelantan	185	209	394
Melaka	365	0	365
Negeri Sembilan	249	122	371
Pahang	206	169	375
Penang	373	0	373
Perak	225	155	380
Perlis	271	60	331
Selangor	340	56	396
Terengganu	263	112	375
Sabah	255	128	383
Sarawak	271	63	334
Kuala Lumpur	376	0	376
Labuan	219	47	266
Putrajaya	217	0	217
<b>Total</b>	<b>4,259</b>	<b>1,437</b>	<b>5,696</b>

Source: KRI (2018)



## Young workers

Similar to the young job seekers component, non-probability sampling is utilised for the young workers component. Convenience sampling was used based on representation of key characteristics of the respondents (i.e. state, locality and employment status). A total of 5,871 respondents participated in the survey during the survey fieldwork. Distribution of respondents is as follows:

**Table 4: Distribution of the respondents for young workers by state and strata**

State	Strata		Total respondents
	Urban	Rural	
Johor	332	43	375
Kedah	225	139	364
Kelantan	189	203	392
Melaka	374	0	374
Negeri Sembilan	233	145	378
Pahang	217	166	383
Penang	361	0	361
Perak	323	51	374
Perlis	187	175	362
Selangor	272	112	384
Terengganu	231	161	392
Sabah	238	173	411
Sarawak	188	124	312
Kuala Lumpur	377	0	377
Labuan	226	40	266
Putrajaya	366	0	366
<b>Total</b>	<b>4,339</b>	<b>1,532</b>	<b>5,871</b>

Source: KRI (2018)

## Employers

The sampling frame for the employers' component is based on the establishment database from the Malaysian Statistical Business Register (MBSR), DOS. The frame consisted of micro, small, medium and large establishments in Malaysia. A two-stage stratified sampling design was utilised for employer component and the level of stratification are as follows:

- Primary strata: size of the enterprise (micro, small, medium and large enterprises)

The sample was allocated proportionally to the secondary strata. One respondent (normally the owner, manager or human resources official) from each listed establishment was interviewed. Sample selection was randomly drawn throughout the establishments listed. A total sample size for employers' component was 3,200 establishments. During the survey fieldwork, a total of 1,620 respondents among the employers in large, small, medium and micro enterprises participated in the survey, amounting to a total response rate of 50.6%. The distribution of respondents is as follows:

**Table 5: Distribution of the respondents for employers by size of enterprise**

Category	Total
Large	32
Medium	81
Small	594
Micro	913
<b>Total</b>	<b>1,620</b>

Source: KRI (2018)

### Weighting of sample data

For analysis that is based on the sampling design, weights are required to ensure the selected samples are able to represent the population of the survey. The required weights are weights at the sampling design level and the weights for non-response:

The weight at the sampling design, DW is as follows:

$$DW_{hj} = \frac{N_{hj}}{n_{hj}}, \quad h = 1, \dots, j = 1, 2, \dots$$

where

$$\begin{aligned} N_{hj} &= \text{total population for secondary strata } h \text{ for strata } j \\ n_{hj} &= \text{total sample for secondary strata } h \text{ for strata } j \end{aligned}$$

The non-response weight, NRW for sub strata  $h$  is as follows:

$$NRW_{hj} = \frac{1}{n'_{hj}/n_{hj}}, \quad h = 1, \dots, j = 1, 2, \dots$$

where

$$\begin{aligned} n'_{hj} &= \text{total weighted sample response for secondary strata } h \text{ and strata } j \\ n_{hj} &= \text{total weighted sample for secondary strata } h \text{ and strata } j \end{aligned}$$

Hence, the calculation for weights of the survey sampling design after the adjusted weight, W is as follows:

$$W_{hj} = DW_{hj} \times NRW_{hj}, \quad h = 1, \dots, j = 1, 2, \dots$$

where

$$\begin{aligned} DW_{hj} &= \text{Sampling design weights at secondary strata } h \text{ and strata } j \\ NRW_{hj} &= \text{Non-response weights at secondary strata } h \text{ and strata } j \end{aligned}$$

Source: Biemer and Lyberg (2003)

Table 6 illustrates actual respondents with corresponding to the total population for the survey. This section provides details on the computation of weight estimates. Categories used to weight data for each survey component are as follows:

- In-school youth by state, strata and type of school;
- Youth in tertiary education by type of institution; and
- Employer by size of enterprise.

**Table 6: Total sample and weight estimation in population**

Component	Total sample	Population
In-school youth	7,026	529,811
Youth in tertiary education	3,572	1,153,709
Employers	1,620	1,183,124

Note: The weighted data is only applicable for probability sampling

## The survey fieldwork

The survey instruments adopted by the ILO were contextualised to Malaysian context through a series of consultations with relevant stakeholders. The SWTS survey was conducted over a span of 5 months starting from November 2017 ending March 2018, with participation peaking in the first three months. The survey period was initially set for three months but was extended due to low participation, especially for the employers' component. A total of 150 enumerators were employed during the survey fieldwork from six universities (the survey implementation teams) engaged. Prior to the actual survey fieldwork, training on the survey fieldwork implementation, ethics and questionnaire structure was held for the survey team leaders.

## The survey implementation teams

KRI worked with teams from six local universities to carry out the survey fieldwork in their respective states and/or region. Each team was responsible for hiring field staff, organising training for survey fieldworkers (enumerators) and entering the data using the SPSS data processing software.

- *Universiti Malaysia Sarawak* (UNIMAS) led by Dr Mohamed Suhaidi Salleh;
- *Universiti Kebangsaan Malaysia* (UKM) led by Assoc Prof Dr Nor Ba'yah Abdul Kadir;
- Kenyir Research Institute of *Universiti Malaysia Terengganu* (UMT) led by Dr Nor Hayati Sa'at;
- *Universiti Utara Malaysia* (UUM) led by Assoc Prof Dr Norehan Abdullah;
- *Universiti Malaysia Sabah* (UMS) led by Dr Norzihan Ayub; and
- Centre for Sustainable Nanomaterials of *Universiti Teknologi Malaysia* (UTM) led by Dr Siti Rahmah Awang.

Assoc Prof Dr Zamalia Mahmud from the Centre of Statistical and Decision Science Studies of *Universiti Teknologi MARA*, Shah Alam (UiTM) led the data coordination team that checked and cleaned the data and provided basic data tabulation.

## Data entry and processing

Checking of the quality of the data was initially carried out during the survey fieldwork. The completed questionnaires were reviewed by the interviewers and verified by the team supervisor. Upon completing the data entry process, the teams were required to submit the raw data to KRI for verification and consistency checking. Any mistakes and inconsistencies detected during the cleaning process were referred back to the relevant teams and corrected. Completed datasets from each team were then submitted to the data coordinator (UiTM team) for final checking and cleaning.

## Survey limitations

Due to different sampling methods:

- Findings from Chapter 2 (in-school youth) are representative of upper secondary students at state level, strata (urban-rural) and by four types of schools, national schools, technical and vocational secondary schools and colleges, religious secondary schools and international/private secondary schools;
- Findings from Chapter 3 (youth in tertiary education) are representative of students by two categories of tertiary institutions, private and public;
- Findings from Chapter 6 (employers) are representative of employers by size of enterprise, micro, small, medium and large; and
- The report recognises over-representations of certain groups of respondents and the findings presented in Chapter 4 (young job seekers) and Chapter 5 (young workers) are limited to surveyed individuals and cannot be generalised to the wider population.

This report does not make any causal claims among variables.

## THE ONLINE SURVEY

The SWTS was administered through fieldwork and an online platform (SurveyMonkey.com). While all five questionnaires were available online, the online platform was primarily administered to cater for young job seekers and workers. Acknowledging that many of the targeted respondents might not be accessible online, it is important to note that the online survey remained a complementary method to the face-to-face data collection.

Statistically, young workers and job seekers differ from the other respondent groups for one particular reason—they lack specified and detailed population information. In other words, unlike the other modules, recent and reliable sampling frames of the targeted sub-populations are not available. Consequently, it was not possible to use probability sampling for the survey. However, the use of non-probability sampling meant that both offline (face-to-face fieldwork) and online survey techniques were possible.

The web-based survey also addresses some of the limitations of non-probability sampling. Without a randomised and representative sample list of young workers and job seekers, survey enumerators have to independently locate the participants. Even with a pre-specified list of desired characteristics (e.g. different ethnicity, sex and education attainment), this heavier reliance on personal judgements or convenience in selecting participants can increase the occurrence of sampling bias. In the project context, the resource-effective web-based survey is relevant not only in increasing the sample size but also in reducing sampling bias.

To reduce sampling bias and widen the survey coverage, several external agencies were engaged. For targeted dissemination, different types of organisations were engaged including alumni associations, public agencies and chambers of commerce. In compliance of the Personal Data Protection Act (PDPA), personal details of prospective respondents (e.g. emails and names) were not provided to KRI. Instead, the agencies disseminated the project landing page (<http://www.krinstitute.org/swts/>) to their relevant members. The hyperlink coupled with a brief introduction to the study was distributed across multiple modes of communication: mobile phone applications, emails and social media. The web link was also posted on the KRI official website and social media platforms.

As the online survey was self-administered, safeguards were put in place to assist participants and minimise easily-avoidable errors. These include:

- Built-in skip patterns—to reduce missing questions or incorrect skip patterns;
- Automatic error messages—to screen out disqualified participants; and
- Disallowing multiple responses from a single browser and device—to prevent duplicate survey responses.

Special attention was also given to ensure the online and offline surveys were as similar as possible. Like the offline survey, participation was voluntary, participants' confidentiality was guaranteed, and no monetary incentives were offered. Similarly, for maximum reach and accurate survey responses, multilingual surveys in Malay and English were also made available. Finally, the survey layout was optimised to be viewed in multiple devices (e.g. personal computers, smartphones and tablets).

The online responses were collected over the span of six months starting from November 2017 ending April 2018, with participation peaking in the first three months. The survey period was initially set to three months but was extended due low participation.

While the online survey coverage was estimated to be up to thousands (as measured by the number of emails sent out and the size of online audiences), the actual survey participation only hovered around

the tens for each questionnaire and language. The number of completed surveys were even lower, with lengthier questionnaires (i.e. young workers) suffering from higher respondent drop-off rates. Although this pattern is not surprising and consistent with the literature, the disappointingly low number of completed surveys disallows for a meaningful data analysis to be conducted.

**Table 1: Distribution of online respondents**

Characteristics	Young worker		Young job seeker	
	Malay %	English %	Malay %	English %
<b>Sex</b>				
Male	29.0	26.0	80.0	42.0
Female	71.0	74.0	20.0	58.0
<b>Ethnicity</b>				
Bumiputera	94.1	58.8	94.1	43.5
Chinese	5.9	70.6	5.9	52.2
Indian	0.0	5.9	0.0	4.3
Others	0.0	0.0	0.0	0.0
<b>Strata</b>				
Urban	76.0	100.0	80.0	75.0
Rural	24.0	0.0	20.0	25.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: KRI (2018)

The characteristics of the online survey respondents are indicated in the table. Most of the participants were urban dwellers living in the Central region of Malaysia, which coincides with existing evidence on digital divide as well as the broad Malaysian demographics of internet users. The online survey also drew more participation from the young workers than job seekers. Interestingly, contrary to conventional wisdom, the majority of the respondents were females. Unfortunately, low to non-existent participation from different demographic groups is concerning, further exacerbating the issue of biased population and subsequently biased results. This coupled with the abovementioned low participation rate reaffirmed the decision to exclude the online data from the analysis.

To address the problem of low online survey response, several suggestions have been made. Some of the most common include reducing the number of questions, addressing the email recipients with their first names, sending reminder emails and providing incentives. Unfortunately, the SWTS survey and sample design with the existing legal landscape placed some constraints on implementing these suggestions. Considering the inverse relationship between the average minutes spent completing the online questionnaire with the completion rate, decreasing the survey length might increase the survey uptake. Some studies have even suggested 13 minutes as the threshold for online surveys. Another successful study designed theirs to be completed within 10 minutes. By contrast, the average time spent for the SWTS online surveys was 20 minutes.

Drawing lessons from the SWTS online experience, it appears that the success of online surveys might necessitate a specific methodology: where the questions are short and straightforward, and the potential respondents are known and easily-contactable. This experience and the existing literature not only highlight the difficulties in conducting online surveys but, perhaps more worrying, raise concerns on the validity and rigour of existing findings based on online survey.

## UNDERSTANDING SKILLS MISMATCHES AND MEASURING THEM<sup>2</sup>

There is no agreed definition of skills mismatch. Skills mismatch is an encompassing term which refers to various types of imbalances between skills offered and skills needed in the world of work, and it applies equally to the employed and the unemployed. However, the following definitions are helpful:

Skill shortage (surplus)	Demand (supply) for a particular type of skill exceeds the supply (demand) of people with that skill
Skill gap	Type or level of skills is different from that required to adequately perform the job
Vertical mismatch	The level of education or qualification is less or more than required
Horizontal mismatch	The type/field of education or skills is inappropriate for the job
Over-education (under-education)	Workers have more (less) years of education than the job requires
Over-qualification (under-qualification)	Workers hold a higher (lower) qualification than the job requires

Skills mismatch in the sense of over-education or under-education means that workers have either more education or less education than is required. This report uses a common measure of this type of skills mismatch based on the International Standard Classification of Occupations (ISCO). This normative measure starts from a division of major occupational groups (first-digit ISCO levels) into four broad groups and assigns a level of education to each occupational group in accordance with the International Standard Classification of Education (ISCED). Workers in a particular group who have the assigned level of education are considered well-matched. Those who have a higher (lower) level of education are considered over-educated (under-educated).

The tables below map entry-level jobs in the MASCO major groups (equivalent to 2008 International Standard Classification of Occupations (ISCO-08)) to four skill levels (Tables A.1 and A.2). These skill levels, in turn, can be measured in terms of formal educational attainments as listed in the 2011 International Standard Classification of Education (ISCED-11) (Table A.3).

**Table 1: MASCO major groups and corresponding skill levels**

MASCO major group	Skill level
Managers	3 +4
Professionals	4
Technicians and associate professionals	3
Clerical support workers	
Service and sales workers	
Skilled agricultural, forestry, livestock and fishery workers	2
Craft and related trades workers	
Plant and machine operators and assemblers	
Elementary occupations	1

Note: Reported armed forces and business-related occupations are excluded  
Source: Adapted from ILO (2012-b, p.14, Table 1)

2 Direct excerpt from ILO (2013-a, pp. 24 – 29)

**Table 2: Broad occupation groups and corresponding MASCO major groups**

Broad occupation group	MASCO major group
High-skilled non-manual	Managers
	Professionals
	Technicians and associate professionals
Low-skilled non-manual	Clerical support workers
	Service and sales workers
Skilled manual	Skilled agricultural, forestry, livestock and fishery workers
	Craft and related trades workers
	Plant and machine operators and assemblers
Unskilled	Elementary occupations

Note: Reported armed forces and business-related occupations are excluded  
Source: Adapted from ILO (2013, p.29)

**Table 3: Four MASCO-skill levels and corresponding ISCED-11 levels of education**

MASCO skill level	ISCED-11 group
4	(8) Doctoral or equivalent
	(7) Master or equivalent
	(6) Bachelor or equivalent
3	(5) Short-cycle tertiary education
2	(4) Post-secondary non-tertiary education
	(3) Upper secondary education
	(2) Lower secondary education
1	(1) Primary education

Source: Adapted from ILO (2012-b, p.14, Table 2)



## TERMS AND DEFINITIONS

Term	Definition																								
<b>Educational level</b>	This refers to the highest level of education attained, and it is adapted from the International Standard Classification of Education (ISCED-97): <table> <tr> <th>Educational level</th><th>ISCED-97</th></tr> <tr> <td>No formal education</td><td>No formal education</td></tr> <tr> <td>Primary education: Standard 1 until 6, or equivalent</td><td>Primary education</td></tr> <tr> <td>Lower secondary education: Form 1 until 3, or equivalent</td><td>Lower secondary education</td></tr> <tr> <td>Upper secondary education: Form 4 until 5 or equivalent</td><td>Upper secondary education</td></tr> <tr> <td>Pre-university: Form 6</td><td>Post-secondary non-tertiary education</td></tr> <tr> <td>Vocational/technical certificate</td><td>Short-cycle tertiary education</td></tr> <tr> <td>Tertiary (certificate/diploma)</td><td></td></tr> <tr> <td>Tertiary (bachelor degree)</td><td>Bachelor or equivalent</td></tr> <tr> <td>Tertiary (professional degree)</td><td></td></tr> <tr> <td>Tertiary (master degree)</td><td>Master or equivalent</td></tr> <tr> <td>Tertiary (PhD)</td><td>Doctoral or equivalent</td></tr> </table>	Educational level	ISCED-97	No formal education	No formal education	Primary education: Standard 1 until 6, or equivalent	Primary education	Lower secondary education: Form 1 until 3, or equivalent	Lower secondary education	Upper secondary education: Form 4 until 5 or equivalent	Upper secondary education	Pre-university: Form 6	Post-secondary non-tertiary education	Vocational/technical certificate	Short-cycle tertiary education	Tertiary (certificate/diploma)		Tertiary (bachelor degree)	Bachelor or equivalent	Tertiary (professional degree)		Tertiary (master degree)	Master or equivalent	Tertiary (PhD)	Doctoral or equivalent
Educational level	ISCED-97																								
No formal education	No formal education																								
Primary education: Standard 1 until 6, or equivalent	Primary education																								
Lower secondary education: Form 1 until 3, or equivalent	Lower secondary education																								
Upper secondary education: Form 4 until 5 or equivalent	Upper secondary education																								
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Tertiary (professional degree)																									
Tertiary (master degree)	Master or equivalent																								
Tertiary (PhD)	Doctoral or equivalent																								
	Source: UNESCO (1997)																								
<b>Employability programmes</b>	Refers to programmes intended to improve the chances of young people to be employed. These can be programmes for fresh and unemployed graduates through soft-skills training and on-the-job training, such as the <i>Skim Latihan 1Malaysia</i> (SL1M) conducted by government-linked companies and private companies as part of their corporate social responsibility and also the Graduate Employability Management Scheme (GEMS) under the purview of TalentCorp which aims to reduce talent shortages in key areas of the economy.																								
<b>Employed</b>	<p>Persons who, at any time during the week worked at least one hour for wage, pay, profit either as an employer, employee, own-account worker or unpaid family worker.</p> <p>They are also considered as employed if they:</p> <ol style="list-style-type: none"> <li>Did not work during the reference week because of illness, injury, disability, bad weather, leave, labour dispute or social or religious reasons but have a job, farm, enterprise or other family enterprise to return to;</li> <li>Are temporarily laid-off with pay and would definitely be called back to work; and</li> <li>Are employed less than 30 hours during the reference week because of the nature of their work or due to insufficient work and are able and willing to accept additional hours of work. This group is underemployed.</li> </ol> <p>Persons employed more than 30 hours during the reference week are considered to be in full-employment.</p>																								
	Source: DOS (2018-a)																								

Term	Definition
<b>Employment sector</b>	Classification of the employment sector is adapted and expanded from the Malaysian Standard Industrial Classification 2008 (MSIC 2008) Version 1.0. The reclassification is as follows:

Sector	MSIC 2018
Agriculture and forestry	Agriculture, forestry and fishing
Fishing	
Mining including petroleum and gas	Mining and quarrying
Manufacturing	Manufacturing and quarrying
Utilities (electricity, gas and water supply)	Electricity, gas, steam and air conditioning supply
	Water supply, sewerage, waste management and remediation activities
Construction	Construction
Wholesale and retail trade	Wholesale and retail trade, (repair of motor vehicles and motorcycles)
Transportation and storage	Transportation and storage
Accommodation and food and beverage service activities	Accommodation and food service activities
Information and communications	Information and communication
IT-related	
Online business	
Finance and insurance related	Financial and insurance/takaful activities
Real estate	Real estate activities
Civil service/public administration/uniform services	Public administration and defence, compulsory social security
Education	Education
Health and social work	Human health and social work activities
Arts, entertainment and recreation	Arts, entertainment and recreation
Other service activities	Other service activities

Source: DOS (2008)

<b>Employment service/recruitment agency</b>	Refers to company or agency which attempts to match the employment needs of an employer with a worker having the required skills or qualifications. The agency collects and supplies to the job seekers information about job vacancies and to employers information about available prospective workers. Some agencies are privately owned while others are sponsored by the government.
<b>Expatriate worker</b>	Refers to an individual with a skilled job hired to work outside his/her native country.

Term	Definition
<b>Field of study</b>	<p>Fields of study or educational programmes presented throughout the report are classified based on the National Education Code Manual by the Ministry of Higher Education as below:</p> <ol style="list-style-type: none"> <li>1. Education</li> <li>2. Arts and humanities</li> <li>3. Social sciences, business and law</li> <li>4. Science, mathematics and computing</li> <li>5. Engineering, manufacturing and construction</li> <li>6. Agriculture and veterinary</li> <li>7. Health and welfare</li> <li>8. Services</li> </ol> <p>Source: MOHE (2010)</p>
<b>Full-time and part-time worker</b>	<p>Full-time worker works for at least 6 hours a day and for at least 20 days a month.</p> <p>Part-time worker works for less than 6 hours a day and/or less than 20 days a month.</p> <ul style="list-style-type: none"> <li>• Regular full-time employee Work at least a minimum number of hours per week as specified by the employer and have a regular work contract with benefits;</li> <li>• Temporary full-time employee Working arrangement is limited to a certain period of time;</li> <li>• Part-time employee Work fewer hours per week than a full-time job; and</li> <li>• Casual/on-call/daily paid No regular or systematic hours of work or expectation of continuing work; employed on a daily basis or when the need arises.</li> </ul>
<b>Job fair or career fair</b>	Refers to an event where employers offer information about their company to job seekers, collect resumes and screen potential employees.
<b>Job seeker</b>	Refers to those who did not work during the reference week but were available for work and actively looking for work during the reference week. Also those currently working but actively looking for work during the reference week.
<b>Migrant worker</b>	Refers to an individual with an unskilled or low skilled job and lives outside his/her native country.

Term	Definition
Occupation	Occupation listing is adapted and expanded from the Malaysia Standard Classification of Occupations (MASCO) 2013 by the Ministry of Human Resources. The reclassification is as follows:

Occupation	MASCO 2013
Managerial and administrative	Managers
Professional	Professionals
Technical and related	Technicians and associate professionals
Clerical and related	Clerical support workers
Services	
Sales	Service and sales workers
Agricultural workers	Skilled agricultural, forestry, livestock and fishery workers
Craft and related trades	Craft and related trades workers
Skilled manual/production job	Plant and machine operators and assemblers
Unskilled manual/production job	Elementary occupations
Uniform services	Armed forces
Internet-based/online job	
Other	

Source: DOS (2013)

Retrenched	Refers to when an employee lost his/her job when the company closes down, downsizes to cut costs or goes out of business.
Sacked	Refers to when an employee lost his/her job because of wrongdoing on his/her part.
Size of enterprises	<p>Small enterprises:</p> <ul style="list-style-type: none"> <li>• Manufacturing: sales turnover below RM15 million or full-time employees below 75</li> <li>• Services and other sectors: sales turnover below RM3 million or full-time employees below 30</li> </ul> <p>Medium enterprises:</p> <ul style="list-style-type: none"> <li>• Manufacturing: sales turnover below RM50 million or full-time employees below 200</li> <li>• Services and other sectors: sales turnover below RM15 million or full-time employees below 75</li> </ul> <p>Large enterprises are defined as firms that exceed the threshold for medium enterprises' sales or number of employees.</p> <p>Source: SME Corp. Malaysia (2013)</p>

Term	Definition
<b>Status in employment</b>	<p>Refers to the position or status of an employed person within the establishment or organisation for which he/she works. Employment status is classified as follows:</p> <ul style="list-style-type: none"> <li>• <b>Employer</b> A person who operates a business, a plantation or other trade and employs one or more workers to help him;</li> <li>• <b>Employee</b> A person who works for a public or private employer and receives regular remuneration in wages, salary, commission, tips or payment in kind;</li> <li>• <b>Self-employed/own-account worker</b> A person who operates his own farm, business or trade without employing any paid workers in the conduct of his farm, trade or business; and</li> <li>• <b>Contributing/unpaid family worker</b> A person who works without pay or wages on a farm, business or trade operated by another member of the family.</li> </ul> <p>Source: DOS (2018-a)</p>
<b>Unemployed</b>	<p>Classified into actively unemployed and inactively unemployed.</p> <p>The actively unemployed includes all persons who did not work during the reference week but were available for work and actively looking for work during the reference week.</p> <p>Inactively unemployed persons include the following categories of persons who:</p> <ol style="list-style-type: none"> <li>a) did not look for work because they believed no work was available or that they were not qualified;</li> <li>b) would have looked for work if they had not been temporarily ill or had it not been for bad weather;</li> <li>c) were waiting for result of job applications; and</li> <li>d) had looked for work prior to the reference week.</li> </ol> <p>Source: DOS (2018-a)</p>
<b>Working conditions</b>	<p>Refers to conditions covering working time (e.g. hours of work, rest periods and work schedules), remuneration, as well as the physical conditions and mental demands that exist in the workplace.</p>
<b>Work-life balance</b>	<p>Refers to ability to have a balance (but not necessarily equal) between work and personal activities, which include household and family responsibilities and also leisure time.</p>
<b>Youth</b>	<p>A young person is defined as someone who is between the ages of 15 and 29 years. In most other contexts, the definition covers a person between the ages of 15 and 24 years. For the SWTS, the upper age limit is extended to 29 years to take into account the fact that some young people stay on in the education system beyond the age of 24 years, and also with the aim of gathering information on the post-graduation/recent employment experience of young people.</p>

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