



INSTITUT MASA
DEPAN MALAYSIA

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Participation in the Labour Market

POLICY AND RESEARCH DIVISION
INSTITUT MASA DEPAN MALAYSIA
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Participation in the Labour Market
Dated 6 October 2022

Theme:

Participation in the Labour Market

Introduction:

With the rise in the cost of living due to the COVID-19 pandemic, issues pertaining to labour participation loopholes and transparency still remain a perennial problem. The Small and Medium-sized Enterprises (SMEs) Association of Malaysia (SAMENTA) has called on the Ministry of Human Resource (MOHR) to focus on reforming the labour laws to keep up with the current trend of employment which is worsening due to the pandemic.

The three main issues are as follows:

- 1) Youth Employment;
- 2) Women Participation in the Workforce.

1. Youth Employment

<p>Elaboration</p>	<p>Total youth unemployment aged 15-24 years in this country stood at 15.6% as recorded in 2021, according to the latest data by the World Bank Group (2021)¹. Concerns regarding youth employment remain even though the Department of Statistics Malaysia (DOSM) claims that the unemployment rate for this group has shown a decrease following the outbreak - at 7.7% from 8% prior to 2022².</p> <p>With the current trend of employment, youths are facing uncertainty in finding jobs, especially fresh graduates with no job experience.</p>
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¹ [Unemployment Youth \(2021\), The World Bank Group](#)
² [Key Statistics of Labour Force in Malaysia, April 2022](#)

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	<p><u>Issues:</u></p> <p>1) <u>Mismatch in youth talents qualifications</u></p> <p>The labour mismatch rate among Malaysian graduates has more than doubled between 2001 and 2019³. This has been a structural labour market issue which has escalated during the pandemic.</p> <p>a) Underemployment</p> <ul style="list-style-type: none"> - Many youths graduated with a higher education level but turned to low-skilled or semi-skilled professions that do not match their qualifications. This includes tertiary graduates who share their experiences in low-skilled employment⁴. - This was also corroborated by the lower number of total job vacancies in the economic sector in 2020 as stated in Employment Statistics Report by DOSM⁵. - Many youths opted to work in the gig economy as buffer employment before finding a full-time job or to support insufficient income. <p>b) Job specialisation</p> <ul style="list-style-type: none"> - Although a degree qualification provides merits and values in determining a career, there are gaps in what the industry needs and what is learnt at the university. - This has led to many failing to secure jobs in their niche areas and start to look for jobs
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³ [Job mismatch rate among Malaysian graduates more than doubled](#)

⁴ [Underemployment: Netizens share stories of sacrificing qualification for low pay](#)

⁵ [Graduates flexible despite underemployment](#)

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	<p>elsewhere - this includes technical degree graduates working in other fields such as human resources, sales and general marketing.</p> <ul style="list-style-type: none">- This mismatch of graduates' talents and qualifications, resulting in inadequate skills in the workforce which could impact foreign direct investment (FDI).- "Inadequate skills in the workforce have seen local investment hover in the region of 16% to 17% of GDP. The actual figure should be about 20% to 25% of GDP if there were enough trained workers to meet industry needs," - Sunway University economist, Prof Dr Yeah Kim Leng (Source: 7 Sep 2022, The Sun Daily). <p>2) Talent outflow (Brain Drain)</p> <ul style="list-style-type: none">- According to the World Bank, the number of skilled Malaysians living abroad has tripled - 2 out of every 10 of those with tertiary education choosing to go to Singapore or an Organisation for Economic Cooperation and Development (OECD) countries⁶.- According to EMIR Research, 2 million Malaysians live abroad - half of them are more likely to be employed in various professional fields⁷.- 72% of Malaysian workers are considering migrating to find better pay and improved career prospects, according to a survey by Employment Hero⁸.
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⁶ [A Snapshot Of Malaysia's Talent Outflow](#)

⁷ [Malaysia losses 500,000 highly skilled individuals via brain drain](#)

⁸ [72% Malaysian workers consider to work abroad](#)

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<p>Recommendation</p>	<p>To address these pertinent issues as mentioned above, Malaysia should:</p> <p>1) Upskilling & Reskilling of Talents</p> <p>Transfer appropriate skills and accord them with recognition in their present workforce.</p> <ul style="list-style-type: none"> - The public and private sectors should acknowledge youth involvement in societies as well as industrial training and internships as experience and exposure when applying for jobs. According to Brown and Hesketh (2004), who established the idea of Educational Credential Assessment (ECA), graduates can build on such activities to create a narrative about their employability⁹. - The Government should explore and invest in microcredential courses and certificates to enhance youth knowledge and experience. - The Government should explore the huge potential of young talents and identify the gaps in the creative industry ecosystem - creative industry contributed 2.4% to the Gross Domestic Product (GDP) in the Klang Valley (2016), with RM11.2 billion in revenue and 86,000 employed¹⁰. <p>2) Decent Standard of Living & Work Culture</p> <ul style="list-style-type: none"> - The Government should replace the benchmark of minimum wage to a new wage that constitutes a
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⁹ [Students' use of extracurricular activities for positional advantage in competitive job market](#) page 25

¹⁰ [Creative Economy 2021 Forum: Focus on Arts & Culture. CENDANA](#) page 15

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decent standard of living - i.e Belanjawanku by KWSP stated that a single, unmarried individual needs approximately RM2,500 per month to live comfortably.



- **Incentivise** youth with **competitive pay** and **reform work culture** to retain graduates who are studying abroad.
- The Government should **mandate the wage for decent standard of living** and **competitive pay** to support human capital investment.

3) Gig Economy

- The Government should **develop and expand the gig economy sector** [not only giving opportunities to logistics and parcel-hailing (p-hailing) services] but also those involving **highly skilled jobs** such as graphic designers, animators, illustrators and coders.

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2. Women Participation in Workforce

<p>Elaboration</p>	<p>According to the latest World Economic Forum's (WEF) Global Gender Gap Index in 2022, women's economic participation and opportunities globally have been declining.</p> <p>Malaysia is of no exception, placing 88th place behind eight other ASEAN nations¹¹, the second last with only Myanmar ranking lower at 101st.</p> <p>This is as despite scoring better in educational attainment as well as health and survival index, Malaysia scored very low in female political empowerment, ranking 123rd out of 146 countries surveyed.</p> <p style="text-align: center;">Chart 7: Labour force and LFPR by sex, 1982 - 2020 and January 2020 - January 2022</p> <p>According to the table above by DOSM, the growth rate of participation of female labour in this country is very slow, increased by <u>only</u> 0.1 percentage point to 55.3%, compared to a 1.0 percentage point increase in male</p>
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¹¹ Lao PDR (1), Thailand (15), Philippines (16), Singapore (28), Vietnam (31), Brunei (49), Cambodia (61) and Indonesia (80) - Source: [World Economic Forum Global Gender Gap Report 2022](#)

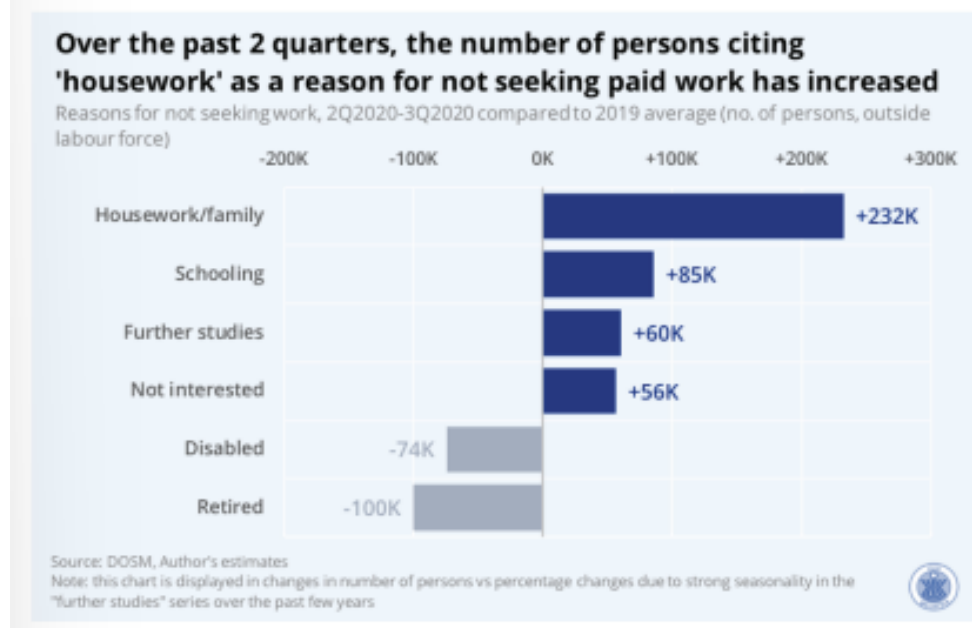
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labour participation rate which stood at 81.9%¹² in January 2022.

Issues:

- 1) Work-Family Imbalance
 - In a workforce survey by DOSM, **women's exit from Malaysia's labour force** coincided with an increase in those outside the labour force, **citing "housework/family" as a barrier** to seeking paid work. (See Fig. 7 below)

Fig. 7 Reasons for labour force non-participation*



- A 2019 study showed that **women faced “double burden” of family and career** where women tend to continue working in the household after office hours¹³.

¹² [Key Statistics of Labour Force in Malaysia, January 2022 - DOSM](#)

¹³ [TIME TO CARE: GENDER INEQUALITY, UNPAID CARE WORK AND TIME USE SURVEY - Executive Summary](#)

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	<ul style="list-style-type: none">- In addition, mothers are 14% more likely than fathers to have been furloughed and 47% more likely to have lost or abandoned their employment permanently¹⁴. 2) Gender discrimination - A survey by the Women’s Aid Organisation (WAO) revealed that 56% of Malaysian women have experienced at least one form of gender discrimination in the workplace¹⁵. - Types of discrimination include:<ul style="list-style-type: none">- Verbal (comments on marital status, dressing); non-verbal harassment (expectation to prepare refreshments or coffee)- Being passed over for promotion in favour of less qualified colleagues- Wage (less likely to be promoted to top management positions, unlikely to negotiate their salary, tend to study social sciences, education and arts majors that creates income disparity). - Malaysia has one of the biggest gender-gaps in South-east Asia, scoring 0.75 on the Global Gender Gap index score for wage equality¹⁶.
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¹⁴ [Parents, especially mothers, paying heavy price for lockdown](#)

¹⁵ [More Than 50% of Malaysian Women Experienced Gender Discrimination in the Workplace](#)

¹⁶ The Global Gender Gap index score for wage equality gives a score of 1 being absolute parity and a score of 0 being absolute imparity; Source: [Global Gender Gap score for wage equality Malaysia 2012-2021](#).

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	<ul style="list-style-type: none"> - According to the Wage and Salary Survey 2017, 6 out of 10 salaried workers are males. In Malaysia, the average monthly salary for male workers is RM2,954 while the average monthly salary for female workers is RM2,772, with men earning 6.6% higher than women¹⁷.
<p>Recommendation</p>	<p>To address the issues of gender gap in employment that has been exacerbated by the pandemic, the Government should:</p> <ol style="list-style-type: none"> 1) Promote Gender Parity in the workforce, introduce family-friendly policies, and expand flexible work arrangements for women. <ul style="list-style-type: none"> - Paternity leave days should be introduced and increased in both the public and private sectors to contribute more towards female labour participation rate in Malaysia. <ul style="list-style-type: none"> - 3-months' paid paternity leave in Iceland contributed to 72.1% female labour participation rate¹⁸ - The Government and private sector should look into investing in creating safe, reliable and affordable child-care centres. - Government should also grant the right to request for flexible working hours and they be protected from all forms of discrimination. 2) Institutionalise Gender Mainstreaming Framework and Gender-Responsive Budgeting

¹⁷ [Women Left Behind? Closing the Gender Gap in Malaysia](#), p.27

¹⁸ Source: Shared Prosperity Vision 2030 Strategic Plan Document, p.179

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	<p>across ministries and government agencies as instruments to close gender disparity.</p> <ul style="list-style-type: none">- Gender equality perspective should be included at all stages and levels of policies, programmes and projects through adoption of a holistic and integrated approach by establishing mechanisms at the federal, state and district levels.- Leverage on gender-disaggregated data to accelerate women's inclusion in development agencies as an instrument to close gender disparity.
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