

Thirty Second National Economic Briefing

Park Royal Hotel, Kuala Lumpur

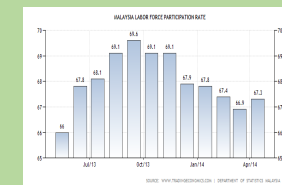
25 July 2107

Youth Unemployment & Job Creation

Structure of Malaysia's Labour Force, 2015-2016



Working Age Population ('000)
 2015 – 21,383.8
 2016 - 21,655.4



Labour force participation rate (LFPR)
 2015 – 67.9%
 2016 - 67.7%



Labour Force
 2015 – 14,518.0
 2016 - 14,667.8



Outside Labour Force
 2015 – 6,869.9
 2016 - 6,987.6



Employed
 2015 – 14,067.7
 2016 - 14,163.7



Unemployed
 2015 – 450.3
 2016 - 504.1



Unemployment rate
 2015 – 3.1%
 2016 - 3.4%

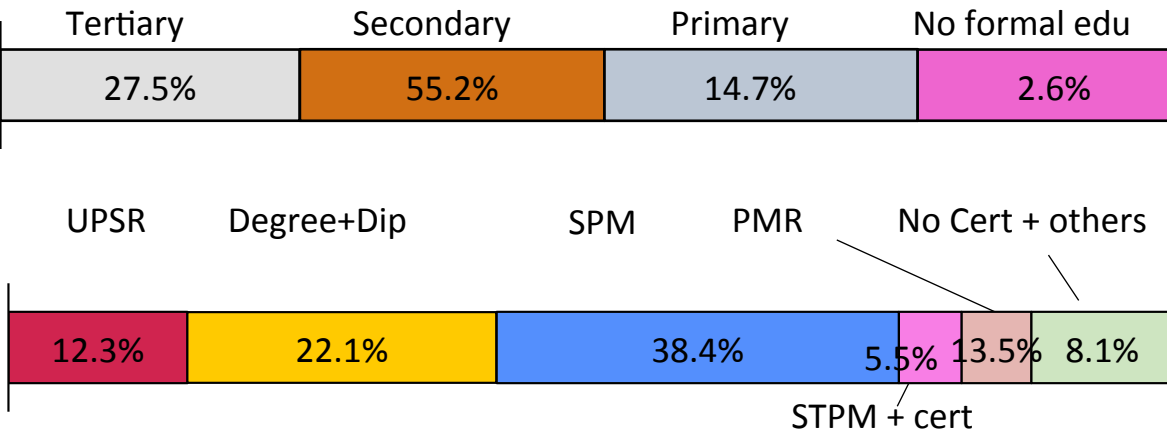
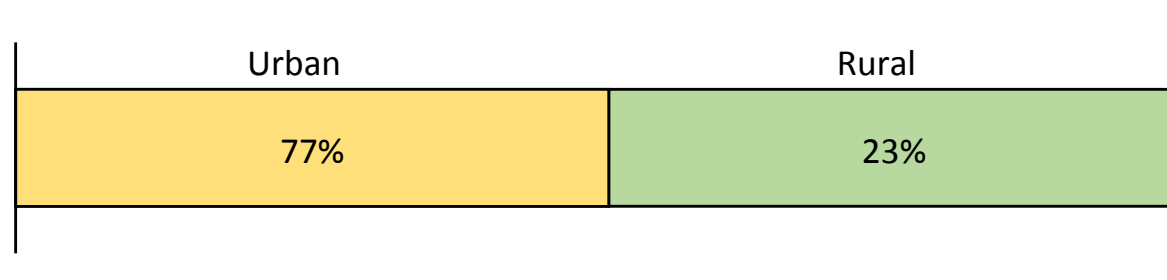
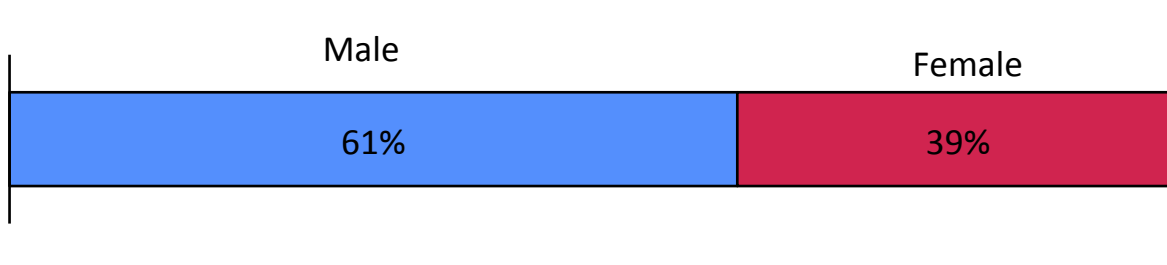
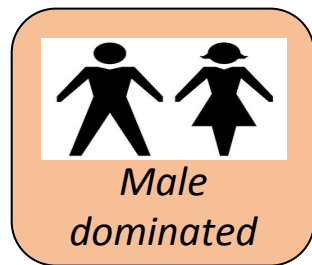
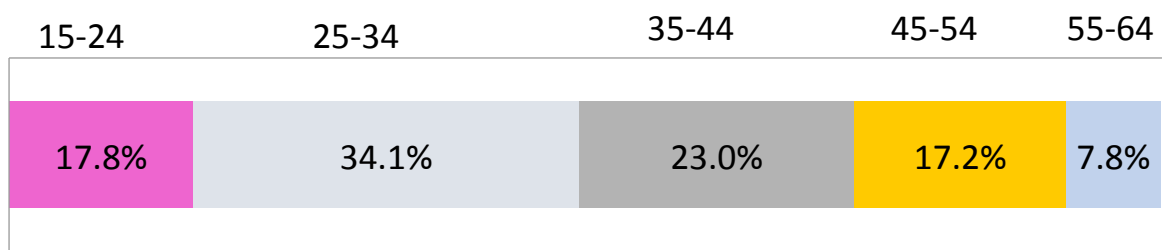
Source: Labour Force Survey Report 2016, Department of Statistics, Malaysia

Profile of Current Labour Force (2016)

**Labour Force
2016**

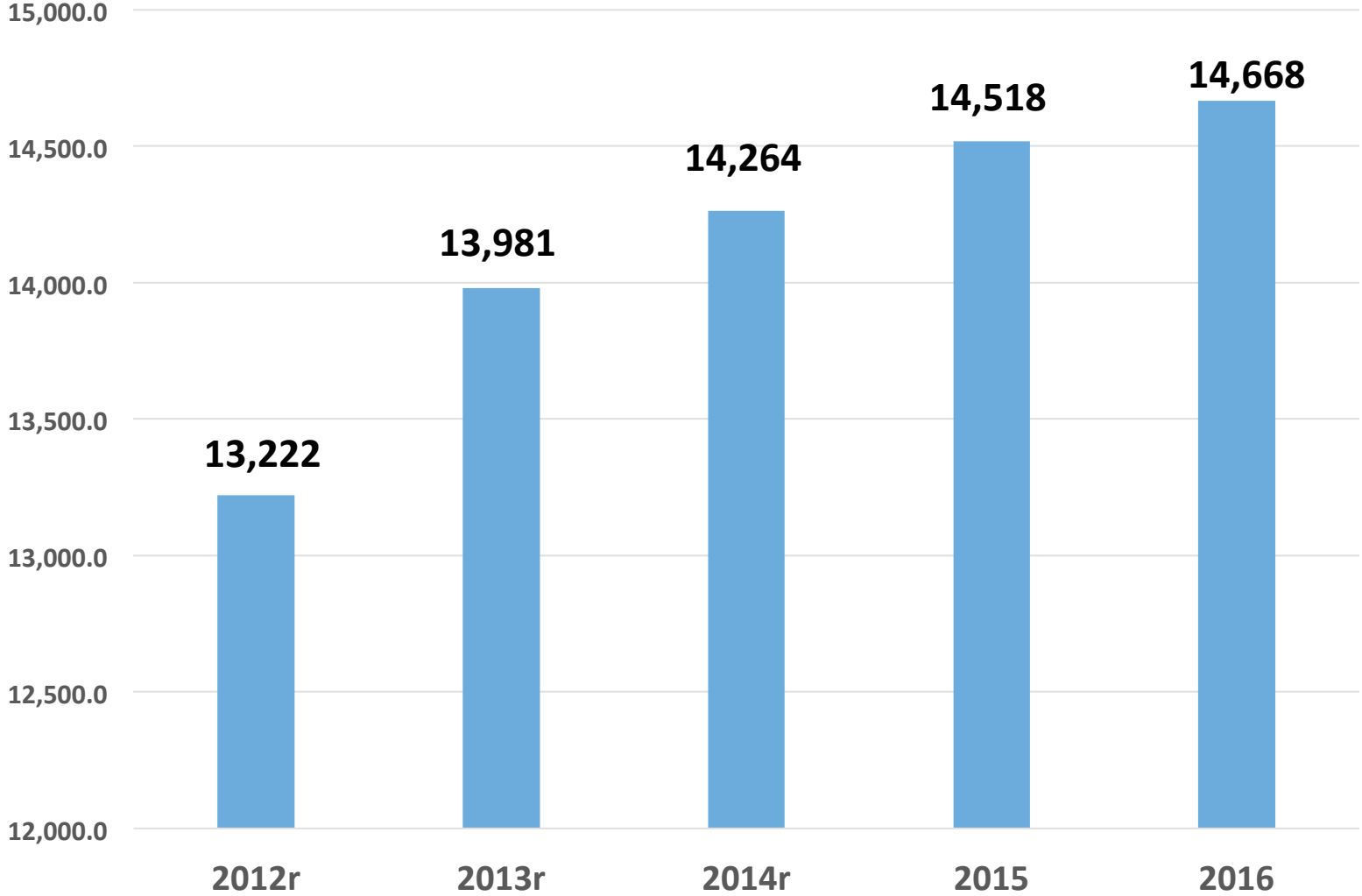
14,667.8

(‘000 person)



Source:
Labour Force Survey, 2016
Department of Statistics,
Malaysia

Size of Labour Force (‘000)

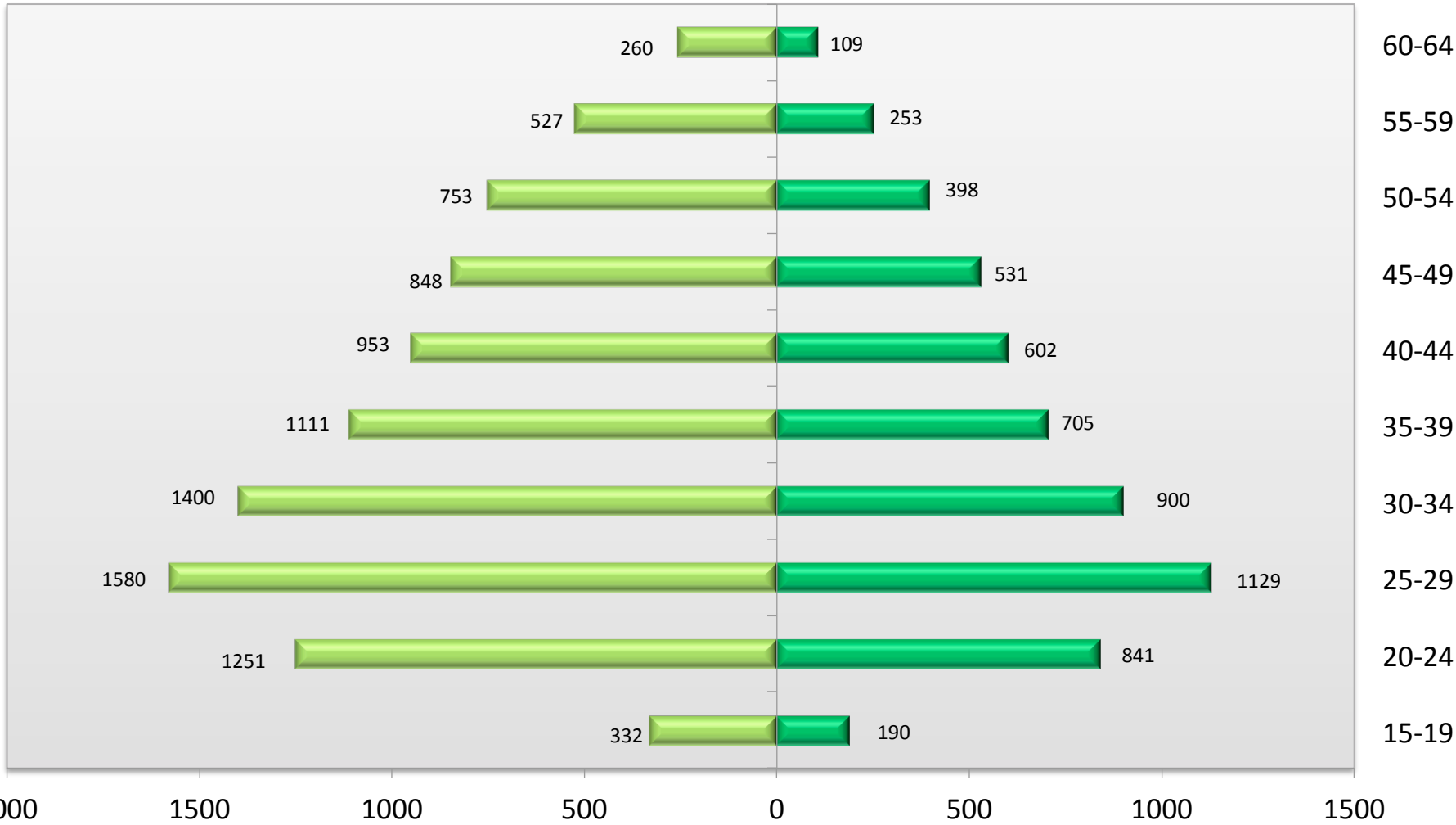


Source: LFS, DOSM

- ♣ Workforce growth decelerating
- ♣ 2016 LFPR 67% overall
2010 63%
- ♣ 2016 Men LFPR 80.2%
2010 79.9 %
- ♣ 2016 Women LFPR 54.3%
2010 45.8 %
- ♣ Implications of late stage demographic transition

Age Groups of Labour Force, 2016

Male Female Age Group



- ♣ 2016 Men 61%
Women 39%
- ♣ 45% of men workforce
in 25-39 years group
- ♣ 45% of women
in 25-39 years group
- ♣ Youth – 15-24 years
18% of workforce for
both men & women

Source: LFS, DOSM

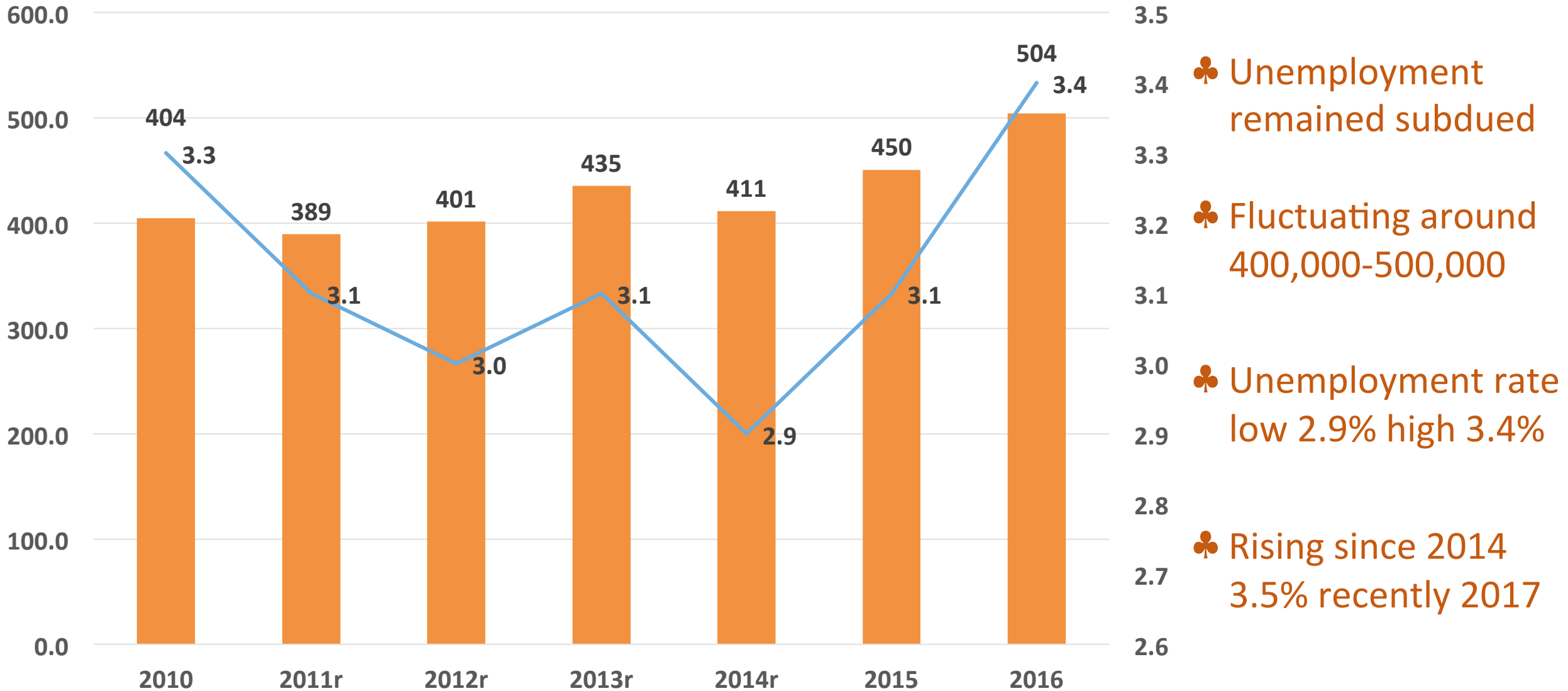
Number '000

Youth Unemployment

- ♣ Government policies place special emphasis on ensuring that the youth workforce is gainfully employed
- ♣ ILOs Key Indicators of the Labour Market measure of Youth Unemployment:
 - ▶ youth unemployment rate
 - ▶ ratio of youth unemployment rate to the adult unemployment rate
 - ▶ youth unemployment as a proportion of total unemployment
 - ▶ youth unemployment rate as a proportion of the youth population
- ♣ Supplementary indicators:
 - ▶ a measure of the proportion of the youth population **Not in Employment, Education or Training**, or the “NEET” rate
 - ▶ information further disaggregated by gender, by state and by strata
- ♣ Except NEET, all indicators collected annually by LFS, DOSM

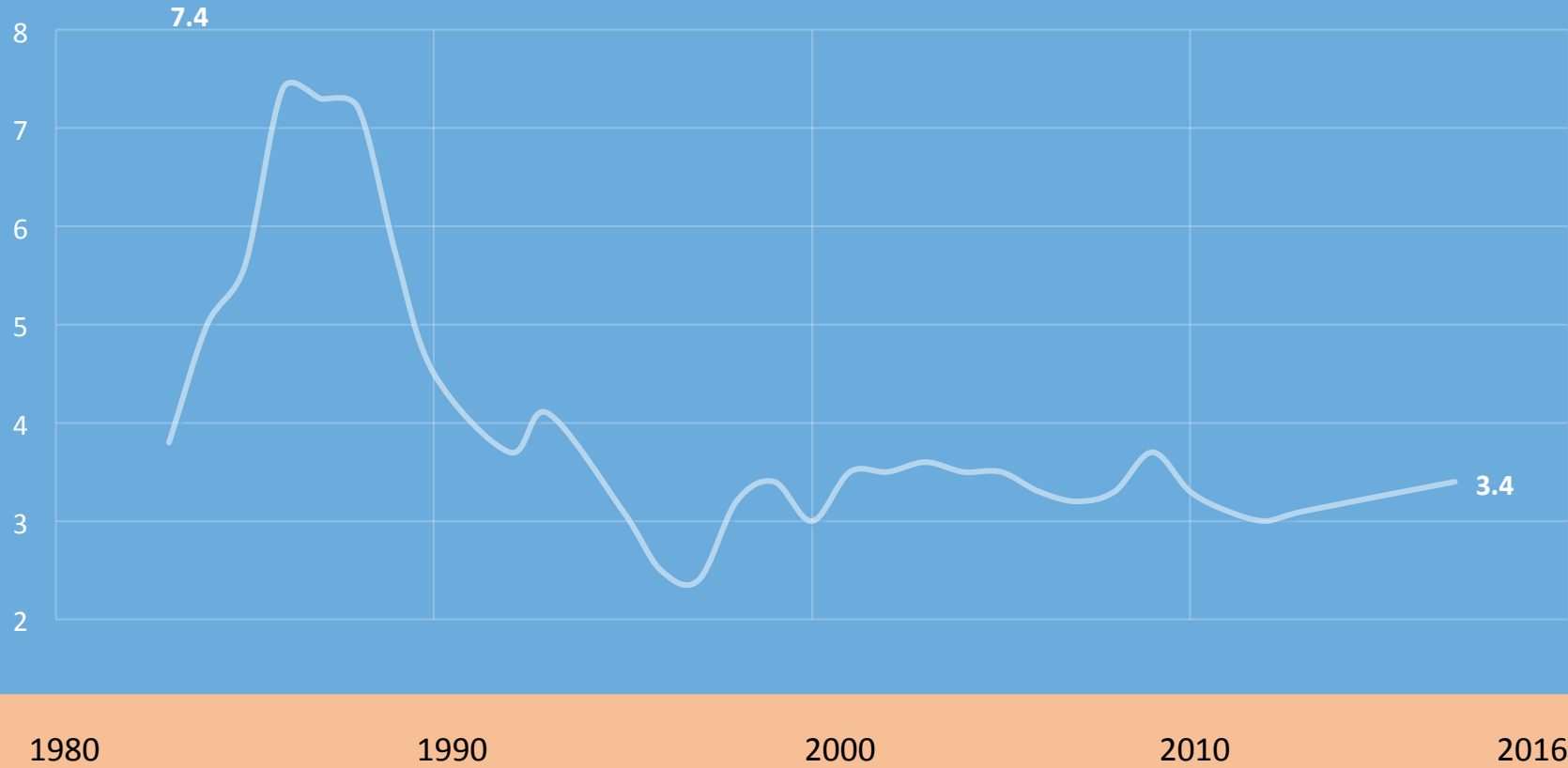
Unemployment 2010-2016

(per cent and '000)



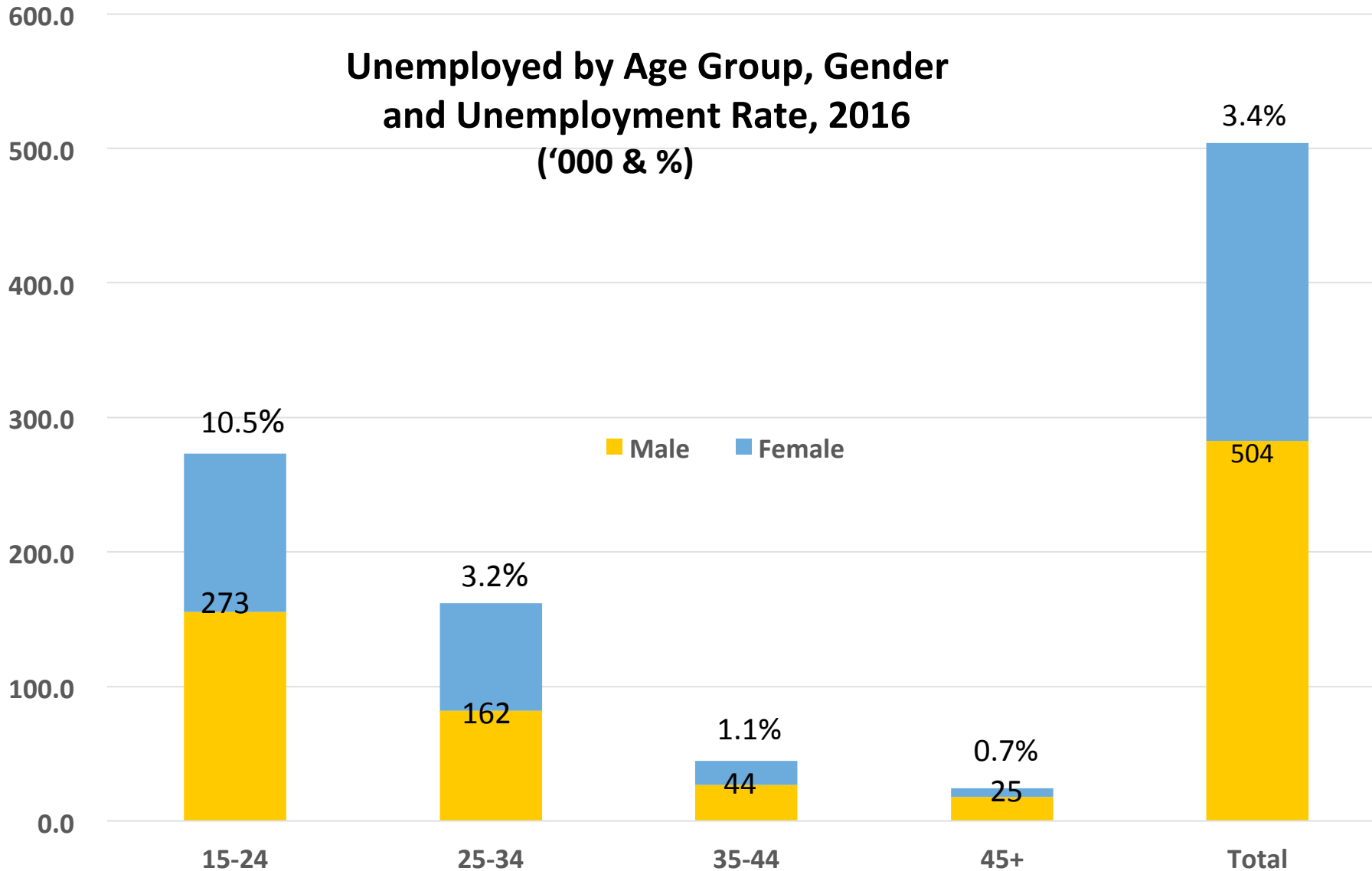
- ♣ Unemployment remained subdued
- ♣ Fluctuating around 400,000-500,000
- ♣ Unemployment rate low 2.9% high 3.4%
- ♣ Rising since 2014 3.5% recently 2017

Unemployment rate 1984-2016 (%)



- ♣ Full employment since 1990s
- ♣ Fluctuating around 400,000-500,000
- ♣ Unemployment rate low 2.9% high 3.4%
- ♣ Rising since 2014

Unemployed by Age Group, Gender and Unemployment Rate, 2016 (‘000 & %)



♣ 50% of unemployed are youths

♣ Youth unemploy. rate 10.5%

Unemployment Rate by Age Group, 2000-2015



♣ Unemployment rate hovered between 10-12% 2000-2016

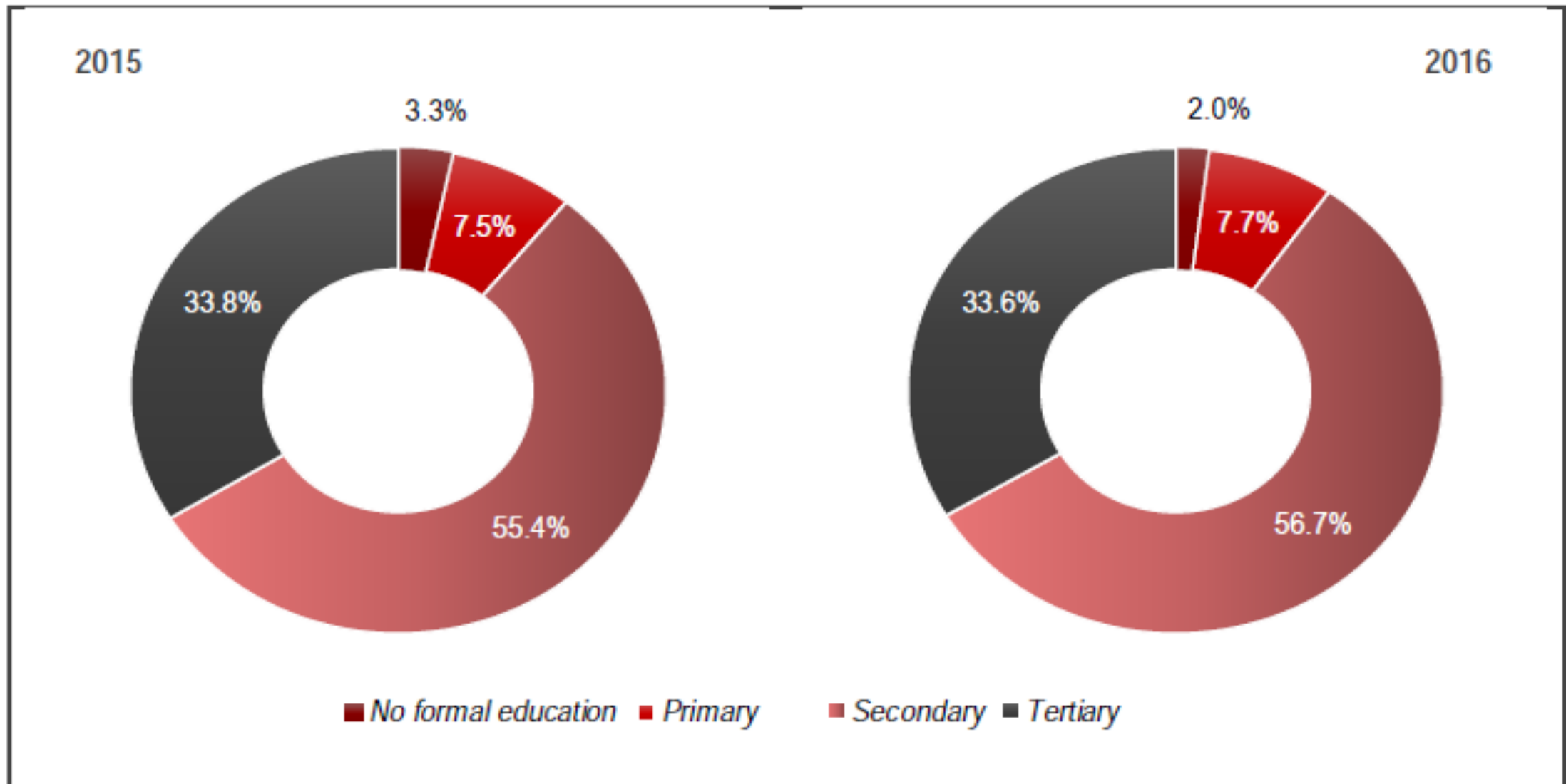
♣ Youth unemploy. rate 10.5%

Youth Unemployment in the Region, 2015

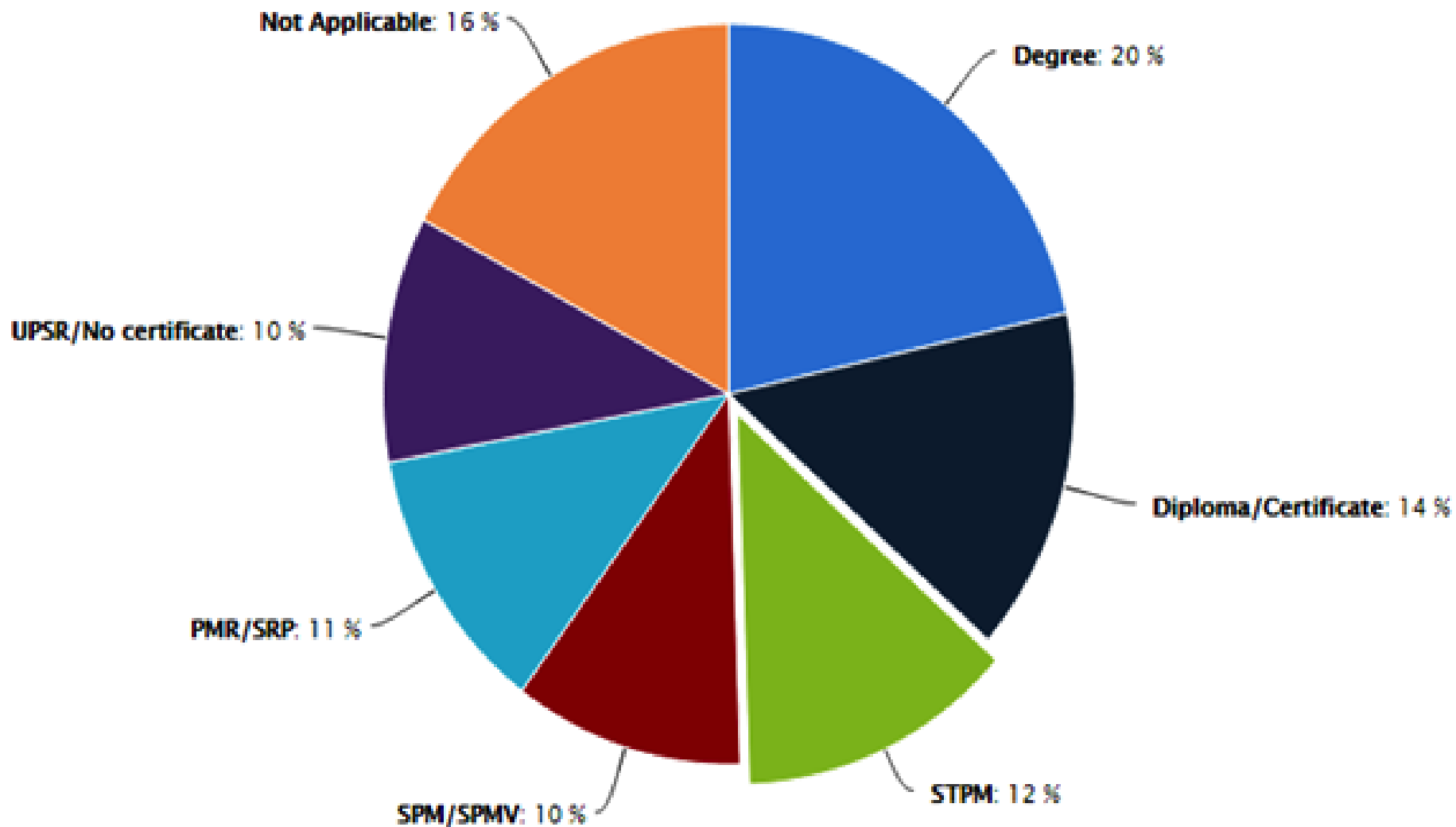


- ♣ Globally the rate was 13% 2012
- ♣ Southern Africa. rate was 48% 2009
- ♣ Euro area rate was 24% 2013
- ♣ In 2011 it was 51% Spain, 47% Greece, 31% Portugal, 22% UK
- ♣ Asia Pacific region rate was 11% 2012

Unemployed by educational attainment, 2015 and 2016

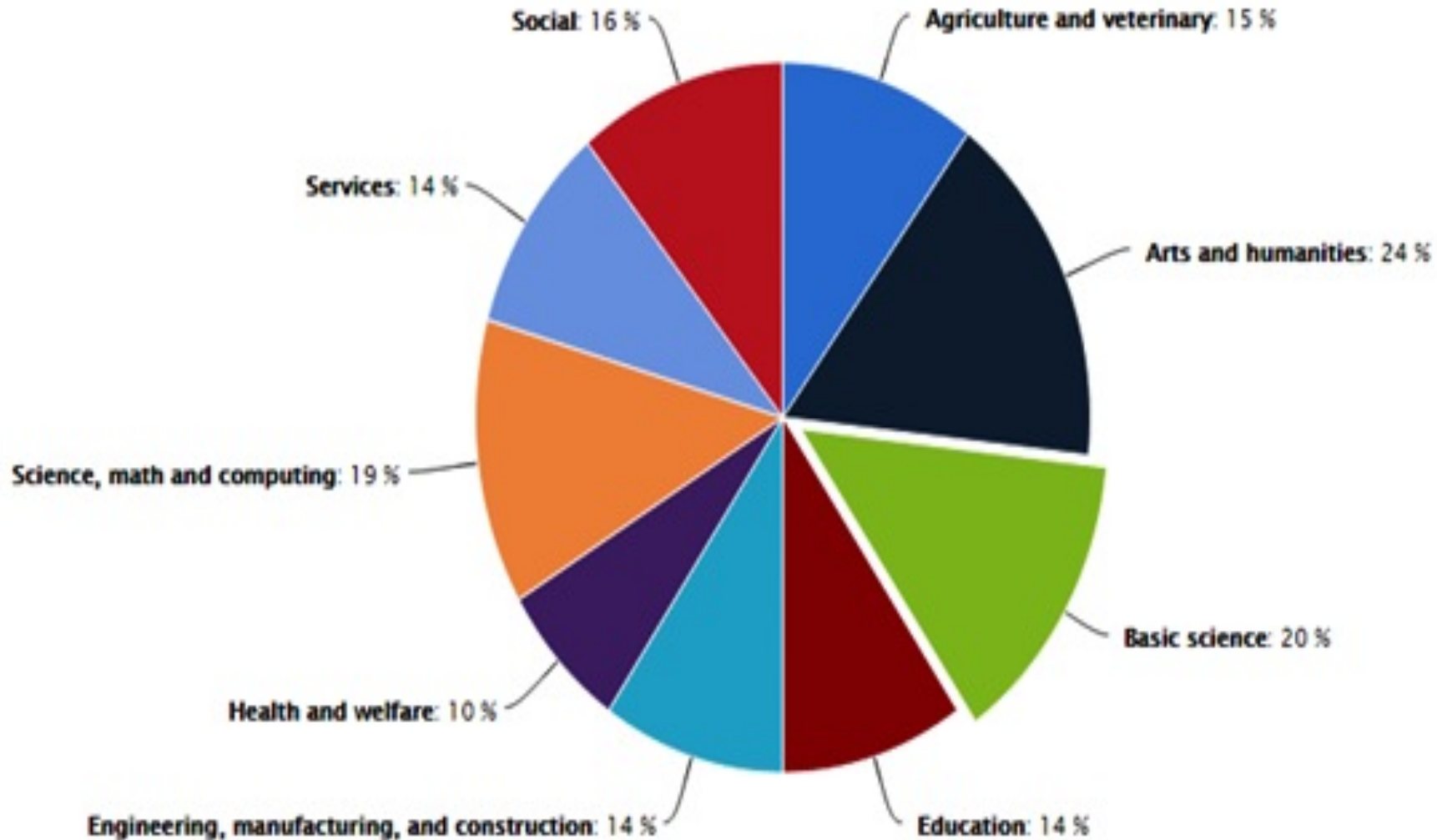


Unemployed Youth by Education Qualifications, 2011



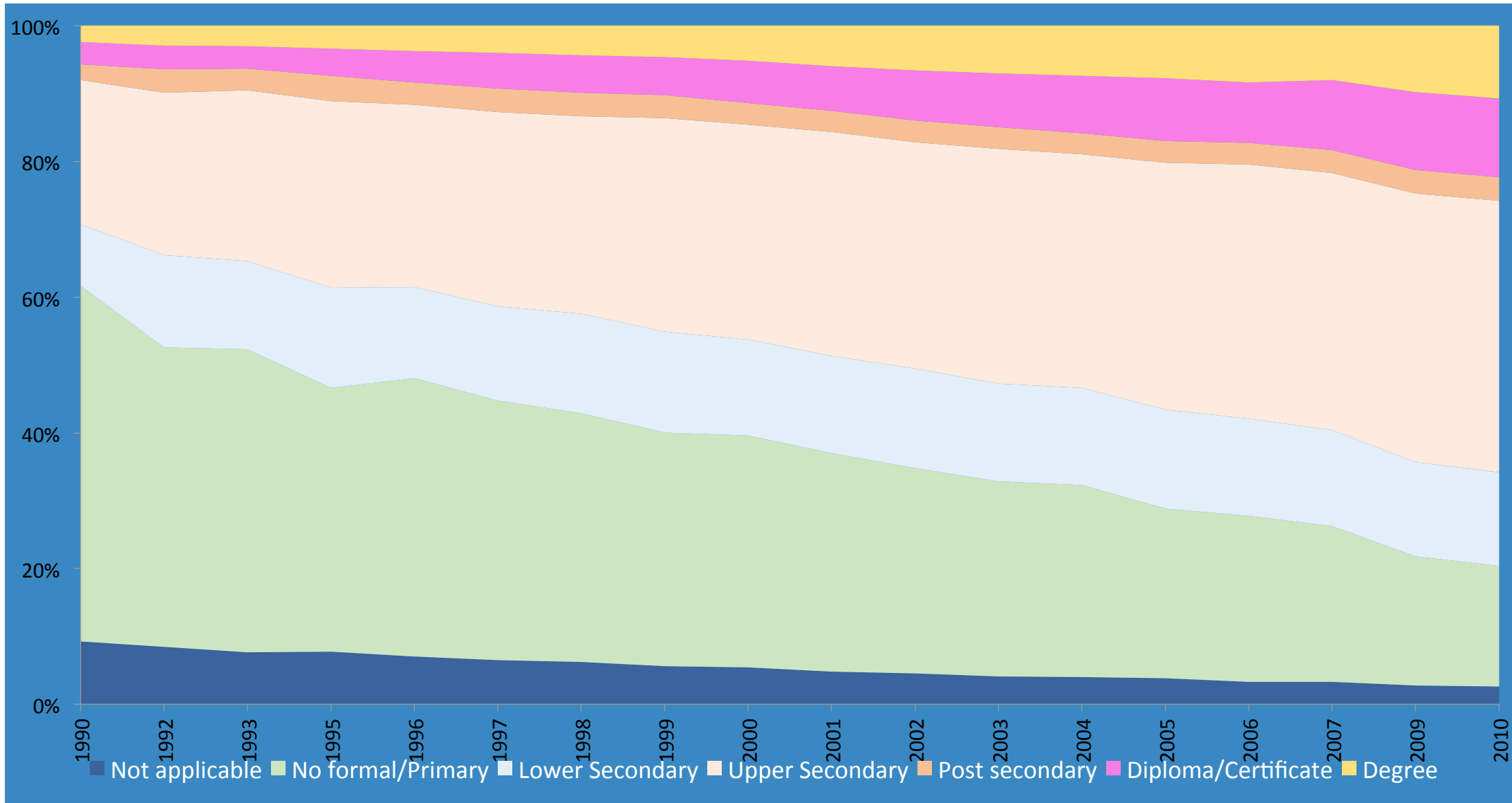
- ♣ One-third of unemployed youths are high skilled
- ♣ 20% degree holders
14% diplomas

Unemployed Youth by Field of Studies, 2011



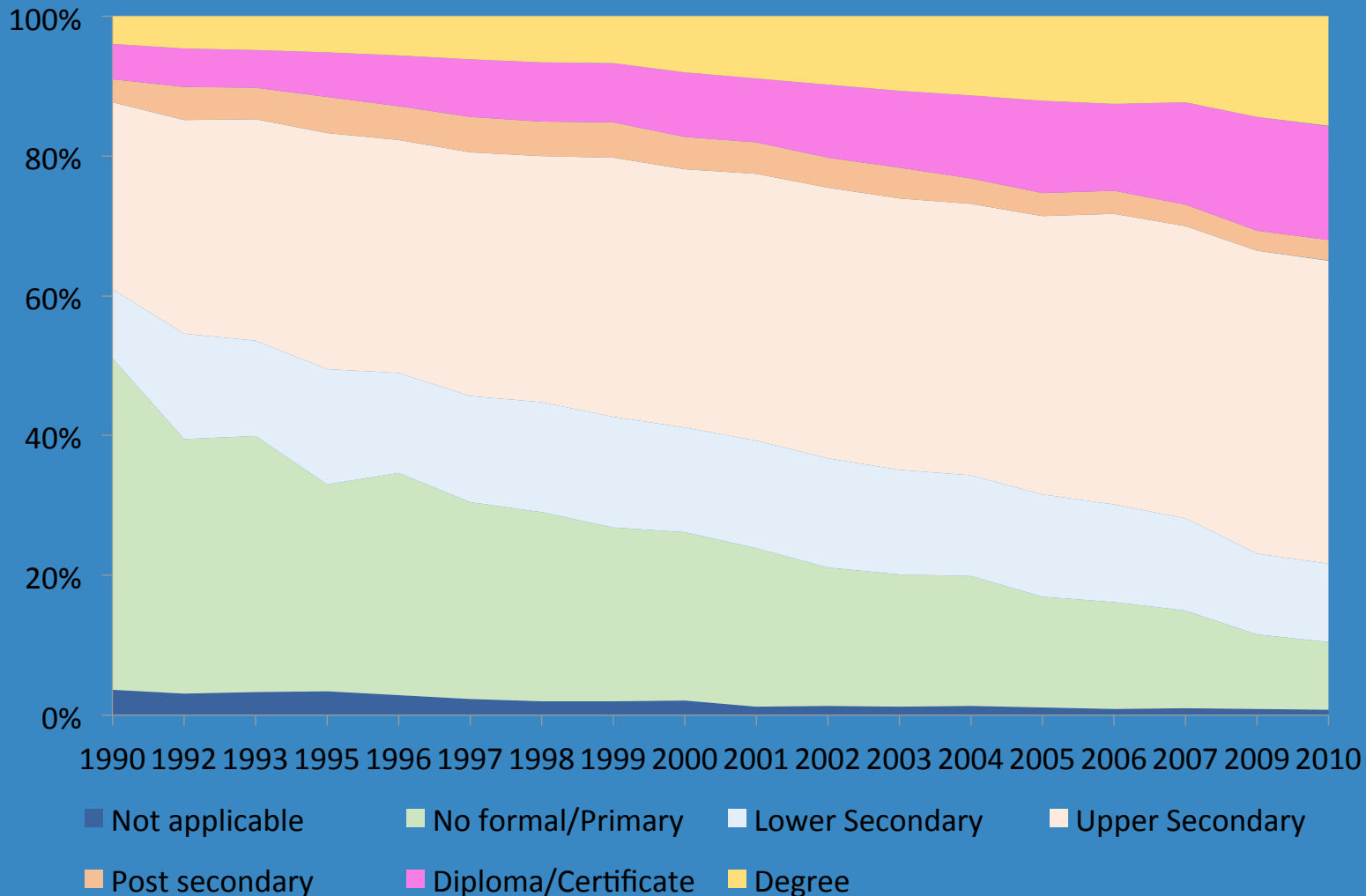
- ♣ Some 40% studied science, maths & computing and basic science
- ♣ 24% studied Arts & humanities

Educational distribution of the workforce, 1990-2010



Remarkable Expansion of human capital levels of younger workers

Chart 12: Education distribution of Malaysian workers (25-35)



♠ Remarkable change in education levels of 25-35 age group in workforce.

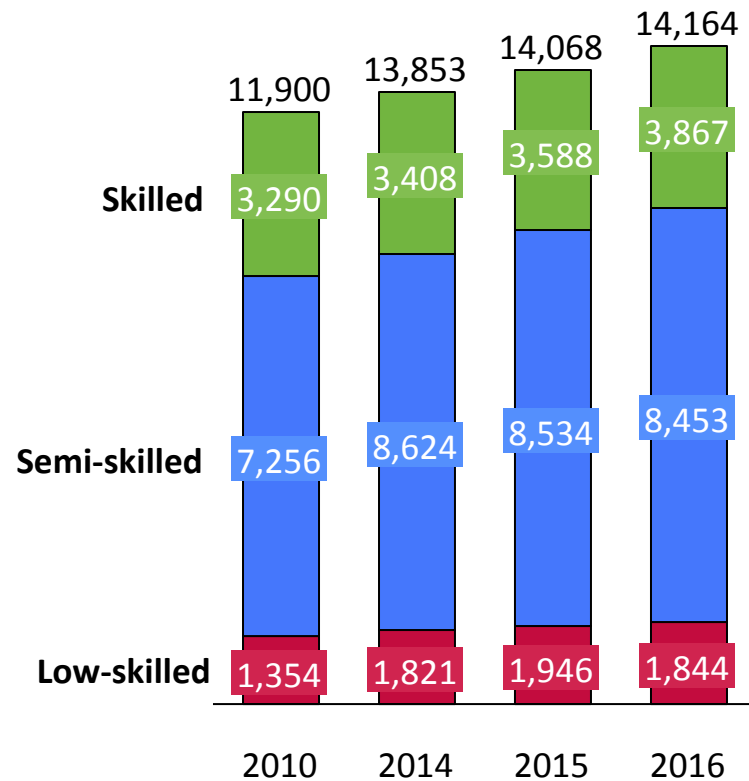
♠ In 1990, over 50% had primary education, less than 10% had tertiary education.

♠ By 2010, 10% had primary, 30% had tertiary education.

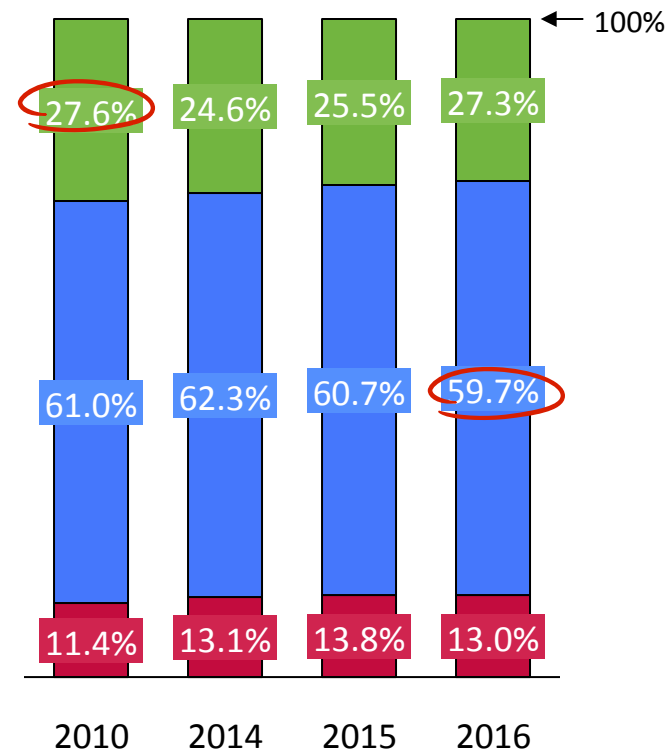
Job creation skilled and low-skilled occupations

Drop in share of semi-skilled to skilled employment in the last 3 years

Employment by skills category 2010-2016

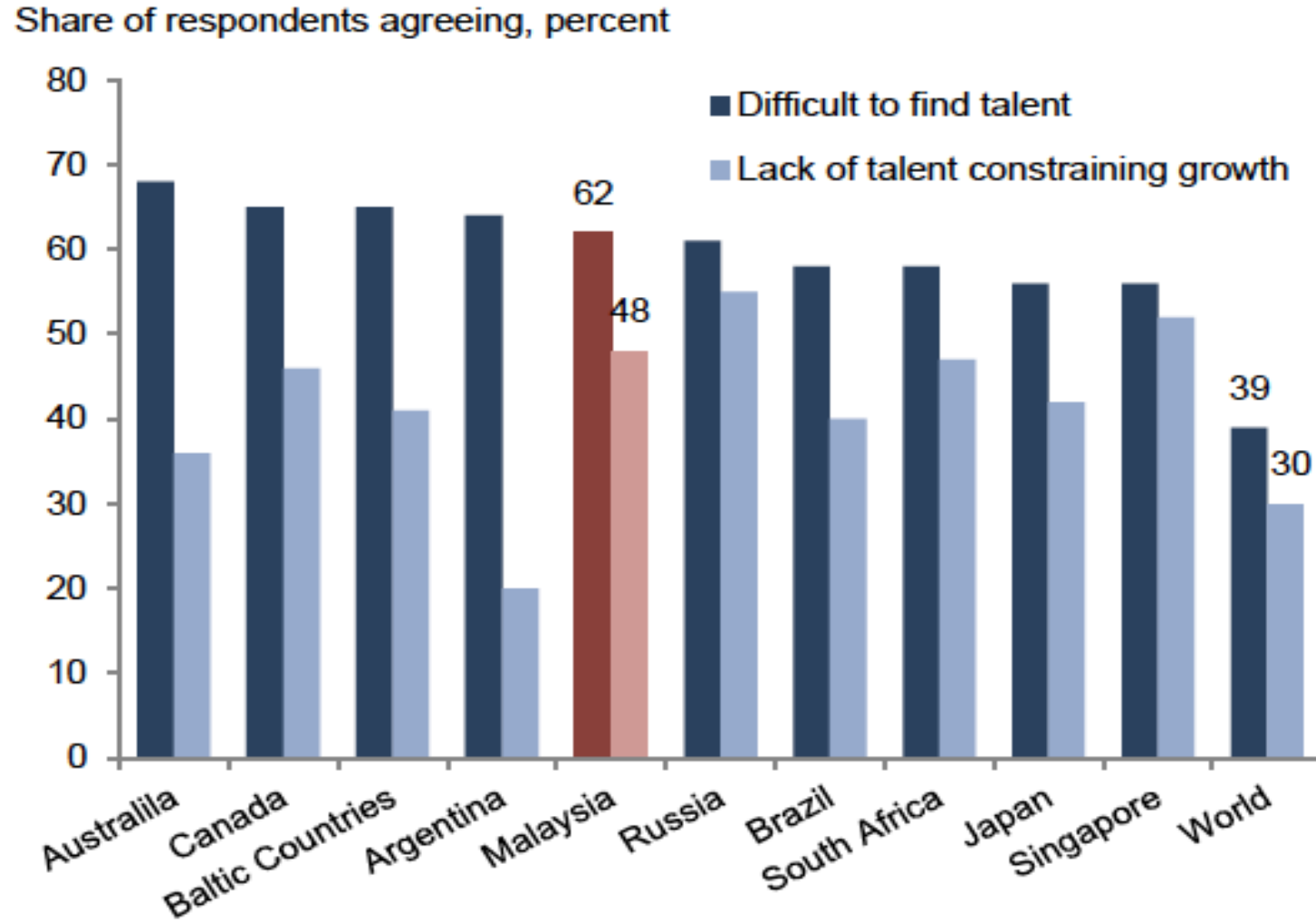


Share to total employment 2010-2016



Source: LFS, DOSM

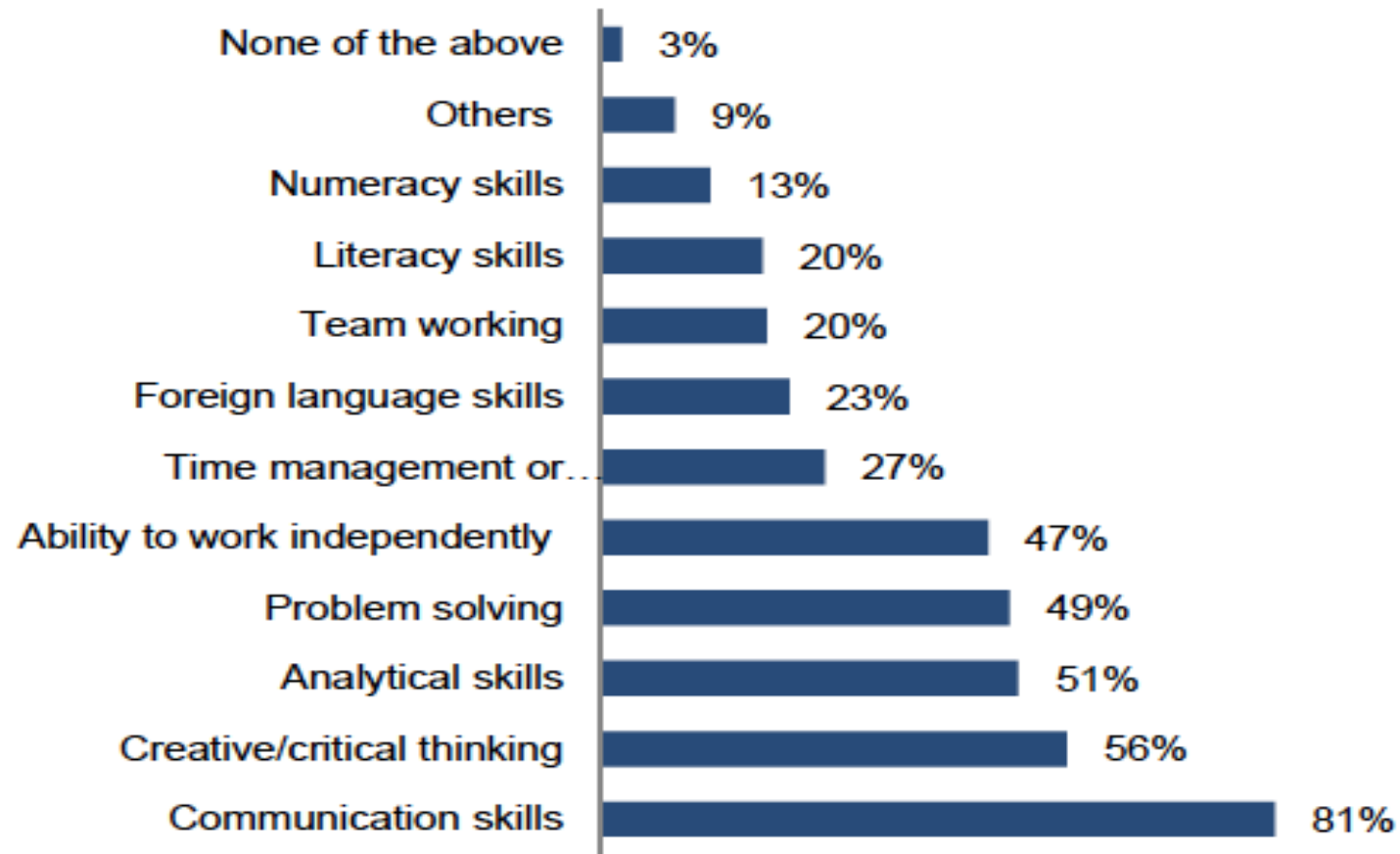
Lack Of Skills



Source: Grant-Thornton International Business Report 2013

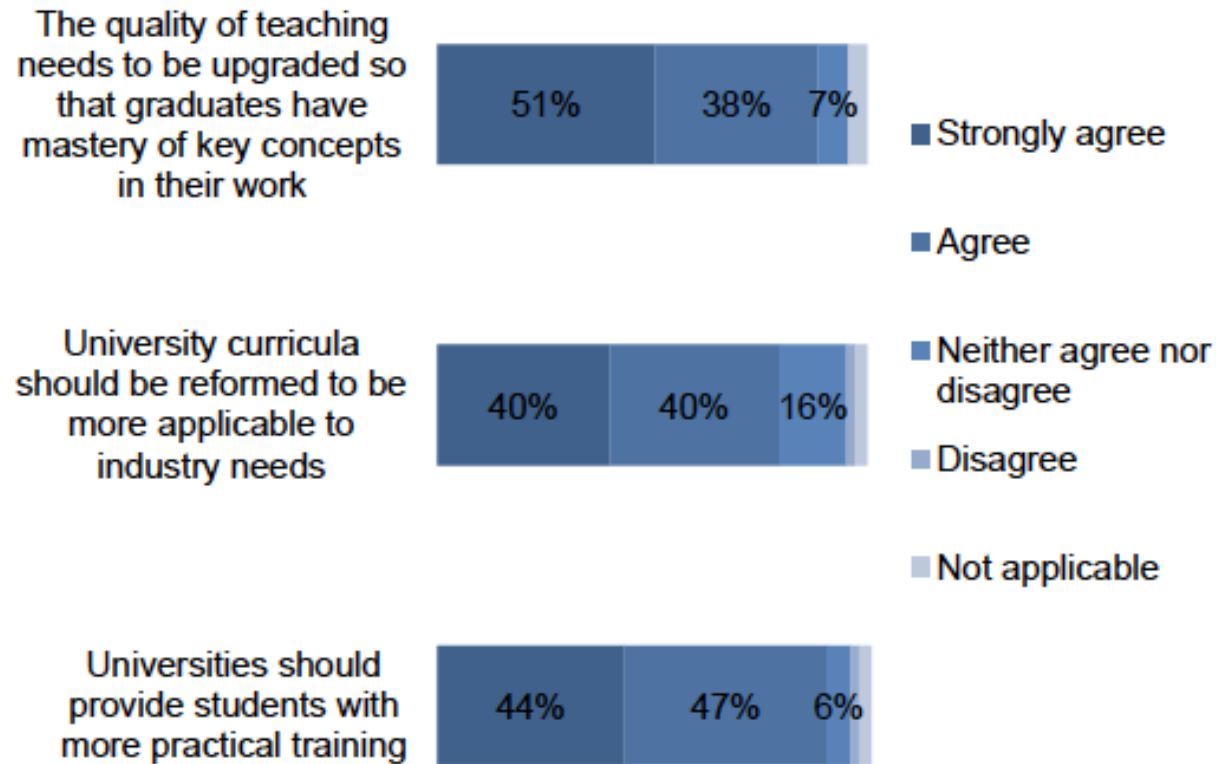
Fresh Graduates From Local University Lack Soft Skills

Share of respondents citing skill deficits in fresh graduates, percent



Source: TalentCorp/World Bank 2014

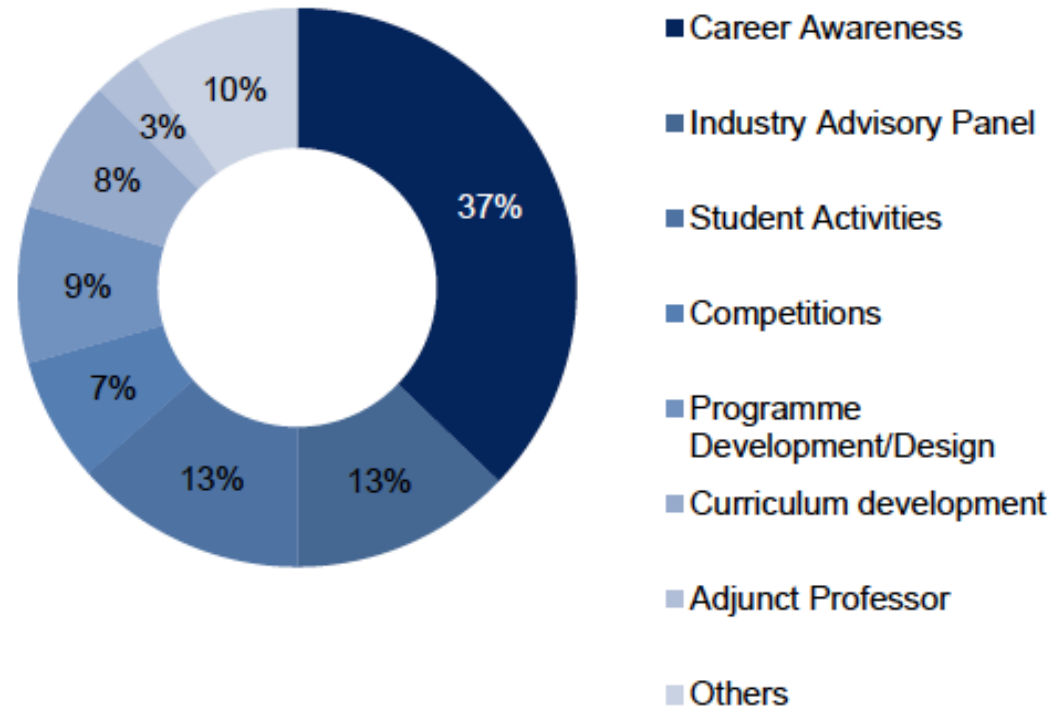
The Role of University In Preparing Students To Enter Workplace



Source: TalentCorp/World Bank 2014

Limited Interactions Between Employers and Local Education Provider

Share of respondents, percent



Source: TalentCorp/World Bank 2014

Summary

- ♣ Despite recent weaknesses, Malaysia's labour market situation overall remains tight;
- ♣ Outlook for workforce developments remains positive with downside risks reflecting mostly the global environment and political electoral cycle;
- ♣ Malaysian workers continue to be higher educated and possess better qualifications than previous cohorts of workers;
- ♣ Recent rising trend in unemployment, with concerns about seemingly greater number of unemployed youth possessing high skilled qualifications;
- ♣ Labour market policy responses would need to be responsive to an underlying emerging shift in the economic structure;
- ♣ Improved data and information needed to better understand industry demand for specific jobs and occupations giving rise to skills mismatch among youthful workers;



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