

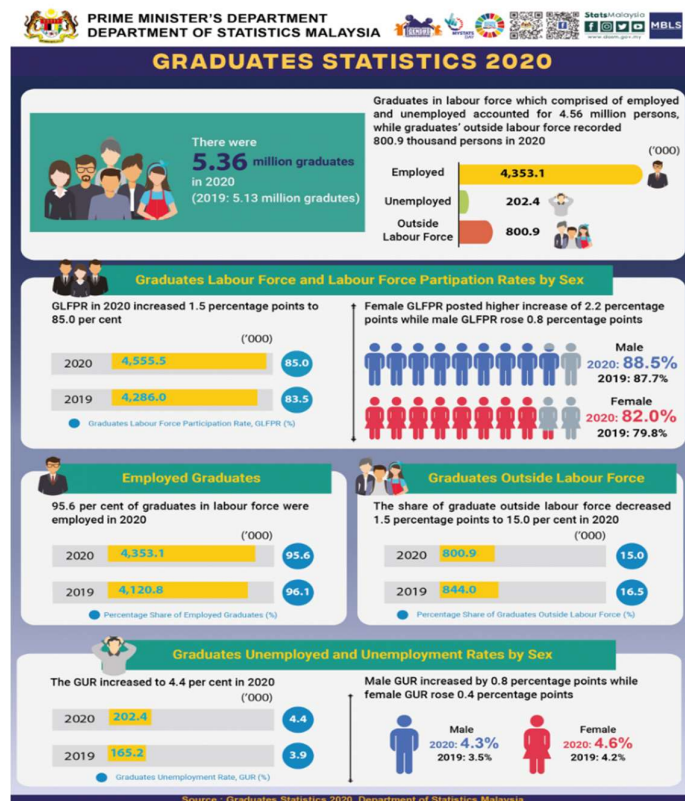
Government Aids & Initiatives for ‘Pandemic Graduates’: Are they enough?

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Graduating in the midst of COVID19 pandemic: A mismatch of supply and demand

Due to the COVID19 public health response by the Malaysia government, a series of movement restrictions and immediate business operation policies has been enforced; causing a temporary shutdown of entire sectors of the economy especially non-essential retail, hospitality and leisure businesses. As we witness a stark change in the labour market landscape in many sectors of economic activities in Malaysia, within the first few months of the crisis, many were left without work due to retrenchment, companies right sizing, employee reshuffling, even cessation of business due to unprecedented levels of bankruptcy.

Based on the Asia-Pacific Employment and Social Outlook 2020 report by the International Labour Organisation, it is estimated that 81 million jobs in 2020 have been wiped out even prior to the economic crisis caused by the COVID19 pandemic¹. In this pandemic, Malaysia recorded 99,696 job losses within 6 months.² This explains why the official statistics revealed that Malaysia’s unemployment rate rose from 4.5% in May 2021 to 4.8% by the end of June 2021. This means that over 768,700 Malaysians are currently still scrambling to secure a job.



¹https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-bangkok/documents/publication/wcms_764084.pdf

² <https://www.thestar.com.my/news/nation/2020/12/09/nearly-100000-malaysians-have-lost-jobs-since-start-of-mco-says-hr-ministry>

On the other hand, the Graduates Statistics 2020 reported that the number of Malaysian graduates has risen steadily from 5.13 million in year 2019 to 5.36 million in year 2020 – indicating a 4.5% increment. Although the steady increase in the number of graduates is concomitant with Malaysia’s awareness of the importance of higher education in improving livelihoods, this however, when met with depletion of job supply during the pandemic, spells disaster for fresh graduates. Hence, it is not surprising to learn that the number of unemployed graduates rose 22.5% from 165,200 in 2019 to 202,400 in 2020.

All of this created a problem where too many incoming graduates are facing limited job opportunities.

In-Debt Graduates

Studies have indicated that one of the main reasons behind increasing number of students enrolling in both public and private universities and colleges is due to the large provision of student loans, especially the establishment of National Higher Education Fund Corporation (PTPTN) in 1997. In year 2020 alone, PTPTN assisted 150,567 students to further their studies at the institutions of higher learning through approved education loans amounting to RM3.59 billion. From those applicants, a total 59,421 students were from the B40 group and the less affluent families, involving RM1.6 billion in education financing.

Subsequently, a worrying trend among Malaysian graduates is that they are graduating with debts where the burden of education loan repayment is made heavier with the addition of other debts such as housing loan and car loan when entering the job market. In fact, Graduates Tracer Studies by Ministry of Higher Education reported that about 50% of tertiary education level student are relying on PTPTN annually. About 10% of them are funded by scholarships, while remaining 40% are privately- or self-funded. If we assume that those 10% scholarship recipients are given full scholarships and do not need repayment, this means that the remaining 90% of students must bear the burden of higher education fees and subject to repayments.

Study loan repayments

There are many types of loans or scholarships offered by Government-Linked Companies (GLC) and private companies. However, the one that is more pronounced and is more accessible is PTPTN. The

creation of PTPTN aims to offer education financing to all Malaysians with very low interest costs. Common for any forms of loan however is the concern on how the repayment could be done by the borrowers without a hitch.

Problems in loan repayment had occurred before the COVID-19 pandemic, and were since exacerbated by the pandemic. The Government and PTPTN, however, agreed to offer deferment of repayment (or moratorium) for graduates while the country is still affected by the pandemic. It is best for graduates to take the offer, but even after accepting the PTPTN moratorium, what is clear is that the amount of debt remains and graduates still have to repay, albeit in the near future.

Every individual wants to pay off their debts incurred when they can afford it. But the problem that needs to be scrutinised is the ability of a debtor to pay off these debts. With reference to the Ministry of Higher Education's annual survey data compiled and published by Malay Mail on graduates' salaries³, the Statistics Department chief statistician said that "(New) degree graduates recorded a decrease in monthly income where the majority earned between RM1,001 and RM1,500 in 2020 compared to RM2,001-RM2,500 in 2019". This highlighted a clear and grave problem faced by graduates where the low-salary has a direct impact on study loan repayment.

There have been various discussions on restructuring PTPTN loan repayments and expanding loans-cum-scholarships to bigger groups. However, scholarships in the form of discounts or extension of repayment (moratorium) does not solve the students' predicaments, as the root cause is low salary when entering job market caused by high unemployment, and underemployment of graduates. Without jobs and sufficient income, it is hard for graduates to find light at the end of the tunnel.

Unemployment: Are graduates being picky?

"Just grab any jobs offered!" - Generally, this is what the public may say to graduates over the unemployment issue. In a study by Khazanah Research Institute in 2018, it is found out that the top concern among graduates is that they would prioritise work-life balance over other factors. Calvin Cheng, an economic analyst from the Institute of Strategic & International Studies (ISIS) Malaysia, commented on this issue by arguing "Narratives that push views that Malaysian graduates need to be 'grateful' or

³ <https://www.malaymail.com/news/malaysia/2021/04/01/report-fresh-grad-salaries-fell-to-minimum-wage-level-in-2020-says-stats-de/1962896>

should not be 'picky' or narratives that seek to blame negative labour market effects on workers themselves – obscure both the seriously unequal and devastating impacts of the COVID19 crisis on youth as well as the larger labour market structural context.

Underemployment

Among the concerns of a young person before and when continuing their studies at the tertiary level is whether they will really get a job commensurating with their desired vocation and amount of money spent on the university tuition fees. Not a single graduate ever wanted to be underemployed but all aim for a better living with a good job that comes along with a good amount of income after successfully graduating from colleges or universities. But, the reality of the labour market situation today is a major cause for concern among these graduates to say the least.

In early 2021, Khazanah Research Institute (KRI) published a research report titled "Labour market gaps: More than just unemployment". The research report discussed the gaps that occurred in the labour market has gone beyond unemployment and found that due to COVID19 pandemic, young workers remained to be underemployed because employers now preferred older and more experienced workers. Furthermore, the lack of experience, either from being unemployed or underemployed, could have longer-term consequences on the career development of new graduates.

Entering the labour market just to fall into the underemployment statistic is not something for graduates to look forward to. However, KRI Research associate, Amirul Rafiq said that the underemployment issue was systemic as most firms in Malaysia did not rely wholly on skilled labour. This means that there is a shortage of skilled work compared to the number of graduates entering the job market. He then added that economic activities tend to disproportionately employ younger workers, which meant they are more exposed to employment in lower-wage economic activities. This indicates that Malaysia's economic activities are labour-intensive and skewed towards low and semi-skilled workers.

Government Aid and Packages

The Ministry of Higher Education itself was aware about the issue of graduate employability and therefore has conducted a detailed study called "The 2020 Graduate Tracer Study". It was reported that graduate's employability rate was around 84% in year 2020, slightly down from 86% in year 2019. However, the

performance still surpassed the Ministry's initial projection of 75%. While giving the impression that a 2% decline is not that significant, especially when the country is facing COVID19 pandemic, this must be viewed in tandem with reports by the Ministry of Human Resources where at end 2020, just 120,296 out of 372,934 job seekers were successfully employed.

There are various good efforts that have been made by the Perikatan Nasional (PN)-led government in addressing the issue of employability and marketability of graduates to reduce the impact of the COVID19 pandemic;

1. **Wage Subsidy Programme 1.0:** As of June 2021, the Wage Subsidy Programme which approved in Budget 2021 under PRIHATIN and PENJANA has reached a value of RM 12.9 billion involving 322,177 employers and 2.64 million registered employees;
2. **Wage Subsidy Programme 2.0:** Through this programme, a total of RM1.28 billion has been channelled by the Government to 75,262 employers in order to support them in kept their operations and retaining 659,066 employees;
3. **Wage Subsidy Programme 3.0 & 4.0:** Improving the existing wage subsidy programme, the government extended the programme by giving opportunities to sectors that are still prohibited from operating by the National Security Council (MKN) such as tourism and sport industries to be involved. This is to help all workers in such industries that have been subject to pay-cuts or unpaid leave because the company cannot operate;
4. **Bumiputera Relief Financing (BRF):** In order to assist Bumiputera SMEs that affected by COVID19, a total of RM226.8 million was channelled to 749 SMEs under this financing aid package. In the same time, a total of RM421.2 million also given to 12,667 Micro SMEs including the retail and services sectors through PENJANA Micro Credit Financing;
5. **Prihatin Special Grant (GKP) 1.0, 2.0, 3.0 & 4.0:** These are one-off financial assistance to qualified Micro SMEs' owners to alleviate the financial burden of businesses while increasing productivity of production. Through this initiative, graduates who venture into business by becoming entrepreneurs are also eligible to apply and benefit from this programme to ease them developing their business; and
6. **Professional Training and Education for Growing Entrepreneurs (PROTEGE), MyFutureJobs & PenjanaKerjaya 1.0, 2.0 & 3.0:** These programmes generally have common aims which are to develop and guide youths in collaboration with industry experts including entrepreneurial training and workplace training program in effort to create more competitive and

ready job marketers as well as skilled job seekers to meet industry needs. Although it's not specifically only for fresh graduates, they can also register themselves in these programmes in order to get placement in the collaborating organisations.

Conclusion and Recommendations

The efforts and seriousness that has been shown by the Government in addressing the issue of graduates' unemployment and employability through both fiscal and non-fiscal aids and packages are highly commended and should be given credit where credit is due. However, as reported by the Department of Statistics Malaysia (DOSM) and later confirmed by both Ministry of Higher Education and Ministry of Human Resources, there are still hundreds of thousands of graduates who are still unemployed and need to be given serious attention.

The challenges remain for issues of job opportunity depletion, underemployment of fresh graduates in the labour market and salary range for fresh graduates. The numbers of graduates affected could increase by end 2021 due to the implementation of a series of lockdowns under the phases of National Recovery Plan, which was prolonged for many months.

Below are some of the recommendations that can be implemented by the Malaysia government based on example of efforts made by other countries:

1. **Online Upskilling Courses:** To provide online upskilling courses developed by the government itself and offering it to unemployed graduates. This government-funded upskilling programme will encourage more unemployed graduates to keep their minds proactive while waiting to get hired. The courses offered should also meet with the needs of the today's labour market. Through courses like this, it can reduce the marketability gap between fresh graduates and experienced individuals in the job-searching pool. For example, government can offer IT courses that teach how to use professional software like AutoCAD, QuickBooks, professional designing software or basic programming, e.g., coding.
2. **Job-Guarantee Scheme.** A Job Guarantee Scheme can be built or provided by the government to strengthen existing programmes such as PROTEGE, MyFutureJobs and PenjanaKerjaya. In contrast to existing programmes that require the joint involvement of private companies or GLCs, the government can establish a Job Guarantee Scheme that offers temporary employment in

government agencies specifically for graduates. This scheme is also good if there is a minimum period of as low as 3 months with no maximum period. In addition, graduates should be paid through a reasonable rate (above the minimum wage) including other common benefits or remuneration offered to a regular worker. This scheme shall be opened to any final year graduate to provide an alternative to the traditional method of industrial training required to complete their studies. Through a scheme like this, graduates do not have to worry too much in taking the first step into the realm of the job market.

Similar schemes like this have been done by other countries such as Finland (Youth Guarantee), Sweden (Job Guarantee for Young People), United Kingdom (Flexible New Deal) and India (National Rural Employment Guarantee Act) in addressing the unemployment among youths. All of which showed incredible positive impacts toward the unemployment rate especially among young people including graduates in their countries.

3. **Entrepreneurial Development.** Universities counsellors should encourage new graduates to venture into small business enterprises hence, creating jobs and employment, as well as helping to boost economic output. The Ministry of Entrepreneur Development and Cooperatives (MEDAC) and SME Corp Malaysia through the Warongku platform has targeted a total of 3,500 entrepreneurs to benefit from a RM3.11 million allocation. This programme will help graduates to create jobs for themselves and as entrepreneurs, take profit from their labour as well as pay wages they deemed fair to themselves and their cohorts.
4. **Join NGOs as volunteers to gain work experience.** As the graduates are inexperienced, one way to develop a profile would be to work as volunteers in social NGOs. The experience gained will add a huge advantage when seeking jobs. Social NGOs deal with issues that are real life and it enables the youth to learn about addressing social challenges in society. Learning environmental conservation for example, will help new graduates to secure better opportunity with multinational companies which desire greener credentials.

Graduate job seekers should learn to help themselves instead of just sitting idly by to wait to be hired. While the pandemic delays job market recovery, graduates can still volunteer to help in the current pandemic efforts such as in food-aid distribution and at vaccine centres that may give them some remuneration or benefits in kind.

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