INSAP
INSTITUTE OF STRATEGIC ANALYSIS & POLICY RESEARCH

YOUTH UNDER-EMPLOYMENT IN MALAYSIA:

Factors and its implications on Malaysia's growth and future

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EXECUTIVE SUMMARY

The **youth underemployment**[1] situation in Malaysia has yet to garner the needed attention despite its concerning numbers. In 2021, there were 4.57 million employed graduates, where 2.9% were time-related underemployed[2] while 33.9% were skill-related-underemployed[3]. Overall, the proportion of underemployed youth (% of total graduate workforce) has remained largely unchanged from 2017 to 2023 while nominal numbers show an uptrend, showing a need for reassessment of intervention strategies.

With underemployment among youth comes various other challenges, including a relatively low average salary for graduates. In fact, 28.7% of graduate placements in 2022 began with monthly earnings below RM1,999. Couple this with the lack of high-skilled job creation (only 12% of jobs created per annum from 2010 to 2019), there is little room for these graduates to experience both career and wage advancements. Additionally, the market of medium to low skill jobs become more concentrated as higher skilled graduates are pushed into these sectors, competing with lower skilled graduates hence further pressure to push down real wages.

What are the consequences of a delayed action to deal with this? Brain drain will occur inevitably, leading to a depletion of skilled human capital and talent. With this, Malaysia's economic productivity will be affected as skilled and innovative talent is lost, eventually affecting Malaysia's advancement in the supposedly "Fourth Industrial Revolution" era as skillsets among those that remain in the country will be outdated. Ultimately with the low undeserved wages, poverty and debt levels could rise, further aggravating the nation's widening income inequality.

Hence, this deep-lying issue prompts for urgent addressing. Urban decentralization and reindustrialization are required where the government can develop special economic zones, promote development of rural and peri-urban industrial parks as well as widespread technology adoption which will all ultimately create high-skilled jobs. There must also be efforts to reshape the public's misled views on TVET while improving the system. Efforts should include improving instructor competency, reorganizing the fragmented TVET system, and integrating it with the MYFutureJob platform to enhance skill development.

In conclusion, Malaysia's underemployment crisis, particularly prevalent among youth, demands immediate attention. Recognizing it as a distinct issue, separate from unemployment, is crucial to tackle its detrimental effects on income inequality and future economic growth. However, in order to ensure policy consistency and expedience, INSAP calls for both youth unemployment and youth underemployment to be given due attention by the relevant ministries and government agencies, so that a comprehensive roadmap can be developed to address the problem – lest the government finds comfort in tackling unemployment when it removes the statistics from one column to pile up another column.

[1] unemployment represents people who are working but not in a job that matches their skills or qualifications, often meaning they earn less than what they should.

[2] part-time workers (<30 hours) seeking more hours, due to job nature or lack of available work

[3] those with tertiary education and working in the semi-skilled and low-skilled categories

BACKGROUND

The most recent graduate statistics from DOSM for 2021 reveal that out of 4.57 million employed graduates, 2.9% were time-related underemployed, while 33.9% were skill-related -underemployed. According to these figures, Malaysian graduates are mainly facing skills-related underemployment.

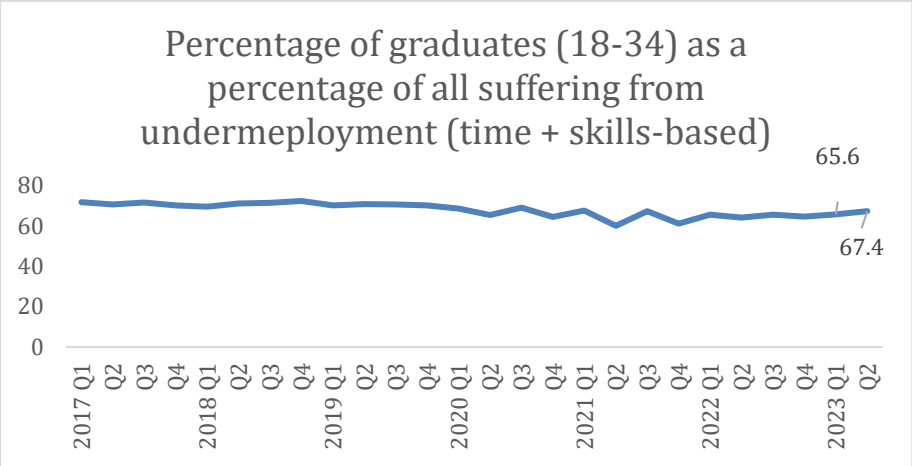
Skills-related underemployment - Those with tertiary education and working in the semi-skilled and low-skilled categories.

Time-related underemployment - A group of people who were employed less than 30 hours per week during the reference week because of the nature of their work or due to insufficient work and were able and willing to accept additional hours of work. Persons who were employed more than 30 hours per week during the reference week are considered to be in full employment.

Overqualification in the economy: A youth issue

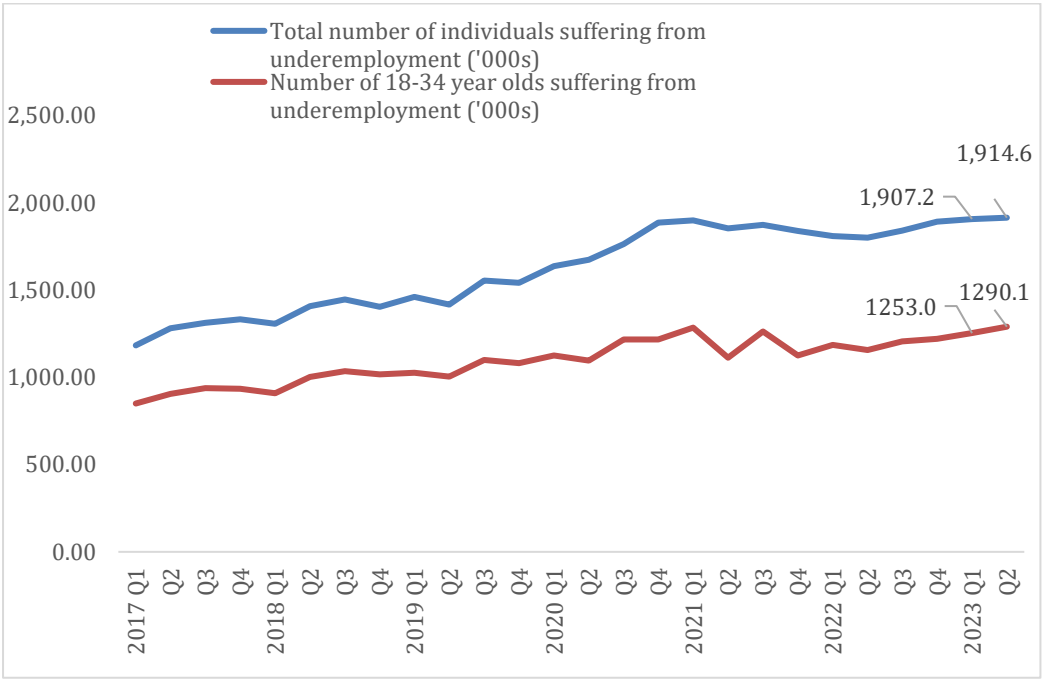
Being overqualified for a job is a problem few of us would have expected to face coming out of university. But with the emergence of the gig economy and long-ingrained social factors coming into play, it is a reality that many of the youth (aged 18 to 25) must now confront. This is known as underemployment. Not to be confused with unemployment, which refers to the number of people in the workforce who are actively seeking jobs but do not have one; underemployment represents people who are working but not in a job that matches their skills or qualifications, often meaning they earn less than what they should [1]. This means there is an inefficient use of the labour productivity capacity in the economy.

Figure 1: Number of 18-34-year-old graduates categorised as skills-based and time-based underemployment as a percentage of the total number of graduates in the workforce



Source: Department of Statistics Malaysia

Figure 2: Number of graduates suffering from underemployment over each quarter from 2017 to 2023.



Source: Department of Statistics Malaysia

Figure 1 shows the number of graduates aged 18 to 34 years old who are currently suffering from skills-based and time-based underemployment as a percentage of the total number of graduates in the workforce suffering from underemployment. The blanket term "underemployment" will encompass both skills and time-based underemployment from here onwards unless stated otherwise for convenience. It is shown that from 2017 to 2023 there has been little to no overall decrease in the proportion of youth underemployment as a whole. Thus, it can be inferred that any methods implemented to reduce the level of underemployment such as TVET have had limited functionality so far.

Figure 2 shows the upward trend in the nominal number of graduates suffering from underemployment over each quarter from 2017 to 2023 ('000s). There has been a steady and obvious rise in the number of underemployed individuals across both categories over the period recorded. This further supports the inference that the current measures being taken to address this issue are simply not sufficient.

Malaysia is an interesting case in its own right: despite being an upper middle-income economy, Malaysia has faced an ongoing challenge of relatively low average salaries for graduates. 28.7% of graduate placements in 2022 began with monthly earnings below RM1,999 [2]. The rapid growth in the number of highly educated individuals in Malaysia over the past few decades, outpacing the demand for their skills in the labour market, has raised concerns about the value of education as an investment for securing employment opportunities. Whilst education played a pivotal role in the initial transformation of the economy, we must now move away from just churning out graduates and instead ensure that the needs of each sector are appropriately addressed.

As there have yet to be sound policy recommendations to address this pertinent issue, the objective of this paper is firstly to call greater attention to this issue, to explore the factors underlying this phenomenon, its implications on Malaysia's future, and to provide recommendations that should be adopted by the relevant parties moving forward.

Factors and implications

This section explores the potential reasons why this mismatch emerges in the labour market and may draw on established theories to better frame them. The implications of underemployment on the Malaysian economy will then be elaborated upon.

(1) ***Overqualification and skills mismatch:*** The *Signalling Theory* argues that education helps employers to identify the more highly competent applicants, meaning individuals with greater educational achievement are more likely to be employed. Thus, individuals have a greater incentive to invest more in their education to provide clearer signals and to distinguish themselves from other applicants. However, the implication is that as educational attainments rise, the average education level of entrants rises. This places greater pressure, particularly on the young, to attain higher qualifications, leading to over-qualification.

This is corroborated in the findings as it was found that 35.2% of graduates were employed in semi-skilled and low-skilled jobs, which can be considered occupational mismatch, as their education, knowledge, and skills are not fully utilized in their current work [5]. Furthermore, around 18% of workers are employed in jobs for which they are overeducated and about 52% of workers are employed in jobs not corresponding to their fields of study, leading to wage penalties of approximately 14-17% [3]. According to job placement data released by Malaysia's Social Security Organisation (Socso) in June 2022, approximately 40% of individuals with degrees

and diplomas find themselves in underemployment, occupying semi-skilled and low-skilled positions [4].

(2) ***An Asian society's culture:*** Another issue is that the socio-cultural aspect of university enrolment has become so ingrained in the Malaysian mindset that students matriculate just for the sake of it or to meet familial expectations. This phenomenon not only signifies a waste of resources but also degrades the quality of teaching. The Malaysian Higher Education Ministry estimates that 48% of Malaysians are enrolled in tertiary education [6], which is significantly higher than the World Bank and United Nations' targets of 35% for countries at Malaysia's level of development [7]. This may mean that educational institutions are producing more graduates than can be absorbed by the labour market, which is further exacerbated by the fact that only 52% of Malaysian firms consider hiring fresh graduates for available roles, citing the perceived "lower quality" of graduates [8] and their lacklustre work attitudes, but many are also hesitant to work for employers who offer inadequate wages.

Despite overt issues in the public and private sectors to generate positions that require tertiary-educated skillsets, the government has expressed a continued desire to produce more graduates. DOSM has revealed that only 24.9% of jobs are in the high-skilled category in 2022 with a 0.2% rate of growth from 2021, which is outpaced by the increase in the size of the tertiary-educated labour force. Furthermore, several problems with the current "mass enrolment" system in public universities have become apparent. This includes high dropout rates, lowered passing standards, and student loan debt. Therefore, local universities must strive towards a quality-over-quantity mindset to improve graduate employability.

(3) ***Oversaturation of skilled graduates in the labour market:*** Another worrying prospect is that soon graduates will no longer have any jobs that can fully utilise their abilities despite them being the best-educated generation. This is already being observed in the labour market - in the period 2010 to 2019, the average number of graduates was approximately 280,000. Within the same period, approximately 284,300 new jobs were created for this group, of which only 12% are categorised as high-skilled. These figures highlight a frightening outlook for prospective graduates: whilst there has been a huge influx of fresh graduates entering the market, the jobs created are not commensurate with the level of education achieved by them. As a result, these graduates are forced to take jobs that are either low or semi-skilled which have been growing by a proportionally greater amount of 24.9% and 12.8% respectively.[9]

The surplus of university graduates exacerbates the difficulties encountered by young people without tertiary education, who now find themselves competing with graduates for even low-skilled jobs. In addition, there is evidence that employers have taken advantage of this situation to keep wages at a very low level. According to Bank Negara Malaysia's Annual Report 2018, the real minimum monthly basic salary for

fresh graduates has decreased by 0.7%, 0.1%, and 0.3% for holders of diplomas, basic degrees, and honours degrees, respectively. This suggests that the oversupply of highly educated workers has not only led to increased competition for jobs but has also put downward pressure on wages. This is a concerning trend, as it could make it more difficult for young people to afford a decent standard of living. Furthermore, according to the statistics provided by the Ministry of Education in 2021, a total of 181,901 students were recorded for admission at public universities nationwide. However, of these, there were only 23,262 (12.8%) students in the science, mathematics, and computer science fields. 37,020 (20.35%) were recorded as being in the engineering and construction fields whilst 8,031 (4.4%) were in health and welfare-related courses. To add to this, approximately 5% of students enrolled in STEM courses switch yearly, indicating a steady decline in the output of graduates in STEM-related courses, which is worrying.

One of the main issues that arise due to underemployment is “brain drain” which is the emigration of highly skilled workers from a country. It is estimated that the number of Malaysians choosing to work overseas stands at 5.5% at any one time as compared to the global average of 3.3% [9]. Skills-based underemployment is one of the factors that contributes to brain drain. Underemployed graduates may be more likely to emigrate to other countries in search of better job opportunities and higher salaries. This would lead to a loss of human capital and talent.

Macroeconomic impacts

Malaysia's youth represent a significant portion of the country's human capital, possessing the skills, knowledge, and potential to drive economic growth and innovation. However, underemployment and brain drain deprive Malaysia of this valuable resource, hindering the country's ability to compete in the global knowledge economy.

This loss of skilled youth and the reduction in innovation can hinder economic productivity and limit the country’s ability to compete in the global marketplace. This innovation gap whereby jobs do not fully leverage the potential of the youth will eventually result in a lack of new ideas and advancement. Underemployment can also dampen youth consumer expenditure as youth with lower income have lesser purchasing power, slowing economic growth.

Brain drain will also discourage foreign investment as potential investors may be hesitant to invest in a country that is losing its pool of skilled talent every year and struggling to maintain a competitive edge. This lack of investment will hinder job creation in the future and prolong this cycle.

In the foreseeable future, Malaysia will be put at risk of becoming an aging population due to the steady outflow of young skilled labour due to the lack of available high-skilled job

opportunities. This would put a strain on healthcare services and cripple sectors such as education, healthcare, and manufacturing.

Microeconomic impacts

Aside from implications on the economy as a whole, there are also adverse impacts on the individuals themselves. Misalignment between job opportunities and an individual's skills may **stagnate career development**. If this is prolonged, they will eventually lose their finer skills, making it more difficult to obtain their desired jobs in the future. Additionally, in this "Fourth Industrial Revolution" era characterised by rapid technological advancement, their skills may quickly become outdated and irrelevant before graduates can put them to good use.

Furthermore, another one of the obvious short-term consequences is financial strain as the underemployed struggle to make ends meet or support their families. If this persists in the long run, it will inevitably lead to **poverty** and **increased debt** as more loans are taken out. If this problem permeates throughout the whole economy, it may even **aggravate income inequality** in the long run. It goes without saying that financial stress will have negative impacts on mental health such as anxiety and in extreme cases, depression and substance abuse. As a result, persistent underemployment due to labour market and policy-making inefficiencies are bound to foster social discontent as communities become frustrated due to limited opportunities for career advancement and the feeling of being dealt the short end of the stick.

Recommendations

Demand-side

This section will now attempt to address the demand side of the issue, namely the labour market's inability to absorb the constant output of highly skilled graduates year on year due to the lack of high-skilled job creation which made up only 12.8% of approximately 284,300 jobs created per annum from 2010 to 2019.

(1) Urban decentralisation and reindustrialisation

Malaysia has experienced rapid growth and urbanisation over the past few decades[16]. This growth has been driven by the services and manufacturing sectors which have been concentrated in the urban centres. As a result, there has been a significant outmigration of young people from rural to urban areas in search of better employment opportunities. This concentration of economic activity in urban centres has exacerbated the regional disparities in development causing rural areas to lag behind in terms of infrastructure, healthcare, and education.

Urban dispersal and reindustrialisation with a focus on sunrise industries such as green energy, artificial intelligence technology, and electric vehicle manufacturing will kill two birds with one stone, offering potential solutions to the issues of underemployment and regional disparity. The following strategies should be considered:

(a) Promoting the development of rural and peri-urban industrial parks

In collaboration with state governments, the Malaysian Investment Development Authority (MIDA) should encourage the development of industrial parks suited to each state's competitive advantages. These parks will effectively create a self-sustaining and highly specialised ecosystem. Alongside increased R&D grants by the government, it will also attract investors, both local and foreign, to participate in the increasingly lucrative and productive sector therefore creating more high-skilled job opportunities.

Taking from South Korea's Third National Physical Plan[15], we can integrate some of their policies into our own. We propose two types of high-tech industrial parks, the first being production-oriented and located in regions where existing industrial and technological activity is not yet intensive. This type of park would aim to attract high-tech firms, generate new jobs, and increase income for these peripheral regions. Its success would depend greatly on the collaboration between the local government, universities, and high-tech firms both nationwide and in the local communities.

The second type of park would focus on highly specialised small and medium-sized sites that aim to forge closer links between high-tech industries and local SMEs in order to foster and encourage the process of modernisation to adapt to the 4th industrial revolution. Aside from a top-down approach, there should also be a bottom-up initiative that establishes greater technological innovation in established industrial parks.

(b) Developing Special Economic Zones (SEZs)

"As of 2006, there were 1,568 national-level and provincial-level industrial parks distributed in more than 270 Chinese cities, with 9,949 square kilometres in total. Although these parks only occupy around 0.1% of China's total land, they contribute to about 10% of China's GDP and one-third of FDI" [18] . This highlights the efficacy of these rapidly planned industrial clusters as machines of economic growth and the potential benefits they could bring to Malaysia. The creation of high-skilled jobs in these high-productivity sectors will naturally follow, thus aiding the labour market in absorbing the abundance of high-skilled labour.

In order to target these specific sunrise industries, SEZs can introduce a number of incentives such as:

(i) **Tax breaks and exemptions:**

Reduced corporate income tax rates, exemptions from import duties, and accelerated depreciation on capital investments can make it more attractive for foreign companies to establish operations in SEZs.

(ii) **Simplified regulatory procedures:**

Clear investment guidelines, streamlined licensing processes, and fewer bureaucratic hurdles will make it easier for companies, both local and foreign, to navigate the regulatory environment in SEZs. The government may even provide hands-on services to aid interested firms in the relevant industries through the process.

(iii) **Access to specialised infrastructure and support services:**

The SEZs can provide specialised infrastructure tailored to the needs of these sunrise industries such as dedicated research and development facilities, fast internet connectivity, etc to create an environment that is self-sustaining in nature. They may also provide services such as business incubation and acceleration programs to aid small development

(c) Promote more widespread technology adoption

A cornerstone of Malaysia's production model has been low-cost production that leans on low-skilled and low-paid workers whilst keeping a lid on wage increases for businesses to maintain their margins. These tendencies are only spurred by the ease with which cheap and low-skilled foreign workers can be obtained.

Whilst this may have served Malaysia well in the past, in order to transition from to a high-income economy, we must move away from the current production model. Relying on cheap labour-intensive methods distorts the market [17] by disincentivising firms from adopting higher technology processes and pursuing greater sophistication in production. The high supply of foreign labour prevents the market from clearing and instead of an upward trend in wages, there has been a downward pressure. Thus, employers are not forced to adopt productivity enhancing measures by substituting labour for capital.

This over-reliance on foreign labour also casts an adverse light on Malaysia in the eyes of foreign investors as a low-skill and low-pay environment. Any subsequent initial investments by foreign multinationals will likewise be affected. The firms will likely set up less complex segments of their production process locally such as factories as their only incentive is the ease of cheap foreign labour acquisition, while higher productivity and value-adding

processes are set up in neighbouring countries such as Singapore. This self-reinforced image only serves to lock Malaysia in a vicious cycle which will require more investment to reverse.

In managing the issue of over-dependence on these foreign workers, a movement towards greater technology adoption alongside market based-tools would be most effective. This would include quotas, dependency ceilings, and levies.

With that being said, technology adoption is not a feat that can be achieved overnight. Policy implementation and changes need to be gradual and clearly communicated to all industries. Even though foreign worker reforms are needed for the benefit of the economy in the long run, there will be short term impacts as well. Naturally, there will be some industry pushback and undoubtedly some extent of operational relocation of labour-intensive production to neighbouring countries that can now offer cheaper prospects. However, this will free up the productive capacity and fiscal resources needed to fuel more productive and complex industries. Most importantly, it will allow both workers and industries to prepare for the changes to come, to avoid policy reversal and aiding policymakers in navigating this paramount transition.

The government also plays an instrumental role in making technology more accessible and affordable. It follows that the government should provide aid - particularly to micro, small, and medium enterprises which may be in the form of advisory support such as identifying automatable processes, matching with technology firms, training workers on the ground, or financial aid.

Lastly, it is important to remember that these reforms must be accompanied by effective monitoring and enforcement on the ground particularly with regards to foreign worker acquisition.

Supply-side

To address the issue of students graduating from university with skills not suited for the current job market, Malaysia established the Technical and Vocational Education and Training Scheme (TVET) in 1964 with the establishment of two institutions and is administered by eight different ministries. The Ministry of Education is the main governing body for TVET in Malaysia alongside the Ministries of Higher Education, Youth and Sports, Human Resources, Defence, Works, Agriculture and Agro-based Industry, and Rural Development.[10]

(a) However, its efficacy has been diminished by the **public's negative perception** that TVET graduates are usually involved in dirty, demeaning, and dangerous jobs as opposed to the white-collar jobs their traditionally educated counterparts will get. In contrast, a recent study by the Ministry of Higher Education found that, in 2022,

46.3% of TVET graduates entered high-skilled jobs[11]. This implies a serious lack of communication between the government and the public.

The public's misled views must be reshaped. Whilst professionals have advocated for the steady improvement in its negative perception, more needs to be done. Students must be informed clearly about the bridge between the higher education provided by TVET and their career prospects. To promote TVET, the government can start by educating both students and parents about vocational pathways and career prospects through counselling and guidance services. This will give a greater sense of certainty and security to both students and parents, allowing them to make a fully informed decision. In addition, it is important to showcase the TVET success stories, which can be done through industry placements and well-organised collaborations between TVET institutes and key industry players.

(b) Another concern many prospective students and their parents have is the **quality of education** they receive. The competency of TVET instructors is worrying as many generally lack interest in teaching their assigned subjects and they lack the necessary qualifications, industrial experience, and skills to teach their students effectively[12] This is particularly worrying as the National Occupational Skills Standards (NOSS)-based system for TVET includes approximately 60-70%[13] practical and industrial training leaving only 30-40% of the curriculum being theory-based.

The TVET program should not be seen as just a channel to churn out local talent, but also a vehicle that has the potential to generate economic growth in the future. As such, it requires a good engine to keep it running - the instructors. Thus, industrial experience must be made a requirement for instructors of all levels. At present, according to the Malaysian Qualifications Agency, industrial experience is only required for teaching staff in Level 4 and 5 certificates. Additionally, the skills of instructors should be evaluated from a broader base which includes their soft skills. According to a study of TVET teachers and the framework they should adopt in the 4IR era, 3 main constructs should be implemented [15]. These are pedagogical, technical, and social competencies. Pedagogical competencies include the ability to deliver effective instruction, assess student learning, and create a positive learning environment. Technical competencies include the ability to use technology to enhance instruction, develop and maintain instructional materials, and troubleshoot technical problems. Social competencies include the ability to communicate effectively with students, parents, and colleagues, and to work collaboratively with others. But the screening process should not stop here - the instructors should be subjected to continuous performance monitoring via a centralised database system.

(c) Furthermore, in Malaysia, there is a societal sentiment that learning ends after university, preventing the potential for a “lifelong learning” mindset, which is in part due to the absence of such a policy in the national education agenda. This raises a significant issue as it hinders the nation's ability to adapt to the rapidly changing demands of the globalized workforce and impedes its progress toward becoming a knowledge-based economy. Lastly, industry representatives are concerned about

their limited involvement in the development of TVET programs, expressing a lack of clear benefits from collaborating with ministries and other stakeholders. Additionally, the complexities of the bureaucracy involved have discouraged collaborations with these industries ultimately leading to a skills mismatch. This mismatch necessitates additional resources for the retraining of fresh graduates by industries, contributing to their reluctance to provide competitive starting salaries. In Malaysia, there is a societal sentiment that learning ends after university, preventing the potential for a “lifelong learning” mindset, which is in part due to the absence of such a policy in the national education agenda. This raises a significant issue as it hinders the nation's ability to adapt to the rapidly changing demands of the globalized workforce and impedes its progress toward becoming a knowledge-based economy.

The vocational education system in the Netherlands has been hailed as an effective framework that combines the priorities of the government, enterprises, and workers. The industrial sector plays a larger role in organising the initial training and ensuring lifelong training alongside other social partners, and will be the crux of this recommendation.

Malaysia's TVET landscape is fragmented, with as many as 20 government bodies and hundreds of private providers operating independently and adhering to varying standards. In place of this spaghetti bowl of overlapping jurisdictions, we propose that the TVET system should be organised as centres (as per practice in the Netherlands) representing different sectors e.g for construction, health care, engineering professions, administrative professions, logistics and transport, and agriculture that is under one governing body that oversees the issuance of a set curriculum and the qualification structure.

This system should be financed in part by the government and also by enterprise, acknowledging that such an arrangement benefits both the public and private sectors. The boards of these centres should be made up of educators, employers, and trade unionists. This multipartite board will be able to match the demand of the respective sector for skills with training provision, anticipate future labour market skill needs, and assess the quality and relevance of the training programs. These centres will be responsible for advising the government on the qualifications structure, training company trainers, providing TVET services, and monitoring and forecasting changes in the skills demand for their respective sectors, as is already being undertaken through the MYFutureJob platform, which should be integrated.

CONCLUSION AND REMARKS

Youth underemployment is a grossly under-reported and unrealised issue in Malaysia's workforce today. It is often mistakenly viewed as a transitional phase that individuals go through when they move from a learning environment, such as education or training, to the practical realities of the working world. While it is generally not harmful in the short run as its impacts are likely to be covered over time, its effect in the long term is not something to be glossed over, ultimately intensifying income inequality. Amongst all those who are suffering from underemployment, the youth (18-25 years) constitute a frightening 67.4% as of Q2 2023; significantly greater than the unemployment rate of 10.7% in a similar demographic. In the midst of a slowdown in the rate of increase of export value (a moderate 2.4% year on year), Malaysia faces the threat of economic slowdown and by extension, a rise in underemployment as lucrative industries contract.

The identification of the relationship between the determinants of underemployment in Malaysia and shortcomings in current policy (structural issues) to tackle the said issue will hopefully provide the government with the direction it should move toward on how to fully utilise the productive capacity of the nation's increasingly educated workforce. It should also be noted that the lack of awareness surrounding this issue meant that there were few prior papers to infer from and hence the **lack of an obvious method to tackle this issue.** Although the Department of Statistics Malaysia (DOSM) has initiated the publication of underemployment statistics this year, it is advisable for the government to support more comprehensive research looking at both the **effectiveness of the TVET program in curating relevant skills** and **addressing structural issues in the labour market**. This research would enhance our understanding of the factors influencing underemployment, its ramifications, and the formulation of effective policies particularly aimed at alleviating youth underemployment in Malaysia.

Avoiding false sense of security

On 10 January 2024, Malaysia's Department of Statistics (DOSM) announced that Malaysia's unemployment rate has returned to pre-pandemic levels of 3.3%, that is 569,000 unemployed individuals as at November 2023. The Chief Statistician, Datuk Seri Mohd Uzir Mahidin highlighted that actively unemployed individuals seeking jobs comprised 79.9% of total unemployed persons, dropping by 0.6 per cent to 454,500 individuals. According to him, this reflects a positive economic growth and improving job market.

However, INSAP wish to point out that 454,500 people who are yet to be gainfully employed despite attempts to seek job, belie a systematic flaw in the economy where there are not enough high skilled jobs, over-reliance on foreign workers, and a prolong dependence on low wage low skill strategy to keep businesses running. As a result, underemployment especially among youths, have become a deeply ingrained problem in our economy as highlighted in this paper.

In order to ensure policy consistency and expediency, INSAP calls for both youth unemployment and youth underemployment to be given due attention by the relevant ministries and government agencies, so that a comprehensive roadmap can be developed to address the problem – lest the government finds comfort in tackling unemployment when it removes the statistics from one column to pile up another column.

See also INSAP's paper entitled *"The Looming Challenge: Youth Unemployment and It's Political Implications"* by Edwin Oh. Available in INSAP website at www.insap.org.my

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