

# A Statistical Snapshot of Youth Unemployment, 2011 to 2018

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This view was prepared by Nur Thuraya Sazali, a researcher from the Khazanah Research Institute (KRI). The author is grateful for the valuable comments by Mohd Amirul Rafiq Abu Rahim, Siti Aiysyah Tumin and Tan Zhai Gen. Opinions expressed are those of the author and may not necessarily represent the official views of KRI. All errors remain the author's own.

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### **A Statistical Snapshot of Youth Unemployment, 2011 to 2018**

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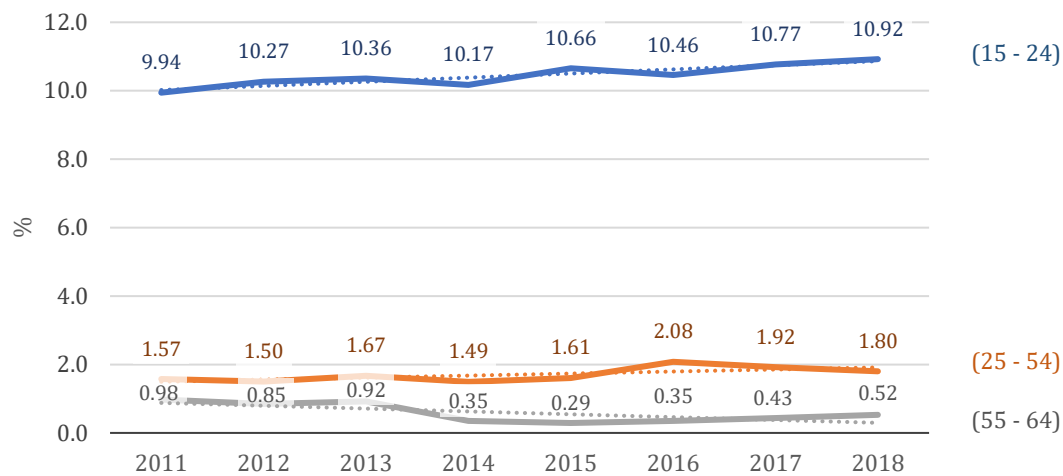
Using recently published [2018 Labour Force Survey](#) data and internationally recognised indicators, this statistical brief provides updates on labour market trends on youth unemployment. Overall, key youth unemployment indicators show an uptick; delivering the bad news that unfavourable employment situation for young Malaysians continues to stay.

The statistical indicators presented below are based on [Key Indicators of the Labour Market \(KILM\)](#) issued by the International Labour Organization (ILO) and computed using available age-disaggregated indicators published by the Department of Statistics Malaysia. Like in most countries, the term “youth” here refers to individuals aged 15 to 24 years old, while adult cover those above the age of 25.

#### Increasing youth unemployment rate

Youth unemployment rate (i.e. youth unemployment as a percentage of total youth labour force) continued an upward trend from year 2011 to 2018, with a 0.15 percentage points increase from 10.77% in 2017 to 10.92% in 2018. By contrast, the trend line has been relatively flat for individuals aged 25 to 54 and down for those aged 55 to 64. Like previous years, the youth unemployment rate is three times overall or national unemployment rate of 3.30% in 2018. It is worthy to note that the fall in unemployment rate for 55 to 64 in 2014 may reflect the enactment of [Minimum Retirement Age Act 2012](#), which increased the minimum retirement age from 55 to 60.

Figure 1: Unemployment rates for different age groups, Malaysia (percentage)



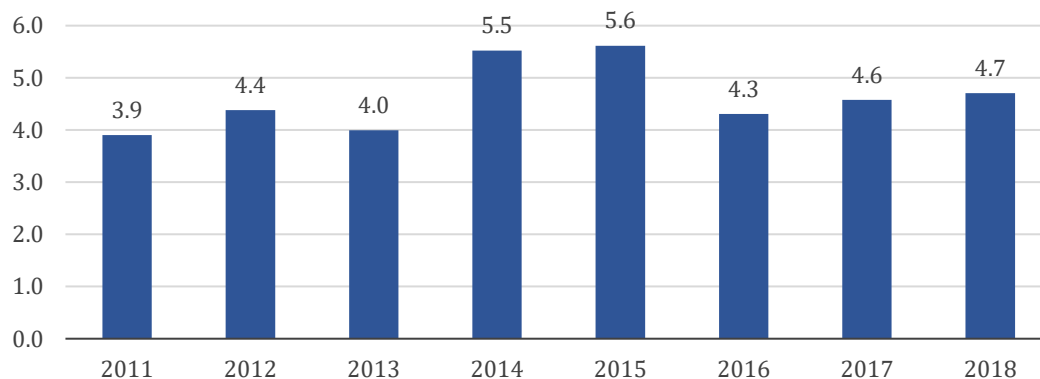
Source: Department of Statistics, Labour Force Survey Reports (various years) and author's calculations

Note: Unemployment rate is computed as  $\frac{\text{Total unemployed persons (in respective age group)}}{\text{Total persons in the labour force (in respective age group)}} \times 100$

### Ratio of youth to adult unemployment rates far exceeds “1”

Similar to the findings above, the issue of unemployment is much more prominent among the young ones, with the ratio of youth-to-adult unemployment rates continue to far exceed one. In 2018, for every unemployed adult, there were close to five unemployed youths, signalling that unemployment is much more of an issue for the youth, who are mostly first-time jobseekers.

Figure 2: Ratio of youth-to-adult unemployment rates, Malaysia



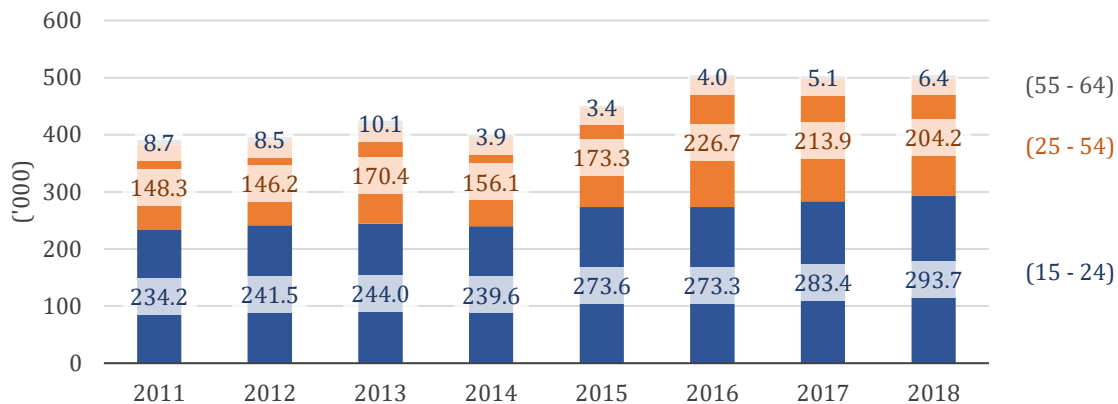
Source: Department of Statistics, Labour Force Survey Reports (various years) and author's calculations

Note: Ratio of youth-to-adult unemployment rates is computed as  $\frac{\text{youth (15-24) unemployment rate (\%)}}{\text{adult (24-64) unemployment rate (\%)}}$

## Youth continues to make up the majority of total unemployed individuals

Again, 15 to 24 years old unemployed individuals continue to make up the largest share of total unemployed individuals. This is followed by those at the mid-career (25 – 54 years old) and late career stage (55 – 64 years old). Proportion-wise, there is an increase share of unemployed youth in the total of unemployed individuals, from 56.41% in 2017 to 58.24% in 2018.

Figure 3: Number of unemployed persons by age group, Malaysia ('000)

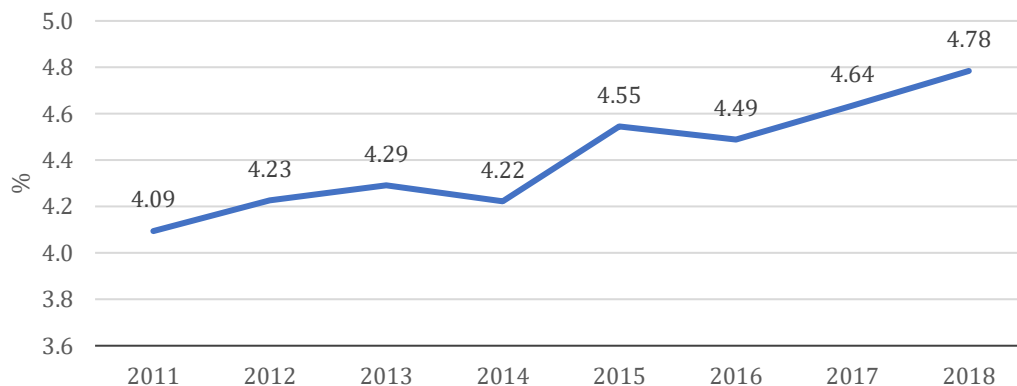


Source: Department of Statistics, Labour Force Survey Reports (various years) and author's calculations

## Increasing share of unemployed youth in the youth population

Unemployed youth does not make up the majority of the total youth population. Percentage-wise, the unemployed group continues to represent less than five per cent of the total youth population, with over fifty per cent of the youth population residing outside the labour market for schooling. Nevertheless, the proportion of unemployed youth has steadily increased from 4.09% in 2011 to 4.78% in 2018.

Figure 4: Share of youth unemployment out of total youth population, Malaysia (percentage)



Source: Department of Statistics, Labour Force Survey Reports (various years) and author's calculations

Note: Share of youth unemployment out of total youth population is computed as  $\frac{\text{Total unemployed youth (15-24)}}{\text{Total youth population (15-24)}} \times 100$

### As urgent as ever?

Except for Indonesia, Malaysian youth unemployment rate is much higher than its neighbouring countries like Singapore, Thailand, Vietnam and Philippines. However, at 10.9%, the rate is still lower than the [2018 global youth unemployment rate](#) (13.1%) and the rate for the region of South-East Asia and the Pacific (12.2%). Nevertheless, as labour market improvement is part of the key pillars of the [Shared Prosperity 2030](#) announced by the Malaysian Prime Minister in mid-2019 and given the unfavourable youth labour trends, the needs to improve youth labour experience appears to continue to be as urgent as ever.