

# Youth Internship – Exploring key issues and challenges

Junaidi Mansor, Mohd Amirul Rafiq Abu Rahim and Yap Chun Hao

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This discussion paper was prepared by Junaidi Mansor, Mohd Amirul Rafiq Abu Rahim, researchers from the Khazanah Research Institute (KRI), and Yap Chun Hao, a research intern. The authors are grateful for the valuable comments by Dr Sarena Che Omar, researcher from KRI. The views and opinions expressed are those of the authors and may not necessarily represent the official views of KRI. All errors remain the authors' own.

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**Youth Internship – Exploring key issues and challenges**

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**SUMMARY**

- ❖ Internships are commonly accepted by youth today as a rite of passage. While the basic idea of an internship is to provide a bridge between the textbooks and the real working world, the high level of competitiveness in the job market today has turned internships into a valuable currency for youth to secure employment.
- ❖ The issues relating to unpaid internship and the broader discrimination on interns are central to the youth agenda today. Loopholes in the labour laws are also viewed as a contributing factor. Youth are caught between demanding fair treatment and securing working experience for future employment opportunities.
- ❖ Youth represents the labour force for the economy in the future. An effective policy on youth internship today is crucial for a labour force that would be able to accommodate the demands of the economy in the future. Developing a policy on youth internship would require a balancing act on the different aspirations and needs of the multiple stakeholders – youth, higher learning institutions, firms, and the government. Sacrifices would also need to be made.
- ❖ Building from the School-to-Work Transition Survey (SWTS) Report published by the Khazanah Research Institute (KRI) in 2018 and studies from various jurisdictions, this paper explores the potential key issues and challenges that may be encountered in developing a policy relating to youth internship.

## BACKGROUND

The concept of assigning oneself to experts as a form of training has been practiced since early civilization and later became institutionalized as part of the guild system in early Europe<sup>1</sup>. In the mid-1900s, internship became an important component for youth to prepare themselves to transition from education to the working realm. Also contributing to the rise of internship is the influence of the situated learning and experiential education movement into the education system led by the prominent education philosopher, John Dewey<sup>2</sup>.

Today, internship has become a rite of passage for youth and is perceived as a prerequisite towards a successful career. For students, internships are valuable as it provides experience and exposure to the real working life, an important currency in one's curriculum vitae (CV) for job application<sup>3</sup>.

The importance of skill and experience as a currency to secure employment are well understood by both the youth and firms in Malaysia as evidenced in the School-to-Work Transition Survey (SWTS) Report published by the Khazanah Research Institute (KRI) in 2018<sup>4</sup>. The KRI SWTS Report showed that employers rated soft skills and work experience to be more important than academic qualifications for a skilled or professional worker. Malaysian youth are also fully aware that soft skills and work experience are essential for getting a good job.

At the United States of America (US), the birth country of internship, it was estimated that around 1.3 per cent of the entire US labour force are interns with half of college students reported completing an internship as part of their studies<sup>5</sup>. As a result, issues on internship has been much debated and documented in the US as highlighted by Ross Perlin in his book 'Intern Nation'. The culture of internships that originated from high income countries, later cascaded to low and middle-income countries. As internships became an important component in the education system and a norm in the transition from education to the working realm, the rise of internships has also triggered the debate on the financial survival of interns<sup>6</sup>. In particular, issues relating to unpaid internship and the broader discrimination on interns have gained traction to the public at large across globally<sup>7</sup>. The loophole in the labour laws in some jurisdictions has allowed internships to be treated as "free labour" by firms, even for graduated youths has also triggered the debate on rights to protection under basic labour rights for interns<sup>8</sup>. Unnoticed also are social inequality issues that might arise from internships<sup>9</sup>.

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<sup>1</sup> Perlin, R. (2012), at page 46.

<sup>2</sup> On situated learning, see [https://www.niu.edu/facdev/\\_pdf/guide/strategies/situated\\_learning.pdf](https://www.niu.edu/facdev/_pdf/guide/strategies/situated_learning.pdf). See also Miettinen, R. (2000), at pp.54-72.

<sup>3</sup> Yamada, D.C. (2002), at page 215.

<sup>4</sup> The SWTS was conducted nationwide in 2018 involving 23,785 youths among upper secondary and tertiary education, job seekers, young workers and employers. It provides youth information on education and labour market issues in Malaysia. The survey instrument was originally developed by the International Labour Organization (ILO) and tested in more than 30 low-and middle-income countries across the globe. The SWTS full report can be accessed in KRI website at [http://www.krinstitute.org/Publications-@-The\\_School-To-Work\\_Transition\\_of\\_Young\\_Malaysians.aspx](http://www.krinstitute.org/Publications-@-The_School-To-Work_Transition_of_Young_Malaysians.aspx).

<sup>5</sup> O'Higgins, N., Pinedo, L., (2018), at page 1.

<sup>6</sup> Weale, S. (2018)

<sup>7</sup> The Conversation (2018); Butler, S. (2018)

<sup>8</sup> Yamada, D.C. (2002), at page 220; Perlin, R. (2012) at pages 78 – 82; see also International Labour Office (2012)

<sup>9</sup> Bennett, A.M., (2011), at pages 297 – 298; Perlin, R. (2012) at pages 162 – 163.

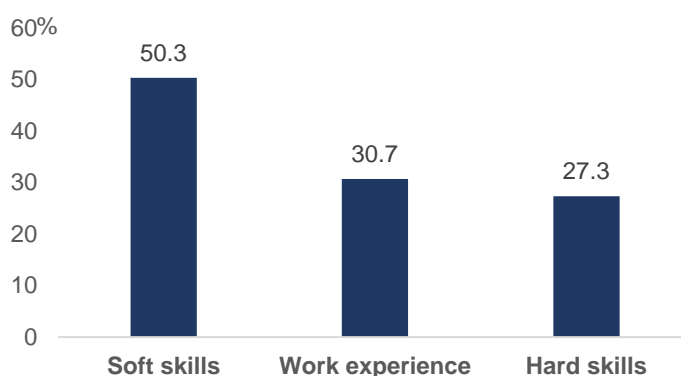
The voice of the youth demanding better treatment for internships as never been louder than before. The Global Intern Coalition, for example, is leading about 20 intern rights movements from across the globe including the United Nations Fair Internship Initiative and the European Youth Forum to champion this cause<sup>10</sup>. Recently, the European Youth Forum has successfully secure wages for interns with the European Parliament<sup>11</sup>. Closer to home, Malaysia's government through the Youth and Sports Ministry has successfully lobbied for the reintroduction of allowances for interns at ministries and government agencies<sup>12</sup>.

To understand this issue further, this paper aims to firstly, observe the landscape and meaning of internship; and secondly, to explore the potential key issues and challenges that may be encountered in developing an agenda or policy relating to youth internship.

### ***“...but you don't have experience” - the youth dilemma***

Often enough, the reasoning provided by firms is that graduates lack work experience<sup>13</sup>. The KRI SWTS Report also observed the same expectation from Malaysia's firms where soft skills and work experience more important than academic qualifications for a skilled or professional worker<sup>14</sup>. Overall, 50% of employers among the micro, small, medium and large companies ranked soft skills as the most important characteristics for hiring, followed by work experience (31%) and hard skills (27%)<sup>15</sup>.

**Figure 1: Ranking of skills and work experience required by employers for hiring**



Source: KRI (2018)

<sup>10</sup> See Global Intern Coalition website at <http://interncoalition.org/>.

<sup>11</sup> European Youth Forum (2018)

<sup>12</sup> New Straits Times (2019)

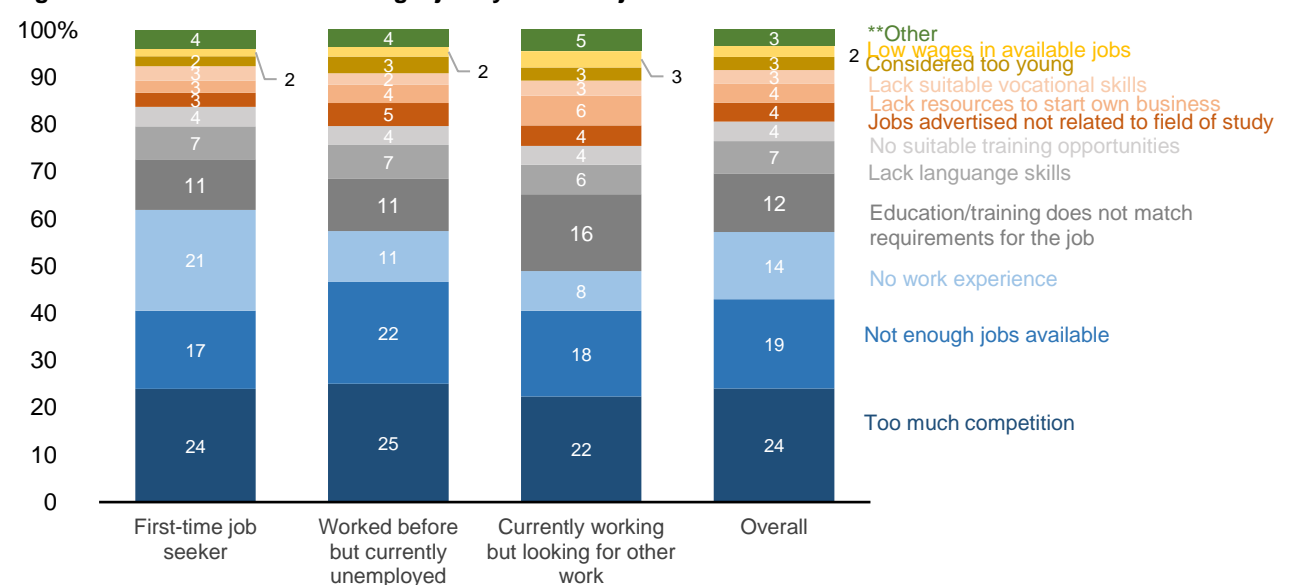
<sup>13</sup> Balvin Kaur (2017)

<sup>14</sup> KRI (2018), at page 216-217.

<sup>15</sup> KRI (2018), at page 217.

The Malaysian youth are not in the dark on the importance of experience in securing a good job<sup>16</sup>. Among tertiary students, the KRI SWTS Report showed that 27% of all tertiary students identify that practical training through internships, apprenticeship or on-the job training is important for getting a good job<sup>17</sup>, 14% of young job seekers consider lack of work experience as one of the crucial obstacles in their job search<sup>18</sup> and 29% of young workers consider practical training as one of the critical characteristics to get a good job<sup>19</sup>. This reflects their perception that employers prefer to hire those with work experience<sup>20</sup> and that a main reason why they do not easily get jobs upon completing their education is that they lack practical experience<sup>21</sup>.

**Figure 2: Mains obstacle in finding a job by status of job seekers**



Source: KRI (2018)

## CATEGORIZING INTERNSHIP

Internship is a concept well understood but lacking a concise definition. Internship exists in the grey area between education and work, a legal limbo between training and employment. The harsh treatment or difficult environment, or even the stereotypical compulsory task of getting coffee experienced by interns is commonly viewed as a rite of passage. The lack of a clear definition also means that internship could be misused by firms to secure “free labour”. In the United Kingdom (UK), it was estimated that 10,000 graduates who are in internships six months after they leave university, a fifth are unpaid<sup>22</sup>. International Labour Organization (ILO) has also expressed concerns about the abuse of internship as ‘disguised employment’ as a way for firms to secure

<sup>16</sup> Ibid., at page 234.

<sup>17</sup> Ibid., at page 74-75.

<sup>18</sup> Ibid., at pages 118-119.

<sup>19</sup> Ibid., at page 138.

<sup>20</sup> Ibid., at page 74.

<sup>21</sup> Ibid., at page 40.

<sup>22</sup> Butler, S. (2018).

cheap or even free workforce<sup>23</sup>. Specifically, ILO recommended one of the ways forward as: “Regulating and monitoring apprenticeship, internship, and other work-experience schemes, including through certification, to ensure they allow for a real learning experience and not replace regular workers”<sup>24</sup>.

As a concept, internship refers to the learning process that occurs in real work environments through participation in authentic work activities and interactions<sup>25</sup>. This usually involves an arrangement with an organization or business with the objective of gaining experience, skills, or contact to gain working opportunities in the future<sup>26</sup>.

In its basic form is **vocational internship**, whereby internship is part of a compulsory requirement for a higher learning qualification. Vocational internship aims at exposing students to the working environment. Key characteristic of vocational internship is that the objectives and goals are set out by the higher learning institutions. In terms of time period, vocational internships would usually last for a semester and this would take place during the period of the study.

By comparison, **apprenticeship or traineeship** is a scale higher than an internship. While the objective and requirement for vocational internships are usually set up by the higher learning institutions, apprenticeship or traineeship are programs commonly developed by firms or stakeholders as part of capacity building specific to the needs of the firms or stakeholders. As apprenticeship or traineeship contributes to the overall operation and production of the firms, there is an entitlement to some form of wages and benefits and accorded basic working conditions<sup>27</sup>.

Another type of internship is **voluntary work**. While voluntary work contributes to skills and experience, which in turn could contribute towards employability, it is commonly viewed as an offer to undertake the task by the individuals without any expectation of monetary consideration or benefits.

Internships also occur after the completion of the study period at higher education institutions. This is the situation whereby firms would take on interns as part of the assessment on their capabilities before offering them employment. As mentioned earlier, experiences in the US and UK, as well as many other countries in Europe, have shown that this process has been abused by firms whereby internships are camouflaged to avoid labour law requirements, particularly in paying wages.

It is important to note that the characteristics of internships listed are broad descriptions and may overlap depending on the actual nature of the arrangement between the intern and firm. Understanding the different types of internship, how it fits into the labour market and the kind of arrangement or understanding that exists between the individual and firm is important as this would allow policymakers to identify the specific issues and from there, introduce specific interventions, be it through policy or regulations.

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<sup>23</sup> Stewart, A., Owens, R.J., Hewitt, A. and Nikoloudakis, I. (2018), at page 2.

<sup>24</sup> International Labour Office (2012), Item 26(e)

<sup>25</sup> Stewart, A., Owens, R.J., Hewitt, A. and Nikoloudakis, I. (2018), at page 9.

<sup>26</sup> Ibid., at page 15.

<sup>27</sup> Perlin, R., (2012), at pages 45 – 46; See also Fair Work Ombudsman Australia (n.d.-c)

## A LEGAL ANALYSIS ON INTERNSHIP VS EMPLOYMENT – A FOCUS ON VOCATIONAL INTERNSHIP

The youth population in Malaysia exhibited an increasing trend from 2008 to 2018, but with a slower growth from 9.02 million in 2013 to 9.39 million in 2018<sup>28</sup>. Youth accounted for a major proportion which makes up almost one-third of the population. They play a vital role in shaping the future of the country and significantly contribute towards the development of the nation's economy. Thus, strong support is required in order to ensure an adequate supply of future labour force both in terms of quantity and quality. At the same time, the rights and benefits of youths must also be taken into consideration.

Internship or industrial training in Malaysia is defined as students' placement in their chosen industry for them to pursue a practical training, within the stipulated time frame (not less than 3 months) before completing their certificate, diploma or bachelor degree studies<sup>29</sup>. Data from the Ministry of Education on the graduate output show an increasing trend between 274,000 in 2012 to 300,000 in 2018<sup>30</sup>. With the assumption that students at certificate, diploma or bachelor degree studies are required for internship, about 234,000 to 253,000 students interned yearly since 2013 to 2018. Hence, a simple projection figure would show approximately 277,000 students will be interning in 2020, comprising of almost 2% of the country's total labour force (Table 1).

**Table 1: Total graduate output and internship, Malaysia, 2013-2020**

Year	Graduate output	Graduate internship
2013	273,775	234,813
2014	280,116	241,262
2015	289,695	258,623
2016	371,935	333,952
2017	306,808	258,664
2018	299,841	253,119
2019*	318,505	272,061
2020*	325,968	277,010

Source: Higher Education Statistics 2013-2019, Ministry of Education and authors' calculation

Notes:

1. Graduate output comprises total students graduated in various level of studies, from PhD to matriculation.
2. Graduate internship comprises total students required for internship at certificate, diploma and bachelor degree level.
3. \*Projected figure.

In Malaysia, employment has a broad definition under the Employment Act 1955 but the status for internship *per se* is unclear. In general, employees are those who have entered into a contract of service with an employer with wages below RM2,000 per month<sup>31</sup>. Employment with wages above RM2,000 could also be captured in a limited manner as “employee” for jobs relating to

<sup>28</sup> Department of Statistics Malaysia (n.d.) and authors' calculation.

<sup>29</sup> Ministry of Higher Education Malaysia (2010)

<sup>30</sup> Higher Education Statistics, Ministry of Education (various year) and authors' calculation. <https://www.moe.gov.my/en/muat-turun/laporan-dan-statistik/pendidikan-tinggi/buku-perangkaan>

<sup>31</sup> Malaysia Employment Act 1955, First Schedule, Paragraph 1.



manual labour, operation or maintenance of transport vehicles, and domestic servants<sup>32</sup>. The Employment Act 1955, through Schedule 1 also treats apprenticeship as “employee” but this is only applicable for a training period of not less than two years<sup>33</sup>. As such, it is arguable that internship exists outside the realm of “employment” as it might not be treated as a “contract of service”. As a result, interns may not have the protection accorded by the Employment Act 1955. Such includes protection against unfair dismissal, rights to annual leave and deduction for the Employee Provident Fund (EPF) as well as Social Security Organisation (SOCSO).

## COMPARISON WITH SELECTED COUNTRIES

In general, Singapore’s approach is to capture internship through the interpretation of the law. In general, internship could fall under the definition of “employee” if the interns are “...performing work and have work arrangements similar to that of a regular employee in the organization”<sup>34</sup>. By fulfilling this criterion, such interns would be accorded the statutory benefits such as annual leave, rest day and sick leave. Based on this approach, internship that forms part of an academic requirement may not fall within the ambit of “performing work similar to the regular employee” either in terms of quantity, i.e. amount of work or quality of work<sup>35</sup>.

In Australia, internships or also known as work experience programs may fall into one of these three categories - general work experience, job placements, and internships. These categories are employments that would require the payment of minimum wages under the Australian law as well as the compliance to the Australian national employment standards<sup>36</sup>. As such, unpaid work experience programs in whatever name attributed to it would be unlawful and may incur penalties involving monetary fines as AUD\$63,000 for corporations and AUD\$12,600 for individuals<sup>37</sup>. However, an important aspect of the Australian law is that it clearly draws the boundary for internships undertaken as part of an education or training program, referred to as “vocational placement”. The Australian Fair Work Act 2009 excludes vocational placement from the requirement for payment of wages and other protections provided for employees as it views vocational placement as part of the learning syllabus within the education program. The Australian Fair Work Act 2009 sets a number of criteria with the most important one being that the placement was in line with the requirements of their course<sup>38</sup>. While the payment of money may not be required, firms may provide monetary compensation at its own discretion.

The UK laws on employment provide no legal definition for an internship. This is mainly because internships could take many forms. Instead, the UK laws look at the employment status and common characteristic of employment. For example, if an intern does regular work for an employer, this may be a basis to consider the intern as an employee. As the scope of employee is

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<sup>32</sup> Ibid., at paragraph 2.

<sup>33</sup> See also Mir, A.A. and Kamal, A. (2003)

<sup>34</sup> Singapore Employment Act 2009 (Chapter 91). See also <https://www.mom.gov.sg/newsroom/press-replies/2013/interns-are-protected-under-the-employment-act>.

<sup>35</sup> See Ministry of Manpower Singapore at <https://www.mom.gov.sg/faq/employment-act/as-an-intern-am-i-covered-under-the-employment-act-or-the-work-injury-compensation-act>.

<sup>36</sup> Fair Work Ombudsman Australia (n.d.-a).

<sup>37</sup> See <https://www.fairwork.gov.au/about-us/news-and-media-releases/archived-media-releases/2015-media-releases/january-2015/20150129-crocmedia-penalty>; <https://www.workforceguardian.com.au/benefits/avoid-big-fines-and-expensive-claims/>.

<sup>38</sup> Fair Work Ombudsman Australia (n.d.-a)

broad, the UK law clearly exempts student internships from the minimum wage requirement, and with that, the broader protection accorded under the law. Student internship in the context of the UK laws refers to internships arising from further or higher education course requirement<sup>39</sup>.

The United States of America (US) system, under the Fair Labour Standards Act 1938 considers interns and students not as an employee and as such, would not be required to be provided with compensation for their work. The test is based on previous decisions by the courts which looks into the economic reality of the relationship between the intern and the company. One important criterion is on the extent to which the internship is tied to the interns' formal education program or the academic credit. The court has also looked at the extent "...the work complements, rather than displaces, the work of paid employees while providing significant educational benefits to the intern."<sup>40</sup>. Details of these criteria are listed in Box 1.

The treatment of the law for vocational internship, and the broader unpaid internships differ from one jurisdiction to another. This reflects the evolution of the education system, labour market and social policy of the respective jurisdictions. The legal treatment also differs depending on the arrangement between the intern and the firm. The approaches in these jurisdictions could be viewed as experiences or possible benchmark for further examination on this issue and contextualizing these different approaches into the Malaysian social and economic landscape.

### **SHOULD VOCATIONAL INTERNSHIP BE A PAID ARRANGEMENT?**

It is common practice in the observed jurisdictions above that vocational internship, that is internships that form a compulsory portion of an academic requirement of higher institutions, is not considered as employment and as such is not subjected to compulsory wage requirement, minimum or otherwise, and the requirements of the labour law in general. The justification mainly relates to the balance of benefits that is leaning more towards the intern with the firm receiving minimal or no immediate benefits. In most cases, the presence of vocational interns may require close supervision of the employee of the firm thus diverting resources. It is also possible that these would impede or distract the normal operation of the firm. While the situation allows for an unpaid internship, the discretion remains with the firm to provide allowances but often enough, the provision of allowances is not subjected to minimum wage requirements.

Where internship is outside the realm of the education system, it is leaning towards employment as the firms would benefit from the presence of the interns. Labelling this as internship as a camouflage to avoid accountability under the domestic labour law is a serious issue faced by youth entering the labour market. This is where possible abuses or manipulation could occur.

As the types, amount of work and relationship between interns and firms vary from one firm to another, the approach in the US and Australia is to look at the substance of the arrangement rather than the labelling (see Box 1). Observations on these factors then determine whether an internship should be subjected to wages as well as the broader labour law requirements.

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<sup>39</sup> UK Government (n.d.-b)

<sup>40</sup> US Department of Labor (2018)

### Box 1: Factors distinguishing internship from employment

United States (US)*	Australia**
The extent to which the intern and the employer clearly understand that there is no expectation of compensation. Any promise of compensation, express or implied, suggests that the intern is an employee—and vice versa.	Reason for the arrangement If the purpose of the work experience, placement or internship to give the person work experience, it is less likely to be an employment relationship. But, if the person is doing work to help with the ordinary operation of the business or organization, it may be an employment relationship arises. The more productive work that's involved (rather than just observation, learning, training or skill development), the more likely it is that the person's an employee.
The extent to which the internship provides training that would be similar to that which would be given in an educational environment, including the clinical and other hands-on training provided by educational institutions.	Length of time Generally, the longer the period of the arrangement, the more likely the person is an employee
The extent to which the internship is tied to the intern's formal education program by integrated coursework or the receipt of academic credit.	Significance to the business Is the work normally done by paid employees? Does the business or organisation need this work to be done? If the person is doing work that would otherwise be done by an employee, or it is work that the business or organisation has to do, it is more likely the person is an employee.
The extent to which the internship accommodates the intern's academic commitments by corresponding to the academic calendar.	What the person is doing Although the person may do some productive activities as part of a learning experience, training or skill development, they are less likely to be an employee if they are not expected or required by the business or organisation to come to work or do productive activities.
The extent to which the internship's duration is limited to the period in which the internship provides the intern with beneficial learning.	Who is getting the benefit? The person who is doing the work should get the main benefit from the arrangement. If a business or organisation is getting the main benefit from engaging the person and their work, it is more likely the person is an employee.
The extent to which the intern's work complements, rather than displaces, the work of paid employees while providing significant educational benefits to the intern.	
The extent to which the intern and the employer understand that the internship is conducted without entitlement to a paid job at the conclusion of the internship.	

#### Source:

\*United States Department of Labor Fact Sheet #71.

\*\* Fair Work Ombudsman Australia (n.d.-b)

## KEY CONSIDERATIONS FOR FUTURE POLICY – A BALANCING ACT

As youth represents an important part of the current and future labour force, they would play a vital role in shaping the future of the country and would significantly contribute to the development of the nation's economy. Developing youth to be the future labour force that is favourable to the market and relevant to the growth of the economy is therefore, fundamental. This would mean that policy on internship is a crucial component for labour market development<sup>41</sup>.

While there are strong justifications for vocational internship not to be a paid arrangement, there are broader long-term economic as well as socio-economic issues that should be considered. Rethinking the treatment of internship in general, including vocational internship as employment,

<sup>41</sup> International Labour Office (2012)

or even quasi employment may require further analysis of factors beyond wages, and balancing or in some cases, sacrificing, between the following issues:

- ❖ **Youth and the increasing cost of living** – Cost in undertaking internship is a prominent feature for interns and may trigger bigger issues such as access to internship opportunities<sup>42</sup>. Students undertaking internship would need to move and live outside the campus and work in locations including major cities such as Kuala Lumpur or Penang where cost is a major concern. According to *Belanjawanku*, an estimate guide to cost of living in Kuala Lumpur, as single person using public transport would require a minimum of RM1,870 a month<sup>43</sup>. Most likely, students doing internship in cities might need to seek financial supports from their parents. Lack of financial support could limit opportunities for internship and in turn contribute to the inequality divide in the future<sup>44</sup>. Cost of doing internship could also divert interns to low quality internships or those that are less relevant to their study. An additional point to consider is that vocational interns usually would also need to continue paying their fees during the period of internship despite not attending classes for that semester.
- ❖ **Beyond wages - securing labour rights** – The lack of legal status of unpaid internship presents a double injustice to interns as it places vocational interns to “...exist in a legal void, falling between the cracks of legal protection for workers and legal protections for students.”<sup>45</sup> Unpaid interns fall outside the realm of legal concept of employment leaving them being excluded from their right to wages including minimum wages. This would also mean that the unpaid interns may also not be able to secure other labour rights such as sexual harassment or workplace discrimination<sup>46</sup>. As such, there is a need to consider the possible link between basic labour rights and internships, and the necessary legal reform required. ILO, through its 2012 resolution has demanded for countries to provide equal treatment and rights at work<sup>47</sup>.
- ❖ **Understanding firm’s aspiration and challenges** - Interns require supervision. Individuals within the firm would need to set aside time for the training and supervision of the intern and this would take time away from the day to day function. Firms are also limited in their resources for space and tools. While having one or two interns may be viewed as workable for a small or medium size firm, bigger numbers may be challenging even if it is for an unpaid vocational internship. In the Malaysian environment, the reality is that 98.5% of firms are small and medium enterprises (SMEs)<sup>48</sup>. The KRI SWTS Report has shown that firms in Malaysia allocate only a small amount of their annual budget for training and development, with SMEs allocating the lowest or none at all<sup>49</sup>.  
Adding compulsory wages and providing them with basic labour rights would further add to the burden. This may lead to firms shying away from offering internships. However, this could be argued as a short-term mindset. As firm’s baseline is profit and this is valued annually, it is understandable why firms are reluctant to invest in uncertain long-term initiative that might

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<sup>42</sup> Perlin, R. (2012), at pages 27, 161 – 163.

<sup>43</sup> Employee Provident Fund Malaysia (2019)

<sup>44</sup> Bennet, A.M., (2011), at pages 297 – 298.

<sup>45</sup> Yamada, D.C., (2002) at page 217.

<sup>46</sup> Yamada, D.C., (2002) at page 238, see also Tepper, R.J. and Holt, M.P., (2015) at page 348.

<sup>47</sup> International Labour Office (2012)

<sup>48</sup> Department of Statistics Malaysia (2017)

<sup>49</sup> KRI (2018) at page 224 – 232. See also Junaidi Mansor (2019)

even not be advantageous to their operation. It is also understandable why talent development is considered as a luxury for SMEs. By comparison, larger firms are more able and willing to spend on developing the quality of the labour force they require be it through their own initiative or as part of their corporate social responsibility agenda.

Another issue for consideration is the aspiration of firms versus the aspirations of youth and the government. Different stakeholders would want a different type of labour force. These different aspirations would need to be assessed in the context of future labour force and future demand of the broader economy.

Therefore, policy consideration would need to find a balance between an altruistic motivation and one that could be beneficial to firms, particularly the SMEs in both short and long term.

- ❖ **Enhancing the role of higher education institutions** – The compulsory requirement for vocational internship brings supply to the market, but higher education institutions are not in control of the availability of internship opportunities. As observed above, there could be as many as 250,000 interns looking for a place in one year<sup>50</sup>. Competition to get an internship placement may have both positive and negative outcomes. While competitiveness may encourage students to further furnish themselves with skills that are attractive to firms, this could lead to the same vicious cycle situation for graduates looking for jobs. Without proper guidance, these mass interns coming into the market might end up with students doing internships not relevant to their courses. Competition for limited internship space could also lead to interns accepting low standards of treatment<sup>51</sup>. Higher education institutions may also need to build a better relationship with firms to ensure there is an available and continuous supply of quality internship.
- ❖ **The changing nature of work** – “Jobs” in its very nature is changing where the traditional full-time employment has been overtaken by what is now known as “contingent workforce” – an army of part-time workers, short term contract workers, and out-sourced, independent contractors<sup>52</sup>. A job is no longer the “9-5”, with office desk and a view, plus one that would last until retirement. Work environment changes together with jobs and industry. As such, the advocates for lifelong learning have shown that skills evolve, and individuals would change not only firms, but would cross into different sectors throughout their working life. The success of lifelong learning would require a period or a series of “internships” as part of the individual’s evolution in the workforce. How we treat interns today and in the future is fundamental in understanding how we incorporate lifelong learning into the workforce.
- ❖ **Internship and inequality** – Cost of internship may contribute to an “internship inequality” phenomenon. This could arise in a situation where an internship with big firms is mostly concentrated in major cities. As a result, only those who could afford to live in big cities, sometimes through the support of their parents, could secure these internships<sup>53</sup>. It may not come as a surprise that these points could contribute to a long-term effect of inequality as those students from the lower-income family may find themselves less attractive as compared

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<sup>50</sup> See Table 1 above.

<sup>51</sup> Perlin, R., (2012) at pages 91 – 92.

<sup>52</sup> For discussion on ‘contingent workforce’, see ‘The Dunlop Commission on the Future of Worker Management Relations - Final Report’ accessible at [https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1004&context=key\\_workplace](https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=1004&context=key_workplace).

<sup>53</sup> Yamada, D.C., (2002) at page 218.

to those from higher-income family as the latter would have more impressive CVs with internships at major or global firms based at the big cities<sup>54</sup>.

- ❖ **Enforceability of laws and regulations** – if laws and regulations were to be introduced to protect the interest of interns, consideration must also be given on accessibility and efficiency of enforcement. The whole process of enforcement and legal proceedings may be overwhelming for an intern and cost may be an issue. As such, proportionality between non-conformity and reprimand must also be taken into account. Experiences from the legal framework and procedures from other existing laws such as on whistleblowing, workplace discrimination or sexual harassment could shed some light on the different challenges that could be faced in enforcing laws and regulations on internship. There would be a need to find a balanced approach between a legally binding discipline versus self-regulatory best practices.

The different issues and challenges may require some balancing and sacrifices from different parties. For example, ensuring quality internships may require closer coordination and greater commitments between higher learning institutions and firms. However, this may pose a challenge as managing internships are often an incidental task at both ends. This is particularly acute when 98.5% of firms in Malaysia are SMEs.

Another balancing act is between the short-term goal of the firms versus the long-term goals of higher learning institutions and firms. The KRI SWTS Report has shown that firms are more interested in immediately available skill sets and as such devote minimal financial resources for training<sup>55</sup>. Higher learning institutions, on the other hand, have limitations in delivering perfectly compatible employees upon graduation. This begs the question as to who should bear the responsibility.

An interesting observation from the KRI SWTS Report is the mismatch of aspirations between youth and that of the government. As the government is focusing on building up the workforce towards industry 4.0 and encouraging entrepreneurship, the youth are not taking chances as they are more interested in stable employments such as working in government and in the education sector<sup>56</sup>. Youth are certainly not so keen to embark on entrepreneurship<sup>57</sup>.

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<sup>54</sup> Bennett, A.M., (2011) at pages 297 – 298.

<sup>55</sup> KRI (2018) at page 224 – 232.

<sup>56</sup> KRI (2018) at page 36 – 37, 73, 103, 136.

<sup>57</sup> Ibid.

## CONCLUSION

International Labour Organization pointed out that “...education, training and lifelong learning foster a virtuous cycle of improved employability, higher productivity, income growth and development”<sup>58</sup>. The need for a quality workforce is important for the continuous growth of a nation. However, a continuously changing structure of the economy would require different types of workforce with different skills. The changes in the structure of the economy may not necessarily be in sync with the development of the workforce. This would always be the challenge in developing the workforce. As lifelong learning becomes the mantra for an evolving workforce, different thinking of training and development of individuals may be required. One important component often ignored is the individuals themselves – the KRI SWTS Reports showed a diversion from what the country wants and what youth wants in terms of employment. Similarly, what firms want and what educators want may differ too. Firms might be interested to take another look at their role from an altruistic point of view for long term investment of capital<sup>59</sup>. In moving towards a workable policy for youth, and the future labour force, the exploratory views presented in this paper would need to be analysed further, contextualized in the local landscape based on concrete data on youth and internship in Malaysia.

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<sup>58</sup> International Labour Office (2012)

<sup>59</sup> Tepper, R.J. and Holt, M.P., (2015) at page 326.

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