

Malaysia

1. Outline of Labor Market

Malaysia is known as a country that has achieved industrialization at a faster pace than its counterparts in Asia. Although blessed with rich natural resources and primary products, its human resource development policy made a positive impact on Malaysia's economic growth. Its economic policies have a strong focus on human resource development, and it is firmly believed that workers are valuable human resources for social development. Malaysia has been addressing the issue of human resource development by formulating a medium-term economic plan centered on training policies.

Malaysia's development policies are based on the Malaysia Plan (MP), which is aimed at pursuing industrialization policies launched by Prime Minister Abdul Ruzak in 1966. It has been handed down from one prime minister to another since the launch of the First Malaysia Plan (MP-1: 1966-1970). During the Second Malaysia Plan (MP-2: 1991-2000) period, the industrial foundation was firmly established. The manufacturing and service sectors achieved remarkable growth, with the former accounting for 33.4% of GDP and the latter for 52.4% (in 2000). The percentage of workers employed in these two sectors in the total workforce also rose sharply, respectively. Supported by stable economic growth, the labor market has enjoyed near full employment with the unemployment rate shifting from 2 to 3.5% since the middle of the 1990s. However, the unemployment rate turned and began to increase in recent years, despite the expanding employment opportunities.

Population	1997	1999	2001	2003
Population (million)	21.8	22.8	24.0	25.0
Economically active population (million)	9.0	9.2	9.9	10.5
Unemployment rate	2.4	3.4	3.6	3.5

Malaysia is a multiethnic country. People of Malaysia are largely divided into two groups, bumiputera and non-bumiputera. Bumiputera means ethnic Malays and other indigenous people, and non-bumiputera means other ethnic groups consisting of ethnic Chinese, ethnic Indian, white people and people of other ethnic minority groups. It is particularly worth noting that the ethnic composition is a major factor behind national projects and education, social and culture policies. Racialism, which evolved from the divide and rule strategy during the colonial times,

still constitutes the chief pillar of Malaysia's economic plan. To eradicate poverty and build an economic society in which there is a fair and equitable distribution of wealth among all ethnic groups, the government introduced in 1971 the famous Bumiputera Policy that favors the bumiputera population. Today, a quota is imposed across all economic and social spheres, from the number of people to be enrolled at a university, the number of employees to be hired at a company, to the number of people for each job. The "Vision 2020 (WAWASAN 2020)," which presents a national vision for attaining economic growth comparable to that of advanced nations, is also based on the fundamental principle of affirmative action for the bumiputera population.

Presently, the Eighth Malaysia Plan (MP-8: 2001-2005) is under way. All of the Malaysia Plans stress the importance of human resource development and present measures to address that issue. These plans urge people of Malaysia to recognize that it is essential to improve human resources to facilitate industrialization and achieve economic growth, and that human resource development is the most important political agenda among national policies. The goal of human resource development stipulated in the Eighth Malaysia Plan is to transform Malaysia into a knowledge-based economy and develop human resources to produce a pool of highly-skilled knowledge workers.

Circumstances Surrounding Young People

Despite relatively stable labor market conditions, the youth unemployment rate has been on an increase, as if following the footsteps of advanced countries in Europe and the US. Malaysia's industrialization policy led to the large-scale mobilization of youth across the country. The number of young workers in urban areas has shown a marked increase in recent years. It shows that young people move from rural areas to urban areas to seek better jobs. Malaysia has some pressing employment issues to overcome; companies are reluctant to hire unskilled workers, there is an imbalance between supply and demand, and that is also the issue of the lack of motivation of young people. Youth unemployment stems from a combination of causes, which makes it complex. However, there is no doubt that the government must do something urgently to help young people obtain skills to secure suitable jobs.

The population of people aged between 15 and 24 increased by an average of 1.6% on an annual basis. People in this age bracket totaled 4.03 million in 1990, which increased to 4.37 million in 2000. The number is expected to increase to slightly less than 5 million in 2005. The government has achieved near full employment since the 1990s, as it has been striving to reduce the unemployment rate through its employment policy. In the past ten years, the government provided various training programs to help young people obtain the skills required for employment. These programs, however, have not always been effective in placing these people

into employment. The unemployment rate for the whole population was 3.5% (2002), but that for young people was extremely high. The unemployment rate for people aged between 15 and 19 was 29.5%, and that for people aged between 20 and 24 was 36.1% (2000). It is expected that the issue of youth unemployment will become increasingly important, given a future increase in the youth population.

Population by Age 1995-2005

Unit: Million

	1995	%	2000	%	2005	%
15 and below	7.18	34.7	7.71	33.1	8.15	31.3
15-24	4.03	19.5	4.37	18.8	4.98	19.1
25-39	4.98	24.1	5.4	23.3	5.83	22.4
39 and above	4.49	21.7	5.79	24.8	7.07	27.2
Total	20.68	100.0	23.27	100.0	26.03	100.0

Unemployment Rate by Age (2000)

Unit: %

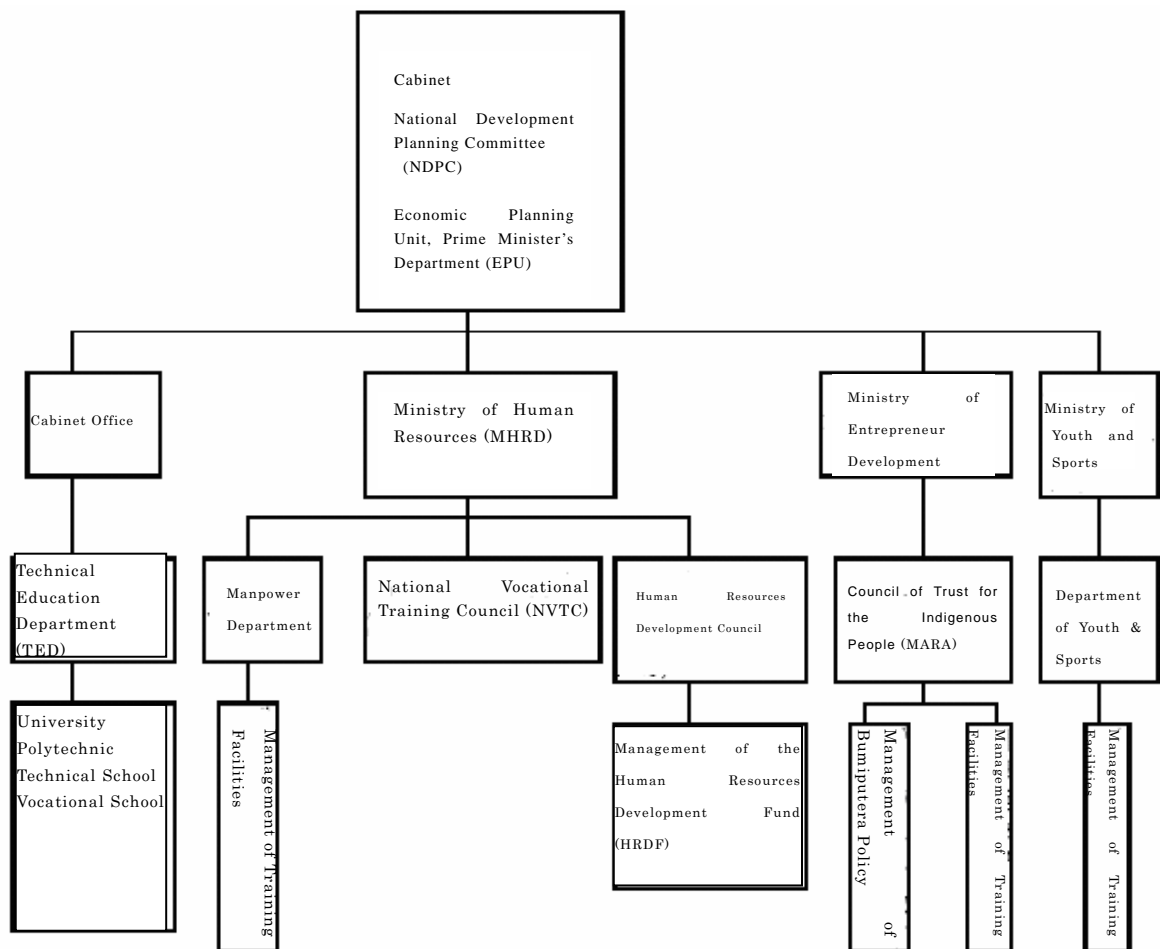
Age	Unemployment Rate
15–19	29.5
20–24	36.1
25–29	13.2
30–34	4.8

2. Vocational Training System

A review of the economic development in and after the 1980s revealed that the government took a strong stance on human resource development. Some hold a view that it would be best to reduce government involvement and leave it to the market mechanism in developing countries. In reality, government involvement is anticipated in many countries and that is especially true in Malaysia. In fact, the government shows strong interest in human resource development and closely monitors the state of the implementation of vocational and other training. The interim report of the Malaysia Plan and other projects examined the state of vocational and other training. In Malaysia, foreign companies have an obligation to provide technical training for their employees. These examples clearly reflect the government's attitude toward human resource development. Meanwhile, the government voices dissatisfaction with companies that

are not willing to provide employee training or technical transfer from time to time. In Malaysia, there is significant interference from the government concerning human resource development; thus, it is only natural that public vocational training institutes have been deeply involved in the implementation of such government policies.

Public education and training policies generally cover two main areas: technical and vocational education, and work and vocational training. In Malaysia, various ministries and public agencies are expected to play specific roles in these areas. Technical and vocational education is aimed at providing the basic knowledge and skills to respond to the needs of a specific field of expertise. The Ministry of Education takes the initiative to provide technical and vocational education in the framework of secondary and higher education. In the meantime, work and vocational training is aimed at developing workers who can quickly adapt to the needs of the production site. Trainees learn to obtain “manufacturing” technologies and skills based on the curriculum focusing on the needs of industries. The Ministry of Human Resources, the Ministry of Entrepreneur Development, the Ministry of Youth and Sports, and other public agencies provide work and vocational training programs to new graduates and workers. The chart below shows the division of responsibilities between technical and vocational education and work and vocational training provided by public institutes and between different administrative levels.



3. Work and Vocational Training and Training Programs for Young People

(1) Vocational Education Provided by the Ministry of Education

The Ministry of Education has jurisdiction over senior secondary schools such as vocational schools and technical schools, as well as tertiary colleges and polytechnics that provide vocational education to senior secondary school graduates. The ministry offers vocational education to help students acquire the special technologies and skills required by industries.

- Polytechnic

A polytechnic is a training institution that prepares students for engineering positions or for senior management positions in the commercial and service sectors. The Ministry of Education places the greatest expectation on polytechnics. There were 12 polytechnics and about 32,000 students. There has been an increase in enrollment in polytechnics in recent years.

(2) Work and Vocational Training Provided by the Ministry of Human Resources

The Ministry of Human Resources provides pre-employment industrial skills training programs to new graduates, and advanced skills training programs to workers for skills upgrade.

The ministry implements its policies through three institutions. The Technical Education Department (TED) is responsible for the implementation of work and vocational training. The National Vocational Training Council (NVTC) is responsible for the planning and evaluation of work and vocational training programs. The Human Resources Development Council (HRDC), which was established in 1992, supervises the administration of the Human Resource Development Fund (HRDF), aiming to encourage manufacturing and service sector participation in skill development, skill redevelopment and skill upgrade.

The ministry also runs 14 Industrial Training Institutes (ITI), 4 Advanced Technology Centres (ADTEC), the Japan-Malaysia Technical Institute (JMTI), and the Centre for Instructors and Advanced Skills Training (CIAST) to provide work and vocational training programs.

- Industrial Training Institute (ITI)

There are 14 industrial training institutes across the country to offer short-term and long-term courses with a focus on manufacturing. Upon successful completion of the long-term course, trainees will be awarded the Malaysia Skill Certificate (MSC) Level 1 or Level 2. Trainees who complete the short-term course will receive the Technician Certificate.

- Advanced Technology Centre (ADTEC)

There are 4 Advanced Technology Centres in the country. They were established as the core center for vocational skills development in the region, with the aim of developing skilled workers required by the industries. Their programs are linked with academic qualifications; thus, a successful trainee will be awarded a diploma upon completion of the course.

- Japan-Malaysia Technical Institute (JMTI)

The Japan-Malaysia Technical Institute is a vocational training project launched under the combined effort of the Malaysian and Japanese Governments. Its launch was aimed at pursuing the Malaysian Government's policy to develop the human resources required in the high tech industry. JMTI offers long-term courses including Electronic Engineering Technology, Computer Engineering Technology, Manufacturing Engineering Technology, and Mechatronic Engineering Technology.

(3) Work and Vocational Training Provided by the Ministry of Entrepreneur Development

The Ministry of Entrepreneur Development offers work and vocational training as part of the Bumiputera First Policy. The ministry established Majlis Amanah Rakyat (MARA) to provide education and training in an attempt to upgrade the vocational skills of the bumiputera population. MARA implements various programs to provide guidance on social advancement and commercial and industrial activities by bumiputera. It is committed to promoting economic and social development in the rural area, in particular. MARA operates the MARA Activity

Centres (about 140 centers in the country) and 11 MARA Skills Institutes (IKM), the German-Malaysian Institute (GMI), the Malaysia France Institute (MFI), and the British Malaysian Institute (BMI).

- MARA Activity Centre

MARA Activity Centres provide training programs focusing on basic skills development, based on the analysis of the local industry's employment needs and from the perspective of the promotion of independent business. There are 140 activity centers around the country. These centers offer 6-month to 12-month training courses to bumiputera who have inferior education.

(4) Work and Vocational Training Provided by the Ministry of Youth and Sports

The Ministry of Youth and Sports provides work and vocational training, in particular, to young school leavers. It operates 5 National Youth Skill Institutes (Institut Kemahiran Belia Negara: IKBN) to help people aged between 18 and 25 (school leavers in particular) acquire vocational skills. There is also the Youth Advanced Skills Training Centre (Sepang IKTBN) that was established with the assistance of the Indian Government.

4. Certification System

On completion of the training course, the trainees at vocational training centers were required to take the national trade skill test for certification since 1973. Today, they are expected to obtain the Malaysia Skill Certification (MSC) under the national skill certification system. Trainees are awarded the MSC upon completion of the training course that complies with the National Occupational Skill Standards (NOSS). The National Vocational Training Council (NVTC) evaluates and approves training programs developed on the basis of NOSS. Training centers become an accredited center upon approval. There are five skill levels, L1 (semiskilled level), L2 (skilled level), L3 (advanced skill level), L4 (advanced skill/supervisor level), and L5 (advanced skill/manager level). MSC is obtainable through (i) completing an accredited program at an accredited training center, (ii) acquiring credits required for certification, or (iii) obtaining recognition of actual work performance.

5. Job Matching

In Malaysia, companies do not recruit new graduates at fixed times. They recruit people only when they find it necessary, for example, to fill a vacancy. This means that trainees usually seek employment by looking for classified advertisement or other employment information upon completion of training. It was reported that almost 100% of the trainees eventually enter

employment upon completion of the course programs at ITI and ADTEC, mainly because most of the trainees are offered a position well before the end of the course programs. More than 80% of the trainees of ITI and ADTEC are said to enter employment within 6 months from the ending of the course programs.