


## Chapter 73

# Labour Market Challenges Amidst the COVID–19 Crisis: Addressing Youth Vulnerability

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### ABSTRACT

*The chapter discussed the reasons for the labour market vulnerability of youth and the challenges they face amidst the COVID-19 pandemic. While youth have been experiencing unsatisfactory progress in the labour market, the pandemic crisis has worsened it. Challenges in the labour market outcome include higher youth unemployment, financial instability (due to low wages and decrease in monthly income), labour market skill mismatch, low quality of jobs, and difficulties in school-to-work transitions, which threaten to widen the pre-existing challenges. This chapter also discussed remedial actions on policy options and interventions to the labour market to alleviate those challenges. The vulnerability of youths must be identified, heard, and targeted with proper measures to address the challenges that the young workers face in the current labour market.*

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## **INTRODUCTION**

Young people's contribution to national prosperity and productivity and inclusive development is undeniable, and hence, the Malaysian Government is aware of an all-inclusive policy. Considering the significance of youth's contributions, the Government has been paying attention to youth development since post-independence in 1957. Several guidelines have been developed targeted at youth, such as Malaysia's National Youth Development Policy, which specifies the attention of various development programmes and activities focusing on youth. Continued targeted programmes for youth have been well developed through the Eleventh Five-Year Malaysia Plan (2016-2020), focusing on enhancing youth's skills and training, wages, and labour productivity. The document also aimed to create more skilled jobs, which would benefit youth (Government of Malaysia, 2015).

Significantly—the Department of Statistics Malaysia (DOSM) estimated that 9.22 million young people aged 15-29 years in 2020, representing 28.2 percent of Malaysia's population and 40.5 percent of the total working-age population (15-64 years). One in every two youths (55.7%) was employed, and the ratio of employment-to-population is about 22.9 percent.<sup>1</sup> The remaining young people were unemployed, *i.e.* 401.8 thousand, and 2.3 million were outside the labour force<sup>2</sup> (DOSM, 2020a). Before the COVID-19 crisis, youth were already facing significant obstacles to progress in the labour market: high youth unemployment rates, difficulties in the transition from school to the job market, and inability to secure jobs commensurate with their education qualification.<sup>3</sup> The pandemic crisis that started in early 2020 compounds the obstacles.

The main focus of this chapter is to assess evidence about the impacts of the COVID-19 crisis on young people and showcase how young people in the Malaysian context are vulnerable to the present crisis. The focus of this chapter is on young people of 15-29 years old. It addresses the vulnerability of youth in the population amidst the pandemic crisis. Some policy options and interventions that could alleviate the youths' challenges in Malaysia's context are highlighted in this chapter.

This chapter will also provide some policy options to provide practical solutions to help protect young people during the crisis. Even though the proposal to the solutions is generally different and depending on the range of concerns the country faces, several impacts and implications on young people would have been generally the same. This is owing to the main areas of vulnerability to young people mirror the transition they associated throughout their labour market process (particularly in job seeking process) since the lack of opportunities. In addition, they face developing social capital. Their social position—understandably marginalized and common in an economic downturn—with the effects of employment outcome and condition, income and purchasing power and the access to other initiatives and opportunities by the Government—is significant evidence of how young people cope in the crises. This is such a complex issue that could provide essential alarm signalling their condition by the crisis. This section provides an overview and introduction of the youth<sup>4</sup> demographic, education and employment structure in Malaysia before the hit of COVID -19. Therefore, it delivers a baseline to the chapter's overall context in addressing the youth vulnerability in the labour market in facing the effect of COVID-19.

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