

Bosses split over whether fresh grads are 'asking for too much'

By **Ainaa Aiman** - December 20, 2018 7:00 AM



Malaysia's unemployment rate has many asking whether fresh graduates are being choosy or demanding too much.

PETALING JAYA: The Federation of Malaysian Manufacturers (FMM) has joined the debate on youth unemployment in the country, attributing the high rate to a mismatch between the skills of prospective employees and job demands.

Nathan K Suppiah, vice-president of FMM, said many employers had yet to embrace "high-tech" manufacturing methods or automation.

The youth, on the other hand, were acquiring education in advanced technology in hopes of opportunities in high-tech environments.

"Human talents are growing in Malaysia, but the job market for these youth is not growing in tandem," he told FMT, noting that Malaysia's youth unemployment rate of about 11% was high in comparison with countries like South Korea (8%) and Japan (below 5%).

Because of this, he said, many youth were taking jobs that did not fit their level of education in order to stay afloat until they find more suitable positions.

Preference was also a key factor, he said, citing the apparent shift in employment sectors.

"These days, even though a lot of effort is being made to innovate the manufacturing industry, the preference of the youth is shifting from traditional areas such as manufacturing and agriculture.

"Recent trends appear to show that they are more interested in IT sectors, which are presently dominated by foreigners."

In its recent School to Work Transition Survey, Khazanah Research Institute found that the average monthly income sought by youth was RM1,846, with some willing to accept even RM1,715 as their reservation wage.

This suggests that the youth are prepared to accept low wages in order to remain employed.

The 302-page report compared this salary to the government-mandated minimum wage of RM1,100, the RM2,000 monthly allowance for 1Malaysia Training Scheme participants, and the salary which employers offer fresh graduates – a minimum of RM1,703 and maximum of RM2,682 – and concluded that young Malaysians were not “unrealistic” or “asking for too much”.

It said the youth should not be considered picky as many in unskilled or low-skilled jobs were actually over-educated. It also noted that some took up jobs that were unrelated to their level or field of education.

The Malaysian Employers Federation (MEF) however challenged the report’s findings, saying many young people were in fact asking for unrealistic wages.

MEF executive director Shamsuddin Bardan said when the organisation raised the subject of youth unemployment, it was more about the attitude of graduates when they went for interviews.

“Those who actually took up the jobs that were supposedly one step lower than their qualifications or reservation wage, I would say, are negligible.”

The Khazanah report had also suggested the introduction of a “living wage” which would be higher than the standard minimum wage.

A living wage takes into account the minimum acceptable standard of living beyond basic necessities such as food, clothing and shelter.

It would also allow for more meaningful participation in society, greater personal and family development, and freedom from severe financial stress, the report said.

Economists who previously debated the introduction of a living wage said it would need to be narrowly defined and should vary according to the different costs of living across the different states.

However, Shamsuddin argued against the implementation of such a wage which he said was not an effective way to manage the country’s economy.

“I am in line with Prime Minister Dr Mahathir Mohamad who said we can push for higher income, not through setting higher wages but through an increase in productivity,” he said, adding that this would not add to the cost of running businesses.

“Both parties – employees and employers – would benefit from an increase in productivity. Employees would get more income and employers would become more competitive.”