

LETTER | Budget 2022: Upskilling, reskilling and underemployment

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LETTER | Budget 2022 has been formulated to drive economic recovery by casting a wider net of inclusivity and sustainability.

The recovery, resilience and reform of the nation have been emphasised, also with the aim to produce a competent workforce to persevere the changing future job landscape and challenges. However, such a move has to be long-term centric.

The wellbeing of many segments of society must have a continuous strategic rebuilding which requires measures that facilitate the development of upskilling and reskilling prospects, create new and long-lasting job opportunities as well as protect existing jobs. This will create more sustainable growth for both the people and the nation.

An allocation of RM4.8 billion will be channelled towards creating 600,000 job opportunities under the JaminKerja initiative. RM1.1 billion has also been

allocated for upskilling and reskilling programmes. It is hoped that these initiatives will further reduce the unemployment rate to 4 percent.

In Budget 2021, a sum of RM3.7 billion was allocated for the Jana Kerja initiative. The emphasis was on creating new job opportunities with recruitment and short-term employment programmes.

This revealed that the sustainability of the budget initiatives is short-term centric. What entails the initially hired individuals after the allocation ends? Will they lose their job and thus contribute to further unemployment in the near future?

Human capital development

Jobs created may not be consistent with the needs of the production structure. The present movement to reduce unemployment by providing a short-term job guarantee will also lead to a severe lack of long-term human capital development and continuous underemployment. Such a move will cause low growth of sustainable skills development.

The development of human capital is aligned with the everchanging global megatrends such as demographic shifts towards urbanisation, digitalisation,

disruptive technologies, ageing population, among others. The progress of these trends shapes the structure of future jobs, skills development, and demand in the education system.

We do not want to fall into a state of underutilised potential human capital. It is crucial to look at human capital development in a wider dimension, both in the present recovery stage and the future.

This includes workforce skills development, educational attainment, population health and employment policies to meet the skills required and the capability to adapt to challenges.

Job-skills mismatch

The Labour Market Review for quarter two (Q2) 2021 produced by the Department of Statistic Malaysia (DOSM) in August 2021 stated that skill-related underemployment depicted an increase to 37.7 percent in Q2 2021 from 36.5 percent in Q2 2020. This portrays that tertiary education graduates are working in semi-skilled and low-skilled jobs by taking up work that does not match their qualifications.

The pandemic crisis has also seen a shift in the workforce, resulting in a

mismatch in skills required and the positions in the job market, though the issues of job mismatch have existed prior to Covid-19.

This is a critical structural issue in the labour market and the education system which needs structural reforms, instead of stop-gap measures presented in Budget 2022.

In October, the DOSM released a report on job vacancies landscape for Q2 2021, stating that online job vacancies increased for four consecutive quarters (Q3 2020 to Q2 2021).

The big data analytics done through web scraping techniques from four popular recruitment websites described that the jobs demanded by employers are professional category workers (50.8 percent), technicians and associate professionals (19.2 percent) and managers (18.4 percent).

Additionally, the top five most popular jobs by ranking are advertising and marketing professionals, administrative associate professionals, managing directors and chief executives, accountants and auditors as well as software developers.

Knowing that there are economic structural changes to skill-related

underemployment, job mismatch, increase in online job vacancies, types of job demanded, rise in the gig economy and the existing lack in skills, the focus must be on implementing short and long-term measures to assist underutilised workers, especially those with less disposable income.

The upskilling and reskilling initiatives must be targeted to not only bring down the unemployment rate but also to deal with the structural changes in the labour market. This will create a more sustainable approach in managing underemployment, retrenched workers, and fresh graduates.

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