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UNEMPLOYMENT IN MALAYSIA

Abstract: this article describes the productivity-wage-unemployment relationship in Malaysia at the macroeconomic level. The main findings show that unemployment is sorted out from the long-run equilibrium relationship between labour productivity and real wages, implying labour productivity is an important long-run factor in determining real wages, while unemployment has negligible effect on the real wage rates. However, the real wages are very responsive to a change in labour productivity, signalling the labour market is tight that leads to an increase in unit labour cost. To be more resilient to rising wages and productivity gap in a globally competitive environment, the Malaysian industries should move up the value chain, and promote skill-and-technology-intensive production.

Key words: productivity, wage, unemployment, Malaysia

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БЕЗРАБОТИЦА В МАЛАЙЗИИ

Аннотация: в данной статье описывается соотношение производительности труда и безработицы в Малайзии на макроэкономическом уровне. Основные выводы показывают, производительность труда является важным долгосрочным фактором в определении реальной заработной платы, в

то время как безработица оказывает незначительное влияние на реальные ставки заработной платы. Однако реальная заработная плата очень чувствительна к изменению производительности труда, сигнализируя о том, что рынок труда напряжен, что приводит к увеличению удельной стоимости рабочей силы. Чтобы быть более устойчивыми к растущему разрыву в заработной плате и производительности труда в условиях глобальной конкуренции, Малазийские отрасли промышленности должны продвигаться вверх по цепочке создания стоимости и развивать производство, требующее высокой квалификации и высоких технологий.

Ключевые слова: производительность труда, заработная плата, безработица, Малайзия

Human resources assume an indispensable job in the fast drive industrialization of the Malaysian economy. Low work cost combined with generally higher ability and capacities of the workforce at that point were the significant draw factors that pulled in remote firms to set up their auxiliaries in the nation since the mid-1990 [8]. The quick basic change in the economy from product subordinate into a fabricating send out based economy has caused a lack of talented labourers in the nation. It is intriguing to take note of that a progression of effective reception of industrialization programs during the previous three decades had repercussions on Malaysia. While the unemployment rate in February 2019 stayed at 3.3% since September 2018, the quantity of the unemployed remained at 516,400, a 1.6% expansion against February 2018 [1, 2]. This was by most recent measurements from The Department of Statistics, Malaysia. When taking a gander at regularly balanced unemployment rate, February 2019 enrolled a slight increment over the earlier month – 3.3% contrasted with 3.2%. Aside from that, the work power support rate in February 2019 was 68.5%, a drop of 0.1 rate point when contrasted with the earlier month. In any case, this denoted an expansion of 0.3 rate focuses year-on-year (February 2018: 68.2%) [3]. Complete headcount of the labour force rose by 2.1%

against February 2018 to 15.54 million individuals. During a similar period, utilized people additionally expanded 2.1% to 15.03 million (Figure 1).

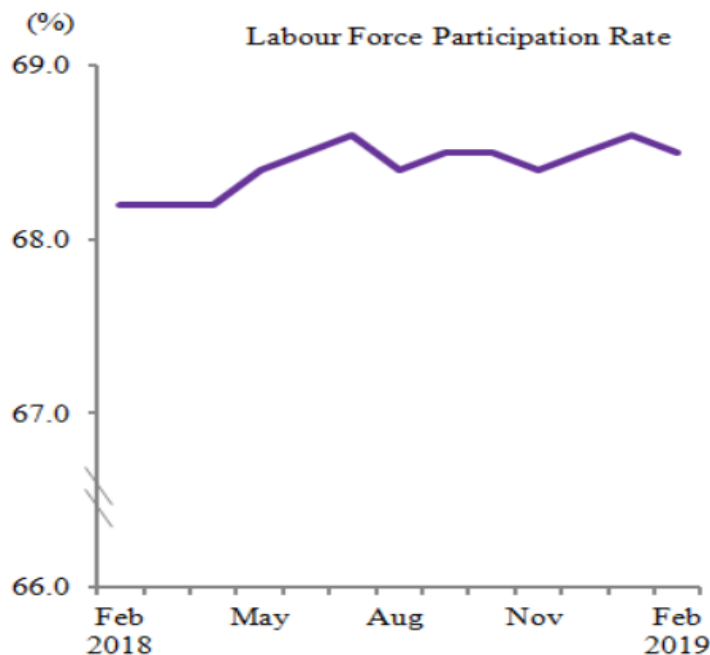


Figure 1 – Labor force participation rate in Malaysia from 2018 to 2019

Unemployment in Malaysia increased from 521,400 in June 2019 to 524,800 in July 2019, according to latest statistics from the Department of Statistics, Malaysia (DOSM). This represents a 0.7% month-on-month increase. Notwithstanding that, the Key Statistics of Labour Force for July 2019 uncovered that joblessness rate stayed at 3.3%, dropping somewhat when contrasted with July 2018[4]. Aside from that, the labour force rate diminished by 0.1 rate point when contrasted with the earlier month (68.6% in June 2019 to 68.5% in July 2019). All things considered, the quantity of individuals in the work power expanded 0.3% month-on-month, from 15.66mn to 15.70mn. During a similar period, the quantity of individuals utilized likewise expanded 0.3% from 15.13mn to 15.18mn. Moreover, it was uncovered that an aggregate of 31.5% of working age populace (15-64 years of age) were outside the work power. This involved housewives, understudies, retirees, and those not intrigued to work [7].

Malaysia's unemployment rate is seen at 3.3% in 2020, like the evaluated figure in 2019, as indicated by the Ministry of Finance's (MoF) Economic Outlook 2020 report [5]. With more openings for work expected, the quantity of utilized

people is anticipated to increment to 15.1 million of every 2019 and 15.3 million of every 2020, it said. Among the 15.3 million individuals expected to be utilized in 2020, about 62.1% of them are foreseen to be enlisted in the administration division, as indicated by the service. An aggregate of 31.6% of the working age populace, matured 15 to 64, was outside the work power which involved housewives, students, retirees and the individuals who were not keen on working[6].

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