

## **UNEMPLOYMENT AMONG YOUTH IN SABAH: CAUSES AND CURES**

*Thirunaukarasu Subramaniam*

### **INTRODUCTION**

Youth unemployment is a common problem in developed and developing nations. This phenomenon should be given proper attention as this phenomenon will become a burden, a cost and a problem to a nation. Youths should be productive individuals that should contribute to the development of a nation. If youths are unemployed this represents a waste of resources.

Youths in the age bracket of 15 to 24 constitute about 20.6 percent of the total population in Sabah which is 2,603,485 (Yearbook of Statistics, Sabah, 2003). They also constitute about 24.4 percent of employed persons and also 77.8 percent of the unemployed persons from a total labour force of 1,127,200 in Sabah in 2002 (Yearbook of Statistics, Sabah, 2003).

Youth unemployment is higher as they lack local experience and networks (EPAC, 1996). They also lack skills as they are new entrants into the labour market. They also have to compete with experienced participants in the labour market. This group of people is in transition from school to the labour market. So, there is a potential among them to be long-term unemployed. Long-term unemployment (LTU) is not good for youths as it represents a less effective source of labour supply (EPAC, 1996)

The definition of the unemployed that is used in this research is as underlined in Labour Force Survey Report, Malaysia (2002). Unemployed include both actively and inactively unemployed persons. The actively unemployed includes all persons who did not work during the reference week but were available for work and actively looking for work during the reference week. Inactively unemployed persons include the following categories:

- a. persons who did not look for work because they believed no work was available or that they were not qualified;
- b. persons who would have looked for work if they had not been temporarily ill or had it not been for bad weather ;
- c. persons who were waiting for answers to job applications; and
- d. persons who had looked for work prior to the reference week.

## OBJECTIVE

The objectives of this research are:

1. to identify the reasons for not working among youth in Sabah
2. to identify the obstacles to the participation of youth into the labour market in Sabah
3. to suggest policies to overcome the problems of unemployment in Sabah

## PROBLEM STATEMENT

Unemployment among youths is higher in Sabah compared to other parts of Malaysia. In 2002, for example, only 66.2 percent of youths in age bracket of 15-24 is unemployed in Malaysia. For Sarawak it is only 66.4 percent and for Peninsular Malaysia it is 63.4 percent. For Sabah, unemployed persons in this age group is higher which is 77.8 percent. Youths in the age bracket of 15-24 comprise of 27.4 percent of labour force (1,127,200) in Sabah in 2002 (Labour Force Survey Report, 2002).

This study is only focusing on the youth in the age bracket of 15-24 years old. This group of people should be in schools or colleges or universities at this age. They should be equipping themselves with sufficient skills and knowledge. If youths are not acquiring any skills or knowledge or if they are not engaging themselves in any employment, they are considered as unemployed.

**Table 1: Percentage Distribution Of Unemployed Persons By Age Group, 2000-2002**

Age group	Malaysia			Peninsular Malaysia			Sabah			Sarawak		
	2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
15-64	100	100	100	100	100	100	100	100	100	100	100	100
15-24	65.6	65.5	66.3	62.2	62.4	63.2	75.1	70.5	77.8	64.8	73.4	66.4
25-54	32.0	31.6	30.9	35.0	34.3	34.2	23.8	27.0	19.7	32.2	24.9	29.0
55-64	2.4	2.9	2.8	2.8	3.3	2.6	1.1	2.5	2.5	3.0	1.7	4.6

Source: Labour Force Survey Report, various years.

## METHODOLOGY

This study uses questionnaire to gather data. The questionnaire comprises five sections. The first section covers the demographic aspects of the respondents and the second section focuses on the family background of the respondents. The third section covers the employment background of the respondents. The fourth section is on job search process and the fifth section covers the type of job the unemployed youths are looking for.

About 100 respondents were taken from four urban areas in Sabah namely Kota Kinabalu (40 respondents), Sandakan (20 respondents), Tawau (20 respondents) and Lahad Datu (20 respondents). Sampling procedure used in this study is simple

*Thirunaukarasu - Unemployment Among Youth*

random sampling. Data is analysed by performing factor analysis.

**LITERATURE REVIEW**

**Data**

Table 2 shows the percentage distribution of unemployed persons by age group and gender in Sabah from 1995 to 2002. It is clear that the unemployed males and females from the age group of 15-24 years old are more compared to other age groups in Sabah.

**Table 2: Percentage Distribution Of Unemployed Persons By Age Group And Gender, Sabah, 1995-2002**

Age group	Unemployed persons							
	1995	1996	1997	1998	1999	2000	2001	2002
<i>Both sexes</i>								
15-64	100	100	100	100	100	100	100	100
15-24	79.6	79.1	82.0	73.0	78.6	65.6	65.5	77.8
25-54	19.8	20.5	17.6	25.9	20.9	32.0	31.6	19.7
55-64	0.6	0.4	0.4	1.1	0.5	2.4	2.9	2.5
<i>Male</i>								
15-64	100	100	100	100	100	100	100	100
15-24	77.9	74.0	78.7	70.2	76.1	61.5	61.6	75.4
25-54	21.4	25.4	20.7	28.2	23.3	35.2	34.5	21.4
55-64	0.8	0.5	0.6	1.6	0.6	3.3	3.9	3.2
<i>Female</i>								
15-64	100	100	100	100	100	100	100	100
15-24	82.3	90.0	88.8	80.2	84.6	72.8	72.0	82.1
25-54	17.4	10.0	11.2	19.8	15.4	26.2	26.7	16.6
55-64	0.3	0	0	0	0	1.0	1.3	1.3

Source: Labour Force Survey Report, Department of Statistics, Malaysia, various years.

Table 3 shows that the large bulk of unemployed people consisted of people with secondary qualification. The unemployment among people with tertiary qualification is also rising during 1998 to 2001 and declining slightly in 2002.

**Table 3: Percentage Distribution Of Unemployed Persons By Educational Attainment, Sabah 1998-2002**

<b>Educational Attainment</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Total</b>	100.0	100.0	100.0	100.0	100.0
<b>No formal education</b>	6.7	3.1	6.6	4.7	6.2
<b>Primary</b>	22.0	15.5	15.0	13.6	19.6
<b>Secondary</b>	63.5	72.5	68.8	69.8	62.7
<b>Tertiary</b>	7.8	8.9	9.6	11.8	11.6

Source: *Yearbook of Statistics, Sabah, 2003.*

Table 4 shows that unemployment rate is higher among youths in 15-24 age group in all Southeast Asian countries compared to unemployment rate among 15 years and older.

**Table 4: Unemployment Rate Of People 15 Years And Older, And 15-24 Years Old By Sex 1999-2001**

<b>Country</b>	<b>Unemployment rate of People 15 years and older, by Sex, 1999-2001</b>			<b>Unemployment rate of People 15-24 years, by Sex, 1999-2001</b>		
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>Male</b>						
Brunei Darussalam	-	3.1	3.7	-	-	-
Cambodia	0.5	2.1	1.5	-	5.1	3.0
Indonesia	6.0	5.7	6.6	19.0	19.7	22.3
Lao PDR	-	-	-	-	-	-
Malaysia	3.5	3.0	3.5	10.0	8.7	10.2
Myanmar	3.6	3.6	3.6	-	-	-
The Philippines	9.7	10.3	9.4	18.6	19.8	16.6
Singapore	4.5	4.0	3.5	6.2	3.8	4.7
Thailand	3.0	2.4	2.3	8.3	7.0	6.5
Viet Nam	-	-	-			
<b>Female</b>						
Brunei Darussalam	-	6.8	8.1	-	-	-
Cambodia	0.6	2.8	2.2	-	4.7	3.0
Indonesia	6.9	6.7	10.6	21.1	20.1	25.5
Lao PDR	-	-	-	-	-	-
Malaysia	3.3	3.2	3.8	9.2	8.5	10.4
Myanmar	4.8	4.7	4.7	-	-	-
The Philippines	9.3	9.9	10.3	22.7	23.7	22.1
Singapore	4.6	5.1	3.4	9.6	5.6	6.9
Thailand	2.9	2.3	1.9	9.6	5.6	6.9
Viet Nam	-	-	-	-	-	-

Source: *ASEAN Statistical Yearbook, 2003.*

Table 5 Shows the unemployment and labor force participation rates among youth in oecd countries.

**Table 5: Youth<sup>1</sup> Unemployment Rates And Labour Force Participation Rates From Selected Oecd Countries, 1995**

<b>OECD Countries</b>	<b>Unemployment rate (%)</b>	<b>Labor force participation rate (%)</b>
Australia	14.4	69.7
Canada	15.6	62.2
France	25.9	29.8
Germany	8.5	52.4
Italy	32.8	38.8
Japan	6.1	47.6
Mexico	9.3	54.1
Netherlands	12.8	64.5
New Zealand	11.9	67.4
Spain	42.5	45.1
Sweden	15.4	50.0
U.K	15.5	63.7
U.S	12.1	66.3

Source: Lowe and Krahn (1998), p. 206.

Only 3 of the 12 OECD countries have youth unemployment rates below 10%. Japan is the lowest, at 6.1%. Australia, the Netherlands, New Zealand and the United States are in the 10-15% range. Canada, Sweden and the United Kingdom have an unemployment rate of around 15 to 16 percent. Three European countries have the highest unemployment rate exceeding 20 percent. They are France, Italy and Spain.

In Australia, the young people were found to have the highest unemployment rates and other specific unemployment problems. Unemployment rates for those aged 15-19 are around 20 percent and even higher after the end of school year (EPAC, 1996).

### **CAUSES OF YOUTH UNEMPLOYMENT**

Various causes have been discussed as cause for youth unemployment. This include increasing number of youth entering the labour market and the deteriorating youth employment opportunity (Levin, 1983). This simply means that the economy is unable to generate employment as fast as the entry of youth into the labour market.

Another reason that is always cited as reason for youth unemployment is inadequate education and training as youth are becoming less and less equipped with the skills required for productive employment (Levin, 1983). Mismatch between jobs and educational qualifications (Betsey, Hollister and Papageorgiou, 1985) create structural unemployment among youths. Youths who enter labour market do not

have a training or skills that match the need in the labour market.

Family influences do to a certain extent have an effect on youth unemployment. Youth from wealthy families do not want to work as their families are able to meet their financial needs. But a study in United States by Meyer and Wise (1982) found that an increase of \$5000 in parental income is associated with an increase of more than three weeks in the number of weeks worked by teenagers.

Macroeconomic conditions or changes in the business cycle also contribute to youth unemployment. Widely known as cyclical unemployment, this type of unemployment is caused by fluctuations in the economy (EPAC, 1996).

### **IMPLICATIONS OF YOUTH UNEMPLOYMENT**

Youth unemployment especially long-term in nature represents waste of resources. Youths in the age bracket of 15 –24 years old who are unemployed or are not equipping themselves with sufficient knowledge and skills at this age will find difficulty as they enter the labour market. Unemployed youth should invest in human capital as a means to enhance their career opportunity.

Long-term unemployment is hazardous to the skills and knowledge acquired by youth and also to the government in respect to fund spent on training of youth. The financial and social costs to the persons involved and government increases with the length of unemployment as the value of qualifications and previous experience can decline, by becoming out of date or obsolete (EPAC, 1996). Retraining of obsolete skills will incur cost to the government as well as the individual.

For long-term unemployed youths, they might be find difficulty in securing new jobs as employers will be reluctant to take them as length of unemployment casts doubts on their suitability (EPAC, 1996). Increase in youth unemployment can also be associated with social problems of drugs, crime and suicide (EPAC, 1996). This will increase the cost to a nation to curb these social ills.

### **DATA AND ANALYSIS**

#### **Demographic Background Of Respondents**

Table 6 shows the profile of the respondents in respect to residence, age, gender, academic achievement and reasons for not schooling.

#### **Previous Employment Background Of Respondents**

Table 7 shows the previous employment background of the respondents. About 62.0 percent of the respondents worked before and most of them worked in lower management (69.5 percent). About 82.1 percent of them earned an income of RM600 and less (82.1 percent). About 37.0 percent of them also found to be long-term unemployed.

*Thirunaukarasu - Unemployment Among Youth*

**Table 6: Profile Of The Sample**

ITEMS	PERCENTAGE (N=100)
<b>Area</b>	
Kota Kinabalu	40.0
Tawau	20.0
Sandakan	20.0
Lahad Datu	20.0
<b>Age</b>	
15-19	63.0
20-24	37.0
<b>Gender</b>	
Male	38.0
Female	62.0
<b>Academic achievement</b>	
Primary education	6.5
PMR/SRP	14.1
SPM	63.0
STPM	6.5
Diploma	5.4
Bachelor Degree	2.2
Others	2.2
<b>Reasons for not schooling</b>	
Financial problem	47.0
No interest	20.0
Transportation problem	2.0
Health problem	1.0
Other reasons	30.0

**Table 7: Previous Employment Background Of The Respondents**

ITEMS	PERCENTAGE
<b>Work before(N=100)</b>	
Yes	73.0
No	27.0
<b>Type of work(N=73)</b>	
Lower management	80.8
Middle management	11.0
Upper management	4.1
Professional	1.4
Others	2.7
<b>Category(N=73)</b>	
Full time	77.0
Part-time	23.0
<b>Monthly pay(N=73)</b>	
RM300 and less	53.4
RM301-RM600	38.4
RM601-RM900	6.8
RM900 and above	1.4
<b>Reasons for leaving previous job(N=73)</b>	
Temporary employment	12.3
Simply quit	16.4
Not in good health	8.3
Family/personal problem	17.8
Terminated	8.2
Others	37.0
<b>Unemployment(N=100)</b>	
Less than one year	84.0
One year and more	16.0

**RANKED DIMENSIONS OR FACTORS**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy produced a value of 0.642. Factor analysis is found to be a suitable method to analyse data in this study as indicated by a value between 0.5 and 1.0. Values below 0.5 imply that factor analysis may not be appropriate.

**Table 8: Factor Loadings**

Variables	Component				
	1	2	3	4	5
Lazy to work	0.782				
Friends are not working	0.691				
Choosy	0.671				
No working experience		0.781			
Haven't got the dream job		0.631			
Difficulty in getting jobs		0.579			
No training opportunities		0.564			
Not healthy			0.708		
Parents do not allow			0.683		
Want to take rest			0.604		
Parents income is sufficient			0.458		
No transportation				0.800	
Taking care of siblings				0.681	
Low pay				-0.481	
Low academic achievement					0.858

With reference to Table 8 and 9, ranked dimensions indicate that F1 as the "attitude" dimension which groups together variables 'lazy to work', 'friends are not working', and 'being choosy'. This factor is found to be the major factor as reason for not working among youth in Sabah. The attitude and the mindset of youths in Sabah need to be changed. They should be made to realise the importance for them to be at least marginally attached to the labour market. Being out of the labour market means their knowledge, education and skills will be obsolete. This will reduce their chances of securing job in the future. Peter Thien (1989) also highlighted the importance of the need to change the attitude among youths in Sabah. According to him most of them do not like to work in a dirty environment and doing heavy manual works, such as in the plantation and construction industries.



### *Thirunaukarasu - Unemployment Among Youth*

F2, the dimension labelled as “Lack of experience” which encompasses variables such as ‘lack of experience’, ‘haven’t got their dream job’, ‘difficulty in getting jobs’ and ‘no training opportunities’ is found to be the second most important reason for not working among youth in Sabah. Experience is one of the major determinants for one to be employed. Lack of experience can hinder one from being employed. This problem is worsened further by lack of training opportunities among youths or possibly they do not have information on available training opportunities. Youth need to realise that they are at the early stage of their career and they need to gain the experience and skills which will enable them to compete better in the labour market. Youths who gain work experience and receive on-the-job training will reduce both the chances of future labour bottlenecks and the burden that might be imposed on others to pay for their support (Gitter and Scheuer, 1997).

F3 is the dimension named as “Not healthy” which consists of factors ‘not healthy’, ‘parents do not allow’, ‘want to take rest’ and ‘parents income is sufficient’ is found to be third factor as reason for not working among youth in Sabah. It is surprising to note that the factors that are grouped together in this surrogate variable are all inter-related. When one is not healthy, then it follows that parents will not allow them to work and they may want to take rest. This will be further made credible with the high income earned by parents.

The fourth most important reason or F4 which is labelled as “Transportation problem” consists of factors such as ‘no transportation’, ‘taking care of siblings’ and ‘low pay’. Transportation problems will remain a problem in Sabah unless and until the state government designs an integrated transportation system by merging all the individual operators in order to achieve economies of scale. This problem is further worsened by the lack of training opportunities which hinder the employability of youths. If youth lack training opportunities, they would not be able to acquire the skills needed in the market and thus reduce the chances of them being employed. Peter Thien (1989) also highlighted that lack of incentives, both monetary and non-monetary, is among the main reasons for the failure to attract labourers to work in the estates especially in the Eastern divisions, particularly in Tawau and Sandakan which have vacancies in these sectors. Thus, there should be a change in the attitude of youth in Sabah.

The fifth reason (F5) for not working among youth in Sabah is due to “Low qualification”. Low academic achievement of the unemployed youth is a hindrance to their employability. Educational attainment is a strong negative correlate of youth unemployment (Lowe and Krahn, 1998). Youths with less than a secondary education fare worse in the labour market than those who have completed their secondary schooling (Gitter and Scheuer, 1997). This problem is worsened further by lack of experience as the youths are at the early stage of their career life. Low educational attainment and lack of skills make it difficult to obtain jobs.

**Table 9: Ranked Factor Dimensions**

<b>Factors</b>	<b>Factor Dimension</b>
F1	Attitude
F2	Lack of experience
F3	Health reason
F4	Transportation problem
F5	Low qualification

## **CONCLUSION AND RECOMMENDATIONS**

Five major reasons that were identified as reasons for not working among youth in Sabah are “attitude reason”, “lack of experience”, “health reason”, “transportation problem” and “low qualification”. Unemployment among youths is a problem to a nation. Long-term unemployment among youths represent a waste of resources as youth is an important asset for investment in human capital. Some consider this stage as a transition period from school to work but this period is important and will determine whether youths at the age bracket of 15 to 24 will be successful in the labour market in the future.

First of all there should be a change in the attitude of youths in Sabah. There should take up the job opportunities that are aplenty in plantation sectors in Sabah. Secondly, policies should be directed to increase the participation of youth in training programmes or skill acquisition programmes especially by focusing on the long-term unemployed youths. This will increase the chances of them securing employment as this study found that “lack of experience” is the second major factor that caused youth in Sabah to be unemployed. Or, the government should find or create part-time employment and temporary employment (Layard, 1997) for the unemployed youths so that they will be at least marginally attached to the labour market. This will later enhance the participation of youths in the labour market and reduce long-term unemployment among youths. Thirdly, the transportation problems can be solved in Sabah if the state government designs an integrated transportation system by merging all the individual operators. This will enable the transportation operation to achieve economies of scale. Fourthly, investment in human capital is also important for one to be employed. Bearing this in mind, youths in Sabah should given some allowance to enroll in training or skill acquisition programmes after formal schooling period. This will increase their chances of being employed.

## **REFERENCES**

ASEAN Statistical Yearbook 2003

Betsey, C.L., Hollister R.G. and Papageorgiou, M.R. 1985. *Youth Unemployment and Training Programs*. Washington: National Academy Press.

EPAC. (1996). *Future Labour Market Issues for Australia*. Canberra: Australian Government Publishing House.

### *Thirunaukarasu - Unemployment Among Youth*

Gitter, R.J, and Scheuer, M. (1997). US and German youths: unemployment and the transition from school to work. Monthly Labor Review. US: BLS.

Layard, R. (1997). Preventing Long-term Unemployment in Snower D.J., and de la Dehesa G.(ed). *Unemployment policy . Government Options for the Labour Market*. Cambridge: University Press.

Levin, H.M. (1986). *Youth Unemployment and its Educational Consequences*. Education Evaluation and Policy Analysis, 5(2), 231-247

Lowe, G.S. and Krahn, H. (1998). Reconceptualizing Youth Unemployment in Barling, J. and Kelloway , E.K. (ed). *Young Workers*. Washington: American Psychological Association.

Malaysia. *Labour Force Survey Report*. Kuala Lumpur: Department of Statistics. Various years

Malaysia. *Yearbook of Statistics Sabah*, 2003.

Meyer, R and Wise, D. (1982). High School Preparation and Early Labor Force Experience(ed) in Freeman R.B. and Wise D.A. *The Youth Labour Market Problem: Its Nature, Causes and Consequences*. National Bureau of Economic Research Conference Report. Chicago, Illinois: University of Chicago Press

Peter Thien. (1989). Policy Response to Unemployment Problem in Sabah in Mohd. Yaakub Hj. Johari(ed). *Issues on Human Resource Development in Sabah*. Kota Kinabalu: Institute for Development Studies(Sabah).

#### **NOTA HUJUNG**

1 Youth refers to 15-24 year olds in all countries except Spain, Sweden, the United Kingdom(U.K.) and the United States(U.S.) where it is defined as 16 –24 year olds.