



Table 1: Penang: Retrenchments by Sector, 2001

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Agricultural Activities	0	0	0	0	0	0	21	0	0	0	55	0	76
Mining & Quarrying	0	0	0	0	0	0	0	0	51	0	0	0	51
Manufacturing	24	38	790	2,090	2,219	2,152	769	512	1,179	843	281	3,299	14,196
Utilities	0	0	0	0	0	0	0	0	400	0	0	0	400
Construction	0	4	2	13	0	22	3	8	0	11	0	6	69
Services	39	11	11	2	14	168	12	0	46	7	32	69	411
Transport, Storage & Comm.	12	0	1	0	0	17	6	61	11	0	0	14	122
Finance, Insurance, etc.	37	3	0	25	63	5	88	0	29	2	10	0	262
Social Services & Others	39	6	0	2	11	0	2	14	0	0	0	308	382
Monthly Total	151	62	804	2,132	2,307	2,364	901	595	1,716	863	378	3,696	15,969

Profile of Retrenched Workers

The portion of the workforce that is most affected by job losses are the production workers. Workers at the operator level, whether the semi-skilled, unskilled or general workers, accounted for almost three-quarters of the total retrenched workers. The professionals and technical personnel, however, were not spared from the retrenchment and VSS exercises either, accounting for 12 percent of the total retrenched workers. Female workers accounted for almost two-thirds of the total retrenched workers. The dominant profile of the retrenched worker is a rural Malay female in the 25-29 age range, previously employed in the production operations of a manufacturing firm.

The records of the Labour Department showed that an unusually high proportion of 62 percent of the retrenched workers could not be located while only 23 per cent found new jobs. As many of these workers come from rural areas and return to these areas once they are retrenched, it is often difficult to contact them subsequent to retrenchment as they often do not provide post-retrenchment contact information. Also, as many of the workers originated from the neighbouring states, the full effects of the retrenchments in Penang are likely to spread beyond the state's borders.

These workers often lack information or are misinformed about government initiatives in place to help them, and there is a general feel among some HR managers that they lack the necessary means to attend retraining courses due to family and financial concerns as well as the location of the training institutes (mostly located in urban areas).

In general, the most frequently held concerns surrounding this group is that many of them are in their late 20s and early 30s, and already have families to support and other financial obligations to meet. As such, many of them are reluctant to enter retraining, and would prefer to find another job or proceed into their own small/informal business instead. Retrenched males in the 35-39 age group are most inclined to consider the possibility of setting up their own businesses.

Among the retrenched workers at the professional and semi-professional levels, the age structure is skewed towards the younger age groups. While this could be a sign of the last-in-first-out (LIFO) policy, which is mandatory for companies to comply with, it is also probably a reflection of the groups most likely to be registered with Jobstreet and respond to its survey, namely the more computer-literate, younger age groups (See Table 2).

The majority of respondents possess a Bachelors degree, with those in Electrical and Electronic Engineering forming the largest number. Other degree holders who constituted large numbers were those in the fields of Business Studies/Administration/Management and Computer Science/Information Technology.

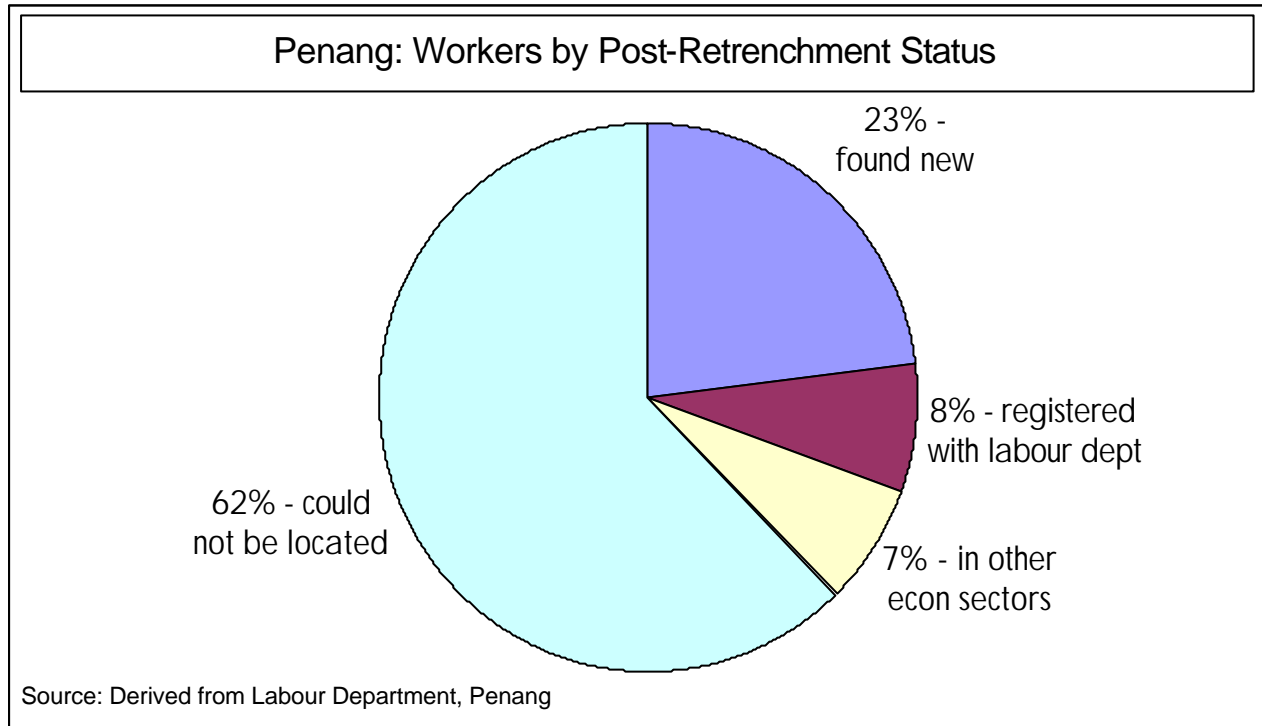


Table 2: Jobstreet Survey: Age Distribution of Retrenched Workers

	Malaysia		Penang	
	Count	(%)	Count	(%)
15-19	1	0.20	NIL	NIL
20-24	57	11.18	8	9.76
25-29	171	33.53	22	26.83
30-34	141	27.65	20	24.39
35-39	74	14.51	12	14.63
40-44	42	8.24	10	12.20
45-49	20	3.92	7	8.54
50-54	4	0.78	3	3.66
Total Responses	510	100	82	100

This finding comes as a surprise as they have always been considered as the most marketable degrees. One possible explanation is that it is precisely the misconception of the marketability of these fields that has led too many students to flock to these fields, resulting in an oversupply. Another factor to be considered is that the manufacturing, and especially the IT sector, was the most badly affected by the current global slowdown, hence graduates in the fields of IT, Computer Science and Engineering are not in as great demand. However, the finding might also reflect a bias in the sampling as degree holders in these fields are probably more inclined to use an on-line medium like Jobstreet to seek employment than those in certain other fields.

Other key characteristics of a majority of retrenched professional are that they are from the Junior and Senior Executive levels and that they are married. The latter is an important finding as married workers are less likely to opt



for retraining schemes due to various increased financial & family obligations.

Profile of Unemployed Graduates

Unemployed graduates, at the national level, see a majority of these graduates trained in the fields of Computer Science and Information Technology, Business Administration and Management, Engineering and Finance and Accounting fields. This finding is consistent with that for retrenched professionals and semi-professionals (See Table 3).

Table 3: Jobstreet Survey: Field of Study of Unemployed Graduates (Selected)

	Malaysia		Penang	
	Count	(%)	Count	(%)
(not answered)	2	0.25	-	-
Advertising/Media	10	1.27	-	-
Business Studies/Admin/Mgt.	137	17.34	18	27.69
Computer Science/Information Tech.	175	22.15	9	13.85
Economics	32	4.05	3	4.62
Engineering (Chemical)	16	2.03	-	-
Engineering (Computer/ Telecommunications)	24	3.04	4	6.15
Engineering (Electrical/Electronic)	37	4.67	5	7.69
Engineering (Mechanical)	16	2.03	2	3.08
Finance/Accountancy/Banking	82	10.38	7	10.77
Human Resource Management	16	2.03	2	3.08
Humanities/Liberal Arts	15	1.90	-	-
Mass Communications	15	1.90	1	1.54
Mathematics	15	1.90	2	3.08
Physics	14	1.77	2	3.08
Science & Technology	15	1.90	1	1.54
Others	24	3.04	-	-
Total Responses ¹	790	100	65	100

¹Denotes total responses and not the total of selected categories

Many of these graduates are concentrated in the more urban locations in Malaysia, with Selangor and Kuala Lumpur seeing the highest concentrations of unemployed graduates, and Penang and Johor also seeing substantial numbers. The majority of them fall in the 20-24 and 25-29 year-old categories, with a large proportion of them being single.

It is very disturbing to find that the majority of unemployed graduates have not held a job of any kind since graduation, with 165 respondents, or 68.2% falling in this category. The remaining 77 candidates or 31.8%, however, noted that they have held some kind of job since graduation, but have since been rendered jobless or have opted for further studies or retraining. Those who left their job as it was incompatible with their degree numbered 15, or 19.5%, and those who were retrenched or laid off made up 6.5% with 5 respondents in this category.

Table 4: Jobstreet Survey: General Comments of Unemployed Graduates (Selected Themes)

Comment Theme	Count	Percent
Companies require working experience	37	28.20%
Lack of Information on GRS and various other schemes	23	17.60%
Over-saturated Job Market	22	16.80%
GRS allowance too low	7	5.30%
Field of Study not accepted by GRS, need GRS in more areas of study	7	5.30%
SSL scheme inadequate	6	4.60%
Racial Barrier	5	3.80%
Chosen Field of Study not compatible with current needs of job market	4	3.10%
Want a guaranteed job after GRS scheme	4	3.10%
"Government needs to do more"	4	3.10%
Inefficiencies in administration of scheme – delay in processing application, etc.	3	2.30%
Training provided by institutes outdated/obsolete/not relevant to industry needs	2	1.50%
Scheme allowances not paid out/not paid out on time	2	1.50%
Need of job fairs & more avenues to find jobs	2	1.50%
Gender Barrier	1	0.80%
GRS Locations not suitable (too far, cost factor, etc.)	1	0.80%

There is also a general lack of awareness of the specifics of the various training schemes and programs currently in effect, with 23 of the 131, or 17.6% of the respondents noting this in their general comments (See Table 4). While they may be aware of "some" training schemes out there, there are a number of people who are unclear as to how they may obtain specific information about these schemes, such as the type of courses offered, how to enrol for these courses, and what prerequisites are needed for the various schemes. Other comments were generally related to cost concerns, many complained that it was too low to support a basic living standard in the urban areas where the institutions carrying out these training/retraining schemes are located. Others also noted the difficulties of the cost of transportation & relocation due to the urban location of many of these institutes (5.3%); the restricted target groups & fields of study of these courses (5.3%); and the uncertain prospect of securing a job after such training (3.1%).

The most pressing issue surrounding the unemployed graduates group seems to be related to the tight labour market situation. With the MNCs in Malaysia deeply affected by the current US-led global economic slowdown there have been few job openings for entry-level positions, and as such, jobseekers outnumber vacancies. On the employers' side, although they are able to pick and choose among the best of candidates, they are also under pressure to do more with less, which in turn ensures that they do indeed pick only the cream of the crop.

Training

This situation highlights the need to ensure high standards in the various education and training structures in Malaysia so as to produce candidates of quality and less so of quantity. Discussions with various HR managers have revealed concerns about the poor quality of graduates, especially in the areas of communication and language - that is, many candidates lack basic communication skills and are unable to 'sell themselves' properly, even if employers are willing to hire them into entry level positions and train them up. The inability to master basic communication skills can be a potentially large problem if not addressed, as jobseekers who may possess the necessary skills but are unable to convey their talents to their employers may not be hired, while another who may possess a lower level of skill but is able to communicate and sell themselves will.



Also of concern is the relevance of the various curricula of the education system with regard to current industry needs. As the pace of technology grows ever faster, there is concern among many that graduates may not be sufficiently trained in their fields of study, or that their training may even be obsolete. The importance of consistently updating and upgrading course content to be relevant to present needs cannot be stressed enough.

When designing training schemes it might do well to take into consideration the fact that a full 81.1% of all respondents who chose to retrain were single, compared to only 18.9% married retrainees. The groups most inclined to consider retraining are single males, between the ages of 20-29.

With respect to the training schemes initiated by the Government for retrenched workers and unemployed graduates, those for the retrenched workers have seen very poor response. The majority of respondents do not feel that there has been enough information about such programmes made available to them but their primary complaint is long delays in processing applications which causes a great stress on their finances.

On the other hand, the Graduate Training Scheme has been very well received in Penang, and from recent news reports, across the country. Nonetheless there have been complaints picked up by the nationwide Jobstreet survey, the chief being:

- The allowance being too low to sustain their living expenses in the urban centers where the training institutes are located;
- The courses teach very basic computing skills, such as the use of Microsoft Word, Excel, etc.-skills which can be picked up easily and are not necessarily critical skills that would improve their job prospects.

It should be pointed out that, through close cooperation with the corporate sector, the program of one of the more prominent training centers in Penang, the Penang Skills Development Centre (PSDC) has addressed some of these issues. Called the Graduate Reskilling Scheme (GRS), the PSDC course offers training in several areas more pertinent to the career developments of these graduates, such as communication English, presentation and negotiation skills, project and supply chain management. Over the year-long course, candidates are also trained in two fields of wide demand, namely the Microsoft Certified Systems Engineer (MCSE) and Cisco Certified Network Associate (CCNA) certifications, and also undergo 5 months of practical experience, while interned to a SMI (small and medium industry) company.

However, while the PSDC GRS scheme is indeed useful to candidates who qualify, it is also acknowledged that at the moment, this course, which is only offered to recent graduates in the IT, Science and Engineering fields has a limited reach and scope. Efforts are underway to expand the program however, and it is hoped that more candidates will be able to make use of these opportunities, especially in the light of the additional RM40 million in funding diverted into the program by the Ministry of Human Resources.

The reasons most frequently cited for not opting to retrain include:

- Financial obligations;
- Family obligations (especially for those who are married);
- Lack of information on training courses;
- Current courses offered are not suitable.

In order to address the above issues, it is necessary to ensure that training schemes provide skills that are geared towards enhancing the employment prospects of the trainees. Another element that should be incorporated is the provision of industrial attachment which gives the trainees hands-on experience and the possibility of landing a job in the factory they are attached to upon completion of the internship

Recommendations

Taking into consideration the above findings, the following recommendations are proposed:

1. Based on the apparent mismatch between supply and demand of workers, more careful human resource planning is obviously necessary. This must incorporate more accurate projections of human resource needs in specific skills areas and means also a mapping of the direction of future development of key sectors of the economy. The technology roadmaps of the important industrial sectors have to be charted to determine the projected skills requirements and training institutions must design their course offerings in accordance to these requirements. A complementary effort would be career counselling facilities in schools and training institutions that would channel potential candidates to the fields in demand. Collaboration between industry and training institutions is essential in to ensure that industry can have direct input into the skills that need to be nurtured and institutions can respond speedily to these demands.
2. This study has identified some basic flaws in the Government Training Schemes that need to be addressed ur-

gently. The most fundamental one is that the courses offered do not improve the marketability of the trainees. What employers require are workers possessing very specific skills sets, not basic and general knowledge, even if in the area of ICT. Training schemes need to be re-designed to provide skills that are of immediate usefulness in the work environment. Industrial attachment is another essential element to be incorporated to avail the trainees with hands-on experience and to provide them the linkage to potential employers. University and college students should also be encouraged to participate in internships, especially with multinational corporations, which will help provide them with the crucial practical experiences. In support of this recommendation, respondents in the surveys have pointed out the restricted fields of study in the training scheme and the uncertain prospect of securing a job after such training as discouraging factors. It is also necessary for the government to monitor the various training providers more closely to ensure that all providers of these retraining schemes offer courses that are relevant and at the appropriate skills level to meet the needs of those who register for their courses.

3. One of the main reasons for the Government Training Schemes not attracting sufficient enrolment is the allowance, which many complained was too low to support a basic living standard in the urban areas where the institutions carrying out these training/retraining schemes are located. Others also noted the difficulty of bearing the cost of transportation & relocation due to the urban location of many of these institutes. In order to rectify this problem, the private sector could be roped in to support the Graduate Training Scheme by implementing a 'Graduate Internship Programme' to provide employment to the graduates. The graduate interns could be paid a salary of between RM800 and RM1000 per month for a period of 6 months to a year. These interns could be absorbed by the companies under their headcount once the economy/business improves or their contract could be extended for another 6 months to a year if the business environment remains bearish, provided their performance is up to par. They could be attached to the engineering department for engineering graduates; administrative, human resource (HR), planning, purchasing, sales or even production departments for arts graduates. The essential point is that the interns must be assigned to positions that make full use of their training.
4. Potential trainees have also been deterred by delays in the processing of their applications as the prolonged waiting period is a strain on their finances. This points to the need for more efficient administration of the training schemes. A related shortcoming is that many potential trainees also claimed they lack information on the types of training available although they are vaguely aware of the existence of training schemes. They are also ill-informed with regards to application procedures and qualifications required, etc. There is a need for better information dissemination and outreach.
5. For the retrenched or unemployed to whom job training is not an option, assistance in seeking employment is greatly needed. In this regard, the key government agency designated to play this role has been found wanting. The *Jabatan Tenaga Rakyat* (JTR) is not popular as a source of employment information for job seekers. The majority of the unemployed workers and unemployed graduates who responded to the surveys did not regard the JTR as an effective channel find jobs. This perception is due to several factors, including 1) a lack of confidence in the JTR among jobseekers; 2) a lack of publicity about the services of the JTR; 3) shortage of manpower in the JTR; and 4) the relative inaccessibility of rural villagers once they are retrenched from their jobs. More needs to be done to advertise the functions and services of the JTR to the public. The resources of the JTR, both in terms of allocations and manpower, need to be boosted to enable it to play a more effective and high profile role. Greater professionalism needs to be injected into the operation of the JTR.
6. It has been noted that retrenched males in the 35-39 age group are more inclined to set up their own businesses. For this target group and those similarly inclined, training in entrepreneurial skills and business management would be useful. The Government could also consider a loan scheme to aid them in launching their businesses. Support can also be rendered in terms of market research and survey to determine areas of business that would offer better prospects of success.
7. The survey results also show that most of the retrenched workers and unemployed graduates are dependent on their family, their savings or their compensation packages to tide them over the period of unemployment. The insecurity that this induces can also be hindering factor to them seeking retraining besides being a source of stress. The government should consider setting up a Permanent Retrenchment Fund to assist the workers during cyclical downturns.
8. To reduce the incidence of retrenchment, factories may also consider a worker sharing mechanism. Factories facing an excess of workers can register these redundant workers in a reserve pool while factories facing a temporary uptake in orders can draw upon this pool for their manpower needs. A matching mechanism will need to be established to facilitate this worker sharing scheme.
9. Taking a longer view of the manpower needs of the country, it is obvious that as the industrial sector in the country moves towards higher-end production and products, companies in Malaysia will require increasing numbers of highly skilled people such as design and development engineers, software engineers, engineers in the fields



of electronics, photonics and mechatronics, and experts in logistics and supply chain management (SCM). However, the country is currently not producing enough of these people and indeed is even facing a decline in the number of students taking up science courses. In order to reverse this trend, it is necessary inculcate the awareness and interest of Malaysians, especially the younger generation who are in the primary and secondary schools, in science and technology (S&T).

10. To do so, it is important to conduct awareness programmes on the importance of S&T for students to encourage more of them to opt for the science stream. Presently, science is taught as a subject from Primary Four. It is recommended that this subject be introduced earlier and it is important to emphasise the importance of science not only as a subject but a way of building competitiveness even at the primary level. Complementary to scientific enquiry are critical thinking, creativity and innovativeness which are also essential qualities for the k-economy. Employers are also increasingly seeking these qualities in their employees. The education system must be fine-tuned to nurture these qualities in the students.
11. Other than emphasising the importance of S&T to school students, it would also be essential to dispel the notion that vocational training is inferior to academic learning. The status of technical and vocational training should be raised and in parallel with that, the facilities for such training improved. The practice of only channeling low academic achievers to the vocational stream should be reviewed and selection for technical training should be based on aptitude instead. This will help to build up a pool of well-qualified technical workers who are very crucial for the manufacturing sector, particularly Penang. These technical workers should also have the opportunity pursue their career and studies to become engineers. *§Terence Too and Tan Pek Leng*

Endnote:

1. Although the detailed breakdown provided by the Labour Department (Table 1) shows a total of 15,969 re-trenchments in 2001, latest figures indicate an upward revision to 16,051.