

# **Youth Employment in Malaysia – Evaluating Legal and Policy Developments in an Evolving Labour Landscape**

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In Malaysia, youths are statutorily defined as persons between 15 to 30 years of age.<sup>2</sup> There has been an expansion of youth participation in informal work<sup>3</sup> in recent years. For the purpose of this paper, the exploration of informal employment shall be confined to gig work, which refers to non-standard employment facilitated through digital labour platforms. As youth unemployment rates remain structurally elevated, deeper indicators reveal ongoing vulnerabilities in employment quality and long-term career progression, marked by persistent skill-related underemployment and a notable NEET (Not in Education, Employment, or Training) population amongst Malaysian youths.

This paper examines whether Malaysia’s legal and policy framework as regards the gig economy and/or NEET meaningfully improve youth employment outcomes and argues that while Malaysian youth are increasingly involved in gig work, a lack of regulatory integration into mainstream employment systems risks entrenching low-skill job precarity. While fortifying security for youths in the gig economy is commendable, for instance by means of the Gig Workers Act 2025,<sup>4</sup> steps must be taken concurrently to strengthen transitional education pathways into secure, formal employment.

## **PART I – YOUTH EMPLOYMENT IN MALAYSIA**

### **Labour Force Participation of Youths**

Malaysia’s labour market is characterised by a “*structural duality*”,<sup>5</sup> encompassing both formal and informal employment.<sup>6</sup> This is reflected in local worker classification(s), i.e. employees<sup>7</sup> and independent contractors.<sup>8</sup>

In 2024, the late-youth demographic, aged 25–29, emerged as the dominant segment of the Malaysian labour force,<sup>9</sup> comprising 15.5% (2.62 million people):

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<sup>2</sup> Pursuant to the Youth Societies and Youth Development Act 2007 [Act 668], effective 1 January 2026.

Having said that, critical analyses and scholastic literature prior to 1 January 2026 predominantly focus on individuals between 15 to 24 years of age.

<sup>3</sup> In accordance with the International Labour Organization (“ILO”), ‘informal employment refers to economic activities of workers and entities which are in law or practice not covered by formal arrangements and are not subject to national labour legislation.

<sup>4</sup> [Act 872].

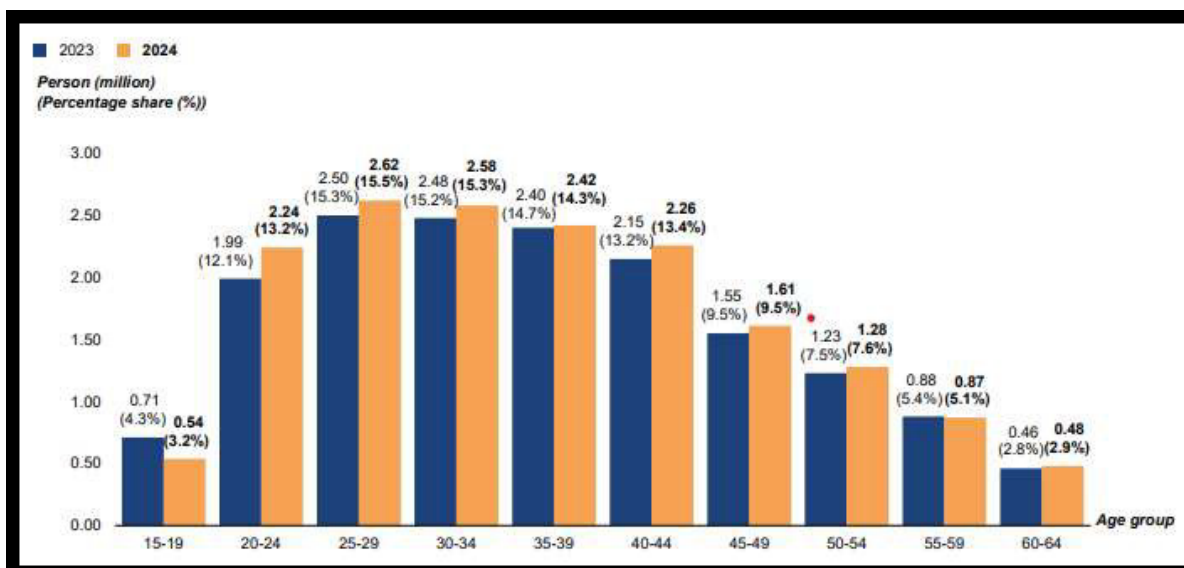
<sup>5</sup> Mohd Hed, N., Rosli, N.A. “*Navigating the Gig Economy: What Drives Malaysian Youth?*”, (2025), JAYS

<sup>6</sup> ‘*What Gig Workers Really Want: A Whitepaper*’, MyDigital, published May 2024

<sup>7</sup> Who are engaged under a contract of service.

<sup>8</sup> Who are engaged under a contract for services.

<sup>9</sup> Tracking the size and/or composition of the current labour force.



Source: Labour Force Survey Report, 2024

By age group, the youth demographic aged 25–29 generally maintains a high labour force participation rate<sup>10</sup> of 86.2%, contrasting with the 19.6% recorded for the 15–19 age group.<sup>11</sup>

Labour Force Participation Rate by Age Group & Sex			
Age group	Total (%)	Male (%)	Female (%)
	<b>70.6</b>	<b>83.0</b>	<b>56.5</b>
<b>15–19</b>	19.6	25.2	13.4
<b>20–24</b>	70.8	80.0	59.6
<b>25–29</b>	86.2	91.9	78.9
<b>30–34</b>	87.2	98.2	73.8
<b>35–39</b>	84.7	98.9	68.6
<b>40–44</b>	86.4	98.1	73.1
<b>45–49</b>	79.8	97.4	60.7
<b>50–54</b>	74.3	94.4	53.3
<b>55–59</b>	59.1	83.3	35.1
<b>60–64</b>	36.0	49.8	22.1

Source: Raw Data, Labour Force Survey, 2024

Concurrently, there has been an encouraging trend in youth-driven entrepreneurship in Malaysia. According to the 2023 Economic Census, youth-owned establishments reached 71,112 (6.5% of total businesses), generating MYR80.7 billion in gross output.<sup>12</sup> While relatively moderate in scale, this segment reflects an appetite for youth-led commerce in the post-pandemic years.

<sup>10</sup> The percentage of the working age population that is either employed or actively seeking work. This figure describes activity level within the age group in question.

<sup>11</sup> Labour Force Survey 2024, published 30 June 2025.

<sup>12</sup> Economic Census 2023: Youth-Owned Statistics <<https://www.dosm.gov.my/portal-main/release-content/economic-census--youth-owned-statistics-2023>> (Accessed on 2 March 2026).

## **Legal Protection**

In Malaysia, youths between the ages of 15 to 17 who are engaged in formal employment are accorded legislative protection under, amongst others, the Children and Young Persons (Employment) Act 1966,<sup>13</sup> while those between the ages of 18 to 30 are protected under the Employment Act 1955<sup>14</sup> – both of which prescribe minimum terms and conditions of employment, as well as protection under social security legislation, e.g. the Employees Social Security Act 1969<sup>15</sup> and the Employees Provident Fund Act 1991.<sup>16</sup>

Independent contractors, however, are traditionally and/or historically disentitled to statutory protection and benefits, save, for instance, the Occupational Health and Safety Act 1994.<sup>17</sup>

## **Trends in Youth Labour Force Participation**

Youth participation is increasingly occurring through informal, platform-mediated gig work. Studies indicate that gig economy participation is heavily concentrated amongst "middle youth" aged 19–24, who comprise 60.5% of the sector, followed by "late youth", aged 25–30, at 33.2%.<sup>18</sup>

The conventional argument against youth involvement in the gig economy is income insecurity and financial exclusion.<sup>19</sup> A study by the Department of Statistics, Malaysia (“DOSM”) in 2022, which involved a sample of 6,657 “p-hailing”<sup>20</sup> workers provided that 26.78% of these p-hailing workers earned between MYR1,501 to MYR2,499, while 23.39% earned MYR1,500 and below, and 11.67% earned from MYR2,500 to MYR3,170.<sup>21</sup>

A subsequent study by Hed et. al., conducted between October 2023 and March 2024,<sup>22</sup> found that amongst gig workers in Kuala Lumpur, 48.1% earned a net monthly income of MYR3,001–RM4,000, 30.4% earned MYR2,001–RM3,000, and 3.9% earned more than MYR5,000.<sup>23</sup> At first blush, these findings challenge the narrative that unregulated gig work is uniformly unprofitable, suggesting instead that for some, it may constitute a viable income-generating alternative, rather than a measure of last resort.

However, notwithstanding short-term or immediate earning capacity, concerns over limited pathways for skill development and upward mobility persist.<sup>24</sup> A 2024 study by MyDigital indicates that

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<sup>13</sup> Section 2, Children and Young Persons (Employment) Act 1966 [Act 350]

<sup>14</sup> Section 2, Employment Act 1955 [Act 265]

<sup>15</sup> [Act 4]

<sup>16</sup> [Act 432]

<sup>17</sup> Sections 17 and 18A, Occupational Health and Safety Act 1994 [Act 514]

<sup>18</sup> Ibid, No.5.

<sup>19</sup> Tran, M. & Sokas, R.K. “*The Gig Economy and Contingent Work: An Occupational Health Assessment.*” (2017) *Journal of Occupational and Environmental Medicine* 59

<sup>20</sup> Defined as digital-based delivery service(s) in Malaysia for food, drinks, groceries, and parcels using motorcycles.

<sup>21</sup> 97.71pc of p-hailing workers youths: DOSM <https://www.dailyexpress.com.my/news/207848/97-71pc-of-p-hailing-workers-youths-dosm/> (Accessed on 2 March 2026)

<sup>22</sup> Involving a sample size of 385 respondents.

<sup>23</sup> Ibid, No.5.

<sup>24</sup> Abd Samad, K., Anuar, M. E. A., Abd Rahman, N. H., Ahmad, K. S., Harmain, H., Satrianto, A., & Mahadi, N. F. “*Diagnosing the well-being of gig workers in Malaysia: A viable system model approach*”, (2024), *Environment-Behaviour Proceedings Journal*, 9(28), 297–304.

excessively long hours in gig work hinder opportunities for professional development, further entrenching participants in a cycle of low-paying, low-skilled work without the prospect of upward mobility or improved financial security. This is particularly onerous given youth-heavy participation in gig work.<sup>25</sup>

Additionally, gig work done by youths is rarely commensurate with their academic qualifications or economic potential. In 2022, over 97% of platform workers were aged 15–30, with more than 35% holding diplomas or degrees.<sup>26</sup> Compounding this, youth underemployment amongst Malaysians aged 15–24 deteriorated further in the first quarter of 2025, reflecting not merely cyclical weakness but deeper structural issues in job quality and skills utilisation.<sup>27</sup> Skill-related underemployment increased to 393,000 youths, up from 373,000 in the preceding quarter, representing an 11.6% year-on-year rise, underlining difficulties in matching young workers’ qualifications with suitable employment.<sup>28</sup> More starkly, time-related underemployment surged to 50,000 youths from 33,000 in the previous quarter, the highest level since mid-2022, translating into a sharp 123.0% year-on-year increase.<sup>29</sup>

Taken collectively, these trends indicate that youth employment in Malaysia is increasingly characterised by underutilisation and precarious work arrangements, raising concerns about long-term skills development, wage progression, and upward mobility. Encouragingly, research indicates that 37% of full-time gig workers view gig work as a temporary stopgap, and this tendency is most pronounced amongst youth aged 24 and below – indicating that younger workers are actively seeking to transition into formal employment.<sup>30</sup>

### **Youth Unemployment**

Despite trends in youth participation in the formal or informal labour force, youth unemployment remains structurally elevated. As of November 2025, the youth unemployment rate for those aged 15 to 24 years remained at 10.1% – more than three times the national average,<sup>31</sup> while the broader 15–30 age group recorded an unemployment rate of 6.1%:

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<sup>25</sup> Ibid, No.6.

<sup>26</sup> DOSM, “*Laporan Kajian Pekerja Gig Dalam Perkhidmatan Penghantaran Makanan Dan Barangan Yang Bekerja Sendiri 2022*”, published 17 February 2023

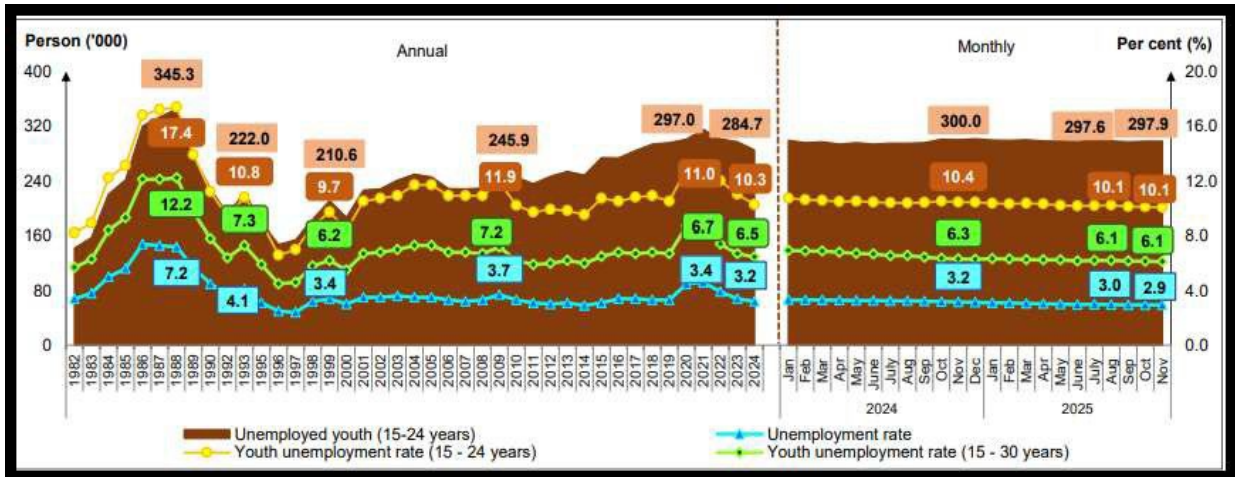
<sup>27</sup> MIDF, ‘*Youth Unemployment and Underemployment: Major Stress Points in Malaysia’s Job Market*, ESG Review: Labour Market Issues, MIDF Research, published 11 July 2025.

<sup>28</sup> Ibid, No. 27.

<sup>29</sup> Ibid, No. 27.

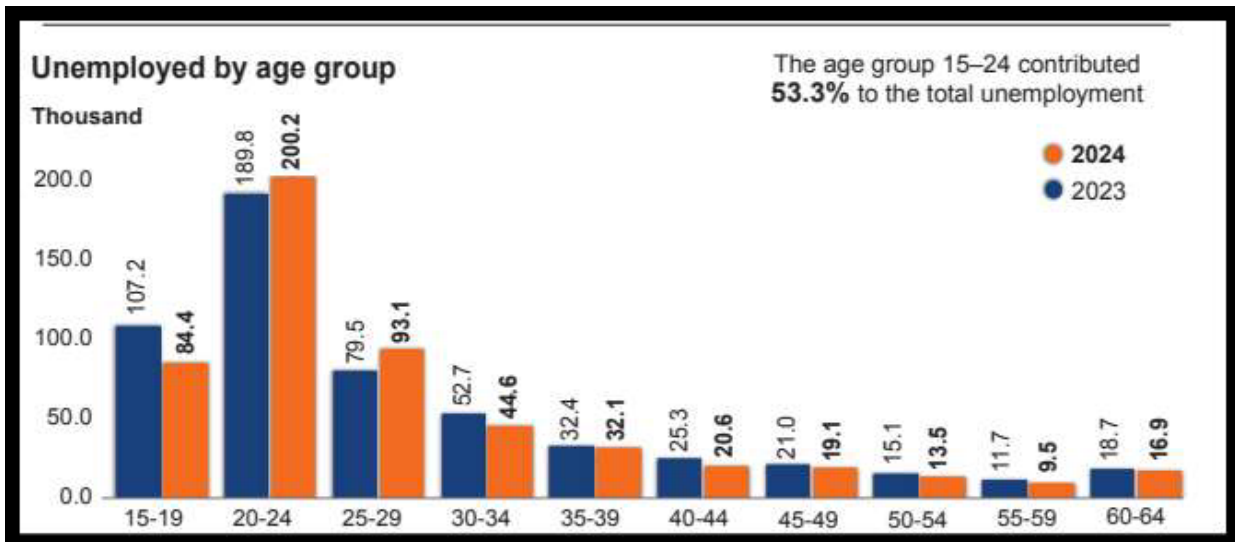
<sup>30</sup> Ibid, No. 6.

<sup>31</sup> The national unemployment rate stands at 2.9% as of November 2025, based on the Labour Force Statistics Report, published 9 January 2026.



Source: DOSM, Labour Force Statistics Report, published 9 January 2026

Data from 2023 and 2024 demonstrates that unemployment was highest amongst youths aged 20 to 24, reinforcing the concerns highlighted in this paper:



Source: Labour Force Survey, 2024

Causes of youth unemployment are complex and intertwined with wage levels, job quality and work conditions.<sup>32</sup> Employer surveys have found that shortcomings in communication, technical and professional skills, hinder graduates’ employment prospects.<sup>33</sup> A byproduct of this condition is the NEET population – youths who are unemployed or outside the labour force, due to reasons other than education or training.

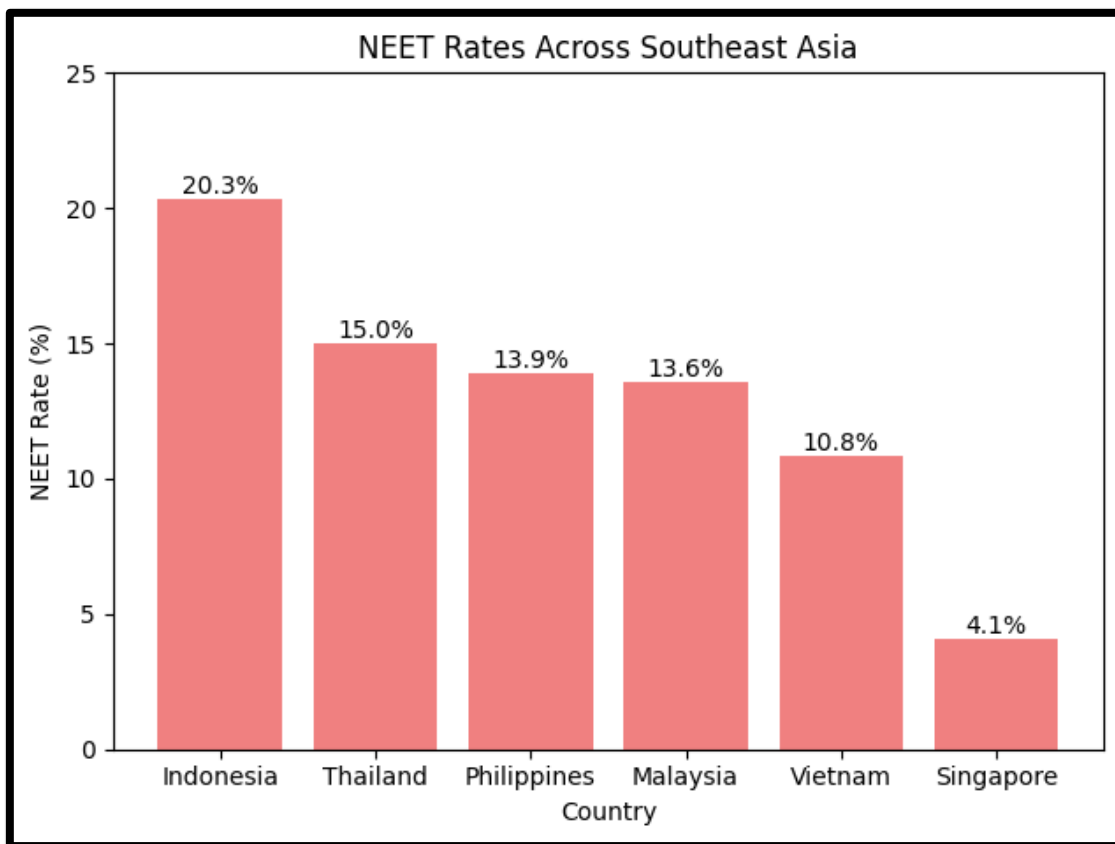
Literature canvassing the Malaysian NEET population is limited. Research indicates that Malaysia’s youth NEET rate stands at 13.6%, impacting a substantial portion of the nation’s 6.84 million youths.<sup>34</sup>

<sup>32</sup> Lee Kowk Aun, “Unemployment among Malaysia’s Youth: Structural Trends and Current Challenges”, SEAS – Yusof Ishak Institute, Issue: 2020 No. 65

<sup>33</sup> Ibid, No. 33.

<sup>34</sup> The NEETs of many, The Star <<https://www.thestar.com.my/news/focus/2025/12/14/the-neets-of-many>> (Accessed on 2 March 2026)

By contrast, more than 16% of youth in Southeast Asia in 2024 were NEET.<sup>35</sup> Comparatively, Malaysia's NEET rate is on the higher end of the spectrum, compared with neighbouring regions:



*Source: Author's calculation based on current data available from national government data repositories across Southeast Asia.*

Aggravating this data is the 'missing' cohort identified by the Ministry of Higher Education, which reveals that over half a million SPM graduates from 2020 to 2023 did not pursue tertiary education.<sup>36</sup> There is insufficient data as to the number of these graduates who are in vocational training, self-employment, or gig work. Further, the raw data on labour force participation in 2024 reveals a stark gender disparity amongst late youths, i.e. 91.9% for males versus 78.9% for females.<sup>37</sup> This suggests that a significant portion of Malaysia's NEET population is comprised of young women facing socio-economic barriers to formal entry – a nuance often lost in aggregate unemployment figures.

Although graduate employability<sup>38</sup> improved to 89.8% in 2023,<sup>39</sup> a skills mismatch remains high at 32.4%<sup>40</sup>, indicating the need for better job alignment. In 2023, only 30% of employed graduates held skilled positions,<sup>41</sup> highlighting an underutilisation of human capital. It is therefore plausible that there

<sup>35</sup> Statistics on Youth <<https://ilostat.ilo.org/topics/youth/>> (Accessed on 2 March 2026)

<sup>36</sup> Over half a million SPM graduates didn't pursue tertiary education, New Straits Times <<https://www.nst.com.my/news/nation/2025/02/1178179/over-half-million-spm-graduates-didnt-pursue-tertiary-education>> (Accessed on 2 March 2026)

<sup>37</sup> Raw Data, Labour Force Survey, 2024

<sup>38</sup> Defined by the ILO as the quality of being suitable for paid work.

<sup>39</sup> "The 'Gaji Cukup Makan' Economy", Malaysia Labor Market Insight Series (2024)

<sup>40</sup> Ibid, No. 42.

<sup>41</sup> Ibid, No. 42.

are deeper structural issues beneath the topline unemployment rate that is (i) heightening entry barriers to formal employment and (ii) rerouting youths to informal employment or unemployment altogether. The resulting detachment from relevant professional paths reinforces the vicious NEET cycle, as extended periods of inactivity erode the likelihood of reintegration into employment.

Addressing these barriers requires an analysis of the mechanisms that aid the transition from education to employment.

## **PART II - TRANSITIONING FROM EDUCATION TO EMPLOYMENT**

The International Labour Organisation (“ILO”) defines the school-to-work transition as the passage of a young person from the end of schooling to the first ‘satisfactory’ or ‘decent’ job.<sup>42</sup> The Malaysian government has introduced efforts to facilitate and enhance the school-to-work transition.

First, the Malaysia Education Blueprint (Higher Education) 2026–2035 (“**Blueprint**”) redefines the role of higher education institutions in national development by emphasising a need for ongoing adaptability to bridge the gap between education and labour market needs – positioning higher education institutions as catalysts for change through collaboration with industries and government agencies,<sup>43</sup> prioritising digital fluency and lifelong learning.<sup>44</sup> The Blueprint aims to enhance graduates' employability in line with industry needs, thereby improving workforce productivity.<sup>45</sup>

Second, the Technical and Vocational Education and Training (“**TVET**”)<sup>46</sup> has become a central part of Malaysia’s economic strategy. Government-driven support for TVET has intensified under key national frameworks. Under the 13<sup>th</sup> Malaysia Plan, TVET enrolment rose from 408,767 students in 2023 to 423,267 students in 2024, across 1,398 institutions.<sup>47</sup> This suggests a growing acceptance of vocational training as a viable career engine, providing support to those from lower income households and other vulnerable groups.

The Government aims to increase TVET enrolment to 70% by 2030, establishing it as a primary driver of youth employability, and has also proposed raising entry-level salaries for TVET graduates to around

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<sup>42</sup> Elder, Sara. 2009. *ILO School-to-Work Transition Survey A Methodological Guide*. Module I.

Geneva: International Labour Organization. Satisfactory employment is a subjective concept, based on the self-assessment of the job-holder. ‘Decent employment’ involves “opportunities for work that is productive and delivers a fair income, security in the workplace and social protection, better prospects for personal development and social integration, freedom to express concerns, organise and participate in the decisions that affect their lives, and equality of opportunity and treatment for all women and men

<sup>43</sup> Executive Summary, Higher Education Plan 2026-2035, Published on 20 January 2026.

<sup>44</sup> F. Hassan, ‘*Malaysian Higher Education Blueprint (MHEB) 2026-2035*’, published October 2025.

<sup>45</sup> Malaysia’s Education Blueprint 2025–2035 to prepare graduates for workforce transition – Mustapha

<https://www.nst.com.my/news/nation/2025/11/1322790/malaysias-education-blueprint-2025%E2%80%932035-prepare-graduates-workforce> (Accessed on 2 March 2026)

<sup>46</sup> TVET in Malaysia originated in the early 20th century, with the first technical school established around 1904–1906 to train youth in trades like mechanics and construction. It has since evolved from colonial-era training into a core component of national education, with major milestones including the establishment of vocational schools in 1964 and polytechnics in 1969.

<sup>47</sup> Record number of TVET students recorded in 2024, Dewan Rakyat told <https://www.thestar.com.my/news/nation/2025/02/19/record-number-of-tvet-students-recorded-in-2024-dewan-rakyat-told> (Accessed on 2 March 2026)

MYR3,000,<sup>48</sup> exceeding the present minimum wage of MYR1,700,<sup>49</sup> to enhance the attractiveness and status of vocational careers.<sup>50</sup> This is further compounded by plans under the Malaysia Education Blueprint 2026-2035 to integrate TVET at primary and secondary school levels under the 2027 school curriculum.<sup>51</sup>

However, higher enrolment alone may reflect policy-driven expansion rather than genuine labour-market demand, risking ‘credential inflation’ and underemployment amongst TVET graduates. The success of this initiative hinges on, amongst others, the quality of such training and whether this ‘future’ wage around or exceeding MYR3000 can compete with the ‘immediate’ income of gig work, whereby 48.1% of workers in urban regions such as Kuala Lumpur can presently earn between MYR3,001 and MYR4,000,<sup>52</sup> despite the lack of long-term career progression.

Notably, long-sighted efforts are focused on upskilling and aligning TVET with Industry 4.0 and high-growth, high-value sectors, including advanced manufacturing, electric vehicles, semiconductors, renewable energy, and the digital economy.<sup>53</sup> Curricula are being updated to comply with Occupational/Industry Standard Practice (OISP) and to integrate technologies such as artificial intelligence, the Internet of Things (IoT), and augmented reality.<sup>54</sup> International collaboration has expanded through programmes such as *Belia Mahir*, to send students to China for specialised training,<sup>55</sup> and engagement with institutions in the United Kingdom to strengthen certification frameworks.<sup>56</sup>

Another cornerstone of this strategy is the MYR200 million K-Youth Program initiated by Khazanah, which targets 11,000 non-degree youths for on-the-job training.<sup>57</sup> By focusing on strategic sectors such as semiconductors, machinery, and digital technology, this initiative addresses the ‘skills gap’ by providing practical pathways for school leavers (who might otherwise fall into the NEET category). Furthermore, the Skills Development Fund Corporation has allocated MYR650 million to finance training for over 25,000 individuals in high-value fields<sup>58</sup> such as artificial intelligence and electric vehicles, aligning educational output with the objectives of the New Industrial Master Plan (NIMP).

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<sup>48</sup>Government Mulls Proposal to Establish TVET Commission  
<<https://bernama.com/en/general/news.php?id=2433312>> (Accessed on 2 March 2026)

<sup>49</sup> Minimum Wages Order 2024 [P.U.(A) 376/2024]

<sup>50</sup> TVET enrolment targeted to hit 70% under 13MP  
<<https://www.thestar.com.my/news/nation/2025/10/30/tvet-enrolment-targeted-to-hit-70-under-13mp>>  
(Accessed on 2 March 2026)

<sup>51</sup> PMX Unveils New Education Blueprint – Earlier Start For Primary Kids Among Key Changes < [PMX Unveils New Education Blueprint – Earlier Start For Primary Kids Among Key Changes](#)> (Accessed on 2 March 2026)

<sup>52</sup> Ibid, No.5.

<sup>53</sup> TVET and STEM to spearhead Malaysia’s NIMP 2030 push  
<<https://www.freemalaysiatoday.com/category/leisure/2025/12/31/tvet-and-stem-to-spearhead-malysias-nimp-2030-push>> (Accessed on 2 March 2026)

<sup>54</sup> How TVET is Reshaping Malaysia’s Economic Future <<https://news.umpsa.edu.my/experts/how-tvet-reshaping-malysias-economic-future>> (Accessed on 2 March 2026)

<sup>55</sup> Zahid: Malaysia obtains 2,500 new China TVET placements, number could rise to 5,000  
<<https://www.malaymail.com/news/malaysia/2025/11/07/zahid-malaysia-obtains-2500-new-china-tvet-placements-number-could-rise-to-5000/197497>> (Accessed on 2 March 2026)

<sup>56</sup> Zahid: Malaysia aims to be Asean’s TVET certification hub<  
<https://www.nst.com.my/news/nation/2025/06/1225157/zahid-malaysia-aims-be-aseans-tvet-certification-hub>> (Accessed on 2 March 2026)

<sup>57</sup> K-Youth Development Programme (K-Youth) <<https://www.khazanah.com.my/careers/k-youth/>>  
(Accessed on 2 March 2026)

<sup>58</sup> Outcome Based Financing to Strengthen TVET Ecosystem<  
<https://www.bernama.com/en/general/news.php?id=2489942>> (Accessed on 2 March 2026)

### **PART III - JOB CREATION AND EMPLOYMENT SUPPORT MEASURES FOR MALAYSIAN YOUTH**

Graduate transitions must be supported by on-the-job training or upskilling and adequate social protection to ensure youth human capital is leveraged for Malaysia's transition to a high-value, technology-driven economy.

#### **HRD Levies**

HRD Corp<sup>59</sup> drives Malaysia's talent development by collecting employer levies to fund workforce training and development. Its mandate has expanded to include employment and industrial training placements, career guidance, and income-generating initiatives across diverse skill levels. HRD Corp aims to future-proof Malaysia's workforce and support the country's transition to a high-income economy.

In January 2026, the Human Resource Development Corporation (HRD Corp) approved MYR2.62 billion in financial assistance towards training and skills development activities in 2025 – a growth of 32% against 2024.<sup>60</sup> There were more than 2.8 million training places for HRD Corp-administered programmes and schemes that were recorded in 2025, also a positive growth of 3% against 2024.<sup>61</sup> Further, by allowing employers to utilise HRD levy funds to directly subsidise university or TVET graduates' salaries,<sup>62</sup> the government aims to lower the risk premium for employers hiring fresh talent from local universities and TVET institutions. This measure aligns with the target under the MADANI Economic Framework creating 1.2 million high-skilled jobs by 2030.<sup>63</sup>

Strategically, these efforts operate in tandem with school-to-employment transitions through TVET interventions and shifts the burden of workforce readiness from the academic sector to a shared industry-government responsibility. HRD Corp also continued to build skills, livelihoods and community outcomes through upskilling, entrepreneurship and TVET-based interventions. Between 2022 to August 2025, HRD Corp collected MYR6.17 billion in levies, of which MYR5.77 billion were used to train about four million workers nationwide.<sup>64</sup> Of that amount, around MYR25 million was allocated for training programmes in artificial intelligence and information technology, benefiting more than 20,000 workers.<sup>65</sup>

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<sup>59</sup> Governed by the *Pembangunan Sumber Manusia Berhad Act 2001* and overseen by the Ministry of Human Resources.

<sup>60</sup> HRD Corp Approved Rm2.62 Billion In Financial Assistance In 2025, Delivering Skills Outcomes At National Scale <<https://hrdcorp.gov.my/hrd-corp-approved-rm2-62-billion-in-financial-assistance-in-2025-delivering-skills-outcomes-at-national-scale>> (Accessed on 2 March 2026)

<sup>61</sup> Ibid, No. 63

<sup>62</sup> Employers can use RM2bil HRD levy to hire Malaysian graduates from September <<https://www.nst.com.my/news/nation/2025/08/1262088/employers-can-use-rm2bil-hrd-levy-hire-malaysian-graduates-september>> (Accessed on 2 March 2026)

<sup>63</sup> RM2 Billion HRD Levy To Support Graduate Jobs <<https://ringgitplus.com/en/blog/personal-finance-news/rm2-billion-hrd-levy-to-support-graduate-jobs.html>> (Accessed on 2 March 2026)

<sup>64</sup> Sim: Gig economy limits workers' full potential <<https://www.malaysiakini.com/announcement/75767>> (Accessed on 2 March 2026)

<sup>65</sup> Ibid, No. 67.

### **1:3 Internship Policy**

To further streamline job creation and upskilling, Malaysia's 1:3 Internship Policy links the employment of foreign experts and the development of local talent. Managed by The Ministry of Human Resources through TalentCorp, this policy requires companies obtaining Employment Pass ("EP") approvals to provide structured internship placements for every expatriate hired.<sup>66</sup> Internship requirements are determined based on EP categories:<sup>67</sup>

<b>EP Category</b>	<b>Requirements</b>
EP Category I (EPI)	1 expatriate : 3 interns
EP Category II (EPII)	1 expatriate : 2 interns
EP Category III (EPIII)	1 expatriate : 1 intern

Internship obligations are capped at 2% of total company workforce, regardless of the number of EP approvals.<sup>68</sup> This commendable initiative aims to generate over 100,000 annual internship opportunities, addressing the "experience gap" that often hinders Malaysian graduates from entering the professional workforce.

By integrating the National Structured Internship Programme (MySIP)<sup>69</sup> with the expatriate visa process, the government aims to ensure that these placements offer high-quality, industry-relevant training. To offset the operational costs for businesses, the policy includes double tax deductions for internship expenses.<sup>70</sup> This framework creates a balanced structure where corporations maintain access to global expertise while simultaneously investing in the long-term sustainability of Malaysia's domestic talent pool.

### **Gig Workers Act 2025**

The Gig Workers Act 2025<sup>71</sup> ("GWA 2025") marks significant departure from traditional labour dichotomies by 'formalising' the status of Malaysia's gig workers, a sizable proportion of which are youths.<sup>72</sup> By introducing statutory definitions for "gig workers" and "service agreements," the GWA 2025 imposes minimum terms and conditions for service in the gig economy,<sup>73</sup> including limitations on deductions of earnings,<sup>74</sup> without imposing the rigidities of formal employment.

For Malaysian youth in the gig economy, the GWA 2025 provides critical regulation and social security. Platform providers will be required to register gig workers with the Self-Employment Social Security Act 2017.<sup>75</sup> Contracting entities are also obligated to ensure the occupational safety and health of gig

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<sup>66</sup> The Ministry of Human Resources (KESUMA) has announced an extension of the pilot phase of the 1:3 Internship Policy from December 2025 to 31 March 2026, with full implementation now scheduled to begin on 1 April 2026.

<sup>67</sup> 1:3 Internship Policy <<https://www.talentcorp.com.my/1to3policy/>> (Accessed on 2 March 2026)

<sup>68</sup> Ibid, No. 70.

<sup>69</sup> National Structured Internship Programme (MySIP) < <https://www.talentcorp.com.my/mysip-incentives/>> (Accessed on 2 March 2026)

<sup>70</sup> Ibid, No. 70.

<sup>71</sup> Gazetted on 31 December 2025 after receiving royal assent on 16 December 2025

<sup>72</sup> The Gig Workers Act 2025 is expected to come into force in late March 2026.

<sup>73</sup> Sections 5 & 6, GWA 2025

<sup>74</sup> Section 12, GWA 2025

<sup>75</sup> Section 83(b), GWA 2025

workers,<sup>76</sup> including risk assessments, safety measures, and reporting of accidents or work-related illnesses.<sup>77</sup> In addition, the GWA 2025 establishes a dispute resolution mechanism whereby gig workers may raise complaints with contracting entities, and, if necessary, escalate the matter to the Gig Workers Tribunal.<sup>78</sup>

The actual effectiveness of the GWA 2025 in protecting gig workers, however, remains to be seen given the novelty of the GWA 2025, and will be contingent on further regulations and guidelines. Further, while the GWA 2025 has the potential to address immediate vulnerabilities through mandatory social security contributions and occupational safety and health standards, it remains a partial solution as regards long-term youth employability. The GWA 2025 stops short of addressing the issue of underemployment or the lack of career progression. Regulatory integration must therefore be viewed not as the be-all-end-all for youth employment, but as a link back into high-value sectors that are presently focused on under TVET, for instance.

Complementing this legislative framework is the strategic reinvestment of human capital funds. HRD Corp has pledged to reinvest the MYR1 million surplus from the National Human Capital Conference & Exhibition (NHCCE) 2025 directly into training programmes for gig workers.<sup>79</sup> As noted by the Minister of Human Resources at the time, this ensures that gig workers are not merely viewed as 'transient labour' but as a segment of the workforce entitled to career advancement and upskilling – addressing the 'skills trap' inherent in platform work.<sup>80</sup>

The formalization of social safety nets for Malaysia's informal sector has reached a milestone through the *Lindung Kendiri* scheme under the Employees Provident Fund. As of November 2024, a total of 298,827 gig workers actively contribute to the scheme, marking an increase in social protection coverage for a sector previously characterized by high risk and zero benefits.<sup>81</sup> This surge signals an awareness amongst platform workers regarding the necessity of injury and disability insurance. By mandating or incentivizing these contributions, the government is bridging the gap between precarious informal work and the security of formal work, ensuring that youths who utilise gig work as an entry point, are not left vulnerable to industrial accidents.

#### **PART IV – CONCLUSION**

Malaysia's youth employment landscape is characterized by a shift toward informal employment that risks entrenching low-skill job precarity. While the youth unemployment rate has reached its lowest level since mid-2024 at 10.1% , deeper indicators such as the increase in time-related underemployment reveal a workforce in 'limbo'. The GWA 2025 and other government-driven initiatives represent commendable shifts toward protecting the informal sector. This paper concludes that legislative safety nets must be paired with career ladders promised by the Blueprint and TVET. To achieve a high-value

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<sup>76</sup> Part IX, GWA 2025

<sup>77</sup> Reinforcing existing obligations to provide safe working environments to independent contractors.

<sup>78</sup> Parts IV & V, GWA 2025

<sup>79</sup> NHCCE 2025 Records RM1 Million Surplus to Fund Training for Gig Workers – Steven Sim <<https://www.bernama.com/en/news.php?id=2475397>> (Accessed on 2 March 2026)

<sup>80</sup> Ibid, No. 82.

<sup>81</sup> Almost 300,000 gig workers now actively contributing to PERKESO's *Lindung Kendiri* scheme, says deputy minister <<https://www.thestar.com.my/news/nation/2025/11/25/almost-300000-gig-workers-now-actively-contributing-to-perkesos-lindung-kendiri-scheme-says-deputy-minister>> (Accessed on 2 March 2026)

economy, this paper posits that Malaysia must move beyond merely absorbing youth into the workforce and focus on facilitating their transition into high-growth Industry 4.0 industries.

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