

Youth Employment in Malaysia

—

Evaluating Legal and Policy Developments in an Evolving Labour Landscape

Ashreyna Kaur Bhatia
ashreyna.k@skrine.com

Roadmap – Focus Areas



[1] Overview: Youth Employment in Malaysia

[2] Transitioning from Education
to Employment

[3] Job Creation and Employment Support
Measures

(1) Youth Employment in Malaysia

[A] Legal Framework(s)

Malaysia's labour market is characterised by a “*structural duality*”, encompassing both formal and informal employment. This is reflected in local worker classification(s), i.e., employees and independent contractors.

Employees:

- Ages 15-17:** Children and Young Persons (Employment) Act 1966
- Ages 18 to 30:** Employment Act 1955

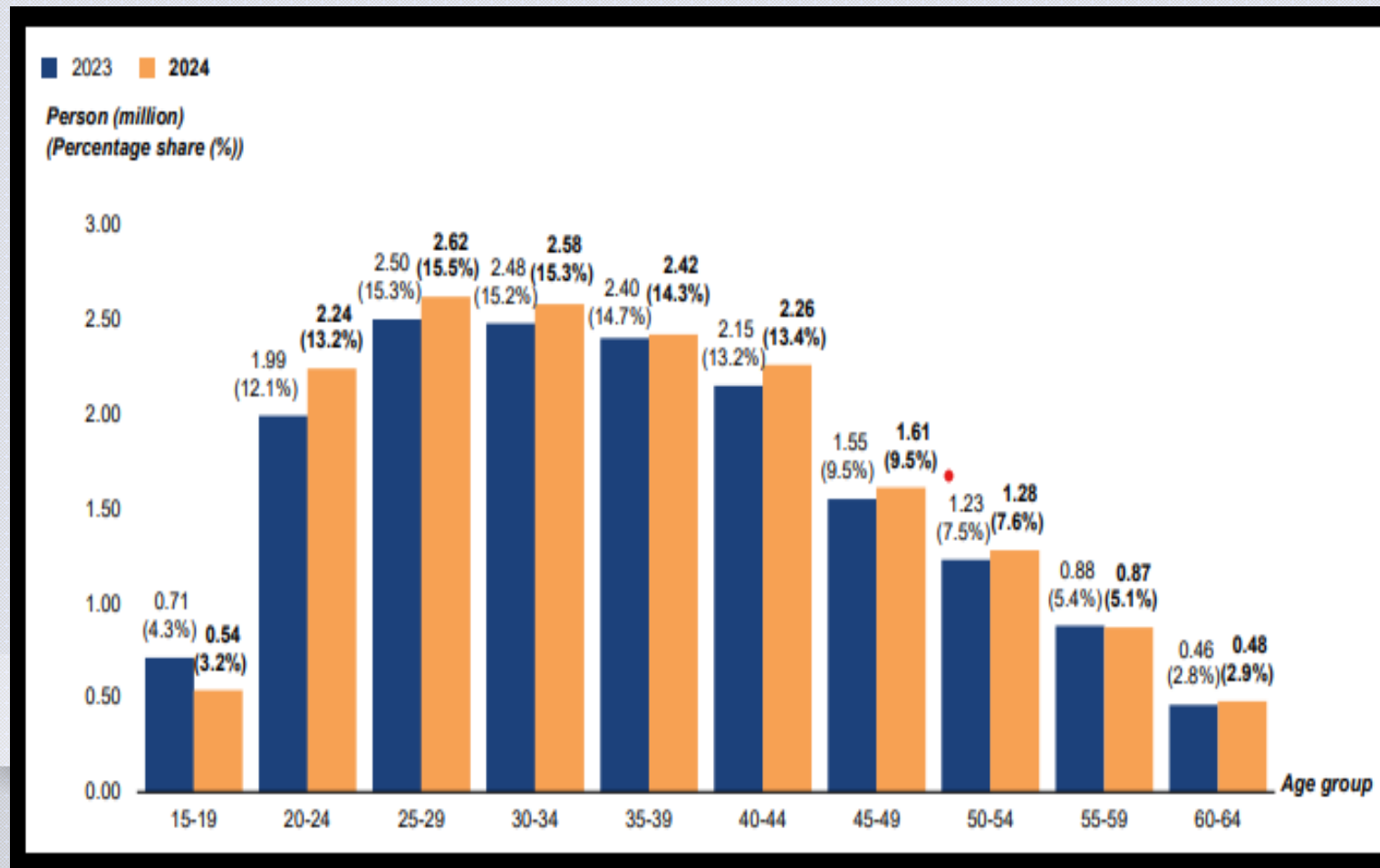
Both Acts prescribe the minimum terms and conditions of employment, as well as protection under social security legislation, e.g. the Employees Social Security Act 1969 and the Employees Provident Fund Act 1991.

Independent contractors:

Traditionally and/or historically disentitled to statutory protection and benefits.

(1) Youth Employment in Malaysia

[B] Labour Force Participation of Youths



Youths are statutorily defined as persons between 15 to 30 years of age.

2024: The late-youth demographic, aged 25–29, emerged as the dominant segment of the Malaysian labour force, comprising 15.5% (2.62 million people).

(1) Youth Employment in Malaysia

Labour Force Participation Rate by Age Group & Sex

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

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

(1) Youth Employment in Malaysia

[C] Trends in Youth Labour Force Participation

Over 60% of Youth Gig Workers Are Aged Below 25

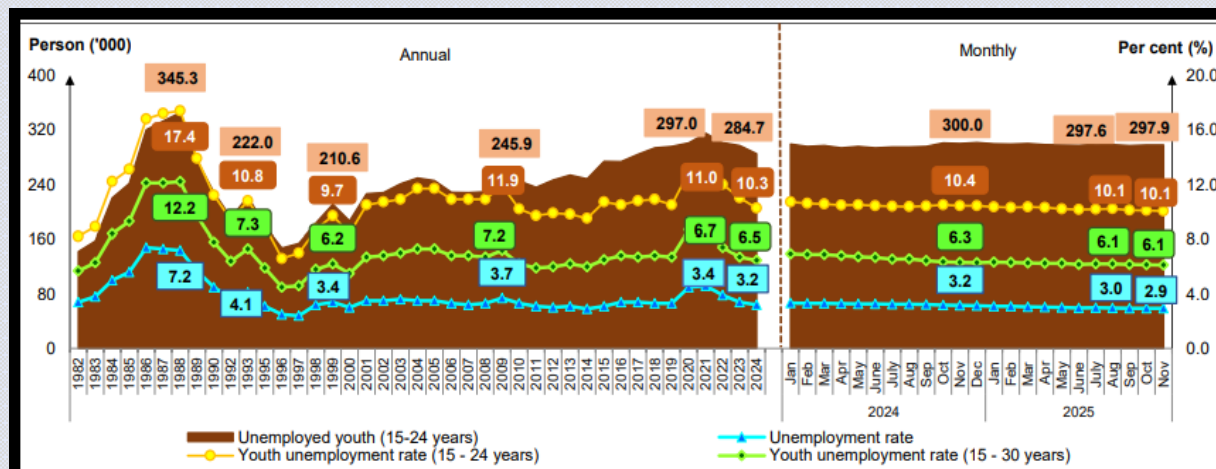
Trend: Studies indicate that gig economy participation is heavily concentrated amongst "middle youth" aged 19–24, who comprise 60.5% of the sector, followed by "late youth", aged 25–30, at 33.2%.

Disadvantages: Income insecurity, financial exclusion, limited opportunities for professional development.

(Unintended) Consequences (?): Underutilisation of skilled/qualified youths and precarious work arrangements, raising concerns about long-term skills development, wage progression, and upward mobility.

(1) Youth Employment in Malaysia

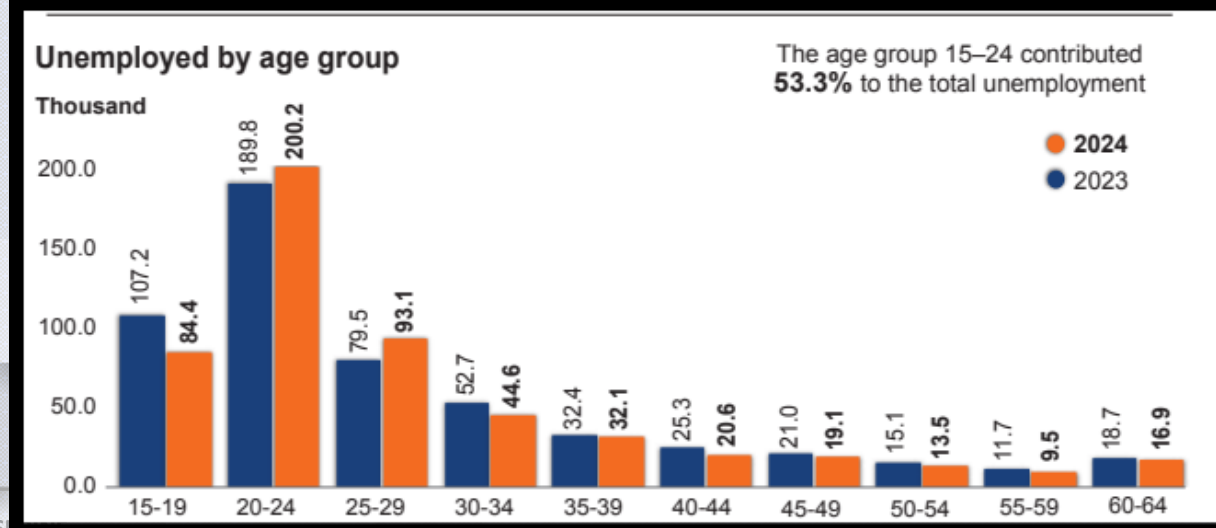
[D] Youth Unemployment



November 2025: The youth unemployment rate for those aged 15 to 24 years remained at 10.1% while the broader 15–30 age group recorded an unemployment rate of 6.1%.

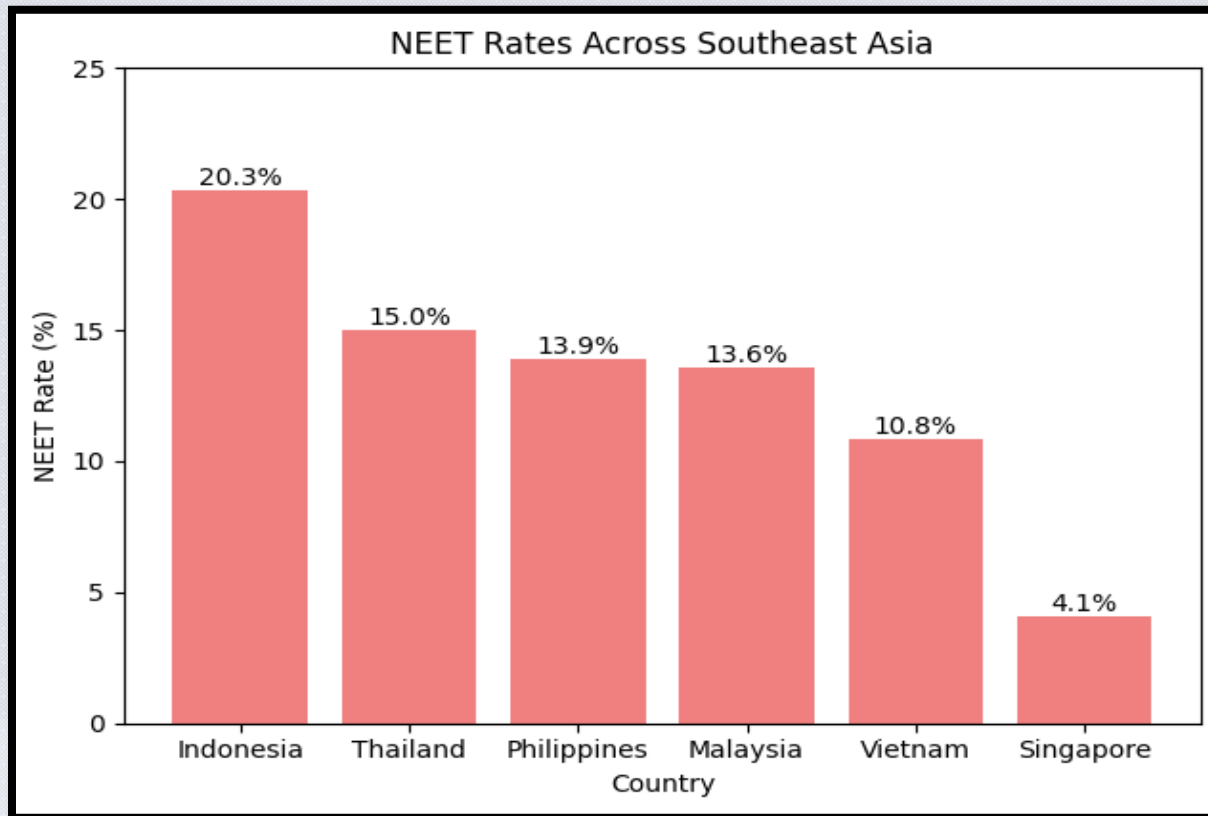
Data from 2023 and 2024 demonstrates that unemployment was highest amongst youths aged 20 to 24.

Causes of youth unemployment are complex and intertwined with wage levels, job quality and work conditions.



(1) Youth Employment in Malaysia

[E] The NEET Population in Malaysia



Research, albeit limited, indicates that Malaysia's youth NEET rate stands at 13.6%.

Malaysia's NEET rate is also on the higher end of the spectrum, when compared with neighbouring regions.

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

(2) Transitioning from Education to Employment

Malaysia Education Blueprint (Higher Education) 2026-2035

- ❑ 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, prioritising digital fluency and lifelong learning.

(2) Transitioning from Education to Employment

Technical and Vocational Education and Training ("TVET")

- ❑ Under the 13th Malaysia Plan, TVET enrolment rose from 408,767 students in 2023 to 423,267 students in 2024, across 1,398 institutions.
- ❑ Government Target: 70% TVET Enrolment by 2030.
- ❑ Raising entry-level salaries for TVET graduates to around MYR3,000, exceeding the present minimum wage of MYR1,700.
- ❑ Integrating TVET into primary & secondary schooling levels (Malaysia Education Blueprint 2026–2035).
- ❑ Upskilling and aligning TVET with Industry 4.0 and high-growth, high-value sectors, including international collaboration efforts.

(3) Job Creation and Employment Support Measures

HRD Levies

- ❑ January 2026: The Human Resource Development Corporation (HRD Corp) approved MYR 2.62 billion in financial assistance towards training and skills development activities in 2025- a growth of 32% against 2024.
- ❑ More than 28 million training places for HRD Corp-administered programmes and schemes were recorded in 2025, also growth of 3% against 2024.
- ❑ Between 2022 to August 2025, HRD Corp collected MYR 6.17 billion in levies, of which MYR5.77 billion were used to train about four million workers nationwide. Of that amount, around MYR25 million was allocated for training programmes in artificial intelligence and information technology, benefiting more than 20,000 workers.

(3) Job Creation and Employment Support Measures

1:3 Internship Policy

Requires companies obtaining Employment Pass approvals to provide structured internship placements for every expatriate hired, determined based on Employment Pass categories:

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

Aim: To generate over 100,000 annual internship opportunities, addressing the "experience gap" that often hinders Malaysian graduates from entering the professional workforce and offering high-quality, industry-relevant training.

(3) Job Creation and Employment Support Measures

Gig Workers Act 2025

- ❑ Coming into force on 31 March 2026 – formalises the status of Malaysia's gig workers.
 - ❑ Statutory definitions for "gig workers" and "service agreements."
 - ❑ Imposing minimum terms and conditions for service in the gig economy,
 - ❑ Establishment of a dispute resolution mechanism.

- ❑ Provides regulations and security to youths in the gig economy.
 - ❑ Mandates registration with the with the Self-Employment Social Security Act 2017.
 - ❑ Contracting entities are also obligated to ensure the occupational safety and health of gig workers.

Complementary Frameworks:

- ❑ 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.
- ❑ The *Lindung Kendiri* scheme under the Employees Provident Fund – to which a total of 298,827 gig workers actively contribute as of November 2024.

Thank You

Ashreyna Kaur Bhatia
ashreyna.k@skrine.com



CONTACT US

LEVEL 8 WISMA UOA DAMANSARA
50 JALAN DUNGUN, DAMANSARA HEIGHTS
50490 KUALA LUMPUR

T +603 2081 3999
F +603 2094 3211
W www.skrine.com



Ashreyna Bhatia
Associate (Employment & Industrial
Relations) at Skrine

