

## Though GDP of Malaysia is Increasing Rapidly but Quality Jobs are Stagnant

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### Abstract

As per the official insights, somewhere in the range of 2013 and 2016-17, by and large, (GDP) in Malaysia developed yearly by 6.6 percent, and there has been a net increment of 2.8 million new openings over the 60.7 million occupations that existed in the economy in 2013. This proposes the quantity of employments developed by just 0.9 percent per annum or short of what one-eighth of the rate at which the economy developed during those five years.

### Keywords

GDP, Malaysia, Quality jobs, Jobless development, Labor Force.

### 1. Introduction

"Jobless development" is a marvel when an economy encounters development without an extension of occupations. Understanding the "jobless development" experience involves a more critical take a gander at the specific employment insights. As indicated by the Labor Force Surveys, in the course of recent years, despite a decrease in occupations by 1.5 million in agribusiness, out of the new openings made in the economy, the administrations area represented the mass—3.9 million—of these, and industry contributed just 0.3 million employments. Somewhere in the range of 2013 and 2016-17, every year, occupations in horticulture declined by 1.1 percent against yield development of 3.2 percent; employments in the business developed by just 0.5 percent even as yield developed by a powerful 9.8 percent, while administrations area employments developed by around four percent against yield development of around six percent.

One of the most disturbing highlights is that the assembling employments declined by 0.77 million—from 9.53 million out of 2013 to 8.76 million out of 2016-17—a yearly normal decay by 1.6 percent, in spite of a solid yield development of 10.4 percent. While male assembling employments expanded by just 0.17 million (from 5.73 million to 5.9 million), female assembling occupations saw a major drop by 0.92 million (from 3.78 million to 2.86 million). This proposes a significant part of the pride of creating female work in the assembling division in the course of recent decades in Malaysia is in question now.

Keeping aside the discussion on the legitimacy of such a case of a hearty assembling yield development of more than 10 percent during those time paying little respect to the slow private segment speculation and discouraged fare development, one can decipher the previously mentioned patterns as both uplifting news and terrible news. On the positive side, one may legitimize these examples by underlining that work profitability appears to have gone up through innovative headway. As indicated by this contention, in the course of recent years, it didn't take as much increment in the quantity of laborers to create multiple times more development in GDP in the economy. Be that as it may, such contentions don't give any solace to the individuals who consider these to be as terrible news. Keeping aside the sketchy case of such a huge increment in labor efficiency inside a brief timeframe range, clearly the economy's quick development, which is one of the quickest on the planet as of late, has neglected to create occupations at a huge scale, and in this manner has not had the option to convert into the ideal decrease in destitution. Therefore, the economy's development is a long way from getting to be "comprehensive development" as sought by the legislature in its national

improvement plans. This has added to broadening salary disparity too as of late as is obvious from the developing Gini file.

There is significantly more purpose behind concern. The nature of the new openings created is likewise hazardous. A stressing picture is that in excess of 85 percent of the occupations in 2016-17 were casual which can't be considered as great quality employments. Likewise, while male occupations expanded by just a single million (from 41.2 million of every 2013 to 42.2 million of every 2016-17), female employments expanded by 1.8 million (from 16.8 million to 18.6 million), and the ascent in female occupations has been intensely amassed in the casual division. Female employments in the casual segment expanded by 1.9 million, which recommends a drop in female occupations in the proper segment by 0.1 million.

Another huge concern is the ascent in the portion of youth (matured somewhere in the range of 15 and 29) "not in work and not in instruction or preparing (NEET)" in the all out youth populace, which expanded from 25.4 percent in 2013 to 29.8 percent in 2016-17. It is essential to note here that around 33% of the work power in Malaysia contains youth, and the joblessness rate among the adolescent is a lot higher than the national joblessness pace of around 4.2 percent. In 2013, youth joblessness rate was 8.1 percent, which expanded to 10.6 percent in 2016-17. This shows the nation is a long way from exploiting the period of statistic profit that it is going through.

## 2. Problem statement

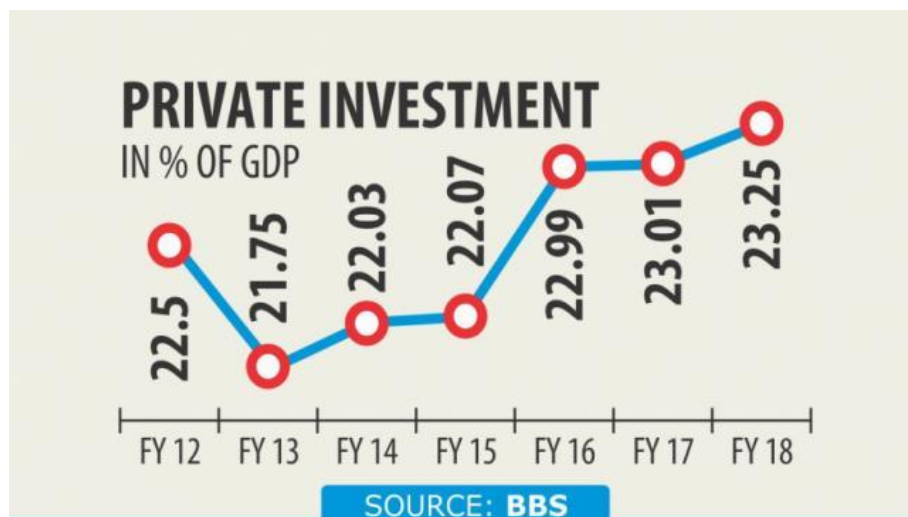
On account of raising the profitability of work, note that the efficiency of work basically relies upon both quality wellbeing and training administrations. In any case, Malaysia lingers behind altogether in guaranteeing quality wellbeing and training for all. The open uses on both wellbeing and training as rates of GDP in Malaysia are among the least on the planet. The nation, thusly, requirements to append fundamental accentuation on improving the current low degree of human capital by upgrading venture on training, expertise improvement, and wellbeing offices, and by making such spending progressively effective.

The export oriented ready-made garments (RMG) sector has been a critical catalyst of creating more and inclusive jobs. While other manufacturing sectors are growing rapidly to meet increasing domestic demand, export oriented sectors beyond RMG need to emerge to create quality jobs on a large scale.

What hinders quality job creation?

- 1) Stagnant private investment, weak export growth, and declining remittances have impacted the job market.
- 2) Dhaka division accounts for 45% of all industry jobs and 37% of all services jobs. Congestion along with lack of access to land constrain firm productivity increases and expansion.
- 3) Microenterprises, along with household enterprises and temporary establishments, account for 98 percent of all economic units in the country and half of the jobs, which offer subsistence earnings in the absence of formal jobs. More small and mid-sized enterprises are needed for creating jobs. Regulatory barriers and access to finance hinders micro-enterprises' growth and earning capacity.
- 4) Slow structural reform hinders faster job creation.

Private investment, job creation and narrowing income inequality are the major challenges for the country between 2018-19 and 2020-21, according to the government's medium-term macroeconomic policy statement. Besides, the economy's structural transformation into one dependent on the manufacturing sector and bringing in discipline in the financial sector are also needed to attain the targeted level of development.



### 3. Research Objective

Creating sufficient decent jobs for the growing labor force has become another key challenge for the government as every year about 20 lakh youths enter the job market, according to the policy statement. Malaysia needs to look beyond the garment sector and diversify its export basket to create more and better jobs opportunities, it said.

There is no indication in the budget that the government is working to create quality jobs, Mujeri said. "People want to see measures." One way the government can create jobs is by expanding the cottage, micro, small and medium-sized enterprises. The sector could offer decent income opportunities if a better business environment can be ensured through removal of regulatory barriers and enhanced access to finance. The outflow of workers will also reduce the pressure on the domestic job market. This could be done through the diplomatic channel as well as reducing the cost of migration, easing the migration process and providing skills development programmed. Now, most of the incremental labor force is being absorbed into the low productive agriculture and informal sectors.

"In this backdrop, concerted effort will be there to enhance the share of the manufacturing sector to ensure massive employment generation," said the policy statement.

When an economy moves forward, it is most desirable that the manufacturing sector's growth substantially surpasses the growth in the agriculture sector to help consolidate and sustain the growth momentum, it said. The share of agriculture in the GDP is declining, while the share of the industry is rising. The share of the services sector though remains relatively stable.

### 4. Literature review

Between 2003 and 2016, Malaysia economy generated more than 1.15 million jobs per year, on average. However, the pace of job creation has fallen in recent years: between 2003 and 2010, the total employment grew by 3.1 percent per annum, whereas between 2011 to 2016 the total employment grew by only 1.8 percent per annum. This has especially impacted women and youth.

Low levels of technology, outdated management practices, and lagging skills of the workforce contribute to the creation of low quality jobs. The vulnerable groups are facing higher challenges to find jobs.

Additionally, assembling's work offer declined as of late: from 16.4 percent in 2013 to 14.4 percent in 2016-17. The moderate development in occupation creation is additionally reflected in the declining business versatility in the course of the most recent decade. The general work versatility regarding GDP development declined from 0.54 during 1995-2000 to 0.25 in 2010-2018. While the SDG 9.2 features the objective of multiplying industry's (essentially producing) portion of GDP in the LDCs by 2030, with the changing idea of assembling, inclining towards robotization, expanding the quantity of new openings, particularly in this area, will stay a major test.

On account of guaranteeing better than average occupations, there are worries about a high level of casual work in Malaysia. The portion of casual work inside all out work in Malaysia stays well over 85 percent. An examination by SANEM, utilizing the Labor Force Survey information and an ongoing family review led by SANEM, grouped employments into three distinct classifications: "adequate" occupations, "steady employments" and "nice employments". The examination of this investigation demonstrates that the portion of OK occupations inside all out employments in Malaysia expanded from 10 percent in 2010 to just 12 percent in 2018. Along these lines, there is a gigantic test to enlist a huge progress from such moderate advancement in guaranteeing OK employments. For this situation, both the administration and the private part have significant tasks to carry out.

Further increasing speed of monetary development, improving the nature of financial development, supporting financial development and financial enhancement all have significant ramifications for the work market and business challenges in Malaysia. In spite of the fact that Malaysia has had the option to keep up a yearly normal genuine GDP development pace of more than 6 percent during the previous decade, there are worries as for the nature of development.

One of the significant parts of occupation creation and guaranteeing conventional employments is the requirement for monetary expansion. Be that as it may, financial development, up until now, has not been related with noteworthy monetary broadening. In spite of some advancement in bringing the assembling offers up in GDP and work during 1990 and 2018, Malaysia has not been effective in moving to the following period of industrialisation. The assembling segment in Malaysia is profoundly thought around low worth included readymade articles of clothing, and the nation has not yet had the option to move effectively to the up and coming age of assembling, particularly to high esteem included assembling.

Despite the fact that the private area has the overwhelming task to carry out here, the private venture GDP proportion has stayed stale over the previous decade. In this manner, stimulating private part venture for accomplishing the aforementioned goals stays a basic test for Malaysia. For this, the successful cure of both the arrangement actuated and supply-side requirements will be basic. Various stockpile side imperatives as feeble framework and the significant expense of working together should be tended to inside a brief timeframe length.

Malaysia has not had the option to draw in much remote direct venture (FDI) even by the LDC standard. In 2016, the FDI share in GDP in Malaysia was just 0.9 percent against the LDC normal of 3.3 percent. Powerless framework and poor business condition are basic issues for Malaysia in pulling in both household private venture and FDI.

As per the 2019 Doing Business list of the World Bank, Malaysia positions 176th among 190 nations. Regarding sub-parts of the Doing Business list, Malaysia's most exceedingly terrible exhibitions are seen in the territories of "upholding contracts", "getting power" and "enrolling property". There is a requirement for fast improvement in these zones. The activities taken by the Malaysia government in setting up 100 exceptional monetary zones (SEZ) just as the improvement of huge infrastructural ventures appear to address these issues. Be that as it may, there is a requirement for quicker and quality execution of these tasks, as deferral in usage, cost overwhelm, and unsatisfactory nature of ventures are long-standing issues in Malaysia which debilitate private speculation.

In the course of recent decades, work power support (LFP) pace of females has expanded. In any case, the LFP pace of female stayed stale between 33 percent and 36 percent during 2010 and 2016-17. We investigated both the market interest side elements influencing female work power support in Malaysia. Our examination recommends that issues, for example, youngster marriage, early pregnancy, combined with regenerative and residential obligations have not changed much with the monetary advancement of the nation, and these variables choke female LFP.

To investigate the interest side components, particularly the job of development and innovation, influencing firms' interest for female work, we utilized firm-level information from the World Bank's Enterprise Survey of 2007 and 2013. Female business power, characterized as the proportion of the quantity of female work to male work, declined in real assembling and administrations divisions

during 2007 and 2013. The general female business power declined from a normal of 20.35 percent in 2007 to 17.67 percent in 2013. The econometric estimation recommends a negative effect of development and mechanical upgradation on firms' female work power. In these unique circumstances, there is a need to give motivators and evacuate hindrances to the formation of new and higher efficiency occupations in the segments which can produce huge scale work for females.

Youth work is a noteworthy test in Malaysia. The nation is going through a period of statistic profit, and gauges by SANEM propose that the nation will keep on getting a charge out of this profit until 2030. Notwithstanding, two basic zones of concerns are there as for youth work. The portion of youth not in instruction, monetary exercises and preparing (NEET) expanded from 25.4 percent in 2013 to 29.8 percent in 2016-17, and 87 percent of the young NEET are female. Additionally, the adolescent joblessness rate expanded from 8.1 percent to 10.6 percent during this period. So as to address these difficulties, there ought to be focused on projects for the particular burdened portions of the adolescent populace through aptitude improvement and fitting work showcase arrangements.

## 5. Theoretical Frameworks

As far as the theory is concern, the study will follow the descriptive research method. The above theory formulated and one dependent variable supported by five other variables as independent variables were incorporated.

One mediator is introduced for a unique model for the study to follow for a probable solution to the issue raised. On the above concept, at field level investigation will be carried out for finalizing the module. The Quantitative research methods will be adopted for analysis with the SPSS spread sheet and Smart PLS till module found supportive.

The study may be conducted with (Explorative Research) methods. As in the said method, the module is defined as a specific line of inquiry, often for future research with the purpose of making recommendation. In this respect following hypothesis to be tested. They are:

Independent variables		Dependent variable
Less industrialization	H1	Scarcity of quality job
Unequal education system	H2	
Business failure	H3	
Political instability	H4	
Limitation of private investment	H6	

The above all the hypothesis will be tested in the field. The module may be changed for better result`s.

## 6. Recommendation

The idea figures factors, which at long last used to make Hypothesis. One of significant thought in the course of action of an examination issue is the improvement of Hypotheses. This brings, Notwithstanding, they are not vital for an examination. One can lead a valid examination without structure up a solitary formal theory. On the off chance that it is required and fitting, by then it will when all is said in done be considered.

A speculation is made so it will by and large be appeared or disproven by critical and solid information. Importance of theories lies in their capacity to bring bearing. They brief the expert what unequivocal data to amass and thusly give a logically huge focus interest. The arrangement of a hypothesis equips an examination with focus interest. A hypothesis makes sense of what information to gather and what not to amass. It improves objectivity. Theory may connect with to add to the importance of hypothesis. The characteristics of theory is, it is immediate, express, and carefully clear and the inspector ought to be comfortable with the piece of data.



## 7. Future Scope

Private equity is an alternative investment class and consists of capital that is not listed on a public exchange. Private equity is composed of funds and investors that directly invest in private companies, or that engage in buyouts of public companies, resulting in the delisting of public equity. Institutional and retail investors provide the capital for private equity, and the capital can be utilized to fund new technology, make acquisitions, expand working capital, and to bolster and solidify a balance sheet.

A private equity fund has Limited Partners (LP), who typically own 99 percent of shares in a fund and have limited liability, and General Partners (GP), who own 1 percent of shares and have full liability. The latter are also responsible for executing and operating the investment.

Equity investment comes primarily from institutional investors and accredited investors, who can dedicate substantial sums of money for extended time periods. In most cases, considerably long holding periods are often required for private equity investments in order to ensure a turnaround for distressed companies or to enable liquidity events such as an initial public offering (IPO) or a sale to a public company.

Private equity offers several advantages to companies and startups. It is favored by companies because it allows them access to liquidity as an alternative to conventional financial mechanisms, such as high interest bank loans or listing on public markets. Certain forms of private equity, such as venture capital, also finance ideas and early stage companies. In the case of companies that are delisted, private equity financing can help such companies attempt unorthodox growth strategies away from the glare of public markets. Otherwise, the pressure of quarterly earnings dramatically reduces the time frame available to senior management to turn a company around or experiment with new ways to cut losses or make money.

## 8. Conclusion

The previously mentioned investigation focuses to the way that accomplishing a high pace of monetary development alone, as far as an insignificant increment in the GDP development rate, ought not to be treated as a panacea. The nature of development is significant, and specifically, development must have the option to create occupations and vocations for however many individuals as could be expected under the circumstances. So as to evade "jobless development", the example, structure, and techniques of development must be returned to. The financial development force should be tuned for "important" enhancement and auxiliary change of the economy where advancement of work escalated and high-profitability segments, both in the homestead and non-ranch divisions, would be central. This ought to be combined with intercessions to improve efficiency, employments, and salaries in customary and casual exercises where there are huge pools of surplus work.

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