

# Causes of unemployment



**ASSIGN  
BUSTER**

In Malaysia, the unemployment rate is considered low compared to the early years such as 1986 where the unemployment rate reached as high as 7.6%. Today the unemployment rate is still affected by many factors and in order to make sure it doesn't reach as high as before, we need to find out the causes of unemployment so that we can provide a solution to the cause of it. Foreign labor force with lower wage or salary Redundant workers and fresh graduates with qualifications for their respective job sectors searches for jobs with acceptable wage or salary.

This will delay their ability to work period resulting in firms that need labor to be desperate and start demanding for foreign labor force with low wage or salary. Foreign workers from Indonesia, China, Myanmar, Vietnam, Philippines and many other countries enters Malaysia and fill in the vacant jobs in Malaysia causing job sectors to decrease in the number of jobs available for our own labor force causing labor force in Malaysia to increase in the unemployment rate.

As we analyze through the years in the respective sectors, we find that the highest total by percentage is the manufacturing sector. In the manufacturing sector, labor force power needed is indeed higher compared to other sectors and so for the firms to obtain a total satisfying profit, they need to have a lower cost such as providing low wage or salaries to the foreign workers. Since our labor force have no intend to work in low wages and this had been always causing the Malaysia unemployment rate to increase. Lack of experience and skill of fresh graduates

Nowadays, employers would rather employ workers with experience and skills compared to one without both. This factor lead us to the

unemployment of fresh graduates that have just step into the labor force. Generally, most organizations prefer to employ graduates with experience. Furthermore, in Malaysia, the private sector today is not interested in recruiting local graduates because they lack essential skills, such as proficiency in English and interpersonal skills (Nor Hartini, 2007) and also lack of ICT proficiency.

According to the Minister of Human Resources, more than 65% female graduates in this country are unemployed because they are lack of social communication skills in addition to a poor command of language and low levels of self confidence. He added, although many of the female graduates had achieved excellent academic results but could not secure employment without the relevant skills required in the labor market.

The following breakdown refers only to the 20, 217 who have registered themselves with the Ministry of Human Resources, and does not include those who haven't bothered with the Ministry. This shows the graduate students that is still not employed until now. Mismatch between qualifications acquired and current job market demand Unemployment among graduates was not because of lack of job opportunities but was due to mismatch between qualifications acquired and current job market demands.

Mismatch between jobs and educational qualification creates structural unemployment among youths. Human Resource Ministry survey in Malaysia found that most of the jobseekers had difficulty finding jobs because of incompatibility between their field of study and employers need Youth are becoming less equipped with the skills needed for productive employment.

Unless people constantly upgrade or expand their skill if not they will be left behind in a highly competitive labor market.

Employers would rather choose the one with less education but have the related skills of several years than choosing the freshly graduated people with highly education but no relevant skills. Therefore, colleges and higher learning institutions should make sure that their syllabuses were relevant to the present industrial needs. Furthermore, there is a need for learning institutions to conduct some research on the actual needs of the various industries to prevent students from taking up irrelevant courses which in the end would lead to unemployment among graduates.