

THE TUN ISMAIL ALI CHALLENGE

Application Questions

- i. You are required to write an essay of not more than 500 words as the answer to the application question.
- ii. There are TWO choices of questions and you are required to only answer ONE question.
- iii. Your essay will be assessed based on your justification, clarity of thought process, practicality and also novelty of your solution.
- iv. Please save your essay in PDF format with the file name as name_question number_essay or teamname_questionnumber_essay (e.g. goteam_1_essay).
- v. The essay must be uploaded through the application form.
- vi. Application closes at 5pm Malaysian time on 22 June 2018.

Question 1: Youth Unemployment

Preamble

Youth represents more than half of total unemployed workers, despite only making up a third of the labour force. In 2015, the youth unemployment rate increased by 1.2 percentage points from an estimated 9.5% to 10.7%, while the national unemployment rate increased by only 0.2 percentage points (2.9% to 3.1%). This trend, however, does not appear to be unique to Malaysia. The global youth unemployment rate rose from a pre-crisis rate of 11.7% in 2007 to 13.1% in 2009, reaching a historic peak of 13.2% in 2013, and remained high at 13.1% in 2016. The global youth unemployment rate is approximately three times the unemployment rate of adults, and more than two times the overall global unemployment rate.

Application Question

Youth unemployment is a multifaceted issue that needs to be addressed to prevent a generation of economically disenfranchised youth. What do you think is the main driver of youth unemployment in Malaysia and how do we address the issue?

Selected Readings for Application Question

Youth Unemployment in Malaysia: Developments and Policy Considerations (Bank Negara Malaysia)

https://www.bnm.gov.my/files/publication/ar/en/2016/cp04_003_box.pdf

Youth Unemployment Remains High (MIDF Research)

<http://www.midf.com.my/images/pdf/research-Report/MIDF-Economics/Econs-Msia-2016-Youth-Unemployment-Rate-Remain-High-MIDF-090517.pdf>

Malaysia's Labour Market and Job Creation under the Economic Transformation Program (ETP) 2011 to 2015 (Penang Institute)

<https://penanginstitute.org/programmes/penang-institute-in-kuala-lumpur/malaysia-s-labour-market-and-job-creation-under-the-economic-transformation-programme-2011-2015/>

Solutions for Youth Employment Strategic Plan • 2015 - 2020 (S4YE)

<https://www.s4ye.org/sites/default/files/2017-06/Strategic%20Plan%202015-2020.pdf>

Ideas: Is SL1M solving the problem of youth unemployment? (The Edge Markets)

<http://www.theedgemarkets.com/article/ideas-sl1m-solving-problem-youth-unemployment>

Small firms do their part to help graduates (The Star)

<https://www.thestar.com.my/business/smebiz/2018/03/26/small-firms-do-their-part-to-help-graduates/#XlwbUDelxpbJ26JG.99>

Question 2: Productivity

Preamble

Malaysia's productivity level is still lagging behind the productivity levels of other regional countries such as Singapore and South Korea. At the same time, while Malaysia has made progress on several fronts, there remains a broad reliance on low-cost production models that lean on low-skilled labour while keeping a lid on wages to maintain business margins. The readily available pool of cheaper low-skilled foreign workers discourages upgrading such as automation. It makes labour relatively cheap when compared to capital, and thus weakens incentives for firms to substitute labour for technology, or for greater value adding activities from employment of higher-skilled labour. Therefore, there are claims that attribute Malaysia's low productivity to our heavy reliance on low-skilled foreign workers.

Application Question

Productivity is key to Malaysia's effort towards achieving a high value-added economy. Is the high reliance on foreign worker the main obstruction to Malaysia's effort to increase its productivity? What are the other measures that should be implemented to ensure Malaysia's productivity gains continue to increase?

Selected Readings for Application Question

- Low-Skilled Foreign Workers' Distortions to the Economy (Bank Negara Malaysia) http://www.bnm.gov.my/files/publication/ar/en/2017/cp01_001_box.pdf
- Complexity and Growth: Malaysia's Position and Policy Implications (Bank Negara Malaysia) http://www.bnm.gov.my/files/publication/ar/en/2017/cp04_002_box.pdf
- Solving the Productivity Puzzle: The Role of Demand and the Promise of Digitization (McKinsey Global Institute) <https://www.mckinsey.com/~media/McKinsey/Global%20Themes/Meeting%20society's%20expectations/Solving%20the%20productivity%20puzzle/MGI-Solving-the-Productivity-Puzzle-Report-February-22-2018.ashx>
- Malaysia Productivity Report 2016/2017 (Malaysia Productivity Corporation) <http://www.mpc.gov.my/wp-content/uploads/2017/05/Productivity-Report-2017.pdf>
- Malaysia Productivity Blueprint (EPU) http://epu.gov.my/sites/default/files/MPB_Full.pdf