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ADDRESSING CHALLENGES AMONG YOUNGER AND OLDER WORKERS

HRDF INDUSTRY INTELLIGENCE REPORT



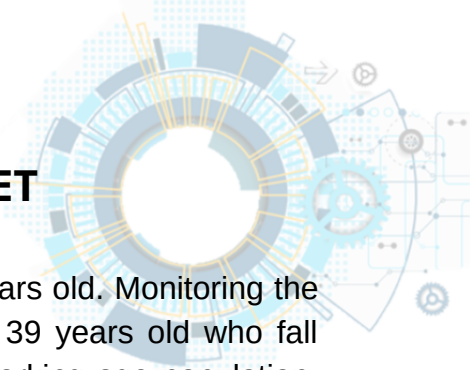
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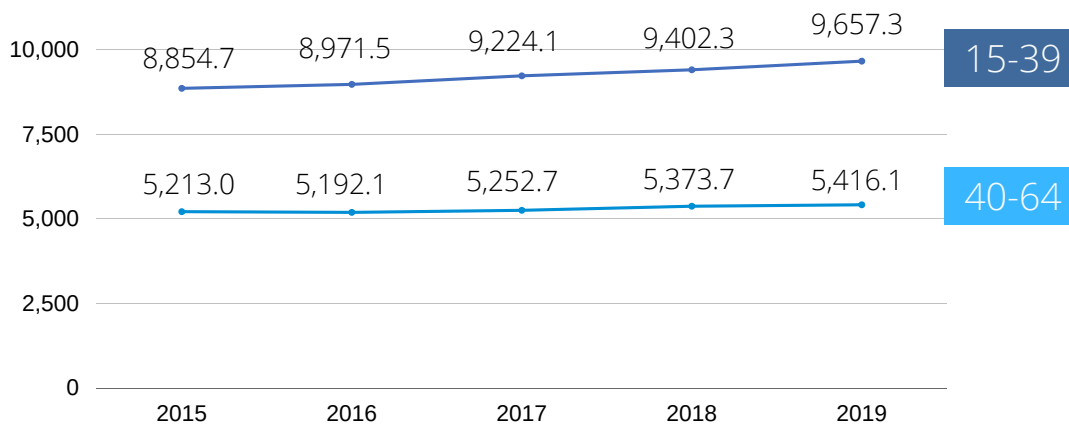
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LEVERAGING TALENTS IN THE LABOUR MARKET



The working age population refers to those aged from 15 to 64 years old. Monitoring the trend in Malaysia, the number of employed persons aged 15 to 39 years old who fall under the Millennials and Gen Z categories have preceded the working age population, almost double from the previous generations of Baby Boomers and Gen X who are currently in their 40s.

Employed Persons by Age Group in Malaysia, 2015 - 2019 ('000)

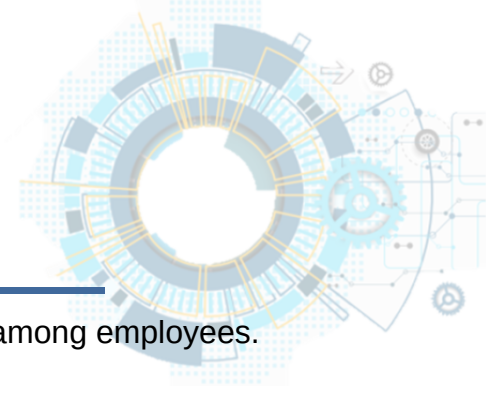


Source: Department of Statistics Malaysia (DOSM)

Every year, new employees join the workforce, while some retire. This indicates a massive change in the population, leading to important gaps between various generations, as well as different perceptions within each group. Depending on the organisation's nature of the business, having the suitable age demographics is vital in leveraging the age-related strengths for the organisation's operations. Gen Zs and Millennials' working population (aged 15-39) are a good investment for the company's future because of their exposure on the most up-to-date skill sets in technology and their undeniable physical strength, compared to their Gen Xs and Boomers counterparts. Gen Xs and Boomers are talented and conversant with the facet of the organisation's direction honed from decades of employment. Retaining them is good as they are invaluable assets, in addition to being cornerstones for organisational operation. These elements become pivotal in the selection of employees in the labour market. Regardless of either retaining the older (aged 40-64) or recruiting the younger (aged 15-39), the employers have their own preferences in their selection. Aside from their respective strengths, they come with age-related challenges.

Therefore, HRDF has come out with this article which has been divided into two parts. The first part will be the age-related challenges to highlight the employers for not focusing in training only younger workers, but also considering the needs of training for older workers according to the challenges. The second part will be the proposed initiative to be undertaken by employers from the training perspective, to turn the age-related challenges into opportunities by tapping into skills development programmes.

THE AGE-RELATED CHALLENGES



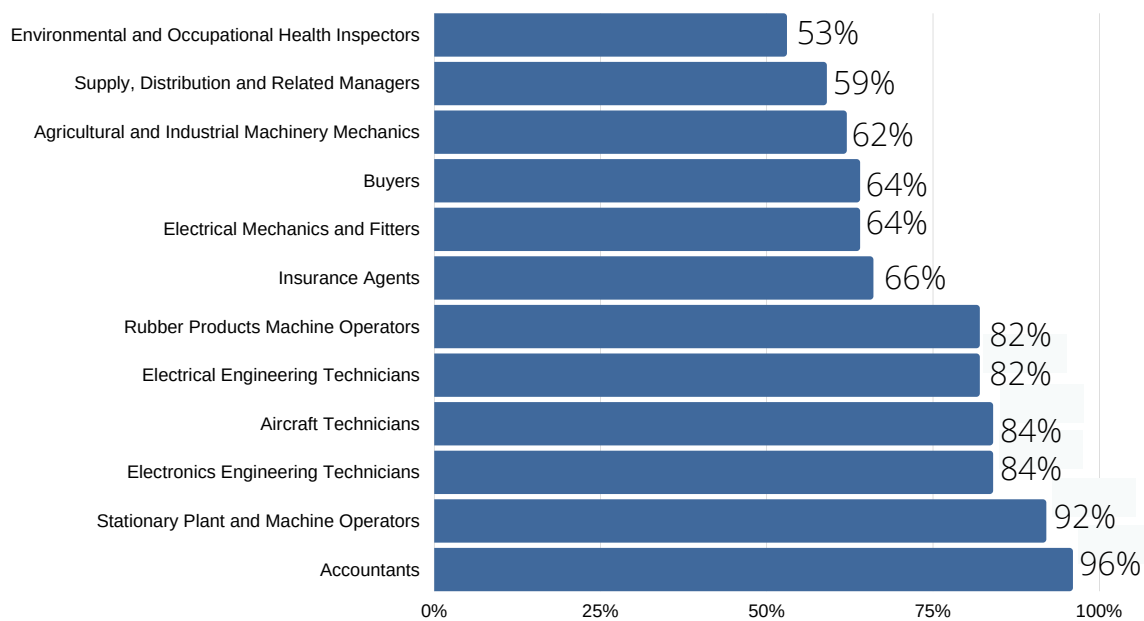
This section will highlight the age-related challenges that happen among employees.

Vulnerability to lose jobs due to automation

This section addresses challenge faced by younger workers due to the high probability of jobs being automated.

All generations are likely to be hit by the rise of automation in the workplace. However, automation is more impactful to younger workers. It is found that 91% of occupations with a high possibility of being automated (above 50% chances to be automated) were dominated by employees aged below 40 years old. This may exacerbate the already high youth unemployment rate in Malaysia. If we neglect to upskill them, their current position may become irrelevant due to the potential of being replaced by automation.

Occupations that are likely to be automated



(Source: Automatability of Occupations on the 2017/2018 Critical Occupations List, 2018).

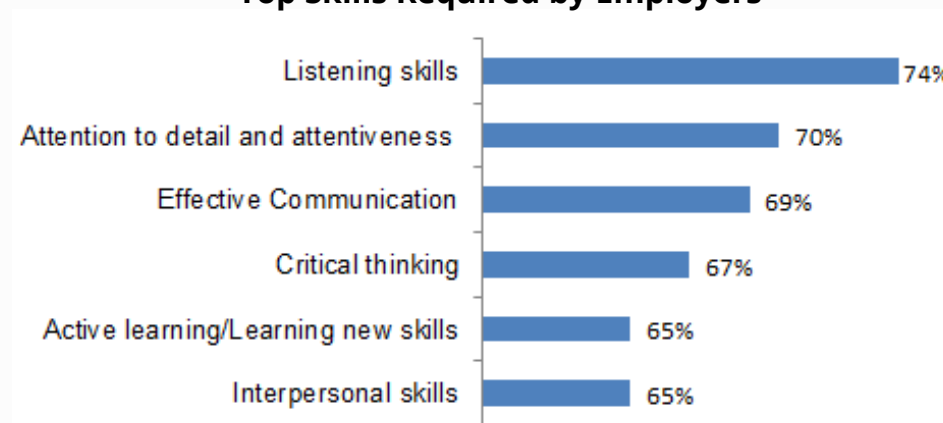
Lack of communication skills among younger generation

This section addresses challenge faced by some younger workers who are commonly known of having difficulty in communication.

Employers are seeking workers with skills that machines can't replace to complement alongside the rise of automation, which are soft skills that are difficult to be found among candidates. The survey conducted by Morning Consult on behalf of Cengage revealed that soft skills are the most in demand skill by employers (by at least 65 percent), compared to quantitative skills and computer and technical skills (47 percent and 50 percent, respectively).

According to that report, the most in demand skills today's employers are looking for in candidates include:

Top Skills Required by Employers



Source: <https://news.cengage.com/upskilling/new-survey-demand-for-uniquely-human-skills-increases-even-as-technology-and-automation-replace-some-jobs/>

Many fresh graduates may not be successful in getting jobs because they fail to equip themselves with these desired skills by employers.

Less access to get the job

This section addresses challenge faced by older workers that have difficulty to get job compared to the younger workers.

In response to the ageing population around the world, Malaysians are expected to stay in the workforce and pursue jobs after the retirement age of 60. Between 2020 and 2040, Malaysia's old age population is expected to almost double from 3.4 million to 6.3 million. The ageing population is a signal for us to be prepared to create more job opportunities in the future as more Malaysians may opt to stay active after retirement. The current trend has been supported by a study from the Social Security Research Centre (SSRC) of the University of Malaya, whereby higher life expectancy also means that people must postpone their retirement and work for more years, invest more when living, or have lower retirement consumption.



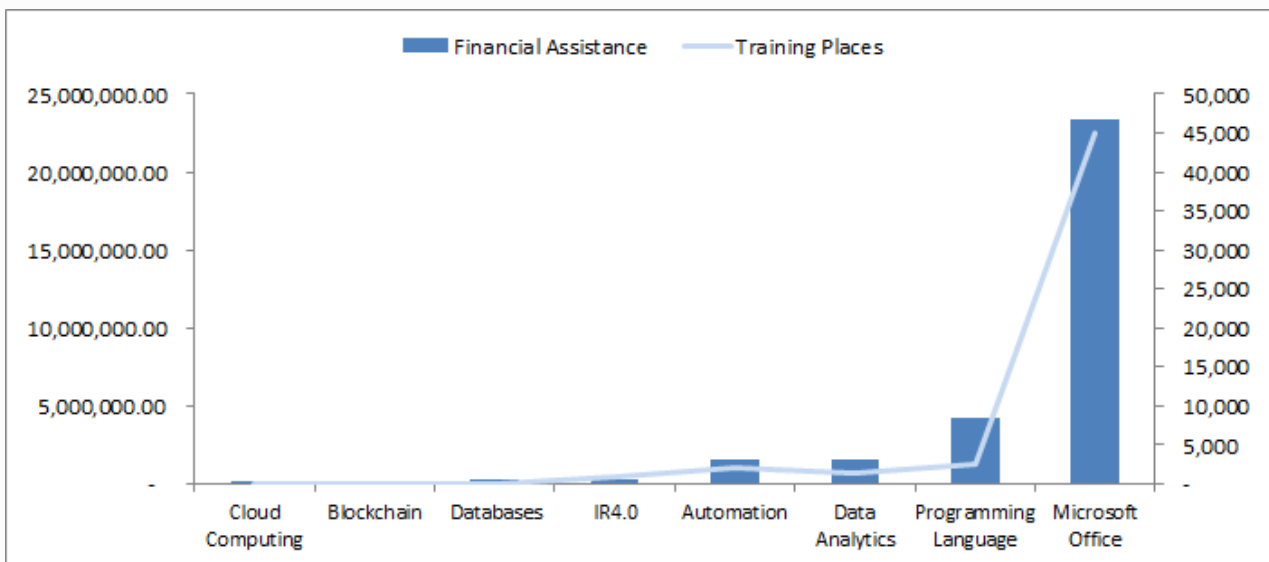
Although there is a hint for retirees to return to the workforce, the older workforce or retirees still have less access to getting the jobs from application platforms as most of the jobs offered are for younger job seekers, unless the companies are specifically looking for retirees.

INITIATIVES TO OVERCOME AGE-RELATED CHALLENGES

Equipping young people with the automation-related skills

Realising that those jobs dominated by younger workers are likely to be automated, more training in the area of digital-technology should be emphasised. Based on HRDF's Internal Data in 2019, the take up for digital technology and automation is 5% from the overall training places attended by employees covered under the HRDF.

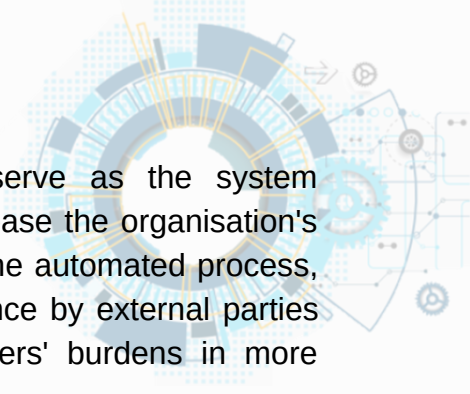
Training related to Digital Technology



Financial Assistance	RM 34,080	RM 71,200	RM 273,206	RM 305,972	RM 1,501,634	RM 1,551,095	RM 4,215,736	RM 23,392,731
Training Places	46	93	83	933	2,000	1,429	2,446	45,041

(Source: HRDF Internal Data, 2019)

The employers give frequent training for their employees in digital technology because the training provided by organisations were often not enough to develop skills or to build the workers' confidence in their ability to perform tasks adequately as the technology is always evolving. This has led to the lack of skilled labour to operate and oversee the automation processes correctly which could prove to be a challenge when implementing process automation in a company (Ismail et al., 2019).



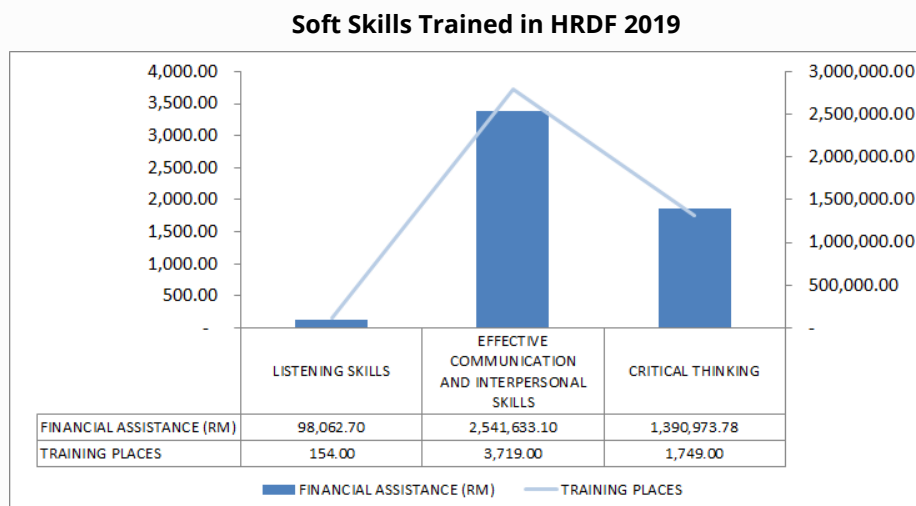
Through job enrichment and upskilling, these workers will serve as the system administrators of these automated processes and eventually increase the organisation's productivity and efficiency. By having in-house administrators of the automated process, the organisation may be able to save costs on system maintenance by external parties with workers being able to spend more time to share employers' burdens in more pressing matters such as business development.

The advantage of mastering automation-related skills is that the workforce can grab more job opportunities offered in the labour market. Automation is often associated with widespread unemployment as it is said that humans have been replaced by robots. This perception is inaccurate because, it does not cause job losses, but it actually creates more job opportunities. While there is no doubt that simple repetitive tasks will decline, The Future of Jobs report by the World Economic Forum shows that 75 million jobs will disappear, and 133 million new jobs will be created by 2022 across all industries due to the Industrial Revolution 4.0. This has been supported by the Northern Ireland Council for Voluntary Action (NICVA) through The Impacts of the Fourth Industrial Revolution (IR4.0) on Jobs and the Future of the Third Sector. This article has stated that the real problem that people are facing is structural unemployment due to the difficulty to adapt to new job requirements and master new job skills, not because of a lack of job opportunities. Therefore, this is the time for the employees to equip themselves with relevant skills related to automation in the era of IR4.0.

Mastering soft skills in the workplace to propel career opportunity

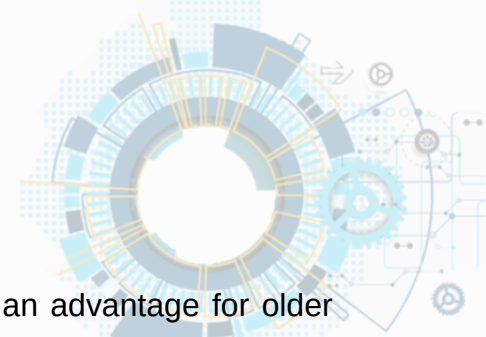
Apart from the hard skills that are essential in this digital era, developing employees with the relevant soft skills are important as well in order to prepare them for leadership positions, effective presenters, negotiators, and team players.

By mapping the most in demand skills required by employers in that survey in conjunction with HRDF's Internal Data in 2019, 1% of approved training places were related to listening skills, effective communication and interpersonal skills, and critical thinking. Below are the examples of those training:



(Source: HRDF Internal Data, 2019)

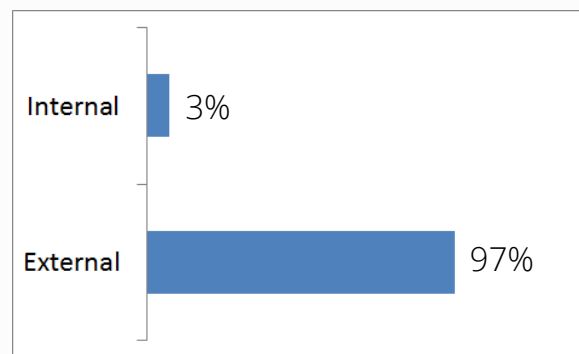
Equipping older people with marketable skills



Previous working experience and ability to train others could be an advantage for older workers to being relevant in the labour force. As there are issues of skills gaps among younger workers, the employers should retain them for succession planning where the younger workers could benefit from the transfer of knowledge, mentoring programmes and on job training delivered by their seniors. The employers can send them to the Train the Trainer programme (TTT) offered by HRDF to appoint them as an internal trainer. The internal staff appointed as an internal trainer will have the ability to deliver the training effectively by associating the training content with the workplace. In-depth knowledge of the internal trainer in the nature of business may benefit the company, compared to external trainers. After they retire, the seniors can continue to be trainers and continue to contribute their working experience to society.

However, based on the HRDF Internal Data in 2019, the number of internal trainers are still relatively low, compared to external trainers.

Percentage of HRDF Trainer



(Source: HRDF Internal Data, 2019)

Thus, it is encouraged for employers to tap into this opportunity to train and leverage their senior workers. To know more, kindly visit <https://www.hrdf.com.my/hrdf-trainer/>.

The organisation can also rehire retired workers for short-term projects and work together with younger workers. Previously, HRDF had encouraged the participation of workers aged 45 and above in the workplace by retraining them under Back to Work Up-Skilling Programme (BACKUP) scheme. But, due to the era of digitalisation, HRDF has shifted the focus to the GIG economy because being self-employed is the most preferred and attractive option to promote expertise, services or businesses through an online platform. Gerak Insan Gemilang (GIG) under the Penjana HRDF has been developed with the main purpose of aiding Malaysians with specific skills and knowledge through end-to-end training to upskill themselves, enabling them to increase their income by becoming freelancers. For further details, please visit <https://penjanahrdf.com.my/>.