Education outpacing jobs

Experts: Qualified workers stuck with low pay in 'outdated' market

By RAGANANTHINI VETHASALAM and RAHIMY RAHIM
newsdesk@thestar.com.my

PETALING JAYA: Salaries remain relatively low in the country as the structure of available jobs has not kept pace with the workforce's rising educational attainment, it was pointed out.

Prof Dr Rusmawati Said, deputy dean at the School of Graduate Studies, Universiti Putra Malaysia (UPM), said many jobs were still designed for low-skill workers despite an increasing number of Malaysians with tertiary qualifications.

"The nature of jobs available here is still based on an outdated economic structure, similar to what existed 20 years ago.

"Many jobs are still concentrated at the secondary or low-skilled level, where the minimum requirement is only an SPM qualification," she said when contacted.

A World Bank report titled "Raising the Ceiling, Raising the Floor: The Jobs Agenda as a Productivity Agenda", found that the growth of wages lagged behind national GDP growth.

The report stated that in real terms, median wages rose from RM1,300 to RM1,864 between 2010 and 2024, while average wages grew from RM1,792 to RM2,570, representing a 43% rise for both, which is considerably lower than the 82% increase in GDP over the same period.

Annually, these figures reflected wage growth of about 3% each year over the period, although it varied across years, with real wage growth slowing and even reversing during periods of economic adjustment, including in 2014 and during the outbreak of Covid-19 in 2020, before recovering in subsequent years, it added.

The report stated that while nominal median wages rose significantly across all deciles since 2010, real wage gains were more modest.

The lowest income decile recorded the largest percentage increase, though from a low base, with foreign workers disproportionately represented in this group, it said.

Middle-income deciles (D4-D6) experienced the weakest growth, with real wages in 2024 only 29% of the level in 2010 for D5, while the bottom decile D1 (B10), saw real wage growth of 102%.

Prof Rusmawati said the mismatch between a more educated workforce and types of jobs being created contributed to persistent wage stagnation, mainly among graduates and skilled workers.

Malaysian Employers Federation (MEF) president Datuk Dr Syed Hussain Syed Husman said wages were driven by demand and supply.

"Wages are growing in line with the real economic situation on the ground. Wages have to go along with skills, experience and productivity," he said.

He said seeking workers was not a major issue for employers, with the country close to full employment.

"We face some underemployment issues because many workers are highly qualified, and aligning their jobs with their skills and knowledge will require time and progression," he said.

Economist Prof Emeritus Datuk Dr Zakariah Abdul Rashid said the country's share of income going to workers has been slipping or stagnating even as the economy grew, pointing to a growing gap between rising productivity and wages.

He said the Compensation of Employees (CE) ratio, which measures how much of national income was paid as salaries and wages, showed that workers were not fully sharing the gains of economic growth.

While both productivity and real wages have improved, wage growth has lagged behind, meaning a larger share of income was flowing to business profits and capital returns instead of employees, he said.

Prof Zakariah said the issue would require broad structural reforms in both the productive sector and labour market, rather than isolated policy fixes, to ensure growth was shared more evenly across workers.

Riding together: More than 700 participants taking part in the DGR in George Town, Penang. — ZHAFARAN NASIB/The Star