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Emulating Penang skills centre's model, cash incentive do not resolve TVET dilemma – experts

BY CHERYL POO

Emulation of a Penang-based skills model and cash incentive for employers hiring Technical and Vocational Education and Training (TVET) workers as proposed reforms in the fine-tuned Budget 2023 on Feb 24 are a far cry from resolving Malaysia's TVET dilemma, say experts in the field and economists who stress that training must be industry driven to avoid the current huge mismatch in graduate skill and industry requirement.

Prime Minister-cum-Finance Minister Datuk Seri Anwar Ibrahim said his administration proposes to emulate the Penang Skills Development Centre (PSDC) model to foster public and private cooperation in the implementation of a TVET programme as a means to address underemployment among workers. Anwar said it was unacceptable that 90% of TVET graduates are able to find work but earn "low wages of only about RM2,000 a month in spite of the government spending up to RM6.7 billion on TVET".

To incentivise private sector employers to increase salaries of new graduates, the Social Security Organisation (Socso) will provide 17,000 TVET graduates RM600 a month for three months on top of their wages.

While cash incentives are always welcome in any industry, TVET experts point out that the three-month wage support for TVET is, at best, merely symbolic.

"Malaysia has been stuck in a low-productivity economy for quite some time. By emphasising on TVET, Budget 2023 is sending out a strong signal that the unity government is keen to skill up our workforce. But the issue really is about poor quality because TVET graduates lack soft skills," articulates Monash University Malaysia School of Business Prof Niaz Asadullah, who is also the Southeast Asia lead of the Global Labor Organization.

"We have struggled to scale quality TVET education. [We need] institutional reforms. Throwing more money will not solve it. The low wage of graduates from our TVET sector that benefits from RM6.7 billion of government investment only confirms poor returns on public investment. Replicating and scaling the PSDC model is not a budgetary issue alone," Niaz emphasises.

Dr Azizul Othman, president of the Federation of JPK Accredited Centers Malaysia, which represents private sector TVET, concurs.

"If a TVET graduate can perform to what is expected by the industries without further in-house training or coaching, then there is obviously no reason why they will be paid less. The issue here is the skill rather than the certificate," he remarks.

Azizul adds that collaboration between the industry and the training centre is crucial in ensuring that the actual skill required by the industry is being taught at the skill centres.

This will avoid the skill mismatch which is among reasons why TVET grads are being paid below the industry's average salary.

"Training must be industry driven," he stresses.

To PwC Malaysia tax leader Jagdev Singh, deepening collaboration with government-linked companies and multinational corporations to increase employment rates of TVET graduates and providing on-the-job training is a move in the right direction.

"The acknowledgement that our high reliance on foreign labour is due to low wages and unsatisfactory working conditions is important in helping us deal with the issue comprehensively. Measures which include automation and upskilling/reskilling graduates to ensure they are capable of securing employment in satisfactory working conditions are certainly pragmatic and aligned with the longer term objective of transforming into a high-income nation," Jagdev says.

Anwar also said that RM1 billion will be allocated to funding by HRDCorp to implement skill training programmes for employees and HRDCorp-registered employers, along with accumulated levies. The government will also provide a RM50 million matching grant to encourage the automation of the plantation sector through the use of robotics and artificial intelligence. This initiative seeks to employ skilled local workers.

"While the industry lauds those allocations, we are, however, disappointed that the government did not take up FMM's proposal to channel the foreign worker levy towards the setting up of a National TVET Apprenticeship Fund and National Automation Fund as a two-pronged approach towards reducing dependence on foreign workers," says Federation of Malaysian Manufacturers president Tan Sri Soh Thian Lai.

Former Klang MP Charles Santiago, who is an economist by training, urges the government to take a step back to re-evaluate the issues surrounding TVET in Malaysia.

"Firstly, the TVET syllabus is outdated. There is a serious mismatch between what students are being taught and what the industry needs.

Santiago, echoing what industry players and economists have long said, also stresses that the government should avoid fragmentation and possible duplication of TVET programmes over seven ministries.

"It must be streamlined and done by one agency. There must be careful deliberation of what employers and the country needs. Employers are thinking, 'Why would I employ someone who doesn't meet my company's digitalisation needs?'" he points out.

Santiago also believes that the PSDC model will not be easy to follow as it is done with "very strong employer contribution and micro-managed by the state government".

"Think nationally. In the digitalisation environment, artificial intelligence is key today. That's what we're heading towards. But our TVET is nowhere close to it. Set specific targets and goals. Reforming TVET cannot be achieved by these cash subsidies," Santiago says.

"This is the golden moment for Malaysia to close its technology gap. We can enhance our small and medium enterprise competitiveness via digitalisation — with TVET done in a way to help SMEs compete domestically and internationally. The longer we postpone the rethinking TVET needs, all the more everyone suffers." E