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My Say: TVET as a catalyst for economic growth

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With TVET, a competent workforce in specific fields can be formed to meet industry needs while also contributing to the country's economic growth

Since the global economy has gradually recovered and opened up over the last two years, most countries are being quite aggressive in their efforts to attract highly skilled foreign workers as a short-term economic recovery strategy.

According to Korn FerryFirm (2018), the global talent shortage could reach 85.2 million people by 2030, costing the global economy nearly RM38 trillion.

This situation is linked to an event that occurred in 1997, as revealed by a McKinsey study, which refers to competition for talent in order to increase the level of competitiveness among organisations.

Recently, with the revision of the foreign worker visa policy, Southeast Asia has not lagged behind in the competition to entice foreign skilled workers.

Singapore has introduced a new five-year work pass — the Overseas Networks and Expertise Pass (ONE pass) — for talent earning at least S\$30,000 (RM99,830) in fixed monthly salary and having outstanding achievements in arts and culture, sports, and research and academia.

Indonesia has announced a five-year visa for digital nomads, allowing users to live and work remotely tax-free for up to five years if they can prove their income was earned outside Indonesia.

Thailand recently implemented a new 10-year Long-Term Resident Visa (LTR) to attract investors, talents, remote workers and retirees to live, work or invest in Thailand.

Malaysia issues the Resident Pass Talent (RP-T) for a period of 10 years to foreign talents who possess qualifications in critical fields. Furthermore, to attract investors, Malaysia launched the Malaysia Residency Through Investment Premium Visa Programme (PViP), which allows wealthy foreigners to reside and invest in the country as well as create new job opportunities for Malaysians.

Skilled labour shortage

The Malaysian Department of Statistics reported that, for the second quarter of 2022, the number of jobs in the semi-skilled category remained dominant in the labour market at 62.2% (5.364 million). This was followed by highly skilled jobs at 24.9% (2.144 million) and unskilled jobs at 12.9% (1.111 million).

These statistics show that the number of highly skilled workers in Malaysia remains lower than the target. This scenario requires attention because the country must increase the number of highly skilled workers to more than 45% by 2030 in order to compete with other developed countries.

The Federation of Malaysian Manufacturers (FMM) reported on Sept 6 that manufacturing industries, particularly semiconductors and electronics, are facing a critical shortage of highly skilled workers, including engineers and technicians, with an estimated loss of RM50 billion in national income over the last eight months.

On Oct 7, the government presented Budget 2023 in the Dewan Rakyat, allocating RM6.7 billion to seven key ministries for the implementation of various Technical and Vocational Education and Training (TVET) initiatives next year. The primary focus is on the most important aspects of youth development, such as job creation, skills development, training and entrepreneur financing programmes.

However, does the allocation provided achieve its objectives? What are the issues and challenges that must be addressed in Budget 2023 to mainstream the TVET system for youth?

First and foremost, there is the issue of unemployment. Graduates are not employed in the field for which they were educated (mismatch). Candidates with prior experience and fluency in multiple languages are preferred by employers. Many recent graduates are unwilling to work in the 3D (dirty, dangerous and difficult) fields.

Second, there is the issue of over-education. Over-education is becoming more common as a result of job market gaps. Despite having a degree, gig jobs such as e-hailing and p-hailing have become the primary source of income for many youth. Furthermore, owing

to their debts from education loans, the opportunity to participate in entrepreneurship programmes is limited.

The third consideration is the minimum wage. Graduates are eager to migrate abroad to work as fruit pickers, cleaners, garbage collectors and construction workers. This is because the salary and currency value in the labour-receiving countries are higher.

Fourth, there is the risk of youth indiscipline. Young people regard social media as a mandatory trend in their daily lives. Some people are addicted to flaunting their daily routine, happiness, luxury and social status to attract attention. This influence can have a negative impact on employees' behaviour at times. Every organisation has guidelines to be adhered to, including attendance, punctuality, dress code, ethics, standard operating procedures and confidentiality of information.

TVET as a catalyst

Initiatives that encourage local students to major in TVET as well as science, technology, engineering and mathematics (STEM) courses are expected to produce skilled workers in line with the country's industrialisation needs.

Local expertise is essential for us to meet the challenges and capitalise on the opportunities created by the Fourth Industrial Revolution (IR4.0) through the use of new technologies such as artificial intelligence (AI), the Internet of Things (IoT) and robotics.

TVET is an education and training process aimed at employment, with a strong emphasis on on-the-job training. As a result, a competent workforce in specific fields can be formed to meet industry needs while also contributing to the country's economic growth. When compared to graduates of academic programmes, TVET graduates will have an advantage in terms of practical skills, which will pique the interest of employers.

The main purpose of TVET is to provide opportunities for students who are not academically talented. It is known that, to become professionals such as doctors, engineers and accountants, students must excel in their academic fields. Some youth, on

the other hand, are unable to achieve excellent results and are more interested in jobs requiring technical and vocational training.

Furthermore, TVET is crucial for producing a skilled workforce in technical and service industries. Carpentry, automotive maintenance, welding, electrical works, culinary arts, hospitality, grooming, tailoring and other fields are available to trainees. These fields require workers who are proficient in technical matters so that the work at each level is carried out correctly. Automotive technicians, for example, can work as mechanics or open their own vehicle service centres.

Indirectly, TVET can produce local entrepreneurs who provide the best service to the community. The bottom line is that we need support from government and private sector stakeholders to produce a highly skilled and competent workforce. At the same time, TVET can boost domestic industry potential and workforce competitiveness.

From a different perspective, TVET is significant as an alternative to tertiary education, which may be lined with various barriers for the students' future. School leavers are stuck choosing between furthering their education at a higher level and working to support themselves and their families.

Earlier this year, the Statistics Department released a report stating that about 390,000 out of 560,000 SPM candidates, or 72.1%, preferred to join the workforce after sitting the examination. Only 170,000 were found to be keen on pursuing their studies.

Therefore, TVET serves as a catalyst for those who are unable to continue their studies at university or college. They are trained in preparation for jobs in accordance with industry standards and are awarded degrees, diplomas and certificates.

Correspondingly, TVET for employment has been discussed as a way of retaining workers. Reskilling and upskilling programmes can cater for a future-ready workforce, particularly in high-end manufacturing, technology, the service industry, and oil and gas.

As Nasdaq reported on June 6, a survey by ManpowerGroup Employment looked at the state of the labour market and what lies ahead. Speaking with 40,000 employers worldwide, ManpowerGroup found that the top 5 in-demand skills were:

- IT and data;
- Sales and marketing;
- Operations and logistics;
- Manufacturing and production; and
- Customer-facing and front office.

The time is now

There are three major reasons TVET must now be strengthened.

First, youth unemployment is extremely high, standing at 15.1% in 2021. Every year, university graduates add to this total, especially as there is sometimes a mismatch between academic programmes and the available jobs in the industry. Recent graduates are having difficulty finding jobs that match their academic credentials.

Second, there is a trend of local talent migrating to other countries. All the grants and scholarships given to outstanding youth are meaningless if the local experts who are financed with national funds do not stay in the country. Instead, they migrate and contribute to the economies of other countries. With the Malaysian currency's weak position and better salary offers elsewhere, it is feared that the rate of migration among skilled workers, particularly the experts, will increase.

Third, the country's reliance on foreign labour distorts the labour market. There is also a two-tiered labour market. This effectively keeps wages low in a wide range of job categories. Jobs for foreign workers fall into socially undesirable categories for the

nation's youth. They have a social stigma, are usually subjected to harsh supervision, and live in deplorable conditions.

In conclusion, TVET is an important factor in the country's economic development and significantly improves the productivity of labour, income and employment opportunities.

"The strategic location, first-rate infrastructure and availability of skilled labour remain Malaysia's strengths in luring investment from Germany, the fourth-largest economy in the world, in addition to the long-lasting relationship between the two nations," says Jan Schmidt-Krayer, CEO of steel trading company Schmidt + Clemens.

With Budget 2023, it is hoped that the TVET platform will not only help the youth to obtain jobs, but also create jobs for other communities through critical, entrepreneurial and creative thinking.

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