

Preparing the Future Workforce for Post-Pandemic Recovery: Building Technical Vocational Education and Training Capabilities in Malaysia

Nur Sofea Hasmira Azahar

Senior Researcher, Institute of Strategic and International Studies (ISIS), Malaysia

Synopsis

- **Covid-19 has exposed vulnerabilities in the labour market.** Globally, the youth were among the most affected groups faced with high rates of unemployment, skill-related underemployment and the risk of being left out of education, employment or training.
- **Local Technical and Vocational Education and Training (TVET) systems must be strengthened to produce a highly skilled talent base.** Workers must acquire skills and knowledge that are aligned to current industry needs.
- **Key challenges in the TVET system must be addressed,** including poor recognition, incompetency of educators, fragmented landscapes, ineffective engagement between providers and industries and lack of infrastructure.

Covid-19's impacts on labour market

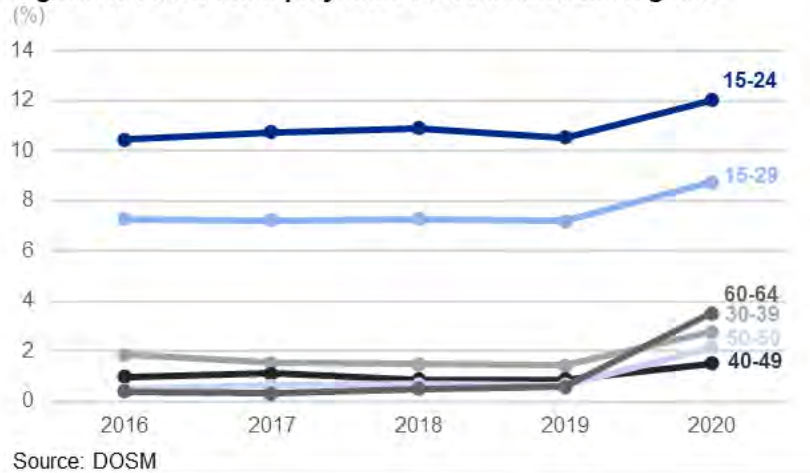
Since early 2020, the pandemic caused by the COVID-19 has severely disrupted the labour market. In 2020, the unemployment number rose by 203,000 from the pre-pandemic level in 2019. Approximately 117,000 lesser employees were hired as well. The movement control order led to the closure of economic sectors with firms shedding staff as a part of cost-cutting measures.

The pandemic affected youth disproportionately. Estimates from the International Labour Organisation show that in 2020, employment losses for the youth¹ were higher than adults², registering at 8.7% and 3.7%, respectively. Young workers are more prone to labour market-related risks owing to less experience as first-time labour market entrants and the sensitivity of youth unemployment rate to aggregate demands (Cheng and Mohamad, 2020). Figure 1 shows that youth between the age of 15 and 24 experienced the highest unemployment rate.

¹ Youth = 15 to 24 years

² Adults = 25 years and above

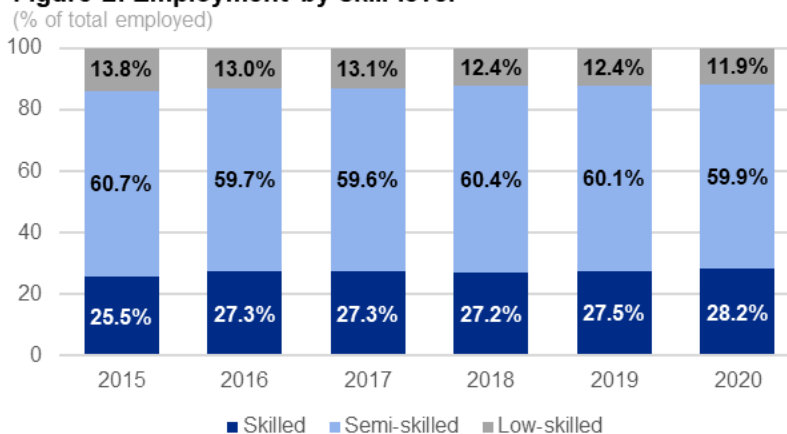
Figure 1: Youth unemployment rate remains the highest



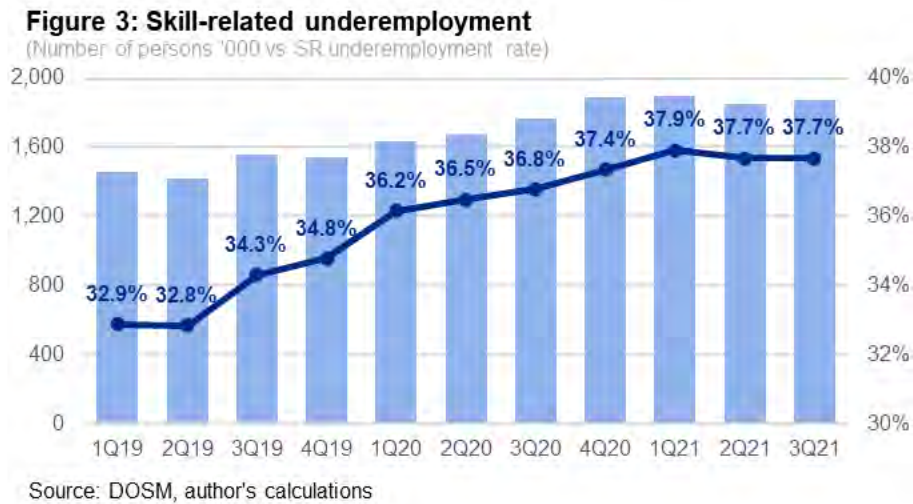
Another alarming finding is their state of inactivity, reflected in the share of youth who are currently not in education, employment or training (NEET). In 2018, compared to developed nations such as Singapore (4.1%), Switzerland (6.2%) and Germany (5.7%), Malaysian youth who are NEET accounted for 12.5% of the total youth population.

The pandemic serves as a wake-up call for Malaysia to focus more on the workforce’s skills. As Malaysia strives to achieve a high-income nation status, a skilled workforce is crucial not only for innovation but also to unlock growth while ensuring inclusivity and sustainability. At present, the workforce remains concentrated at the semi-skilled level (Figure 2). This can be attributed to slow innovation and a heavy reliance on low-skilled foreign workers. All of this resulted in low productivity, depressed wages and the creation of more low-skilled jobs (BNM, 2021). These structural issues are found to be the underlying reasons for the failure to meet the skilled workforce target of 30.1% by 2020 (EPU, 2021).

Figure 2: Employment by skill level



Another key indicator of structural issues in the labour market is skill-related underemployment. Defined as tertiary-educated workers in semi-skilled and low-skilled occupations, skill-related underemployment existed before the pandemic but was exacerbated by the health crisis. Figure 3 shows that as of 3Q2021, the national skill-related underemployment rate remains at 37.7% or 1.87 million workers.



Given the labour market's challenging conditions, the workforce, especially the youth, must be equipped with skills and knowledge to survive the post-pandemic recovery. One way to achieve this is to strengthen the role of Technical and Vocational Education and Training (TVET) in the education system; thus, producing more skilled talents. This is consistent with the broad definition of TVET, i.e. a range of learning experiences comprising education, training and skills development that are relevant to the world of work (UNESCO, 2015).

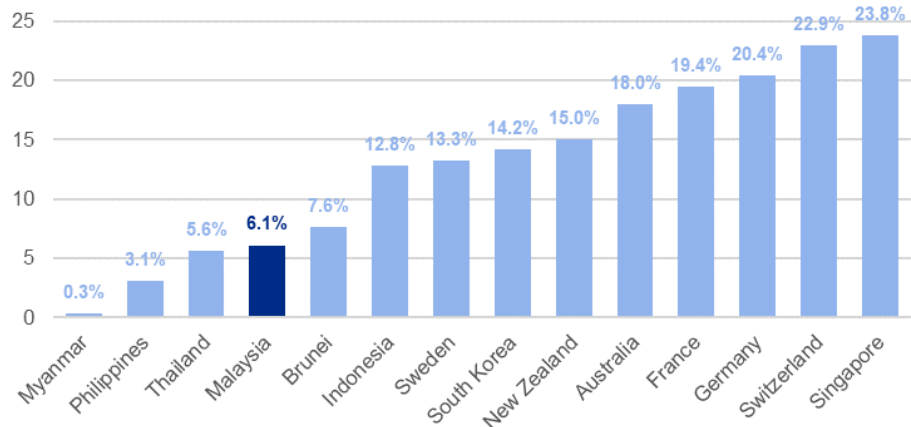
Under the Tenth Malaysia Plan (10MP), TVET was identified as one of the main drivers to transition Malaysia into a high-income economy (EPU, 2010). In 11MP, transforming TVET was one of the game-changers to fulfil widening industry demands and contribute to economic growth (EPU, 2015).

Despite these efforts, strengthening TVET faces several challenges.

Main challenges in the TVET system

The first and key factor affecting public support is social stigma. The vocational pathway is seen as the second or last choice after traditional academic pathway to tertiary education. This impression is reinforced by the idea that vocational schools or colleges are intended for certain groups, i.e. poor performers or dropouts (Ismail and Hassan, 2013). These negative perceptions have resulted in unfavourable media coverage, low self-esteem among TVET students and parents or students not opting for vocational pathways (UNESCO, 2018). It is also likely to have contributed to the low youth enrolment rate at Malaysian TVET institutions (Figure 4).

Figure 4: Country-wise youth enrolment rate at TVET institutions
(%)



Source: UNESCO Institute for Statistics, MOF

The second issue is the instructors' knowledge and skills gap. Research has shown that owing to staff shortages, the teaching quality at institutions has been compromised. Several TVET instructors are directly hired solely on academic achievements, not industrial experience, worsening the situation. Other factors include difficulties in attending professional development programmes because of limited budget, overwhelming workload, rotation system and a poor command over English (Ismail, Mohd Nopiah and Mohd Sattar, 2018).

The third factor is the fragmented TVET landscape. There are numerous TVET providers, including multiple ministries such as Human Resources, Education, Higher Education, Youth and Sports, Works, state governments and private institutions (MyRIVET, 2020). This led to a duplication of programmes and TVET providers operating in silos – causing confusion among students and employers.

Fourth, there is a mismatch between TVET programmes and industry demands. Although Industry Lead Bodies exist to ensure that the curriculum is aligned with industry demand, the lack of industry input into the curriculum design has led to a severe gap in high quality skills. Many employers complain about the lack of skills among TVET graduates, especially language, communication and critical thinking. The lack of collaboration between TVET providers and industry players is also found to be due to industries being overwhelmed with requests for collaborations from multiple TVET providers (EPU, 2015).

The fifth issue is related to infrastructure. As evidenced by the online learning model during the pandemic, students from all over the globe experienced difficulties, ranging from poor internet connectivity to expensive data packages and a lack of equipment (UNESCO-UNEVOC International Centre, 2020). Converting TVET training to e-learning was also difficult because vocational education generally emphasises on practical training (World Bank, 2020).

Policy recommendations

Given the long-standing challenges of Malaysia's TVET system, the following policy actions can address the aforementioned issues:

1. **Improve awareness about TVET.** By educating the public about vocational alternatives and career opportunities through counselling and guidance services, awareness can be increased. Promote TVET success stories among the youth to improve employment prospects. Be transparent on data related to TVET's progress, for example, enrolment and marketability rates and skill levels of recent graduates.
2. **Strengthen educators' competency.** Make it compulsory for all TVET instructors to possess industrial experience. Currently, industrial experience is only required for teaching staff to conduct Level 4 and 5 certification courses (MQA, 2019). Improve their English and ICT proficiency and assess them regularly via an e-profiling system.
3. **Tackle governance and programme duplication.** Consolidate the numerous TVET programmes into fewer niche programmes. Create a single body to aid coordination (e.g. the National TVET Council under 12MP).
4. **Equip students with industry level skills and knowledge.** Enhance industry-led curriculum with strong emphasis on the Fourth Industrial Revolution as well as soft skills that are equally important at the workplace. Similar to Germany, there should be stronger public-private collaboration with regard to planning and implementation processes.
5. **Tackle infrastructure shortfalls.** By investing in remote learning and skill development, TVET trainees will be able to experience hands-on training virtually via web-based tools and labs, and incorporate virtual and augmented reality tools in their training.
6. **Use evidence-based research and evaluation.** To ensure the effectiveness of TVET policies or programmes, the Malaysia Research Institute for Vocational Education and Training should be empowered to disseminate more research reports and articles to address gaps in the existing TVET system and offer recommendations.

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