

Boosting TVET opportunities in Budget 2025

Malaysia's landscape is dotted with special economic zones (SEZs) — such as the Northern Corridor Economic Region (NCER), East Coast Economic Region (ECER), Johor-Singapore Special Economic Zone (JS-SEZ), Sabah Development Corridor (SDC) and Sarawak Corridor of Renewable Energy (SCORE) — each designed to catalyse economic growth, attract foreign direct investment and foster industrial development. These zones encompass a diverse array of sectors, including digital technology, high-value manufacturing (green and biotechnology) and ecotourism, alongside specialised industries like aquaculture (SCORE), commodities (SCORE), oil, gas, petrochemicals (ECER, JS-SEZ, SCORE) and logistics (JS-SEZ, SDC, NCER).

All SEZs share a common challenge around skills and industry-ready talent, which is especially pronounced in technologically advanced sectors like green technology, biotechnology, digital technology and logistics. As they wrestle with infrastructure, connectivity challenges and market outreach among other issues, if the critical skills gap is not adequately addressed, the economic viability of the SEZs will come into question, resulting in bottlenecks in achieving development objectives and attracting investors.

The skills required in digital technology and artificial intelli-

gence (AI)-exposed jobs are changing 25% faster than in less AI-exposed jobs, according to PwC's 2024 Global AI Jobs Barometer, presenting an urgent need for adaptive training programmes and other interventions. Technical and vocational education and training (TVET) is increasingly seen as a potential solution to bridging the skills gap, with an increased allocation of RM6.8 billion in Budget 2024, along with an additional RM200 million in June 2024 to encourage more youths to participate in TVET programmes.

The Madani government has also taken steps to rebrand TVET through greater public awareness initiatives and shape societal perceptions of technical education. The recent proposal for the Forest City special financial zone (SFZ) to be included under the JS-SEZ also raises interesting observations around how TVET can complement initiatives to attract skilled workers.

It is encouraging to note the opportunities in TVET to address the skills gap in the SEZs, particularly around specialised skills. Targeted TVET programmes, driven by partnerships between industries, educational institutions and government, align with market needs. Work-based learning, apprenticeships and soft skills training ensure students gain practical experience, enhancing their employability and assuring companies of a competent, skilled

TRUST IN Resilience

BY KARTINA ABDUL LATIF AND MARINA NIZAR RUSHE



“

To effectively realise value from TVET opportunities, we need to address the talent-related challenges that are currently slowing its growth while ensuring that its execution is both meticulous and strategic.”

and adaptable workforce — key to attracting investment.

Observations from other economies can be a useful reference point. This includes the Asean-ROK TVET Mobility Programme, which builds on South Korea's successful economic transformation experience. The programme has facilitated robust public-private partnerships through collaboration between educational institutions, industry stakeholders and government agencies, paving the way for the development of industry-related

curricula and skills training programmes, among other initiatives, and providing participating companies access to a global skilled workforce. More recently, the Emirati Human Resources Development Council (EHRDC) signed a memorandum of understanding with the Jebel Ali Free Zone Authority (Jafza) in Dubai to establish a framework to enhance the employment of Emirati nationals in companies operating in Jafza. The partnership is expected to promote participation in practical and vocational training among Emiratis, ultimately bolstering the United Arab Emirates' position as a global trade and logistics hub.

Plugging the fundamental issues at the heart of TVET growth

Despite TVET's potential, implementing it across the SEZs comes with several obstacles. One of the most significant challenges is funding, especially when considering the comprehensive ecosystem required for effective TVET programmes. To maximise TVET's impact, the next budget can focus on addressing sector-specific needs by decentralising TVET governance. This would allow funding to be directed more efficiently towards SEZ-specific industries within their respective zones or states. Furthermore, fostering innovation and competitiveness will require increased investment in sectors demanding high technical expertise and innovation potential, such as digital technology, green technology and high-value manufacturing.

Targeted and practical incentives would need to be in place, including subsidies for employers hiring TVET graduates, as well as funding for workforce development and grants aimed at encouraging digital adoption among businesses.

The speed of change and expectations for new skill sets is another issue that employers need to grapple with. To address the demands of having regular curriculum updates and alignment with industry changes, it will be helpful for industry stakeholders to be incentivised for public-private partnership efforts where businesses can co-develop curricula, provide mentorship and real-world experiences. An area of opportunity could include developing innovative financial incentives in the form of tax credits or deductions for companies that invest in educational programmes or workforce training initiatives. The Human Resource Development Corporation (HRD Corp) funds and levies can be strategically utilised to encourage more industry-led educational collaborations.

For a more sustained outcome, companies can be incentivised to increase their training budgets by introducing fund schemes where

HRD Corp matches the investment made by companies in developing and delivering training programmes. In addition, dedicated industry partnership grants can be developed for TVET institutions that partner with industry players to develop and deliver joint training programmes. These grants can cover costs related to curriculum development, equipment and instructor training. To ensure TVET programmes are focused on relevant skills and competencies, TVET institutions should develop competency-based training frameworks in collaboration with industry players.

A critical issue hampering TVET implementation concerns regional disparities in TVET access and quality, particularly in remote areas such as SCORE and SDC, which exacerbate the skills gap. Without equal access to high-quality TVET programmes, these regions risk falling behind in terms of development and competitiveness.

A possible approach is to standardise training practices through cross-SEZ collaboration. By sharing best practices and resources, SEZs can work towards the standardisation of skills and qualifications, promoting a consistent level of expertise across the country. For industries across these SEZs to be able to quickly identify new skill requirements, robust talent architecture with supporting GenAI integrated skills could be applied. Initiatives like student-trainer exchanges between SEZs can also foster adaptability and enhance learning experiences.

Iterative approach to change

Addressing the skills gap in Malaysia's SEZs is critical for long-term success and competitiveness. The various SEZs have tremendous potential for driving economic growth and attracting investment. To effectively realise value from TVET opportunities, we need to address the talent-related challenges that are currently slowing its growth while ensuring that its execution is both meticulous and strategic.

To ensure the successful implementation of initiatives, it is crucial to establish a dynamic tripartite task force comprising government representatives, education institutions and industry leaders. This collaborative approach will ensure that TVET programmes are well aligned with industry demands, fostering continuous feedback and improvement. Drawing lessons from the TVET approaches of other economies and implementing targeted policy recommendations can pave the way for SEZs in Malaysia to become a model of economic dynamism and innovation. ■

Kartina Abdul Latif is the workforce leader at PwC Malaysia. Marina Nizar Rushe is its workforce management senior manager.



thinkCITY
Making Cities Liveable, Together.

**CALL FOR EXPRESSION OF INTEREST
FOR THE DEVELOPMENT OF A NEW GALLERY SPACE
AT SERI NEGARA (ISTANA TETAMU)**

Perched on a hillock at the edge of Kuala Lumpur's Perdana Botanical Gardens, Seri Negara (also known as Istana Tetamu) is celebrated not only for its architectural beauty but also for its profound role in the birth of our nation, standing as a proud symbol of Malaysia's independence. Aset Warisan Satu Sdn Bhd (AW1), in collaboration with Think City, is in the process of restoring Seri Negara, with the vision of creating a new gallery within its historic grounds.

This Expression of Interest (EOI) invites proposals from potential investors, operators, or interested parties who possess the ambition and expertise to develop, design, build, brand, and operate a gallery that is inclusive, with content that honours the site's historical significance and respects the monumental events that took place here.

Interested parties will be required to sign a Non-Disclosure Agreement (NDA) to access a detailed EOI. They will then be asked to submit conceptual ideas and provide relevant information on their proposed financial and operational contributions, as outlined in the EOI. In subsequent phases, shortlisted parties will be invited to tender for the role of Seri Negara Lessee and Operator.

For those interested, please contact us using the details below by **Monday, 21 October 2024**.

Attention to:

Dirgahayu Team (Justin Khoo)
justin.khoo@thinkcity.com.my

Think City Kuala Lumpur
High Street Studios, Level 1,
No. 36-40, Jalan Tun HS Lee,
50100 Kuala Lumpur
Malaysia.

Think City Sdn. Bhd. 200901026839 (869941-P)