

NO.3/2020 TRAINING INEQUALITY ACCORDING TO JOB LEVELS

HRDF INDUSTRY TRAINING INTELLIGENCE REPORT



HUMAN RESOURCES DEVELOPMENT FUND
PEMBANGUNAN SUMBER MANUSIA BERHAD

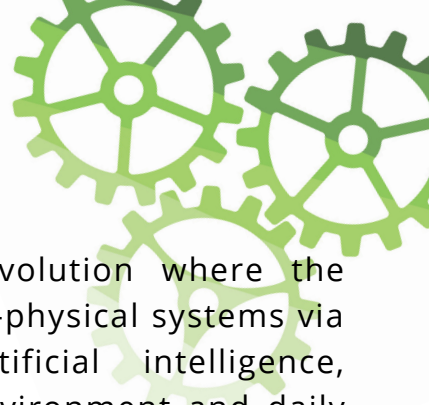
Agency Under the Purview of the
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INTRODUCTION

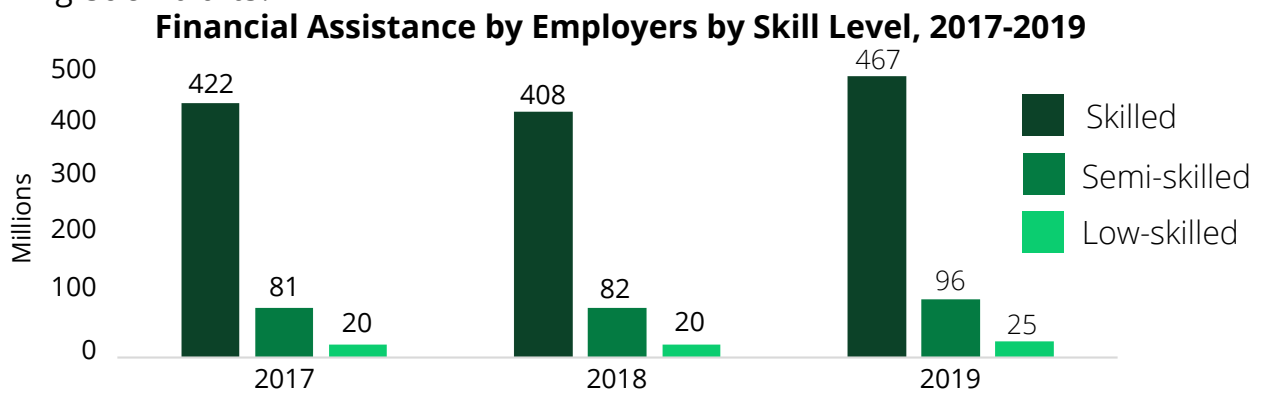


We are currently moving into the Fourth Industrial Revolution where the emphasis is on the integration of elements within the cyber-physical systems via advances in robotics, communication and connectivity, artificial intelligence, internet of things, etc. to bring changes in our working environment and daily lives. Like previous industrial revolutions, industries will be disrupted and demographic of workers will change accordingly, except the change will be more rapid now compared to before. Industries that survive through these rapid changes are those that are able to adapt their business in parallel with the technological changes. Those that are able to leverage on technology for far more efficient production and services will remain competitive in the market.

Although technological advancement improves firms' performances especially in productivity, it will have a profound impact on labour demand. Process automation changes the definition of work, creative destruction of jobs are real where routine and low-cognitive based work are increasingly replaced by machines.

INEQUALITY: FINANCIAL ALLOCATION FOR TRAINING ACCORDING TO JOB LEVELS

As an employer, the fastest way to change the skill demographic of their workers is by hiring skilled workers from the existing pool of talent while retrenching those who are in the semi-skilled or low-skilled bracket. At the same time, the employers should focus training investment into skilled workers as they are perceived to contribute more to the organisation. Recent data from HRDF is showing such traits.



The trend for employers to focus their resources on skilled workers is not uncommon. Employers tend to focus their training resources on a few promising employees that deliver results. Organisation performance (at least in the short-term) weighs heavier compared to spreading training resources more “equally” to all employees.



INEQUALITY: NUMBER OF TRAINEES TRAINED ACCORDING TO JOB LEVELS

It could be argued that training or course fees for skilled workers are comparably higher than for the semi or low-skilled workers which results in inequality of training investment. We have observed similar trends in the number of workers trained according to skill level. As of 2018, 15.3 million of Malaysian workforce is made up of 27% skilled workers, whereas the semi and low-skilled workers are at about 73%. Whereas compared to HRDF internal data, we see the reverse wherein employers consistently tend to send more skilled workers for training (about 67%) meanwhile semi and low-skilled trainees only make up 33% of trainees.

NO. OF EMPLOYEES ACCORDING TO SKILL LEVEL Refers to employees with full time paid employment

Year	2018
Skilled	4.16 mil (27.2%)
Semi-Skilled	9.24 mil (60.4%)
Low-Skilled	1.90 mil (12.4%)

Source: Labour Force Survey, Department of Statistics Malaysia (2018)

NO. OF TRAINEES ACCORDING TO SKILL LEVEL Refers to trainees with full time paid employment

Year	2017	2018	2019
Skilled	370,917 (67%)	366,780 (68%)	407,037 (67%)
Semi-Skilled	143,317 (26%)	131,698 (25%)	161,929 (26%)
Low-Skilled	38,826 (7%)	37,618 (7%)	43,591 (7%)

Source: HRDF Internal Data 2017, 2018 and 2019

POSSIBLE CAUSE: SKILLED EMPLOYEE TURNOVER, VICIOUS CYCLE OF REPEATED TRAINING

It is often claimed by employers that after training employees tend to leave their existing organisation and jump to another for better compensation. While certain employees may choose to job hop for better opportunity, salary or compensation, often that is not the only reason for employee turnover, but we can make a case that the prospect of an individual's career development as well as the opportunity to grow are also reasons for employee retention, and training helps to achieve that objective.

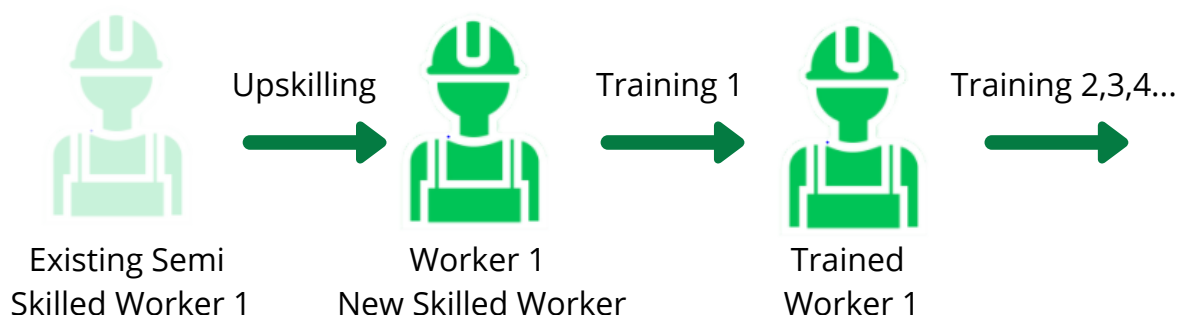
Employers should re-strategise their training needs if they have not done so. While some employers keep replacing skilled workers, in order to avoid a mismatch, they should look into identifying the need to upskill the semi or low-skilled workers to perform as well. Although the process of upskilling may be longer compared to hiring a new skilled worker, this strategy would save training costs and reduce loss of employee turnover in the long run.

Strategy 1: Hiring new skilled workers to replace skilled workers



Tendency of a "person-organisation" mismatch is higher among new workers, resulting vicious cycle of same training for new workers

Strategy 2: Upskill existing less skilled workers





CONSEQUENCES: VICIOUS CYCLE OF SKILL GAP

While hard skill is perceived to be more difficult to be developed through training compared to soft skills, it is argued that it is better to identify candidates that match organisational needs without the required hard skills rather than taking the most qualified candidate with the necessary hard skills who doesn't match the organisational need.

From the survey by Manpower Group, the “lack of available applicants” has been listed as the main reason employers find it difficult to fill positions. That could be true considering 97% of Malaysians are employed, leaving employers with having to encourage talent from other firms to hop over, or to develop and train existing staff to fill the position. As mentioned earlier, corporate alignment of potential recruits is challenging to get a successful employee. The continuous employee turnover will result in a vicious cycle of skill gap because newly hired employees leave before being trained with firm-specific skills. This might lead to significant wastage of training resources on less attached new skilled employees when the money can be spent on training existing employees.

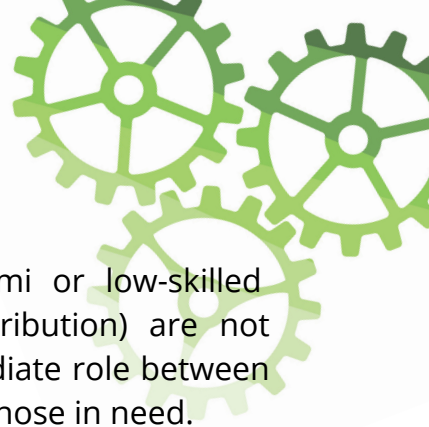


ALTERNATIVE

UPSILL THE EXISTING LESS SKILLED EMPLOYEES ON HARD SKILL, WHERE THEY HAVE FEWER ISSUES WITH REGARD TO FIRM-SPECIFIC SOFT SKILLS AND EXPERIENCE TO PERFORM TASKS

Source: 2016/2017 Talent Shortage Survey, Manpower Group

In fact, the lack of skilled workers with the required competencies could also prevent employers from using modern labour-saving technologies effectively. As an alternative of having the above obstacles to recruit skilled workers, **the existing semi-skilled worker could be offered related positions by enhancing their skills through training activities.** This may consume more time, but it is more effective because of their existing firm-specific experience. Furthermore, their application of the training will be more relevant. Once they have been trained, their job scope can be broadened accordingly.



HRDF STRATEGIC INITIATIVES TO EVEN THE PLAYING FIELD

There are times when employers have intentions to upskill semi or low-skilled workers, but the financial resources (even with HRD levy contribution) are not sufficient to train all workers. This is where HRDF plays an intermediate role between the Government and employers to channel additional resources to those in need.

For more info, please visit <https://www.hrdf.com.my/employer/hrdf-schemes/>

SISTEM LATIHAN DUAL NASIONAL (SLDN)-APPRENTICESHIP



Not everyone is academically inclined, this is where SLDN-Apprenticeship comes in to train school leavers with specific skills that would enable them to work with PSMB registered employers upon completion of training.

To reduce training cost for employers, HRDF funds course fees up to RM10,000 per trainee.

RECOGNITION OF PRIOR EXPERIENTIAL LEARNING (RPEL)

Those who are less educated may have gained skills through years of work-experience that are equivalent to those associated with formal qualifications. RPEL provides opportunities for Malaysian workers with secondary education level or lower to be recognised for their current competencies in specific skill areas based on their work experience, thus facilitate them for job promotion and better income.



HRDF funds RM1,300 per trainee for certification fees and other cost incurred throughout the certification processes.

SME SKILLS



We have often found that small and medium enterprises (SMEs) do not have sufficient financial resources for training purposes. HRDF helps SMEs to enhance their employees' career by increasing their skills in order for SMEs to remain competitive and sustainable in the global market.

HRDF fully funds the need for training.

DID YOU KNOW?

As an HRDF registered employer, you can use your levy to register your employees into development or academic programmes like diploma, bachelor's degree, master's degree or doctoral degree.

If you are an employee, it's time to discuss with your employer to upskill yourself!

