

# NO. 12 /2020

## Opportunities for Sustainability

HRDF INDUSTRY INTELLIGENCE REPORT



HUMAN RESOURCES DEVELOPMENT FUND  
**PEMBANGUNAN SUMBER MANUSIA BERHAD**  
Agency Under the Purview of the Ministry of Human  
Resources Malaysia

1800-88-4800

| [www.hrdf.com.my](http://www.hrdf.com.my)

| [support@hrdf.com.my](mailto:support@hrdf.com.my)

# INTRODUCTION

---

With the news of large scale Covid-19 vaccine distribution worldwide, it is time to look forward to life after the pandemic. Digital transformation has undoubtedly been the main theme for most companies during this period. On the other hand, sustainability and green recovery have emerged as agendas that became the focus of policy and business attention globally (World Economic Forum, 2020). Governments around the world emphasized sustainability measures in their post-crisis fiscal and monetary stimulus packages, directed towards green infrastructure, renewable energy research and environmental preservation. Hundreds of thousands of high-skilled jobs are projected to be created in Malaysia during this transition to the green economy (Ministry of Energy, Green Technology and Water, 2019). Skill shortages in green jobs will inevitably surface as the industry is still in its infancy and constantly evolving. Working together with its wide network of employers and training providers, HRDF will address these human capital challenges through its various schemes and skill development programs.

## SUSTAINABILITY AWARENESS & GOALS

---

What is sustainability? Lower carbon emission, recycling, using renewable energy comes to mind. Sustainability presumes natural resources are finite and therefore should be utilized at a rate replenishable naturally and is available for future generations. The main aim of sustainability is for the environment, society and economy to thrive. United Nations (UN) established 17 Sustainable Development Goals (SDGs) as the blueprint to follow and achieve a better future for all.



<https://www.un.org/sustainabledevelopment/news/communications-material/>

A 2019 survey by World Business Council for Sustainable Development (WBCSD) and Det Norske Veritas Germanischer Lloydfound (DNV GL) that among the 250 global companies surveyed, 82% have reported on the SDGs. A minority of companies report on all 17 SDGs; most prioritize a select few(S&P Global, 2020). For example, in the fight against climate change, BMW reduced CO2 emissions from its new vehicles by 42 percent between 1995 and 2019.

Not only are companies responding favourably to SDGs, consumers are also particularly concerned about sustainability. 81% of global respondents in a Nielsen survey feel strongly that companies should improve the environment. "Sustainability has become an urgent opportunity for companies to connect with consumers who are excited about change," said Regan Leggett, Nielsen's Executive Director. Additionally, in a recent BCG survey of more than 3,000 people in eight countries, 70% of respondents said they were more aware than before the pandemic that human activity threatens the environment and more than two-thirds of respondents think that economic recovery plans should make environmental issues a priority.

## **Paris Agreement**

In 2016, 196 countries signed the Paris Agreement with the goal to combat climate change. This is done by having member countries:

- Determine, plan, and regularly report on the contribution that it undertakes to mitigate global warming
- Make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development

Consequently, enormous progress has been made on climate change. According to International Energy Agency, renewable energy makes up about 90% of new energy generation capacity installed around the world this year. Furthermore, countries are committed to green initiatives heavily. For instance, South Korea earmarked US\$63bn targeting the creation of 659,000 jobs in the green economy by 2025; UK will ban the sale of gasoline cars starting in 2030, spurring the growth of Electric Vehicle industry.

In Malaysia, the Government also displayed the same enthusiasm with initiatives such as the establishment of Sustainable Energy Development Authority (SEDA) to promote the use of renewable energy in power generation, promotion of public transport, and encouraging the adoption of green technology. The government proposes to continue with the successful Green Technology Financial Scheme, with an allocation of RM2 billion to encourage the private sector, mainly the manufacturing and services industry, to participate in green technology.

It is as clear as day that sustainability should be the primary focus for all stakeholders because no business can be conducted on a dead planet. Government and private sector partnerships must be forged to advance decarbonisation. Thus, to support a sustainable recovery from Covid-19 that is environmentally friendly, policies and investments must be targeted at the green economy. The opportunities arising in the labour market from this shift is bountiful.

# TOP SECTORS OF THE GREEN ECONOMY

---

A shift to a greener economy could potentially create 24 million new green jobs globally by 2030 if the right policies are put in place, lifting millions from poverty and improving livelihoods (International Labour Organization, 2020). Green jobs are defined by UN as the direct employment in economic sectors and activities, which reduce their negative environmental impacts, ultimately resulting in levels that are sustainable. To be precise, green jobs:



Reduce consumption of energy, raw materials



Limit greenhouse gas (GHG) emissions



Reduce waste, pollution



Protect and restore ecosystem

A whole host of green jobs will be generated and benefit from the transition to the green economy, the most prominent sectors are narrowed down.

## Solar Industry

Widely regarded as the most efficient and effective form of renewable energy, solar energy harnesses light and heat energy from the sun and converts them into thermal or electrical energy for domestic or commercial use. In Malaysia, the Government via the Ministry of Energy and Natural Resources (KeTSA) is extremely supportive of this industry. Recently, KeTSA opened a competitive bidding process for Large Scale Solar to produce 1000 megawatts (MW) of solar quota. To put things in perspective, 1000 MW is enough to power 650,000 homes for a day. The initiative by KeTSA is expected to attract RM 4bn in investment and create 12,000 jobs (Bernama, 2020). Jobs include Solar Engineer, Solar Panel Installer, Project Manager, Technician etc.

Tenaga Nasional Berhad (TNB) is one of HRDF's large registered employers as well as Malaysia's biggest proponent of solar energy. TNB plans to invest RM 2.7bn in "Grid of the Future" technologies over the next 3 years, building a global solar manufacturing hub, raising energy efficiency, electrifying mobility for Malaysia, advancing connectivity for the country's digital economy and "Reskilling Malaysia" (NST, 2020). In terms of reskilling, TNB is immensely proactive in sending their employees to training. HRDF's data revealed from 2015-2020, more than 45,000 training places were arranged, with emphasis on training in skill areas such as Management or Strategic Management, Maintenance or System and Control, Engineering, Safety and Health. A total of RM 69m was invested during this period for upskilling and reskilling purposes.

Another interesting fact is, Malaysia is the third largest solar cell and module manufacturer in the world, only behind China and Taiwan. This demonstrates the capability and capacity of Malaysia to accelerate job creation to increase output once the demand for solar cells picks up globally. Malaysia's advantage lies in its competitive labor costs and excellent infrastructure.

## **Electric Vehicle Industry**

The Electric Vehicle (EV) Industry is set to benefit from the emphasis on green economy as transport has always been a major polluter. Using Nissan LEAF and Tesla 3 as the benchmark EVs, the lifecycle greenhouse gas emissions from an EV is half the conventional gasoline car (Carbon Brief, 2019). The environmental impact is significantly less but in 2019, EV sales only accounted for 2.2% (9% in EU) of 604,000 units sold by carmakers in Malaysia as there is a lack of incentive to own one. Other countries such as Germany and Thailand provide heavy rebates on EV purchases.

The low adoption of EVs is also because owners are concerned by the lack of charging facilities in the country and unaware of the benefits of EV, said UMW Toyota's president K. Ravindran. Once the Government launches more EV conducive policies, there will be opportunity in the market for EV infrastructure companies to expand their footprint. Positions such as development team, charging station installers and attendants could be created to fuel their expansion. As the EV infrastructure matures, there will be an increase in demand for EV and in turn generate high-skilled employment opportunities related to the EV industry, forging a positive feedback loop.

Malaysia's two biggest car producers Proton and Perodua collectively invested more than RM 3.7m in 2019 to train their employees. The top training courses were related to skill areas such as Team Building and Motivation, Safety and Health, Quality and Productivity. The amount invested in training is forecasted to increase significantly should EV become the norm in the automotive industry as employees need to be equipped with sophisticated technical skills.

## **Manufacturing Industry**

Successful manufacturing companies acknowledge environmental responsibility is integral to operations, more so in this day and age where consumers factor sustainability into purchase decisions. Therefore, sustainable manufacturing process which minimises waste and reduces environmental impact must be identified and adopted. Nike has come up with a way to weave more efficiently, reducing the raw material and labor time needed to make each shoe. That has kept more than 3.5 million pounds of waste from reaching landfills since 2012. Doing so cut the company's cost for waste disposal, as well as preventing greenhouse gas emission from transportation (Bloomberg, 2019).

Moreover, sustainability is crucial when retaining employees as 70% of employed adults are more likely to choose to work at a company with a strong environmental agenda and 40% of Millennials said that they've chosen a job in the past because the company performed better on sustainability than the alternative (Swytch, 2020). The manufacturing industry accounts for 20% of Malaysia's GDP, any step taken towards sustainable business practices would add up to be substantial and reverberate positively through the economy. The manufacturing industry invested close to RM 300m in training in 2019. Top courses are in the skill areas of Safety & Health, Quality & Productivity, Management and Engineering.

# INSTILLING SUSTAINABILITY IN TRAINING

---

It is clear that adopting sustainability not only benefits the environment, it also improves the bottom line of companies and expedite the growth of new industries. However, the transition to the green economy is not a bed of roses. Certain sunset industries such as petroleum exploration and coal mining will lose thousands of employees (Statistics Canada, 2020). The emergence of renewable energy and EV industries means there will be talent gaps and skilled employee shortages. Limited availability of skills poses a real risk to growth. HRDF plays a pivotal role in plugging these gaps. HRDF is mandated by the Malaysian Government to catalyse the development of workforce by reskilling and upskilling them accordingly, to back Malaysia's vision of becoming a high-income economy.

## **Working with Stakeholders**

HRDF strives to work together with employers to identify critical skills that are important to the market and provide financial assistance for training accordingly, including sectors and new technical skills that are relevant to green jobs. HRDF can assist veterans from sunset industries by training them and facilitate their transition to a new sector such as solar industry as they possess invaluable experience in other areas of work, such as management. Apart from that, HRDF is able to engage with its wide network of training providers to keep them up-to-date with industry requirements and trends so that they are able to craft the appropriate training syllabus. There is plentiful opportunities when it comes to sustainability as a quick glance through HRDF's internal data show presently there's a lack of training courses/providers dedicated to the subject. According to Klynveld Peat Marwick Goerdeler (KPMG), 97 out of Top 100 Malaysian companies are reporting on sustainability, so the demand definitely exists. The importance and benefits of sustainability must also be promoted among Small and Medium Enterprises (SMEs) as most still treat sustainability as an expense, instead of a vital part of business that could boost innovation, energy efficiency and ultimately, reduce cost.

## **Training Schemes**

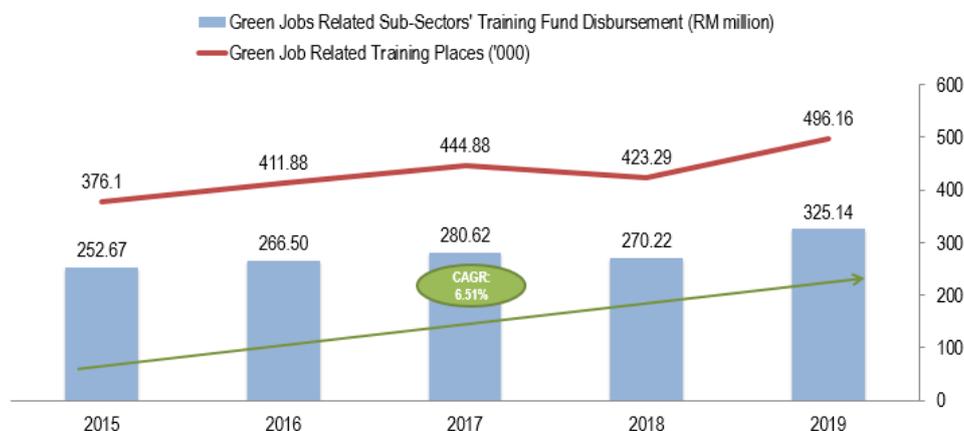
As companies' vision on sustainability differ, some prefer to have in-house training. There is flexibility for employers to do so by enrolling in Skim Bantuan Latihan (SBL) to carry out skill development for their employees. Futures Workers Training (FWT) is another relevant training scheme with the scope to assist the shift to a green economy and guarantees job placement. Apart from that, registered employers are able to provide training for employees by using the On-Job-Training (OJT) scheme, quickening their learning process. These are just a few examples of robust training schemes provided by HRDF. More than 1 million training places were approved by HRDF in 2019, the highest ever on record, highlighting industries commitment to upskill and reskill their workforce. In 2017, World Bank assessed the effectiveness of HRDF where the report indicated that the productivity in respective organisations increased by 3% with every 1% additional employees trained. This shows that effective training can help organisations increase productivity, thereby increasing output and income.

## Essential Skills of Green Economy

These are some of the most popular skill areas trained in 2019, based on HRDF training places, which could be infused with elements of sustainability to instill the importance of the agenda in every employer's culture.

- **Safety and Health** (99,399)  
Organizations cannot be sustainable without protecting the safety, health, and welfare of their most vital resource: employees.
- **Quality and Productivity** (51,084)  
Productivity and sustainable development is a two way traffic. Sustainability boosts innovation and productivity rises.
- **Management or Strategic Management** (49,984)  
Strategy planning is a top-down exercise. Sustainability must first begin from leaders and channeled to the rest of the company.
- **Computer or IT** (33,097)  
Digitisation helps reduce paper wastage. Connectivity reduces greenhouse gas emissions. Predictive analytics help companies allocate resources better.

Measuring HRDF's training fund utilisation and training places, it is noticed that there is an increase in training activities in green jobs related sectors, cementing employer's commitment to invest in their employees for better efficiency and productivity.



## CONCLUSION

Sustainability and the green economy aren't just buzzwords. Increasing frequency of forest fire, flood, typhoon, rising temperature and sea levels are real and happening before our eyes. The prosperity of the society and the environment are intrinsically intertwined. Corporations must pay special attention to how sustainable are their business practices and its effect on the environment. New and old industries are set to benefit as we shift to a greener economy. Policymakers should be forward-looking and launch initiatives that facilitates the transition. We must capitalize on opportunities that arise by equipping the workforce with necessary training and knowledge. Having the right talents in place will accelerate the development of green industries and economy as a whole.