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# Enhancing inclusive skills development in SMEs:

## Lessons learnt from Skills for Prosperity Programme Malaysia

[https://www.ilo.org/asia/projects/WCMS\\_750897/lang--en/index.htm](https://www.ilo.org/asia/projects/WCMS_750897/lang--en/index.htm)

Date: Thursday / 12 / October / 2023



**DRAFT: NOT FOR CIRCULATION**

## ▶ Today's agenda

- ▶ Background: Training by SMEs and financial mechanisms for promotion of social inclusion in skills development.
- ▶ Case of Skills for Prosperity Programme in Malaysia.
- ▶ Lessons Learnt: Challenges and Possible Solutions.



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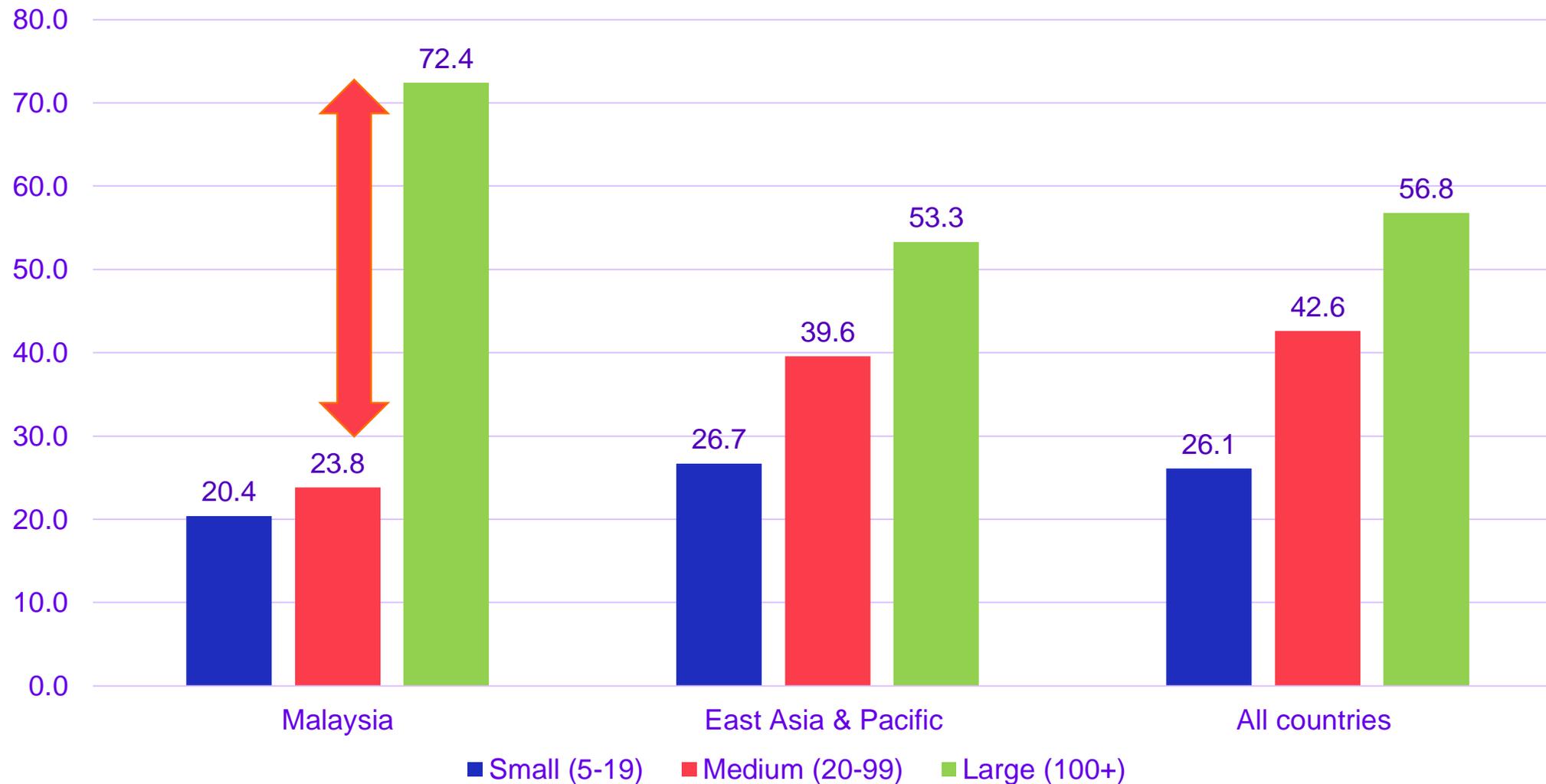
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# ▶ Background

# Proportion of Malaysian firms (2019) offering formal training below regional average



## Proportion of Malaysian firms (2019) offering formal training – variation by firm size



# Discrimination and exclusion continue to be prevalent in many skills development systems, and have been widened because of the pandemic



People in rural communities



Persons with disabilities



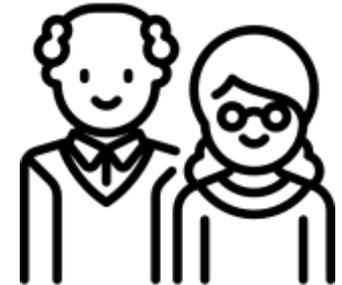
Ethnic minorities



Workers in the informal economy



Young people



Older people



Women



People with low levels of education

## Financing mechanisms that aim to encourage social inclusion in skills and lifelong learning, targeting employers



**Training levy reimbursement, exemption, grants** - Training levies paid by enterprises are a common source of extra-budgetary revenue for training, with the most common type of levy being payroll-based.



**Grants and subsidies to enterprises** - Direct transfers to employers with the aim of co-financing costs to promote training and retraining by supporting work-based learning, apprenticeships, internships, and encouraging the training of disadvantaged employees.



**Tax incentives to enterprises** - deductions for corporate tax liabilities, by reducing taxable profit or tax due.

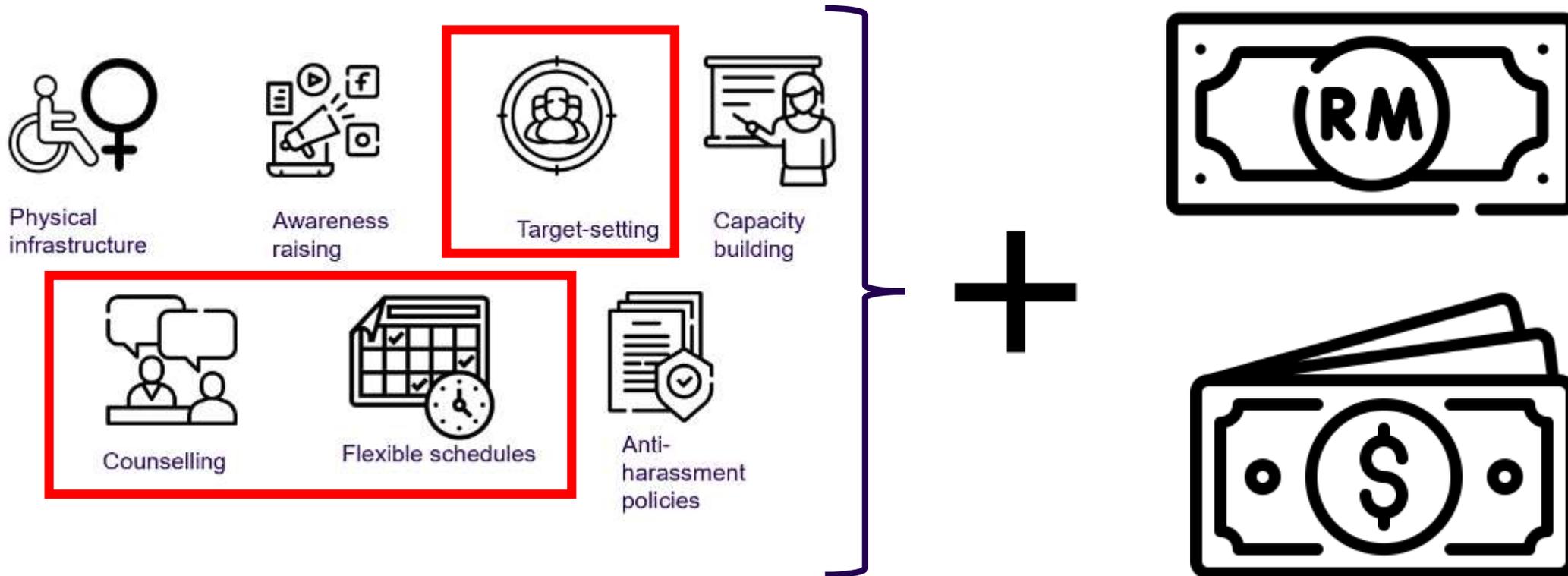


**Targeted public procurement** - Award of public contracts to enterprises, conditional on the provision of a designated type of training (e.g. the provision of apprenticeships).



**Funding to intermediary organizations** - channelling financial incentives via intermediary organisations to reach enterprises that are harder to reach directly (e.g. SMEs and informal sector firms)

► Most effective approach is to **couple non-financial instruments with financial instruments** designed to address financial barriers associated with training.





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# Case of Skills for Prosperity Programme in Malaysia



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## Objectives of Skills for Prosperity Programme in Malaysia:

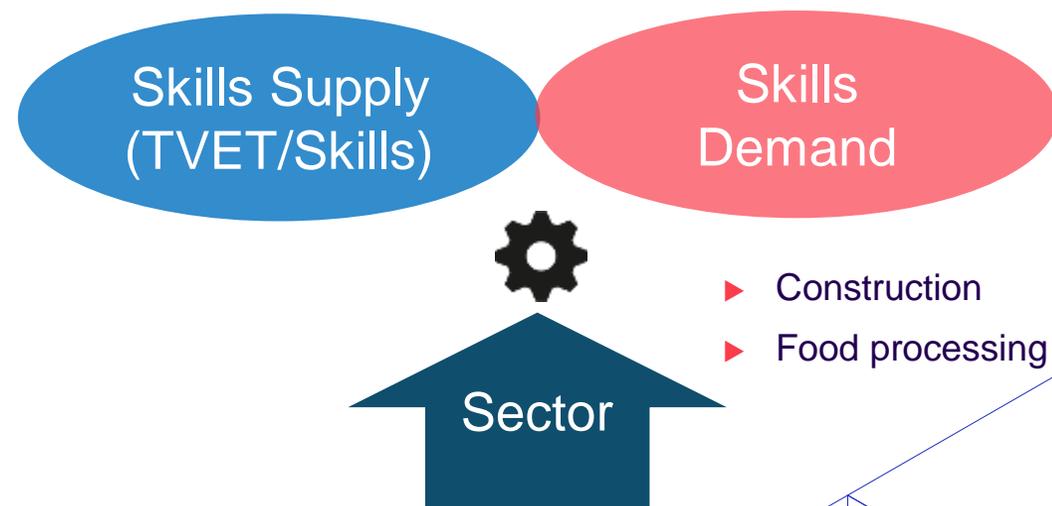
The programme aims to contribute to

- ▶ Increasing national capacity for inclusive economic growth through more future-ready TVET/skills training systems and the promotion of equality and diversity.

To improve employment outcomes, resilience and adaptability of beneficiaries.

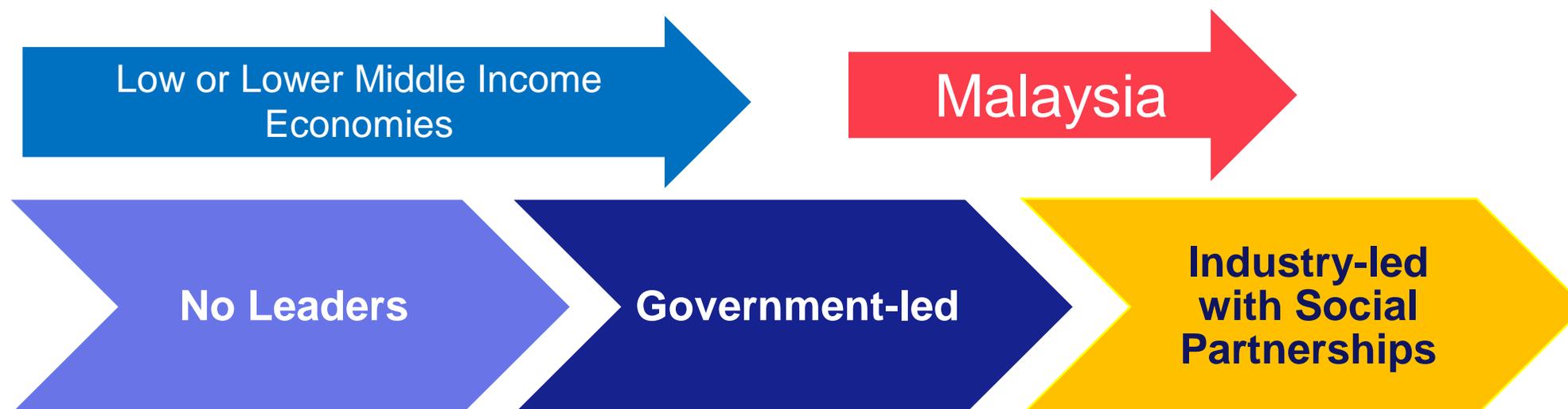
The Programme aims to assist **the implementation** of the Twelfth Malaysia Plan 2021-2025:

- The objective: “a Prosperous, Inclusive, Sustainable Malaysia”.
- Policy Enabler 1: Developing Future Talent, Game Changer X - Improving TVET Ecosystem to Produce Future-Ready Talent.



By addressing both skills demand and supply through sectoral approaches to skills development

## Key Theme: Transition to Industry-Led Skills Formation and TVET



**Government:** From Active Leaders to Facilitator

**Employers:** From Input Providers to Leaders

**Other Partners** (e.g. Workers' Organization): From Passive Followers to Active Contributors

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# Programme Background

**Duration:** 3.5 years (November 2019 – September 2023)

## Key Partners

- ▶ Ministry of Human Resources (MOHR), Ministry of Youth and Sports (MOYS), Ministry of Higher Education (MOHE)
- ▶ Malaysian Employers Federation (MEF), Master Builders Association Malaysia (MBAM), Federation of Malaysian Manufacturers (FMM)
- ▶ Malaysian Trade Union Congress (MTUC).
- ▶ Universiti Malaya
- ▶ Sabah and Kedah State Governments, Industry, and TVET/skills training providers.

## Beneficiaries

- ▶ Youths (Ages 16-25)
- ▶ Women
- ▶ Other beneficiaries: Members of the B40; Persons with Disabilities; Individuals Not In Employment Education or Training (NEET); SMEs; Self-employed individuals; individuals employed in the Gig Economy

## Industry Sectors

- ▶ Construction.
- ▶ Manufacturing (food processing),



**Funded by and partnership with:** The United Kingdom Government as part of its Official Development Assistance

## Broader cooperation agreement with tripartite partners

- ▶ The programme is linked and contributes to a broader cooperation agreement between the ILO, and tripartite partners in Malaysia, called the Decent Work Country Programme (DWCP) for 2019-2025.
- ▶ The DWCP was signed between the ILO, the Minister of Human Resources on behalf of the Government of Malaysia, Malaysian Employer Federation, and Malaysian Trades Union Congress in 2019.

# Key Outputs by Pillar

## Inclusiveness in the skills/TVET system (national and subnational)

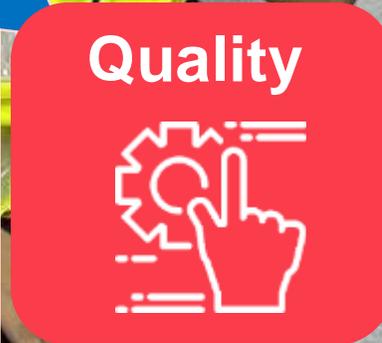
- Pilot inclusive and future-ready training models with SSTC.
- Pilot inclusive RPL and WBL with KISMEC
- TVET networks in Sabah and Kedah.
- Awareness raising of GESI in TVET
- GESI Challenge Call for innovative solutions
- Gender Sensitive Career Progression Maps.

## Future-ready & coordinated skills/TVET system

- Capacity development for Labour Market Information Analytic Platform (LMIAP).
- Development of Malaysia National Skills Registry (MyNSR).
- Enhancement of STEM-related generic skills in TVET.
- Formulation of the digital talent development roadmap and capacity development for digitalisation of TVET.
- Comprehensive study of lifelong learning policies and programmes.



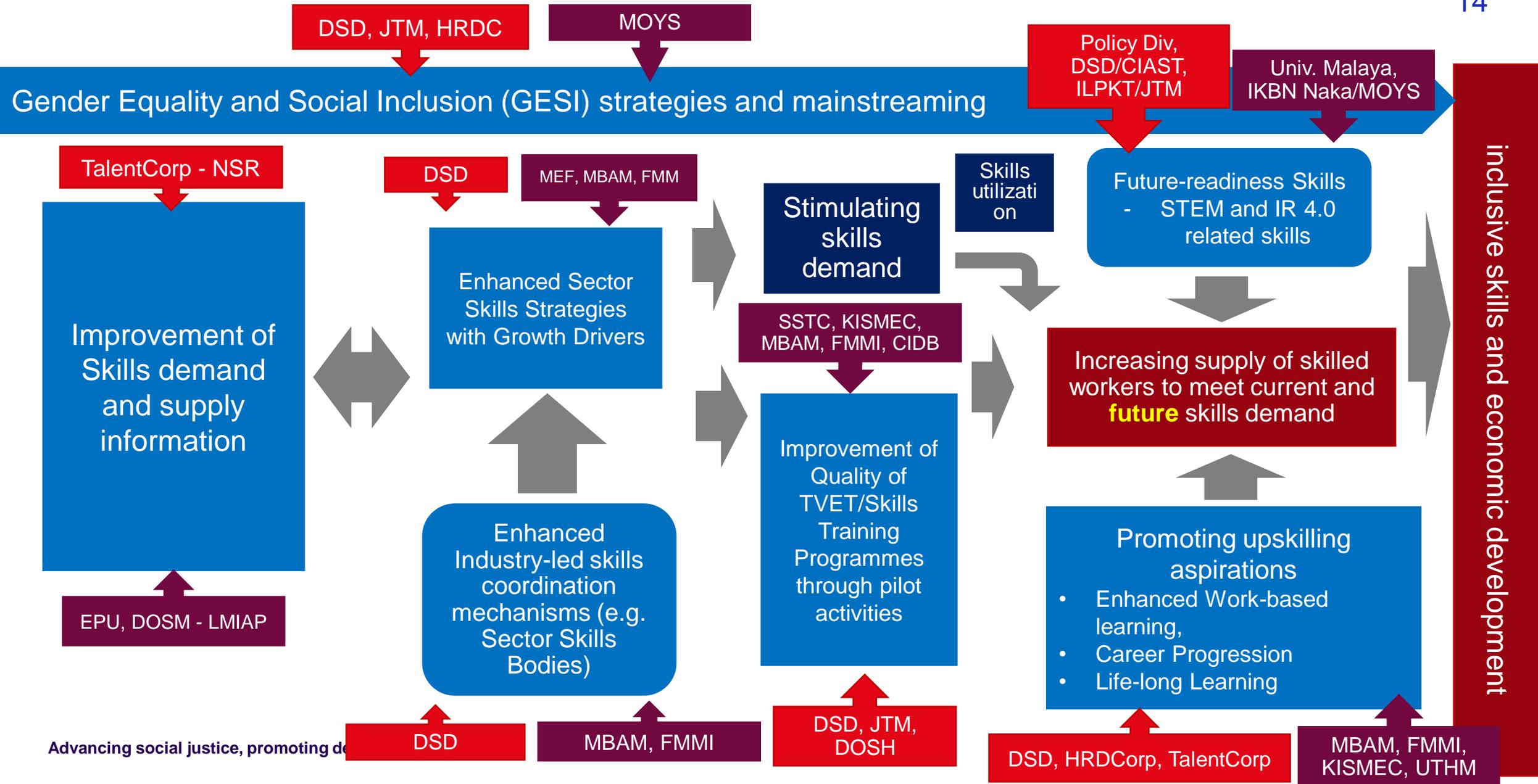
Increasing national capacity for inclusive economic growth through more future-ready TVET/skills training systems promoting equality and diversity.



## Industry-led skills/TVET modalities and strategies

- Industrial situational analysis for construction and food-processing.
- Review of existing institutional mechanisms for industry engagement in TVET.
- Development of 2 sector skills strategies for construction and food processing.
- Pilot fully-industry-led quality apprenticeship programmes for site safety supervisor in the construction sector.
- Design and formulation of industry-led micro-credential training for quality control assistance in the food processing sector.
- Development of action plans toward leading industry-led sector skills bodies.

# Overview and Linkages of Key Outputs and Key Partners





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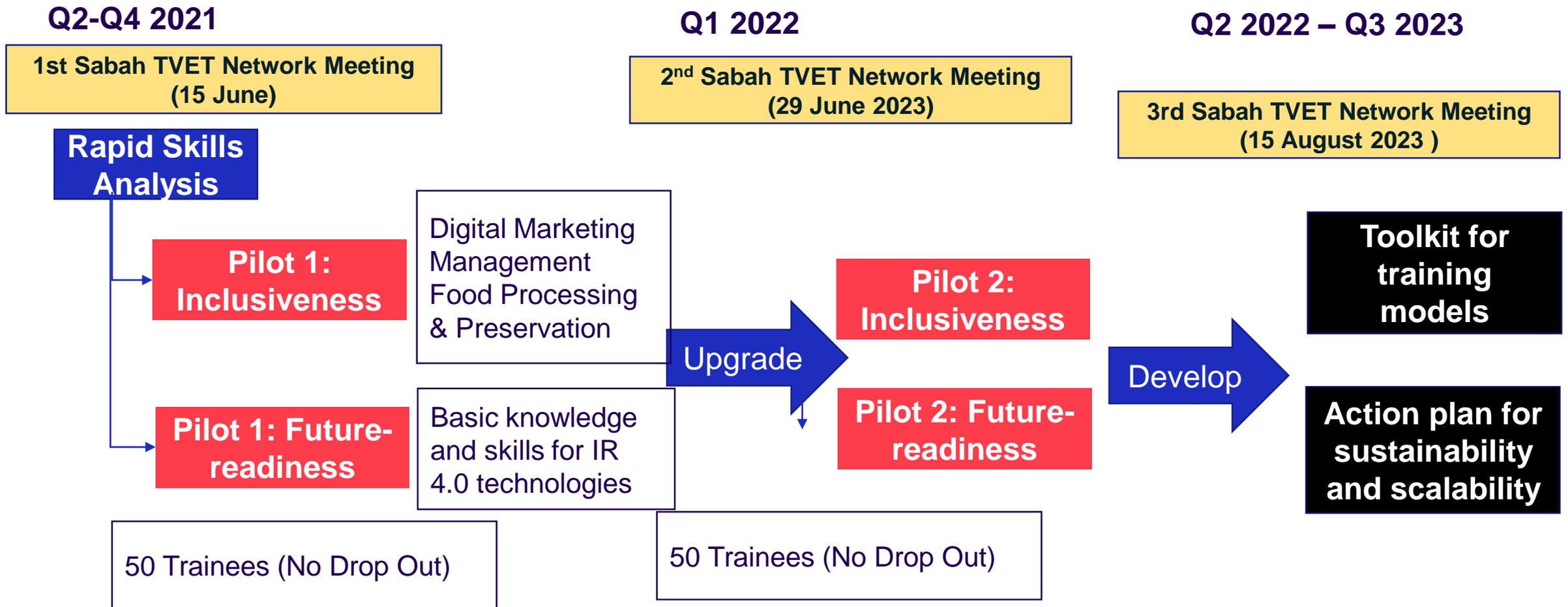
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## ▶ Video Montage

- ▶ **Video:**  
<https://youtu.be/o1ik8ZHdfnk?si=KvGoW6VcaZiYOrfk>



# Case 1 – Equity: Implementation Partnership with Sabah Skills & Technology Centre (SSTC)



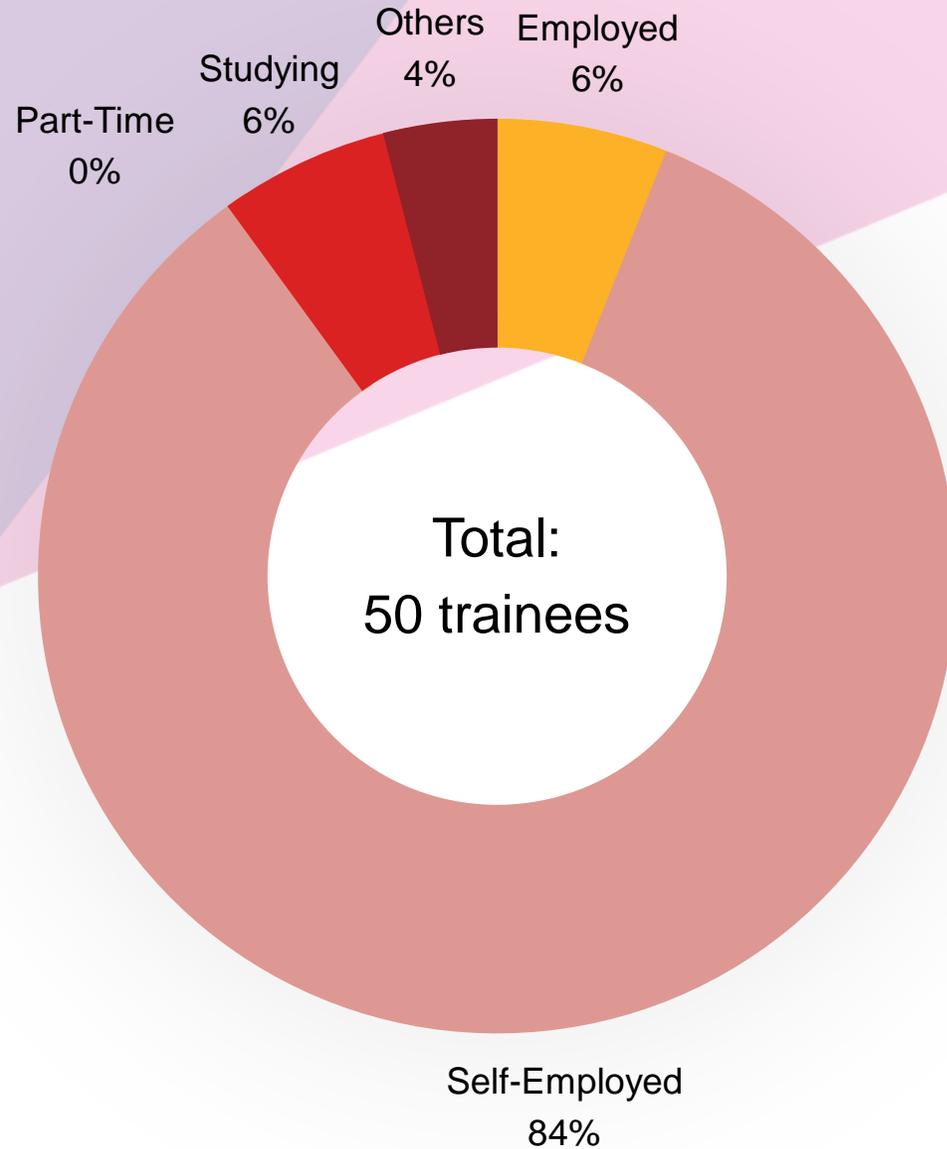
# Overview of Pilot Training Course for “Inclusiveness”: Entrepreneurial Skillset for Food Processing Industry

Key Fact	Description
Training Period:	<ul style="list-style-type: none"> <li>1<sup>st</sup> pilot training (inclusiveness) 8 Nov to 10 Dec 2021 (4 Weeks) Status: Completed.</li> <li>2<sup>nd</sup> pilot training (inclusiveness) 17 May to 15 Jun 2022 (4 Weeks) Status: Completed.</li> </ul>
Location	<b>Ranau, Sabah</b>
Number and brief profile of trainees	<p><b>50 trainees (No drop out).</b></p> <ul style="list-style-type: none"> <li>B40 community members in Ranau who are: (i) subsistence farmers and/or mountain guides; (ii) micro and small business owners based in the Kundasang area; or; (iii) those who have concrete business proposals.</li> <li>18-50 years old.</li> <li>72% of trainees being women.</li> </ul>
Module Structure of training courses	<ul style="list-style-type: none"> <li><b>Entrepreneurship Management</b> (business model canvas, business plan etc.)</li> <li><b>Digital Marketing Management</b> (social media marketing, Search engine optimization)</li> <li>Sustainable Skillset Management (branding, packaging and labelling, basic logistics)</li> <li>Food Processing &amp; Preservation (quality control, hands-on training, food handling, etc.)</li> </ul>
Key Characteristics in terms of Inclusiveness	<ul style="list-style-type: none"> <li>Targeted women, youth, B40 and people in indigenous communities.</li> <li>Flexible training module: content customized according to beneficiary needs.</li> <li>Post-training coaching and mentoring support</li> <li>Linkages with funding opportunities and other forms of future support (e.g. SME Corp)</li> <li><b>On-site training with hands-on training</b> (e.g. improvement of products, such as Tuhau sambal and kimchi)</li> </ul>



Trainee with her product.

# POST-TRAINING UPDATE AS PER JUNE 2023: ENTREPRENEURIAL SKILLSET FOR FOOD PROCESSING INDUSTRY



- Employed
- Self-Employed
- Part-Time
- Studying
- Others

## Members of Sabah and Kedah TVET Network

### ▶ Sabah

- **Government Department/ Agencies:** Ministry of Science, Technology, and Innovation Sabah (KSTI); Ministry of Agriculture and Food Industries (MAFI), Sabah; Department of Industrial Development & Research (DiDR); Malaysian Agricultural Research and Development Institute (MARDI); Department of Human Resource Development (JPMS); Sabah Creative Economy and Innovation Centre (SCENIC); SME Corporation Malaysia (SME Corp); **Social Security Organisation (PERKESO)**; Department of Labour (JTK); Jabatan Pendidikan Negeri Sabah (JPNS); Unit Perancang Ekonomi Negeri Sabah (UPEN)
- **TVET/ Skills Institutions:** Skills Borneo Academy (SBA); Kolej Komuniti Penampang; GiatMARA Kota Kinabalu
- **Employers' organisation/ industry:** Federation of Sabah Industries (FSI); Malaysia International Chamber of Commerce and Industry – Sabah Chapter (MICCI)

### ▶ Kedah

- **Government Department/ Agencies:** Department of Skills Development (DSD) Northern Region, Food Safety and Quality Division (FSQD), Perbadanan Kemajuan Negeri Kedah (PKNK), Malaysian Investment Development Authority (MIDA), TalentCorp; and SMECorp Kedah/Perlis.
- **TVET/ Skills Institutions:** Akademi Binaan Malaysia (ABM) / CIDB, Institut Kemahiran Mara (IKM) Sik; and Institut Kemahiran Belia Negara (IKBN) Naka
- **Employers' organisation/ industry:** Federation of Malaysian Manufacturers (FMM) Kedah/Perlis, Al Haddad Manufacturing Sdn Bhd, Seha Legacy Ent., Masyhur Waja Sdn Berhad, Peninsular HoHup Sdn Bhd and Syarikat Thong Guan Trading Sdn Bhd

## Case 2 – Relevance: Pilot Quality Apprenticeship Programme implemented with Master Builders Association Malaysia (MBAM)

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- ▶ **Objective:** To improve skills utilisation, employability, and career development paths of women and youth in the vulnerable groups in the construction sector through the improvement of practical skills.
- ▶ **Target Occupations:** **Site safety and lifting supervisors**
- ▶ **Target Group:** **50 youth and women in vulnerable groups**, including employees and TVET graduates. 42 training completed WBL (**17%** women)
- ▶ **Training Duration:** 1<sup>st</sup> Pilot: 23 June – 25 October 2022  
2<sup>nd</sup> Pilot: 12 April – 15 August 2023
- ▶ **Certification:** 2 certificates issued for Site Safety Supervisor and Lifting Supervisor Training
- ▶ **Partner Companies:** **31 construction companies** (G5 – G7 grade). 26/28 companies signed Note of Collaboration with MBAM
- ▶ **Partner Assessment Centre:** Sunway Machinery Training Center and Sunway Belfield
- ▶ **Others:** CIDB provided living allowance of MYR1,000 per month/trainee.
- ▶ **Steering Committee:** DSD, DOSH, **SOCSSO**, CIDB, MEF, etc.



Trainees for MBAM 2<sup>nd</sup> pilot training

## Structure of Pre-apprenticeship Classroom Training (15 days)

### Site Safety Supervisor (SSS) Training – 10 days

<b>Module 1:</b>	OSH Management System, Communication, <b>JSA, Site Planning &amp; Budgeting and Safe Work Procedure</b>
<b>Module 2:</b>	OSH Legislation, <b>DG Special Order</b> , Industry Code of Practices and OSH Related Guidelines
<b>Module 3:</b>	Occupational Health and Industrial Hygiene, <b>Biological Hazard Management and Psychosocial</b>
<b>Module 4:</b>	Construction Site Safety incl. <b>Evacuation, Working at Height and Lifting Work Hazards Guidance</b>
<b>Day 10:</b>	Site Visit, Reporting, Presentation & Briefing on Paper 2

### Slinging & Rigging and Lifting Supervisor Training – 5 days

<b>Module 1:</b>	Company HSE Policy and Regulatory Requirement
<b>Module 2:</b>	Introduction to Lifting Activities
<b>Module 3:</b>	Lifting Equipment, Appliances & Gears
<b>Module 4:</b>	General Safety
<b>Module 5:</b>	Roles & Responsibilities of Lifting & Hoisting Team
<b>Module 6:</b>	Basic Safety Understanding
<b>Module 7:</b>	Safe Rigging & Slinging of Loads
<b>Module 8:</b>	Lift Plan
<b>Module 9:</b>	Safe Lifting
<b>Module 10:</b>	Case Study
<b>Day 5:</b>	Practical Hands On and Assessment

## Basic Structure of Work-based Learning (Apprenticeship) Programme

No.		Things to Carry Out	Frequency	Remarks
1.	Orientation	<ol style="list-style-type: none"> <li>Company overviews</li> <li>Company policy and rules</li> <li>Safety Policy</li> </ol>	Day 1 or Day 2	By employer
2.	On-the-job training (3 months)	1. Conduct Hazard Identification, Risk Assessment and Risk Control (HIRARC)	Month 1 & 3	Assigned by employer
		2. Conduct Toolbox Talk	Weekly	Topic given by employer
		3. Conduct awareness training related to the job scope	Monthly	Topic given by employer
		4. Develop lifting plan	As assigned by employer	Guided by employer
		5. Conduct inspection on lifting equipment	Once	Assigned by employer
		6. Conduct workplace safety inspection e.g. housekeeping, UCUA reporting	Weekly	Assigned by employer
		7. Conduct safety & health induction training	Weekly	Assigned by employer
		8. Participate and contribute safety & health aspect during safety & health committee meeting	Monthly	Guided by employer



## Key Elements of “Quality Apprenticeship” Promoted in the Construction Sector

- ▶ **Key elements of Quality Apprenticeship to be adapted.**
  - **1. Sufficient on-the-job training in terms of time and quality**
  - **2. Apprenticeship agreement**
  - **3. Structured training plan** (both on-the-job and off-the-job learning)
  - **4. Monitoring with civil society organisations (CSOs).**



## I. Definition of apprenticeships

1

A form of  
**education and  
training**

3

that enables an  
apprentice to acquire  
the **competencies  
required to work in  
an occupation**

5

consisting  
of **on-the-  
job and  
off-the-job**  
learning

2

governed by an  
apprenticeship  
**agreement**

4

through **structured  
and remunerated or  
otherwise financially  
compensated** training

6

that leads  
to a  
**recognized  
qualification**  
n



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# ▶ Lessons Learned: Challenges and Possible Solutions

Date: Monday / 01 / October / 2019

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## Equity



# Sustainability challenges related to finance

- ▶ Securing **sustainable funding sources** to provide the inclusive training courses, which target micro and small enterprises regularly.
- ▶ Identifying **highly motivated trainees** (funding does not solve all issues).
  - Structured screening process.
  - Cooperation with community leaders and existing entrepreneurs.
  - Post-training support.

## Relevance



# Sustainability challenges related to finance

- ▶ Securing **sustainable funding sources** for industry-led quality apprenticeship programmes, in particular for SMEs.
  - Current funding is on an ad hoc basis.
  - Trainees had difficulty in financing travelling cost to project sites, meals and accommodation expenses, especially those who are unemployed.
- ▶ Identifying **highly-motivated trainees**.
- ▶ Encouraging **SMEs** to join the programme, while urging trainees to **work for SMEs**
  - Employers should also indicate career progression prospect.
  - Conduct awareness raising activities on the importance of target occupations and quality apprenticeship.

## Possible Options: Grants to employers for skills training and LLL



**Target incentives** at specific groups (e.g. apprentices, rural entrepreneurs, workers, workers with disabilities), rather than provide a blanket incentive.



To better reach SMEs:

- **Target financial incentives** to invest in training exclusively at SMEs.
- Offer **bigger incentives to SMEs** compared to larger firms.
- Use **differentiated training levy rates** (SMEs pay less but have the same benefits as larger firms).
- Use **simpler and more flexible application procedures** for SMEs.



Provide **administrative support** (including via intermediaries) and/or state-subsidised consultancy to support SMEs to develop training plans and apply for funding.

## ► Providing grant funding to **intermediary organisations**

- Difficult to directly reach SMEs and informal sector enterprises.
- Providing grant funding to intermediary organisations (e.g. trade associations, training providers, NGOs) can be effective .
- Important to identify intermediary organisations with a proven ability to identify and to support SMEs and micro enterprises in the formal/informal sector.

Source; Presentation by Dr. Robert Palmer, ILO Consultant.

## ► Strengthen monitoring and evaluation

Once interventions have been designed, data needs to be collected on target groups that are being reached, and disaggregated to a sufficient level so that it is clear who is being reached (e.g. disaggregating data by gender, by disability, by income, by ethnic group etc.).

# Thank you/ Terima kasih

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Website:

[https://www.ilo.org/asia/projects/WCMS\\_750897/lan--en/index.htm](https://www.ilo.org/asia/projects/WCMS_750897/lan--en/index.htm)



## Reference

- ▶ ILO (2023). Financing mechanisms for promoting social inclusion in skills and lifelong learning systems: Global overview of current practices and policy options.
- ▶ Quality Apprenticeships Recommendation, 2023 (No. 208).
- ▶ MBAM website: <https://mbam.org.my/mbam-ilo-uk-partnership-pilot-apprenticeship-programme/>



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partnership with SSTC here

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