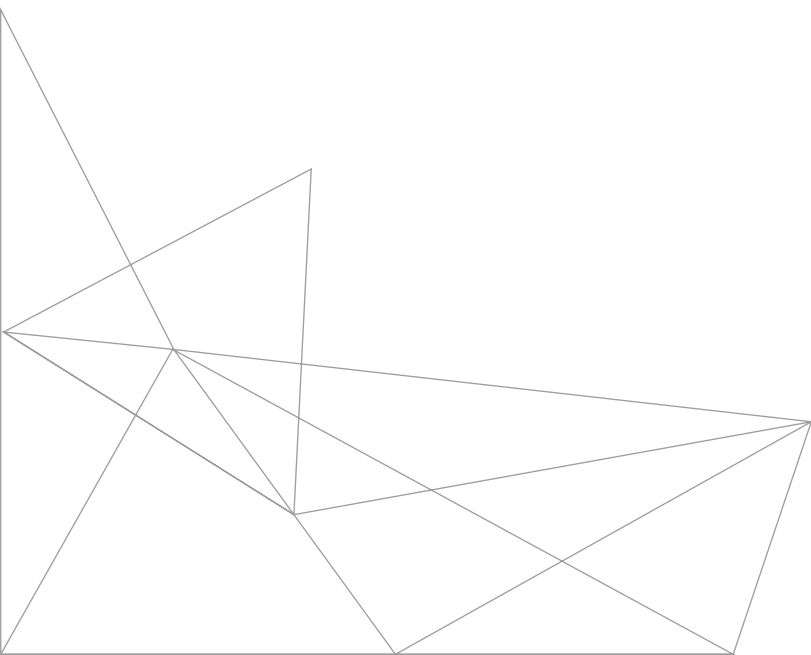


AUGMENTING SKILLS FOR THE NEXT ECONOMY: IDEAS FOR A SKILLS STRATEGY



This chapter presents suggestions for a short-term human capital and skills strategy based on the findings and observations emanating from the study. We include the vision and objectives of skills strategy supporting the – further – growing of human capital; the basic principles of establishing – and in the end implementing – a skills agenda; and the formulation of concrete components and linked initiatives.



10.1 A skills strategy

This study indicates that Penang's economy, industries and firms, are confronted with concrete skill issues in the realm of high-qualified labour. Demand patterns in the market are substantially shifting. While it signals Penang's success in moving the economy into a higher plain, skill sets as they often get in the way of firm's desired development path, impose – additional – costs on employers, and hinder the achievement of workers' ambitions in regard to their career and life. Due to a range of factors that have been pointed out throughout the various chapters of this report, Penang's labour market at the mid- and high-end is marked by a number of deficiencies and distortions. In large parts of the economy, firms and workers are caught in a vicious circle, and thus firms cannot achieve desired goals.

Notwithstanding remedial measures that have been adopted over years and are in place, the onus is still in large part on companies themselves. While companies are a locus of skill-building, their potential to invest in human capital has constraints. There are limitations as to what they can offer workers, imposing dilemmas. There are generational differences in the workforce arising from different mind-sets and communication styles of workers in different eras. Indeed, skills is about economy, industries, firms and people. A range of discrepancies relative to (prospective) employees' perceived needs engender substantial turnover and mobility. It remains to be seen whether efforts at worker engagement can reverse these trends.

It should be noted that many of the issues are not new. We cannot expect that these issues will disappear overnight. This requires a joint effort by stakeholders, institutional and private. A first – core – recommendation is as follows.

Recommendation: Develop a coherent, encompassing, state skills strategy, departing from a clear vision – shared by stakeholders – and reflecting ambitions

Several aspects of such strategy are highlighted through specific objectives broadly shared by stakeholders that a skills strategy eventually must accomplish, which reflects the vision. It should depart from and adopt a number of core principles. Further, there is the question of the ownership of a strategy, in relation to formulation and implementation.

We suggest the following vision and objectives of skills strategy.

Vision: To further grow human capital as an enabler of a high-income economy and society, and to upgrade Penang as a node in the national and global economy

Specific objectives may include:

- i. Overcome discrepancies between demand and supply, quantitatively and qualitatively, mitigating the negative effects of such discrepancies, such that high-qualified human capital continues to be a competitive asset in the investment climate of the region;
- ii. Achieve a skill-equipped workforce for economic productivity, thus moving forward to a flourishing next economy with resilience; the focus of education and training providers will be on providing skill development that is relevant to the needs of learners, society, and industries in light of local, national and global trends;
- iii. Achieve broad access of all segments of the economy to a high-quality skill system according to their demand; and
- iv. Effectively assist in a productivity drive that enables high-qualified labour to accomplish its ambitions without unduly burdening employers.

Figure 10.1: Basic principles of a skills strategy



The principles are described as follows:

1. Integrated approach of demand and supply side

A strategy evidently must consider both sides of the labour market coin. One proviso is that the demand side is more difficult compared with the supply side.

2. Incorporate macro-, industry/firm and worker levels

A strategy should take a multi-level approach as skill issues are evident at more than one level; at the same time the level of industries must be sensitive to differences between industries and firms.

3. Must take a multi-actor and multi-pronged approach

Initiatives and programmes concern a range of actors. It is important to coordinately involve not only public and private agencies, but also institutions, companies and workers. Inclusiveness is an important principle where multi-actor approach requires consideration of the presence of diverse government- and governance levels, each claiming specific jurisdictions. As issues are diverse, a strategy must pursue a range of avenues.

4. Building on what is already in place

The presence of a substantial skills training and development infrastructure, in part geared towards higher-qualified labour and specific hard and soft skills in different areas. This infrastructure involves institutions, companies, private training providers and others. While part of this infrastructure is a manifestation of skill issues, they are also part of the solution. Thus, a strategy must seek to:

- Improve effectiveness and the return of what already exists by removing impediments and disincentives;

- Build on existing programmes and initiatives by augmenting and supporting them, as well as identifying and filling gaps; and
- Identify a balanced contribution of actors according to their core competencies and jurisdictions.

5. Not only short-term but also middle- and longer-term

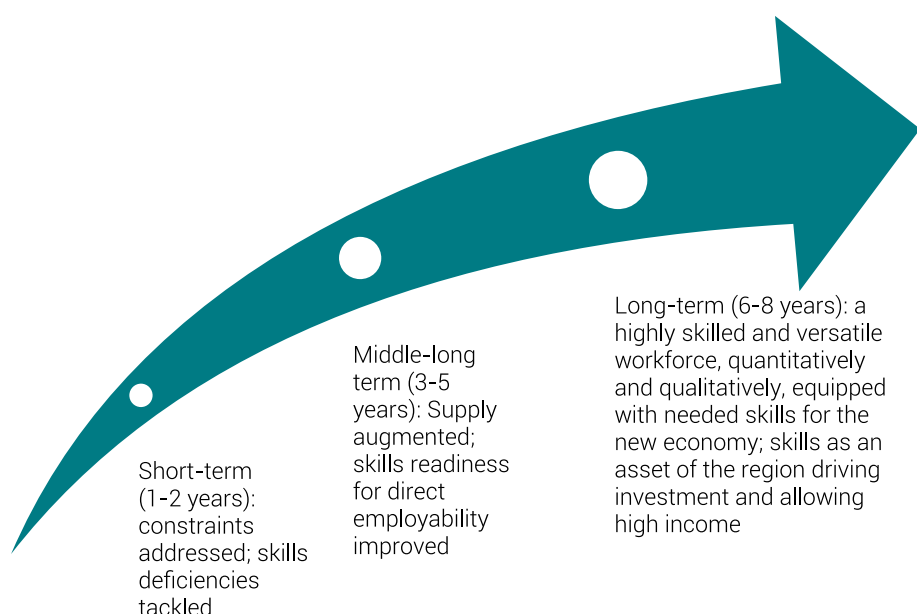
A strategy cannot do without a time frame. While a range of issues require short-term policies and initiatives, the vision and objectives also pertain to the longer-term. Figure 10.2 elucidates that different objectives have different time scale.

6. Incorporate structure and organisation of implementation

A strategy has little meaning without a clear implementation plan and path.

The main focus is on the short-term while the structure and organisation of implementation will not be elaborated in this study as it touches directly on strategy ownership. The skills development landscape in Penang consists of a range of actors, operating at different levels. In the Penang's skill situation, the presence of diverse government and governance levels implies divided jurisdictions. While this has to be recognised, it appears to complicate an effective multi-actor approach to the formulation of a skills strategy. Coherence may be difficult to achieve in the current landscape. Some of these issues are further indicated and a possible way forward is suggested in Section 10.3, where we discuss the organisational framework of a skill strategy.

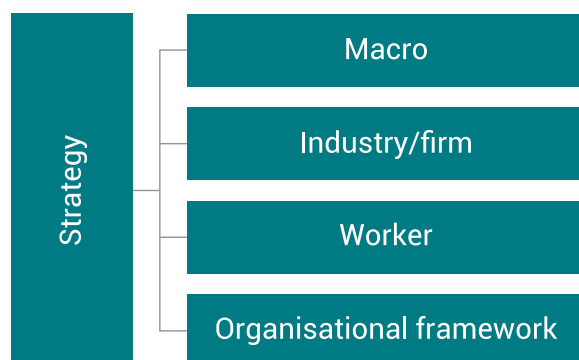
Figure 10.2: Skills strategy objectives in time perspective



10.2 Skills strategy: Components

Following the basic principles of the strategy as outlined above, several components may be identified to structure the strategy. These are depicted in the Figure 10.3.

Figure 10.3: The basic components of a skills strategy



The macro component in the strategy refers to overall demand for high-qualified labour skills and skill supply, while the industry/firm component is at a next level. This component revolves around matching of supply to demand, taking into account of industry differentiation and specificity. A third component concerns worker behaviour contributing to labour market processes. Finally, the organisational framework of skill augmentation, including its institutional setting, is a necessary part of a strategy, following on from issues in the skills development landscape and the question of ownership of a strategy.

10.3 Ideas for short-term initiatives

Objective: Overcome quantitative and qualitative discrepancies between demand and supply in mitigating skill shortages and gaps, such that high-qualified human capital continues to be a competitive asset in the investment climate of the region.

A. Market

Recommendation **Implement avenues to ease high-qualified labour demand**

Initiative 1 Further implementation of labour-saving technologies in work processes

- Explore and transfer relevant technologies;
- Devise and provide incentives to adopt human capital saving technologies in work/labour processes throughout the economy; and
- Invigorate local automation industry for sourcing of solutions locally.

Initiative 2 Accelerate phasing out of operations in industries that are cost-based or incompatible with upgrading ambition

- Devise and implement more disincentives to continue such operations in Penang; and
- Retrain skilled local workers who become available, for employment in targeted operations.

Notes:

- Human capital saving technologies are easier to implement in manufacturing than in services. In addition, a category of operations will necessarily continue to be based on input of human capital as they are difficult to automate (e.g. customer services). Yet, in a range of services industries/operations automation developments are underway. For instance, Shared Services Centres (SSC) in GBS have started to adopt Robotics Process Automation (RPA) in their operations and business processes.
- Penang's automation industry has the competencies to offer solutions to automation of work processes in several industries.
- Industry 4.0 initiatives are underway.

| Key Observations | Issues | Proposed solutions |
|---|---|--|
| Demand | | |
| The demand for high-qualified workers is expected to remain high. | Sensitivity to global and domestic events causes volatility; makes quantitative prediction difficult. | Monitoring of demand trends; Skills Information System (see Organisational Framework). |
| | Newly established firms absorb a significant number of workers; skill demand structure different from skills of labour made redundant due to closures; competition in the market intensifies. | Dampen demand by judicious industrial, investment and technology policy, to start with promotion labour saving technologies. |
| Demand is expected to further shift towards higher skills, with more emphasis on specific hard and soft skills; also more demand for experienced workers. | Supply constraints lead to intense competition among firms for such skills and experience. | Bring supply in line with demand (see Supply). |
| Vacancies, while indicating labour need, may not be a perfect indicator for actual or net demand because of chain effects of job shifts and labour mobility (behaviour of secondary supply). Apart from new jobs, vacancies result from high labour circulation. | Recruitment of high-qualified labour is attributable to replacements, next to expansion. Firm's structure (see Chapter 2); constrained industry markets; worker behaviour. | Increased supply; mitigate labour competition; worker attitudes (see Supply, Industry/firm and Worker levels). |

| Key Observations | Issues | Proposed solutions |
|---|---|---|
| Supply | | |
| Vacancies are present in a constrained market as far as high-qualified labour is concerned. | Brain drain; more outflow to KL core region than inflow; international outflow (Singapore). | Improve competitiveness in terms of perks and living environment. |
| As against prevalence of generic transferable skills, within the constrained market there is genuine shortage in the fields of fairly high skill-specificity/skill shortage in the area of professional (job-) specific skills. | While overall supply is moving in the right direction, there is quantitative shortage in a number of critical occupations and functions. Study preferences of students lead to mismatch demand and supply. | Increased output of graduates in areas of shortage. Support new sources of supply. Redirect preferences of students. Improve skill specialisation and depth demanded by core industries (see Industry/firm). |
| | Lack of hands-on/practical experience of entrants lowers employability given recruitment preference. | More opportunities to gain real world experience during studies. Learning@work opportunities |
| While skill demand is changing towards a greater importance of selected hard skills such as language proficiency (English and foreign), and soft skills, competency does not quite follow. | Skill-readiness of entrants; insufficient skill-building among existing employees. Constraints faced by educational institutions as far as primary supply is concerned. Costs of training for selected firms; general disincentives for upskilling. | Improve readiness of entrants in most demanded hard and soft skills. Educational institutions: from constraints to flexibility. Do away with disincentives for upskilling and effective training of existing employees. |
| Recruitment practices and mobility indicate the role of the secondary supply, adding to primary supply. | Overall supply. Entrants have too little practical experience. | Increased output of graduates in areas of shortage. More opportunities to gain real world experience during studies, including Learning@work opportunities. |
| | Significant labour loss associated with turnover is a burden to companies. Labour loss through turnover contributes to skill gaps and produces disincentives for upskilling. | Economic structure that levels the playing field of competition for employees, moderating mobility (see Industry/firms). |
| Frequent job shift as indicated by the application patterns of vacancies pointing towards the supply marked by a prevalence of generic transferable skills. | Skill orientation of educational programmes. | Improve skill specialisation and depth demanded by core industries (see Industry/firm). |

Recommendations

Targets: Overall supply; study preferences of graduates; skill composition; practical experience of entrants; labour circulation excess (see Industry/firms).

- Recommendation** Devise opportunities for more effective labour capture through the regional labour field
- Recommendation** Increase intake of students in areas of shortage
- Recommendation** Increase supply by tapping into tertiary supply (unconventional sources)
- Recommendation** Redirect preferences of students in the field of study such that choices and inflow are more in line with labour market needs (especially in areas of shortage of critical occupations)
- Recommendation** Re-orient education and training (teaching and learning) towards less emphasis on qualification(s) and more on skills and exposure that come with the qualifications

Initiative 1 Improve regional labour capture through labour field adjustment

- Location of companies/establishments vis-à-vis residential nodes;
- Improve ease of commuting through improved connectivity;
- Address bottlenecks in traffic/transport and telecommunication; and
- Explore avenues of out-of-office and tele-working.

It should be noted that a number of measures under such an initiative are already underway.

Initiative 2 Liaise with proper authorities to further augment capacity of (local) tertiary educational institutions to deliver graduates

- Inventory of bottlenecks and opportunities; and
- Augment and deliver financial resources for investment.

Initiative 3 Expand opportunities for needy students to obtain scholarships, allowing them to pursue tertiary education or an advanced degree

- Expand Penang Future Foundation Scholarship awards; and
- Explore avenues for the establishment of philanthropic foundations for the disbursement of scholarships in specific areas.

Initiative 4 Support and enhance existing "back into the workforce" programmes implemented by TalentCorp

- Support provision of different training programmes to ensure that knowledge of re-entrants is relevant to market needs. Housewives and other returnees are likely to face challenges in closing the skill gaps to match current skill demand;
- Create a broad assistance platform to continually encourage potential returnees to pursue their careers after having been out of the workforce, which may include the necessary incentives;
- Devise and implement life-long training programmes in conjunction with relevant providers; and
- TalentCorp introduced the 3R approach – Return, Retain and Rise. The initiative aims to bring women on a career break to return to the workforce through Career Comeback Programme; retain women in the workforce through implementation of work-life programme; and increase women representation in senior management positions. The career comeback grant enables employers to offer work-life integration via Flexible Work Arrangement and Family Facilities such as mentoring programme, flexi-hours, etc., co-funded by TalentCorp.

Initiative 5 Provide more choices for students in the field of study to align with labour market needs

- Develop more undertakings such as the Penang Science Cluster in appropriate fields;
- Improve visibility of – and knowledge about – such undertakings using wider publicity and targeted dissemination;
- Make visits to such clusters/centres an integral part of school programmes; and
- Develop channels to showcase industries and new technologies.

Note: The promotion and adoption of new technologies in manufacturing and services change the skills needed. For instance, Industry 4.0 no longer rely predominantly on "traditional" engineers, but requires a broader spectrum of skills. Such technology may open up opportunities for those whose skills are less demanded with current technologies; thus, the effectiveness of the use of current human capital can be improved.

Initiative 6 Change and improve skill-orientation of educational programmes

Despite the lack of skills, theory still provides an important foundation for students to acquire knowledge, development and competencies. Yet, a rebalancing towards skill acquisition (teaching and learning) is desired.

- More diverse skill-learning through specific teaching and learning methods;
- Demanded hard skills: multilingualism; soft skills: communication, critical thinking, problem-solving and creativity; and
- Skills associated with qualifications must be up to standard.

Initiative 7 Improve skill-readiness of entrants through more practical exposure

- Practical knowledge/skills should be emphasised and incorporated into the curricula as students' progresses towards higher levels in undergraduate studies;
- Widen opportunities for students to gain real world experience through internship and practical sessions. These should become an integral part of the curricula;
- The constraint of mandates given by authorities is a barrier to develop programmes with more emphasis on practical training and to increase duration of industrial training programmes;
- Companies should provide more opportunities for internships and exposure to business processes and practices; and
- For this purpose, it is useful to revive platforms for industry-university dialogue, collaboration and partnerships. This invigoration can be assisted by a set of incentives.

Little can be done in the short-term with respect to attrition of labour in other attractive locations (such as Kuala Lumpur and Singapore). In the long run, initiatives such as the ones suggested here will enable the economy to progress further. This will automatically provide better opportunities for high-qualified labour with greater rewards. It is expected that these will lessen incentives to shift, especially if combined with projects that enhance the quality of life in Penang.

B. Industry/firm

| Key Observations | Issues | Proposed solutions |
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| <p>What applies to the market as a whole, may not necessarily be the case for individual industries (meso) and/or firms (micro): skill issues tend to occur more in some industries and firms than in others.</p> <p>Economic structure has significant implications on the Penang labour market and functioning; the economic structure implies that industries and companies do not compete on a level-playing field with significant differences in the capacity to compete for labour skills in a competitive market.</p> <p>This is reinforced by skill-relatedness of newer industries and their employee functions as well as the tendency towards experience as one of the recruitment criteria; is manifested in a tendency to tap into – and rely on – the secondary supply.</p> | <p>Competition on unequal footing.</p> <p>Due to better remuneration packages and other conditions, reputable and new industries and firms are able to appropriate skills in demand available in the market – from primary and secondary supply – as these are 'preferred' employers; less established local firms in general experience to a larger extent not necessarily difficulties recruiting skilled labour but rather competency shortages and gaps.</p> <p>The latter are faced with substantial labour loss and diminished growth potential.</p> | <p>Selective approach in policies and plans.</p> <p>Level the playing field by addressing compartmentalisation and improving the attractiveness of currently less favoured industries and firms (see also Workers).</p> <p>Enhance supply of skills in high demand.</p> <p>Generate new sources of supply.</p> |
| <p>Persistent vacancies vary across industries and firms.</p> | <p>In each industry persistent vacancies are present, but to a varying level.</p> | <p>Focus augmentation of capacity of (local) tertiary educational institutions on occupational categories where they are most lacking and critical.</p> |
| <p>Even reputable preferred companies are faced with skill deficiencies of local labour supply (supply of labour in a number of critical occupations/fields of expertise).</p> | <p>Entrants and – to a lesser extent – those with work experience have insufficient specific hard skills (according to requirements of functions).</p> <p>Skill-orientation of educational programmes.</p> <p>Entrants have lack of practical experience</p> <p>Skill deficiencies in MNC companies may affect the ability to win technological development projects, hindering the development of Penang establishment.</p> | <p>Improve skill specialisation and depth demanded by core industries (see Industry/firm).</p> <p>Achieve more balance in skill sets.</p> <p>Industry-education collaboration; partnerships for internships, practical training.</p> <p>Additional source: import skills from abroad.</p> |

| | | |
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| Some firms – not linked to any specific industry or other characteristic – are themselves responsible for recruitment difficulties/skill shortages and retention issues. | <p>Firms either tend to be selective in the recruitment process or employers adopt recruitment and work practices that are less appealing to the younger generations.</p> <p>Employers are insufficiently concerned with the work environment offered to employees, to offset e.g. lesser need for training.</p> | <p>Modernisation of recruitment and human resources practices.</p> <p>Improve work environment and give employees a stake in the company.</p> |
| Different segments of the economy require different skill-sets; stated otherwise: not all segments require the same skills in terms of proficiency/competency level and experience. In principle, available skills (level) may fit some segments of the economy. | But recruitment and retention are constrained by preferences and attitude of workers, among others, training and skill acquisition opportunities. | <p>Focus on solutions for skill recruitment difficulties in most affected industries.</p> <p>Other industries: focus on retention.</p> |
| <p>Frequent job shifts as indicated by the application patterns point towards the supply marked by a prevalence of generic transferable skills.</p> <p>As against the prevalence of generic transferable skills, within the constrained market there is genuine shortage in fields of high skill-specificity/skill shortage in the area of professional (job-) specific skills.</p> | <p>Insufficient industry- and job-specific hard skills; lacking industry knowledge.</p> <p>Circulation as a vehicle of function-specific skills acquisition and employability. Improvement towards preferred industries/firms, rather than reflecting acquired skills and experience.</p> <p>Mobile workers still have skill deficiencies.</p> | <p>Achieve more balance in skill-sets; larger degree of skill specialisation.</p> <p>More extensive skill-sets of entrants; more intra-firm career opportunities</p> <p>Upskilling across industries.</p> |
| Skill demand is changing towards a greater importance of function-specific hard skills (including proficiency in English and foreign languages) and soft skills. | Competency in these skills does not quite follow: entrants have insufficient skills; corporate practices lead to insufficient upskilling for existing employees. | <p>More extensive skill-sets of entrants.</p> <p>Remove disincentives for training and upskilling.</p> |
| None of the skills measured are rated as proficient or highly proficient. There are skill gaps. | <p>Skill-sets of entrants.</p> <p>Turnover and retention issues.</p> | More extensive skill-sets of entrants. |
| Firms' view in relation to skills that need the most improvement lean towards specific hard and soft skills rather than generic hard ones; however, this differs by types of firm. | Labour turnover and retention; disincentives for upskilling. | <p>Remove disincentives for labour training and upskilling.</p> <p>New sources of supply: quaternary.</p> |

| | | |
|--|---|--|
| <p>Firms in Penang are showing a range of responses to skill shortages and gaps. One is underhiring, which may contribute to a low rate of persistent vacancies. Another is labour training in various ways.</p> | <p>However, reputable firms that have to maintain quality standards cannot afford to underhire without substantial upskilling efforts.</p> <p>There are risks to labour training constituting a disincentive.</p> <p>Many firms are 'dual' in their attitude: on one hand they frown upon job-hopping (negative recruitment factor), but at the same time engage in labour poaching.</p> | <p>Remove disincentives for labour training and upskilling.</p> <p>New sources of supply: quaternary Level the playing field on which companies operate.</p> |
| <p>Firms attempt to overcome skill gaps through multi-pronged responses that include changing work hours, re-allocation of tasks, supervision by experienced employees, and labour training. Upskilling is practised by most firms, and is done internally and by external providers.</p> | <p>Some firms lack resources to upskill/train.</p> <p>Workers do not prefer to work longer hours; goes against providing a better work environment.</p> <p>There are risks to labour training constituting disincentive in training investment.</p> | <p>Assist needy firms though financial and non-financial incentives.</p> |
| <p>Mobility reflects the degree of skill-relatedness of operations in industries and firms; high skill-relatedness of segments of the economy is expected to contribute to high levels of mobility.</p> <p>Skill-relatedness is an important determinant of mobility patterns in terms of links between sources and destinations; through skill-relatedness, chain effects occur.</p> | <p>Chain effects lead to skill shortages and gaps at some 'distance' from the initial source of skill demand.</p> <p>Skill gaps are associated in part with labour turnover revealing a connection with labour mobility at individual level and thus firm commitment of workers.</p> <p>Mobility dynamics in the secondary labour market present significant burdens to employers and generates negative perceptions of mobile workers.</p> | <p>Obtain more insight into chain effects by studying labour mobility in greater detail.</p> <p>Include skill requirements, degree and potential patterns of relatedness as considerations in industrial and investment policy to achieve more skill diversity.</p> <p>Forecast labour/ skill demand/needs, which takes chain drainage effects into account.</p> |
| <p>While there are retention difficulties across the board, these are also experienced by established industries and firms due to among others, labour pinching by competing firms in the same industry.</p> <p>Firms attempt to overcome skill shortages through multi-pronged responses that include not only underhiring, labour pinching, but also increasingly retaining schemes.</p> | <p>Firms in Penang are already focusing on retention, concretised through programmes that are concerned with worker engagement. But this appears to be embryonic.</p> <p>Retention/engagement is contested and challenged by believers in the virtues of mobility.</p> | <p>Assess engagement practices from the perspectives of firm practices and employee expectations.</p> |

Recommendations

Targets: Industry/function-specific supply and skill-sets; experience, competitiveness in the playing field; disincentives for training and upskilling, career development.

Recommendation Increase intake of students specifically in areas that show high persistent vacancy rates.

Recommendation Enhance opportunities for students/entrants to acquire industry- and function-specific skills and practical experience before entering the labour market.

Recommendation Change and improve entrants' and existing employee's skill-sets towards more specificity.

Recommendation Tap into avenues for new sources of supply that bring experience.

Recommendation Level the playing field on which companies operate in relation to access to skills, labour recruitment and retention.

Recommendation Devise ways to lower the quit rate of employees, perceived necessity and desire to circulate.

Initiative 1 Refer to initiative 2, macro part

Initiative 2 Refer to initiatives 6 and 7, macro part

- Adjust curricula and programmes offered;
- Allow educational institutions more flexibility to devise new programmes;
- Augment opportunities for practical training;
- Intensify industry-educational institutions partnerships;
- Augment industry consultation in curriculum development as to specialised skills;
- Remove disincentives for upskilling/training; and
- Convince industry of relevance.

Initiative 3 Assess the current private upskilling infrastructure and devise solutions for gaps and usage constraints

- Make private training providers an integral part of the

skill system;

- Introduce quality standards; and
- Remove disincentives for use of upskilling infrastructure (especially disadvantaged firms; assess cost structure versus means; adjust cost structure where needed; provide grants and subsidies.

Initiative 4 Enhance the quaternary supply as a new source of specialised high-qualified labour in areas of specific skill shortages

- Support and enhance TalentCorp programmes to tap into high-qualified Malaysian returnees who possess the right skills and experience (quaternary supply);
- Widen the scope of opportunities for foreign talents who have the right skills and experience in critical areas and who are willing to work and live in Penang for a prolonged period (quaternary supply);
- Invigorate campaigns abroad – promoting Penang as an attractive place to work and live; and
- Continue to invest to upgrade Penang's quality of life.

Initiative 5 Improve the attractiveness of currently less favoured industries and firms

- Modernise firm recruitment/retention channels, strategies and practices;
- Promote the use of new technology-based channels that jobseekers lean towards social media and digital channels;
- Grow and showcase local firms/SMEs; assist such firms in the adoption of new business models and technologies (including some of the Industry 4.0) that appeal to the young generation.
- Provide more/better information to the corporate world beyond MNCs;
- Publicise the achievements of local firms, SMEs and start-ups;
- Acquaint students with tech start-ups and their relevance to future economic development;
- Rather than employee 'blaming', bring opportunities in line with ambitions; and
- Assist firms with less resources to enhance their capacity for a more effective human resources management:
 - Consider a skill-development fund; and
 - Improve access to/opportunity to make use of private upskilling infrastructure by adjustment of cost structures.

Initiative 6 *Improve intra-firm career advancement opportunities*

- Enhance longer-term career prospects in human resource management;
- Companies should step up efforts in career paths and guidance; and
- Companies should set clear criteria and time path for career advancement.

Initiative 7 *Carry out more detailed research into labour mobility pattern and drivers*

- Improve insight into chain effects of employee moves; and
- Improve insight into employee motivations.

See Initiative 2 under Organisational Framework

Initiative 8 *Assess engagement and retention practices*

- More detailed study to improve insight into current practices; and
- Perform benchmark study: make international comparison of good practice and assess local applicability.

C. Workers

| Key Observations | Issues | Proposed solutions |
|--|---|--|
| Ubiquity of workers with generic skills means there is some competition for desired jobs. | Lack of application skills. | Improve application and presentation skills. |
| Poor-defined specific skills. | Random job application. | Teach applicants to be selective by offering dedicated information programmes to jobseekers. Improve information channels. |
| In the constrained market, high-qualified labour shows substantial mobility. | Lack of information/ right opportunities. Perceived lack of opportunities/career development with existing employer. Perceived necessity to acquire new skills elsewhere for advancement. | Improve career development opportunities, intra-firm (see Industry/firm). |
| While skill demand is changing towards a greater importance of language proficiency (English and foreign) and soft skills, competency does not quite follow. Preferences and attitude of workers constrain recruitment and retention. | Culturally and socially dictated behaviour. Misaligned preferences through information gaps. | Refer to section Macro and Industry/firm. Instill entrants with a broader set of values. Improve information on industries and firms (see Industry/firm). |

| | | |
|---|---|--|
| On one side, mobility appears in part driven by skill advancement to improve employability, on the other side, it is perceived to reflect 'poor' attitude and unrealistic expectations of workers (promoted by economic structure). | <p>Has a negative impact on employability, and augments recruitment difficulties.</p> <p>As demand shows a significant degree of skill-relatedness, workers tend to 'over-exploit' transferability. Mobility not always desirable as vehicle for skills and career advancement.</p> <p>There is a concern among agencies, firms, experts, and stakeholders on the declining loyalty and commitment among younger workforce.</p> <p>Younger workers also perceive unrealistic and outdated expectations of firms impinging on their willingness to contribute.</p> | <p>Other opportunities for intra-firm career advancement (see Industry/firm).</p> <p>Employers: change perception and attitude towards employees' ambitions; adopt a more positive approach by providing a more conducive working environment.</p> <p>Enlarge skill diversity in the economy (see Industry/firm).</p> <p>Instill a broader set of values in the labour force.</p> <p>Showcase industries/ firms (see Industry/firm).</p> |
|---|---|--|

Recommendations

- Recommendation** Improve the infrastructure for information, career advice, job application and skills learning.
- Recommendation** Devise and implement programmes to instill different values in job seekers/employees.
- Recommendation** Employers to get better acquainted with, recognise and act upon new generation values.

Initiative 1 *Expand the role of the Career Assistance and Training (CAT) Centre*

- Enhance its function as a channel to obtain and disseminate relevant information;
- Enhance courses offered for job applications, presentations and job interview skills;
- Provide assessment of suitability of individuals for job profiles;
- Enhance the visibility and accessibility of the centre through more publicity; and
- Promote the centre as an integral part of a newly created Skills Unit (see Organisational Framework).

Initiative 2 *Invigorate ethics as part of teaching and learning in college and university programmes*

D. Organisational framework

| Key Observations | Issues | Proposed solutions |
|--|---|---|
| In relation to shortages, issues and challenges have been taken up through interventions by an expanding web of actors/stakeholders, each running and exercising control over their own programmes and schemes, addressing all levels from macro to micro. | <p>The 'web' is fragmented, hindering complete and accurate information on skill situation and interventions.</p> <p>Each actor and stakeholder develops its own policies from its jurisdictions with different coverage.</p> <p>There appears little visibility, coordination, collaboration and monitoring.</p> | <p>Improve the information landscape and channels through better coordination.</p> <p>Establish a coordinating and collaborative framework that can play a central role in strategy formulation, implementation and monitoring.</p> |
| The impression is that many programmes, schemes, and interventions developed and implemented in/through the web are still premature and it may take a while to see their effectiveness; however, in view of the fragmented nature of information, little can be said about the effectiveness of interventions (programmes and schemes, activities of the range of actors) that are in place. | An expanding and more crowded web with a multitude of actors adds complexity to information gathering, processing, and use by relevant agencies on skill issues and responses. | Improve the information landscape and channels through better coordination. |

Recommendations

Recommendation Establish a unit at state level, dedicated to overseeing a skills strategy, policies, programmes, and plans of actors and stakeholders in a coordinated and coherent fashion.

Recommendation Implement a (institutional) structure through which timely and reliable information on the demand and supply trends of human capital skills is produced

Initiative 1 A new Penang Employment and Skills Unit

- A unit within the state government system;
- Vested with needed authority and expertise; and
- Active involvement of relevant actors and stakeholders. These include institutional agencies and councils at different levels operating in

the state (such as Labour Department, Industry Councils, InvestPenang, NCIA, TalentCorp, MIDA); skills development architecture (PSDC, selected private training providers); selected recruitment agencies and consultants; industry associations (FMM, Chambers of Commerce, Penfeia, Samenta, Frepenca); key local and foreign companies; and worker representative organisations.

Mandate may include:

- Coordinate the development and implementation of State Skills Strategy; and
- Assure programmes and plans of actors and stakeholders are in line with strategy.

Tasks may include:

- Bring together actors; solicit and coordinate role of actors in strategy formulation and implementation;
- Operate platforms or committees through which stakeholders (industry associations) participate; consultation on policies and plans;

Figure 10.4: Some indicators for the success of short-term strategic initiatives

| Performance | Industry & firm role | Institutional role |
|---|--|---|
| Hard-to-fill vacancies reduced; Skill-readiness improved; Brain gain flow increased; Mindset of employees improved; Labour mobility moderated; and Playing field more level. | Policies and practices in areas indicated in the initiative improved; Hiring methods (especially SMEs) are more effective; and Industry-educational institutions partnerships increased. | State Employment and Skill Unit set up; CAT Centre incorporated role enhanced; Information infrastructure improved; Skill-monitoring committees set up; and Coordination between state-federal skill policies improved. |

- Oversee further development of regional skills development architecture;
- Oversee plans and programmes;
- Development of new initiatives, in consultation with relevant actors; and
- Market intelligence; monitor skills development strategies elsewhere and 'world of work' trends relevant to industries in Penang.

Initiative 2 Develop and implement an encompassing Skills Information System

- Institutional form: this could be a department to be established in the Penang Employment and Skills Unit;
- Liaison with existing institutional sources of information;
- Liaison with industries (industry associations) and (key) firms;
- Market intelligence; and
- Annual reporting on labour market trends and skill situations.

10.4 Conclusions

One additional element to what has been outlined in the first part of this chapter is that a skills strategy has to monitor progress of implementation and periodically measure whether objectives – and at a more detailed level initiatives and their targets – are being reached or accomplished. This requires explicit benchmarks. Figure 10.4 provides a number of examples of such measures, without being exhaustive. Covering only the short-term, the challenge is substantial. An even greater challenge is going from the short-term to the longer-term. The conclusiveness of the longer-term strategy lies simply in the fact that new technological disruptions are just around the corner. These produce new work trends. It has to be acknowledged that these are still surrounded by uncertainties in regard to their pervasiveness. As such, future skill needs associated with new work trends remain difficult to predict. But change is certain. This calls for a flexible system for timely response. Skill-readiness for the next technological lap is an imperative element for each node in the global economy that wants to maintain and enhance its position.