

# TVET and Higher Education Reforms for Malaysia – Lessons from the Social Market Economy Model

---

*Mohamed Aslam Haneef<sup>1</sup>*

## Introduction

In any development agenda of a nation, education is a central feature. Not only is it a part of the national output, more importantly, education is the key to developing educated human beings that would in turn become the human resources needed for the future development and well-being of the nation. Since independence in 1957, Malaysia has given attention to education. If in the 1960s and part of the 1970s, focus was on primary and secondary education, the last four decades has seen much more attention given to tertiary education including Technical and Vocational Education and Training (TVET). Since the mid-2010s, a renewed emphasis towards TVET has been put into place. Despite these efforts, education- especially higher education- continues to be highly debated. Besides quantity issues, much discussion has been in the area of quality of higher education. Discussion ranges from questions on- What is being taught? What is needed for the nation? What is demanded by the industry/employer? – questions that occupy the attention of many parents and students. In addition, rising costs of public education and competing demands for public funds have put increasing pressure on higher education institutions. All-together, this state of affairs begs the question 'Are Universities Worth It?'

This brief write-up tries to provide some analyses on this question, taking a general look at higher education, but also looks specifically at TVET and its importance in addressing the fast evolving work environment. Section 1 gives a brief overview on the Malaysian Education Blueprint 2015-2025. Section 2 then takes a look at the future of work, especially in identifying what universities are offering and how this compares with what is demanded by industry. Section 3 addresses TVET- its role in a nation and its possible role in Malaysia as

---

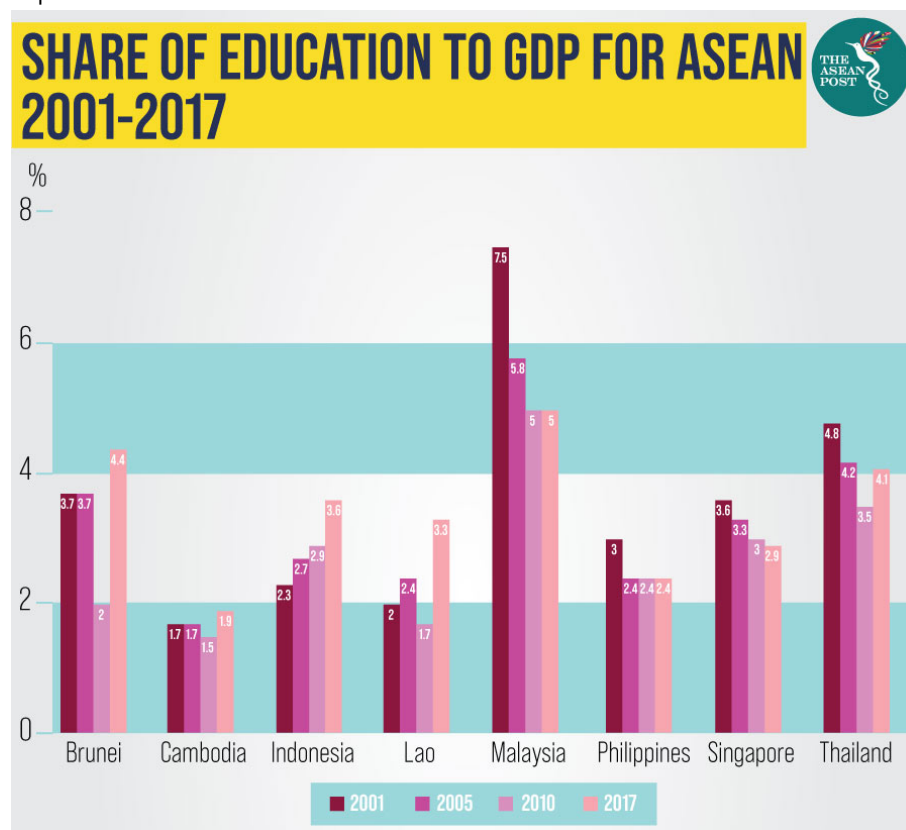
<sup>1</sup> Professor, Department of Economics, IIUM.

well as the challenges faced in the Malaysian context. In this we will try to see how the German Social Market Economy model has developed its TVET and how it could provide some lessons to be emulated and adapted in Malaysia. The final section 4 tries to connect the TVET discussion with the larger higher education environment, what we need to do to address the specific challenges faced so that meaningful reform can be implemented in Malaysia. It should be stated that the write-up also benefitted from a webinar organized by the KAS office in Kuala Lumpur held on Sunday, 5th September, 2021.<sup>2</sup>

## Section 1: Malaysian Higher Education Blueprint 2015-2025

*Our true aspiration to attain a high-income developed nation status is very much dependent on innovation based economy founded on high-level knowledge and creativity. On this basis, the capability of the nation's public and private institutions of higher education must be continuously developed through innovative approaches that significantly differ from those conventional ones.*

Malaysia is one country that has consistently spent a relatively high percent of its budget on education. Education, including higher education has, and is seen as an effective means of upward social mobility over the last 40 years. In fact, in ASEAN, Malaysia tops in public expenditure as a % of GDP.<sup>3</sup>



<sup>2</sup> The 4-hour webinar titled 'Are Universities Worth It?' had three sessions: Session 1 – The Future of Work and Higher Education. Moderated by Professor Terence Edmund Gomez (UM) and Professor Geoffrey Williams (Malaysian University of Science and Technology), Associate Professor Paolo Casadio (HELP University) and Hon. Nurul Izzah Anwar (Member of Parliament, Permatang Pauh) as speakers. Session 2 – Higher Education and TVET-What Do Learners Want and Need. Moderated by Professor Mohamed Aslam Haneef (International Islamic University Malaysia) and Mr Daniel Bernbeck (Chairman, Malaysian-German Chamber of Commerce), Mr Jufitri Joha (President, Malaysian Youth Council), Nur Rabiatul Adawiyah Zul (Graduate of German-Malaysian Institute) and Dasvidiren Partiven (Graduate of Penang Skills Development Centre) as speakers. Session 3 – Higher Education and TVET-What Do We Need and How Do We Provide It. Moderated by Mohamed Aslam Haneef and Hon. Maszlee Malik (Member of Parliament for Simpang Renggam and Former Higher Education Minister, Malaysia), Terence Gomez and Geoffrey Williams as speakers.

<sup>3</sup> See 'Education in ASEAN needs a revamp now', The ASEAN Post Team, 7 August 2019

In terms of higher education, the number of public universities has increased from 5 in 1980 to the current 20 (5 research universities, 7 comprehensive universities and 8 focused universities; in addition, today there are more than 450 private higher education institutions. The intake into higher education has increased from about 14% in the late 1970s to 44% in 2019 from among those aged between 17-23 putting total numbers at about 1.3 million students. This has happened especially since the late 1990s with the enactment of the Private Higher Education Institutions Act (PHEIA) 1996 that now sees a little more than 50% of students in private universities.

The MEB 2015-2025 blueprint sets out *5 system aspirations* – access (100% pre-school to upper secondary enrolment by 2020), quality (top three of all countries in PISA and TIMSS in 15 years), equity (50% reduction in achievement gaps for rural-urban; socio-economic and gender by 2020), unity (shared values for nation building) and efficiency (maximises student outcomes) and *6 student aspirations* – ethics and spirituality, leadership skills and national identity to build akhlaq; language proficiency, thinking skills and knowledge to develop the intellect/ilmu. In order to achieve these aspirations, *10 'shifts'* are needed that provide a new framework. The first four shifts focus on outcomes for key stakeholders in the higher education system, including students in academic and TVET pathways, the academic community, as well as all Malaysians participating in lifelong learning. The other six shifts focus on enablers for the higher education ecosystem, covering critical components such as funding, governance, innovation, internationalisation, online learning, and delivery.

As shown in the diagram above, Malaysia is already known to have one of the highest annual expenditures on higher education, approximately 5% of GDP. To achieve all these goals and aspirations requires nothing less than *university transformation*. However, numerous issues still persist. Despite the focus – both funds as well as human resources dedicated to developing education plans and blueprints – education and especially higher education continues to be a highly debated policy area. Issues range from the 'content' of university education, the quality of education, the relevance of higher education curricula vis-à-vis the needs of the nation as well as funding issues. These will be addressed in the following paragraphs.

## Section 2: Higher Education and the Future of Work

To address this issue, higher education is divided in Malaysia into broadly two sub-areas: Traditional Universities (both public and private) and Technical and Vocational Education or TVET (again, public and private). Both types of education are important for a nation, however, TVET in Malaysia still suffered from being seen as 'second class'. This is very different in economically developed countries such as Germany and Japan. In these countries, technical education and skills enhancement are given equal importance and are held in high esteem. This is even more important as we relate higher education to the needs of the nation as well as in discussing the future of work. There is no denying that the last 10 years has clearly seen a new work environment. The digital revolution, IR4.0 has arrived and has already had tremendous impact on higher education. COVID-19 has fast forwarded the impact of the digital world into higher education. Malaysia must act now or risk being left behind.

### Making Universities Relevant

In order to face this new environment of work, a major question that needs to be addressed in higher education is to focus on 'how you are going to earn a living in the future'. In fact, the future has already arrived! With the IR4.0, how will these advancements in technology impact our lives? Many professions – seen to be the good paying occupations – are already

affected and will be affected even more. Professions such as medicine, law and accounting—all professional vocations are going to be seriously impacted with the advent of automation. Even the academic profession has been impacted. For example, if one could organize lectures and the teaching system through videos, what will be the new role of academics? If the knowledge components can all be made available through online/internet websites, what will need to be taught in the University?

It is here that the Malaysian system had emphasised Science, Technology, Engineering and Mathematics (STEM) areas for the last almost 40 years and may not be where the future of university education lies. Many of these areas are going to be 'overrun' by the IR revolution. Instead, attention may need to be given to areas that are more resistant to technology such as the social sciences and humanities – areas that require the 'human touch'. Even here, what is needed is not necessarily the 'knowledge' components. Academics have – by and large – no industry experience. Hence, trying to teach students what is expected in the industry is not very fruitful. Today, if one wanted to be in the IT applications field, it may be more relevant and productive for students to undertake modules and/or certificates introduced by Google or Microsoft on how to develop an application rather than come to a university to do a two-year diploma or a three or four-year undergraduate degree!

Over the last decade in Malaysia, the government has tried to promote STEAM as a replacement of STEM- the 'A' representing Arts (and humanities). There has been realization that the over-emphasis on pure sciences and technology (while important), must be adapted to the Malaysian context and socio-economic realities. While tech-trends are important, social trends are equally relevant. While certain tasks may no longer be needed due to the advent of the digital economy, the jobs may still be there. However, what needs to be evolved is knowledge about the 'human touch' and how to address social interaction with this technology and to make it useful in society.

As far as the economy is concerned, the old growth model based on cheap labour costs that dominated in the two to three decades since the late 1980s is no longer relevant. For the last decade (or even two), it has been technology driven competitiveness that is the recipe for success. However, technology driven competitiveness changes every few months and requires new thinking and a new kind of human resource. Developing nations that are still stuck in the old model face numerous challenges. As far as higher education is concerned, are students and universities aligned to this new technology-driven framework? Some countries like Singapore and to a certain extent, Indonesia, did develop successful unicorns – very rare – that saw success. Their education system allowed it. Why is Malaysia not able to do so? This is a very fundamental question that must be answered sincerely. Many webinars and discussions are needed beyond this write-up. Higher education needs to not only focus on engineering and construction, but on agriculture, health, well-being, arts and humanities. While TVET is central, it also requires us to have TVET 4.0 and not just the TVET of three decades ago.

### **What Should Universities Teach and What Should Be the Role of the Government?**

As mentioned above, rather than trying to teach industry related skills, universities should focus on teaching 'how to think'. Rather than trying to teach students how to do a particular job, universities should educate and train people for 'life'. Rather than prioritizing areas/disciplines that are currently 'good jobs with high income earning potential', universities should be developing people who are innovative, dynamic and able to adjust and adapt to any scenario in life.

So where is the problem? A TVET cross parliamentary committee set up in the second half of 2018 found many structural issues that make it almost impossible to move forward. As part of the reform agenda of the Pakatan Harapan government in 2018, education reform was a major item. However, the bureaucratic system proved to be a major stumbling block. It was revealed that TVET in Malaysia came under the jurisdiction of at least seven Ministries! Every Ministry and Minister involved wanted a say in the qualifications sought and in many cases, worked in silos. Many came with their own mind-sets and ideological biases. Trying to make decisions that were evidence-based was very challenging. Since the late 2019 report and findings, COVID-19 has almost shut-down TVET institutions as TVET requires more hands-on interaction. In addition, the advent of IR4.0 and the digital economy has meant that lower skill jobs will be lost. To make matters worse, the demand for labour in Malaysia is still concentrated in low and medium-low jobs! So much for talking about moving up the ladder to high skill, high value added jobs.

Evidence based policy clearly indicates that rather than being directly involved in running TVET institutions and programmes, the government would be better off providing the general direction of TVET and developing an enabling regulatory framework to achieve this. In order to be relevant in this new work environment and to the nations' needs, TVET needs to be industry-led. Numerous attempts to bring universities and industry players together have not shown the desired outcomes. Universities basically wanted funding from industry, while industry wanted 'ready-made graduates' for the work-place. The solution is to have a greater collaboration with various 'Chambers of Commerce' who represent the industry to be involved in TVET education.

### **Section 3: TVET – Its Role and Importance for Malaysia**

#### **Policy Evolution**

The role and Importance of Technical and Vocational Education and Training (TVET) in Malaysia was recognised as early as 1969 when the first Polytechnic, Ungku Omar Polytechnic in Ipoh, was established under the United Nations Development Plan in 1969. TVET was strengthened with the recommendation of the cabinet committee on education in 1979. The First Industrial Master Plan (1985–1995) also highlighted the importance of the human resources needed to make Malaysia a fully industrialised nation. These various plans enabled the establishment of more polytechnics and community colleges as well as a greater focus in the fields of engineering, trade and services. Numerous government policy initiatives can be seen in the last 20 years culminating in the Polytechnic Transformation Roadmap in 2009. To strengthen the role of polytechnics and community colleges in the field of education and training, a merger of polytechnics and community colleges was done in 2017. As of 2020, there were more than 1000 institutions – almost equally in the public and private sector – offering TVET. Nevertheless, these (and many other policy initiatives have not been able to bring the desired results. Where exactly are the problems?

#### **Dealing with Negative Perceptions Towards TVET**

The first major challenge has already been discussed above. Rather than direct government involvement in running TVET, it would be more effective to let TVET be industry-led. However, a major obstacle in Malaysian society is the misperception that TVET is 'second-class'. While it may be true that TVET is more suited to those who are not 'academically-inclined', this should not be seen as a negative trait. Not everyone needs to study academic disciplines in a university. As stated in the introduction, in many economically developed nations, TVET and its qualifications are very highly demanded and hence are also very highly rewarded vocations. This is one area that the government can and should play a direct role.

As stated by two of our TVET graduates, they benefitted from being exposed to TVET while in school. Career exhibitions and information on education/training opportunities should be enhanced. Be bold and aggressive in organising these events for those in high school, including efforts that are private sector-led. Allow those who graduated from these TVET programmes to give talks in their former schools. The way to change negative perceptions towards TVET is by showcasing the success stories. There are already many graduates from TVET institutions who are shining examples of the success of TVET, especially when they are industry-led initiatives. The government can also change the negative perception of TVET through media campaigns as well as legislation that targets wage-reforms for blue-collar jobs. By upgrading TVET and blue-collar jobs, more young Malaysians would feel confident to take up jobs that are more 'hands-on'.

With improvements in TVET curriculum that manifests the technology trends and IR4.0, TVET fields will easily attract youth who are not 'university-inclined'. TVET not only teaches skills, but also focuses on 'competencies', especially those related to the industry. These competencies can be conveyed through formal and informal curricula. TVET can also be designed in ways that does not make it overly 'company/industry' focused, not to mention being regionally/internationally recognised. With all these reforms, the government should also find solutions to the challenges faced in qualification recognition and accreditation. Hence TVET qualifications become a legitimate alternative to a university degree. For this to happen, we must be willing to learn from other nations that have a successful TVET system in place.<sup>4</sup>

#### **Section 4: Higher Education with Focus on TVET- The Way Forward<sup>5</sup>**

Education must be seen as a human right. As a country develops, this should include higher education. Without exception, universities should be a place that welcomes critical thinking, debates and a place that churns out solutions to intellectual and real life problems. It should produce 'knowledge creators and innovators' for the nation and for humanity at large. Those who enter higher education should be privileged to be in such an environment. However, it seems Malaysian higher education institutions are not there yet. Much has to do with the rather 'controlled' environment of universities through legislation, self-censorship by academics and academic administrators as well as a culture of complacency and apathy among the academic community – a result of five decades of top-down administration/management from the government.

While knowledge creation and dissemination through teaching and research are what universities are supposed to do, this is only partly true in Malaysia. An 'open' environment is needed and a strict adherence to the ethics of academia is needed. Malaysia faces many challenges that have to be addressed urgently. Some are discussed below.

With 20 public universities and more than 450 private universities, there may be a genuine need to merge institutions and even to close down some in order to ensure quality education is there. Some of the current universities could be converted into TVET institutions. However, industry-led TVET should be the preference and priority. Following the Social Market Economy (SocME) model, these industry-led TVET institutions can totally change the understanding of higher education and work. In the SocME model, those who

---

<sup>4</sup> Terence Gomez, Geoffrey Williams and Mohamed Aslam Haneef were part of a six-man team that looked into the social market economy and possible lessons for Malaysia in 2011-2012. Together with Paolo Casadio, they are also involved in a 2021 project funded by the KAS on Social Market Economy reforms.

<sup>5</sup> Further details of the contents contained herein can be found at the TVET Platform for South East Asia <https://sea-vet.net/>.



are in TVET are not strictly students. In many cases, they are already employees in a company. Hence, there is no need to worry about finding a job after graduation. Rather than the 'train and place' model of some government-led TVET initiatives, the industry-led initiatives follow a 'place and train' model. Students are already familiarized with the work environment of a company while they are studying. In fact, in the SocME model of Germany, students would work two days and study three days rather than do practical training or internship at the end of their study. However, this arrangement needs to take into consideration the Malaysian context, hence adaptation may be needed. However, industry-led TVET must be the mode for reform.

Academic leadership of universities and the culture of patronage has led to a 'docile' academic community in the public universities. The standards of academia have not improved and many would say, has declined over the decades. This is despite moving up the university rankings and churning out more journal publications than before. The situation is not any better in private universities. When money-making motives dominate coupled with 'accidental managers' running private universities, this is a recipe for disaster. In both types of universities, the search and quest for 'truth' is no longer the priority. In many cases, important issues deemed 'sensitive' are not discussed and debated in universities, albeit for quite different reasons in public and private universities. It is these sensitive issues that should be the focus of research and debates in universities. Universities should be the place where informed solutions are sought. However, this is not happening.

The resistance to change in universities needs to be tackled. As stated earlier, five decades of top-down management has created a passive culture in Malaysia. It is no coincidence that Malaysia comes out top in 'Power-Distance' studies, i.e. indicating that subordinates do not question decisions of their superiors.<sup>6</sup> After five decades, resistance from the 'deep-state' is clear in Malaysia. Certain 'national' interests have dominated Malaysian life and society. Issues of race/ethnicity makes any meaningful discussion and debate very difficult. Yet, universities have to break out of this mould. With the advent of e-learning and its implications for 'campus living and learning' in addition to the hopes and aspirations of parents to see their children 'succeed' in their careers – pose serious challenges to all stakeholders.

Finally, reforms to university education cannot overlook the funding issue. Although stabilized in the last couple of years, there has been a significant cut in university funding compared to the past. Demand for public funding has increased manifold, hence new funding models need to be found. This article does not discuss this very central issue in university reform but industry-led TVET is one solution. Industry-led TVET can be funded fully or significantly by the private sector. This would reduce dependence on public funding. At the same time, the students would not need to take 'loans' from the government or elsewhere since they are being paid by the companies involved in that TVET institution. This would be a major shift away from our current model that sees students taking on significant debt to study in university, with added uncertainty of finding a good-paying job upon graduation. The same can also be said about funding for academic staff and research. With TVET, some of these expenditures would also be borne by industry. Hence, the government could allocate more funds to a smaller pool of public universities.

---

<sup>6</sup> Pioneering work by Geert Hofstede in the 1980s discussed power distance as a term that describes how people belonging to a specific culture view power relationships - superior/subordinate individuals in cultures demonstrating a high power distance are very deferential to figures of authority and generally accept an unequal distribution of power, while individuals in cultures demonstrating a low power distance readily question authority and expect to participate in decisions that affect them. See Kate Sweetman (2012) in the Harvard Business Review, <https://hbr.org/2012/04/in-asia-power-gets-in-the-way>

---

## Concluding Remarks

Serious reforms in higher education must be part of Malaysia's way forward. A higher education 'exit-plan' post COVID-19 is needed. Many of the structural weaknesses of the Malaysian Higher Education system have been exposed over the last decade, accelerated by the COVID-19 pandemic. The reforms require sincere discussion from all stakeholders. One reform that can be implemented is TVET reform as highlighted in this article. The SocME model provides a viable alternative, one that promotes industry-led TVET. Although TVET has been in the Malaysian education landscape for five decades, many challenges can be found. Direct government run TVET has not delivered the expected results. Hence looking at the SocME model and adapting the TVET model for Malaysia would be an all-round win situation for students, parents, the government, the industry and ultimately the nation. To undertake these reforms will require sincere and responsible leadership that genuinely takes evidence-based decision-making.

## References

Academy for Responsible Management and Konrad Adenauer Stiftung (2021), Fairness, Competition and Development: Foundations for a Social Market Economy in Malaysia, especially pp. 14-15, 19-20.

<https://www.kas.de/en/web/malaysia/single-title/-/content/fairness-competition-development-foundations-for-a-social-market-economy-in-malaysia>

Department of Polytechnic Education, Ministry of Higher Education, Malaysia (2019), TVET Country Profile- Malaysia.

Ministry of Education Malaysia (2015), Malaysian Education Blueprint 2015-2025.

KAS Webinar 'Are Universities Worth It?',

<https://www.facebook.com/futuresmalaysia.ngo/videos/679412436785100>



**Konrad-Adenauer-Stiftung e. V.**

The author, Dr. Mohamed Aslam Haneef is an economist, and a Professor at the International Islamic University Malaysia (IIUM).

KAS Malaysia Office  
European and International Cooperation  
[www.kas.de/malaysia](http://www.kas.de/malaysia)  
[Info.malaysia@kas.de](mailto:Info.malaysia@kas.de)

