Experiences From Human Resource Development Fund Malaysia

Regional TVET Conference - TVET Quality Breakthrough
10 & 11th October 2012
Melia Hotel, Hanoi, Viet Nam
Experiences From HRDF Malaysia

Agenda
- Background
- Strategic Direction
- Financing Mechanism
- Q&A
• Established vide the Human Resources Development Act, 1992

• Corporatised on 16 May 2001 under Pembangunan Sumber Manusia Berhad Act, 2001

• A company Limited by Guarantee incorporated under Companies Commission of Malaysia (SSM)

• Administer the Human Resources Development Fund (HRDF)

• Collection of human resources development levy (HRD Levy) and disbursement of financial assistance through Levy Grant Scheme
VISION
To be the driving force in training and development of the workforce

MISSION
To enhance the knowledge, skills and capabilities of the workforce through effective management of the Human Resources Development Fund (HRDF)
OBJECTIVES

• Encourage employers in the private sector to retrain and upgrade the skills of their workers

• Assist in human capital development with the latest and specific skills

• Produce highly skilled and world class workforce towards high income economy

• Increase productivity, efficiency and strengthen the country’s competitiveness in the global market
1 Malaysia (People First, Performance Now)

Vision 2020

10th & 11th Malaysia Plan
HRDF MALAYSIA STRATEGIC THRUST

- **INCREASE** the number of workers covered under the HRDF
- **CREATE** highly competent and competitive Malaysian workforce
- **SHAPE** supportive ecosystem for learning and development
- **INTENSIFY** training and human capital development of SMEs
COVERAGE

MANUFACTURING SECTOR

• Employers With 50 Employees and Above Regardless of Any Amount of Paid-up Capital (HRD Levy at 1%)

• Employers With 10 - 49 Employees With a Paid-up Capital of RM2.5 Million and Above (HRD Levy at 1%)

• Employers With 10 - 49 Employees With a Paid-up Capital of less than RM2.5 Million (HRD Levy at 0.5%) –Optional

SERVICE SECTOR

• Employers With 10 Employees and Above (HRD Levy – 1% of Wages and Fixed Allowances)
## MANUFACTURING SECTOR

1. Electrical and Electronic
2. Metal Product
3. Mineral Product
4. Food and Beverages
5. Transport Equipment
6. Plastic
7. Wood & Wood based and Cork
8. Machinery
9. Industrial Chemicals
10. Paper and Pulp
11. Iron and Steel
12. Rubber Product
13. Furniture and Fixtures
14. Printing and Publishing
15. Textile and Apparel
16. Petroleum and Coal
17. Optical and Photography
18. Glass and Glass Product
19. Petroleum Refinery
20. Footwear
21. Ceramic
22. Tobacco
23. Leather

## SERVICE SECTOR

1. Energy
2. Hypermarket/Supermarket/Departmental Store
3. Direct Selling
4. Commercial Land Transport and Railway Transport Services
5. Warehousing Services
6. Port Services
7. Hotel Industry
8. Freight Forwarding
9. Shipping
10. Air Transport
11. Tour Operating Business (In-bound only)
12. Postal or Courier
13. Telecommunication
14. Research & Development
15. Engineering Support & Maintenance Services
16. Security Services
17. Computer Services
18. Advertising
19. Private Hospital Services
20. Higher Education
21. Training
NUMBER OF EMPLOYERS REGISTERED
(August 2012)

Total Registered Employers: 13,132 (2,260,473 Employees)

- Manufacturing Sector: 6,709 (1,169,337 Employees)
- Service Sector: 6,423 (1,091,136 Employees)
BREAKDOWN OF EMPLOYEES BY REGISTERED EMPLOYERS BY CATEGORY
(National SME Development Council Definition)

**MANUFACTURING**
- Small (≤50 employees): 77,487
- Medium (51-150 employees): 272,356
- Large (>150 employees): 819,494
- Total: 1,169,337

**SERVICE**
- Small (≤19 employees): 25,167
- Medium (20-50 employees): 83,083
- Large (>50 employees): 982,886
- Total: 1,091,136

- 30% Small employees
- 10% Medium employees
STRATEGIC THRUST 1

INCREASE the number of workers covered under the HRDF

Expansion of PSMB Act 2001

2 subsectors under the manufacturing sector and 16 subsectors under the service sector
(December 2012 - 11,287 Employers)

To make mandatory employers with 10 to 49 employees and with a paid-up capital of less than RM2.5 million to register with PSMB (December 2013)
(Currently optional to register - 11,021 Employers)

To make mandatory for employers with 5 or more employees to register with PSMB, regardless of the paid-up capital
(December 2013)

(Subsectors NOT covered)
Construction, Plantation, Agriculture, Forestry, Fishery and Aquaculture, Banking, Insurance, Professional (Medical, Dentistry, Architecture, Legal, Accounting, Auditing etc.) and Financial Intermediaries, Real Estate, Social and Community Services, Private Education, Retail, Trading, Wholesales etc.
STRATEGIC THRUST 2

CREATE highly competent and competitive Malaysian workforce

Increasing the rate of skilled workers to 33% by 2015 and 50% by 2020

Develop and Enhance Industrial Workforce Competency Level

Offer HRDF Senior Management Development Programme

Intensify number of workers recognised for past learning experience

Boost supply of skilled workers
SHAPE supportive ecosystem for learning and development

- Enrich and Extend e-Library Facilities
- Provide e-Learning Platform
- Establish HR Certification Body
- Enhance Capability of Training Providers and Training Courses
STRATEGIC THRUST 4

INTENSIFY training and human capital development of SMEs

- Strengthening Human Resources Management of SMEs
- Training Coordinator for SMEs under the National SMEs Development Council
To continuously retrain and upgrade the skills, knowledge and capabilities of the workforce – 7 Training Schemes

To increase the supply of skilled workers – 4 Training Schemes

To increase ICT training programmes – 2 Training Schemes

Financing Mechanism

HRDF & Government
Thank You