

Group activity: Institutional structure

The Government of Coresia embarked on a journey to transform Coresia to a high income economy by 2020 with the announcement of the New Economic Model (NEM) in 2010. One of the highlights of the NEM is the development of human capital which includes flexible hiring and firing rules for employers and, at the same time, enhancing the workers' safety net through the introduction of unemployment insurance (UI) along with integrated employment services. The NEM is the economic component of Coresia's transformation program with an objective of more than doubling the per capita income of Coresians of COD 220,000 (US\$ 7,000) in 2010 to COD 465,000 (US\$ 15,000) in 2020.

Coresian government institutions will play a vital role in achieving the objectives of the NEM especially in the development of an unemployment insurance plan and enhancing skills development of Coresian workers. The government has established a target of 40% of workers fully skilled by 2020 (currently 28%).

Departments will need to collaborate and develop close linkages between income support (UI) and employment sustainability through Active Labour Market Policies (ALMPs).

The main ministries and departments dealing with income support, employment initiatives and training are:

- 1) Ministry of Human Resources and Skills Development of Coresia (MOHRSD):
 - Department of Social Security (DSS);
 - Department of Labour (DOL) responsible for the job matching portal JobsCoresiaNow;
 - Employer Sustainability Fund (ESF)
 - Department of Skills Advancement (DSA)
- 2) Ministry of Private Sector Involvement (MOPSI):
 - Coresian Employment Retirement Fund (CERF):
 - Department of Small, Medium Enterprises (DOSME).
 - Department of Coresian Industrial Relations (DCIR)
- 3) Ministry of Rural Development (MORD)
- 4) Ministry of Revenue of Coresia (MOR),
- 5) Ministry of Women and Social Welfare (MWSW),
- 6) Ministry of Basic and High Education (MOBHE),
- 7) Ministry of Interior (MOI)
- 8) Private Sector: JobHighway

1. Ministry of Human Resources Development Coresia (MOHRD)

MOHRDC is a government ministry that is responsible for determining the policies and direction to achieve the goals of Human Resources with a vision to be the leading agency in the development and management of a world class workforce. It plays a leading role in the establishment of income support programs and employment initiatives to assist individuals return to work as quickly as possible.

Outside the formal sector, the MOHRD is spearheading the training sector with fourteen Vocational Industrial Training Institutes (VTIs). Knowledge workers (or K-workers) are expected to have three key sets of competence – technical, social and learning. The ministry believes that one of the best ways of workers and potential workers obtaining these competencies is through apprenticeships which, by definition, should combine all three skill sets.

These VTIs offer industrial skills training programmes at basic, intermediate and advanced levels for pre-employment or job entry level. These include apprenticeship programmes in the mechanical, electrical, building and printing trades as well as programmes to upgrade skills and train instructors.

Department of Social Security (DSS)

DSS has 46 provincial and branch offices located throughout Coresia which provide full services to employers and insured persons as well as a call centre to respond to enquiries. DSS administers four programmes which are as follows:

- The **Employment injury Insurance Scheme** provides protection for insured persons from industrial accidents, including occupational diseases and commuting accidents related to work. Types of benefit include medical benefit, temporary disablement benefit, permanent disablement benefit, constant attendance allowance, dependents' benefit, funeral benefit, rehabilitation benefit and the education benefit.
- **Invalidity Pension Scheme:** provides 24 hour protection to insured persons against invalidity or death due to any cause. Types of benefit include invalidity pension, invalidity grant, constant-attendance allowance, survivor's pension, funeral benefit, rehabilitation benefit and education benefit;
- **The sickness and maternity Branch:** provides income replacement for those in sick leave, under medical certification and women going on maternity leave.
- **The National Health Insurance Plan:** it is mandatory health insurance for those employed, self-employed, rural and informal economy workers, and their dependents.

In the case of the Employment Injury Insurance Scheme and the Invalidity Pension Scheme, DSS currently administers the registrations of employers for collection purposes of the two insurance programs, collection of contributions, taking applications for benefits, assessing and deciding on entitlement and making payments.

DSS also has established a return to work (RTW) unit to provide assistance to those who are injured but still capable of working and help them to return to work as quickly as possible. The work and goals of the RTW unit are in many respects similar to those that would be intended under a UI system and RTW officials seem ready to take up any additional challenge and opportunity that the adoption of UI could bring. However, their case management workload is relatively small when compared to the projected claim intake of 200,000 to 300,000 in the first year of implementation. The RTW unit handles around 2,500 cases per year.

Department of Labour (DOL)

DOL have 50 offices located throughout the country to deal with issues surrounding provisions of the employment act such as minimum wage, enforcement of the Labour Protection Act, problems with employer and worker relations and situations where a person is unjustly terminated by the employer. DOL conducts investigations and make recommendations on complaints from employers and workers concerning provisions of the labour law.

Establishing a processing unit for injury claims from foreign workers, local DOL assessment and calculation functions for workmen's compensation claims but are not involved in the registration of employers and employees for collection purposes nor do they collect contributions. They're also not involved in the payments of benefit nor do they conduct job seeking interviews. The number of claims received for assessment by DOL is minimal. A total of 1,003,865 foreign workers were insured but only 4,366 individuals received injury benefits for 2010 and 3,428 for 2011.

DOL is also responsible for providing employment support through **JobsCoresiaNow** (JCN). JCN provides an electronic job matching web site for employers and workers as well as job counselling, job search and resume writing workshops and labour market information. There are 25 full service offices throughout the country and an additional 40 shared premises with other departments. But there is a problem with access to JCN offices in rural areas particularly in the northern and eastern areas of Coresia.

The job portal web site registers a half million job seekers in all sectors and covers the public service and there is also assistance for housewives and other groups. On December 1, 2012, the job portal site listed 360, 593 registered job seekers on all job sectors. Only 2 percent were registered in “elementary occupations”. The site also listed 202,617 job vacancies but 131,847 of those vacancies were listed as “elementary occupations”. By eliminating the “elementary occupations”, the number of job seekers totalled 353,444 while the number of job vacancies dramatically dropped to 70,770 giving a ratio of 499 job seekers per every 100 job vacancies.

The portal web site lists job vacancies for employers who are looking for foreign workers but employers are required to list with JCN initially to allow Coresian citizens access to these job listings which explains the substantial number of “elementary occupations”. Criticism was also expressed by job seekers that the site looks congested and needs an overhaul.

The Coresian Skills Fund (CSF) falls under the jurisdiction of DOL and its objective is to improve employability of workers, help them upgrade to better positions and facilitate return to work especially for youths who are experiencing problems in finding sustainable employment.

Employer Sustainability Fund (ESF)

ESF operates on a levy/grant system and collects levies from registered employers (mainly from the manufacturing and services areas) but not all employers (contribution rate for employers is 1%). Workers do not pay contributions to ESF. Employers who pay the levy can qualify for training grants from the fund to defray or subsidize training costs for their employees. The rate of financial assistance is 100% of the allowable costs incurred for training such as ISO related training and up to 50% for costs incurred overseas. The approved financial assistance was COD 1.5 billion (48.3 million U.S.) 2012, compared to levies of COD 1.3 billion (41.9 million U.S.).

The number of registered employers for ESF coverage for 2012 was 12,870 employers. They also process grant requests and issue payments but on a much smaller scale than DSS Offices. Unfortunately, they do not have a nationwide network of offices for filing UI applications for benefit and no experience in processing social insurance benefits.

Because of the emphasis given to retraining and upgrading the skills of the Coresian workforce in order to achieve the status of developed country by 2020, ESF is expected to play a prominent role in achieving the government's goals.

Department of Skills Advancement (DSA)

DSA is the government department responsible for promoting and coordinating strategies and skills training programmes in line with efforts to reinforce skills. DSA is the main focal point of identifying approved training providers and training courses. The main objective of DSA is coordinating and regulating the implementation of training skills and produce knowledge workers of national and international standards for the job market. They are also involved in accreditation, certification and vocational training and implementing the National Training Certification Programme which is achieved through assessment and training. Candidates can receive Coresian Skills award if they meet the requirements of the National Occupational Skills Standard developed and regulated by DSA.

In Coresia, many programmes and institutions exist offering a wide variety of training and skills upgrading courses. There are also many approved training providers and training courses under the responsibility of the Department of Skills Advancement. DSA also has an effective accreditation process and thus good training opportunities.

2. Ministry of Private Sector Involvement (MOPSI)

The government of Coresia places a great deal of importance on its relationship with the private sector and collaborates with the private sector on all major economic and social issues.

Coresian Employment Retirement Fund (CERF)

CERF is a compulsory savings scheme and its primary aim is to provide a measure of security for old age retirement to its members. It also provides supplementary benefits to members to utilize part of their savings for house ownership and other withdrawal schemes. The Coresian ERF was formally founded after the enactment of the Coresian Employment Retirement Fund Act 1991 which grants employees retirement benefits via a body that is intended to manage their savings

As a retirement plan, money accumulated in a CERF savings can only be withdrawn when members reach 50 years old, during which they may withdraw only 30% of their CERF; members who are 55 years old or older may withdraw all of their CERF.

CERF employees collect contributions from employers, processes applications for withdrawals and issues payment. Smart card technology allows CERF members to use automated kiosks to verify their up-to-date account information and print out their savings record.

CERF officials do not feel it would be desirable to extend the withdrawal provisions allowed under their Act to the unemployment domain, in other words to allow CERF funds to be used as UI savings accounts. CERF savings are already under stress and inadequate for many of their contributors. The *de facto* retirement age is low in Coresia (55 years) and life expectancy has been increasing (76.9 years for women and 72.5 years for men). Most workers withdraw their entire savings at age 55 and, as a result, 70% of members exhaust their CERF savings by age 65. In addition, 73% of those aged 54 years in 2010 had less than COD 500,000 in their account.

Effective 1 January 2007, a member's CERF savings consists of two accounts that vary by their share of savings and withdrawal flexibilities. The first account, dubbed "Account I", stores 70% of the members' monthly contribution, while the second account, dubbed "Account II", stores 30%. Account I restricts withdrawals to the moment the member reaches an age of 55 years old, is incapacitated, leaves the country or passes away. Withdrawal of savings from Account II however, is permitted for down payments or loan settlements for a member's first house, finances for education and medical expenses, investments, and the time when the member reaches 50 years of age.

CERF has extensive experience in the collection of contributions especially individual savings accounts. They also have a well established computer system and numerous computer enhancements such as kiosk which allow individuals to print copies of their current total of contributions. Over 8 million copies of contributions were printed from kiosks in 2012.

CERF has 16 full service offices throughout Coresia but the process of withdrawal requests and benefit payments are performed at the Hub which is located in the capital city at the centralized processing centre. CERF accepts applications by mail but they must comply with certain procedures such as filing all supporting documents which are verified by authorized personnel approved by CERF.

There are 1,012 smart kiosk located throughout Coresia including third party locations; the kiosk provides the following services: checking member's statement,

generating the Transaction Activation Code (TAC) registration; the total member statements printed for 2012 is 8,077,474.

CERF operations are similar to DSS operations – register employers, collect contributions, investigate failure to remit contributions on time, accept applications (for benefit or withdrawal), assess and decide if entitled and finally issue payments; however, there are some unique exceptions such as some payments issued by CERF only require a thumbprint on a kiosk to trigger payment in some instances.

Department of Small, Medium Enterprises (DOSME)

Small and medium enterprises (SMEs) play a vital role in the Malaysian economy and are considered as the backbone of industrial development in the country. DOSME represents 240,000 small and medium enterprises in Coresia which have unique problems and issues compared to larger enterprises. Representations for SMEs include sitting on boards of funds, collaboration with worker groups as well as developing consensus on important government issues.

The DOSME implements the Microfinance and Enterprise Development (MED) Programme in close collaboration with the Ministry of Rural Development (MORD). MED programme is targeted at men and women from rural households, identified by their National ID card number. The aim of the MED is to support the creation and growth of local enterprises. This is done in 2 ways.

Department of Coresian Industrial Relations (DCIR):

Industrial relations are those between an employer and collective workforce, almost exclusively held together by a recognized union, although this does not necessarily need to be the case. “Employee relations” is a far broader term entailing all matters involving the relationship between an employee or employees and the employer.

DCIR coordinates communication between the organization of employers and workers` organizations to promote and preserve the tripartite relationship between the government, employers and workers in the field of industrial relations. DCIR also provides advice to employers, employees, employers organizations and workers` organizations to promote good practices and healthy industrial relations.

3. Ministry of Rural Development (MORD)

The Ministry of Rural Development (MORD) is responsible for the socio-economic development and welfare activities in rural Coresia, which is particularly important

for the overall development of the country. The Ministry strives to work towards sustainable and inclusive growth, achieved through the alleviation of poverty, improvement in education and work opportunities, building of good quality infrastructure and facilities. Through the strategic objective and mission of the MORD, the government hopes to improve livelihoods in rural areas and bring about equitable distribution of growth by covering the most disadvantaged sections of society.

MORD operates the public employment programme known as Rural Engagement and Development of Infrastructure" (READI).

4. Ministry of Revenue Coresia (MOR)

MORC is responsible for the determination and collection of income tax from enterprises and Coresian individuals. It was established in 1965 under the Income Tax Act and is one of the oldest ministries in the Coresian government.

Individuals can file their income tax via mail or internet depending on individual circumstances. There is speculation that MORC could play an important role in the integration of the collection of contributions from employers for social insurance programs.

5. Ministry of Women and Social Welfare (MWSW)

MWSW manages programmes that focus on gender equality, family and community development, and assistance to the disabled, elderly and needy. Programmes for the poor target the most needy individuals or households. For example, the Coresian Income Support for All Programme is designed to provide the rural poor with job opportunities through initiatives such as job placements, vocational training and entrepreneurship support.

This ministry is the government's source of advice on issues relevant to advancing the well-being of women. This encompasses women having real choices and using their strengths to maximize social and economic success. The Ministry's target areas are: greater economic independence, more women in leadership and increased safety from violence.

The Ministry's work in the "greater economic independence" area focuses on "enabling women to make informed choices that lead to better lifetime incomes". Efforts in this area focus on the factors that can support women to more fully access economic opportunities and resources, such as:

- Supporting women on low incomes and benefits into sustainable, quality work
- Strengthening enablers of women's employment such as affordable, quality childcare
- Encouraging women into self-employment through micro-financing business enterprises

Old Age Pension Programme: non-contributory programme to provide assistance to those reaching the age of 65; benefits are subject to a means test (payments are clawed back for individuals making more than COD 750,000; individuals are required to complete an application for benefit upon reaching the age of 65.

Principally, the MWSW is responsible for designing, reforming and implementing the Minimum Income Guarantee of Coresia (MIGC) programme which was recently reformed into the Active Solidarity Income.

The other flagship programme of the MWSW is the **Coresia Income Support for All (CISA)** that has four components:

- CISA's Training and Job Placement (TAJ) programme: It provides vocational training and facilitates job placement and access to job portals. TAJ is coordinated by the Department of Skills Advancement.
- CISA's Self Employment Assistance Programme (SEAP): It aims to encourage entrepreneurship and setting up of own businesses by providing low-interest loans, enabling access to raw materials, providing training and sales support.
- CISA's Relief Fund also provides emergency cash benefits of up to COD 4,000 to families affected by natural disasters.
- CISA for Vulnerable Women and Persons with Disabilities that provides income support conditionally to conduct an active job search or attend vocational training programmes.

6. Ministry of Basic and Higher Education (MOBHE)

MOBHE's mission focuses on developing the potential of individuals through quality education. The main objectives of this ministry are to provide educational opportunities for all Coresians and to provide manpower for the development of the needs of the nation.

Technical and vocational education under MOBHE begins at the primary school level. At the primary level, students are introduced to the study of pre-vocational subjects that cover various aspects of manipulative skills. As the students progress into the lower secondary level, pre-vocational education is continued through a

Living Skills programme which provides students further exposure to various areas of simple vocational skills. The upper secondary level is the level where technical and vocational education formally commences. These cover several core subjects for the languages, mathematics, and sciences but in addition the students are required to take selected technical and vocational subjects. Later in life, if an individual loses employment, adult classes on these technical and vocational subjects are provided either full time, part-time or night courses.

The second mandate of MOBHE is also to develop and create a higher education environment to encourage establishments of centres of knowledge and the development of competent, innovative and ethical individuals thus fulfilling national and international aspirations.

MOBHE is responsible for developing an advantageous higher education ecosystem in Public and Private Institutions of Higher Education, Polytechnics and Community Colleges. These institutions are the main components in the ecosystem of higher education and national training to produce thinkers, scholars, scientists and a skilled semi skilled workforce.

MOBHE launched the Graduate Employability Blueprint 2013-2018 with the aim of ensuring graduate employability. The target is to achieve a minimum of 75% of graduates obtaining employment upon completing their studies and the ministry has laid out the groundwork towards achieving it.

In collaboration with JobsCoresiaNow, MOBHE conducts job fairs quarterly to bring together prospective employers looking for professional and skilled workers (or apprenticeships) as well as new graduates. Both organizations benefitted from the job fair as JobsCoresiaNow received 3,255 visitors and placed a total of 280 job seekers in gainful employment; many employers elected to receive applications only and would contact the prospective job seekers with formal interviews at the employer's location. In a survey of job seekers visiting the job fair, 85% of graduates graded the efforts of MOBHE in administering the job fair as excellent or very good.

7. Ministry of Interior (MOI)

This ministry is responsible for the distribution and maintenance of the National ID Card as well as the database containing the records of individual Coresians. They have electronic linkages with MOHRD and its departments, MWSW, MOBHE. Statistical data is gathered by MI on registration with social protection and employment support schemes usually on a monthly basis and reports are generated on a quarterly basis to the social providers.

In addition, decisions to decentralize the government administration, including opening new JobsCoresiaNow centres, social security and social assistance offices, fall under MI responsibility, in consultation with relevant ministries.

8. Private Sector: JobHighway

JobHighway was founded in 1997 and established JobHighway offices in 8 countries including Malaysia, Singapore, Philippines, Indonesia, Thailand, Japan, Viet Nam and Coresia. They have been located in Coresia since 2001 and have 1.9 million registered job seekers (11 million throughout Asia). Approximately 70,000 employers use the service in Coresia (200,000 throughout Asia).

JobHighway has developed an effective job matching engine that matches registered jobseekers to suitable positions posted on JobHighway.com. The system currently sends out about 2.5 million emails a day on job matches to its registered jobseekers. For employers, JobHighway.com provides a job posting platform where they can post job advertisements online or perform database searches. They do not record placements, however, but rely on the number of employer packages and credits for posting jobs.

They also do not provide training. But they do offer resources for career growth such as English, resume and interview assessments and a online blog service, fondly called BlogHighway. JobHighway officials are willing to collaborate with Job Coresia to enhance the effectiveness of the government's jobs portal web site.