

Summary of MIER Education Dialogue Series - Strengthening Malaysia's Education System: Improving Outcomes in a Changing Economic Landscape



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Malaysian Institute of Economic Research

Malaysia has made significant progress in expanding access to education, but an increasingly important question remains: Is the education system developing the knowledge, capabilities and values that individuals need to navigate a changing society and shape the future?

MIER's Education Dialogue Series titled **“Strengthening Malaysia's Education System: Improving Outcomes in a Changing Economic Landscape”** brought together key education stakeholders on 8 September 2026 at the MIER Board Room. The discussion extended beyond students' academic performance to examine the relevance of education, the quality of policy implementation, and the education system's ability to respond to technological change and evolving labour-market needs.

Representatives from the Ministry of Education, government agencies, academia, think tanks, industry, private education providers and civil society contributed perspectives spanning **early childhood education, teaching quality, TVET, employment, entrepreneurship and lifelong learning.**

The dialogue began with remarks by MIER Executive Director Tan Sri Dr Sulaiman Mahbob, who highlighted the close relationship between education and economic performance. This was followed by a setting-the-scene presentation by Associate Professor Dr Kenny Cheah Soon Lee of the Faculty of Education, Universiti Malaya. The subsequent discussion was moderated by MIER's Senior Fellow, Mohd Khairuddin Md Tahir.

Moving from Access to Educational Outcomes

Malaysia has made considerable progress in expanding access to education. However, the discussion highlighted the need to move beyond enrolment figures and place greater emphasis on the quality, relevance and outcomes of education.

Dr Kenny Cheah noted that access alone does not guarantee that students acquire the knowledge, competencies and adaptability needed for the future. The quality of classroom instruction, teaching quality, school leadership, learning conditions and policy implementation remains central to improving educational outcomes.

The education system must also respond to technological disruption, particularly the growing use of artificial intelligence. Rather than focusing only on the availability of technology, participants stressed the importance of preparing teachers and students to use it effectively, responsibly and critically.

Critical thinking, problem-solving, communication, and adaptability were identified as essential competencies that should be developed alongside academic knowledge. Participants also reflected on the broader purpose of education. While the education system must remain responsive to economic and labour-market developments, it should not be viewed solely as a mechanism for meeting industry needs. Education also plays a fundamental role in developing informed individuals, responsible citizens and cohesive communities. The challenge is therefore to balance economic relevance with the wider intellectual, social and human purposes of education.

Understanding PISA and Educational Performance

Malaysia's performance in the Programme for International Student Assessment (PISA) was a major area of discussion. Participants considered how the results should be interpreted and whether PISA provides a sufficiently comprehensive measure of educational quality.

It was noted that Malaysia's performance in the 2022 assessment declined amid wider learning losses experienced across Southeast Asia following the COVID-19 pandemic. Malaysia also continues to perform below several regional peers, including Singapore and Vietnam.

While PISA provides a useful international comparison, the dialogue cautioned against treating a single assessment as the sole definition of educational success. PISA should instead be used as a diagnostic tool to identify weaknesses and guide further investigation.

Participants emphasised the need to examine the factors behind the results, including teacher's availability and capabilities, classroom conditions, school leadership, curriculum delivery and differences in students' learning environments. Malaysia must also consider whether its education system is preparing learners for future needs rather than measuring performance only against existing or past standards.

Educational benchmarks should therefore be interpreted alongside Malaysia's economic priorities, social context and diverse communities.

Education, Employment and the Skills Mismatch

A recurring theme was the misalignment between educational outcomes and labour-market needs. Participants noted that Malaysia continues to face graduate underemployment, changing employer expectations and challenges in the transition from education to employment.

Discussions on education frequently concentrate on the supply side, including the number of teachers, graduates and training programmes. However, equal attention must be given to the demand side by understanding the skills employers require and how those requirements are changing.

Employers increasingly seek practical digital and AI competencies, communication abilities, problem-solving skills and evidence that candidates can apply knowledge in real working environments.

One of the participants shared that AI is reshaping the composition of jobs and the skills required across different occupations and sectors. Rather than simply eliminating jobs, AI is changing tasks and creating demand for new combinations of technical, cognitive and interpersonal capabilities from the graduates.

This transition requires closer coordination among education providers, employers and policymakers. It also reinforces the need for timely labour-market information that can guide curriculum development, training programmes and students' educational choices.

Building Teacher and Educator Capabilities

The successful use of new technologies in education depends heavily on the capabilities of teachers and educators. Participants noted that providing digital tools alone would not improve learning if teachers are not adequately prepared to integrate them into classroom practice.

Continuous professional development should help educators strengthen their digital proficiency, teaching methods and ability to nurture critical thinking. Training should also reflect teachers' actual classroom needs and the different levels of readiness across schools and communities in Malaysia.

As AI becomes increasingly present in education and employment, teachers will play an important role in helping students assess information, ask meaningful questions and use technology ethically and productively.

The dialogue also highlighted the importance of ensuring that educators receive sufficient institutional support, resources and opportunities to update their knowledge throughout their careers. School leadership also plays an important role in supporting the development of teachers and students, thereby contributing to better educational outcomes and achievement.

Strengthening TVET and Industry Collaboration

Technical and Vocational Education and Training (TVET) was highlighted as an important pathway for developing job-ready talent and supporting Malaysia's industrial needs.

A representative from the Ministry of Education shared that industry-linked programmes have achieved high employment placement rates through structured cooperation with companies. Such models allow students to acquire relevant technical competencies and enter the workforce at a relatively young age.

However, several implementation challenges remain. Training institutions may face delays in obtaining funding for advanced machinery and equipment, while rapid technological change can cause training facilities to become outdated. Geographical barriers may also prevent students, particularly those from lower-income households, from accessing industrial training opportunities located far from home.

Participants also highlighted a gap between the training provided at government TVET institutions and the working environments of some small and medium-sized enterprises. Skills acquired using particular systems or equipment may not always be directly applied in MSME workplaces that lack comparable technology and infrastructure.

Many MSMEs also are slower in adopting AI and other advanced systems due to the investment required and a shortage of expertise to introduce, manage and maintain these technologies. These constraints may limit their capacity to offer technology-based training or make full use of graduates' technical competencies.

Stronger coordination among TVET institutions, industry and MSMEs is therefore needed to align training with workplace realities, improve access to appropriate technologies and ensure that programmes respond to changing workforce demand.

A Focus on Entrepreneurship Education

The dialogue also considered whether conventional educational approaches are sufficient to develop future entrepreneurs.

One participant highlighted that entrepreneurial success may take many years to materialise, with some individuals reaching their strongest stage of business development only in mid-career between 35-40 years old. Therefore, measuring the number of businesses established immediately after graduation may not fully reflect the effectiveness of entrepreneurship education.

The wider regulatory and social environment also affects entrepreneurship. Systems that impose heavy legal, financial or social penalties for failure may discourage individuals from experimenting, taking calculated risks and starting businesses.

Entrepreneurship education should extend beyond formal classroom instruction. Practical exposure, informal mentorship, business networks and opportunities to learn from experienced entrepreneurs can help learners understand the realities of building and sustaining a business.

Building Strong Foundations through Early Childhood Education

Participants stressed that the foundations for communication, curiosity, ethical reasoning, creativity and critical thinking are established from an early age.

Early childhood education should therefore be recognised better as an integral part of long-term educational and economic development. Effective preschool education can help children develop the confidence and basic capabilities needed to adapt and continue learning throughout their lives.

The discussion suggested that Malaysia's challenge is not necessarily the absence of policies, curricula or blueprints, but the consistency of their implementation.

Governance of early childhood education is currently distributed across several ministries, agencies and private providers. This fragmentation may produce differences in funding, standards, teacher preparation and programme quality. Greater coordination is needed to ensure that children receive a strong educational foundation regardless of the type of preschool they attend.

Expanding Lifelong and Adult Learning

The dialogue highlighted that education policy tends to focus primarily on children, students and young adults. However, economic and technological changes require people to continue learning throughout their working lives.

Adult education, coaching, mentoring and self-directed learning should form a more visible part of the education ecosystem. Workers need accessible opportunities to refresh their knowledge, acquire new competencies and respond to changes in their occupations.

Lifelong learning is becoming increasingly important as Malaysia's population ages and AI continue to reshape workplace tasks and skill requirements. Workers must be supported not only to acquire new skills, but also to unlearn outdated practices and relearn more relevant ways of working. Lifelong learning should therefore be viewed as a continuous process that supports longer working lives, career mobility, productivity and personal development.

Improving Inclusion and Educational Support

Participants also raised the need to consider the different learning needs of local and international students, as well as students requiring specialised educational support.

Malaysia's aspiration to strengthen its position as an international education destination should be supported by appropriate curriculum support and services for students from diverse educational and cultural backgrounds. At the same time, the availability and quality of specialised facilities, including support for students with autism and other learning needs, require continued attention.

A more inclusive education system must recognise that students do not begin from the same circumstances. Educational performance should therefore be assessed alongside the availability of appropriate learning environments, teaching support and opportunities to

participate fully in education.

Key Priorities Emerging from the Dialogue

Several broad priorities emerged from the discussion:

1. Shift the focus from access to outcomes by assessing what students learn and how effectively they can apply their knowledge.
2. Use PISA as a diagnostic tool alongside other indicators that reflect Malaysia's economic, social and educational context.
3. Strengthen teacher capabilities, particularly in digital technology, AI, critical thinking and learner-centred teaching.
4. Improve education–industry coordination so that curricula and training programmes remain responsive to changing occupational and skills requirements.
5. Expand practical and work-based learning, including industry placements, mentorship and project-based education.
6. Strengthen TVET delivery through timely investment in equipment, wider student access and deeper partnerships with employers.
7. Improve the implementation of early childhood education and coordination among the institutions responsible for preschool provision.
8. Develop a stronger lifelong-learning ecosystem that provides adults and workers with accessible pathways for reskilling and continuous development.
9. Support more inclusive learning environments for students from different backgrounds and those requiring specialised assistance.

From Policy to Implementation

Achieving meaningful education reform requires a whole-of-nation and whole-of-society approach, supported by sustained collaboration and networks among government agencies, educational institutions, educators, policymakers, researchers, families and communities. The private and corporate sectors, including employers, charitable foundations, alumni associations also have an important role in contributing expertise, networks and resources. Such an approach requires the effective coordination and consolidation of financial resources to support the successful and sustainable implementation of education policies, programmes and projects.

The session also identified opportunities for further dialogue, including a more focused examination of skills and wage mismatches in Malaysia's labour market. Through its Education Dialogue Series, MIER remains committed to supporting evidence-based discussion and cross-sector collaboration to strengthen educational outcomes and better prepare Malaysia for future economic and social change.



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