

THE IMPACT OF THE DIGITAL ERA ON TALENT

The end of 2021 will mark two years since the COVID-19 pandemic took the world by surprise. Nations are scurrying for new ways to manage their unique situations; and the ways people live, work and play are continuing to morph in tandem. Aside from causing large-scale public healthcare system crises and disruptions to global economies and labour markets, the ensuing stricter social regulations forced businesses to pivot online to sustain revenues, employee performance and engagement. As a result, remote working and a heavier reliance on digital platforms are now the new norm.

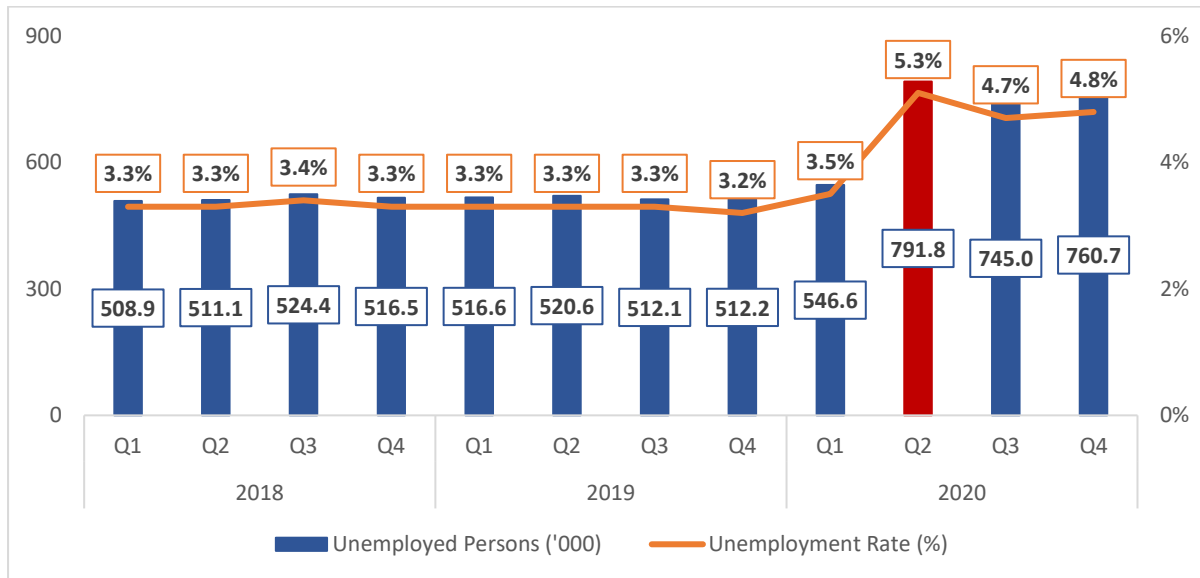
So, what roles do industry, academia and the government play when it comes to embracing these new uncertain realities and digital trends? More importantly, how can these institutions help companies navigate challenges and shape future-proof talent strategies? In an era of accelerated digitalisation, the leading discussions on labour market disruptions revolve around the roles of hybridisation and increased digital proficiency requirements in talent acquisition. Concerns around digital adoption and financial readiness are also on the rise, alongside digital infrastructure access.

Hope for Malaysia's Reality

Here at home, the same shockwaves hit hard, forcing Malaysia to brace for the inevitable pathway to digital acceleration. At the ground level, statistics indicate low levels of digital readiness and adoption as well as other talent-related concerns – all valid pain points for industry, academia, government, and talent stakeholders to rally alongside one another to ramp up Malaysia's digitalisation journey and come out stronger.

The local unemployment rate, for example, surged to its worst since 1993, reaching a distressing peak of 5.3% in May 2020, following government measures to tame the pandemic. Despite the improvement to an average of 4.5% in the following months, it remained a far cry from when the rates were hovering between 3.2 to 3.4% in 2018 and 2019.

Figure 1. The unemployed persons and unemployment rate, Malaysia, Q1 2018-Q4 2020.¹



To upgrade their digital competencies, 37% of small and medium enterprises (SMEs) and 32% of large and listed Malaysian companies have taken necessary steps throughout April and May 2020, as indicated by an Ernst & Young survey. Suffice to say, many of them – from small business owners² who depend on familiar customers to larger enterprises – stepped up to boost their online presence.

However, this does not necessarily mean that Malaysian businesses, both small and large, are ready to brace the new digital norm in order to survive. While many businesses are eager to survive by implementing digital upgrades, the financial readiness to obtain and maintain the right tools is not a privilege all businesses possess.

Taking Stock of the Local Digital Agenda: Industry Challenges (Work, Workplace and Workforce)

In recent times, digital disruption has dominated the global discourse and has had a huge influence on every nation's development plans. In Malaysia's case, it is primarily sectors like construction and manufacturing that have been gearing up for the anticipated technological transition through numerous policy frameworks and roadmaps.

¹ Labour Force Survey Q4 2020, Department of Statistics Malaysia

² *Makcik Kiah* in this context refers to the small and medium business owners whose income 1) relies greatly on selling and buying activities in public spaces and 2) requires transaction of physical currency.

Elsewhere, Malaysia was not quite prepared for the hard landing of a sudden worldwide pandemic. The sluggish digital adoption rates and inequality in establishing a conducive system for remote working could potentially further widen the huge gap between ordinary businesses and digitalised firms. Left unaddressed, Malaysia's economic growth stands to suffer, and the nation could lose out in the digital race.

Here are some eye-opening industry facts:

- 1) **Low level of readiness:** Prior to COVID-19, a significant number of Malaysian businesses were unprepared to acquire the technologies needed for digital upgrades.
- 2) **Low digital adoption rates among local businesses and poor fixed broadband quality due to financial and limiting mindsets:** The World Bank³ reported that, despite the country's solid telecommunication infrastructure and high mobile cellular subscriptions (which outperform many of its ASEAN neighbours), these two major issues plague Malaysia's economic growth. The report also suggests that, juxtaposed against the government and the population, Malaysian businesses are less ready to adopt associated technologies. Technological adoption is often perceived as complicated and difficult to implement.
- 3) **Large businesses provide better remote working environments than smaller ones:** For companies that are not entirely sales-dependent, the acceleration of digital adoption means developing a secure system to facilitate stable remote working. Naturally, large-sized companies are ahead when it comes to acquiring the necessary tools, as they have deeper pockets and can thus cough up more resources. The United Nations Development Programme (UNDP) reported that a whopping 60% (or more) of companies valued at RM10 million and above are equipped with a Business Continuity Plan (BCP) – which includes steadier online platform for remote working – compared to a meagre 44% of domestic and smaller businesses⁴.
- 4) **Poor internet connection and limited access to proper equipment, software and information pose significant obstacles to productivity:** Popular sentiment would typically associate remote workers' productivity with personal issues

³ World Bank Group, Malaysia's Digital Economy: A New Driver of Development, September 2018, Washington, DC: World Bank. License: Creative Commons Attribution CC BY 3.0 IGO.

⁴ UNDP, How We Worked from Home, 2020, Report prepared by UNDP Accelerator Lab Malaysia. Putrajaya: United Nations Development Programme.

such as demanding childcare and other personal responsibilities. Data gathered for the “How We Worked From Home” report by UNDP, however, suggests otherwise. It indicates that up to 46% of employees cited poor internet and limited equipment as reasons instead, further emphasising the link between a favourable digital environment and the sustainability of employee performance. Another report titled “[Making Flexible Work, Work](#)” further demonstrates the importance of steady technical support for remote workers. Co-published by TalentCorp and the UNDP, its findings reveal that employees with the highest productivity gains during the MCO are those supported with material and technical, such as telecommunication platforms, laptops, and internet connectivity.

The emergence and promise of hybrid roles

Traditionally, talent pools with dynamic talents and skillsets combining technical, interpersonal and organisational skills have always been in high demand. Coined “hybrid abilities” or “hybrid roles”, this trend expects and encourages people to explore beyond the rigidity of traditional roles, in order to contribute further to the strategic growth of their organisations.

Moving forward, as companies rely more heavily on digital platforms, the focus on “hybrid roles” is anticipated to centre on digital proficiency. The silver lining of this new defining aspect in talent acquisition is that it would sow the seeds for the local talent pool to strive for new digital skills, thereby creating more fertile digital economic growth grounds for Malaysia.

That said, statistics reveal setbacks in Malaysia’s talent pool concerning its readiness for role hybridisation focused on digital proficiency. Some hard facts on the ground include:

- 1) **There is a digital-related occupation skills mismatch:** The annual [Critical Occupations List](#) (COL) report, which identifies sought-after and hard-to-fill occupations in Malaysia, found that a significant number of occupations face skills mismatches. Emerging occupations such as data analysts, application programmers and computer network professionals are among those listed every year since 2015. Affirming this trend is the appearance of several new digital-related occupations concentrated on emerging industries such as e-sports, data analytics, and digital media⁵ in the latest COL 2020/2021.

⁵ The occupations are Data Professionals, Cybersecurity Professionals, Animation and Visual Effects Professional, Digital Games and eSports Professionals, and Creative Content Designer Professionals.

Although there are other factors contributing to this shortage, equipping the talent pool with the required digital expertise ought to be a priority.

- 2) **Without a solid approach, role hybridisation can adversely impact fresh graduates:** While it is too early to predict the real impact, the statistics point to a concerning trend. By the end of 2020, graduates' unemployment rates had risen by 22.5% to 202,400 from 165,200 in the previous year⁶, primarily due to the prolonged uncertainty and challenging labour market conditions caused by the COVID-19 pandemic. As the hybridisation of roles gains more prominence, new talents will be forced to compete not only amongst themselves, but also with the existing talent pool.
- 3) **To stand out, fresh graduates face a tough road ahead:** They must equip themselves with diverse capabilities, including digital prowess, as employers ask for an ever-expanding skills toolbox.

Critical Success Factors for a Stronger Digital Presence

Given these realities, for Malaysia to comfortably navigate through the emerging uncertainty, it is important that key players consider the following recommendations:

- 1) **Provide inclusive access to digital infrastructure and simplified means to attain it:** Accessibility does not merely mean access to physical facilities. It also refers to the minimisation of bureaucracy levels in acquiring the right infrastructure. In fact, building and enabling digital infrastructure is emphasised in Thrust 3 of Malaysia's Digital Economy Blueprint⁷ – which focuses on enhancing broadband penetration and providing greater access to data centres, among other things. As most plans are gearing for rollouts over the next one to five years, it is crucial for all beneficiaries to contribute to the digital economy with as few structural barriers as possible. This is critical to the success of budding businesses lacking a comprehensive grasp of the digital economy's market structure.
- 2) **Support the emergence of digital-based hybrid roles to avoid higher unemployment rates:** Although role hybridisation is not new to Malaysia, the pandemic has forced businesses to reshape their talent-related strategies. By doing so, struggling businesses often resort to retrenchment or temporary hiring freezes, leaving affected employees with little to no access to upskilling

⁶ Graduates Statistics 2020, Department of Statistics Malaysia

⁷ Malaysia Digital Economy Blueprint, 2020, <https://www.epu.gov.my/sites/default/files/2021-02/Malaysia-digital-economy-blueprint.pdf>

and reskilling. To prevent unemployment rates from spiralling out of control, the government could support struggling companies by offering better access to affordable training and incentives. This move would cushion the impact of role hybridisation – especially since its pace is expected to double within the next ten years.

- 3) **Individuals must be sensitive to labour market changes, particularly in accommodating digital skills:** It is vital for the steep learning curve to be addressed during the early stages of education. Interventions could be based on frameworks such as the industrial skills frameworks that were built by the Human Resources Development Corporation (HRD Corp); the NOSS Occupational Framework by the Skills Development Department; the Critical Occupations List (COL) by the Critical Skills Committee (CSC) Malaysia; and the National Skills Registry (MyNSR), which is the latest talent development framework loaded with information on skills and career paths aimed at enhancing human capital planning and coordination. These frameworks are set to pave the way for developing an education system that is more sensitive towards skills-in-demand trends, thus enabling Malaysia to grow as a digital economy.

Sparking Positivity through Concerted Efforts

Digitalisation should not be perceived as a complex, unattainable goal. The conversation surrounding the concept should skew towards the establishment of an informed and interested circle of stakeholders with aligned agendas focused on attaining the right tools to enhance Malaysia's digital presence.

Likewise, the concept of digital-based hybrid roles – despite being a double-edged sword – should not be considered a threat, but instead should be put to work for the better management of Malaysia's talent pool. With the welfare of all talent remaining a priority, role hybridisation will be viewed *not* as a liability, but as a trend to spark positive conversations on the structure of future skills.

A competent workforce with the right skillset is crucial to this – especially now. With no end yet on the horizon for COVID-19, Malaysia's industry, academia, government, and talent must come to terms with the unexpected and collaborate to address uncertainties. Equipped with the right mindset and sensitivity to future labour market disruptors, Malaysia possesses the potential to improve its labour market conditions and be shielded from external shocks.

Malaysia's transformation stories over the past few decades speak volumes about the nation's perseverance in the face of recessions and other economic downturns. While the challenge is far from over, Malaysia's tenacity and ability to stay resilient by digging deep cannot be underestimated – and will indeed pave a path to future success.

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