

### **Need for govt to focus on digitalisation**

KUALA LUMPUR: The government will need to focus on the digital economy and digital infrastructure as well as productivity in the 12th Malaysia Plan (12MP) to restore the country's growth and realise the aim of becoming a high-income economy as early as 2024.

The World Bank, in its report titled Aiming High – Navigating The Next Stage of Malaysia's Development, said the country's gross national income per capita is estimated at US\$11,200, just US\$1,335 short of the current threshold level that defines a high-income economy.

It said the pandemic's impact had slowed the progress towards the threshold, but Malaysia would have the opportunity to undertake bold reforms to sustain future growth and ensure all segments of the population benefit from this growth.

**Commenting on this, the Department of Statistics Malaysia (DOSM) said the government was committed to continuously assessing the quality, inclusiveness and sustainability of Malaysia's growth to achieve a high-income nation status within the next five years.**

"Business capabilities to adapt to digitalisation and technological developments will increase the efficiency and drive the business over the long run.

"Besides that, the use of automation that is supported by training and upskilling of existing employees will optimise productivity and spur strong economic growth," chief statistician Datuk Seri Dr Mohd Uzir Mahidin told Bernama.

He said businesses also need to re-examine their operating model and explore new opportunities through digitalisation as well as consider accelerating the adaptation of digitalisation to increase their resilience while optimising business processes.

Therefore, he said, sustainable technical infrastructure complemented by smart digitalisation processes are critical components in sustaining economic growth.

Mohd Uzir said the usage of technology would improve production efficiency and enhance productivity in the medium to long term.

"The boost in production and productivity will drive profits and sustain the business as well as employment, hence creating job opportunities.

"Industries that are capital intensive and adapt to automation are seen as being more resilient compared to labour-intensive industries. Capital-intensive industries, through the use of automation, can make adjustments to business operations rapidly in the event of a crisis and maintain employee productivity," he said.

According to Asia IoT Business Platform, only about one-third of Malaysian businesses had implemented digital transformation strategies and less than a quarter of businesses had a dedicated digital strategy team.

In 2019, just 53.9% of companies in Malaysia even had a website.

According to a Khazanah Research Institute (KRI) study this year, digitalisation costs such as Internet connectivity, digital hardware, software subscription fees and worker upskilling are a hindrance to widespread digitalisation among Malaysian firms, especially the small and medium enterprises (SMEs).

Almost half of the local SMEs cited employee skill set as a significant barrier to digitalisation, KRI said.

On digital infrastructure, Mohd Uzir said although Malaysia was heading towards 5G technology, there were states and districts, and even some cities, that still experienced inadequate quality of digital networks and facilities.

“Most of the businesses in the cities have good access, but others in the rural areas are still struggling to have stable Internet connection,” he noted.

University of Malaya senior lecturer Dr Mohammad Tawfik Yaakub expressed concern about the current Internet quality.

“The government needs to implement higher capacity broadband access upgrades because it is an important factor to ensure a fast transition from the traditional economy to a digital one,” he said.

In 2019, information and communications technology’s (ICT) contribution further rose to RM289.2bil, a growth of 7.1% (2018: 7.7%).

The ICT sector contributed 19.1% to gross domestic product, comprising gross value added of the ICT Industry (12.9%) and e-commerce of other industries (6.2%).

Up to 2020, a total of 11 five-year development plans have been formulated to support the nation’s outline perspective plans.

<https://www.thestar.com.my/news/nation/2021/09/27/need-for-govt-to-focus-on-digitalisation>