

Fostering Digitalisation of Professional Services for Market Expansion and Exponential Growth: Positioning Malaysia as a Hub for Professional Services by 2030

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Malaysia Productivity Blueprint (MPB) categorises Malaysia's professional services into accounting, advertising, architectural, engineering, legal, and management consultancy. The professional services subsector plays a vital role in supporting trade and businesses across all the main economic sectors and contributes significantly to the services industry. MPB has identified professional services as one of the priority subsectors in increasing Malaysia productivity growth. The Professional Services Productivity Nexus (PSPN) has been formed under Malaysia Productivity Corporation (MPC) to facilitate Malaysian professional services to reinforce sector level productivity.

In 2019, the professional services subsector recorded annual productivity growth of 5.9 per cent. The subsector was hit in 2020 by the impact of the pandemic, registering -10.0 per cent growth, and in 2021 the subsector's productivity performance still registered a negative growth of -5.6 per cent. The productivity level decreased from RM78,008 in 2020 to RM73,642 per employment in 2021. This performance shows the relevant stakeholders in professional services have enormous tasks to boost the subsector's productivity.

The long-term plan is to position Malaysia as the professional services hub by 2030. The six primary professional services fraternities need to align their visions towards the same goal. Malaysia's professional services have the massive potential to expand domestically and internationally.

In cementing Malaysia's position as the professional services hub by 2030, relevant stakeholders need to align their efforts with the global megatrends in the subsector. The business-and employee-centric megatrends in professional services work as the parameters in building the structure for Malaysia as the subsector's hub.

Business-centric megatrend in professional services is marked by digital transformation from automation and artificial intelligence for faster and more efficient service delivery. Digitalisation offers opportunities for professional services firms to improve business models and create new offerings.

Professional services businesses are also affected by globalisation and firms' virtual transformations. The COVID-19 pandemic has impacted the shift towards virtual and hybrid modes of collaborations and coordination. The trend gives access to new markets and customer base. Other new business-centric trends to observe are the modularisation and value-driven revenue models, which can increase the focus on customer service and customisation of services.

From the employee-centric perspective, the professional services subsector is characterised by the entry of the new generations of workers, such as the purpose-driven GenY and Z, sparking a novel working culture that emphasises flexibility and a

work-life balance. The rise of platform workers and freelance consultants is another trend in professional services. Another megatrend sees a work culture that is more tech-enabled for team engagement.

Malaysia's vision of propelling its professional services to a higher stance does respond to the megatrends, signalling the right track to position the country as the hub for professional services by 2030. In the Twelfth Malaysia Plan, 2021 - 2025, the professional services subsector is encouraged to provide high value-added services by adopting Fourth Industrial Revolution technologies such as artificial intelligence (AI), robotics, and the Internet of Things (IoT). The Plan emphasises that technological innovations are changing how businesses operate and deliver services. Professional services industry players need to move up the value chain and should focus on accelerating high value-added activities and adapting technological changes to improve labour productivity. These efforts are projected to transform service delivery and provide better customer services

The Twelfth Plan also emphasises the shift to a knowledge-based services sector, which requires talent to be equipped with the latest professional and practical skills. In this regard, the tech-savvy generation, equipped with digital skills and knowledge, form a workforce poised to face rapid technological changes.

Malaysia's move to become the professional services hub by 2030 is expected to be guided by the strategic thrusts that align with the productivity key drivers as stipulated in Malaysia Productivity Blueprint (MPB). Technology and innovation, service internationalisation and integration, market-driven talent, and business environment are the key pillars influencing the initiatives towards positioning Malaysia as the professional services hub.