

For Immediate Release

PIKOM: Malaysia's digital economy on strong upward momentum, projected to contribute robust 24.4% to 2023's GDP before touching 25.5% next year
Tech salaries sees double-digit growth, surging by 13.9%

KUALA LUMPUR, 12 October 2023 – Malaysia's digital economy is anticipated to contribute an impressive 24.4% to national Gross Domestic Product (GDP) in 2023, against a backdrop of a forecasted GDP growth of 4.2%, according to the National Tech Association of Malaysia (PIKOM).

PIKOM deputy chairman Alex Liew said that the expected 24.4% contribution signifies strong upward momentum.

"PIKOM believes that the momentum will uphold its strength, with the digital economy set to touch 25.5% contribution to GDP in 2024, despite the national economy's forecasted 4.5% growth," said Liew.

Historical data supports this upward trajectory, with the digital economy having contributed 23.2% and 23.4% in 2021 and 2022, respectively.

"The robust escalation of the digital economy, resilient even amidst global economic upheavals, has cemented its position as a crucial pillar of Malaysia's economic structure," added Liew.

"Its strategic role in creating employment, facilitating remote work during and even post-pandemic while fostering technological advancements and local innovation has played an intrinsic role in propelling the nation forward."

On the employment front, the digital job market has witnessed double-digit growth in tech salaries, mirroring an economy that is judiciously harnessing technology for heightened efficiency and productivity.

PIKOM advisor and research chair Woon Tai Hai said: "The tech sector has experienced a notable year-on-year salary growth of 13.9% in 2023, a stark contrast to the 2% percentile range growth observed in the previous two years."

"PIKOM is also projecting a 4.13% salary growth for 2024, and an Average Annual Growth Rate (AAGR) of 6.45% over the next decade."

Woon attributed this significant growth to a combination of factors including intensified competition for talent, the repatriation of skilled professionals following the pandemic, a weakening Ringgit, accelerated digital transformation in the private sector and forward-thinking government policies.

"Healthy economic growth in the preceding year invariably spells an influx of jobs and subsequent salary increases in the following year, typically lagging by six to twelve months," added Woon.

Diving deeper into the numbers, advertised salaries are anticipated to grow by 13.9%, spurred by the 8.7% and 9.3% growth in the non-electronic (NE) and digital economy (DE) sectors, respectively, in the previous year.

However, a recalibration is expected in 2024, where advertised salary growth is projected to stabilise at 4.1%, moderating from the high surge experienced this year.



Moreover, while Malaysia stands commendably at 12th position when salaries in the top 10% bracket are compared against 20 selected economies, it finds itself at a less favourable 17th position out of 21 when comparing average salaries.

“This latter point is a palpable concern and a plausible catalyst for the brain drain of our invaluable digital talents,” said Woon.

These insights were shared at a press conference following the launch of the 15th edition of *PIKOM’s Economic and Digital Job Market Outlook 2023* held at its headquarters today.

Meanwhile, PIKOM CEO Ong Kian Yew said that the association “has steadfastly maintained this annual publication for the past 16 years, pausing only during the initial pandemic year of 2020.”

The 2023 report, while maintaining its analytical core on the tech market and highlighting specialist positions such as those in cybersecurity, artificial intelligence (AI) and data science, also introduces a new section shedding light on CEO salaries across 21 different industries.

“Benchmarking technology salaries is pivotal, serving as a lens through which Malaysia’s competitive standing within the global and regional tech landscapes can be viewed, thereby nurturing innovation and informing policy-making,” said Ong, underscoring the usage of USD adjusted for purchasing power parity (PPP) to furnish readers with a comprehensive view.

He added that, upholding stringent research standards, PIKOM ensures consistent and meticulous methodology, leveraging mathematical and statistical models and collaborating with partners including Jobstreet by SEEK, Payscale, Salary Expert and the Economic Research Institute.

Expressing gratitude towards partners and advertisers, particularly the Malaysia Digital Economy Corporation (MDEC), TalentCorp Malaysia and the Asian-Oceanian Computing Industry Organisation (ASOCIO), Ong added that the report would be disseminated at the ASOCIO Digital Summit in Seoul, November 2023.

The ASOCIO Digital Summit serves as a pivotal confluence for nurturing frameworks and platforms conducive to cross-border trade. The event also serves to engage governmental entities in crafting coherent national digital agendas, aiding member economies in establishing globally competitive ICT industries, representing the voice of the ICT industry at international trade and technology forums and in facilitating the implementation of standards and governance.

About PIKOM

PIKOM, THE NATIONAL TECH ASSOCIATION OF MALAYSIA, is the association representing the technology industry in Malaysia. Its membership currently stands at more than 1,000 active companies involved in a whole spectrum of tech products and services, which command 80% of the total TECH business in Malaysia. For more information, visit www.pikom.org.my

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