

## Location Spotlight – Malaysia

August 2022: Complimentary Abstract / Table of Contents



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# This report provides perspectives on key aspects of the global sourcing market in Malaysia

Location Spotlight – Malaysia

## Malaysia | at a glance



An attractive location for multilingual global services delivery in the Asia Pacific region with a favorable operating and business environment for global business

**KEY FACTS**

- 250,000-300,000 annual tertiary graduates
- Annual GDP growth: 7.0%
- Unemployment rate: 4.5%

Current overview	Key drivers	Key challenges
<ul style="list-style-type: none"> <li>A mature ecosystem for global delivery of services with a moderately-sized talent pool at both entry and experienced levels</li> <li>The majority of operations are concentrated in Kuala Lumpur with some locations, such as Penang, Cyberjaya, and Petaling Jaya, emerging as hubs for Global Business Services (GBS) centers</li> <li>Leveraged by both GBS and service providers, primarily for multilingual IT and BP services delivery</li> </ul>	<ul style="list-style-type: none"> <li>Favorable operating and business environment makes it an attractive location for the relocation of talent</li> <li>Provides a stable ecosystem for doing business, supported by multiple government incentives to support global service delivery</li> <li>Relative to peers in APAC geography (such as India and the Philippines), hiring and retaining talent is easier in Malaysia because of its lower attrition rates and competition for talent among companies</li> </ul>	<ul style="list-style-type: none"> <li>The cost of operations compared to the region</li> <li>Slight concerns around multiple changes in leadership since the departure of Mahathir Mohamad with limited impact</li> <li>Hiring and relocation experience can have a significant impact on turnaround time</li> </ul>



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## Malaysia | risk profile (page 1 of 2)

Malaysia offers good geopolitical stability and a stable macroeconomic environment

Parameters	Everest Group rating	Comments
<b>Geopolitical</b>		<ul style="list-style-type: none"> <li>Malaysia is ranked 39th out of 167 countries in the Democracy Index 2021 compiled by the Economist Intelligence Unit (EIU), with some concerns over civil liberties</li> <li>Slight concerns around political stability as a result of multiple changes in leadership since the departure of Mahathir Mohamad as the Prime Minister in March 2020. The changes had a limited impact on the global services delivery</li> <li>Malaysia ranks 62nd out of 180 countries on Corruption Perception Index, ranking it better than Asian peers such as Thailand, India, Indonesia, and the Philippines</li> </ul>
<b>Macroeconomic</b>		<ul style="list-style-type: none"> <li>Fitch has rated Malaysia at BBB+ with a stable outlook, balancing the prospect of strong medium-term growth with a diverse export base against lingering political uncertainty and public debt</li> <li>Malaysia's GDP grew by 3.1% in 2021 after shrinking by 5.6% in 2020, driven by COVID-19-related restrictions</li> <li>The GDP of Malaysia is forecasted to grow by 5.3-6.3% in 2022. Although, there is heightened uncertainty around growth and fiscal outlook with a high level of private and public-sector debt</li> <li>The Malaysian ringgit is forecasted to appreciate around 10% to the US dollar by 2025, resulting in possible higher costs of operations in the long term</li> </ul>
<b>Infrastructure</b>		<ul style="list-style-type: none"> <li>Transport, power, and telecommunications infrastructure are well developed, particularly in the major cities</li> <li>Among ASEAN peers, Malaysia has the best infrastructure in terms of power supply, road quality, air connectivity, and transportation services' efficiency</li> <li>Malaysian government's digital economy blueprint, MyDIGITAL, encompasses multiple initiatives that aim to drive Malaysia's digital economy in fields such as cloud, 5G, and cybersecurity</li> </ul>

Source: Everest Group (2022), inputs from recruitment firms, market players, and investment agencies

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## Locations Insider™

■ Published
 ■ Planned
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Reports title	Release date
Enterprise Acquisition Guide for Hot IT Roles	April 2022
Impact of Demographics Change on Delivery Locations Sustainability	April 2022
Global Locations State of the Market 2022: Talent Drives Locations Strategies   Risk Watch	May 2022
Location Spotlight - Portugal	May 2022
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Location Spotlight – Colombia	July 2022
Location Spotlight – Dubai	July 2022
<b>Location Spotlight – Malaysia</b>	<b>August 2022</b>
Middle East and North Africa IT Business Process Landscape	Q3 2022
Global Locations State of the Market 2022: Talent Drives Location Strategies   Key Trends Shaping the Landscape	Q3 2022
Location Spotlight - Pune	Q3 2022

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