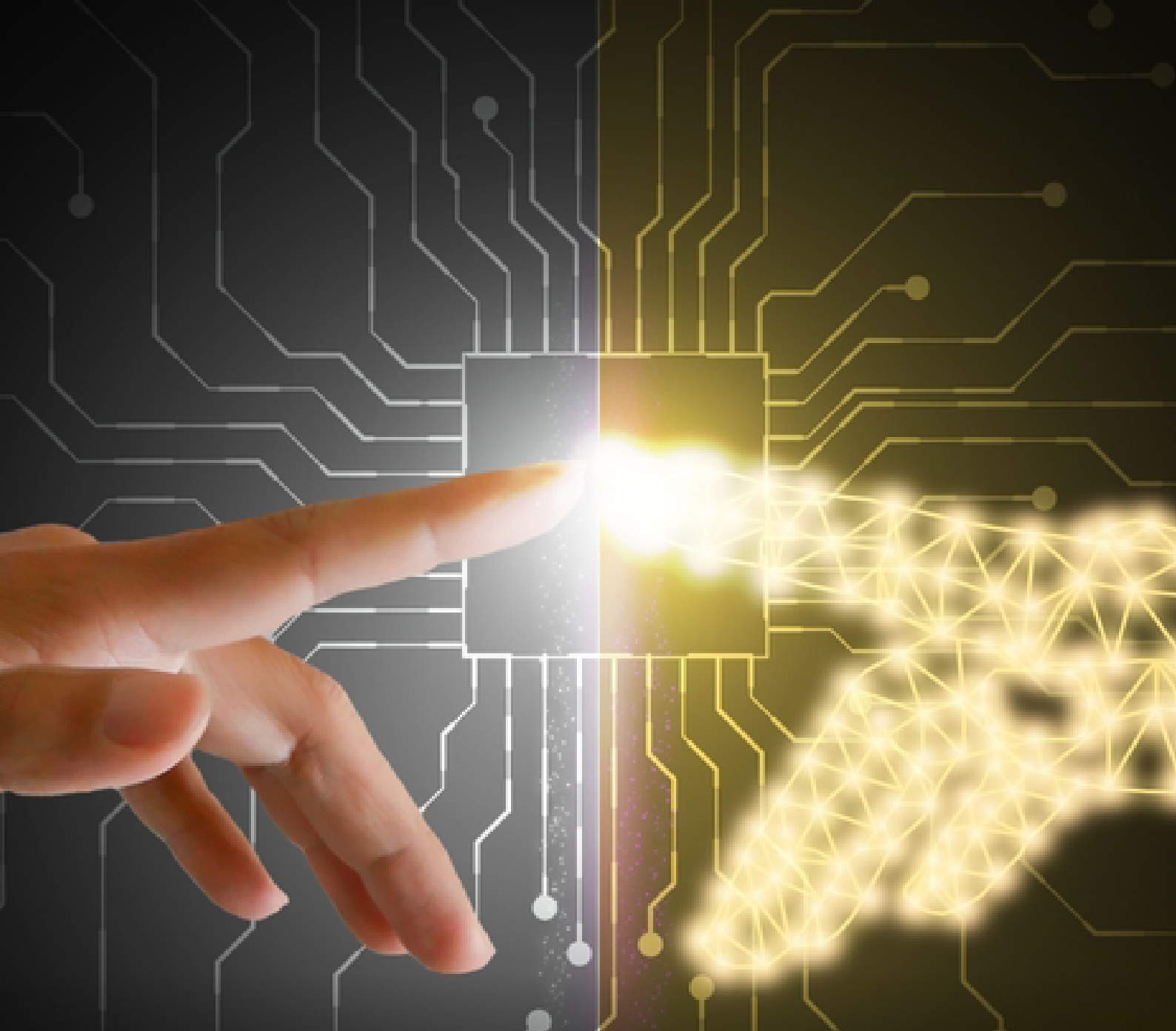




ADDRESSING GAPS IN MALAYSIA'S DIGITAL TALENT LANDSCAPE

Corporate Partners



An Initiative of the TalentGAP Committee



Foreword

By Adjunct Practice Professor, **Alex Liew**
Chairman, PIKOM



Malaysia stands at a critical inflection point in its digital and economic journey. As we accelerate toward becoming a high-income, innovation-driven nation, the strength of our talent ecosystem will determine how far and how fast we can go. It is in this context that I am pleased to present the PIKOM TalentGAP Committee Survey Report.

This report is both timely and important. It provides a data-driven view of the current and emerging gaps between the skills industry needs and the capabilities available in our workforce. More importantly, it reflects the real voices of employers across sectors who are navigating rapid technological change, digital transformation, and global competition for talent.

The findings reaffirm a reality we must confront together:

- Demand for digital, analytical, and leadership skills is rising faster than supply
- Employers are increasingly challenged by mismatches in job-ready capabilities
- Talent development can no longer be episodic—it must be continuous, agile, and industry-led

Yet, this report is not about deficits alone. It is about opportunity.

Malaysia has strong fundamentals: a young population, growing digital adoption, and an increasingly sophisticated business environment. What we need now is deeper collaboration between industry, academia, and government to ensure our talent pipelines are aligned with real-world needs—today and tomorrow.

The TalentGAP Committee has done commendable work in capturing not only what skills are missing, but also where systems can improve—through better curriculum relevance, stronger work-integrated learning, upskilling of existing workers, and more responsive policy frameworks.

As Chairman of PIKOM, I firmly believe that talent is Malaysia's most strategic national asset. Investing in talent is not a cost—it is the foundation of productivity, innovation, and long-term competitiveness.

I commend the TalentGAP Committee for its leadership and all participating organisations for their valuable contributions. May this report serve as both a mirror and a roadmap:

A mirror that reflects where we are today,
And a roadmap that guides us toward a more resilient, future-ready Malaysian workforce.

Let us move forward together—boldly, collaboratively, and with a shared commitment to closing the talent gap for the good of our industry and our nation.

Message from the Chair

Akhil Gupta

Chair, PIKOM TalentGAP Committee



The TalentGAP Committee was formed with one clear purpose: to connect what employers need with how talent is actually being developed. This survey is the result of that intent, practical, grounded, and focused on what organisations are facing on the front lines of hiring, training, and retaining talent.

We did not start this work with assumptions. We started by asking employers hard questions:

- Where are you struggling to hire?
- Which skills are missing when graduates enter the workplace?
- What capabilities will matter most over the next three to five years?

The responses show that the challenge is not simply about numbers. It is about job-readiness, adaptability, and relevance. Employers are looking for talent that can think critically, work across functions, learn continuously, and contribute from day one, yet many candidates are not being equipped in ways that reflect real workplace demands.

From the Committee's perspective, three priorities stand out:

- Stronger alignment between industry needs and curriculum design
- More work-integrated learning, internships, apprenticeships, live projects
- Faster and more accessible reskilling and upskilling pathways for the existing workforce

Our role as the TalentGAP Committee is to move beyond reporting gaps to driving solutions. That means working with universities, training providers, government agencies, and employers to co-create programs that are responsive, modular, and outcomes-based.

I want to thank every organisation that participated in this survey. Your honesty is what gives this report its value. It tells us not only where the gaps are, but where we must act, together.

This report is not an endpoint. It is a working document, a tool for dialogue, policy input, and program design. If we use it well, we can shorten the distance between education and employment, and between potential and performance.

On behalf of the PIKOM TalentGAP Committee, I look forward to translating these insights into real, measurable change for Malaysia's workforce.

Purpose of the Survey

Malaysia's digital economy continues to expand in scale and complexity, yet employers across sectors are facing increasing difficulty in securing the talent required to support digitalisation, automation and AI adoption.

Against this backdrop, PIKOM undertook this survey to develop an evidence-based view of current hiring conditions, skills gaps and workforce constraints facing Malaysian companies.

The objective was to move beyond anecdotal observations and provide a structured assessment grounded in employer experience.

The survey was designed to capture perspectives from senior decision makers responsible for corporate strategy, workforce planning and investment decisions.

By focusing on both technology providers and digital adopters across non-technology sectors, the findings reflect demand conditions across the broader digital ecosystem.

Insights from this survey are intended to inform industry dialogue, support policy development and help employers better understand the structural nature of Malaysia's digital talent challenges.

PIKOM TalentGAP Committee



Akhil Gupta



Datuk Alvin Yuen

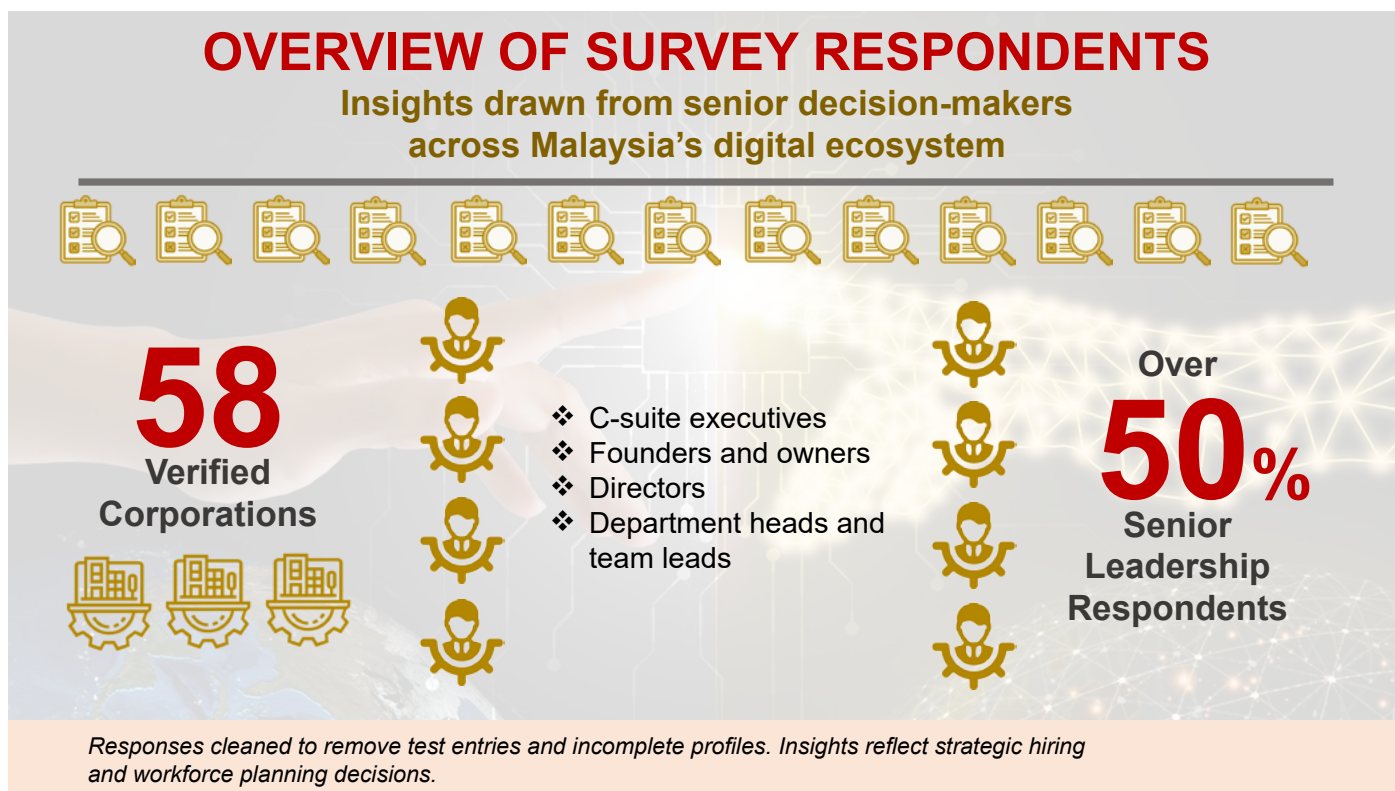


Sandy Woo



Vanessa Tan

Profile of Participating Organisations and Respondents



The survey draws on responses from senior leaders across Malaysia's digital ecosystem, ensuring that the findings reflect strategic rather than purely operational perspectives.

A significant proportion of respondents occupy C-suite, founder or director level roles, providing insight into hiring challenges as they relate to corporate priorities, budget constraints and long-term capability building.

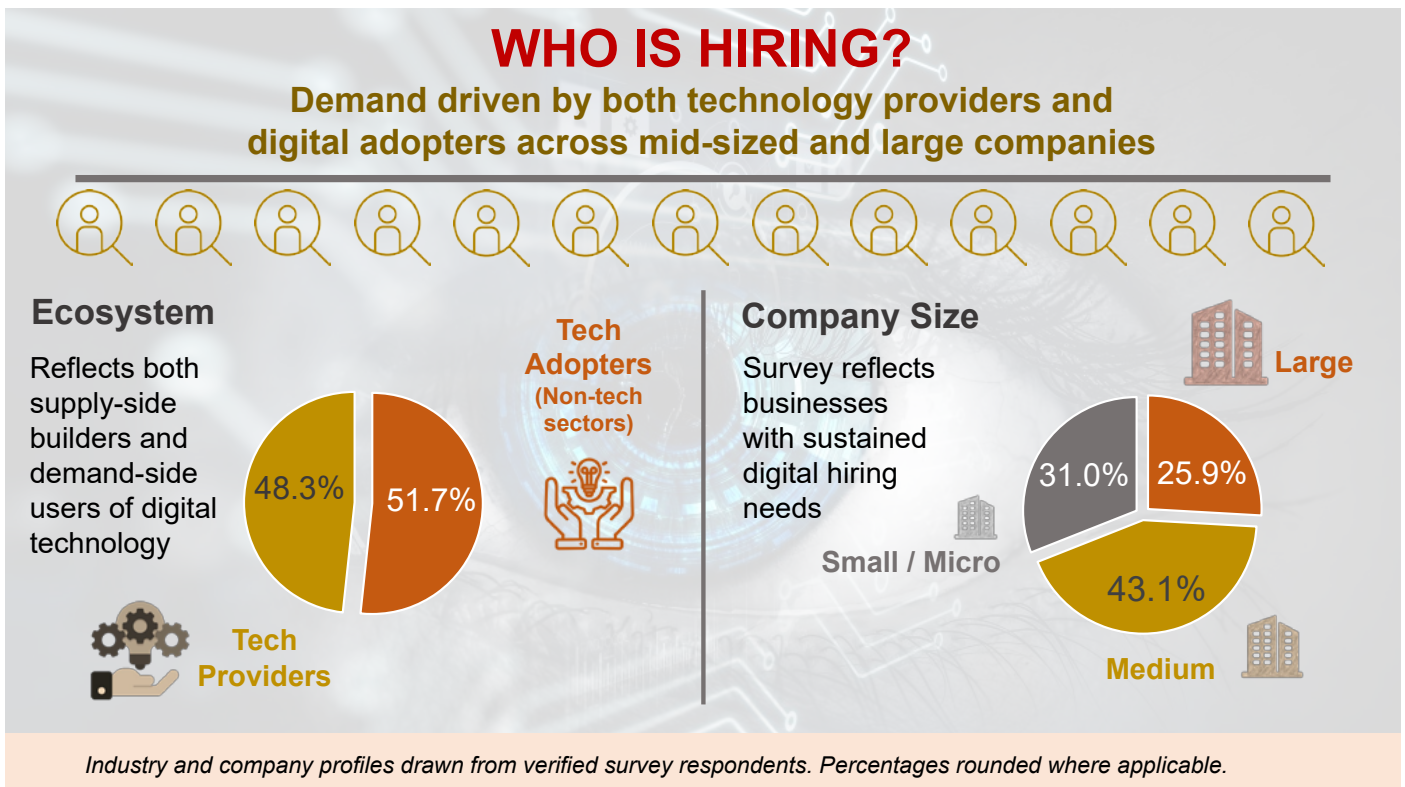
This strengthens the reliability of the findings as an indicator of market-wide conditions rather than isolated firm level issues.

Respondents represent a balanced mix of technology providers and businesses from non-technology sectors that are actively adopting digital solutions.

Company sizes range from small and medium enterprises to large corporates and GLCs, reflecting sustained digital hiring needs across different stages of corporate maturity.

While geographically concentrated in Kuala Lumpur and Selangor, the sample accurately reflects Malaysia's primary digital and economic hubs.

Breadth of Digital Talent Demand Across the Economy



Digital talent demand is driven not only by technology companies but increasingly by companies across traditional sectors undergoing digital transformation.

Non-technology firms in areas such as financial services, manufacturing, energy and professional services now compete directly with technology providers for scarce digital skills.

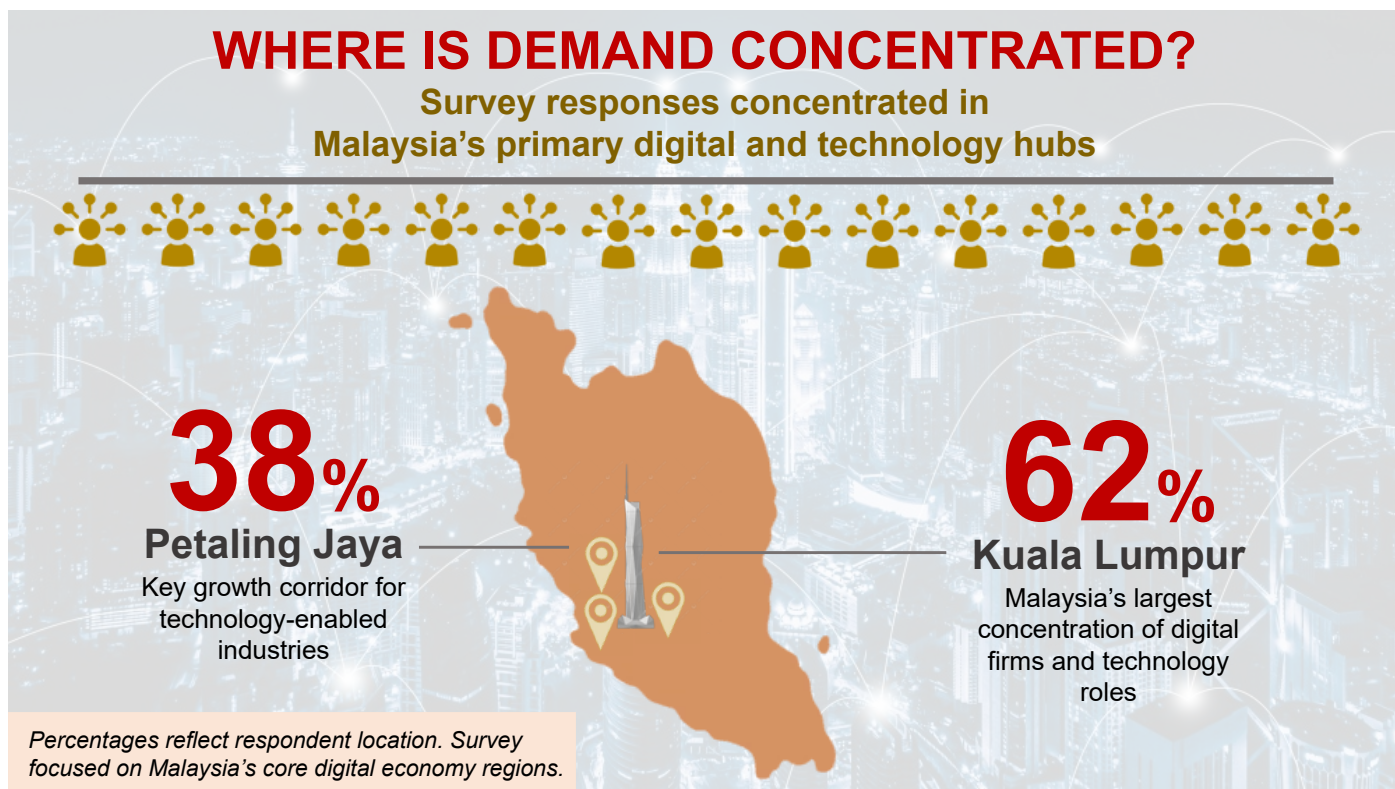
This broadening demand base has intensified competition and placed additional pressure on the available talent pool.

Mid-sized and large corporations feature prominently among respondents, indicating that hiring challenges are most acute where digital initiatives need to be scaled rather than piloted.

These employers typically require experienced talent capable of integrating digital solutions into core business processes, rather than entry level staff alone.

As a result, hiring difficulty reflects structural demand across the economy rather than cyclical or sector specific factors.

Geographic Concentration of Digital Hiring Activity



Survey responses are concentrated in Malaysia's main digital and technology hubs, particularly Kuala Lumpur and Selangor.

These locations host the majority of high value digital roles, MSC-status companies and regional headquarters, making them focal points for competition for digital talent.

The geographic concentration of demand further intensifies hiring pressures within these areas.

While the survey does not capture conditions in all regions, the concentration of respondents mirrors the distribution of Malaysia's digital economy.

As digital transformation accelerates beyond these hubs, similar talent constraints may emerge in secondary locations, particularly as remote work enables firms to access talent across wider geographies.

Key Signals Emerging From Employer Responses

SNAPSHOT: MALAYSIA'S DIGITAL TALENT GAP

Key signals from employers on the scale and nature of the digital talent challenge

Hiring Environment

Digital hiring widely perceived as very challenging



Experience Gap

Supply of certified graduates outpaces availability of job-ready talent



Skills Concentration

Demand increasingly focused on AI, cloud and advanced digital skills



Retention Pressure

Salary expectations and remote work options intensify competition for talent

Summary reflects aggregated employer responses. Detailed findings are presented in subsequent sections.

Employers consistently report a challenging digital hiring environment shaped by multiple reinforcing factors.

Demand is increasingly focused on advanced digital capabilities such as AI, cloud and data analytics, while the supply of job ready talent has not kept pace.

Certification attainment has risen, yet employers continue to report gaps in applied experience and problem-solving capability.

At the same time, retention pressures are growing as salary expectations rise and remote work expands access to global opportunities.

These dynamics indicate that Malaysia's digital talent gap reflects a combination of skills concentration, experience shortages and evolving workforce expectations rather than a simple shortage of graduates.

Employer Assessment of Current Digital Hiring Conditions

DIFFICULTY IN HIRING DIGITAL TALENT

Employers report persistent challenges across most digital roles



Employers rate digital hiring as challenging or very challenging

- ❖ Shortage most acute for experienced and specialised roles
- ❖ Competition for talent increases time-to-hire
- ❖ Difficulty persists despite active recruitment efforts

Findings based on employer self-assessment of hiring difficulty across digital roles.

Most employers rate digital hiring as challenging or very challenging, particularly for roles requiring specialised skills or experience.

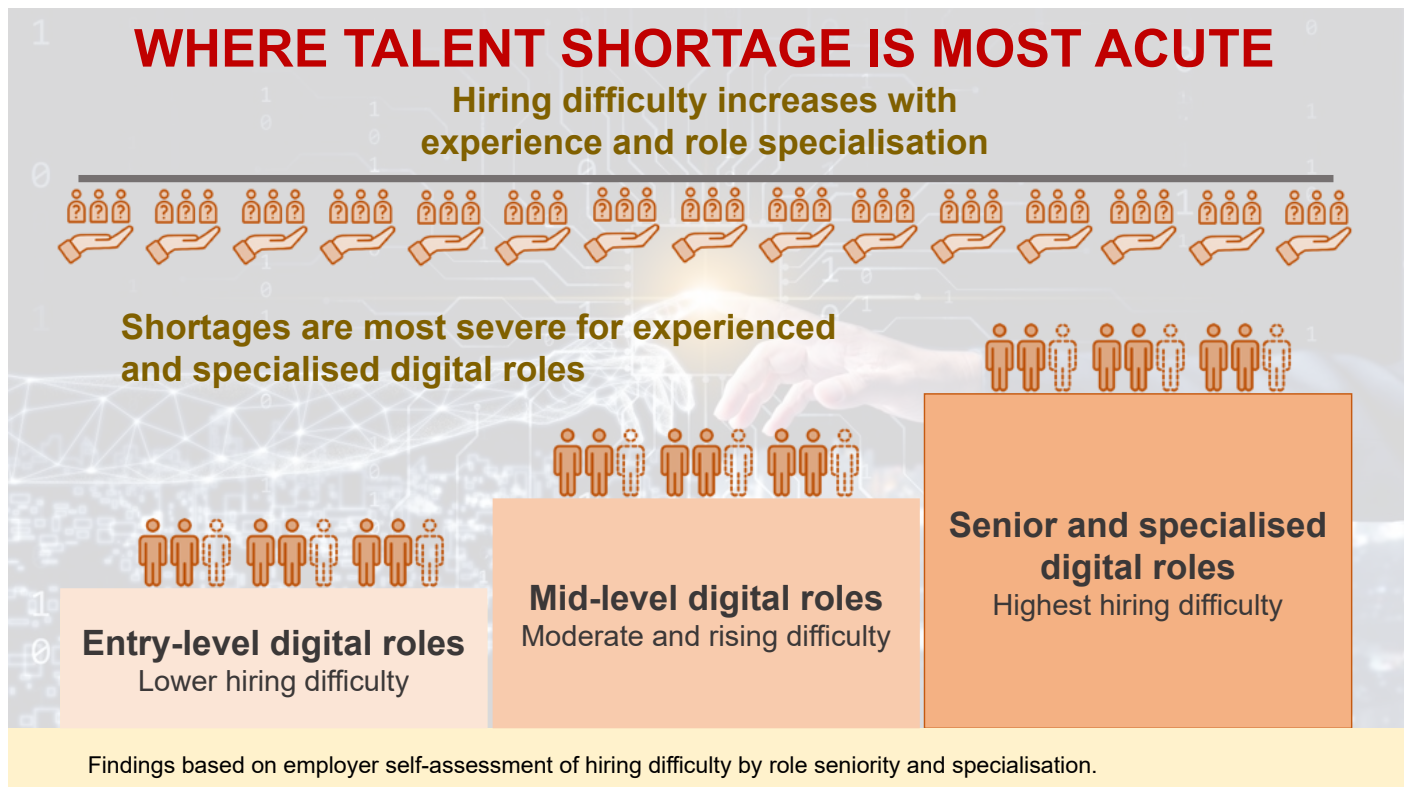
Even companies with established recruitment processes report extended time to hire and difficulty securing suitable candidates.

Active recruitment efforts alone have not materially eased these pressures.

Competition for talent has intensified across sectors, contributing to longer hiring cycles and increased reliance on external recruitment channels.

These conditions highlight that hiring difficulty is systemic and persistent, affecting a wide range of digital roles rather than isolated functions or industries.

Experience and Specialisation as Drivers of Hiring Difficulty



Hiring difficulty increases markedly with experience and role specialisation.

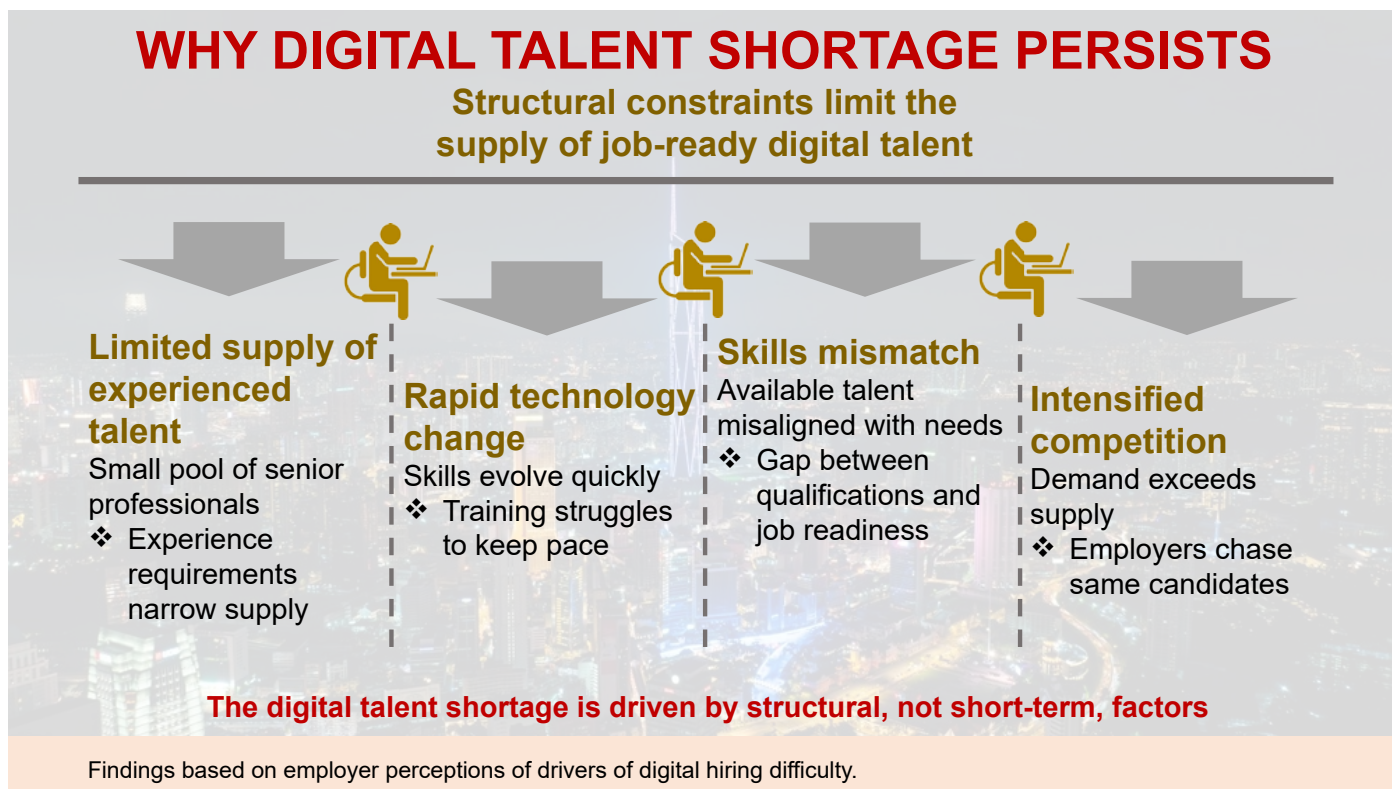
Entry-level digital roles are generally easier to fill, while shortages become more pronounced at mid level and senior positions.

Employers report particular difficulty sourcing professionals with both technical depth and practical experience.

This experience gradient reflects the limited size of the senior talent pool and the time required to develop advanced digital capability.

As businesses compete for the same experienced candidates, hiring challenges are amplified at the upper end of the talent spectrum, constraining the ability to scale digital initiatives.

Structural Constraints Shaping Digital Talent Supply



Employers identify several structural factors that continue to constrain digital talent supply.

The pool of experienced professionals remains limited, while rapid technological change places continuous pressure on skills relevance.

Training systems have struggled to keep pace with evolving industry requirements.

A persistent mismatch between qualifications and job readiness further exacerbates hiring difficulty.

As demand outstrips supply, employers increasingly compete for the same candidates, reinforcing wage pressures and turnover.

These dynamics indicate that the talent shortage is structural in nature rather than a short-term market imbalance.

Implications for Corporate Performance and Execution

IMPACT OF SHORTAGE ON ORGANISATIONS

Digital talent constraints increasingly affect corporate performance, execution and growth



The digital talent shortage is no longer an HR issue, but a material corporate and strategic concern.

Findings based on employer perceptions of the impact of digital hiring constraints on business performance.

Digital talent constraints are increasingly affecting corporate performance and execution.

Delays in hiring translate into slower project delivery, postponed initiatives and bottlenecks in digital and AI deployment.

These challenges directly affect a company's ability to implement strategic priorities.

Rising costs and inefficiencies further compound the impact. Salary inflation, greater reliance on contractors and higher recruitment costs erode returns on digital investment.

Over time, constrained access to talent creates strategic risk and competitive disadvantage for businesses unable to build or sustain critical digital capabilities.

Limitations of Hiring as a Standalone Response

WHY RECRUITMENT ALONE IS NOT ENOUGH

Hiring alone cannot resolve structural digital talent shortages

Supply-side constraints persist

- Limited pool of experienced digital talent
- Global demand outpaces local supply
- Recruitment redistributes talent, not supply



Cost escalation and diminishing returns

- Salary inflation without productivity gains
- Rising dependency on contractors and vendors
- Recruitment cycles lengthen over time



Retention and churn effects

- Talent poaching increases turnover
- Skills shortages persist despite active hiring
- Loss of institutional knowledge offsets hiring gains

Recruitment must be complemented by workforce development, capability building and retention strategies

Findings based on employer perceptions of recruitment effectiveness in addressing digital talent shortages.

Employers report that recruitment alone does not resolve digital talent shortages.

Hiring primarily redistributes scarce talent rather than expanding overall supply, particularly in a market shaped by global competition.

As a result, recruitment efforts deliver diminishing returns over time.

Increased hiring pressure also contributes to higher turnover, as talent poaching accelerates churn and undermines workforce stability.

Skills shortages persist despite active recruitment, while loss of institutional knowledge offsets gains from new hires.

These dynamics highlight the need for complementary approaches beyond hiring.

Recommendations for Building A Sustainable Digital Workforce



Closing the digital talent gap requires a coordinated, long-term approach involving employers, industry and policymakers.

Building job-ready talent pipelines through applied learning, apprenticeships and stronger industry academia alignment is critical to expanding effective supply.

At the same time, accelerated upskilling and reskilling of mid-career and experienced workers is needed to meet demand for high value digital and AI skills.

Strengthening retention and workforce practices, including clear career pathways and flexible work models, is essential to sustaining digital capability.

A resilient digital workforce cannot be built through recruitment alone.



Aisling Group: Malaysia's Market Leader in Talent Solutions

Founded in 2016 by Melissa Norman and backed by UK-based Benula Capital, Aisling Group has established itself as one of Malaysia's largest and most trusted talent solutions providers. We combine global standards with deep local market expertise to drive sustainable business growth through people.

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PIKOM, the National Tech Industry Association of Malaysia, is a not-for-profit organisation. It is the largest association representing information and communications technology (ICT) players in Malaysia. Since its inception in 1986, PIKOM has come of age as the voice of the Tech industry. It has become an ICT referral centre for government and industry players, as well as international organisations. In this regard, PIKOM takes on the responsibility to publish ICT-relevant information in a periodic manner.