

OECD economic survey: Use of digital technology among businesses in Malaysia remains limited

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KUALA LUMPUR, Aug 12 — The digital uptake of businesses in Malaysia was growing before the Covid-19 pandemic hit the world, but the use of the technology still remained limited, the Organisation for Economic Co-operation and Development (OECD) said.

In its 2021 Economic Survey of Malaysia (ES 2021), OECD said the digital uptake of small and medium enterprises (SMEs) is much lower than that of large firms, although it has accelerated during the pandemic. It is crucial to achieve higher levels of digitalisation in the next few years.

“A number of SMEs, especially micro-sized firms, do not use computers and the Internet. Most SMEs do not make their transactions through e-commerce, which has been a big hurdle during the periods of confinement.

“As a number of firms have just started to use digital tools, the adoption of an ambitious Malaysia Digital Economy Blueprint in the middle of the pandemic was timely,” it said.

OECD noted that SMEs, particularly micro-sized firms, are in need of further support to their digitalisation, and SME workers could benefit from opportunities to upgrade their digital skills.

“SMEs tend to be slow in adopting these new digital tools in Malaysia, like in many OECD countries.

“Although not all SMEs need highly advanced digital technologies and there is a large difference between sectors, it is crucial for growing SMEs to absorb and adopt the latest technologies according to their readiness and business strategy so as to remain competitive,” it added.

OECD opined that the participation of SMEs in e-commerce transactions should be promoted further in Malaysia particularly in the business to consumer (B2C) activities where it has a lot of room to expand.

“Compared with other countries, Malaysia shows a significant gap between the shares of firms using computers or the Internet and the share of firms participating in e-commerce. The participation of SMEs in e-commerce transactions could therefore expand rapidly with the right framework conditions,” it said.

Meanwhile the report also indicated that while Malaysia is well advanced in the penetration of mobile broadband services and the prices of digital communication services have declined recently, it somewhat lags behind in fixed broadband.

In this regard, amid the Covid-19 pandemic, the government has stepped up its efforts to enhance the infrastructure of digital networks with the launch of the Pelan Jalinan Digital Negara (Jendela), aiming at an 83 per cent coverage of fixed broadband with gigabit speed by 2022.

“Further reforms in the fixed broadband market can help provide higher quality and more affordable services to both businesses and consumers.

“Together with further trade liberalisation, particularly in the services sector, these efforts will help SMEs expand their business across international borders,” said OECD. — Bernama