



# HRDF HUMAN CAPITAL REPORT

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**Pembangunan Sumber Manusia Berhad**  
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## within Professional Services Activities Sector

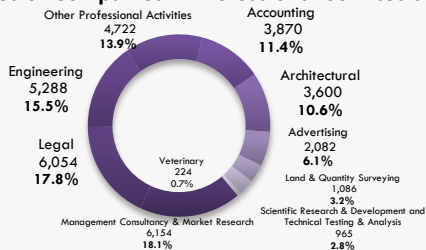


### Do you know RM10.1 billion were paid for salaries+wages for Professional Services sector?

**314,292** persons in the sector **2.3%** of country's GDP was contributed by this sector

Source: Economic Census 2016 - Services Sector Department of Statistics Malaysia, 2015 (produced once in every five (5) years)

### Types of Companies in Professional Services Sector in 2015



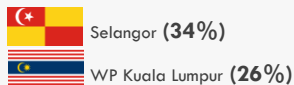
Among the 10 Professional Services sector, there are 7 activities sectors are currently covered under PSMB Act 2001: (data as at December 2018)

- Advertising (280 employers)
- Computer Industry (1,390 employers)
- Engineering Support & Maintenance (1,286 employers)
- Information Services (191 employers)
- Research and Development (131 employers)
- Training Provider (528 employers)
- Veterinary Services (8 employers)

Source: Economic Census 2016 - All Sector, Department of Statistics Malaysia

Source: HRDF Internal Data, 2018

Most of the companies are highly concentrated in:



Highest GDP Contributor:

1. Engineering	20%
2. Legal	15%
3. Other Professional Services Activities	15%

## QUICK TAKEAWAYS AND HIGHLIGHTS

Professional Services refer to specialised professional, scientific and technical activities which require a high degree of expertise, training and specialised knowledge along with skills available to users.

Source: The Malaysia Standard Industrial Classification (MSIC) 2018

Professional Services:

- 1) Accounting
- 2) Advertising
- 3) Architectural
- 4) Engineering
- 5) Land & Quantity Surveying
- 6) Legal
- 7) Management Consultancy & Market Research
- 8) Scientific Research & Development and Technical Testing & Analysis
- 9) Veterinary
- 10) Other Professional Activities

Source: The Malaysia Standard Industrial Classification (MSIC) 2018

### Human Capital Issues and Challenges within Professional Services

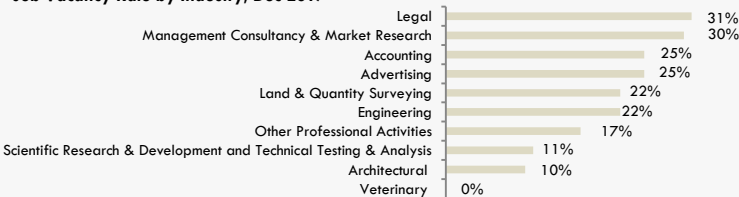
According to Transforming Services Sector in 11<sup>th</sup> Malaysia Plan, we are facing skills and talent shortage for niche industries such as:

Industries	Reasons of Shortage:
<ul style="list-style-type: none"> <li>• Oil and Gas</li> <li>• Aviation Maintenance</li> <li>• Repair and Overhaul (MRO)</li> <li>• Construction</li> </ul>	<ul style="list-style-type: none"> <li>• lack of required technical and soft skills among the talents</li> <li>• brain drain (the emigration of highly trained talents to other countries)</li> <li>• more attractive remuneration and availability of highly sophisticated jobs in other regions</li> </ul>

### 22% of overall job vacancies in Professional Services sector

Source: Environmental Scan for the Human Capital Issues within the Professional Services Activities Sector (ILMIA), 2019

#### Job Vacancy Rate by Industry, Dec 2017



#### Hard-to-fill Positions

- Chief Executives
- Directors
- Partners and Owners
- Clerical Support Workers

#### Critical Job Categories

- Professionals
- Technicians and Associate Professionals

It is envisioned that Malaysia requires 60,000 accountants by the year of 2020 in order to transform the country into a developed nation.

Source: Report on Strengthening of the Accountancy Profession, Committee to Strengthen the Accountancy Profession (CSAP)

### Top 5 Challenges of Recruitment

1. Lack of technical skills/competencies among the talent pool
2. Position requires very specialised knowledge
3. Low salaries and remuneration
4. Lack of soft skills/competencies among the talent pool
5. Limited supply of talent pool for this sector



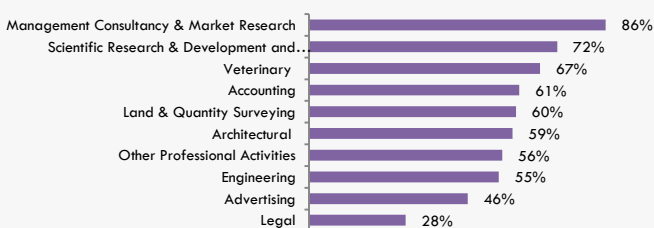
Top 5 Skills Gaps of Entry-Level Employees

1. Problem solving skills (80%)
2. Communication skills (73%)
3. Ability to work independently (70%)
4. Teamwork (53%)
5. Critical thinking (51%)

Source: Institute of Labour Market Information and Analysis (ILMIA), 2019

### 55% of the surveyed companies indicated that trainings were provided to their employees

#### % Percentage of Companies that Provide Training



With reference to the training landscape, among all the sectors, Management Consultancy & Market Research sector provided the highest number of trainings to their employees. The indication of activities is likely to be reflected by the number of companies in the mentioned sector of activity.

Source: Institute of Labour Market Information and Analysis (ILMIA), 2019

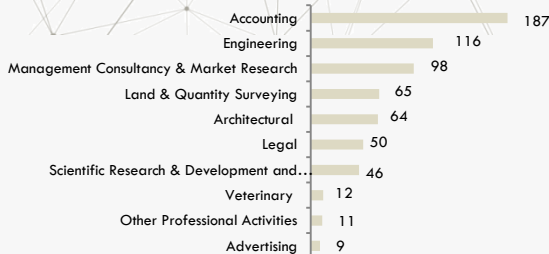
## within Professional Services Activities Sector



### Which Activities Sector has the highest related courses approved by HRDF?

In spite of the highest number of training provided by Management Consultancy & Market Research, the Accounting sector has higher and more varieties of upskilling training programmes which has a total of 187 programmes.

No. of Training/Upskilling Programmes Provided to The Employees by Activities Sectors in 2017

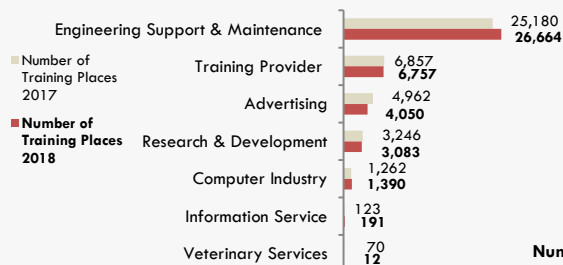


Source: Institute of Labour Market Information and Analysis (ILMIA), 2019

## QUICK TAKEAWAYS AND HIGHLIGHTS

However, based on HRDF financial assistance approval, approximately 6,591 programmes has been approved under the area of Accounting which made up of 6% of the overall training courses approved by HRDF in 2017 which still be considered low.

Number of Training Places Approved based on Subsectors related to Professional Services Activities in 2017 and 2018



Source: HRDF Operation Report 2017 & 2018

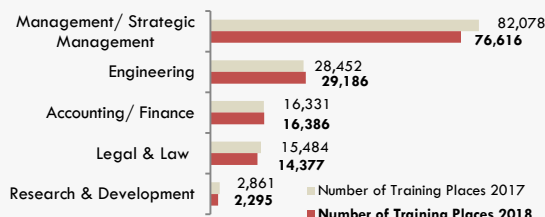
HRDF has granted financial assistance to train a significant number of employees.

- Out of 71,164 employees, **26,664** training places were approved under the Engineering Support & Maintenance sector in 2018.

Training places is referring to the number of participants that have been approved by PSMB to attend training programmes or number of participants whom have completed their training.

- In the same year, **76,616** training places have benefited from the Management or Strategic Management related courses.
- Total number of **89,556** Engineers and **68,534** Technicians were trained based on trainees' designation in 2018.

Number of Training Places Approved based on Skill Areas related to Professional Services Activities in 2017 and 2018



Source: HRDF Operation Report 2017 & 2018

Referring to the trend in the number of participants trained using HRD Fund for the Professional Services Activities, this signals the importance of driving the key emerging trends and skillsets related to the Professional Services Activities.

### What are the Key Emerging Trends and Skillsets required for the Activities Sector?

Activities	Key Emerging Trends/Skillsets in Demand due to Trend
Accounting	<ul style="list-style-type: none"> <li>• Digitalisation – computerised tax programme, backend services, virtual firms/services</li> <li>• Automation, Artificial Intelligence</li> <li>• Combination of IT and accountancy skills</li> </ul>
Advertising	<ul style="list-style-type: none"> <li>• Digital advertising</li> <li>• Web design and development</li> </ul>
Architectural	<ul style="list-style-type: none"> <li>• Building information modelling, Design software</li> <li>• Automation, Virtualization</li> <li>• Computer aided design and drafting</li> </ul>
Engineering	<ul style="list-style-type: none"> <li>• Building information modelling</li> <li>• Computer aided design (AutoCAD 4D Simulation)</li> </ul>
Land & Quantity Surveying	<ul style="list-style-type: none"> <li>• Building information modelling</li> <li>• Technological application (Augmented reality, automated design modelling)</li> </ul>
Legal	<ul style="list-style-type: none"> <li>• Virtual firms</li> </ul>
Management Consultancy & Market Research	<ul style="list-style-type: none"> <li>• Analytics and virtual consultation</li> <li>• Automation</li> </ul>
Scientific R&D and Technical Testing & Analysis	<ul style="list-style-type: none"> <li>• Big data analysis</li> <li>• Analytical thinking</li> <li>• Search Engine Optimisation (SEO)</li> </ul>

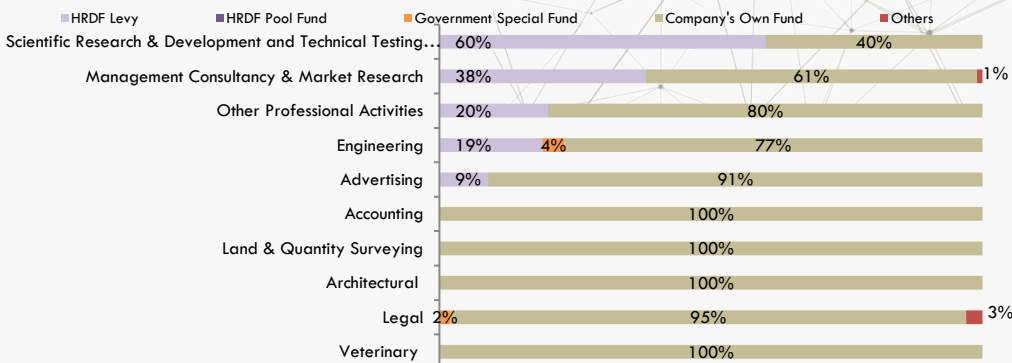
Industry players mostly believe that skillsets related to ICT will be increasingly in demand.

## within Professional Services Activities Sector



### Internal Budget is the main source of funding followed by HRDF Levy

Sources of Funding for Training Expenses, Jan – Dec 2017



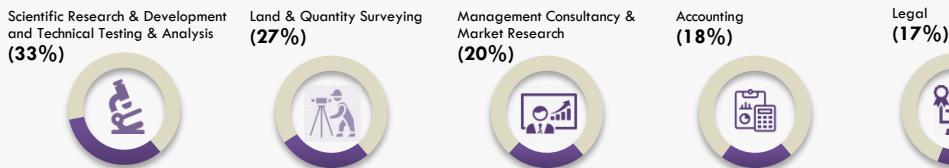
Source: Institute of Labour Market Information and Analysis (ILMIA), 2019

## QUICK TAKEAWAYS AND HIGHLIGHTS

In terms of training fund sources for upskilling activities, mainly internal budget is being used, whereas only five (5) activities sectors are using HRDF levy.

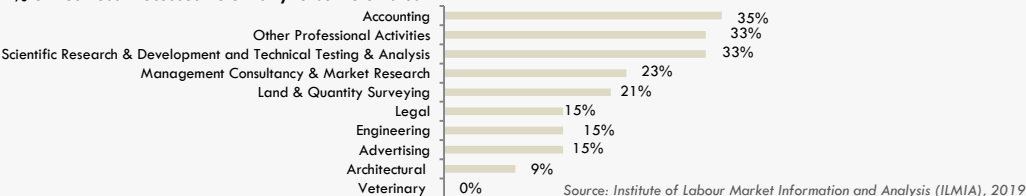
Four (4) activities sectors namely Accounting, Land & Quantity Surveying, Architectural and Legal are yet to be covered under Pembangunan Sumber Manusia Act 2001. In line with this, HRDF is moving towards furthering the Act to cover most of the sectors to ensure life-long learning/training.

### % of Automation Adoption according to Activities Sectors



In terms of automation, despite of having awareness on the technological disruption, 80% of companies believe that their business processes cannot be controlled automatically. However, this belief was not seconded by the statistics of robots employment and other labour saving devices as part of the transformation moving towards automation.

### % of Business Processes Potentially to be Automated



Source: Institute of Labour Market Information and Analysis (ILMIA), 2019

### What are the Key Drivers for the Industrial Growth and what hinders them?

Organisations view that their industrial growth is mainly **driven** by:

1. Government's focus on boosting the growth (61%), e.g. Enforcement of government policies
2. Advancement of technology in increasing productivity and efficiency (48%)
3. More skilled talents supply within the industry (44%)

In contrast, the identified **barriers** which will decelerate the industrial growth are:

1. Less attractive salary and benefits (54%)
2. Lack of skilled human capital (52%)
3. Lack of focus on skills training or upskilling of employees (43%)

### What's next for HRDF?

**Account Management team** is recommended to **promote** the upskilling and reskilling initiatives among Professional Services employers to equip their workforce with **specialised skillsets** based on **Key Emerging Trends and Skillsets** for future workers or current employees in the sector.

**Increase awareness/ adoption** of automation, enhancement of tools via **sharing best practices** through **seminars** or **knowledge showcase** which can be organised by the **Engagement team**.

**Incubation team** is recommended to enhance graduates skillsets by strengthening the **collaboration** and **aligning the education inputs with industry needs**, i.e. TVET related public institutions focusing on Engineering sector.

**Research and Sectorial Training Committee (STC)** team may identify the training needs, **demand and supply for all future sectors** which to be covered under **PSMB Expansion Act** in facilitating the industries for future especially Legal sectors which has low numbers of training participation and engagement with Malaysian Bar Council and other industries key players are encouraged to ensure relevant inputs gathered.

Collaboration with other regulatory bodies for the potential sectors under PSMB Expansion Act for e.g. Malaysian Bar Council, to gain input/outlook of Legal sectors to ensure the readiness of the sectors to be driven.





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