# Chapter **9**

## Policy Evaluation: Malaysia

CHAPTER 9

Policy Evaluation: Malaysia

## 1. Strength/Weakness, Opportunity/Threat (SWOT) Analysis

### 1.1. Strengths and Weaknesses: Survey Results

Figure 9-1 shows strengths and weaknesses, and Figure 9-2, strengths and weaknesses by respondent category. The majority of respondents recognise 'technological infrastructure and environment' (7) as the industry's strength. An item that is more than 50 percent 'very strong' and 'strong' combined is considered a strength. The policy has the most votes from each respondent category and is strongly recognised by industrial organisations, academic experts, and policymakers.

'Relationships with other industries' (9) is considered a weakness and strongly recognised as a weakness by policymakers. This is an important factor inducing ripple effects in other related industries, which, in turn, could enhance usage of content products. Overcoming this weakness would benefit not just the content industry but also other industries and the economy as a whole.
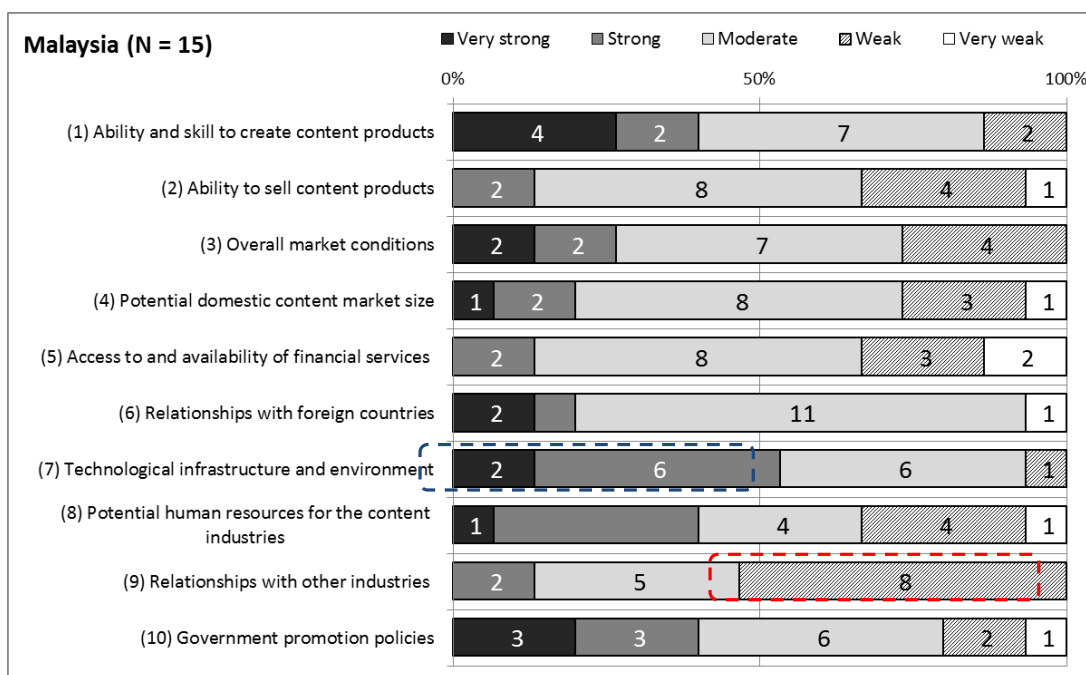
### 1.2. Current and Future Challenges

Figure 9-3 shows the results for current challenges facing the content industry. The votes are highest (11/14) for 'increase in cost of operations'. The rise of cost, however, is not just industry specific but a challenge that the economy currently faces.

Some company respondents pointed out the need to build an industry ecosystem to overcome weakness in relationships with other industries (Table 9-1). Other respondents have pointed out concerns about capacity building.

**Figure 9-1: Strengths and Weaknesses**

**Malaysia (N = 15)**

| | Very strong | Strong | Moderate | Weak | Very weak |
|---|---|---|---|---|---|



Source: Evaluation Survey of Content Industry Promotion Policies.

**Figure 9-2: Strength and Weakness: Respondent Comparison**
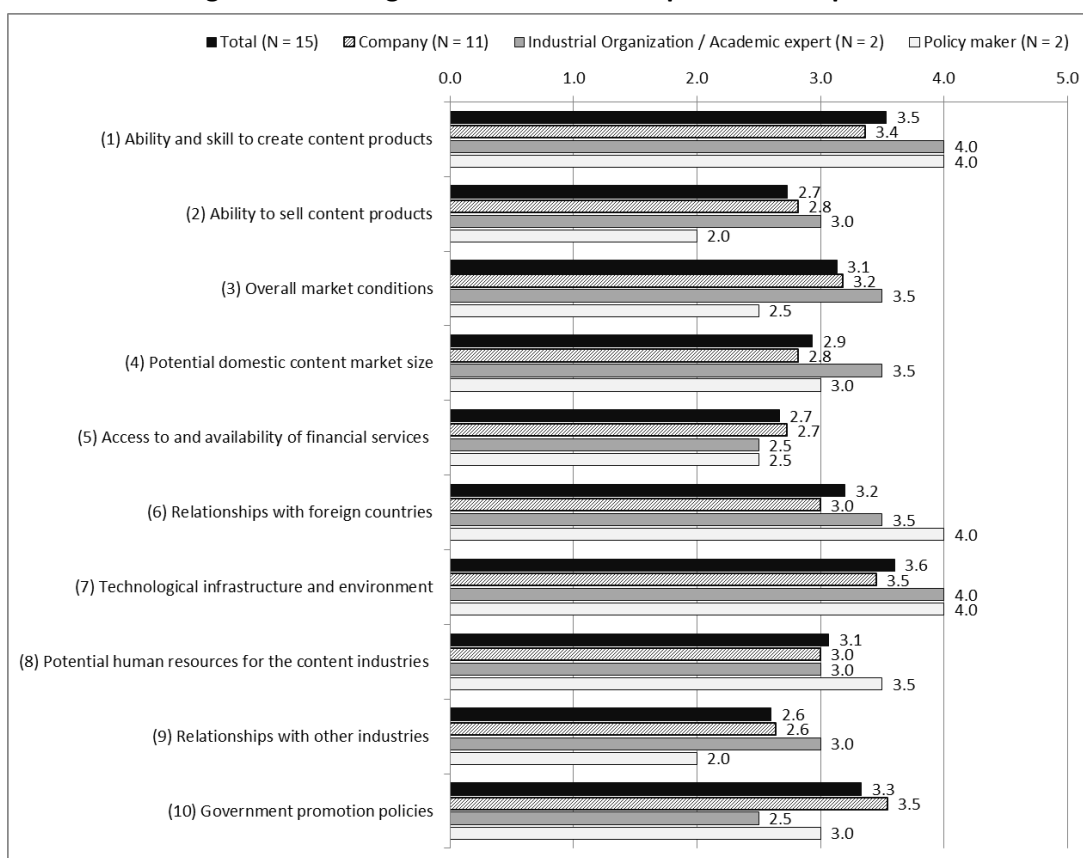


Source: Evaluation Survey of Content Industry Promotion Policies.

**Figure 9-3 : Current Challenges**

**Malaysia (N = 14)**



Source: Evaluation Survey of Content Industry Promotion Policies.

## 1.3. Strength/Weakness, Opportunity/Threat (SWOT) Analysis: Update of the FY2012 Report

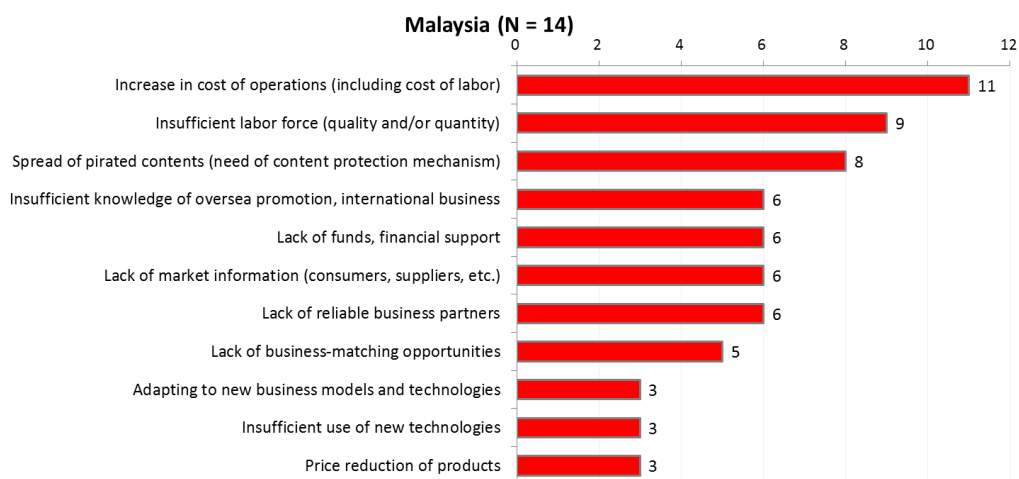The update of the 'Study on the Development Potential of the Content Industry in East Asia and ASEAN Region' (FY2012 Report) (Table 9-2) takes into account the survey results and recent market trends (Chapter 2) and policies (Chapter 4).

With strong government support, Malaysia has strengths in technological infrastructure and environment, and ability and skill to create content products, which account for its growing presence in overseas markets for animation and live action.

The content industry's lack of relationships with other countries, however, is considered a weakness and strongly recognised as such by policymakers. Although Malaysia considers its potential human resources for the content industry a strength, it is seeing higher cost of production, including cost of labour, as well as an insufficient labour force.

Despite having a relatively small domestic market, Malaysia can expect positive economic effect from the launch of terrestrial digital broadcasting starting 2015, which gives people greater access to a wider variety of content.

**Table 9-1: Free Descriptive Answers Regarding Current and Future Challenges**

| Category | Comment |
|---|---|
| Company | ● (1) Lack of content industry ecosystem<br>(2) Necessity of integrating industries to ensure that other industries will play a role in the activity, and government initiatives to establish an effective mechanism to stimulate activity. (Government will stimulate the content industry. The media industry will create the content industry image and market demand. Manufacturing and the retail industry will participate in the content industry. Consumers will support the Malaysian industry.) [1,3,4/1,2,4,5]<br><br>● Necessity of building a strong ecosystem, from product development to distribution to licensing. Ability to create a strong brand out of good content [1,2,3/1,2,4,5]<br><br>● Necessity of developing English-language capabilities, understanding that management skills need to be significantly improved across the board, and understanding how to work with other partners in a complementary manner. At the government level, the need to enable and empower companies to create an environment that develops world-class talent through continuous incentive support. Co-production treaties are critical. [1,2,3/1,2,4]<br><br>● Changes in the market are very fast and good people are needed to adapt and capitalise on the changes. [4/1,5]<br><br>● Because technology is advancing so quickly, young people do not need too much training. Instead, there is a need to go back to the basics, i.e. to emphasise story and visual development, which is the only way to be on a level playing field with international players. There is a need to look into Malaysia's vast storehouse of legends and myths, which should be taught in schools, including higher learning institutions. Characters from local stories need to be adapted to a contemporary context. Students need to be guided by international experts so they become effective storytellers with an international outlook. [1,2,3,5/1,2,3]<br><br>● (1) Difficulty in fund raising<br>(2) Inability to recoup investment for Asian-focused content. Although Asian users and broadcasters favour localised content, it is difficult for producers to recoup investments with the current low licence fee structure offered by Asian buyers. [2,3,4,5/1,2,4,5]<br><br>● Difficulty in adapting to rapidly changing content-consuming patterns [1,2/3,4,5,6]<br><br>● Difficulty in acquiring sufficient content funding [-/4,7] |
| Industrial Organisation, Academic Expert | ● Not up to international standards because of very low market costs (budget) of local content [1,2,3,4/7]<br><br>● Difficulty in retaining good, skilled players [1,2,3,4/7]<br><br>● From an academic point of view, lack of funding due to limited industry players to reach out to and get support from [1,2,3,4/7] |
| Policymaker | ● The main challenge is educating content business owners to understand the content business, as many of them are not creative. |

Note: Numbers after each comment describe the sector and operation the respondent is engaged in; [1 = TV programme, 2 = film, 3 = animation, 4 = games, 5 = music, '-' = no response /; 1 = production, 2 = post-production, 3 = broadcasting, 4 = distribution, 5 = sales, 6 = purchase/aggregation, 7 = manufacturing, '-' = no response]

Source: Evaluation Survey of Content Industry Promotion Policies.

**Table 9-2: SWOT Analysis: Malaysia**

| Internal | |
|---|---|
| **Strengths** | **Weaknesses** |
| ● Technological infrastructure and environment <br> ● Ability and skill to create content products <br> ● Strong government support for developing the creative content sector (national policy, developmental programmes, grants, and incentives) <br> ● Availability of raw talent that can be trained <br> ● Growing presence in the international market as a regional player for certain content (e.g. animation and live action production) <br> ● Active overseas promotion of industry players capable of meeting the global market's needs | ● Lack of close relationships with other industries <br> ● Insufficient human resources for production <br> ● Limited access to and availability of financial services <br> ● Increase in cost of operations <br> ● Necessity of expanding investment due to rising production costs and limited budget <br> ● Limited growth of new platforms and services (e.g. IPTV) due to dominance of satellite broadcasting <br> ● Limited successful cases |
| **Opportunities** | **Threats** |
| ● Relatively high GDP per capita <br> ● Development in Internet infrastructure, including mobile <br> ● Transition toward digital terrestrial broadcasting <br> ● Strong connections with Islamic nations | ● Limited size of domestic market <br> ● Brain drain (not limited to content industry) <br> ● Comfort zone mentality |
| External | |

GDP = gross domestic product; SWOT = strength/weakness, opportunity/threat.
Source: Authors.

## 2. Policy Evaluation

### 2.1. Overall Evaluation

Figure 9-4 shows the survey results of the overall assessment of related policies. Eight out of twelve respondents (66 percent) indicated a positive ('successful') response, although none gave a 'very successful' evaluation.

Figure 9-5 shows the score for each respondent category, indicating the gap between stakeholders.

### 2.2. Effectiveness of Current Policies

Figure 9-6 shows the survey results on awareness of effectiveness of each policy. The results indicate the respondents' awareness of how the policies meet their expectations. The majority of respondents support #3 (Support industry-led organisations

in aggregating industrial interests and/or functions), #4 (Support building of business relationships), #6 (Promote brands and campaigns, international trade events and meetings), #7 (Establish standards, qualification and certification frameworks for related skills and knowledge), #8 (Support education), #9 (Introduce incentive schemes to encourage investments), #10 (Establish government financing schemes to promote private financing), and #14 (Introduce and review intellectual property rights protection, management, anti-piracy measures).

The most negative votes go to #12 (Foster research and development and technological innovation, develop communication networks and media). This suggests that although one of Malaysia's strengths is 'technological infrastructure and environment' (Section 1.1), respondents expect to further strengthen it through policy activities.

**Figure 9-4: Overall Assessment of Content Policies**
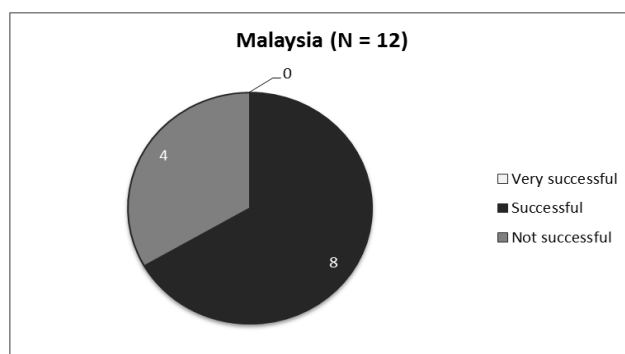


Source: Evaluation Survey of Content Industry Promotion Policies.

**Figure 9-5: Overall Assessment of Content Policies:**

**Score per Respondent Category**
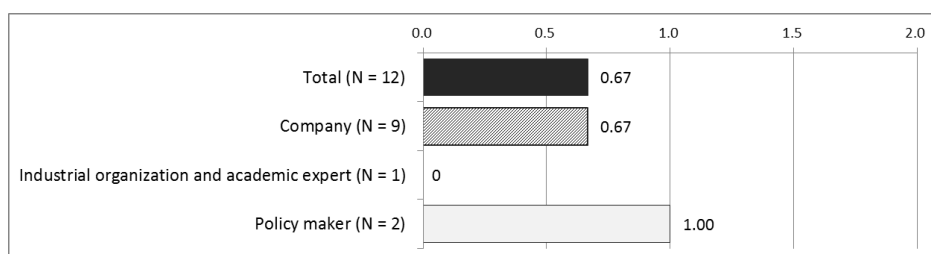


Note:   Figures indicate weighted average of number of respondents and weight (very successful = 2, successful = 1, not successful = 0).

Source: Evaluation Survey of Content Industry Promotion Policies.

**Figure 9-6: Policy Effectiveness**
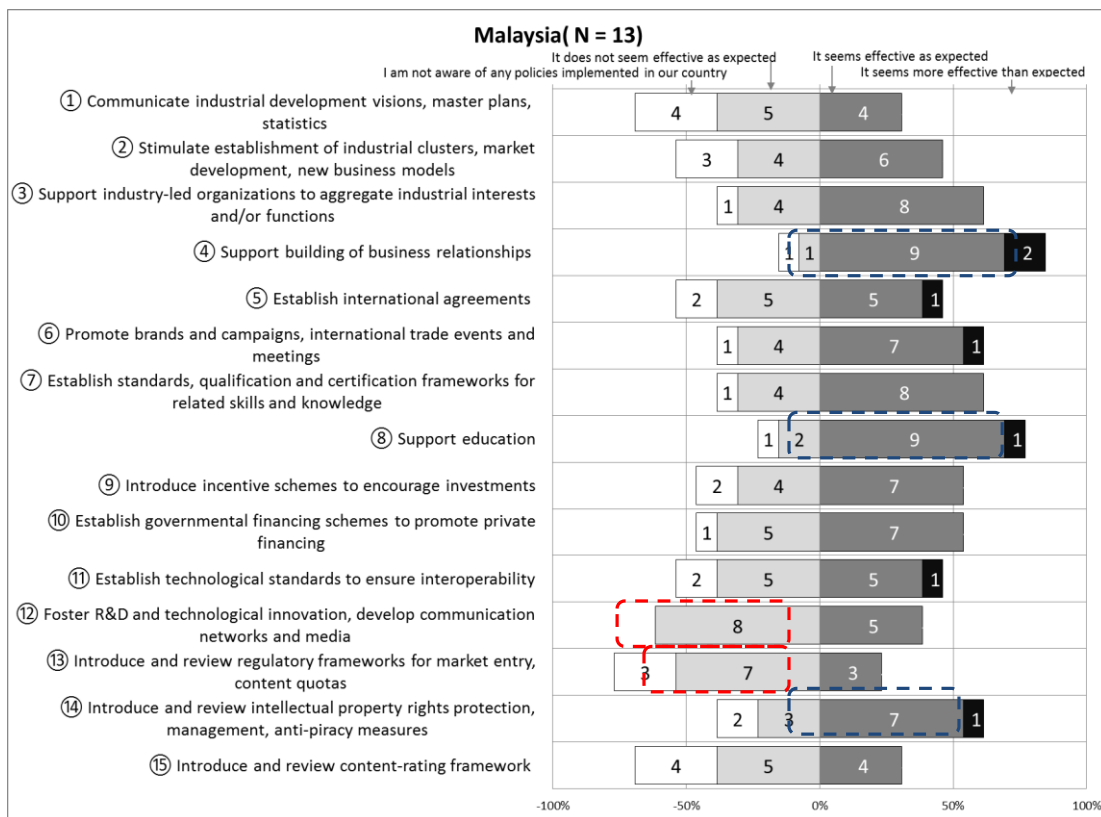


Source: Evaluation Survey of Content Industry Promotion Policies.

Figure 9-7 shows, in descending order, the policies considered to be highly effective. Policies #6 (Promote brands and campaigns, international trade events and meetings) and #8 (Support education) have the most votes. Figure 9-8 describes the effects and outcomes resulting from policy #8.

**Figure 9-7: Policies Regarded as Effective**
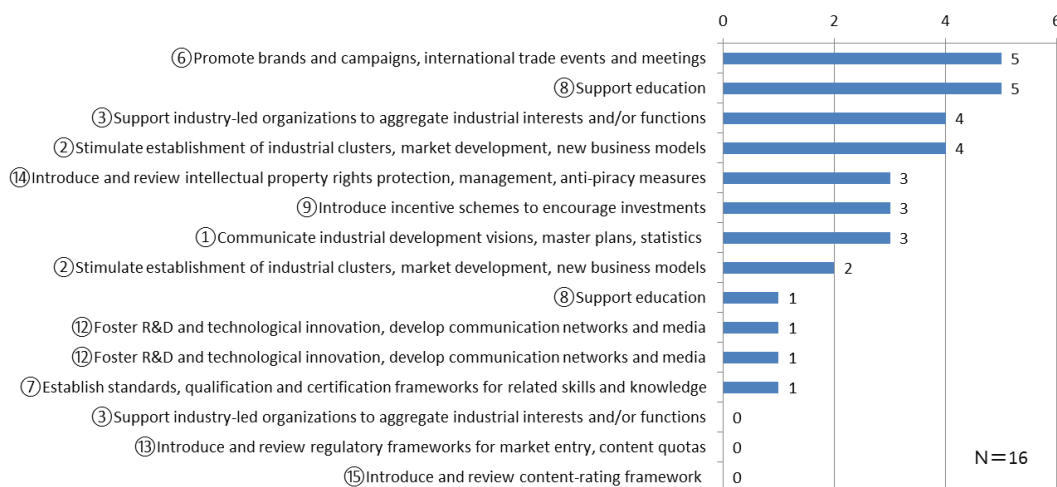


Source: Evaluation Survey of Content Industry Promotion Policies.

**Figure 9-8: Effects and Outcomes as a Result of Policy #8**

**(Support education)**
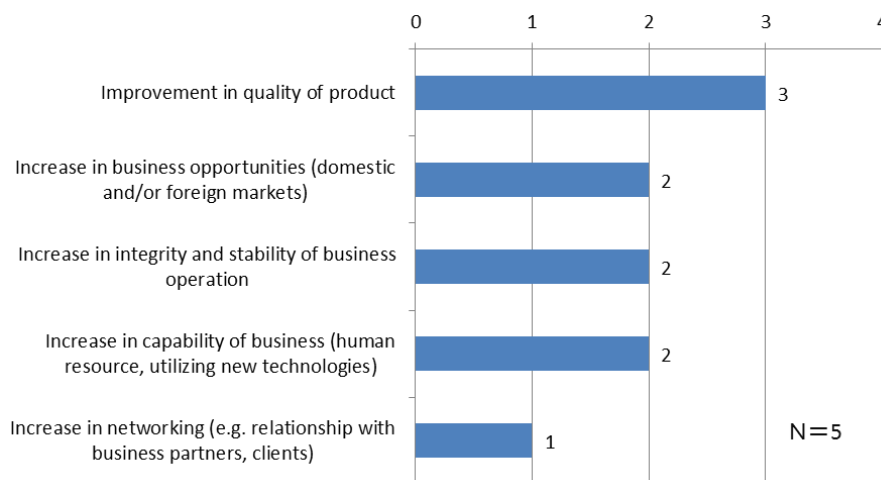


Source: Evaluation Survey of Content Industry Promotion Policies.

## 2.3. Key Success Factor

Figure 9-9 shows what respondents consider an important element (key success factor) for maximising the effectiveness of policy #8 (Support education).

**Figure 9-9: Key Success Factor for Policy #8 (Support education)**
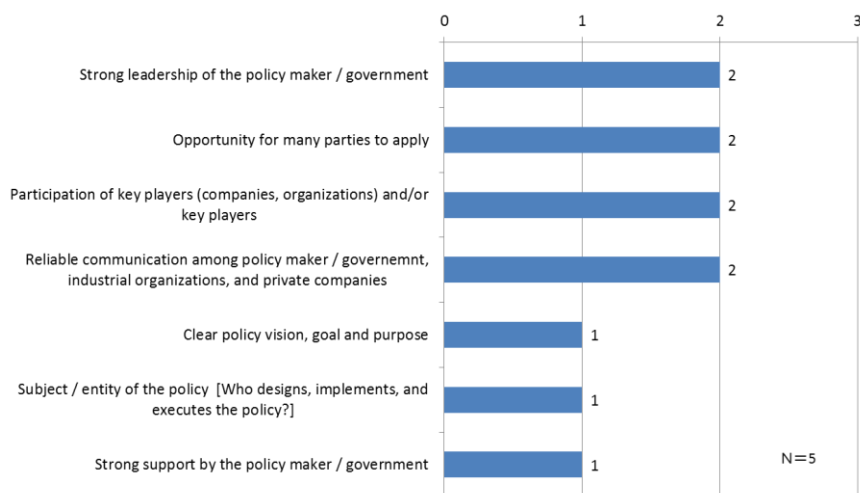


Source: Evaluation Survey of Content Industry Promotion Policies.

## 2.4. Challenges

Figure 9-10 shows the policies considered to face challenges. Policy #1 (Communicate industrial development visions, master plans, statistics) has the most votes.

Figure 9-11 shows the difficulties and constraints of #1, which all respondents think are lack of definite policy vision, goal, and purpose.

**Figure 9-10: Policies Needing Improvement**



| | |
|---|---|
| ①Communicate industrial development visions, master-plans, statistics | 7 |
| ③Support industrial-led organizations to aggregate industrial interests and/or functions | 5 |
| ⑩Establish governmental financing schemes to promote private financing | 4 |
| ②Stimulate establishment of industrial clusters, market development, new business-models | 3 |
| ⑤Establish international agreements | 2 |
| ⑦Establish standards, qualification / certification framework for related skills and knowledge | 2 |
| ⑧Support for education | 2 |
| ⑫Foster R&D and technological innovation, develop communication networks & media | 2 |
| ⑬Introduce & review regulatory frameworks for market entry, content quotas | 2 |
| ⑥Promote brands and campaigns, international trade events and meetings | 1 |
| ⑨Introduce incentive schemes to encourage investments | 1 |
| ⑭Introduce & review intellectual property rights protection, management, anti-piracy | 1 |
| ④Support building of business relationships | 0 |
| ⑪Establish technological standards to ensure interoperability so as to increase adoption and usage | 0 |
| ⑮Introduce & review content rating framework | 0 |

n=12

Source: Evaluation Survey of Content Industry Promotion Policies.

**Figure 9-11: Difficulties and Constraints of Policy #1**

**(Communicate industrial development visions, master plans, statistics)**



| | |
|---|---|
| Definite policy vision, goal and purpose | 7 |
| Subject / entity of the policy [Who designs, implements, and executes the policy?] | 1 |
| Strong leadership of the policy maker / government | 1 |

N=7
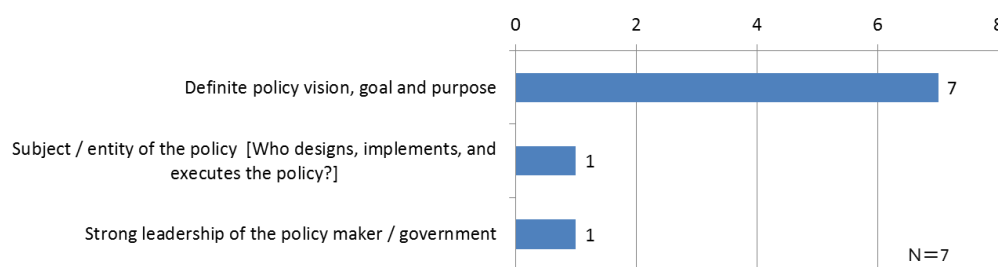
Source: Evaluation Survey of Content Industry Promotion Policies.

## 2.5. Necessity of Current Policies and Expectations

Figure 9-12 shows the survey results on necessity of policy implementation. Policy #10 (Establish government financing schemes to encourage investments)[1] had the highest

---

[1] The current tax incentive scheme in the Malaysian film sector is a typical example of a policy activity.

votes (very necessary/important). Policies #8 (Support education), #9 (Introduce incentive schemes to encourage investments), and #5 (Establish international agreements) also had the majority of votes.

**Figure 9-12: Necessity of Policies**
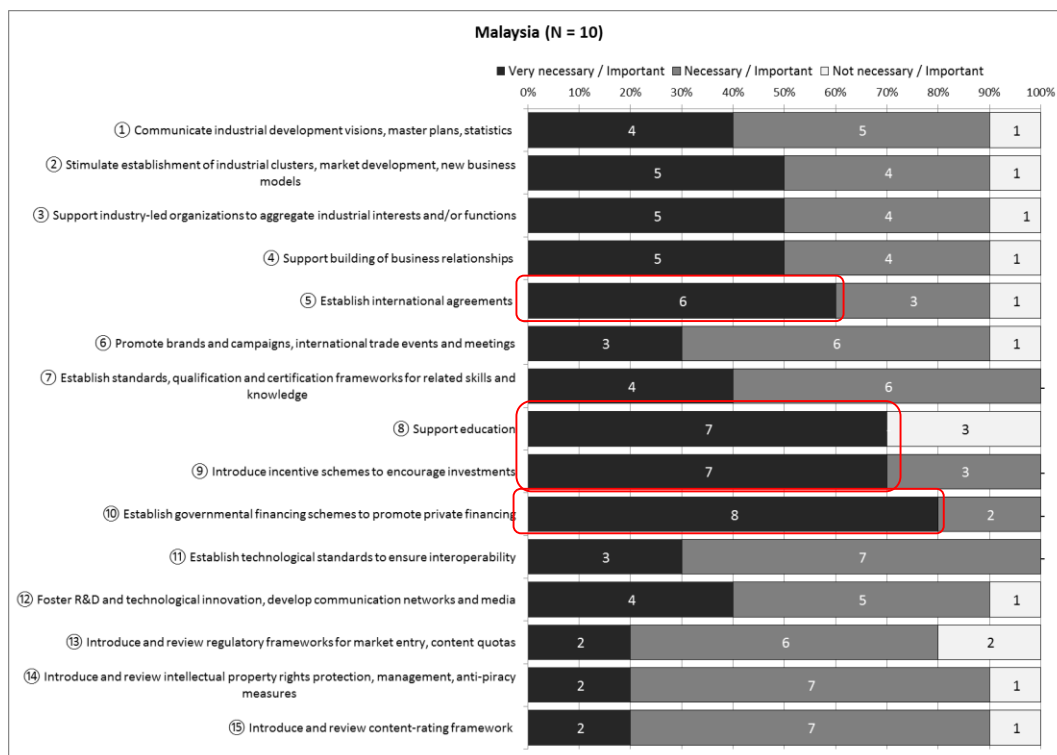


Source: Evaluation Survey of Content Industry Promotion Policies.

**Figure 9-13: Expectations of Implemented Policies**



Source: Evaluation Survey of Content Industry Promotion Policies.

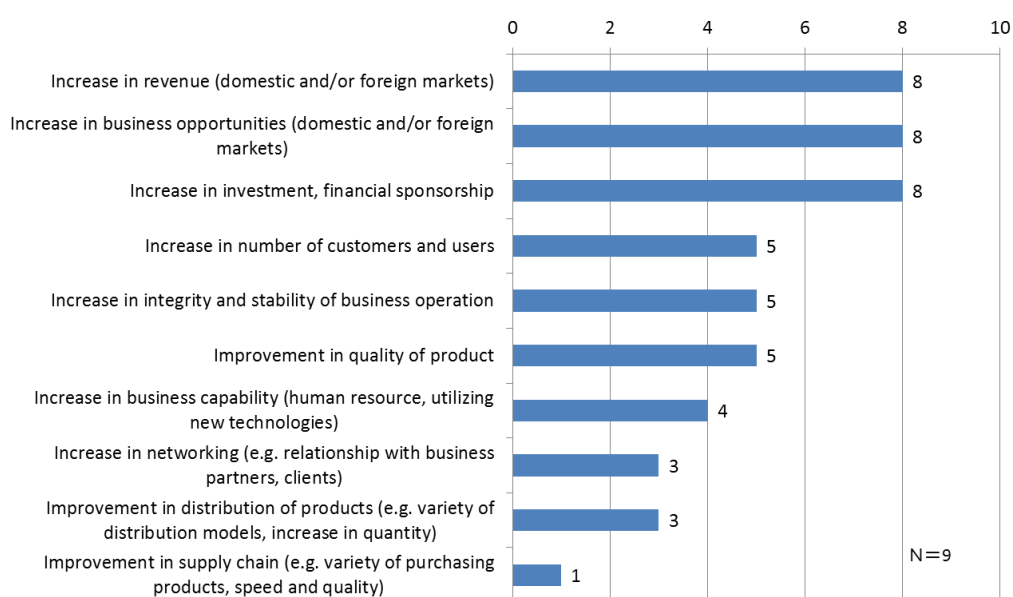Figure 9-13 shows the respondents' expectations of policies, irrespective of current implementation. The majority of respondents expect an increase in revenues, business opportunities, and investment and financial sponsorship.

## 2.6. Policy Prioritisation

Figure 9-14 maps the effectiveness and necessity of each policy. The results are converted into deviation values to relatively map the results. Each plot describes the policy activity. Policies #2 (Stimulate establishment of industrial clusters, market development, new business models), #5 (Establish international agreements), and #9 (Introduce incentive schemes to encourage investments) are in high demand, although their effectiveness does not seem to meet expectations. The evaluation for #9 varies among respondent categories.

Table 9-3 describes the overall analysis results. It provides the performance indicator for each policy activity, describing the priority level, or the relative distance between necessity and effectiveness (see Chapter 1 for a more detailed explanation of a performance indicator). The table also provides the coefficient of variation and a normalised measure of dispersion, which describes the variance among respondent categories. The results show that #9 and #10 have high priority for improvement.

**Figure 9-14: Effectiveness vs. Necessity of Policies**

**(above: average, below: by category)**
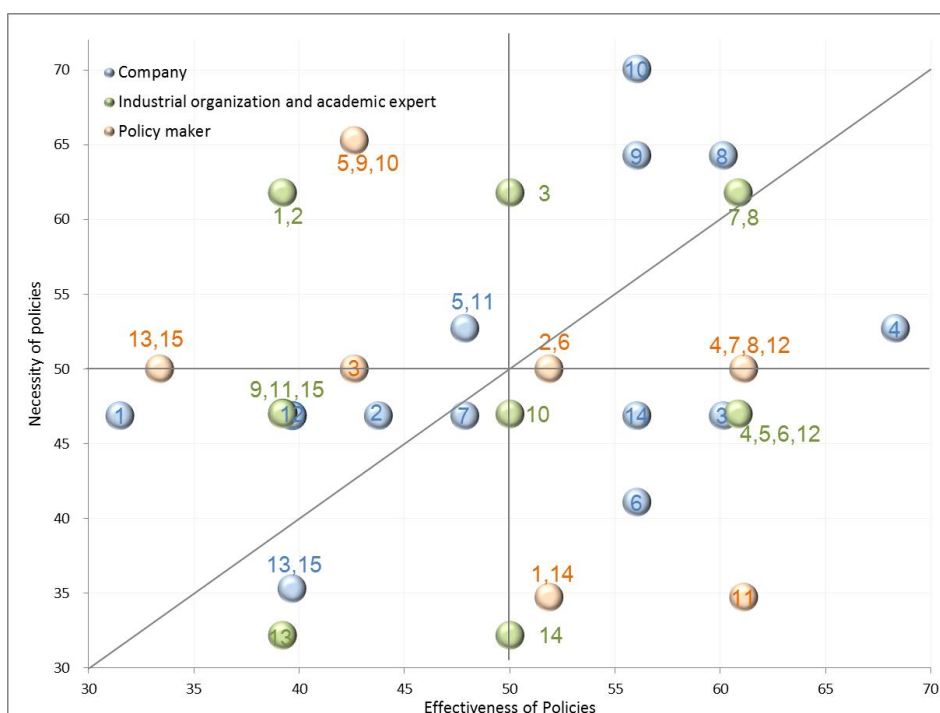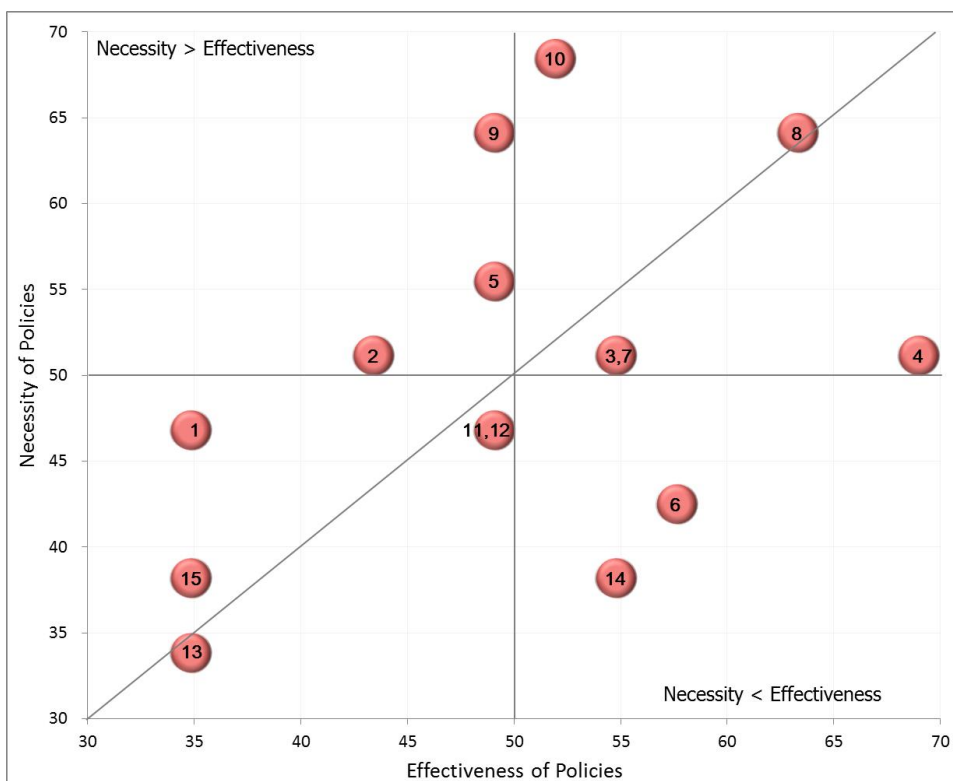


Source: Evaluation Survey of Content Industry Promotion Policies.

**Table 9-3: Analysis Results of Policy Evaluation**

| Policy Area | Policy Activities | Performance | CV Effectiveness, % | CV Necessity, % |
|---|---|---|---|---|
| Industry and Market Development | 1. Communicate industrial development visions, master plans, statistics | - 8.5 | 21 | 23 |
| | 2. Stimulate establishment of industrial clusters, market development, new business models | - 5.5 | 12 | 12 |
| Organisational Schemes, Business Relationships | 3. Support industry-led organisations in aggregating industrial interests and/or functions | 2.5 | 14 | 12 |
| | 4. Support building of business relationships | 12.6 | 5 | 5 |
| International Relationships | 5. Establish international agreements | - 4.5 | 15 | 14 |
| | 6. Promote brands and campaigns, international trade events, and meetings | 10.7 | 7 | 8 |
| Human Resources | 7. Establish standards, qualification and certification frameworks for related skills and knowledge | 2.5 | 11 | 12 |
| | 8. Support education | - 0.6 | 1 | 11 |
| Finance | 9. Introduce incentive schemes to encourage investments | - 10.7 | 16 | 14 |
| | 10. Establish government financing schemes to promote private financing | - 11.7 | 11 | 16 |
| Technology | 11. Establish technological standards to ensure interoperability | 1.6 | 18 | 17 |
| | 12. Foster research and development and technological innovation, develop communication networks and media | 1.6 | 19 | 3 |
| Legal Frameworks | 13. Introduce and review regulatory frameworks for market entry, content quotas | 0.7 | 8 | 20 |
| | 14. Introduce and review intellectual property rights protection, management, anti-piracy measures | 11.7 | 5 | 17 |
| | 15. Introduce and review content-rating framework | - 2.4 | 8 | 14 |

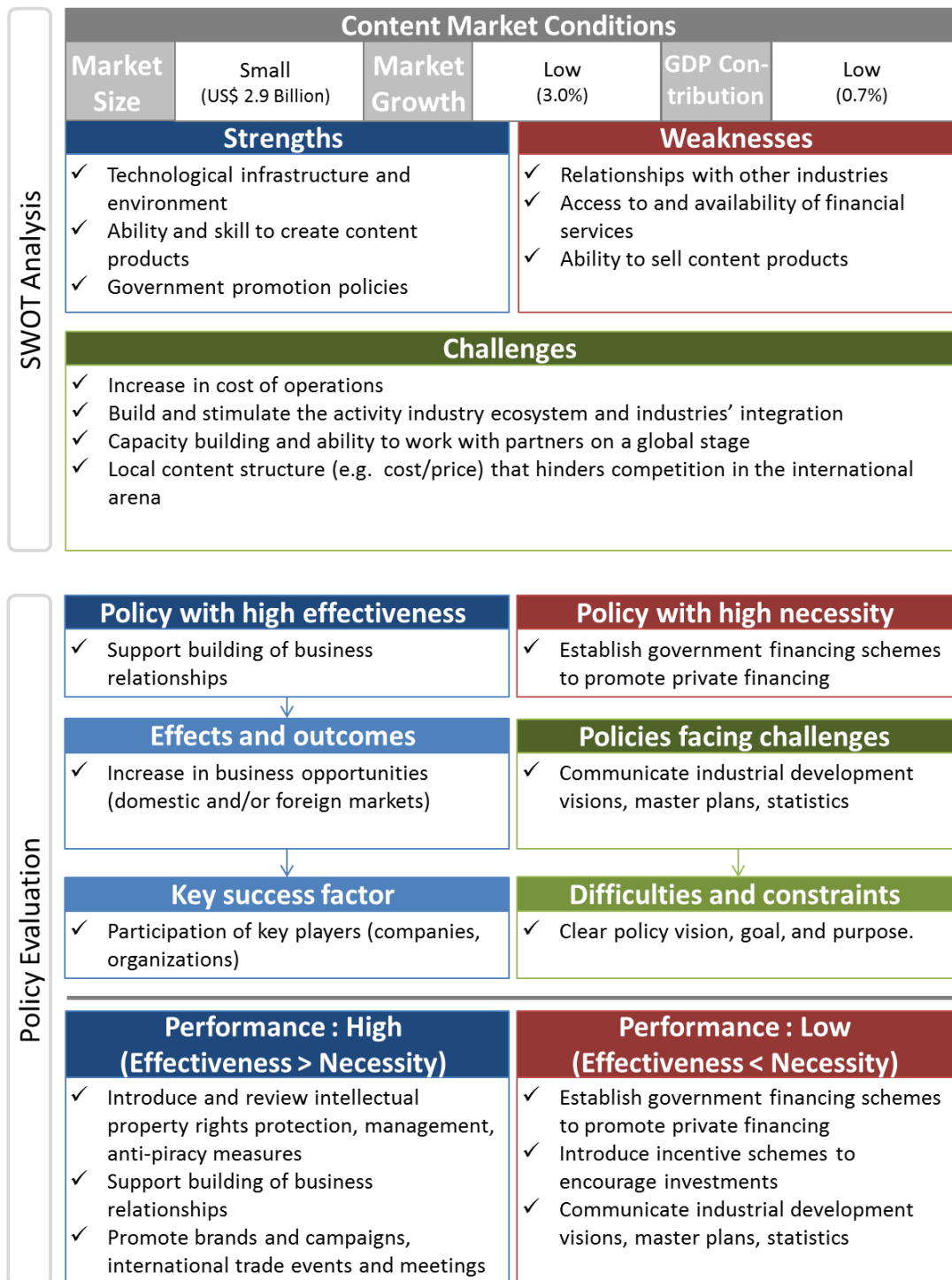CV = coefficient of variation (variation among respondent categories).

Note: 'Performance' indicates the relative distance where: (a) Figures above zero: Effectiveness outperforms necessity/expectation; (b) Figures below zero: Effectiveness underperforms necessity/expectation.

Source: Authors based on Evaluation Survey of Content Industry Promotion Policies.

## 3. Summary

Figure 9-15 summarises the results.

**Figure 9-15 : Overall Results: Malaysia**

| Content Market Conditions | | | | | |
|---|---|---|---|---|---|
| **Market Size** | Small (US$ 2.9 Billion) | **Market Growth** | Low (3.0%) | **GDP Contribution** | Low (0.7%) |

**SWOT Analysis**

| Strengths | Weaknesses |
|---|---|
| ✓ Technological infrastructure and environment<br>✓ Ability and skill to create content products<br>✓ Government promotion policies | ✓ Relationships with other industries<br>✓ Access to and availability of financial services<br>✓ Ability to sell content products |

**Challenges**

✓ Increase in cost of operations
✓ Build and stimulate the activity industry ecosystem and industries' integration
✓ Capacity building and ability to work with partners on a global stage
✓ Local content structure (e.g. cost/price) that hinders competition in the international arena

**Policy Evaluation**

| Policy with high effectiveness | Policy with high necessity |
|---|---|
| ✓ Support building of business relationships | ✓ Establish government financing schemes to promote private financing |

| Effects and outcomes | Policies facing challenges |
|---|---|
| ✓ Increase in business opportunities (domestic and/or foreign markets) | ✓ Communicate industrial development visions, master plans, statistics |

| Key success factor | Difficulties and constraints |
|---|---|
| ✓ Participation of key players (companies, organizations) | ✓ Clear policy vision, goal, and purpose. |

| Performance : High (Effectiveness > Necessity) | Performance : Low (Effectiveness < Necessity) |
|---|---|
| ✓ Introduce and review intellectual property rights protection, management, anti-piracy measures<br>✓ Support building of business relationships<br>✓ Promote brands and campaigns, international trade events and meetings | ✓ Establish government financing schemes to promote private financing<br>✓ Introduce incentive schemes to encourage investments<br>✓ Communicate industrial development visions, master plans, statistics |

Source: Authors.

Under initiatives such as Digital Malaysia, a programme that aims to turn Malaysia into a developed digital economy by 2020, the country has been focusing on building strengths in technological infrastructure environment, and the ability and skills to create content products. With continuous efforts of organisations such as Multimedia Development Corporation, support for building business relationships is recognised as an effective policy that provides companies with business opportunities. As efforts to promote brands and campaigns have been successful, these outcomes seem to correspond to the sectors' awareness of recognising government promotion policies as the country's strength, which is unique among member countries.

Although Malaysia is one the fastest developing countries in the region, the growth of its content market is almost as low as that of Japan, Korea, and Singapore. The content industry's gross domestic product contribution is also relatively low, which may explain its weak relationship with other industries. To build an industry ecosystem and make the best use of content, the industry should meet the challenges of communicating industrial development visions, master plans, and statistics. It should also play an important role in creating a higher value-added economy. As Malaysia faces rapid changes in the business environment, such as increasing operation costs, including the cost of producing local content, there is high demand for and high priority on financial schemes to promote the content industry. Clear policy vision and goals are needed for effective policy implementation.