Importance of Capacity Building for the Digital Content Industry in Malaysia

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ABSTRACT

This paper is a general discussion addressing the following areas: capacity building, digital content industry, content industry capacity building and possible components of capacity building initiatives. The content industry sector makes a significant and strategic contribution to the economy and society. Adequate local contents reflecting the culture and values of the nation and relevant global contexts must be made available and accessible for various application requirements.

Keywords: *content industry, content development, capacity building, information technology, communication technology*

INTRODUCTION

Content development is one of the six "growth areas" introduced by MyICMS 886 which is a five-year plan (2006-2010) to deliver advanced information and communications services that can contribute to the enhancement of quality of life for all Malaysians (MyICMS 2006). In order to push the content industry forward, capacity building initiatives are needed. This paper is a general discussion addressing the following questions:

- What is capacity building?
- What is digital content industry?
- Why is there a need for content industry capacity building and how should this need be addressed?
- What are the possible components of capacity building initiatives?

WHAT IS CAPACITY BUILDING?

Capacity is the ability of individuals, organizations and societies to perform functions, solve problems, and set and achieve goals. The term "capacity building" is not a new concept. Rather, it is a refinement of a combination of approaches, such as training and technical assistance, that have been used by development assistance agencies.

The term "capacity building" is now taking over as the new umbrella term for these approaches. This term was brought into popular usage by "Agenda 21", the global action plan for environment and development adopted by world governments at the Earth Summit in 1992. It says, "Specifically, capacity building encompasses the country's human, scientific, technological, organizational, institutional, and resource capabilities. A fundamental goal of capacity building is to enhance the ability to evaluate and address the crucial questions related to policy choices and modes of implementation among development options, based on an understanding of environment potential and limits and of needs perceived by the people of the country concerned".

A newer term is "capacity development" which refers to the process by which individuals, institutions and societies develop abilities, individually and collectively, to perform functions, solve problems as well as set and achieve goals. It is now considered a fundamental underpinning of technical cooperation for development assistance. Capacity Building includes the following three areas:

- The creation of an enabling environment with appropriate policy and legal frameworks. This would entail making legal and regulatory enabling organizations, institutions and agencies, at all levels and in all sectors, to enhance their capacities.
- Institutional development. Institutional development would include the elaboration of management structures, processes and procedures at all levels to manage relationships within organizations and between different organizations, the public sector, private sector and the community.
- Human resources development and strengthening of managerial systems. This process involves equipping individuals with the understanding, skills and access to information, knowledge and training that enable them to perform effectively.

Addressing any of the three areas of capacity building mentioned above means committing to long-term continuous goals. Capacity building is, in short, a longterm, continuing process, in which all stakeholders participate. Stakeholders would include government ministries, local authorities, private and public companies, non-governmental organizations, professional associations, academics and others.

In order for capacity building to work, the roles of capacity building agents are crucial. They come in many shapes and sizes such as management consultants who provide expertise, coaching, training and referrals; management support organizations that provide consulting, training, resources, research, referrals and other services; grant makers—foundations and government organizations—involved in capacity building either through their grants or sometimes by offering training,

consulting and resources; researchers who identify issues and trends, and build knowledge; universities and academic centers that provide formal training and certification opportunities for individuals, conduct research and offer resource centers; intermediaries and umbrella organizations; as well as professional and other service providers who often play capacity building roles.

WHAT IS CONTENT INDUSTRY?

To date, there has been no universal definition of the content industry. A range of definitions has been used to describe it. Broader definitions include a wide range of sectors that are producing and delivering content, such as those listed below:

- Publishing.
- Broadcasting, film and video.
- Visual and performing arts.
- Visual and industrial design.
- Advertising.
- 3G mobile telephones.
- Digital television and radio.

Higgs and Kennedy (2003) classified the digital content industry under various sectors based on a combination of the type of activity undertaken, and the end markets or customers of these products and services. The sectors identified are:

- Screen/Film pre-production, production and post-production.
- Free to air and subscription TV pre-production, production and post-production.
- Broadband content development.
- Online and interactive games.
- Internet based marketing, design and advertising.
- Internet based digital content publishing and distribution.
- Experimental digital media.
- Online education content development.
- Mobile 3G content development and publishing.
- Content creation and manipulation software.
- Learning, rights and content management and other digital creative industry related software applications.

All these sectors provide a wide range of opportunities for content development that local content developers need to take advantage of. However, the current status quo show great disparity between Malaysian content and foreign content.

An overarching factor for the lower quantities (and in many cases, lower quality as well) of Malaysian content may have much to do with the lack of capacity building in the local content industry.

WHY IS THERE A NEED FOR CONTENT INDUSTRY CAPACITY BUILDING AND HOW SHOULD THIS NEED BE ADDRESSED?

There are at least seven reasons for the development of capacity building for the content industry. Below is an overview of these reasons.

- **The issue of capacity for content industry is critical and the extent of need is enormous, but appreciation of the problem is low**:
  Digital content activities are transforming traditional industry structures, business models, and ways of doing things and are likely to form an important activity in their own right. Thus the digital content industry has vast potential as a major contributor to our economy and society through employment creation, capital investment and export earnings, provision of skills and capabilities to traditional as well as new and emerging industry sectors.

  However, despite an overall consciousness of the importance of digital content, little is known about local digital content. The availability of data on Malaysia's cultural industries in general, and the specific content sectors such as publishing, visual arts and craft sector, has not improved markedly in the past years. The content industry requires research and rapid access to the data collected. Comparatively little is known about the dynamics and nature of companies in the content industry. An initiative in the form of a specific project must be established to map the entities, assets and connections forming the content industry. The findings of the research are needed to appreciate the issues and to develop a strategic agenda or action plan.

- **The interaction between players within the content industry is weak**
  The content industry is highly fragmented, wherein the various content developers and distributors work in isolation from each other. This creates several challenges, including securing finance and discovering information about markets. The market is highly dependent on large and well known distributors of content, including broadcasters. This leaves little opportunity for small time content developers to distribute their products. At a higher level, the content industry does not operate in a single market. Rather, sectors within the industry face different market conditions and challenges. To face the needs of these varying conditions and challenges, content developers need to band together and share assets and strengths.

  While operating in different markets, and in some cases having different outputs, there are several points of interaction across sectors that warrant common industry approaches. Particularly important is the effect of convergence of broadcasting, telecommunications and Internet. This has blurred the lines between once separate components of the digital content industry. Another point of interaction and increasing convergence is in the area of skills. There is significant movement between sectors. For example, a games company employ people not only from the games industry, but also from the film and TV industry.

A visual special effects company does not recruit people from multimedia technology background but animators with fine arts. Other common factors include: creativity and intellectual property are central assets; recruiting and retaining people is a challenge, with skills in greatest demand being creative; Reliance on technology infrastructure; customers are becoming increasingly sophisticated, but are increasingly unwilling to pay for quality.

The content industry in Malaysia is currently operating in relative isolation from each other, despite common market interests and shared needs for investment, research and development and skills development. This isolation is constraining the industry. There must be wider cooperative activity and partnerships within the industry to enhance synergies with other industries.

- **The link between supply and demand is not strong**
  The commercial content sector and its interaction with the wider economy can be described as a network of individuals, businesses and organizations. At the supply end are the content practitioners such as copywriters, authors, art directors, animators, designers, performing and visual artists and craft practitioners, who produce original works of art and craft. At the demand end of the chain are consumers, those individuals, businesses and organizations that use, purchase or view the creative works. In between are businesses and organizations—broadcasting stations, theatres, bookstores, craft and design centers, commercial galleries, auction houses and other retail outlets—that act as intermediaries between the producers and the final consumers. For the process to operate efficiently within the network, there must be a strong link between them. It is also important for the content producer to attain the high standards of professionalism necessary to create beneficial relationships with businesses.

  Strong linkages between industry need and the skills and training sector are essential to the growth of the industry. The key to maintaining best practice in an industry is to encourage opportunities for applied learning and the dissemination of that learning through workplace training schemes. There is a need for greater recognition, and much faster accreditation, of industry-based training activity. It is also important to demonstrate and promote the feasibility of successful training models to the content industry itself, the education sector and government.

- **There is a lack of realistic funding for content development and delivery**
  A significant issue facing the sector is that, despite evidence of commercial potential, it is not currently competitive in attracting funds and investment capital. The industry needs to raise investors' awareness and to examine ways to make itself more attractive to investors. Higher levels of private investment in the content industry are needed to ensure feasibility for the future.

Content development funding base must be broadened through support from numerous private and public agencies. There must be a structural reform to support the sector and it must be effective and well-resourced. It is increasingly difficult for many organizations to meet the rising expectations of people in creative industry to exploit potential business and market development opportunities. The current funding structure and for some key organizations to provide leadership in the sector.

- **There is need for support for change**
  There is a need to develop a range of regulatory and industry support mechanisms with the evolution of content production and distribution using digital technologies to reflect the dynamics and breadth of contemporary production and distribution of content. With the rapid development of communication technology, digital content and applications have the potential of being applicable to virtually any economic activity, with the capacity to transform that activity by improving efficiency or creating opportunities for new systems and business models.

  It is necessary to encourage creativity, to develop competence and to create good environment for the content creation and delivery to ensure wealth of product offerings for education, entertainment, games, e-services and other areas of daily life and business; as well as promotions to create awareness of local content. Without strategic efforts and policy intervention in the face of global competition there is a risk that the industry will stagnate or even regress. There will also be a flight of creative talent and shrinkage in industry revenues and profits. The content industry in more developed nations offer lucrative opportunities for talented content developers that are still unmatchable locally.

- **The need to develop skills and training**
  Talent, creativity and skills are key drivers of competitiveness in the content sector. Capacity building programs are needed to establish a national strategy to properly address skills and training issues. Such strategy would need the input, cooperation, and commitment of many parties. It needs to be led by the industry and involve partnerships with the government and education and training providers. Government support is especially needed for new programs. The education sector needs input from the industry and support from both government and industry in order to properly train and educate future content providers.

  The Government attaches high priority to addressing skills shortages because of the threat they pose to productivity and economic growth. In the context of a rapidly growing industry, such as the digital content industry which is important to the productivity of many other industries, the issue of skills and training is even more acute.

Courses in educational and training institutes must be delivered with the framework of a national skills strategy or a common understanding of the future directions for digital content industries and the current and future skill requirements. There must be connection between industry and the training system. Despite a good supply of graduates from local and foreign colleges and institutions of higher learning, these graduates are not industry ready. The sector must try to fill the gap by promoting accreditation or a support framework that sufficiently recognizes industry-based training.

One of the key issues facing the content industry today is the importance of exploiting not just artistic, but also technical and business creativity. While recognized for its artistic creativity and talent, the digital content industry faces a skills shortage as well as a shortfall of technical and entrepreneurial talent. Skills are fundamental to future industry development and achieving the growth target. Enhancing our skills base will be an important part of developing sustainable industries that are linked to new opportunities in both international and local markets. If we do not develop our skills, then the price will be a loss of opportunities and the risk of losing our best talent to other countries. As well as taking a lead role on skill issues, industry needs to become more active on the skills agenda through greater involvement with the education and training sector and by committing more resources to skills development.

- **The need to be competitive and to confront the challenge of international competition**
  The global media and entertainment sectors are forecast to grow at an average annual rate of 7.3 per cent (PricewaterhouseCoopers, 2006). International competition is intensifying especially with international digital content competitors. Several nations have identified digital content industries as important contributors to high levels of growth in their economies and have developed extensive programs—including regulatory, funding and tax measures—to help build their digital content industries.

  While there is certainly potential for developing export markets for the Malaysian content industry, the main market remains domestic. Malaysia must move forward to achieve competitive position in the regional and global marketplace. In order to do this it must attain a growth rate that matches the high rates of its competitors.

WHAT ARE THE POSSIBLE COMPONENTS OF CAPACITY BUILDING INITIATIVES?

To address the need for capacity building within the content industry, three components of capacity building initiatives need to be given attention.

- Program Components
  First and foremost, comprehensive and realistic capacity building programs need to be developed. Such programs can be woven together into a master strategy plan or blueprint. Perhaps a Malaysian Content Industry Strategic Plan or Malaysian Content Industry Action Plan that includes components such as Professional Development, Quality Assurance, Grants Program and others can be drawn up.
- Implementation Components
  To implement the various components of a national program, relevant working committees need to be set up, such as a Board/Advisory Council, an Information Clearinghouse and various associations and networks.

- Resources and Support Components
  To set up the various working committees and to support their activities, funding is crucial. Long-term financing and sustainable funds will need partnerships with funding agencies and a full range of funding facilities. Government or public funding resources may perhaps be tapped by setting up partnership development institutions or mechanisms whereby loans, investment, grants and donations can be easily applied for and easily disbursed.

CONCLUSIONS

This content industry sector makes a significant and strategic contribution to the economy and society through employment creation, capital investment and export earnings, provision of skills and capabilities to traditional as well as new and emerging industry sectors. At the same time it also significant as a means of expressing Malaysia's unique cultural identity. Adequate local contents, reflecting the culture and values of the nation and relevant global context must be made available and accessible for the various application requirements. Content must also contribute to the export revenue for Malaysia.

We must ensure wealth of product offerings for education, entertainment, games, e-services and other areas of daily life and business; as well as promotions to create awareness of local content. This is possible through strategic initiatives to encourage creativity, to develop competence and to create good environment for content creation and delivery.

Malaysia must move towards the development of a comprehensive content strategy or action plan with the objective of accelerating the production, distribution and marketing of content and applications domestically and internationally. This commitment is necessary because content and applications especially digital will become increasingly important in our daily life and for the country, both economically and culturally. Thus the critical need to build capacity at all levels.

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