

CREATIVE INDUSTRIES AS A FACTOR OF ECONOMIC STRUCTURAL TRANSFORMATION: THE CASE OF MALAYSIA (2015–2024)

Larisa A. Aguzarova
Fatima S. Aguzarova¹
Alina A. Bekoeva

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ABSTRACT

This paper investigates whether the expansion of Malaysia's creative industries (2015-2024) constitutes structural transformation or merely incremental service-sector growth. Drawing on Cultural and Creative Satellite Account data, the study employs a multi-dimensional framework examining sectoral growth dynamics, relative productivity, intra-sectoral concentration (Herfindahl-Hirschman Index), and export intensity. The empirical results reveal sustained expansion, with value added per worker consistently exceeding national averages and demonstrating strong international integration. However, growth remains internally concentrated, with equipment-related segments (particularly broadcasting and audiovisual equipment manufacturing) accounting for a substantial share of total value added. While digital content subsectors (animation, gaming, software) are expanding and benefit from IP-oriented policies, the transition toward a predominantly IP-driven model remains incomplete. The findings suggest Malaysia's creative economy functions as a hybrid mechanism combining digital upgrading with technological deepening rather than replacing the industrial development paradigm. This carries implications for middle-income economies balancing manufacturing capabilities with creative economy aspirations.



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1. INTRODUCTION

Structural transformation of the economy is traditionally associated with the reallocation of resources from low productivity sectors to more technological and capital intensive activities. In the classical development model, the transition proceeds from agriculture to industry and subsequently to services. However, in the context of digitalization and the growing role of intangible assets, a new trajectory of structural shift is emerging, a transition toward a knowledge based economy in which intellectual and creative capital becomes a key driver of growth. Within this logic, creative industries function not as a cultural supplement to the economy, but as an

independent source of value added, employment, and export competitiveness.

For emerging market economies, the role of creative industries acquires strategic significance. Unlike traditional industrialization, the development of the creative sector does not require large-scale material infrastructure, but relies instead on human capital, digital platforms, and intellectual property protection. This potentially alters both the structure of capital accumulation and the export specialization of the economy. At the same time, empirical evidence demonstrating that creative industries genuinely act as a factor of structural transformation remains limited, particularly with respect to Southeast Asian countries.

¹ Corresponding author: Fatima S. Aguzarova
Email: aguzarus@yandex.ru

Malaysia represents a particularly illustrative case for analysis. On the one hand, the country's economy has historically relied on manufacturing, electronics, and natural resources. On the other hand, during the 2010s, state policy was reoriented toward the development of the digital economy and creative content industries. According to the Cultural and Creative Satellite Account, in 2024 the sector accounted for 6.8 percent of GDP, exports amounted to 63 billion ringgit, and employment represented 4.7 percent of total employment. These indicators raise the central question of whether the observed dynamics reflect quantitative growth of a specific service segment or indicate a deeper structural reconfiguration of the national economy.

The purpose of this study is to determine whether creative industries in Malaysia function as an independent driver of the transition toward a knowledge-based economy or whether their expansion merely accompanies broader digitalization trends. To address this question, the study examines: (1) the sector's growth rate relative to GDP, (2) changes in its share within the economic structure, (3) internal reallocation between core and supporting domains, (4) export orientation and trade balance performance, and (5) relative labor productivity.

This paper contributes to the discussion on new mechanisms of structural transformation in emerging economies by providing an empirical assessment of creative industries as a source of diversification, value-added growth, and enhanced export competitiveness.

2. LITERATURE REVIEW

Structural transformation is traditionally understood as the reallocation of labor and capital toward more productive sectors of the economy. In their comprehensive synthesis *Growth and Structural Transformation*, Herrendorf, Rogerson and Valentinyi (2014) identify persistent empirical regularities in sectoral shifts and emphasize productivity differentials as the core mechanism of long-term growth (Herrendorf, B. et al., 2014). McMillan and Rodrik (2011), in *Globalization, Structural Change and Productivity Growth*, demonstrate that growth-enhancing structural change occurs only when labor moves into higher-productivity activities; otherwise, sectoral shifts may reduce aggregate productivity (McMillan, M. S., & Rodrik, D., 2011; Rodrik, D., 2016). In the context of "premature deindustrialization," as conceptualized by Rodrik (2016) in *Premature Deindustrialization*, many developing economies face shrinking manufacturing opportunities at lower income levels, prompting the search for alternative growth drivers beyond traditional industrialization.

Creative industries have increasingly been considered one such driver. In *Economics and Culture*, Throsby (2001) conceptualizes cultural production as a form of capital that generates both economic and intangible value (Throsby, D., 2001). Potts and Cunningham (2008), in

Four Models of the Creative Industries, argue that creative sectors can function under a "growth" and "innovation" model, generating spillovers and enhancing competitiveness across the broader economy. At the international policy level, UNCTAD's *Creative Economy Report 2010: Creative Economy - A Feasible Development Option* frames creative industries as instruments of diversification and export development (UNCTAD, 2010). More recent evidence presented in *Stock and Stock (2024)* highlights the rapid expansion of trade in creative goods and especially digital services, reinforcing their potential role in knowledge-based economic upgrading.

Methodologically, the measurement of creative industries has advanced through the development of satellite accounts and standardized classifications. The UNESCO Framework for Cultural Statistics, updated in 2025, offers a standardized approach to classifying cultural activities. It draws a clear line between core cultural domains, related fields, and transversal sectors, making it easier to align cultural data with national accounting systems (UNESCO Institute for Statistics, 2025). Over the past decade, the concept of creative industries has gained traction both in academic debates and policy circles. (Barker, T., & Lee, Y. B., 2017) Yet empirical work that systematically traces how the growth of these industries feeds into broader structural economic change remains scarce. This is especially true for Southeast Asia. The present study takes this gap as its point of departure. It asks whether the expansion of Malaysia's creative sector between 2015 and 2024 represents little more than service-sector growth or signals something more fundamental - a genuine shift in the economy's underlying structure.

3. RESULTS

In 2015, Malaysia's creative economy contributed 82.7 billion ringgit to gross value added. A decade later, that figure stood at 130.7 billion ringgit. Over the ten-year period, the sector expanded by roughly 48 billion ringgit in nominal terms, an increase of approximately 58 percent. This corresponds to an average annual nominal growth rate of roughly 5–6 percent. Without direct comparison to nominal GDP dynamics, this does not in itself confirm outperformance; however, it establishes that the sector experienced sustained expansion over nearly a decade.

Structurally, the creative economy consists of two major components: the core domain and the supporting domain. In 2015, the core domain generated 29.8 billion ringgit, while the supporting domain accounted for 52.9 billion. By 2024, these figures had risen to 48.8 and 81.9 billion ringgit, respectively. Importantly, their relative proportions remained broadly stable: the supporting domain consistently represented around 60–63 percent of total creative GVA. This stability is economically relevant. Sectoral growth did not coincide with a structural shift toward the cultural "core"; rather,

expansion occurred proportionally across both components.

Within the supporting domain, the largest segment, "equipment and multi-purpose devices," accounted for 55.5 billion ringgit in 2024. By comparison, the largest segment within the core domain, "design and creative services," generated 17.7 billion ringgit. Nearly half of total creative gross value added is therefore concentrated in activities closely linked to digital equipment and technological infrastructure. This significantly affects interpretation: the macroeconomic weight of the creative economy is not driven solely by content production, but also by technology intensive components embedded in broader digital and manufacturing ecosystems.

The 2020 crisis provides insight into cyclical sensitivity. Core domain GVA declined from 41.7 billion ringgit in 2019 to 36.9 billion in 2020, representing an approximate contraction of 11 percent. By 2022, the sector had

surpassed pre-crisis levels. This pattern suggests a cyclical downturn rather than structural contraction. The supporting domain exhibited milder volatility, reflecting the relative resilience of segments less dependent on physical presence and face-to-face consumption.

A comparison of GDP share (6.8 percent) and employment share (4.7 percent) allows a rough estimate of relative productivity. If average economy-wide productivity is normalized to one, the implied relative productivity of the creative economy is approximately 1.45. In other words, value added per worker in the sector appears to be about 45 percent higher than the national average. From a structural transformation perspective, this is a necessary condition for resource reallocation toward the sector to raise aggregate productivity rather than dilute it.

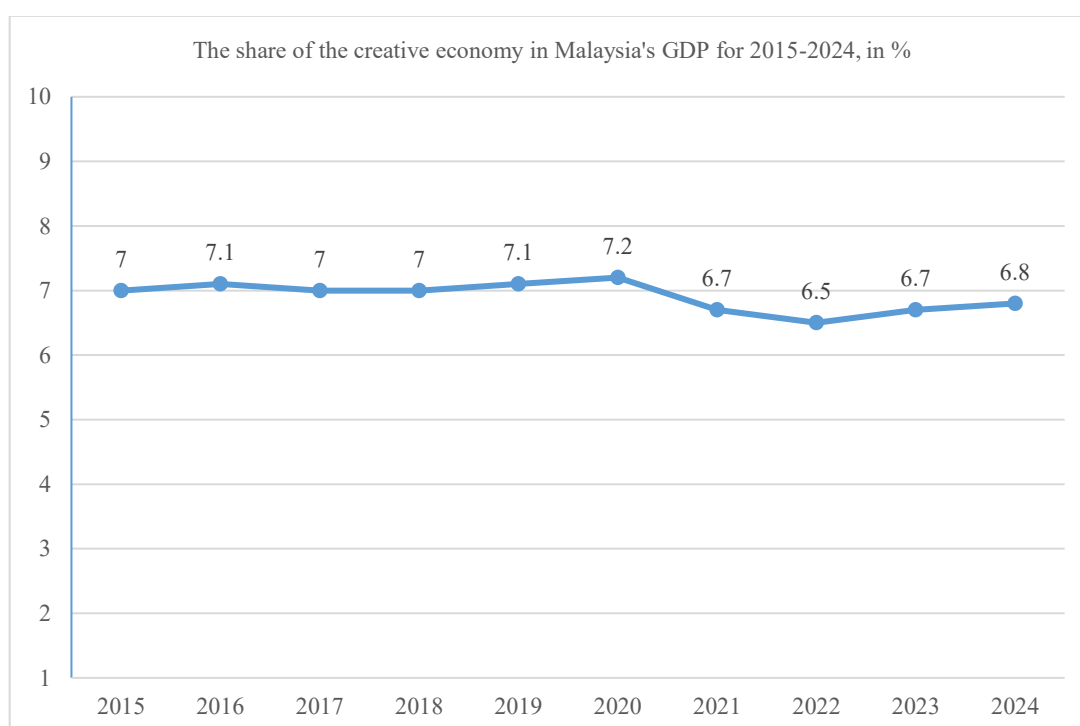


Figure 1. The share of the creative economy in Malaysia's GDP for 2015-2024, in %.

Compiled by the authors based on data from the Department of Statistics Malaysia (<https://www.dosm.gov.my/portal-main/release-content/cultural-and-creative-satellite-account-2024>)

Table 1. Contribution of creative industries to Malaysia's GDP in 2024 (Core domain)

<i>Segment</i>	<i>GVA, million ringgit</i>	<i>GVA, million USD</i>	<i>% of GDP</i>
<i>Cultural and Natural Heritage</i>	227	53.6	0.01%
<i>Performing Arts</i>	383	90.4	0.02%
<i>Visual Arts and Crafts</i>	8,649	2,041.2	0.45%
<i>Books and Printed Media</i>	12,453	2,939.0	0.64%
<i>Audiovisual Sector</i>	7,856	1,853.2	0.41%
<i>Design and Creative Services</i>	17,650	4,163.4	0.91%
<i>Music</i>	1,575	371.7	0.08%
<i>Total Core Domain</i>	48,794	11,512.6	2.53%

Compiled by the authors based on data from the Department of Statistics Malaysia (<https://www.dosm.gov.my/portal-main/release-content/cultural-and-creative-satellite-account-2024>)

Table 2. Contribution of Creative Industry Segments to Malaysia’s GDP in 2024 (Transversal Domain)

<i>Segment</i>	<i>GVA, million ringgit</i>	<i>GVA, million USD</i>	<i>% of GDP</i>
<i>Cultural Knowledge</i>	212	50.0	0.01%
<i>Festivals</i>	598	141.1	0.03%
<i>Interactive Media</i>	15,889	3,749.8	0.82%
<i>Cultural Governance and Administration</i>	496	117.1	0.03%
<i>Cultural Education</i>	9,236	2,179.7	0.48%
<i>Equipment and Multi-purpose Devices</i>	55,461	13,089.0	2.87%
<i>Total Transversal Domain</i>	81,891	19,326.3	4.24%

Compiled by the authors based on data from the Department of Statistics Malaysia (<https://www.dosm.gov.my/portal-main/release-content/cultural-and-creative-satellite-account-2024>)

4. DISCUSSION AND ANALYSIS

However, interpretation depends critically on the internal composition of that productivity. If the higher value added per worker is primarily generated within the equipment segment, the sector’s performance reflects capital- and technology-intensive activities integrated with industrial production. If, instead, productivity gains stem from design, audiovisual production, and interactive media, this would signal stronger accumulation of intangible assets and intellectual property. In aggregated data, these effects are combined and cannot yet be disentangled.

To move beyond descriptive decomposition, the internal structure of the creative economy can be assessed using a concentration index. The Herfindahl–Hirschman Index (HHI), calculated as the sum of squared value-added shares of all subsectors, allows us to evaluate whether growth has been accompanied by diversification or increasing concentration.

In 2015, the creative economy exhibited an HHI of approximately 0.223 (or 2230 in conventional 10,000-point scale). By 2024, the index increased to approximately 0.236 (2360 in 10,000-point scale). Although the change is not dramatic, it indicates a moderate increase in internal concentration over the period.

The source of this rise is clear: the growing dominance of the “equipment and multi-purpose devices” segment. In 2015, this segment accounted for roughly 40–41 percent of total creative GVA; by 2024, its share had increased to approximately 42–43 percent. Because the Herfindahl–Hirschman Index squares each sector’s share, a single large segment can disproportionately affect the overall score. Even a modest uptick in that segment’s relative size is enough to push concentration higher.

From a structural standpoint, this matters. If the sector were genuinely upgrading—say, by branching out into several intangible-heavy fields like interactive media, audiovisual production, or design—you would expect concentration to ease as those areas claimed a bigger piece of the pie. But that is not what the data show. Yes, most segments have grown, but the hardware-related component hasn’t lost any real ground. Its dominance remains intact.

What this points to is a creative economy that has expanded in scale without truly diversifying. Growth has been largely additive—more of the same across the board—rather than transformative. The underlying hierarchy hasn’t shifted much.

The fact that equipment-related activities still carry so much weight in the sector has two important implications.

On the one hand, it helps keep things stable. Hardware-linked value chains tend to be plugged into established manufacturing and export systems, which brings scale and a solid capital base. That kind of setup smooths out volatility—and it probably goes some way toward explaining why the sector didn’t get hit harder during the 2020 downturn.

But there’s a flip side. If most of the value being created is still tied up in infrastructure and hardware rather than intellectual property, that becomes a bottleneck for real structural progress. The heavy concentration around equipment suggests that, for now, the sector’s macroeconomic heft still rests on making devices and tech components—not on owning proprietary content or original creative IP.

To be clear, an HHI of 0.236 isn’t alarmingly high by industrial standards. This isn’t a monopoly situation; the sector is still made up of multiple segments. But the absolute number matters less than which way it is moving. And the direction here is worth paying attention to.

The slight upward movement in concentration suggests that internal diversification has not accelerated during the observed period (Musostov, Z. et al., 2025).

From a structural transformation standpoint, this implies that Malaysia’s creative economy has strengthened quantitatively but has not yet undergone deep compositional rebalancing toward high-margin, IP-driven segments. Whether such a shift will occur depends on the relative future growth of interactive media, audiovisual content, and design compared to equipment-intensive activities.

The expansion of Malaysia’s creative economy between 2015 and 2024 cannot be interpreted as episodic or marginal. Over nine years, total gross value added increased by nearly 60 percent, and the sector’s share reached 6.8 percent of GDP. This scale is sufficient to

warrant macroeconomic relevance. However, structural transformation is determined not by size alone, but by the nature of resource reallocation and the mechanism through which value added is generated.

According to the Department of Statistics Malaysia's 2024 data, the largest economic weight within the creative economy comes from activities related to digital content, audiovisual production, and media, as well as commercial creative services integrated into the service sector and the digital economy.

The Department of Statistics Malaysia distinguishes between the Core Domain (primary cultural and creative activities) and the Supporting Domain (supporting activities)

The first structural signal concerns relative productivity. The sector's share in GDP substantially exceeds its share in employment, implying higher value added per worker than the national average. This constitutes a necessary condition for growth-enhancing structural change: reallocation toward such a sector does not dilute aggregate productivity. Yet higher productivity at the aggregate level does not reveal the internal sources of that performance.

The second analytical layer concerns the composition of growth. Nearly half of the total increase in value added during the period was generated by the "equipment and multi-purpose devices" segment. This concentration is economically significant. Growth has been driven disproportionately by a single dominant component rather than evenly distributed across subsectors. The Herfindahl-Hirschman Index increased over time, indicating a moderate rise in internal concentration. The sector has scaled without substantial redistribution of weight toward newly emerging segments.

The third dimension relates to external integration. High export intensity and a persistent trade surplus confirm international competitiveness. However, aggregate trade data do not automatically imply the accumulation of intellectual rents. If exports are primarily equipment-based, external specialization remains technologically industrial. If audiovisual production, interactive media, and design expand their export shares, this would indicate movement toward an IP-driven model. Current value-added dynamics do not yet show a decisive reallocation toward these high-margin intangible segments.

Taken together, the evidence points to a hybrid transformation pattern. The creative economy is expanding and increasingly integrated into Malaysia's digital-technological system, yet its internal center of gravity remains linked to capital- and infrastructure-intensive activities. The transition toward a knowledge-based structure appears to be underway, but mediated through a technological platform rather than dominated by intangible asset accumulation.

Despite measurable expansion, the development of Malaysia's creative economy remains constrained by several structural and institutional limitations.

1. Governance fragmentation. Governance fragmentation keeps getting in the way of meaningful strategic

coordination. The National Creative Industry Policy was originally meant to be a comprehensive, unifying framework—but over the years, it's gradually stopped functioning that way (Penang Institute, 2024). What's happened instead is that different agencies have gone ahead and launched their own programs, without any real institutional mechanism to keep things aligned or ensure long-term coherence. The consequences are pretty clear: overlapping initiatives, uneven distribution of resources, and policies that don't really hang together across subsectors. To its credit, the Malaysian government acknowledged these ongoing issues and announced in January 2026 that it would be revisiting the national strategy—this time with an eye toward making it more coherent, inclusive, and effective. The fact that a rethink is now on the table says a lot about the deeper structural problems baked into how the sector is run.

2. Access to finance. For small and medium-sized creative businesses, getting hold of funding is still a serious struggle. Yes, the government has put targeted support programs in place, but a lot of micro and small enterprises continue to find themselves locked out of mainstream financial options. Banks are wary of lending—largely because creative businesses tend to deal in intangible assets, face a fair amount of project uncertainty, and typically lack the kind of physical collateral traditional lenders want to see. The upshot is that these firms end up leaning heavily on grants and competitive public funding schemes. And that kind of financing setup creates its own problems: it makes it hard to scale up, and it limits the ability to move beyond project-based work toward something more sustainable—like building out real intellectual property.

3. The sector faces a persistent skills gap in digital content production segments such as animation, game development, visual effects, and other technology-intensive creative fields that require combined creative and engineering competencies. This constraint is compounded by regional talent mobility and brain drain, particularly toward Singapore. Figures from the Department of Statistics Malaysia show that a sizable share of Malaysians working in Singapore and Brunei hold skilled positions. This points to an ongoing outflow of professional talents in fields like digital production and the creative industries. On top of that, agencies such as Talent Corporation Malaysia (n.d.) Berhad (TalentCorp) have documented significant cumulative migration over the years, estimating that around 1.86 million individuals have left over several decades (<https://www.talentcorp.com.my/about-us/>). Singapore continues to be the top destination for highly skilled professionals. All of this underscores a persistent structural issue: holding onto advanced talent within the country's creative ecosystem remains an uphill battle.

4. The commercialization of intellectual property is still relatively underdeveloped, and this continues to hold back deeper integration into global value chains. While Malaysia does have a formal legal framework in place for copyright protection, the broader ecosystem needed to actually bring IP to market—and generate value from it—

remains weak. There is a shortage of specialized intellectual property financing instruments, limited infrastructure for international licensing, and insufficient systemic support for scaling domestic franchises. As a result, many Malaysian firms participate in global markets primarily as production contractors rather than as owners of internationally monetizable intellectual assets (Mohd-Saleh & Che Abdul Rahman, 2009). This constrains value capture and limits the sector's transition toward a high-margin, IP-driven model.

When you step back and look at all of this together, a clear picture emerges. Malaysia's creative economy is certainly growing in size and becoming more relevant to the broader economy—the numbers make that plain enough. But when it comes to real, qualitative progress, things are more complicated. Fragmented governance makes coordination difficult. Access to finance remains a real hurdle. Skilled talent keeps moving across borders. And the structures needed to actually commercialize intellectual property just aren't fully in place yet.

All of these constraints add up. They hold the sector back from making a genuine leap—from growth that is largely supported by technology and hardware, toward something more sustainable: value creation that is rooted in intellectual property. If that shift is going to happen, these structural bottlenecks need to be addressed.

5. CONCLUSION

From 2015 to 2024, Malaysia's creative economy expanded at a solid pace and carved out a meaningful place for itself in the national economy. Over those nine years, gross value added rose from 82.7 billion to 130.7 billion ringgit, and the sector's contribution to GDP reached 6.8 percent. That is a noteworthy milestone—particularly for a country whose economic identity has long been shaped by manufacturing, electronics, and natural resources. It shows that creative work has moved beyond the margins—it's no longer just a cultural footnote but something with genuine economic weight.

For the most part, growth was consistent throughout the period. The one exception was 2020, when the core creative sector took a real punch from the pandemic and contracted by about 11 percent. But by 2022, it had already clawed its way back to pre-crisis levels. That rebound says something about resilience—particularly in digital spaces. And it points to a deeper shift: unlike more traditional industries that rely on physical footfall and face-to-face contact, the creative economy today is built differently. It's lighter on its feet, less tied to place.

Looking at the structure, the sector splits into two main parts: the core domain and the supporting domain. The transversal side has consistently made up about 60 to 63 percent of total value added. Within that, just the "equipment and multi-purpose devices" segment pulled in over 55 billion ringgit in 2024. What's striking is that nearly half of the total growth in value added over the nine-year period came from this one segment. That tells us the expansion of the creative economy is closely

linked to progress in digital and hardware infrastructure. Economically speaking, this looks less like growth driven by original content or ideas and more like growth fueled by technology investment and capital deepening.

Inside the core domain, the most active segments have been design and creative services, audiovisual production, and books and printed media. Design and creative services, for instance, nearly doubled compared to 2015 levels—a reflection of growing demand for branding, visual communication, digital marketing, and related work. The audiovisual side, which includes animation and video production, also kept up a steady pace, supported by both local demand and exports.

On the institutional front, public support has played a role in keeping things moving. Malaysia now has more than 300 digital content studios and has developed over 180 original intellectual properties in animation and gaming. Programs like the Digital Games Testbed Programme, the Animation Shorts Challenge, and the Creative Content Fund are designed to encourage IP creation and help bring it to market. Events and platforms such as Level UP KL, the Malaysia Digital Content Festival, and the ASEAN Digital Content Summit also help build connections regionally and globally. Taken together, these efforts are part of a broader push to move the sector away from an outsourcing-based model and toward one driven by homegrown intellectual property.

Trends in external trade also point to growing international integration. In 2024, exports of creative goods and services totaled 63 billion ringgit, while imports stood at 43.9 billion, resulting in a positive trade balance. Export intensity—exports as a share of total value added—is now close to 50 percent, which is relatively high for sectors that are largely service- and content-driven. This suggests strong participation in global value chains. That said, the aggregate trade data doesn't allow for a clean breakdown between hardware-based exports and those tied to intellectual content—a distinction that matters when trying to assess how much value is actually being captured domestically.

When it comes to productivity, the sector holds a clear edge. With 4.7 percent of total employment, it generates 6.8 percent of GDP, implying value added per worker approximately 40–45 percent above the national average. In the framework of structural transformation theory, this suggests that resource reallocation toward the creative economy does not reduce aggregate productivity. Nonetheless, the moderate increase in the Herfindahl-Hirschman Index indicates that growth remains internally concentrated rather than broadly diversified.

Taken together, the evidence points to the emergence of a hybrid transformation model. Malaysia's creative economy is not evolving as an isolated cultural sector, but as a digital-infrastructure complex in which equipment production, interactive media, audiovisual content, and design are interlinked. Expansion reflects both technological capital accumulation and content development; however, the structural center of gravity remains associated with infrastructure- and equipment-intensive segments.

Structural transformation is therefore occurring in a technologically mediated form. The creative industries are playing an active role in pushing digital development forward and strengthening Malaysia's links to global export markets. Even so, the shift toward a model driven primarily by intellectual property is still very much a work in progress. What is unfolding in Malaysia isn't so much a clean break from the old industrial framework as it is a digital evolution—one shaped by a growing fusion of creativity and technology.

Overall, the creative economy continues to expand, with digitalization becoming more deeply embedded across the sector. That progress has been supported by a mix of government-led strategies and industry platforms. Since the Malaysia Digital Economy Blueprint (MyDIGITAL) was introduced in 2021, efforts to weave creative content together with technologies like artificial intelligence, extended reality (XR), and immersive production have picked up pace—largely through programs run by the Malaysia Digital Economy Corporation (MDEC) (Malaysia Digital Economy Blueprint, 2021; . A good example is the annual Malaysia Digital Content Festival, which brings together events such as IMMERSE KL (focused on immersive tech), Level UP KL (centered on gaming and interactive media), and Kre8tif! (animation, VFX and IP development)—functions as a professional platform for networking, business matching, and international promotion of Malaysian digital creators.

In 2025, Malaysia took on the role of host for the ASEAN Digital Content Summit, signaling its ambitions to position itself as a regional hub for digital creative industries. A range of supporting programs have also been put in motion—among them the IP360 Metaverse initiative, the Digital Games Testbed Programme, and the Animation Shorts Challenge—all aimed at strengthening intellectual property development, upgrading technological capabilities, and building out commercial capacity (Hidalgo, C. A., & Hausmann, R., 2009).

By 2024, the creative sector's share of GDP had reached 6.8 percent, with annual growth clocking in at 7.1 percent—a clear sign that digital segments are now driving much of the sector's value-added expansion.

At the same time, digital subsectors have been growing in tandem with this policy push. Malaysian animation and game exports are increasingly built around original IP, distributed through streaming platforms, OTT services, and international content markets. Franchises like *Upin & Ipin* and *Ejen Ali* show what scalable, IP-driven models can look like in practice. Over the past few years, the number of animation and game studios has

grown noticeably, with companies like Les'Copaque Production, Wau Animation Studio, and Animonsta Studios playing a key role in shaping the ecosystem. Malaysian digital content has penetrated ASEAN markets as well as South Asia and the Middle East, reflecting growing external orientation.

Public support mechanisms continue to evolve. The National Creative Industry Policy is being revised in 2026 to improve coordination and equitable funding allocation. Creative industries are embedded in the 13th Malaysia Plan (2026–2030) under the Research, Development, Commercialisation and Innovation (RDCI) framework. Support instruments include the Creative Content Fund administered by FINAS and targeted MDEC programs for digital studios. Additional emphasis is placed on strengthening Technical and Vocational Education and Training (TVET) to address skills gaps in animation, gaming, and digital production. International and regional engagement further reinforces sectoral development. Malaysia participates in the UNESCO Creative Cities Network, with George Town designated as a City of Gastronomy (2021) and Ipoh as a City of Music (2023). Large-scale industry events facilitate B2B cooperation and co-production agreements. The forthcoming Borneo Animation & Games Festival (2026) in Kuching aims to consolidate Malaysia's position in animation and interactive media within Southeast Asia.

The findings demonstrate that Malaysia's creative industries have become a structurally significant and productivity-enhancing component of the national economy. Sustained growth, higher relative value added per worker, strong export intensity, and expanding institutional support confirm their macroeconomic relevance and integration into the country's digital development strategy.

However, the evidence does not support the interpretation of creative industries as an autonomous driver fully replacing industrial development. Growth remains internally concentrated and significantly supported by technology- and equipment-related segments. The transition toward a predominantly IP-driven, knowledge-based model is emerging but remains incomplete. Malaysia's experience therefore reflects a hybrid form of structural transformation, in which creative industries function as a mechanism of digital upgrading and technological deepening rather than as a standalone engine of post-industrial transition.

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Larisa A. Aguzarova

Finance, Accounting and Taxation
Department

North Ossetian State University named
after K.L. Khetagurov, Vladikavkaz,
Russia

aguzarova.larisa@yandex.ru

ORCID: 0000-0002-2607-3932

Fatima S. Aguzarova

Finance, Accounting and Taxation
Department

North Ossetian State University named
after K. L. Khetagurov, Vladikavkaz,
Russia, aguzarus@yandex.ru

ORCID: 0000-0003-2699-8561

Alina A. Bekoeva

National Research University Higher
School of Economics (HSE

University), Moscow, Russia
alina.beckoeva@yandex.ru

ORCID: 0000-0001-9108-2096
