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The future is here

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ALTHOUGH two different individuals, Wan Mohammed and Ranjit Singh face the same dilemma.

Wan is 30, educated till Form Five, and works as a machine operator with a local SMI (Small Medium Industries) operation that produces raw materials for a large multinational. His wages are decent, allowing him a comfortable standard of living. But with changes in technology, the SMI he is working for needs to innovate its production process.

But neither employer nor employee is ready to face this new challenge. The company does not want to invest in new technology while Wan is not prepared to learn new methods of production.

Ranjit, on the other hand, is 45 and an academician, teaching biology and chemistry at a local university. One area he covers is the healing of wounds. He has found out that there are new ways of healing via the use of worms, but seems lackadaisical about teaching this new finding to students - he prefers not to awaken a sleeping giant as this would entail a whole new approach in teaching and he's not about to do that. He prefers to educate his students on the old and established methods of wound-healing.

What these two have in common is basically a reluctance to learn, unlearn and relearn, qualities vital for the much-touted knowledge-based economy (k-economy), where Malaysia is heading as part of its Vision 2020 to be a developed nation.

The man-in-the-street may vaguely recall the k-economy as several things - the digital economy, paperless economy, which are all about Information and Communications Technology (ICT). But ICT is only a part of the k-economy.

Malaysia has progressed from a predominantly agricultural economy to a manufacturing one. This industrial backbone currently contributes to more than 33 per cent of its Gross Domestic Product (GDP) and provides 30 per cent of all jobs. It worked well for a while but the advent of globalisation and liberalisation has necessitated the adoption of new technologies and ways of doing things. We now need to acclimatise ourselves to the k-economy.

There are many other reasons for this. For one, Malaysia has been losing its competitiveness as labour costs spiral upwards. According to the National Productivity Centre, the electrical and electronics sector saw its unit labour cost rising between 6 and 20 per cent from November to December 1999.

According to the World Competitiveness Yearbook, Malaysia's overall ranking among 47 world economies edged down from 17th position in 1997 to 20th (1998) to 27th in 1999. Its weakest points were its human resource and its involvement in science and technology. We have improved to 25th position this year but that is not enough.

Professor Stephane Garelli of the International Institute for Management Development (which produces the Yearbook) says that science and technology will be at the core of competencies in the future and that successful nations like Singapore, the Nordic countries and the United States all rely heavily on technology for economic expansion.

As Deputy Prime Minister Datuk Seri Abdullah Badawi put it when addressing the 4th National Smart Partnership Dialogue recently:
`Globalisation is also opening up economies to deliver cost-effective and efficient production possibilities to global corporations. As a result,

Malaysia is increasingly losing its wage-based competitiveness to economies with a cheap and efficient labour force.'

What is of paramount concern is his statement that 'our human capital is not cheap enough to attract investments for lower-skilled production and our labour force is not sufficiently trained or educated to attract investments into value-added, high-skilled production'.

Adding value has become a key concern in the k-economy, be it through empowering employees, brand management, research and development (R&D) or scenario planning. The k-economy demands that knowledge be applied to every economic and business endeavour.

Dr Azmi Hassan of the Centre For Technology Policy and International Studies at Universiti Teknologi Malaysia put it succinctly: 'The modus operandi of the old economy needs to be upgraded.'

Simply put, the k-economy is essentially based on four operative words: learning, de-learning, relearning and applying. As such, building human resources of the right calibre becomes a central issue in this new economy. As Prime Minister Datuk Seri Dr Mahathir Mohamad told the Second Global Knowledge Conference in March: 'We must remember to forget old ways. We must force ourselves into new habits. We must build new processes, institutions and organisations that are necessary for the Information Age.'

In last year's Budget, the government stressed the necessity to undertake a paradigm shift to achieve this. It has started the process of drafting the K-Economy Master Plan and, later this year, will adopt a National Strategic Plan (NSP). The government says it will endeavour to involve every Malaysian in the process.

The NSP will need the commitment of all quarters as this vision would involve enhancing core skills that include effective communication, learning, problem-solving, creativity, team-work, leadership and computer literacy.

One of the concepts adopted in the NSP is the Smart Partnership. Science Advisor in the Prime Minister's Department, Tan Sri Dr Omar Abdul Rahman, says the general objectives of this partnership include co-operation between the private sector, special interest groups, citizen groups, unions, religious leaders, professionals, consumers, investors and the workforce that will work towards wealth creation, with equitable benefits to all partners in the new economy.

And what are the industries that can leap-frog us into this new economy? Various enabling technologies such as bio-technology, nanotechnology, robotics, new materials and ICT.

However, there is a cultural disparity between these technologies and potential practitioners. Many college students prefer to enrol in business studies rather than science courses. As it is, according to a Federation of Malaysian Manufacturers (FMM) study, IT software usage is at a meager 25.4 per cent in CAD/CAM and 27 per cent in Enterprise Resource Planning (ERP) but an overwhelming 65.1 per cent in simple menial tasks like word processing/spreadsheets and presentations.

Given the current scenario, these partnerships need to address this issue. Banks too need to rethink their role in the new economy. They need to adjust their lending policies - to move away from lending to traditional and tangible collateral-based projects to projects that can be financed based on the viability of good ideas and concepts. In short, they need to be less risk-averse. But are they gung-ho enough?

Reforms in the private and public sectors need to be speeded up. As Dr Mahathir put it plainly and simply, 'The ancient and hallowed sulit (secret) syndrome must be done away with, while the traditional Great Information Hoard which operates within the corporation, the university,

and the civil service must be killed.'

Meanwhile, what can be done about SMIs that don't send their employees for retraining (only 30-40 per cent of the 20,000 SMIs in the country do)? Sadly, nothing. It's hard to compel them but at least family members should attend so they can return and retrain others, as Datuk Dr Fong Chan Onn, Minister of Human Resources, suggests.

One factor making employers wary of training workers is staff-pinching. But as Datuk Ramli Abbas, vice-president and country manager for Motorola Malaysia Sdn Bhd, puts it, 'You will lose some but that chance must be taken, otherwise everyone loses.'

Another problem with SMIs is that they are unwilling to invest in new technologies. The same FMM study indicates that 73.8 per cent of SMIs feel that IT investment is too expensive.

The question that arises is, why is this so when the government is proactively promoting its use? The FMM's hands are tied as it only plays an advisory role and cannot force its members.

And what about transfer of technology for the new economy? This is something expected of the Transnational Companies (TNCs) that have been accorded Multimedia Super Corridor (MSC)-status. It would not do for them to operate as shell companies.

Nevertheless, the Prime Minister seems satisfied with the MSC's progress. At last count, 37 global companies have set up facilities there. These TNCs are also expected to invest in R&D, a crucial factor in the k-economy. Unfortunately, R&D constitutes only 0.2 per cent of Malaysia's GDP.

One problem the Smart Partnership also needs to address is the issue of ethnic constraints. Tan Sri Ramon Navaratnam, advisor to the Sunway Group, says to face competition globally, ethnic constraints need to be reduced while religious and cultural values need to be enhanced. This is because each culture and religion teaches humans to develop themselves and seek knowledge.

Malaysians need to reflect on these words of futurist Alvin Tofler: 'The illiterates of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn and relearn.'

Take the case of Finland. For a small country with a population of five million 'living on her forest' to come up with world-class names like Nokia and Mika Hakkinen, it certainly must be doing something right - imagination, innovation and insight.