

Motivating GLCs to become champions

10-step manual to make them top-class companies

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KUALA LUMPUR: A transformation manual has been launched for government-linked companies (GLCs) to help them shift to a higher gear and become "global champions" and "best in the class" companies.

Prime Minister Datuk Seri Abdullah Ahmad Badawi unveiled the manual, which included strategies aimed at enhancing corporate governance, developing leaders and clarifying social obligations to steer the GLCs through this transformation.

"Malaise and inertia will constrain us, as will outdated thinking and old mentalities.

"We must move forward and be able to take the GLCs to a new level of performance," he said yesterday at the launch of the *GLC Transformation Programme* here.

Abdullah noted that the country owed much of its progress to the wisdom of past leaders, and that it was now facing "considerable challenges of the future," particularly towards accomplishing Vision 2020.

The journey, he said, was "not a mere walk or run on a flat smooth field" but rather a "treacherous climb up steep and dangerous mountains, with grave obstacles and precarious hurdles along the way."

"The imperative for us in Malaysia is to change and to transform; to raise our productivity and to value add, to

move to a higher plane of performance and merit; and to do it now, not tomorrow, certainly not next week or next month," he added.

The GLCs, he said, as providers of mission-critical services like utilities and infrastructure, must reform into high performing organisations, which would take Malaysia to the next level of development.

The 10 initiatives outlined in the "transformation manual" are:

- Enhancing board effectiveness;
- Strengthening directors' capabilities;
- Enhancing Government-linked investment companies' (GLIC) monitoring and management functions;
- Improving regulatory environment;
- Clarifying social obligations;
- Reviewing and revamping procurement;
- Optimising capital management practices;
- Managing and developing leaders and other human capital;
- Intensifying performance management practices; and
- Enhancing operational improvement

Abdullah said these initiatives were aimed at enhancing the fundamentals of performance, adding that improving the effectiveness of boards and directors were pre-requisites the GLCs should fulfil to enhance their competitiveness.

He said that policies of procurement



SHARING A LIGHT MOMENT: Abdullah and his deputy Datuk Seri Najib Tun Razak walking ahead of Second Finance Minister Tan Sri Nor Mohamed Yakcop (left) to attend the GLC Transformation Programme launch at the Kuala Lumpur Convention Centre yesterday.

and practices should be enhanced to ensure value for money and to plug any leakages and shortcomings in the system.

Professional development courses and on-the-job training, he added, should be stepped up to ensure that employees were able to "learn, un-learn and re-learn" in their ultimate quest for life-long learning.

All GLCs, he said, must become learning organisations, while personnel development must come directly under the purview of the CEOs.

Abdullah said a transformation management office had been set up to ensure the success of the programme. It reported to him directly and to the Putrajaya Committee on GLC High Performance.

"I can assure you that strong performance with adherence to good governance will be recognised and rewarded, while shortfalls and lack of results will also be treated in a firm but fair way," he said.

At a press conference later, Abdullah said he expected management changes in the GLCs, but declined to

name which ones.

He said that the Government had given them guidelines and expected high performance and good governance.

"I think on the basis of that, there will be changes," he added.

"I will not name (the GLCs), because I do not know, because they have not told me.

The board is the most important committee of a company and it has certain responsibilities and they must be conscious of good governance."

Abdullah said it was important to get the "right man for the right job."

He said some of the GLCs like Tenaga Nasional Bhd (TNB) and Telekom Malaysia Bhd (TM) and MRCB had already effected some "small changes" and re-organisation.

GLCs make up some 30% of the market capitalisation of Bursa Malaysia.

There are over 100 GLCs in the country, among which are TNB, TM, Employees' Provident Fund, Lembaga Urusan Tabung Haji, Khazanah Nasional, Permodalan Nasional Bhd and Proton Holdings Bhd.