

Remake for

M'sia Inc

BY SIDEK KAMISO AND K.P. LEE

PUTRAJAYA: The reforming of government-linked companies (GLCs) is part of the government's efforts to remake Malaysia Incorporated, said Prime Minister Datuk Seri Abdullah Ahmad Badawi.

He said the move, aimed at improving the performance of GLCs, would make these companies more dynamic and be able to provide better service to the public as well as to sustain the country's growth.

"The decisive action require nothing less than a remaking of Malaysia Incorporated, the concept of close partnerships between Government and business still forms the foundation of Malaysia Inc," Abdullah said his keynote address at a Seminar on Culture of High Performance for GLCs in Putrajaya yesterday.

He added that it was important for the Government to make the shift with regards to the Malaysia Inc concept and to achieve tangible results based on performance while enhancing the public service delivery system and

improving company performance and shareholders value.

Stressing on the importance of GLCs, Abdullah pointed out that they formed a large section of the listed companies in Bursa Malaysia.

Currently, the 40 public-listed GLCs account for 5% of the total companies in Bursa Malaysia and together they make up 34% of the total capitalisation, estimated at RM232bil or more than half of Malaysia's gross domestic product

The bold move was expected to be one of the biggest shakeout in Malaysian corporate history involving more than 40 listed companies where Khazanah Nasional Bhd and Ministry of Finance Inc were the main shareholders.

Abdullah also announced the formation of a high-level corporate governance committee comprising the police, Companies Commission and Securities Commission to improve the co-ordination and co-operation between the three parties in commercial crime cases.

• TURN TO PAGE 2

Pak Lah: Rewards will be based on performance

• FROM PAGE 1

The government's sweeping reform would place GLCs in the forefront of the country's economic development and make them more competitive globally while helping the Government to meet its social obligation.

The key reform would take place immediately through the implementation of the Key Performance Index (KPI) for all the GLCs, starting with Telekom Malaysia Bhd and Tenaga Nasional Bhd, aimed at creating a more comprehensive corporate culture in the Government, where rewards for employees are based on performance, said Abdullah.

At a press conference later, the Prime Minister also announced the appointment of Azman Mokhtar as Khazanah's new chief executive officer.

Among the changes to be implemented in the reform include putting in place higher compensation for senior management in the form of bonus and stock options, which would be linked to their achievements while employing them on a fixed contract basis.

"We want to create a new generation of corporate stewards for the new Malaysia Inc, thus creating professional managers with a strong focus on high performance and superior value creation," Abdullah said, adding that the use of performance-linked compensation would be applied to all levels.

He said despite the size, GLCs currently trailed behind the overall market performance by 21% over the last five years.

"GLCs make up the backbone of the country's economy through the provision of 'mission-critical services' such as transportation, energy, telecommunications and financial services," he said.

Abdullah said the reform also needed to strike a balance between "social and national obligations" in these companies.

"We must move away from limiting ourselves or blaming our circumstances and start pushing ourselves to achieve more," he said.

Abdullah also announced the creation of a Steering Committee to monitor KPI implementation in GLCs headed by Second Finance Minister Tan Sri Nor Mohamed Yakcop.



BUSINESS TALK: Abdullah greeting UEM World Bhd chief executive officer Datuk Abdul Wahid Omar during the seminar on Culture of High Performance for GLCs in Putrajaya yesterday. Behind him is Minister in the Prime Minister's Department Datuk Mustapa Mohamad.