

Pak Lah: Rewards will be based on performance

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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 the 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 Yacop.



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.