



by Tun Dr Mahathir Mohamad

Wanted: A New Mindset

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In a new and often harsher business environment, capital market players must change the way they do things.

THE world around us is changing. During the heady days of the 1990s, the Kuala Lumpur Stock Exchange together with those of Hong Kong and Singapore dominated the Asian equity market scene. This luxury of dominance by the relatively small Asian economies was the result of an aberration arising from historical circumstances.

Today, the rise of the giant Asian economies is creating a completely new scenario, which has resulted in a wave of prosperity throughout the region – a prosperity that we all in Asia can share and benefit from, if we know how.

As this structural change takes place, it will also unleash tremendous competitive forces. Meeting this future challenge requires a new mindset on the part of the capital market participants.

The 'good old days' are over and capital market participants must prepare not necessarily for the 'bad new days' but for strange new opportunities and challenges which will accompany the new days.

And the future can never be predicted with any degree of accuracy. Our market players must quickly learn the art and have the agility to be more competitive and to figure out new strategies for succeeding in a harsher environment.

As things stand, too many local participants are content being what Malays call *jaguh kampung*, that is, we are capable of doing very well in the village ring, but find ourselves quite out of our depth when facing the realities of global competition.

We must accept that mollycoddling and protection will not be possible in the globalised international market place, and would gradually disappear even in the domestic market.

While the government has driven much of the development initiatives in the past, the private sector needs to earn its keep in the future.

The Eighth Malaysia Plan clearly emphasises this point by outlining broad strategies to empower the private sector as the ultimate engine of economic growth.

The domestic capital market industry must take cognisance of its natural role and prepare to compete not only in the domestic market but abroad as well and capitalise on the opportunities created by regional prosperity.

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To maintain the competitive edge in today's market, Malaysian capital market players must be prepared to innovate, to be unorthodox. They must have foresight when searching and recognising new avenues and sources of growth ahead of others.

While it is given in today's marketplace that costs must be driven down as low as possible without sacrificing efficiency, market leaders must also appreciate that competitive advantage does not come from costs alone. Industry players must learn to move more quickly up the value chain if they wish to keep up with the rest and to move ahead of them.

Rising competition and the increasing sophistication of investors and issuers mean that the barrier for capital market participants is continuously rising and that anyone who wishes to excel must continuously strive to deliver greater value to their clients.

But value is not a commodity. It is created through mastery of knowledge and technology. Only by increasing our stock of knowledge and expertise can we spur market innovation and remain ahead in the race.

This will require again a paradigm shift. Many market participants today are too concerned with instant profits and short-term gains that they neglect the importance of investing in research and development to ensure long-term growth. This mindset has to change.

In a business that depends so much on integrity, the images of reliability in the midst of change and innovation must always be maintained, even if it hurts. In the long term, honesty and integrity will still pay. **mb**

Dr Mahathir is former Prime Minister and currently Adviser to Petronas and Proton. This is an excerpt of his speech at the Capital Market Appreciation Dinner held in his honour in Kuala Lumpur recently.