

PNB Chairman reflects on Malaysia Inc.

Tan Sri Dato' Seri (Dr) Ahmad Sarji bin Abdul Hamid is Chairman of the Board of Permodalan Nasional Berhad (PNB) and the former Chief Secretary to the Government. He has had a unique position from which to observe Malaysian history in the making.

Tan Sri Sarji was head of the civil service when Malaysia Inc. was conceptualised in the 1980's. Now, in the early part of the new millennium, he is in an ideal position to judge just how successful it has been and how it has changed.

Currently, as Chairman of PNB, he has had tremendous influence over the government-linked companies in the country as chairman of Sime Darby Berhad and Golden Hope Plantations Berhad. He had some interesting observations to make, when we interviewed him in his PNB office.

What was the basis for Malaysia Inc. What was at the core of the concept?

"Malaysia Inc. was a concept that was very logical and just right for its time. In essence, it was based upon the premise that both the private sector and the civil service should cooperate for the common good of the country. This makes absolute sense as one is dependent upon the other."

"You see the private sector is dependant upon the government and its agencies to provide a properly regulated market place and a stable economy. Business cannot prosper without these."

"Of course, the more there is business prosperity, the greater the taxation collections and so the government and the Rakyat are stakeholders in the prosperity of the private sector in this way, to the tune of almost 30%! This is before the flow on effects that prosperity brings, such as greater employment."

"In short, Malaysia Inc. was intended to strengthen the collaborative ties between the private and public sectors at a time when globalisation was presenting a very real challenge on the horizon"

How does this align with government's role to regulate the private sector?

"Malaysia Inc. was about bringing the two sides together in a constructive way. The public service needed to review its processes and make sure they were not unwittingly harming corporates, but rather

facilitating trade and business development; whilst still operating in the basis of good governance."

"High standards of ethics remains paramount however. Facilitation does not mean that you bend ethical standards or go around the law. It simply means you do not have needlessly elongated processes or working methods."

Was Malaysia Inc. more a public sector initiative or were there private sector responsibilities too?

"The vision came from the then Prime Minister, Tun Dr Mahathir Mohamad. For instance, the enunciation of the Malaysia Inc. policy itself and the setting up of the Malaysia Business Council. There were high level private sector representatives on the council, who assisted in formulating the regulatory and incentives framework."

"Another significant impetus provided by the government to Malaysia Inc., was the decision to privatise several of the

enterprises which had traditionally been in the public domain, but of course the private sector participated by taking investments in these enterprises.”

“On a day to day level, many process reviews were initiated by the government and yielded good results. The private sector too had a responsibility to quicken the whole thing, by having an open communication and pointing out the bottlenecks or processes that might have stifled economic activity.”

In retrospect, was Malaysia Inc. a success?

“Looking back, I have no doubt that Malaysia Inc. was a success. I do not believe that there is a precise measurement to be made, but if you look at the tone and culture of the government services today, they are definitely viewed as developmental instruments in their relationship with business. They are not seen as standing in the way, but more like partners for the better good of the country as a whole. This is an excellent achievement and is looked upon as something of a role model by other regional governments. So overall, Malaysia Inc. has definitely been a success.”

Are there changes that are needed to the concept now?

“Well the achievements were good and clear. The government’s present initiatives such as the introduction of KPIs into the 40 government-linked companies, take the whole concept of Malaysia Inc. to the next level of tangible achievement and this is very important, for the development of the country.”

“A certain amount of review followed by reeducation about the whole concept has taken place and there is new vitality in Malaysia Inc.”

The achievements of the Malaysia Inc. concept have been tremendous and the fact that Malaysia is today regarded around the world as a good place to do business in a stable and supportive regulatory atmosphere is testament to this. Clearly the objectives of the chief architect of Malaysia Inc., former Prime Minister Tun Dr Mahathir Mohamad have been achieved. He had explained this as, “With an open economy and a free enterprise system, where the rule of law prevails and where social and political stability predominates, the private sector is not only allowed to flourish but is greatly facilitated to become partners, with the public sector, in achieving the overriding objectives of national unity and development.”

The concept continues to be refined and the present government has moved it to the next logical stage. □

