

TRANSFORMING NATIONS THROUGH CREATIVITY AND INNOVATION

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Your Majesty,

Excellencies,

Distinguished Guests,

Ladies and Gentlemen,

Assalamualaikum Warahmatullahi Wabarakatuh and Salam 1Malaysia,

1. Welcome to the International Conference on Blue Ocean Strategy. It gives me great pleasure to be able to engage with such a distinguished gathering from an array of countries. I am delighted that so many leaders from a variety of fields share our belief that innovation and creativity are imperative for the progress of their nations and future development.
2. Through history, society's greatest achievements and progress have been driven by innovation. This is no different today. Indeed, it is even more true given the powerful trio of forces the world is currently facing: first, a tumultuous global economic climate; second, increased globalisation - which presents new opportunities, as well as new challenges; and third, the rapid

pace of change in an era driven by information and communications technology.

Ladies and gentlemen,

3. We cannot stand by while others embrace the new. We should be striving to be at the cutting edge ourselves. Leadership, from both the public and the private sectors, will be necessary to navigate uncertain global developments, and to ensure the fair distribution of the proceeds of growth and wealth.
4. We will need to develop new talents and retain our brightest and our best so that we are not just active participants in, but leaders of a knowledge-based globally integrated economy.

Ladies and gentlemen,

5. In Malaysia, renewal and reinvention have sustained the vitality of our growth since independence in 1957. We made the shift from an agriculture-based economy to manufacturing as a means of import-substitution in the 1960s, and then to export-oriented industrialisation in the 1970s.
6. In the 1980s, faced with an economic slowdown, we moved from state-led industrialisation to the promotion of private investment in a broad range of sectors.
7. Measures we introduced in the late 2000s allowed us to weather the Great Recession successfully. More recently, we have been able to face the global economic downturn and the sharp fall in the price of oil because of sound monetary and fiscal policies put in place by the government.

8. We diversified our economy; we widened the tax base by introducing a Goods and Services Tax; and we rationalised or removed subsidies. These moves were not always popular, but they were necessary, and they have strengthened the resilience of our economy at a time when we have needed it most.
9. However, we have had to recognise that an export-oriented, low cost manufacturing model alone cannot sustain us in our efforts to break out of middle-income status.
10. From the beginning of my time as prime minister, I realised that this was going to be Malaysia's biggest challenge - ensuring that the country did not get caught in the middle income trap into which we were heading. I realised and we realised that there must be a clear break from past policies.
11. Now there are some who appear to be in denial about this. Some who, out of stubbornness and belief that only they can be right, prefer to run Malaysia's economy down, because they do not want to acknowledge the success that change has brought.
12. Some who pretended to believe that government revenue had a wide enough tax base without GST - but it didn't. That's why as a responsible government, we had to introduce it, because it was a right thing to do for the country.
13. Some still say that we should go ahead with vanity infrastructure, and continuously pour money into loss-making industries out of stubborn pride - but this creates no sustainable wealth for the people, and products must find a market, if they are not to be a drain on national resources.

14. If we had continued with the old policies, we would have found the Government and country swimming in an ocean of red.
15. We knew that we had, instead, to make a paradigm shift, and create a new economic model; one driven by knowledge, creativity and innovation - a “blue ocean” of new opportunities.
16. This is what we want for Malaysia, and it is the plan I had for Malaysia in 2009 upon taking office. This is what our National Transformation Programme, or NTP, introduced in 2010, aims to set in motion.
17. Our New Economic Model is of a Malaysia that is more competitive, productive and investor-friendly. And the NTP is driving this, through the Economic Transformation Programme, which works towards Malaysia reaching high income status by 2020; and through the Government Transformation Programme, whose emphasis is on improving delivery and ensuring that we put the people’s needs first.
18. Yes, Malaysia and other countries face many challenges. But these also present opportunities if we give creativity and innovation the attention they rightfully deserve.
19. To do that we must move towards a national development strategy that is driven by creativity and innovation. And a key tool to aid us in our National Transformation Programme is our National Blue Ocean Strategy, or NBOS, which we introduced in 2009.

20. Under this, we have seen numerous initiatives undertaken by the public sector - tearing down silos, and allowing creativity and innovation to rise and take centre stage, in order to deliver superior services with real and improved results; to maximise outcomes and to enhance the value of our resources.
21. Instead of just looking at how organisations can do what they are already doing better, we are encouraging out-of-the-box thinking. What brings the highest impact to the people, and in an efficient, sustainable manner?
22. We are honoured to have the two founders of blue ocean strategy here with us today, Professor W Chan Kim and Professor Renée Mauborgne. Later this morning, they will explain to us the concept in greater detail.
23. What I can tell you now is the effect NBOS has had here in Malaysia for the people. And I am proud to say that in the seven years since its implementation, more than 80 government ministries and agencies have joined forces to create high impact solutions to address current needs.
24. Many NBOS initiatives are radically transforming the way in which we deliver government services. One great example of this is the Urban Transformation Centres, or UTCs. One-stop centres in cities all across Malaysia, they provide a wide range of services under a single roof from 8.00am to 10.00pm, seven days a week.
25. Existing underutilised buildings were swiftly renovated and modified, at the lowest possible cost without compromising quality. We provided a new and essential service for the people, and we saved money.

26. In fact by not constructing from scratch, we saved RM 100 million for every UTC. Since there are 15 UTCs across the country, that means this approach saved us RM 1.5 billion. And we got them up and running very quickly.
27. The first centre was ready in just six weeks. It took less than two months from the presentation of the initial idea to people being able to renew their passports, pay their utility bills, and enjoy other government services in UTC Melaka.
28. They have proved incredibly popular. In fact between June 2012 and July 2016 there have been 35.3 million visitors to UTCs.
29. Just as importantly, UTCs have transformed the working practices of the government to make sure that we deliver services in as convenient a manner as possible. They are located where people need them the most, and are open late in the evenings as well as during the weekends.
30. To ensure that these advantages are available to all, they are matched outside of our cities by Rural Transformation Centres, and for the remote parts of our country, Mobile Community Transformation Centres.
31. Another example of the efficiencies and more effective use of our resources inspired by NBOS concerns our police and armed forces. To maximise the personnel available for street patrols we took a blue ocean approach. We moved over 7,400 police officers from behind their desks and onto the front line of security on our streets.
32. By repositioning, instead of hiring, training and paying that number of new officers, we saved RM1.3 billion we would otherwise have had to spend - while the office duties were filled by civil servants from other departments where streamlining needed to be made.

33. Through NBOS our police and armed services are also now working ever more closely together. On the streets of Malaysia, you can see our police and our military side-by-side, offering both protection and reassurance to the public; and the increased joint training and collaboration has been of significant benefit for the safety of our nation.

34. Police-Military collaboration has also extended to the sharing of training facilities, resulting in a saving of round RM700million - from not having to build new police training centres. Here again, we see the National Blue Ocean Strategy principles of high impact, low cost, and rapid execution in action.

Ladies and gentlemen,

35. I am a firm believer in the fact that an inclusive society is a strong society. Here in Malaysia, we are proud of our strong track record in promoting the role of women in both the economy and society more widely. That is why empowering women has been one of the key themes of NBOS and our Government.

36. Our Perwani initiative is designed to give women access to greater economic opportunities and a more influential voice in community decision-making. There are now 12,881 Perwani groups operating across the country with 169,105 women participating.

37. Through these groups women are given support to form cooperatives, launch entrepreneurial ventures, and develop their skills through tailored training, enabling them to be full participants and leaders in building and strengthening their communities.
38. To improve the living standards of those on low incomes, another NBOS programme - My Beautiful Neighbourhood - brings community volunteers together with ministries to renovate and upgrade low cost housing communities, and to rebuild homes that have been lost to fire.
39. Through this initiative, almost 39,000 homes have been upgraded, benefitting more than 165,000 people.
40. Another example of volunteering, helping people who want to give something back to their communities, is 1Malaysia for Youth - more popularly known as iM4U. Only a few years after being established, iM4U has become the largest youth volunteering organisation in Southeast Asia, with more than two million members.
41. I have seen these public-spirited young people bringing relief to communities hit by floods, mentoring their peers, and restoring many of our places of natural beauty through clean-up campaigns. It is inspirational and I truly commend them for their hard work and enthusiasm.
42. We are also taking steps to give everyone the opportunity to earn more by learning the skills they need to get better jobs.
43. For example, under our new National Service programme, almost 20,000 young people are receiving free vocational and military training of up to 36 months.

44. Through this, the military is strengthening our national security - and giving our young people a strong start in life at the same time. The programme has proven to be so popular that it was three times oversubscribed for this year.

45. Another example of how NBOS programmes are both socially beneficial and efficient is our Community Rehabilitation Programme, or CRP, a joint initiative between the Malaysian Armed Forces, the Prison Department and the Ministry of Agriculture.

46. CRP works to rehabilitate petty criminals by training them to work on military premises, helping to reduce both recidivism and congestion in prisons. Inmates gain vocational and agricultural training, which will raise their income in the future, while support is also provided to the inmates after being released.

47. As much of the camp maintenance is carried out by inmates under this programme, this collaboration has the further benefit of reducing the operating costs for prisons for petty criminals by 58 percent.

Ladies and gentlemen,

48. When it comes to the private sector, the government understands that a culture of innovation has to be nurtured. We know that businesses are a key source of new discoveries, new products, new ideas and the new jobs that we need to reach our goal of becoming a high income status nation by 2020.

49. And we are doing all we can to create an environment that encourages innovation to thrive.

50. The setting up of the Malaysian Global Innovation and Creativity Centre, or MaGIC, that President Obama and I launched in 2014, was a key milestone in contributing to an environment that spurs entrepreneurship - through training, providing links to research and funding, and making advanced technologies available.

51. I follow its progress closely and am delighted to say that 14,000 new start-ups have already been established with MaGIC's support. Some of them have already staked a presence in the ASEAN region, and some, globally.

52. Similarly, other schemes, such as the 1Malaysia Blue Ocean Entrepreneurs, aim to equip a critical mass of budding entrepreneurs with the Blue Ocean mind set, so that they are able to inject creativity and innovation into their business ideas.

53. There are many more initiatives, such as our Strategic Linkages programme between urban centres and rural areas. That now works with more than 6,500 entrepreneurs who are collaborating across 200 high value agriculture projects.

54. To give just one example of this initiative's impact, let me tell you about a lady named Siti Hajar Binti Husnan. She is an entrepreneur from Johor who produces ready made food paste. Her income has doubled from RM2,000 per month to RM4,000 thanks to the access to new markets made possible by the programme.

55. She now even exports her product to Singapore and Jordan. We are delighted to support her creativity and innovation along with many, many more like her.

55.

Ladies and gentlemen,

56. All of these initiatives are supported in the long term by our emphasis on education. We are working hard to help raise student attainment and aspirations, and to transform technical and vocational education so it is aligned with the demands of the new global economy.

57. Just last week, for instance, I was at the launch of the #MyDigitalMaker initiative, which promotes digital skills among our youths.

58. It was hosted by the Malaysia Digital Economy Corp, or MDEC - another of our initiatives - and I also announced that computational thinking will be taught in primary schools and computer science in secondary schools as of next year.

Ladies and gentlemen,

59. I have outlined many of our blue ocean-inspired strategies, and you can hear the results. High Impact. Low cost. Rapid execution. Social inclusion. Encouragement and support for innovation - and for the new mindsets and skills that Malaysia will require to thrive and for our progress to be sustainable.

60. Blue ocean strategies are not just for developing countries - and it is not for us, or for any others, to interfere with the domestic affairs of countries whose governments have the mandates of their peoples, or to tell them what model to follow.

61. But blue ocean strategies can be formulated and implemented in any state that wishes to create high impacts - not just on what we call the capital economy: GDP growth, big business, large investment projects, financial markets and the like; but also the people economy.

62. By that I mean what matters most to the people: jobs, small businesses, the cost of living, lifelong learning, family wellbeing, social inclusion and harmony; and issues such as crime, traffic, pollution and work-life balance. In short, the things that determine public happiness.

63. Setting up all these programmes here has required a huge transformation - but it is the transformation we need for Malaysia to escape the middle income trap.

64. We are on course, with Gross National Income up by nearly 50 percent and 1.8 million jobs having been created since the NTP began. Even in these times of economic uncertainty, our growth rates remain healthy and far above the global average.

65. The World Bank and the IMF have consistently praised our approach, and we have enviably high positions in numerous global rankings for ease of doing business, regulation and competitiveness.

66. But the transformation we need will see us forge a high income nation that hits not just the GDP per capita target - but also the target of including all our people, empowering them, and building a future for them that is sustainable and resilient.

67. We want that future to be one in which our children and their children see no goal they cannot reach; but also know that they have the tools and the right support on their journeys, and that they belong to a community and country in which no Malaysian is left behind.

68. A successful Malaysia, yes. But also happy Malaysians, with challenging and meaningful jobs, a sense of fraternity, and the knowledge that both reward and responsibility come from uniting as a harmonious and increasingly prosperous society.

69. That has been my defining challenge since becoming prime minister. Together, I know that we can meet that challenge, achieve our goals, and set Malaysia on a confident course for the rest of the 21st century.

Ladies and gentlemen,

70. I have shared some thoughts with you about our transformation over the past few years. I am sure that a wealth of ideas will emerge out of your discussions at this Conference, and I look forward to hearing about and learning from your experiences.

71. I hope you have a fruitful and enjoyable stay here in our capital, and for those of you who are first-time visitors, we hope to welcome you back before long.

72. I wish you all every success in your debates and talks. With that, it gives me great pleasure to declare the inaugural International Conference on Blue Ocean Strategy open.

Thank you.

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