

Penyampai : TAN SRI DATO SERI AHMAD SARJI BIN ABDUL HAMID
Tajuk : THE FMM CHIEF EXECUTIVE LUNCHEON TALK
Lokasi : THE LEGEND HOTEL, KUALA LUMPUR
Tarikh : 01-04-1996

Introduction

1. I am greatly honoured to have been invited by the Federation of Malaysian Manufacturers to address this Chief Executives Luncheon Talk.

Public-Private Sector Collaboration

2. The national vision of attaining the status of a fully developed country by the year 2020 requires both the public and the private sectors to collaborate more closely. The rationale for such closer collaboration is clear. It lies in the interdependence between the public and the private sectors; in that the private sector forms the commercial and economic arm of the nation, while the public sector provides the major policy framework and direction and the necessary support and ancillary services for the private sector to perform well. The more successful the private sector, the larger the number of private businesses, the greater the employment opportunities and the higher the Government revenue. Ultimately, the nation as a whole gains.

3. It is by no means a novel concept. It has been implemented by several other nations with varying degrees of success. In Japan for example, the term "Japan Incorporated" was coined to symbolise the unique relationship between the Government and the large-scale corporations that contributed to the 'economic miracle' of Japan in the eighties. But in Malaysia, the term Malaysia Incorporated is used to describe the special relationship the nation aspires to achieve between the public and the private sector as a means to spur the nation into an advanced, affluent industrial society. In the words of the Hon. Prime Minister Dato Seri Dr. Mahathir Mohamad when launching the Policy in 1983 "... the Malaysia Incorporated concept means close and mutual supportive role between the private and public sectors".

4. The concept calls for both sectors to redefine, develop and operationalise a new pattern of thinking and behaviour. For the Civil Service, it means a change in their perception and behaviour towards the private sector. And for the private sector, since its role has been pushed to the forefront as the main engine of growth, it must be strong, dynamic, robust, self reliant and competent in its economic undertakings. At the same time, the Civil Service must be equally efficient in providing the support to ensure a smooth and conducive business environment for the private sector.

5. Realising the importance of the private sector in the nation's development, the Civil Service as its partner, has initiated a number of measures to enhance the environment in which the private sector, in particular the business community operates.

These include: (i) providing clearer guidelines, procedures and appropriate legal and regulatory parameters for the conduct of business; (ii) assistance to venture into new markets overseas and to seek opportunities for our products and services; (iii) instituting a system of networking to gauge the changing global trends and strategies based on our strengths, opportunities and threats; and (iv) speedier decision making to increase our international trade competitiveness in the global market. In fact, the implementation of these efforts has been instrumental in helping the private sector to do business successfully, not only within the country but also to foray overseas.

6. Closer collaboration and cooperation between the public and the private sectors is more important now than ever as there is consensus among both parties that the private sector should play a more active role in national development. We need closer ties and mutual support between both sectors to produce and sustain the long term high economic growth needed to effectively achieve a fully developed nation status by the year 2020.

Enhancing the Synergy of Collaboration

7. The unique partnership between the public and the private sectors must not only be sustained but expanded in the years to come. Towards this end, initiatives to foster closer collaboration and cooperation between the two sectors need to be further intensified.

8. Consultative committees established in ministries and departments at the federal, state and district levels, which provide the forum for senior Government officials and private sector representatives to exchange views and experiences, will need to focus on deliberate actions to ensure greater efficiency and more timely provision of services to the private sector. The Malaysia Incorporated Officials' Committee under my chairmanship will continue to act as the main forum at the highest officials level for the exchange of information and ideas. This Committee will also act to spearhead joint programmes between the two sectors, in the interest of the development of the private sector. Feedback on problems faced by the private sector in the area of delivery of public sector services could be channelled through the various chambers of commerce and industry associations via this Committee for remedial actions.

9. Dialogue sessions between the public and private sectors will also be stepped-up. These dialogue sessions which are being held by Ministries and departments at the Federal, State and district levels, provide an important avenue for the public sector to obtain valuable feedback from the private sector on Government policy and programmes for future policy planning and implementation efforts.

10. Feedback indicates that these consultative mechanisms have contributed significantly in facilitating the free flow of information and at the same time assisted in establishing closer rapport between the two sectors. It is worthy of note that associations such as the MICCI and FMM have now taken up the Government's call to give more concrete feedback on problem areas, particularly in matters pertaining to investment, trade and business. The Annual Business Assessment Survey by the MICCI and the FMM annual survey conducted among their respective members have provided valuable feedback to the Civil Service in its effort to further enhance their operational efficiency and service delivery in meeting the increasing expectations and demands of the private sector.

Strategic Alliances

11. The formation of strategic alliances is yet another strategy that could be developed further under the spirit of the Malaysia Incorporated concept. Strategic alliances are based on the concept of a win-win situation. Companies which are able to produce high quality and competitive products and services will gain by forging strategic alliances with companies that are strong in marketing, particularly in a foreign environment.

In a similar manner, the concept of strategic alliance can be extended to encompass the Civil Service. A highly efficient and responsive Civil Service, in collaboration with the private sector will create the needed synergy to further enhance the competitiveness of the nation. As such, Government agencies performing critical functions in the area of economic, trade, finance and research and development (R&D) will continue to aggressively engage in strategic activities such as (i) gathering and disseminating crucial global market intelligence to local companies; (ii) seeking niches in the global market for Malaysian products and services; (iii) building expertise in international finance and investment; and (iv) enhancing expertise in international law, trading agreements and treaties.

12. In this manner, resources can be pooled in an atmosphere of trust and focused on continuous, mutual improvements. It is through this kind of cooperation, the Government and the private sector can stand truly united, hand in hand to conquer the immense opportunities available in the global marketplace. However, I must stress that the close collaboration between public officials and the private executives must be nurtured within the confines of accepted ethical and moral standards to avoid any form of abuse. In this regard, the Government has issued various guidelines aimed at providing guidelines for the conduct of joint activities between the two sectors.

13. The concept of strategic alliance should also be expanded to include collaboration between the management and workers. The ability of managers to form this strategic alliance will go a long way in

sustaining the competitive advantage of Malaysia over many other countries. As you are all aware, one of the factors that contributed to the success of the Malaysian economy is the existence of industrial harmony and cordial relationships between management and workers. We pride ourselves in the peaceful industrial relations that exist. There has been no major industrial disputes. Both employees and employers have been cooperative in establishing the spirit of goodwill and consultation. This harmonious environment between the management and the workers should be developed further to enhance the synergy generated from such relationship. Values such as teamwork, group activities, mutual development, compromise, consultation and cooperation should continue to be encouraged and nurtured to further enhance the harmonious relationship that exist between the management and workers.

Collaboration with the Manufacturing Sector

14. It is the Government's policy to encourage greater participation of the private sector in economic growth. As clearly spelt out in the Outline Perspective Plan, the manufacturing sector will remain the major engine of growth in the decades ahead. The challenges facing the Malaysian manufacturing sector, however, are multi faceted. The downward pressure on prices, higher requirements on the quality of products and services, shorter product life cycle and rapid changes in technology are amongst the major ones. The changing socio- economic and technological environments have created new demands for skilled and trained labour. For the future, knowledge and skills required will not be single discipline-based, but will be oriented towards a mix of technical, statistical and computer- based disciplines.

15. Currently, the demand for intermediate and higher-level skilled labour by the manufacturing sector has not been adequately met. This situation will only worsen over the next 5 to 10 years with the projected slower rate of growth in skilled labour force. Many firms are already reacting by moving out of labour-intensive manufacturing into higher value-added industries, increasing automation and the capital intensity of production, and transferring some manufacturing operations to countries which still have the competitive edge in labour-intensive industries. However, the extent of these changes are confined mainly to the larger enterprises, particularly the multinational corporations (MNC). The changes in small and medium scale (SMI) sector are still relatively slow.

16. It is, therefore, pertinent that the manufacturing sector adopts appropriate strategies that will carry them through the 21st century. Such strategies should include, within the context of the Malaysia Incorporated concept, closer collaboration and cooperation with Government research and development (R&D) institutes, universities and other training institutions. The Government's R&D institutes, such as SIRIM and MIMOS, in this instance, is currently focussing their efforts on developmental and application oriented R&D and technology services in which the industry is encouraged to be partners in implementing such programmes and projects. In other words, these R&D institutes play the intermediary role in facilitating the transfer of technology to the manufacturing industry. Apart from that, I would also stress the importance of the industry to upgrade and carry out its own in-house R&D and training programmes to ensure that the industry can adapt quickly to the state-of-the-art technology in the manufacturing industry.

17. The Government, on its part, has over the past few years introduced new and improved incentives aimed at encouraging and facilitating manufacturing companies to shift technologically upwards in their operations. These include incentives under the Promotional Investment Act for R&D in which incentives are given to contract R&D companies, R&D companies which provide R&D services to related companies or any other companies, and in-house R&D carried out within a company for its own purposes.

In addition, recent incentives for double deduction from income tax have been given for cash contributions made to approved institutions, and on payments for the use of services of an approved institution, R&D company or a contract R&D company.

Future Programmes

18. The close cooperation and collaboration between the public and the private sectors has in no small part contributed towards improving the country's competitiveness. The 1995 World Competitiveness Report ranked Malaysia as the 21st. most competitive nation in the world. In the sphere of Government,

the same report ranked Malaysia fourth among the 48 countries evaluated. And among the non-OECD countries, Malaysia was ranked third behind Singapore and Hong Kong. This implies that the public sector had been responsive and succeeded in creating an environment that encouraged the growth of business and commerce. This achievement, I am sure, is something all Malaysians should be proud of. However, let us not rest on our laurels. Much need to be done to sustain the dynamic economic growth required for the attainment of Vision 2020.

19. It is, therefore, important for both sectors to continuously seek for new strategies to further enhance the implementation of the Malaysia Incorporated concept in the future. On the part of the Civil Service, we have identified five major areas of focus, as follows: 20. Firstly, we will continue to give emphasis on process improvements and the enhancement of operational efficiency. The underlying philosophy is to provide for a continuous process of improvements aimed at satisfying customers, particularly the business community through continuous problem solving and innovations.

21. Secondly, the Civil Service will continue to review rules, regulations and procedures to further facilitate the private sector's role in economic development. The major focus is on the system of licensing and permits pertaining to business and investment with a view to streamline, simplify and abolish procedures and regulations which are cumbersome, obsolete and hinder the operations of the private sector. I am proud to announce that this year, the Civil Service will conduct the third phase of the Study on Licensing and Permits Pertaining to Business and Investment. Two similar exercises were conducted in 1992 and 1994 which resulted in the introduction of several major improvements, such as the use of composite application forms to apply for various licences and permits, and the extension of the validity period of several licences. The current study is aimed at further reviewing the rules, regulations, procedures and processes pertaining to various licences and permits by economic-based agencies, such as the Registrar of Business, the Registrar of Companies, the Immigration Department, land offices and the local authorities.

22. Thirdly, the Civil Service will continue to ensure that the private sector is equipped with adequate information to assist them in dealing with Government agencies. In this instance, I have directed all Government agencies to publish information booklets and guidebooks pertaining to their activities for use by the public, particularly the private sector. The publication of such guidebooks will be of immense benefit to the private sector as they can be used as a source of reference when dealing with Government agencies. And in this regard, I welcome the cooperation of the private sector, particularly the chambers of commerce and industry associations, in the publication of such guidebooks for mutual benefits.

23. Fourthly, we will continue to accelerate the process of institutionalising a paper-less culture in the Civil Service. The objective is to increase the effectiveness of the delivery of services by Government agencies to the public and business community through the utilisation of less paper. Towards this direction, the Government is reviewing its current system of licences and permits with a view to identify those agencies whose licences and permits entail too much paperwork. At the same time, the Civil Service is already looking very closely into the appropriate technology to support its efforts towards a paperless Civil Service.

24. Fifthly, the Civil Service will introduce further measures to enhance the quality management system in Government agencies. Initial planning has been instituted to implement the ISO 9000 series of standards for quality management and assurance developed by the International Organisation for Standardisation. Through ISO 9000, we hope to ensure that: (i) a quality management system is adopted in Government agencies that will ensure achievement of customer's satisfaction; (ii) there is consistency in the quality of services rendered to the customers; (iii) necessary steps are taken to prevent non-conformance to customer's requirements; and (iv) deliberate efforts are made by the management to review the processes involved in the provision of public services and this will lead to continuous improvement. In other words, the implementation of ISO 9000 will lead the public sector agencies to do things right the first time.

Concluding Remarks

25. In concluding, once again I would like to thank the Federation of Malaysian Manufacturers for the opportunity given to me to address this gathering.