

REBOOTING CORPORATE MALAYSIA

There is a need to reinvigorate Malaysia's corporate ecosystem so it can weather the ongoing challenges in the local and global economy. Prime Minister Tun Dr Mahathir Mohamad, industry players and experts shared their views on what can be done to drive the country forward at the inaugural PNB Corporate Summit in Kuala Lumpur on Oct 30.

Private sector must be key driver in economy, says Mahathir

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> Mahathir

Malaysia's private sector must take the lead and become a key growth driver of the economy to move the country forward. At the same time, government-linked investment companies (GLICs) and government-linked companies (GLCs) must re-evaluate their level of participation in Corporate Malaysia and recognise their synergies with the private sector, said Prime Minister Tun Dr Mahathir Mohamad at the PNB Corporate Summit 2019 on Oct 30.

In his special address, “Corporate Malaysia as market changer and economic driver”, Mahathir said an instrumental driver of the nation's growth will be corporate Malaysia implementing its role as a market changer. “The GLICs and GLCs must focus on creating strong institutions and establishing the necessary infrastructure and supportive policies that fuel growth and in doing so, become a catalyst that will spur the private sector. This will create a positive and conducive environment that will facilitate our socioeconomic development.”

The private sector's role in driving the economy was reflected in the economic growth experienced by Malaysia in the 1990s, said Mahathir. Before the 1997/98 Asian financial crisis, the private sector was the core engine of the country's success.

“Over the 10 years before 1998, GDP growth was on a strong trajectory, averaging at 9%. Hence [there is] the need for a dynamic

corporate Malaysia that will strengthen the role of the private sector in the economy,” he pointed out.

GLICs and GLCs have been important pillars of development in the country and are in almost every sector of the economy. But the global economy has changed significantly since these organisations were established, said Mahathir. The rapid pace of technological advancements, rising globalisation and an emphasis on the Industrial Revolution 4.0 and digitalisation mean that businesses must be flexible and adapt to the times.

While doing so, GLICs and GLCs must not stifle competition in the private sector, said Mahathir, who is also chairman of Yayasan Pelaburan Bumiputra. “The government has no business to be in business. GLCs must be able to co-exist in a space where they should compete on a level playing field. GLCs should not crowd out and directly compete with the private sector, especially in non-strategic businesses. Both GLCs and the private sector can be engines of growth, provided that they are highly productive and competitive.”

GLCs must also be professionally run, he added.

Mahathir pointed to the manufacturing sector as an example of where growth has been underpinned by private investments. Multinational corporations from over 40 countries have invested in more than 5,000 companies in Malaysia's manufacturing and related services sectors.

“This has also been reinforced by investments from domestic manufacturers. This is a clear indicator of the positive impact of allowing the private sector to take the lead,” he said at the summit,

which was themed “Rebooting Corporate Malaysia”.

The expansion of the private sector is vital to spur growth in the country, create employment opportunities and attract foreign direct investment, said Mahathir. This will result in rising incomes and an improvement in the quality of life, including for those in the lower income groups.

Nevertheless, GLICs and GLCs should play a role in the country's development as these organisations were created to serve distinct purposes, said Mahathir. For instance, Permodalan Nasional Bhd (PNB) was established in 1978 under Yayasan Pelaburan Bumiputra with a clear mandate to increase bumiputera participation and ownership in the corporate sector.

“In this regard, PNB has done an excellent job, with successful strategic companies in its stable of businesses that are in the financial, plantation, property, construction and many other sectors competing on a level playing field with others in those sectors. Many of these companies have become key contributors to the Malaysian economy. This has brought benefits to the unitholders of PNB, which I have been told has reached 14 million,” he said.

POISED FOR GROWTH

A competitive landscape will nurture healthy competition and efficient outcomes. So, corporate Malaysia and GLCs must work together to enable this environment.

“Corporate Malaysia must play a bigger role in wealth and value creation. As part of this process, it is key to enhance productivity and talent development. For the former, there has to be greater leverage on technology. For the latter, the private sector and GLCs

need to support the existing education system,” said Mahathir.

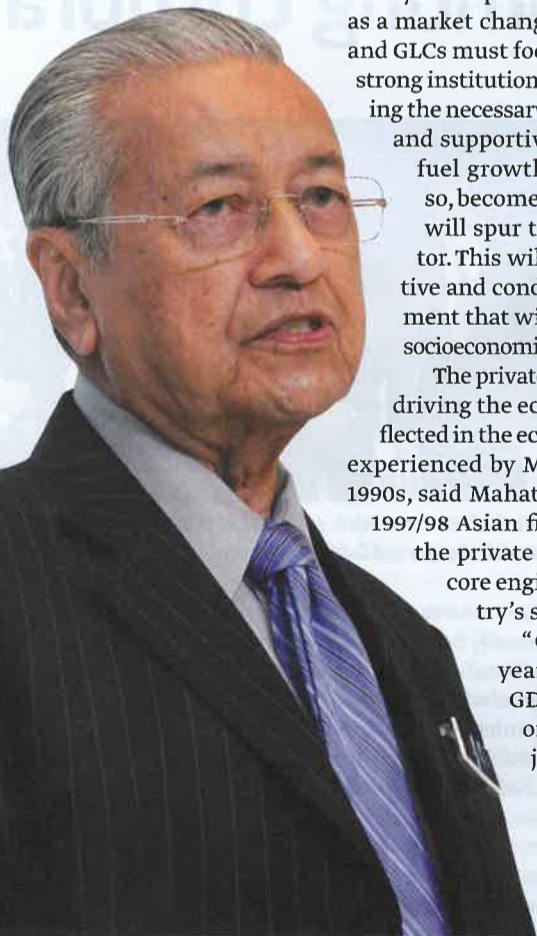
“Also, an important imperative is to empower entrepreneurs who will contribute to a dynamic private sector. We need to strengthen our existing institutions to generate the kind of talent that the private and public sectors need.”

Corporate Malaysia needs to be rebooted as the government is taking measures to institute reforms and deal with the issues left by the previous administration. “On this note, there exists an imbalance in public and private sector participation in Corporate Malaysia today, which if left unchecked, could prove detrimental to our nation's future,” said Mahathir.

Malaysia has an abundance of resources and good prospects for growth. But it is at a tipping point, where it can either rise or falter, said the prime minister.

While the country is vulnerable to changes in the global economy, it is in a region with good economic indicators. “Southeast Asia is primed to be a hub of economic growth and development with a young population. Malaysia, at its heart, is in a much coveted position. While we are a small nation in comparison to some, we can leverage these opportunities while building on our strong fundamentals,” said Mahathir.

He called for Corporate Malaysia to refer to the Shared Prosperity Vision 2030 (2021-2030) as an ideal to be upheld. “It reflects the government's commitment to ensure that all Malaysians are provided with opportunities to prosper. I truly believe that we have real and genuine opportunities to reboot Corporate Malaysia. We must have the will to see this through and we cannot let this opportunity pass us by,” he said. **E**



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