

Role of Private Sector towards Achieving an Industrialized Economy

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INTRODUCTION

This paper is written from the perspective of an entrepreneur. It is based on the outcome of years of experiences as a member of the private sector as well as the result of active participation in the various private sector organizations and associations both within Malaysia and in Association of South East Asian Nations (ASEAN).

Malaysia, at the moment is in the midst of an exciting and challenging period. At no time ever in the history of economic development of Malaysia has the private sector been given so much care and attention. Besides that, one must admit that at no time too, has so much encouragement been given to this sector.

NEW DIRECTIONS

The Industrial Master Plan (IMP) was launched in 1986, amidst the depths of the recession when the country's economy needed both a reassessment and a new sense of direction. A new era of industrialization in Malaysia had begun with the launching of the IMP. It does not only introduce for the first time, a long term strategic vision for Malaysia's development but it also enabled the private sector to evaluate itself critically. This self-criticism and assessment had brought into focus the strengths and weaknesses of the private sector. Due to the sectoral approach of the IMP, it also brought together people of the same industry and hence with similar problems and opportunities together. The IMP also enables industries to look at opportunities with a sense of direction and purpose and in doing so recognized their respective weaknesses. The message of the IMP was plain and simple that is, Malaysia has to industrialize and the thrust has to be export-led ultimately. Export-led industrialization as an objective was easier

said than done. It was obvious right from the start that the bulk of the nation's manufacturing sector was very much inward-looking. Marketing and the necessary supporting mechanisms such as the ability to absorb and even to choose the appropriate technology, manpower training programs were not given prominence in the past. This made it almost impossible to embark on an international marketing plan, where one has to compete with corporations more adaptable and innovative to exploit opportunities as quickly as possible. An industrialized economy therefore needs an active linkage between both the public and private sector. Realizing the importance of such a linkage, IMP had spelled out the efforts needed to foster these linkages. Given such a situation as a background, the question is has the private sector responded? If so, how effective has the response been? Will it be continuous and self-sustaining?

PRIVATE SECTORS RESPONSE TO IMP

Firstly, the private sector has indeed responded. One may argue about the qualities of that response, but response it has. Numerous dialogues and seminars have taken place between the public and private sectors. The industry associations have been active and has treated these dialogues as a cornerstone of their activities.

Despite of the importance of IMP, various criticism had been leveled against it. Some argued that the IMP and the various government enactments that followed it have been too much in favor of the foreign investor at the expense of the domestic investor. However, one must realize that this is an inevitable process of industrial evolution. Due to the recession, Malaysian business circles generally have learnt to be extra careful in their investment options, but the overseas sector, being more experienced and better equipped could respond much quicker to the opportunity. In the end however the sheer momentum and impact of the foreign *invasion* will include the locals. To a certain extent this has already happened.

One of the major factors hindering development especially among local entrepreneurs is the lack of *manufacturing mentality*. Malaysian entrepreneurs have yet to acquire a manufacturing mentality. Basically, the *training mentality* still prevails. In order to have this manufacturing mentality, various factors need to be considered among which are:

1. a good grasp of the market especially on a global basis,
2. a sense of technology that is to be aware of changes in

technology which can have such a vital impact on costs and profitability, and

3. the importance of human resource development.

Only few entrepreneurs have given importance to the manufacturing mentality. They know about it, talk about it, but do not religiously practice it. There is a need to develop this, that is through a serious commitment of the businessman in the associations that they participate in.

The increasingly important role of business associations are becoming obvious lately. Largely this has come about in response to public sector "pressure". This fact has prompted people to state that most of the industry associations have been *reactive* rather than *pro-active*.

There is therefore a need to create what is termed as *chamber culture* whereby businessmen gather together for information, direction and exchange of ideas. This realization is becoming more apparent in the context of ASEAN *per se* and in the context of ASEAN-Third World countries relationships.

However even the response has not been that encouraging. Experiences in the ASEAN-European Economic Community (EEC) Business Council has convinced many, that Malaysia needs to realign its attitudes. Responses to EEC initiatives have been lukewarm and it is not for want of support from the EEC. A distinct apathy lingers amongst many. This may be due to the lack of marketing instinct. It is therefore necessary that, orientation process has to be nurtured at the local chamber level, or else one might be left behind and be in a position of *reaction* rather than *pro-action*. Business associations too need to educate members on marketing opportunities and tactics to exploit them. For this to happen, a closer working relationship with academic and research institutions which are technologically inclined need to be cultivated. Following this, human resource development too has to be considered in the agenda of working relationships. In this regard the Ministry of Science, Technology and Environment is to be congratulated on its initiative in forming the Technology and Science Council, and for bringing in the private sector in both its policy formulating and implementing committees.

These combined initiatives of the public and private sectors and the business community in response to daily opportunities, will react positively to this new realization of their increasingly important role in the industrialization of Malaysia.

CONCLUSION

The 21st century will create in Malaysia more industrialists in the true sense of the word, but the speed of their evolution will rely on qualitative factors rather than quantitative factors such as a worldly vision, organized and structural response to the external environment through chambers of commerce, a strong sense of marketing, technology and human resource awareness, and a sense of adventure. These qualitative factors are largely in the private sector's court. One must admit that the public sector has done enough to make things happen. it is now the private sector's turn.

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