



Contributing Towards Nation Building

Guidebook

5

# PLC Transformation (PLCT) Programme

Towards a more responsible and high performing  
Corporate Malaysia



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This PLCT Guidebook (Guidebook) is issued by Bursa Malaysia Berhad (Bursa Malaysia) for users to gain an understanding and appreciation on key areas that will support progress towards a more responsible and high performing Corporate Malaysia.

This Guidebook was developed based on information collated via desktop research, knowledge from subject matter experts and feedback from selected stakeholder engagements. This Guidebook is provided for reference purposes only and is not exhaustive in its coverage. Case studies and references were sourced and selected based on relevance and the availability of information in the public domain and have been attributed accordingly. Bursa Malaysia Berhad has not received any sponsorship or benefits from any party in developing this Guidebook.

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# How to use this Guidebook

*Businesses are one of the most powerful institutions on Earth for creating wealth and opportunity and helping to lift people out of poverty. When you think about it that way, then businesses are not separate from development policy.*

*- Peter Blair Henry, author and economist*

The objective of this final Guidebook in a series of five PLCT Guidebooks is to highlight how Public Listed Companies (PLCs) can contribute to and harness the benefits from nation building.

The Guidebook highlights nation building attributes and the roles of the government, businesses and society in the following areas of value creation for PLCs:

- Sustaining economic growth and productivity
- Cultivating future-readiness, wellbeing and inclusion of talent
- Fostering stronger public-private partnerships

Throughout the Guidebook, various real-life examples and case studies have been included to provide insights for a better appreciation of the areas of value creation above. Indicative metrics and the associated nation building indicators have also been included to enable PLCs to measure progress and impact of their nation building efforts.

The Guidebook aims to embed a nation building mindset in Corporate Malaysia through the suggested imperatives and the calls to action to help companies either get started or continue on their nation building efforts. These efforts by PLCs are envisaged to contribute towards a stronger economy while increasing the attractiveness and investability of listed companies in Malaysia by strengthening the growth narratives of PLCs.

The content is intended to be of relevance to PLCs of all shapes and sizes and for PLCs that are already actively involved in nation building efforts, this Guidebook could serve as a good refresher. By virtue of the subject matter at hand and the broad target audience, the content of this Guidebook is by no means exhaustive and further research and deliberation by respective PLC's Board and Management are highly recommended prior to embarking on any of the proposed initiatives.



**1.2 Nation Building Attributes**

The table below highlights key attributes of nation building in the context of this Guidebook. These attributes denote the critical aspects of nation building with regards to a country's macro fundamentals.<sup>1, 2</sup>

Nation building attribute	Description
<b>Diversified economic structure</b>	Shifting towards multiple sources of growth by diversifying markets and sectors to minimise concentration risks?
<b>Advanced productive capabilities</b>	Strengthening resources and capacity of local companies, as well as infrastructure development to maximise economic and business potential
<b>Quality and agile talent pool</b>	Nurturing a competent workforce that is able to respond to emerging industry needs with increased efficiency
<b>Sustainable and inclusive practices</b>	Accelerating adoption of sustainable practices and ensuring full community participation at all levels <sup>3</sup>
<b>Trusted institutions</b>	Shaping public and private sector organisations that are transparent, accountable and responsible towards their stakeholders

By strengthening these nation building attributes, Malaysia can benefit from several outcomes, including:

- Higher economic growth with increased competitiveness globally and regionally
- More meaningful job opportunities for the people
- Improved welfare and standards of living for society
- Being a low carbon, resource-efficient economy
- Strengthened governance and public confidence

Source 1: World Development Report 2011; World Bank; 2: International Trade Development Centre (ITDC); 3: United Nations Development Programme (UNDP) Human Development Report 2011

PLCT GUIDEBOOK 5: Contributing Towards Nation Building

**1.1 Holistic Approach Towards Nation Building**

This Guidebook presents a holistic nation building approach for PLCs as illustrated in the framework below. The elements in this framework will be elaborated in the subsequent chapters of the Guidebook.

Desired outcomes for the nation (Chapter 1)	Nation building outcomes for the country			
Higher economic growth with increased competitiveness	More meaningful job opportunities for the people	Improved welfare and standards of living for society	Being a low carbon, resource-efficient economy	Strengthened governance and public confidence
	Critical attributes of nation building to achieve desired outcomes			
Nation building attributes (Chapter 2)	Diversified economic structure	Advanced productive capabilities	Quality and agile talent pool	Sustainable and inclusive practices
	Trusted institutions			
Drivers of nation building (Chapter 3)	The role of the government, businesses and society are interrelated			
	Government	Business	Society	
Nation building benefits to PLCs (Chapter 4)	Benefits to PLCs from supporting nation building efforts			
	Supply chain resilience	Talent retention and pipeline	Strengthened trust and reputation	Enhanced business performance
PLC's role in nation building (Chapter 5 to 9)	Value creation areas by PLCs			
	Sustaining Economic Growth and Productivity	Cultivating Future-Readiness, Wellbeing and Inclusion of Talent	Fostering Stronger Public-Private Partnerships (PPPs)	
Implementation considerations for PLCs (Chapter 10)	Critical areas for effective implementation of nation building initiatives			
	Rules of Board of Directors and Management	Stakeholder Communication		

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- Gamuda Berhad
- Google Malaysia Sdn Bhd
- Hartalega Holdings Berhad
- IBM Malaysia Sdn Bhd
- Kincentric (Spencer Stuart Star Malaysia Sdn Bhd)
- KPJ Healthcare Berhad
- Malayan Banking Berhad
- Microsoft Malaysia
- Narro Communications Malaysia
- PETRONAS Corporate Venture Capital
- Prudential Assurance Malaysia Berhad
- Roche Malaysia
- Sime Darby Berhad
- Sime Darby Plantation Berhad
- Sunway Education Group
- TMC Life Sciences Berhad
- UEM Sunrise Berhad
- UMW Holdings Berhad
- Westports Holdings Berhad

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1

INTRODUCTION

# 1.0 Introduction

***"The future depends on what you do today."  
- Mahatma Gandhi***

Today, countries around the world are grappling with diverse challenges including managing the recovery from the COVID-19 pandemic, escalation of geopolitical and trade tensions and rising inequality, just to name a few. As illustrated in the diagram below, there are also major long-term shifts such as ageing population, climate change and erosion of social cohesion, that pose uncertainties and threats to people and economies.<sup>1, 2</sup>

## Global Megatrends<sup>2 3</sup>



### Climate Change and Resource Scarcity

- Rising sea levels
- Increasing demand for natural resources
- Growth in alternative energy



### Technological Breakthroughs

- Data explosion
- Pervasive connectivity
- Digitalisation of business models



### Demographics and Social Change

- Rapidly ageing population
- Rising inequality
- Increasing recognition for diversity



### Shifting Economic Power

- Economic power shift from west to east
- Emerging economies are growth markets
- Huge untapped natural resources in Asia



### Rapid Urbanisation

- Meeting infrastructure and services investment needs
- Greater need for sustainable cities
- Technology enabled transition

Source: 1. [Global Risks Report 2022, World Economic Forum](#); 2. [PricewaterhouseCoopers \(PwC\)](#); 3. [Megatrends 2022](#)

## 1.0 Introduction (cont'd)

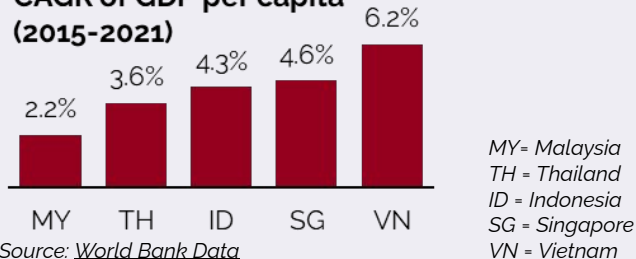
While Malaysia has seen some notable successes such as the National COVID-19 Immunisation Programme and the ratification of the Regional Comprehensive Economic Partnership (RCEP) agreement, the nation will continue to face similar global challenges.

In recent years, the country has seen:

- **Relatively slower growth**

Compound Annual Growth Rate (CAGR) of the Gross Domestic Product (GDP) per capita between 2015 and 2021 for Thailand, Indonesia, Singapore and Vietnam were higher than that for Malaysia.

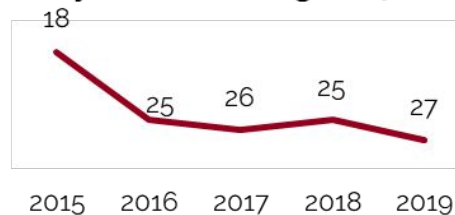
### CAGR of GDP per capita (2015-2021)



- **Declining competitiveness**

Malaysia's Global Competitiveness Index (GCI) ranking slipped nine positions between 2015 and 2019. Regional peers such as Vietnam improved during the same period.

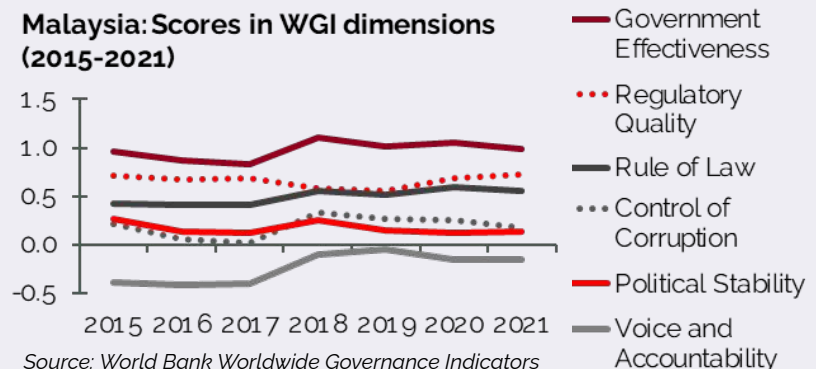
### Malaysia: GCI Ranking (2015-2019)



- **Declining public perception on governance quality**

Malaysia's Worldwide Governance Indicators (WGI) score has declined across most dimensions such as government efficiency and political stability.

### Malaysia: Scores in WGI dimensions (2015-2021)





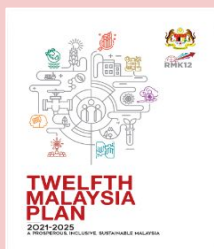
## 1.0 Introduction (cont'd)

Against this landscape, Malaysia needs to accelerate efforts in nation building for current and future generations. To address these challenges effectively and expediently, there is an urgent need for a whole-of-nation approach towards strengthening the country's fundamentals now to secure future resilience.

Nation building can be defined as a process which leads to the formation of countries in which the citizens feel a sufficient amount of commonality of interests, goals and preferences.<sup>1</sup> It can also reflect efforts to make a country fully modernised and knowledge-based with the private sector as the key growth driver.<sup>2</sup>

To this end, the Malaysian Government has formulated policies such as the Shared Prosperity Vision 2030 and the Twelfth Malaysia Plan (12MP) to promote sustainable growth and a decent standard of living for all.

Anchored on these strategic directions, businesses and society can complement nation building efforts as a shared responsibility. PLCs in Malaysia can contribute to nation building through their respective initiatives and actions. Companies that invest in efforts to enhance their performance can also generate positive spillover benefits to the nation.



### Twelfth Malaysia Plan<sup>3</sup>

*The plan aims to achieve a **prosperous, inclusive and sustainable Malaysia***



### Shared Prosperity Vision 2030<sup>4</sup>

*The vision is a commitment to make Malaysia a nation that achieves **sustainable growth with fair and equitable distribution** across income groups, ethnicities, regions and supply chains*

Source: 1. [Nation Building, Harvard University](#); 2. [Nationbuilding in Malaysia under conditions of globalization, Duisburg Working Papers on East Asian Studies](#); 3. [Twelfth Malaysia Plan](#); 4. [Shared Prosperity Vision 2030](#)

## Spotlight Tan Sri Abdul Wahid Omar, Chairman of Bursa Malaysia

In this interview, Tan Sri Abdul Wahid Omar, shares his views on what nation building means and how PLCs play an important role in contributing towards nation building.



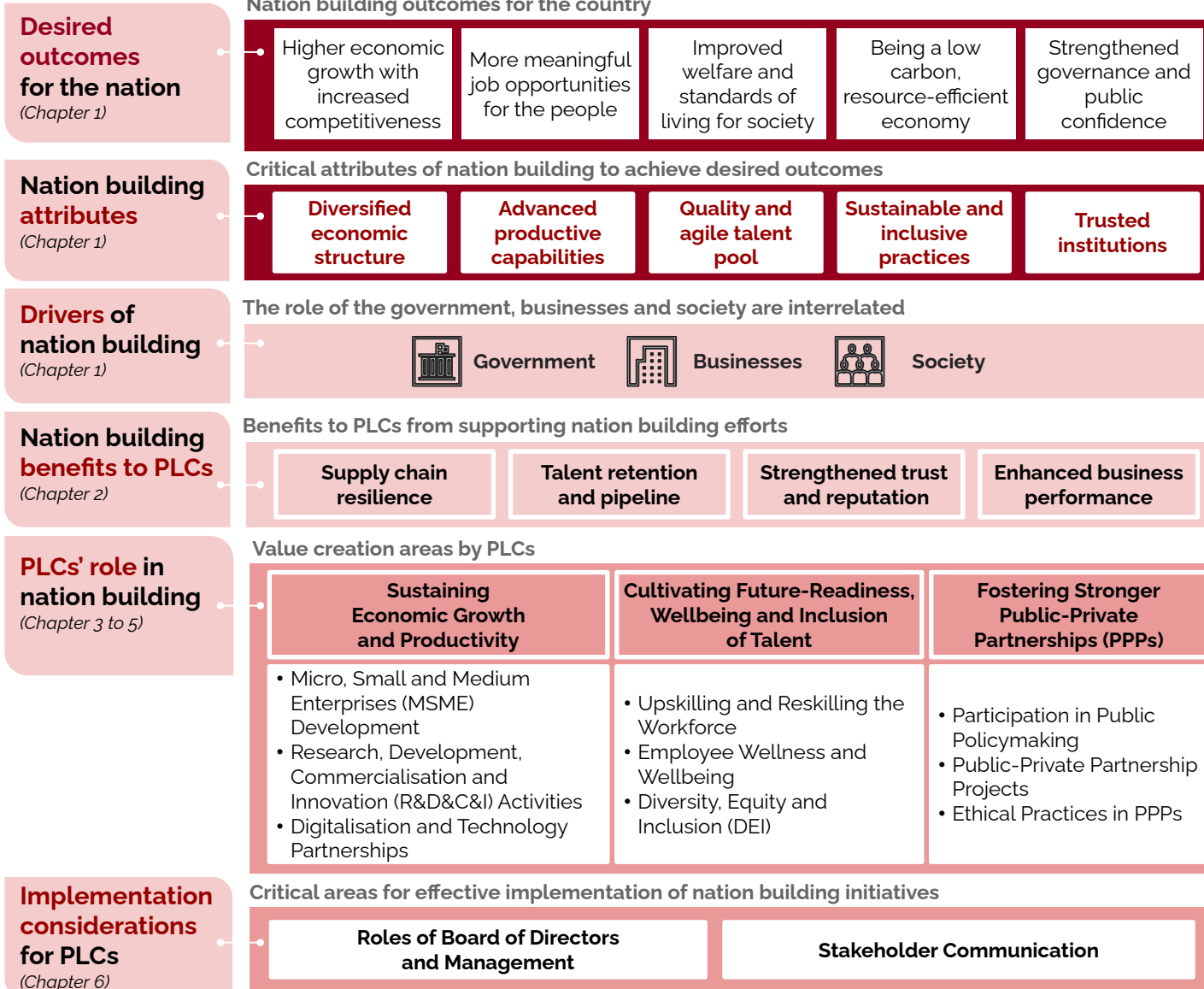
**“Nation building is about embracing the aspirations of the country. Within the context of Malaysia, it is about achieving a prosperous, inclusive and sustainable nation.** For businesses, it is about doing what we can towards achieving those aspirations and fully supporting the efforts in that respect.”

Six key takeaways on how PLCs are able to contribute towards nation building:

- 1 Spillover effects to the economy**  
By doing business well, PLCs not only grow and generate returns for shareholders, but also prosper other business partners including Small-Medium Enterprises (SMEs) and provide employment for the people along the way.
- 2 Develop a long-term perspective**  
PLCs should look at nation building from a long-term perspective. When businesses invest in nation building efforts, they will end up benefiting from it as well.
- 3 Address the needs of various stakeholders**  
Be clear about the needs and expectations of various stakeholders and address them accordingly. These include stakeholders in the marketplace, workplace, community and the environment, not just the shareholders.
- 4 Aligning business purpose with national aspirations**  
Design strategies and action plans around fulfilling that purpose in order to achieve business objectives and returns in a more sustainable manner.
- 5 Develop performance measures that encapsulate nation building efforts**  
When developing key performance indicators (KPIs), take a balanced scorecard perspective and encapsulate what the company is doing towards achieving the national aspirations.
- 6 Obtain buy-in from stakeholders**  
Board of Directors and Management need to be clear in terms of the mandates and manner to support national aspirations. The investments required, expected outcomes and targets should also be clearly communicated to the stakeholders.

# 1.1 Holistic Approach Towards Nation Building

This Guidebook presents a holistic nation building approach for PLCs as illustrated in the framework below. The elements in this framework will be elaborated in the subsequent chapters of the Guidebook.



## 1.2 Nation Building Attributes

The table below highlights key attributes of nation building in the context of this Guidebook. These attributes denote the critical aspects of nation building with regards to a country's macro fundamentals.<sup>1, 2</sup>

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 <b>Trusted institutions</b>	Shaping public and private sector organisations that are transparent, accountable and responsible towards their stakeholders

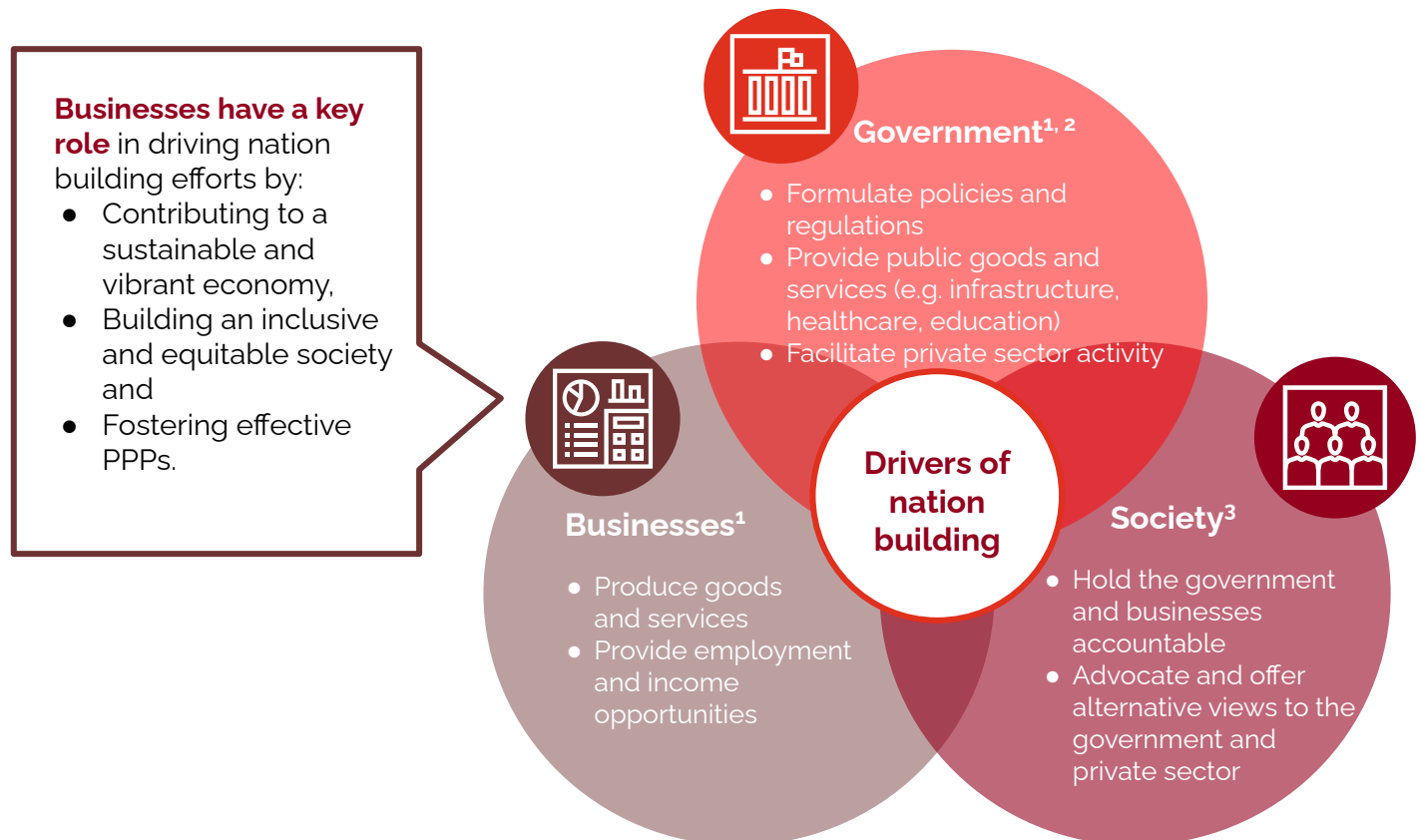
By strengthening these nation building attributes, Malaysia can benefit from several outcomes, including:

- Higher economic growth with increased competitiveness globally and regionally
- More meaningful job opportunities for the people
- Improved welfare and standards of living for society
- Being a low carbon, resource-efficient economy
- Strengthened governance and public confidence

Source: 1. *World Development Report 2013, World Bank*; 2. *Monetary and Fiscal Developments, Bank Negara Malaysia*; 3. *United Nations Framework Convention on Climate Change*; 4. *Shared Prosperity Vision 2030*

## 1.3 Drivers of Nation Building

Nation building is a shared responsibility between the government, businesses and society. To achieve the goals set in Malaysia's national development plans and shape policies to respond to the global megatrends, the government, businesses and society need to step up in their respective roles as illustrated in the chart below.



Source: 1. *The Role of Private Sector in Supporting Economic Growth and Reducing Poverty in the Indo-Pacific Region*, Australian Government Department of Foreign Affairs; 2. *Shared Prosperity Vision 2030* 3. *The Brookings Institution*

## 1.3 Drivers of Nation Building (cont'd)



### Government

Government has a pivotal role in nation building through the formulation and execution of policies and regulations at the national and state levels.

- With the revenue from tax and non-tax sources, the government is expected to deliver public goods and services.
- One of the government's function includes becoming a facilitator of private sector activities to promote greater participation from businesses and society in driving the country's development.

In Malaysia, efforts to boost business participation began in the 1980s via the introduction of the Privatisation Policy and the Promotion of Investment Act 1986.<sup>1</sup> As a result, there has been a steady rise in the real private sector share of total investments in Malaysia from 55% in 2005 to 78% in 2021 based on the Department of Statistics Malaysia's (DOSM) data.<sup>2</sup>

The Malaysian Government can utilise its policy levers to further improve the business ecosystem and standards of public service delivery to meet the needs of businesses and the people.



### Businesses

A conducive business ecosystem puts companies in a position to thrive in and complement nation building efforts. PLCs can influence the pace of the country's development, given their significant presence. There are 967 PLCs in Malaysia with a collective market capitalisation of approximately RM1.6 trillion making up a high proportion of market capitalisation to GDP.

# 967

**PLCs in Malaysia**  
(as at September 2022)<sup>3</sup>

# RM1.6 trillion

**Total market capitalisation**  
(as at September 2022)<sup>3</sup>

# 110%

**Market capitalisation  
to GDP ratio** (in 2021)<sup>4</sup>

Source: 1. [Public Private Partnership Unit \(UKAS\)](#); 2. Derived from DOSM data; 3. Data from Bursa Malaysia; 4. [CEIC Data](#)

## 1.3 Drivers of Nation Building (cont'd)



### Businesses (cont'd)

Businesses can play a role in nation building by:

- Producing quality goods and services that cater to domestic and foreign demand
- Increasing employment and income opportunities for the people
- Meeting investors' expectations of the companies' contribution to wider social and environmental impact beyond financial returns

On aggregate, these efforts can contribute towards enhancing Malaysia's competitiveness, wealth creation and standard of living.

**95%**

of Chief Executive Officers (CEOs) said **DEI is a focus for their companies** over the next one to two years<sup>1</sup>

**60%**

of BlackRock's investors ranked **governance, which includes the quality of the board of directors**, as a **current focus** in their **sustainable investment**<sup>2</sup>



### Society

Society forms an integral part of the nation building process.<sup>3</sup> Society plays a check and balance role by holding the government and businesses accountable for their actions and words. With increased activism and the advent of social media, public opinions have an accelerated and far reaching impact that affects government, business conduct and leadership decisions.<sup>4, 5</sup> Society can also engage in advocacy and offer different viewpoints to the government and private sector to nudge and shape strategic directions and efforts in nation building.<sup>3</sup>

#### The public expects PLCs to do more for society

**68%** Agree that **CEOs should step in** when the government does not fix societal problems<sup>6</sup>

**66%** Agree that **CEOs should take the lead** on change rather than waiting for government to impose change on them<sup>6</sup>

**65%** Agree that **CEOs should hold themselves accountable to the public** and not just to the board of directors or stockholders<sup>6</sup>

Source: 1. *Post Pandemic Reset: Private Equity Company CEOs Raise Significant Concerns about Talent, Summit Leadership Partners*; 2. *BlackRock Global Sustainable Investing Survey 2020*; 3. *The Brookings Institution*; 4. *Journal of Finance and Economics*; 5. *Harvard Business Review*; 6. *Edelman Trust Barometer 2021*

## 1.3 Drivers of Nation Building (cont'd)

### Example: South Korea's whole-of-nation approach towards becoming a high-income nation

South Korea's aspiration was to become a self-reliant industrial nation by securing resources, expanding basic industry and infrastructure and promoting technology adoption. There were close collaborative efforts between the government, industries and academic communities.

1. The government created **export-oriented policies** and fostered a **conducive business environment**. As a result, South Korea became the fifth biggest exporter in the world in 2020.
2. Education levels were rapidly elevated and illiteracy rate fell drastically within one generation. The **increasingly skilled and educated labour force** represents a key asset for the nation's economic growth.
3. **Businesses invested heavily in research and development (R&D)** to develop further into a **knowledge-based economy**.
4. **Close collaboration and talent mobility between industry and academia** to produce high-value added products and services.
5. **SMEs and startups began to emerge** in recent years due to support schemes from the government and collaboration with the conglomerates. Venture investments into Korean startups have **grown from US\$2.0 billion to US\$6.4 billion between 2017 and 2021**.

Source: *Nature*; *Federal Reserve Bank of St. Louis*; *World Economic Forum*; *The Practice of Industrial Policy: Government-Business Coordination in Africa and East Asia*, Oxford University Press

The spotlight below highlights how a South Korean conglomerate, SK Group, played a role in propelling national aspirations and contributed to nation building since the 1960s.

### Spotlight SK Group

#### Driving nation building by aligning strategies with national aspirations

1. **Leveraging new industrial policies and trade openness**, SK Group began exporting materials such as raw polyester in 1970s.
2. The company established a foundation to **develop and support scholars** in various fields of study.
3. SK Group **launched a research centre and began R&D on lithium-ion batteries** in the 1990s after weighing the potential societal benefits of electric batteries. The Group was the fifth-largest supplier of electric vehicle (EV) batteries in the world, with annual battery sales hitting US\$2.3 billion in 2021.
4. SK group **collaborates with universities** both within South Korea and internationally to generate research outputs on chemistry and physical sciences.
5. The company actively develops new initiatives to **collaborate with startups and social enterprises**. One such initiative is the shared-space initiative to be launched in all of their 3,600 petrol stations.

Source: *SK Energy*; *SK Group*; *World Economic Forum*



2

CREATING VALUE THROUGH  
NATION BUILDING



## 2.0 Creating Value Through Nation Building

As mentioned in the previous chapter, while the government and society have a role in nation building, businesses play an equally important role in achieving national aspirations.

Value is created through an organisation's purpose, strategy and business model taking into account all resources, capitals and relationships in an integrated manner.<sup>1</sup> Businesses can create value through nation building by aligning their purpose and goals with national aspirations. The value created by businesses through nation building efforts, particularly in areas beyond financial attributes, can benefit the country and businesses themselves. The cycle of value creation across the government, businesses and society contributes towards sustainable and inclusive development.

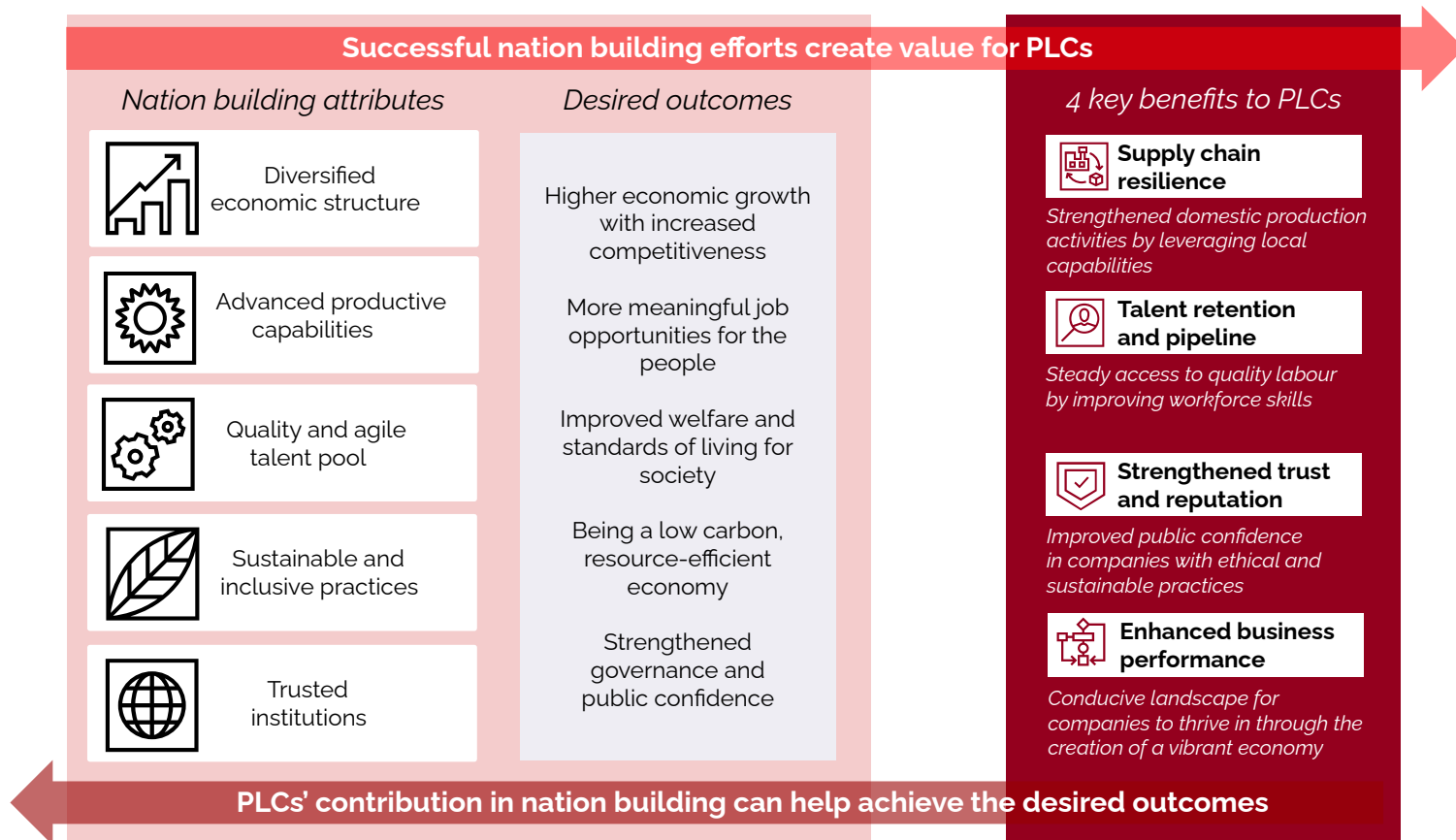
This chapter elaborates on the benefits of nation building to PLCs and outlines the areas of value creation and imperatives for PLCs in their nation building journey.



Source: 1. [International Federation of Accountants](#)

## 2.1 Nation Building and Benefits to PLCs

PLCs' efforts in contributing towards nation building not only benefit the country, but also create value across the PLCs' value chain. The outcomes from these efforts set in motion a virtuous cycle which reinforce the benefits to the nation. The diagram below depicts a mutual relationship between successful nation building and benefits to PLCs.



The following sections elaborate on the benefits for PLCs as they participate in nation building efforts, which include enhanced supply chain resilience, talent retention and pipeline, strengthened trust and reputation as well as enhanced business performance.

## 2.1 Nation Building and Benefits to PLCs (cont'd)

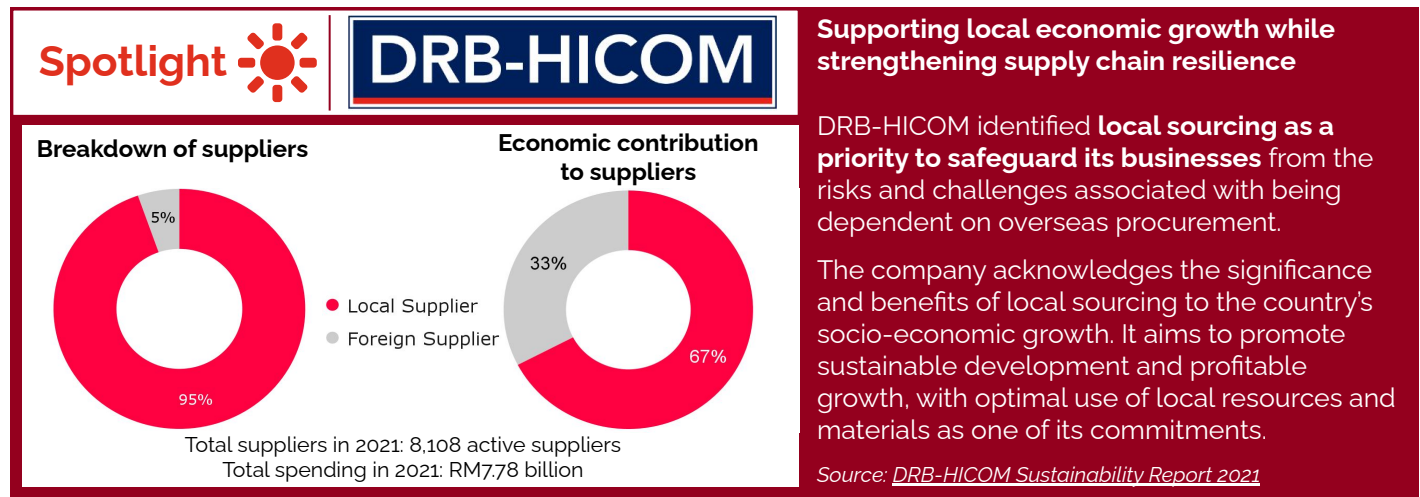
### 1. Supply chain resilience

One of the critical contributors of nation building is to build and leverage on local capabilities, particularly MSME. MSME can support PLCs in producing quality outputs efficiently and maintaining supply chain resilience for production and trade activities, thus supporting economic growth.

PLCs can enhance their supply chain resilience by enabling the widespread participation of MSME in the economy.

- In 2021, MSME constituted over 97% of total business establishments in Malaysia. 1.2 million MSME represent a pool of potential suppliers that PLCs can partner with to carry out their daily operations.<sup>1</sup>
- Companies can benefit from better supply chain management through the participation of local MSME in their supply chain. Sourcing closer to home contributes to improved, just-in-time product delivery as well as boosts supply chain agility and resilience.<sup>2, 3</sup>
- Reshoring operations back to the home country can generate positive perceptions amongst investors and the public as it is seen as a move to support local businesses.<sup>4, 5</sup>

PLCs can reorient their business strategy to reap the benefits of a more resilient supply chain.



Source: 1. [SME Corporation Malaysia](#); 2. [Chartered Institute of Procurement & Supply](#); 3. [Journal of Manufacturing Technology Management](#); 4. [Journal of Operations Management](#); 5. [Ipsos Global Trends 2020](#)

## 2.1 Nation Building and Benefits to PLCs (cont'd)

### 2. Talent retention and pipeline

A vibrant economy attracts quality talent, which enables the economy to expand further, particularly when people are deployed in ways that maximises their productive potential.<sup>1</sup> The Global Talent Competitiveness Index indicated that Switzerland, the most competitive country in attracting talent globally, scored highly in areas such as market and business landscape, as well as employee development, among others.<sup>2</sup>

PLCs are able to attract, retain and build a competent talent pool to drive business growth in a vibrant economy. PLCs can nurture a skilled workforce by pledging long-term commitment towards upskilling and anchoring workforce investment as one of the core business principles.<sup>3,4</sup> With access to a steady pipeline of quality labour and continuous efforts to maintain them, PLCs can gain further from<sup>4</sup>:

- Enhanced organisational reputation for supporting employees in their professional development
- Improved workers' morale and productivity to drive innovation within the company
- Increased savings in recruitment costs, where the costs of replacing an employee is estimated to be twice their annual salary

#### Example (Reskilling 4 Employment (R4E)): Reskilling the workforce in Europe to meet current and emerging needs

In 2021, more than five million jobs in Europe are unfilled and 55% of European Union (EU) businesses found it difficult to recruit the right specialists. As a result, R4E was launched by the European Round Table for Industry (ERT\*) to tackle unemployment and skills gap to address the changing nature of work. The programme, led by industry players (e.g. Volvo and Nestle), aims to reskill one million Europeans by 2025 with a focus on occupational areas where future demand is expected to grow, especially in the context of green and digital transitions.

Benefits for the companies and employers of the programme include:

- Access to a talent pipeline that is well-prepared to meet employers' needs (e.g. 20% to 25% of candidates continue to work within the Volvo Group after programme completion)
- Strengthened branding by being recognised as committed to reskilling and promoting apprenticeship culture

Candidates from the programme will receive practical training in the real-world context, as well as support from the R4E network to seek employment after graduation.

\*ERT is a forum for CEOs and Chairs of leading European businesses, united by the ambition to promote sustainable growth and prosperity.  
Source: *Reskilling 4 Employment*; *Reskilling 4 Employment (Sweden)*

Source: 1. *The Brookings Institution*; 2. *The Global Talent Competitiveness Index 2021, INSEAD*; 3. *Upskilling for Shared Prosperity, World Economic Forum*; 4. *Forbes*

## 2.1 Nation Building and Benefits to PLCs (cont'd)

### 3. Strengthened trust and reputation

Trust helps to fortify economic growth, strengthen political stability, promote social flourishing and enhance market attractiveness.<sup>1</sup>

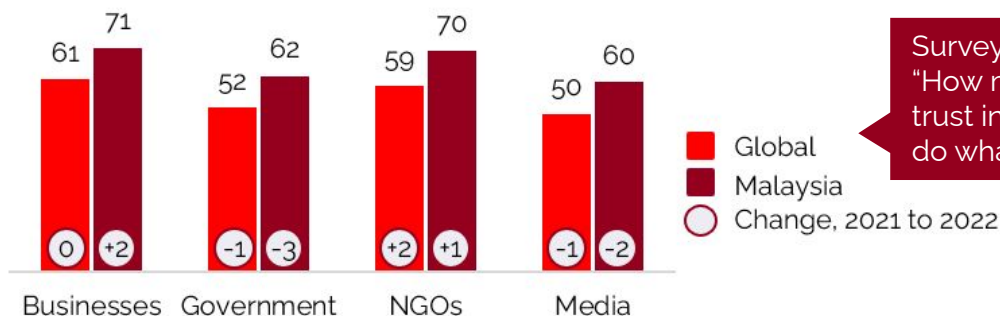
Studies have shown that there is a strong correlation between trust and GDP per capita which is an indication of economic growth.<sup>2</sup> The principles of transparency are instrumental in attracting foreign direct investment (FDI).<sup>3</sup>

The survey below indicated that in recent years, public trust in institutions have generally weakened, but trust in businesses remained the highest.<sup>4</sup>

“Trust has been called the **glue of healthy societies** and the **grease of economic productivity**. Its presence often goes without notice. But its absence is hard to miss.”

- Tim Hanstad, CEO of Chandler Foundation

#### Percent trust for each institution (2022)



Survey question:  
“How much do you trust institutions to do what is right?”

Source: Adapted from [Edelman Trust Barometer 2021](#) and [Edelman Trust Barometer 2022](#)

PLCs that promote transparency can gain customers and higher brand loyalty.<sup>5</sup> PLCs can foster consumers' trust and confidence by:

- Creating an environment built on ethics and integrity across the company's business ecosystem
- Providing quality products and services that consumers can trust
- Being socially responsible and promoting employee wellness and wellbeing

Source: 1. [World Economic Forum](#); 2. [Our World in Data](#); 3. [Foreign Direct Investment for Development, Organisation for Economic Co-operation and Development \(OECD\)](#); 4. [Edelman Trust Barometer 2022](#)

## 2.1 Nation Building and Benefits to PLCs (cont'd)

### Spotlight UEM Sunrise Berhad

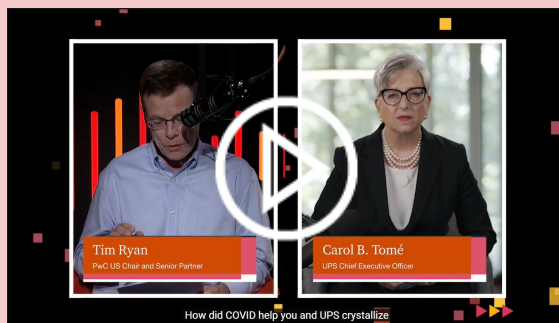
#### Building trust with transparency in times of uncertainty

UEM Sunrise is one of Malaysia's leading property developers. In the company's 2020 and 2021 annual reports, UEM Sunrise **openly discussed how the pandemic has affected and could further erode the company's performance**. They were also **transparent in the liquidity risks the company was facing**, as well as measures taken to manage liquidity in a period when there were changes in senior leadership. As a result, the company had managed to narrow their net loss gradually within a year.

As one of the finalists of PwC's Building Trust Awards (BTA) 2021, the BTA judges observed that UEM Sunrise had **demonstrated its capability to meet stakeholders' expectations**, which strengthened its trust and reputation. UEM embarked on a number of digital initiatives to upgrade their back office functions and launched a few hub-themed mobile apps to improve its customer services. The company also acted upon employees' feedback by launching new programmes to address employees' digital literacy needs during the Movement Control Order.

Source: [UEM Sunrise Integrated Report 2021](#); [News, UEM Sunrise](#)

**Example:** In this video interview, UPS CEO, Carol Tome describes the company's purpose and how it builds trust in times of chaos by delivering goods to their customers while taking care of their employees' welfare.



Source: [Pulse Podcast, PwC US](#)

"The **public expectations of your company have never been greater**. Every company must not only deliver financial performance, but **also show how it makes a positive contribution to society**. Without a sense of purpose, no company, either public or private, can achieve its full potential."

- Larry Fink, CEO of Blackrock, 2018

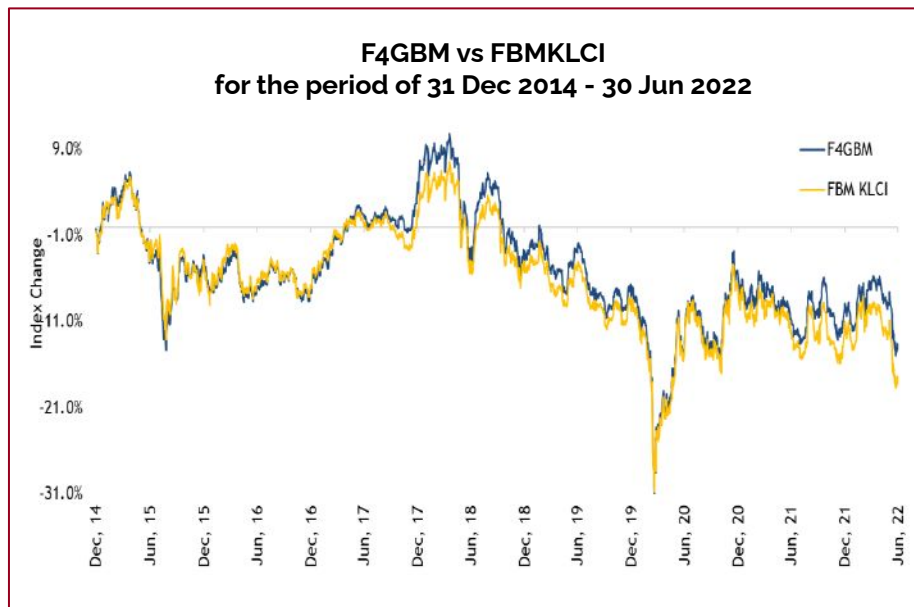
## 2.1 Nation Building and Benefits to PLCs (cont'd)

### 4. Enhanced business performance

Over the years, the private sector has been a major driver of capital spending in Malaysia. In 2021, private investments accounted for 78% of total investments,<sup>1</sup> with businesses playing a key role in supporting the nation's development through investments in advanced technologies and commercial projects.

With a more sustained economic growth, PLCs can benefit from the opportunities of increased revenue and profitability. To attract high quality investments, the National Investment Policy was introduced to develop a more vibrant investment ecosystem.<sup>2</sup> PLCs can contribute to improving the investment ecosystem by<sup>2</sup>:

- Investing in R&D&C&I and help the industry to move up the value chain
- Creating high-value job opportunities that can lead to increased income levels
- Extending domestic linkages with local suppliers that are internationally competitive
- Improving inclusivity to balance the economic development
- Strengthening trust, reputation and performance by enhancing environmental, social and governance (ESG) practices as illustrated below



The FTSE4Good Bursa Malaysia (F4GBM) Index constitutes PLCs from across sectors and market capitalisation segments. The index is designed to identify Malaysian PLCs with recognised corporate responsibility practices.<sup>3, 4</sup>

Bursa's analysis shows that **PLCs that adopt stronger ESG practices tend to perform better**, as the F4GBM Index has generally outperformed the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBMKLCI) since its launch in 2014. Between 2017 and 2022, the F4GBM's total returns are approximately 4.3% higher than that of FBMKLCI.

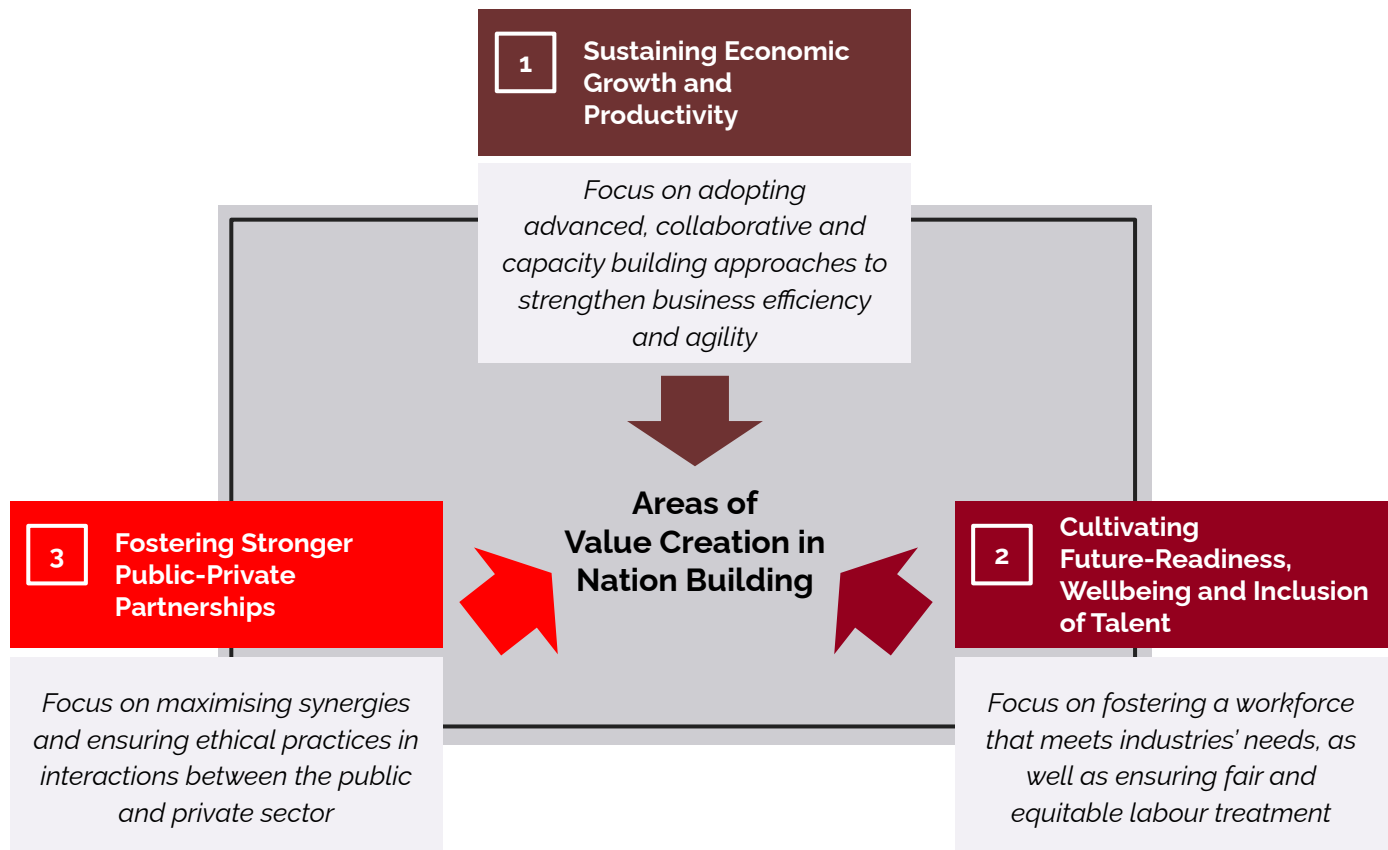
Source: 1. *DOSM*; 2. *National Investment Policy, Ministry of International Trade and Industry (MITI)*; 3. *Bursa Malaysia*; 4. *FTSE Russell*



## 2.2 PLCs' Role in Nation Building

This section sets out three areas of value creation that PLCs can play a direct role in and are guided by key priorities in Malaysia's national plans:

- Sustaining economic growth and productivity
- Cultivating future-readiness, wellbeing and inclusion of talent
- Fostering stronger PPPs



## 2.2 PLCs' Role in Nation Building (cont'd)

The following details out the specific imperatives that underpin the areas of value creation in nation building:

<p><b>1</b> Sustaining Economic Growth and Productivity</p>	<p><b>2</b> Cultivating Future-Readiness, Wellbeing and Inclusion of Talent</p>	<p><b>3</b> Fostering Stronger Public-Private Partnerships</p>
<p><b>Imperatives:</b></p> <p><b>i. Micro, Small and Medium Enterprises (MSME) Development</b> Build local capabilities by diversifying suppliers to include and develop MSME where opportunities arise</p> <p><b>ii. Research, Development, Commercialisation and Innovation (R&amp;D&amp;C&amp;I) Activities</b> Invest in R&amp;D and innovation to drive commercialisation of new products and services and improve productivity</p> <p><b>iii. Digitalisation and Technology Partnerships</b> Accelerate digital transformation and build synergistic relationships with other industry players including emerging technology startups</p>	<p><b>Imperatives:</b></p> <p><b>iv. Upskilling and Reskilling the Workforce</b> Design and implement relevant skills training for employees, as well as create opportunities for future talent to gain education and industry experience in PLCs</p> <p><b>vi. Employee Wellness and Wellbeing</b> Proactively care for employees' physical and mental wellness and wellbeing at the workplace</p> <p><b>v. Diversity, Equity and Inclusion (DEI)</b> Embed DEI throughout the employee's lifecycle, such as during recruitment, training and development as well as promotion</p>	<p><b>Imperatives:</b></p> <p><b>vii. Participation in Public Policymaking</b> Share PLCs' views, information and data in their respective areas of expertise for policy discourse</p> <p><b>viii. Public-Private Partnership (PPP) Projects</b> Initiate mutually beneficial projects with new business models between PLCs and the public sector</p> <p><b>ix. Ethical Practices in PPPs</b> Embed and promote ethical and sustainable practices in the companies and its PPPs</p>

## 2.3 Embedding Nation Building in Corporate Strategy

PLCs can proactively participate in the process of nation building by incorporating relevant areas of value creation and the associated imperatives into their corporate strategy. The extent of PLCs' contribution towards nation building may vary based on their respective purpose, strategic direction, business priorities and resources, among others. There are three key principles that can guide PLCs toward effective participation in nation building efforts, namely, alignment with purpose, commitment and agility.

	Alignment with purpose	Commitment	Agility
Description	Define and determine PLCs' business purpose that complements nation building attributes to maximise impact to the company and the country	Demonstrate willingness and intent to invest in specific areas over the long term	Adapt and refine strategic direction based on latest needs and trends

Below is an illustration of how the principles above are put into practice in Sime Darby Berhad's initiatives.

Spotlight



Sime Darby Berhad

Sime Darby Berhad is one of the largest conglomerates in Southeast Asia with businesses in industrial equipment, automotive and healthcare. Examples of initiatives demonstrated are:

**Alignment with purpose:** The company's continuous effort, over the last 110 years, to improve its operations and performance while ensuring good corporate governance and sustainable practices are aligned with its purpose in creating value for its stakeholders (i.e. shareholders, customers, employees and society).

**Commitment:** The company's targets and initiatives under its Sustainability Blueprint are aligned with the nation's net zero target and the United Nations' 17 Sustainable Development Goals.

**Agility:** In preparation for the EV revolution and to capitalise on the opportunities that will follow, the company has set up a new business unit, KINETA, which supplies and installs EV chargers and EV charging solutions in Malaysia and Hong Kong.

*Source: Sime Darby Annual Report 2022*

## 2.4 Demonstrating Impact

In line with national development plans such as the 12MP, various macro-indicators can be used to measure the success of nation building across the economic, social and sustainability dimensions.

These measures will enable PLCs to ascertain and demonstrate the wider impact from their nation building efforts on various stakeholders, while also highlighting areas that may require further focus and investment.

Nation building outcome	Macro-indicator
<b>Higher economic growth with increased competitiveness globally and regionally</b>	<ul style="list-style-type: none"> <li>Gross Domestic Product (GDP) growth*</li> <li>Gross national income (GNI) per capita*</li> <li>Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI)</li> <li>Global Competitiveness Index (GCI)</li> <li>Global Innovation Index (GII)</li> <li>Labour productivity growth*</li> </ul>
<b>More meaningful job opportunities for the people</b>	<ul style="list-style-type: none"> <li>Labour force participation rate (LFPR)**</li> <li>Increase in high-skilled workers</li> </ul>
<b>Improved welfare and standards of living for society</b>	<ul style="list-style-type: none"> <li>Malaysian Wellbeing Index growth*</li> <li>Average monthly household income*</li> <li>Gini coefficient</li> <li>Share of compensation of employees*</li> <li>Median wage ratio</li> </ul>
<b>Being a low carbon, resource-efficient economy</b>	<ul style="list-style-type: none"> <li>Net zero greenhouse gas (GHG) emission nation by 2050</li> </ul>
<b>Strengthened governance and public confidence</b>	<ul style="list-style-type: none"> <li>Worldwide Governance Indicators</li> <li>Ease of Doing Business Ranking</li> </ul>

Note: List is non-exhaustive

\* 12MP selected targets<sup>1</sup>

\*\* Including Female LFPR

These macro-indicators can be tied to the Key Metrics in [Chapter 3](#), [Chapter 4](#) and [Chapter 5](#).

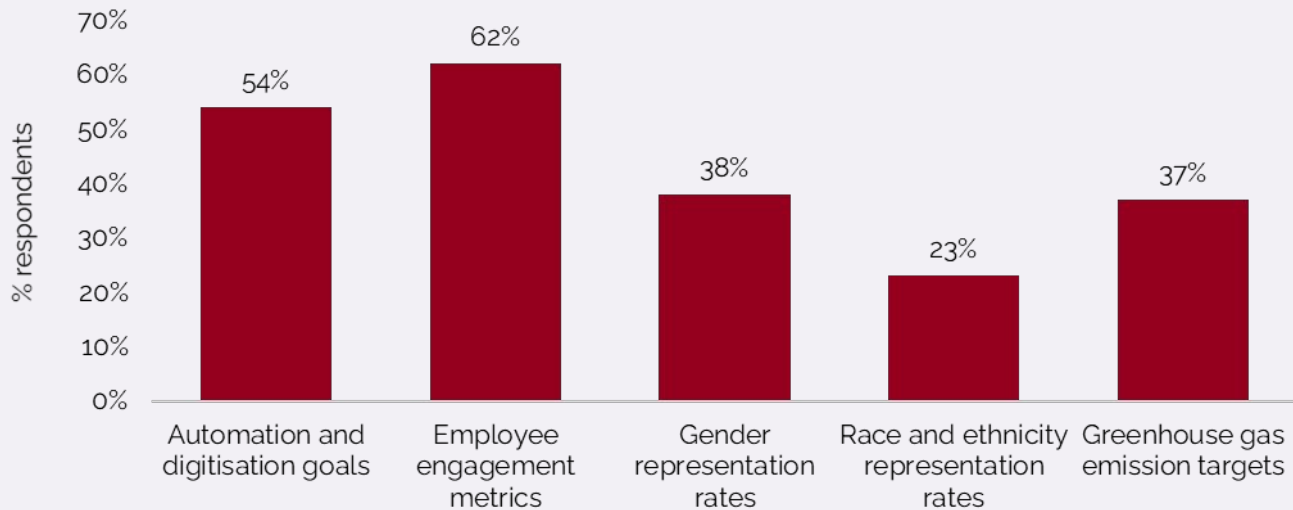
Source: 1. [Twelfth Malaysia Plan](#)

## 2.4 Demonstrating Impact (cont'd)

Companies are cognisant of the need to demonstrate impact beyond financial metrics. Non-financial metrics such as digitalisation, employee engagement and gender diversity enable companies to measure activities which contribute to their strategic goals and future financial performance. Non-financial metrics also inform investors on the sustainability of a company's operations and enables investors to gauge a company's medium to long term success.

The PwC's 25th Annual Global CEO Survey indicates that companies are interested in embedding non-financial metrics into their long-term corporate strategy as depicted in the survey findings below.

### Inclusion of non-financial metrics in long-term corporate strategy



Source: Adapted from [PwC's 25th Annual Global CEO Survey](#)

Institutional investors also prioritise a balance between financial and non-financial performance of PLCs, based on the limited survey done with selected Malaysian investors (covered in [Guidebook 1](#)). Companies that track and report the impact from their carbon emissions (covered in [Guidebook 2](#)) also demonstrate their contribution to Malaysia's net zero commitment.

# 3

## SUSTAINING ECONOMIC GROWTH AND PRODUCTIVITY



## 3.0 Sustaining Economic Growth and Productivity

Sustaining economic growth and productivity is paramount to ensure economic welfare and prosperity of the country.<sup>1</sup> With greater productivity, a country can produce more goods and services with the same amount of inputs.

Productivity is driven by several factors including innovation, market efficiency, labour quality, enabling infrastructure and institutional strengths, among others.<sup>2-3</sup> In particular, various empirical studies have shown that innovation (proxied by R&D investments) alongside the adoption of new technologies are common contributors to productivity growth.<sup>2-4</sup> The effects of technological improvements can be amplified through a production chain, which in turn plays a role in shaping long-term developments in prices, output, growth and structural changes.<sup>5</sup>

This chapter focuses on how PLCs can focus their efforts in MSME development along its supply chain, investment in R&D&C&I activities and digitalisation. These are also in line with the priority areas of the 12MP. By pursuing these efforts, PLCs can support nation building while harnessing benefits from sustaining economic growth and productivity.



Source: 1. [Reserve Bank of Australia](#); 2. [Productivity Growth, World Bank](#); 3. [Revisiting the Determinants of Productivity Growth, International Monetary Fund](#); 4. [OECD](#); 5. [Proceedings of the National Academy of Sciences](#)

## 3.1 MSME Development

MSME have a sizeable presence in the Malaysian economy. They contribute more than one-third to Malaysia's GDP and close to half of total employment in 2021.<sup>1</sup> The number of MSME have increased to 1.2 million, with an average growth rate of 5.2% per annum since 2016.<sup>2</sup> Efforts to advance the capabilities of MSME can significantly contribute towards the nation's development.<sup>3</sup>

Local MSME continue to face certain challenges, such as moving up the value chain and penetrating the global market. These are due to limited access to financing and insufficient know-how.<sup>4</sup>

PLCs are able to assist by increasing participation of MSME in their business operations. As MSME strengthen their network with larger companies, they can improve productivity with better access to markets, technologies and knowledge.<sup>5</sup>

By supporting the development of MSME, PLCs can harness the following benefits:

- Improved local capabilities can enhance supply chain resilience by providing large companies more control over their production inputs while offering shorter lead times.<sup>6, 7</sup>
- Greater MSME participation in the supply chain of PLCs may spur higher demand for goods and services, as customers' purchasing behaviour is influenced by where companies source their inputs from.<sup>8</sup>

Efforts to support MSME complement the 12MP's targets to increase the average annual growth of labour productivity of MSME to 3.5% and MSME contribution to GDP to 45%.<sup>4</sup>

"SMEs account for a significant percentage of GDP and they are the backbone of most economies and supply chains. Policy and programmes that foster the growth of SMEs to engage successfully in international trade not only drive job growth but provide broad economic benefit and value."

Source: [Asia-Pacific Economic Cooperation \(APEC\)](#)



**Globally, there is public support for buying from local brands or retailers**

**70%** are more likely to purchase locally-grown products<sup>9</sup>

**The trend is similar among Malaysians**

**~60%** of Malaysians are buying more from local entrepreneurs<sup>10, 11</sup>

Source: 1. [DOSM](#); 2. [SME Corporation Malaysia](#); 3. [Asia-Pacific Economic Cooperation \(APEC\)](#); 4. [Twelfth Malaysia Plan](#); 5. [The United Nations University The United Nations University World Institute for Development Economics Research](#); 6. [Chartered Institute of Procurement & Supply](#); 7. [Journal of Manufacturing Technology Management](#); 8. [Sustainability](#); 9. [Ipsos Global Trends 2020](#); 10. [New Straits Times](#); 11. [The Malaysian Reserve](#)



## Spotlight UMW Holdings Berhad

### Optimising cost and increasing competitiveness through local sourcing

Local sourcing is an integral part of UMW's "cost optimisation and synergy" strategy and how they manage their supply chain. The Perodua Ativa's **95% localisation rate led to a competitive pricing advantage** for the company, which received 6,000 bookings made for the model within two days of its launch in 2021.

The company **improved its margins** by enhancing its business synergies with a **local assembly plant coupled with higher local content** in the Toyota Vios and Yaris models. The assembly plant was also used to produce the company's first locally assembled Hybrid Electric Vehicle, in line with the company's sustainability and carbon neutrality goals.

**The benefits of local sourcing** as described by UMW:

- more efficient lead time and delivery to facilitate just-in-time processes
- enhanced resilience from currency fluctuations
- lower logistics costs

**Value created for local vendors:**

- increased opportunities to participate in the export market
- enhanced cost competitiveness and capabilities to take advantage of the growing demand for vehicles

UMW seeks to invigorate the local automotive industry and ensure that its production needs are met by **setting clear targets for procurement of locally sourced components**.

**In 2021, approximately...**

**54%** of UMW's procurement budget was spent on local suppliers

**45%** of UMW's suppliers were local

UMW aims to continue working with local vendors to elevate the vendors' capabilities. This will be achieved through the introduction of cutting-edge technologies in locally assembled vehicles and digitalisation of their suppliers' manufacturing processes. Subsequently, these measures help to create more jobs and upskilling opportunities for talents in the local automotive industry.

UMW's strategies contribute to the nation's competitiveness and the automotive industry's future-readiness, in line with the National Automotive Policy 2020 and National Roadmap for Automotive & Mobility Talent.

*Source: [Newsroom 2021, UMW Holdings](#); [Newsroom 2019, UMW Holdings](#); [UMW Holdings Integrated Annual Report 2020](#); Interview with President and Group CEO, UMW Holdings Berhad (2022)*

## 3.1 MSME Development (cont'd)

There are several ways in which PLCs can support MSME. This would include expanding their network of local suppliers and supporting MSME in terms of capacity and capability building. The intended outcome is to develop an integrated, resilient domestic supply chain that is supported by highly capable MSME. Below are several steps that PLCs can take to incorporate MSME into their supply chain.<sup>1,2</sup>

1

### Adopt holistic supply chain analysis approach

Holistic analysis of the supply chain includes identifying the types, quantity, combination, value and geographical origin of inputs. Opportunities for MSME can be identified from detailed value chain analysis (e.g. aspects of logistics, sales, technology, raw materials procurement) to reduce costs or improve product differentiation.<sup>3</sup>

2

### Assess benefits and hurdles

Assess the relevant environmental and societal benefits of sourcing from local MSME, as well as benefits for the business. These may include:

- Reduction of carbon footprint
- Increased employment and job creation
- Better control over supply of inputs and reduced currency risk

Identify key hurdles of local sourcing (e.g. product quality, pricing) and potential costs of intervention. These hurdles can be managed by reviewing supplier selection criteria and developing better business-matching platforms, among others.

3

### Establish partnerships with local entities

Leverage local partnerships to identify solutions to address hurdles. Conversations with industry associations and government agencies and ministries could provide further background on hurdles and resolution opportunities (i.e. regulatory insights and alternative local inputs).

4

### Develop local capacities and capabilities

Explore potential initiatives to develop skills and capabilities of local suppliers to help meet the company's demands. Depending on the root cause of hurdles, capacity building initiatives could range from improving the ability of MSME to meet industry standards to co-investing with local partners to improve local production of inputs.

Source: 1. *Unlocking the benefits of local sourcing for companies and society*, German Investment Corporation; 2. *Local Value Creation*, PwC; 3. *Harvard Business School*



## Farm Fresh Berhad

### Empowering local communities with knowledge transfer, employment opportunities and MSME development programmes

Farm Fresh has been successful in establishing a nation-wide multi-channel distribution network that involves **micro-entrepreneurs in rural areas**.

The home dealer programme provides **additional opportunities for homemakers to earn from home** and **enhance accessibility to quality locally-made dairy products in underserved areas**. In 2022, the programme accounted for 30% of Farm Fresh's total revenue. Farm Fresh was also awarded the Association of Southeast Asian Nations (ASEAN) Inclusive Business Award in 2020 for the company's positive social influence produced through this programme.

Farm Fresh has a **"local first" policy** that guides its talent and supply sourcing approach across the operational footprint by **prioritising local resources**. For example, the Farm Fresh Scholarship Programme funds the educational expenditure of indigenous students and hires selected students in the communities for full-time employment.

The company also **forms partnerships with local farmers to uplift them** through:

- Providing technical support throughout all stages of production
- Mentorship for knowledge transfer
- Promoting and paying fair market price to the farmers

In 2022, this local farmers' network led to RM3.2 million in income generation for farmers and enabled the company to meet its dairy demand. This initiative is also in line with **Malaysia's aspiration for 100% self-sufficiency level (SSL)** in local fresh milk production by 2025.

Source: *Farm Fresh Annual Report 2022*; *National Agrofood Policy 2021-2030*

The home dealer programme comprises...

**45** → **900** → **1.7k**  
stockists      home dealers      agents

and generated...

**RM134 mil.**  
in income for the  
micro-entrepreneurs

of which...

**80%**  
are women

## 3.2 Research, Development, Commercialisation and Innovation (R&D&C&I) Activities

R&D is a significant driving force of wealth generation and economic growth. It also enhances domestic capabilities to respond to emerging trends, such as the Fourth Industrial Revolution (4IR) and the push for climate action. Equally important are process and product innovation practices\*, which can lift productivity growth and accelerate the development of high value-added products and services over the long term.<sup>1</sup>

In recent years, Malaysia's GII ranking has been declining.<sup>2</sup> While the country aims to be in the top 20 in GII ranking by 2025,<sup>1</sup> challenges remain in cultivating R&D&C&I practices at the national and local levels.

R&D expenditure in the country has been falling since 2016. In addition, the R&D commercialisation rate in local public universities was only 4.3% in 2019 due to insufficient market knowledge and network.<sup>1</sup>

There is an urgent need to intensify R&D&C&I activities in Malaysia to maximise the benefits. As such, 12MP aims to increase gross expenditure on R&D (GERD) to 2.5% of GDP by 2025 of which 70% is to be contributed by businesses. Higher investment in R&D spending would also help to improve Malaysia's GII ranking.

\*Process innovation is the implementation of a new or significantly improved production or delivery method.<sup>3</sup>  
Product innovation is the introduction of goods or services that are new or significantly improved.<sup>4</sup>

Source: 1. [Twelfth Malaysia Plan](#); 2. [Global Innovation Index 2021](#);  
3. [Process Innovation, European Commission](#);  
4. [Product Innovation, European Commission](#)

### Malaysia's ranking and target in the GII



in 2015<sup>2</sup>



in 2020<sup>2</sup>



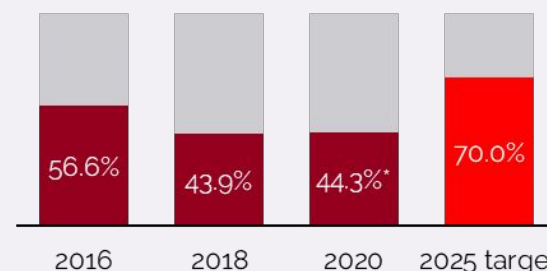
2025 target<sup>1</sup>

### Gross Expenditure on R&D (% of GDP)



12MP target of 2.5% gross expenditure on R&D (GERD) to GDP by 2025

### Business Expenditure on R&D (% of GERD)



12MP target for business expenditure on R&D (BERD)

Source: [Twelfth Malaysia Plan](#)

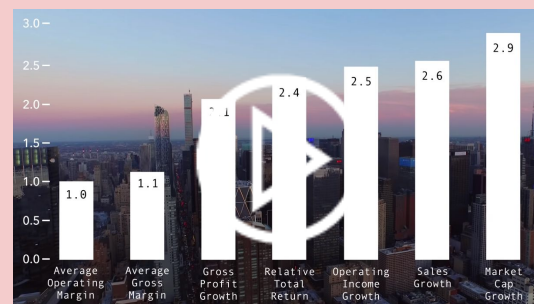
\*2020 calculations based on data from [Economic Planning Unit](#)

## 3.2 Research, Development, Commercialisation and Innovation (R&D&C&I) Activities (cont'd)

PLCs that invest in higher R&D&C&I activities are more likely to achieve better financial performance, market capitalisation and production performance, as highlighted in the example and company spotlight below.

**Example:** The Global Innovation 1000 study investigates trends at the world's 1000 largest corporate R&D spenders, which include household brands such as Apple, Intel and Toyota.

The Global Innovation 1000 companies collectively account for 40% of the world's R&D spending in 2018, from all sources, including corporate and government sources. From the period between 2012 and 2018, the study shows how companies can make the most of their R&D investment and outpace their competition. From 2012 to 2017, these companies had **sales growth 2.6 times** and **market capitalisation 2.9 times** as high as other companies on the Global Innovation 1000 list.



Source: *The Global Innovation 1000 study, Strategy&; Strategy+Business; 2018 Global Innovation 1000 study: What the top innovators get right*

### Spotlight

### Sime Darby Plantation Berhad

#### R&D investment and collaboration with local researchers

Sime Darby Plantation Berhad, as one of the world's largest producers of certified sustainable palm oil, **invests heavily in agricultural R&D**, particularly in the field of oil palm genomic research. In order to apply the laboratory research in the plantations for field testing, the company also **tested and utilised innovative monitoring solutions** for performance tracking purposes. This venture, which was a collaboration with a university, has enabled the company to achieve a **15% improvement in production yield**.

The video below provides more information on the breakthrough



Source: *Sime Darby Plantation; Sime Darby Plantation: Breakthrough Innovation*

## Spotlight PETRONAS Ventures

### Investing in innovative solutions to maintain a competitive edge and position itself for future growth

PETRONAS' corporate venture capital arm, PETRONAS Ventures, invests in visionary entrepreneurs with breakthrough technologies and innovative business models that support PETRONAS' business growth and sustainability agenda. Its investment verticals focus on Industry 4.0, advanced materials and specialty chemicals, as well as the future of energy. Below are two examples of companies in PETRONAS Ventures' portfolio.

#### Example 1: Driving the deployment and commercialisation of innovative drone-based solutions (Aerodyne)

In 2022, PETRONAS has led Aerodyne's funding round which enabled Aerodyne to secure US\$30 million for its business to scale up further globally. The companies have since engaged in a collaboration to explore the commercialisation opportunities of drone-based enterprise solutions. Both parties will also jointly explore the technical and economic viability of drone solutions to increase logistics efficiency and speed. This collaboration will combine PETRONAS' in-house technologies with Aerodyne's expertise in drone-based technology to improve safety and reduce carbon footprint at worksites.

#### Example 2: Investing in solar energy startup to complement business growth (SOLS Energy)

SOLS Energy is a graduate of PETRONAS FutureTech Accelerator programme in 2019. In 2020, PETRONAS began investing in this startup which provides solar photovoltaic system for residential and SME sectors in Malaysia. With this investment, PETRONAS strengthens its commitment in the renewable energy space as a solutions partner, as this initiative is in line with the company's sustainability agenda and business growth in the solar market.

**PETRONAS FutureTech Accelerator** is the company's technology growth accelerator programme to influence Malaysia's technology startup ecosystem and support Malaysian startups to succeed in the global marketplace. Through the programme, PETRONAS aims to maximise the value impact for:

- **Startups** via fast track commercialisation and expansion of networks for increased visibility and business matching
- **The nation** by unlocking synergies between industries and the government to spur growth of Malaysian startups, create employment, and accelerate technology development to industries
- **PETRONAS and its partners** by leveraging innovation to help the business find new growth opportunities to solve business challenges

Source: [PETRONAS Ventures](#); [Digital News Asia](#); [PETRONAS Media Release](#); [PETRONAS Press Release](#)

## 3.2 Research, Development, Commercialisation and Innovation (R&D&C&I) Activities (cont'd)

PLCs can allocate resources for R&D&C&I activities and complement the nation's efforts to move up the value chain, while expanding the potential of new revenue streams. The following steps can be taken by PLCs to accelerate R&D&C&I through collaboration and investments.<sup>1</sup>

1

### Assess gaps and pain points to guide R&D&C&I strategies

Companies should invest in new R&D&C&I strategies that are needed to achieve business objectives (i.e. whether for new revenue sources, operational efficiency or respond to market developments and national imperatives).

Companies are able to create value and positive impact for specific economic sectors by:

- Aligning with the Ministry of Science, Technology and Innovation's 10-10 Malaysian Science, Technology, Innovation and Economy (MySTIE) Framework<sup>2</sup>
- Using 12MP as a guide to intensify R&D&C&I activities that contribute to sustainable economic growth (i.e. Chapter 3, Chapter 8 and Chapter 11 of the 12MP)

2

### Identify innovation approach that is anchored on company's goals

Companies can identify the right approach that fits their innovation goals and capabilities, as well as the impact that the company aims to create in the market. The types of innovation include<sup>3</sup>:

- Incremental innovation - Gradual, continuous improvements on existing products and services, typically utilising existing technology
- Disruptive innovation - Development of new business models or technologies that disrupts the existing market

The approach that is selected should help the company align its innovation and financial goals to achieve optimal returns. It can also guide the company's metrics-setting process to track the impact of its R&D&C&I activities.

Source: 1. *Reinventing innovation. PwC*; 2. *10-10 MySTIE Framework*; 3. *Digital Leadership*

## 3.2 Research, Development, Commercialisation and Innovation (R&D&C&I) Activities (*cont'd*)

3

### Collaborate with local institutions on R&D&C&I

PLCs can provide industry insights and go-to-market strategies by collaborating with local institutions to maximise the potential of product commercialisation. This includes accelerating the growth of local innovators by supporting their commercialisation process or participating in “sandbox” initiatives, such as the National Technology & Innovation Sandbox (NTIS).<sup>1</sup> Successful commercialisation can yield valuable intellectual property assets and new revenue streams. The collaboration can encourage local researchers to innovate and commercialise their products.

4

### Create a conducive environment to promote innovation

Internal processes may be enhanced to stimulate R&D&C&I. For innovation to be successful and sustainable, companies need to create a conducive environment and promote an innovation culture. This can be done by:

- Fostering the skills, mindset and creativity in the workplace
- Facilitating the sharing of resources, ideas and knowledge across a variety of disciplines
- Soliciting feedback and input from internal and external stakeholders involved in R&D&C&I, as they can provide valuable insights from a consumers' perspectives
- Allocating time and resources to develop and test innovative ideas

Source: 1. [National Technology & Innovation Sandbox \(NTIS\)](#)



## 3.3 Digitalisation and Technology Partnerships

Digitalisation has been driven by various factors over the years, including the need to increase business agility, improve user experience and meet citizen's demand for efficiency and transparency.<sup>1, 2</sup> The COVID-19 pandemic has accelerated the pace of digitalisation to mitigate the effects of the lockdowns. Since then, digitalisation remains at the core of structural reforms to realise the full potential of a country's developmental objectives.

Emerging technologies will play a role in driving sustainable growth for the nation by enhancing socio-environmental wellbeing for all. Some of these technologies are being utilised to address a myriad of global socio-environmental challenges. Examples include:

- Clean energy and emission reduction solutions which help tackle climate change<sup>3</sup>
- Use of satellites and drones in precision farming to address food security issues<sup>4</sup>
- Use of Internet of things (IoT) and cloud data for effective disaster mitigation and early warning system<sup>5</sup>
- Wearable technologies and virtual healthcare which increase healthcare accessibility for elderly, disabled and rural communities<sup>6</sup>
- Genomics and DNA sequencing for rapid and accurate diagnosis of rare diseases<sup>7</sup>

Malaysia is ramping up efforts to expedite digital transformation through various digital blueprints. Industry-led participation from PLCs is vital to drive the deployment of technologies to deliver meaningful impact for the nation. Furthermore, being at the forefront of digitalisation gives PLCs an advantage in highly competitive markets (covered in Guidebook 4).



### Malaysia Digital Economy (MyDigital) Blueprint<sup>2</sup>

The private sector is encouraged to capitalise on digital platforms, ecosystems and marketplaces in their activities, and collaborate with the public sector and civil society organisations in new partnership models.



### National 4IR Policy<sup>8</sup>

The private sector plays a role in driving the national 4IR agenda by leading a responsible and sustainable approach in delivering goods and services. Private sector players need to invest in innovation and adopt digital solutions, as well as take the lead for several of the National 4IR Policy initiatives.

Source: 1. [Data Clarity](#); 2. [Malaysia Digital Economy Blueprint](#); 3. [Deutsche Welle](#); 4. [World Economic Forum](#); 5. [Disruptive technologies and their use in disaster risk reduction and management, International Telecommunication Union](#); 6. [Forbes](#); 7. [Stanford Medicine](#); 8. [National Fourth Industrial Revolution \(4IR\) Policy](#)

## 3.3 Digitalisation and Technology Partnerships (cont'd)



### TMC Life Sciences Berhad

Harnessing a more secure digital ecosystem for the future of healthcare

TMC identified the need for a robust solution to address challenges such as insufficient infrastructure to support remote work, unsecured conference calls and the lack of centralised document storage. Furthermore, the lockdown in 2020 induced a paradigm shift that pushed the company to venture into telehealth, telemedicine and teleconsulting. This need for rapid digital transformation prompted TMC to adopt an integrated multi-solution digital platform to elevate their day-to-day operations. The successful implementation of the platform resulted in:

- Improved document management, with the aim to go paperless
- Greater clarity in communication as employees are connected through a centralised depository
- More focus on providing value-based care to patients through various platforms and channels, including digital health

Source: [Microsoft Customer Stories](#); case study courtesy of Microsoft Malaysia

The example below shows how PLCs can play a part in the digitalisation journey of public sector agencies, in line with national aspirations.

### Example: Digitising Sarawak's public sector, future-proofing industries and building resilience with digital skills

The Government of Sarawak is collaborating with technology providers to accelerate digital transformation within the public sector and key economic sectors, including SMEs in the state. In line with Sarawak's vision and the national objectives under the MyDigital blueprint, the state is taking a more holistic approach that goes beyond building digital infrastructure to also equip Sarawakians with digital skills for the future. With this, the Government of Sarawak aims to:

- Improve its cybersecurity posture by securing the cyberspace and deploying effective risk management solutions to ensure successful transformation.
- Equip civil servants with digital skills through the Microsoft Enterprise Skills Initiative, with courses from Microsoft Learn, LinkedIn Learn and GitHub.
- Explore cloud-based solutions that leverage artificial intelligence (AI) and machine learning for key economic sectors in the state.

These plans support the development of Sarawak into a state with a thriving economy that is driven by data and innovation.

Source: [Microsoft Malaysia News Center](#); case study courtesy of Microsoft Malaysia

## 3.3 Digitalisation and Technology Partnerships (cont'd)

The following highlights how PLCs can contribute towards nation building through digital transformation efforts by capitalising on the priorities in the national blueprints.<sup>1</sup>

1

### Identify digital initiative opportunities

Assess digital initiatives that are needed in core business functions, data and organisational resources. Prioritise digital initiatives that could deliver high value to the company and benefit the society and economy in the future.

2

### Establish strategic partnerships

Identify potential alliances and establish partnership models that can best deliver the desired outcomes. Potential partners could include:

- **Industry players** for collective response to data regulation or joint delivery of products and services
- **Public sector** to scale up technologies that deliver positive social outcomes
- **Startups or MSME** to facilitate the nation's goal to accelerate the growth of deep tech startups<sup>2</sup>
- **Academic institutions** to research on digitalisation and its impact, exchange knowledge and develop the local talent pool
- **International and civil society organisations** to leverage cross-border knowledge sharing for social and humanitarian advancements

3

### Build trust in digital initiatives

Establish measures to safeguard against cyber vulnerabilities and ensure that stakeholders' data are managed carefully. These include cyber security governance, data protection, incident readiness and privacy assessments.<sup>3</sup>

As outlined in the National Cybersecurity Strategy, its vision is to have a secured, trusted and resilient cyberspace fostering economic prosperity and citizen's wellbeing.<sup>4</sup> PLCs need to ensure the consumers' data are protected under the Personal Data Protection Act 2010 to gain trust and confidence of the public.<sup>5</sup>

Source: 1. *Harnessing Technology for the Global Goals, World Economic Forum*; 2. *Malaysia Startup Ecosystem Roadmap 2021-2030*; 3. *Staying relevant to stay in business, PwC*; 4. *Malaysia Cyber Security Strategy 2020-2024*; 5. *Department of Personal Data Protection*

### 3.3 Digitalisation and Technology Partnerships (cont'd)



#### IBM Malaysia Sdn Bhd

Supporting national's digital agenda through implementation of projects with local councils

IBM continuously works with both public and private sectors to infuse its expertise across industries such as healthcare and banking, as well as public sector services. The company **works closely with government agencies** such as the Malaysia Digital Economy Corporation (MDEC), MITI, Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) and local authorities to **accelerate the nation's digitalisation and connectivity initiatives**.

One such example is the company's **PPP with the Penang Island City Council (MBPP)** to support the council's smart city initiatives. In addition to providing advisory and technical expertise, IBM supported the implementation of an Intelligence Operation Centre and utilised its technology to provide city data for executive decision making.

Source: *New Straits Times*; *IBM Malaysia*

The example below shows how PLCs can form partnerships with the public sector to enhance road safety with technology.

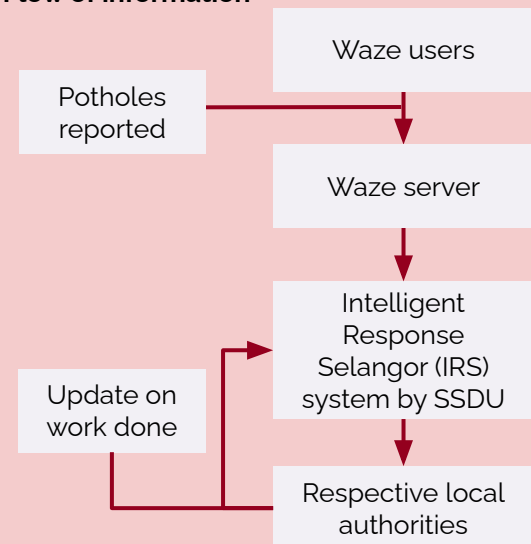
#### Example: Partnership to support the Selangor Government with data for pothole patching operations

The Smart Selangor Delivery Unit (SSDU), a subsidiary under the Selangor State Government, created a system that channels motorists' reports of potholes to local authorities via the Waze app. This approach enables the State's agencies to **easily organise, store, interpret and share transportation insights**.

52,000 reports were received between January 2019 to September 2020, which indicate a good response rate among Waze users. The system enables the State to **accurately identify potholes** across all roads maintained by the various local councils and **take action swiftly**. This is a step towards making Selangor a liveable Smart State.

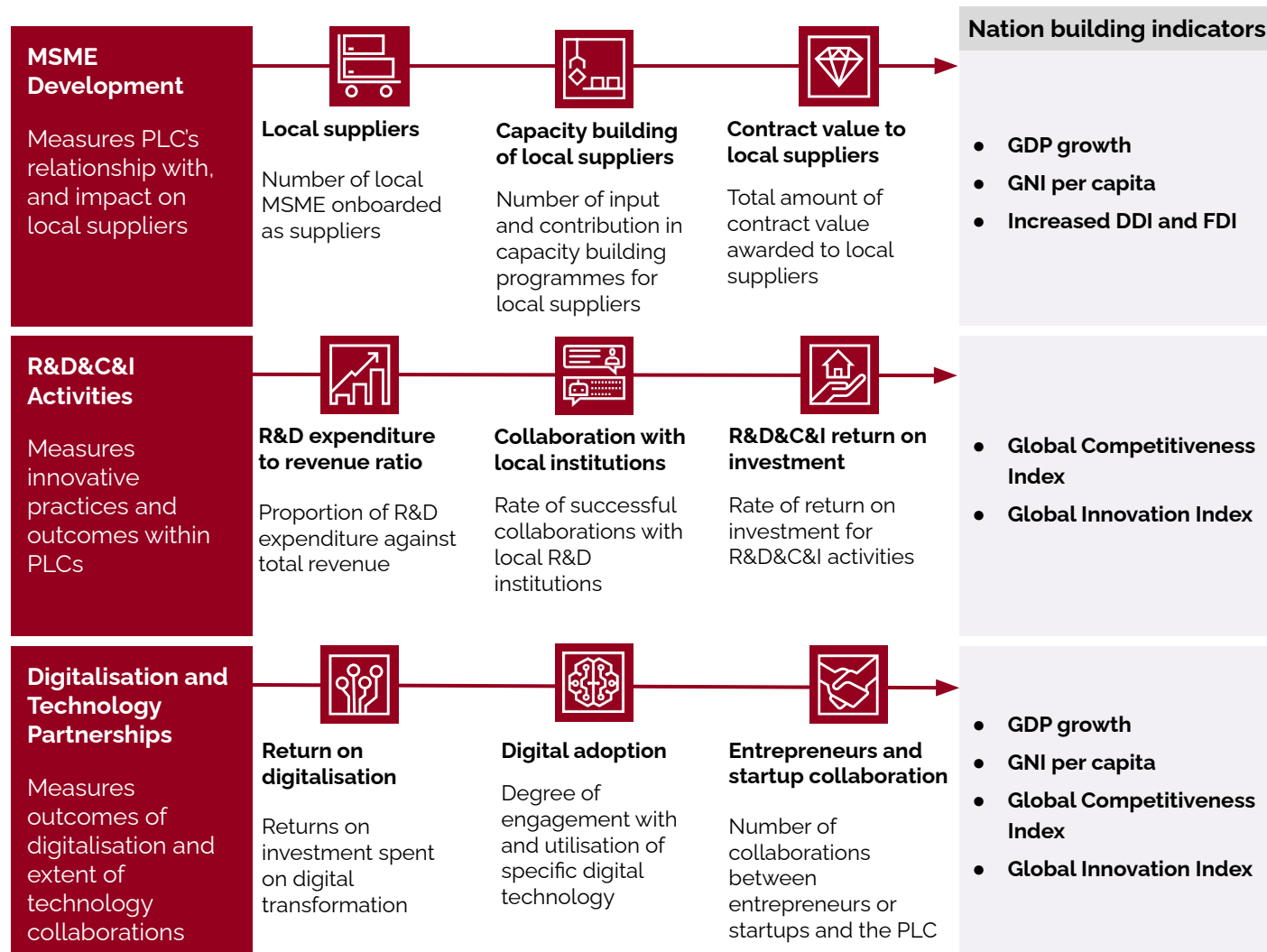
Source: *Selangor Journal*; *The Star*; *StarCarSifu*

#### Flow of information



## 3.4 Key Metrics and Call to Action

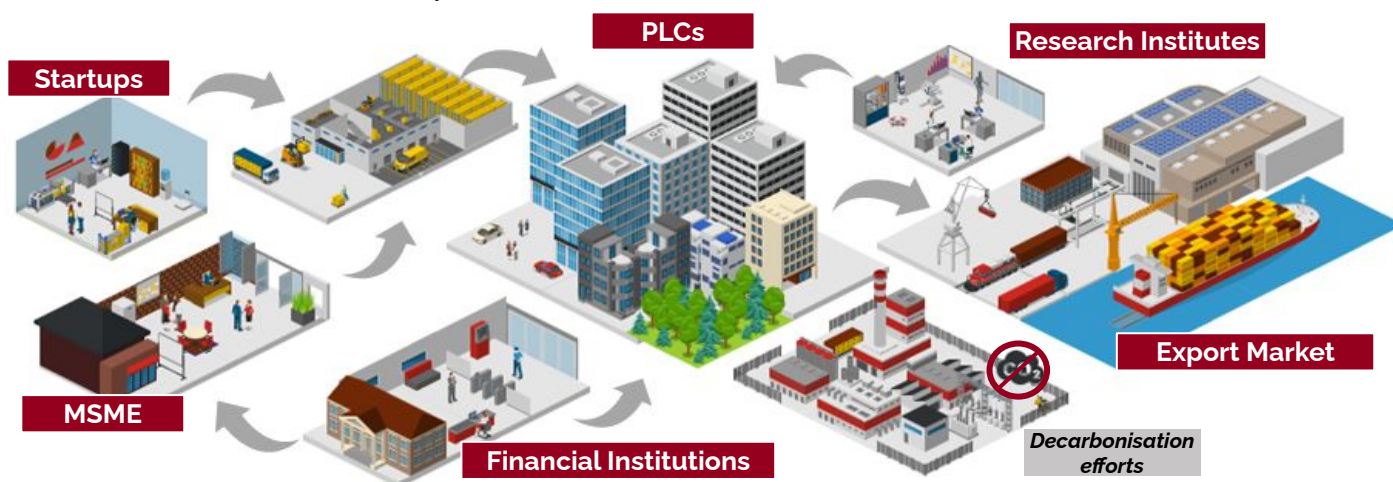
Below are some examples of metrics related to PLCs contribution towards MSME development, R&D&C&I activities and digital initiatives.<sup>1, 2, 3, 4</sup> These metrics are linked to nation building indicators, and can be used internally to track progress or externally for reporting (i.e. in annual reports).



Source: 1. *A guide to getting started in local procurement*, International Finance Corporation; 2. *International Journal of Technology Intelligence and Planning*

## Interventions in enhancing the business ecosystem

PLCs can contribute to the enhancement of the business ecosystem through various interventions, including in MSME development, R&D&C&I activities as well as through digitalisation initiatives. Below is a diagram that shows the various interventions that PLCs can take to catalyse growth of local capabilities and enhance the business ecosystem.



### Alleviate Financial and Resource Constraints

- Invest in emerging startups and MSME
- Offer resource and technology sharing
- Financial institutions can assess credit worthiness beyond conventional measures



### Enhance Competitiveness in the Marketplace

- Share industry know-how via mentorship
- Provide advisory and business support
- Improve MSME ability to meet industry standards
- Accelerate ESG adoption and decarbonisation efforts



### Increase Productivity to Catalyse Growth

- Develop local capacities and capabilities through digitalisation
- Form R&D and innovation partnerships with research institutions
- Co-invest with local partners to improve local production of inputs



### Provide Opportunities to Upscale Business

- Identify and mentor elite performers based on talent and operational readiness
- Integrate MSME into supply chain
- Adopt simpler and more transparent procurement process

Source: [McKinsey & Company](#), [Gallup](#)

## 3.4 Key Metrics and Call to Action (cont'd)

### Call to action

- 1 Build MSME capabilities and capacities by supporting them with technical know-how. Encourage their participation in the supply chain to expand their network and stimulate economic growth.
- 2 Accelerate R&D&C&I investments that are aligned with the nation's competitive sectors and generate innovative products and services that can solve environmental and societal issues. A conducive ecosystem will support investment and economic growth.
- 3 Intensify digitalisation and technology collaborations to boost productivity and help transform Malaysia to be a digitally driven and high-income nation. Build partnership models with local institutions or startups as this would enable the PLCs to achieve scale.

### Useful links

**Exploring 4IR-enabled applications for the Sustainable Development Goals (SDGs)**: This document maps 345 technology applications across SDGs and highlights the technologies that are currently being deployed to tackle sustainability issues

**Digital Transformation Step-by-Step Instructions**: Instructions by the European Commission for the steps recommended to implement digital transformation

**Building rebalanced and resilient supply chain**: This PwC report highlights the case and key steps for building rebalanced and resilient supply chains

**Understanding the impact of digitalization on society**: This World Economic Forum report describes how digital transformation can make a positive contribution to society

**10-10 Malaysian Science, Technology, Innovation and Economy (MySTIE) Framework**: This framework provides a systematic approach to transform Malaysia into a knowledge-intensive economy

# 4

## CULTIVATING FUTURE-READINESS, WELLBEING AND INCLUSION OF TALENT





## 4.0 Cultivating Future-Readiness, Wellbeing and Inclusion of Talent

This chapter outlines how PLCs can support nation building by addressing the future-readiness of the workforce in the country and the importance of nurturing the wellbeing of the employees. This chapter also highlights the importance and benefits of embracing DEI in the workplace.

Talent is essential in contributing to the overall growth of the nation and companies. The 12MP highlighted the need for talent development to support the country's shift towards high value-added and knowledge-based economic activities. In addition, this should be complemented with DEI and wellbeing policies to ensure that the welfare of talents is holistically safeguarded.



## 4.1 Upskilling and Reskilling the Workforce

The future of work is shaped by continuous expansions in new technologies, markets and sectors, spurring demand for more agile and higher skilled workers.<sup>1</sup> To nurture a future-ready workforce, upskilling and reskilling efforts must be accelerated. These efforts can boost productivity, create income opportunities and reduce unemployment. Skills enhancements are estimated to lift global productivity by 3.0% on average and contribute to a net creation of 5.3 million new jobs by 2030.<sup>2</sup>

In Malaysia, skills mismatch remains a key concern among employers, affecting employability of workers to meet industry demand. At the same time, the workers feel the pressure from potential displacements due to automation.



**Less than 5% of MSME and large companies** in Malaysia felt that the existing labour market fully meets their digital talent needs.<sup>3</sup>



**71% of Malaysian employees** fear that their jobs may be at risk due to automation.<sup>4</sup>

To address this concern, the 12MP aims to increase the share of skilled workforce to 35% by 2025 (year 2021: 27.9%). PLCs will directly contribute towards this target by intensifying efforts to upskill and reskill their workforce. Workforce upskilling can enhance employees' experience, bringing real benefits to companies. Studies have shown that companies in the top quartile of employee experience were twice as innovative as those in the bottom quartile, based on the revenue generated from new products and services.<sup>5</sup>

### Digital Talent Survey

**Most sought after digital skills:** Big data analytics, digital marketing, AI, data science, cybersecurity and cloud computing

**Soft skills in demand:** Critical thinking and analysis, analytical thinking and innovation, collaboration, English proficiency and communication

Source: [Malaysian Investment Development Authority \(MIDA\)](#)

In this video, academics, NGOs, policymakers and business leaders describe the importance of upskilling for a digital world.



Source: [Upskilling: Bridging the Digital Divide, PwC](#)

Source: 1. [The Future of Jobs 2020, World Economic Forum](#); 2. [Upskilling for Shared Prosperity, World Economic Forum](#); 3. [Malaysian Investment Development Authority](#); 4. [PwC's Hopes and Fears Survey 2021 Malaysia report](#); 5. [MIT Center for Information Systems Research](#)

## 4.1 Upskilling and Reskilling the Workforce (cont'd)



### Malayan Banking Berhad (Maybank)

**Upskilling the workforce to take on greater responsibilities in the future**

Maybank is the largest financial services group in Malaysia (by market capitalisation) and a key contributor in positioning Malaysia as one of the leading global hubs for Islamic finance. It is also recognised as a leading employer in Malaysia through the HR Excellence Award and Graduates' Choice Award, among others.

Maybank's Workplace Enablers programme aims to provide their non-clerical employees with new skills to accelerate their progression and take on greater responsibilities. This unique eight-month training programme equipped employees with relevant skills to thrive in the workplace, which would translate into better career prospects and higher productivity for employees, while improving performance of the company. The programme offers employees the opportunity to be assigned to other parts of the business, as well as a promotion to clerical grade alongside a 10% increment to their base pay.

This initiative is in line with the company's plans to achieve sustainable growth and operational excellence as the company gradually moves away from the traditional ways of working. As at April 2022, **93%** of Maybank's non-clerical employees have completed the programme, and over **360** non-clerical employees across Maybank's Malaysian operations have benefitted from the programme. The ultimate goal for Maybank is to ensure that its employees receive equal opportunities in their careers.

*Source: [Maybank News 2021](#); [Maybank Annual Report 2021 - Corporate](#); [Maybank Awards & Accolades](#); [Maybank News 2022](#)*



### Caterpillar Inc.

**Building a robust talent pipeline to close the skills gap and preserve the company's competitiveness**

Caterpillar has various initiatives to nurture future leaders for the company, while their foundation aims to enhance job opportunities in underserved communities and address skills gaps in the industry.

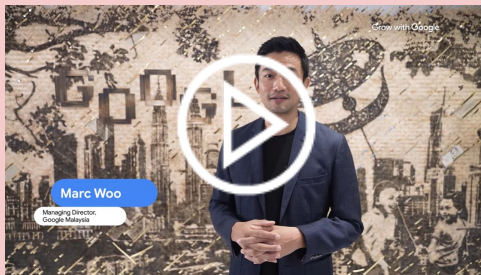
One key initiative is the "ThinkBIG" programme, which provides students with paid work experience while they build their foundation and expertise in the field of construction technology. During the two-year programme, they alternate between classroom work, laboratory work, and a paid internship at Caterpillar dealerships.

This initiative contributes to building a talent supply for the industry as graduates from the programme earn an accredited degree alongside hands-on experience with new technologies. This **enhances graduates' employability** in relevant fields and opens up opportunities for them to **embark on alternative career paths in the industry**, such as in customer service, sales or digital solutions.

*Source: [Talent Rewrite: Managing the Talent Pipeline](#), U.S. Chamber of Commerce Foundation; [Feature Stories, Caterpillar](#); [Caterpillar](#)*

## 4.1 Upskilling and Reskilling the Workforce (cont'd)

**Example:** Google Gemilang offers professional training to anyone looking to learn a new skill, such as e-commerce, data analytics and project management skills. The programme also provides the opportunity for talents to connect with top employers and companies. The video below provides further details on Google Gemilang.



Source: [Grow with Google: Find new opportunities with Gemilang](#), Google Malaysia

“Upskilling and reskilling efforts should be able to **bring down the unemployment rate** and **deal with structural changes** in the labour market.”

- Syed Hussain Syed Husman, President of the Malaysian Employers Federation



### Prudential Assurance Malaysia Berhad

#### Equipping low-income households with entrepreneurship skills to build a financially resilient future

The PRUKasih Entrepreneurship Programme is a training programme to equip the B40 communities with entrepreneurship skills and knowledge. After the seven-month training and practical sessions, participants are invited to pitch their idea and selected participants will receive equipment grants to help them to kick-start their business. The National Entrepreneurship Institute (INSKEN), as a partner of this programme, offers the opportunity for graduates to further develop their business growth strategy after completion of the programme. In 2021, 18 graduates were able to embark on that journey with INSKEN.

This programme contributes towards fostering an entrepreneurial culture, in line with the National Entrepreneurship Policy 2030. By collaborating with an education provider, non-governmental organisation and public sector entity, Prudential can strengthen and amplify the outcome of the programme to support national agenda.

Source: [Prudential Newsroom](#)

## 4.1 Upskilling and Reskilling the Workforce (cont'd)

The following highlights approaches that PLCs can adopt in their strategies to upskill and reskill their workforce.<sup>1, 2, 3</sup>

- 1 Assess skills gap and anticipate future trends**

Assess the current skills and competencies of employees and identify trends that may impact the company. Align anticipated trends with the company's recruitment, development and training programmes to help ensure that the company's talent development goals can be met. This will also help to create a workforce that is fit for the nation's growth areas.
- 2 Develop training development programmes**

PLCs can package training through microlearning and online modules that will enable talents to have easy access to areas of interest.<sup>4</sup> The workforce should be equipped with transferable skills; namely, interpersonal and communication skills, problem-solving skills, analytical skills and the ability to work in teams, which are critical for employers as highlighted by the Ministry of Human Resources (MOHR).<sup>5</sup> Outcome of the upskilling and reskilling programmes can be further enhanced by providing on-the-job opportunities to apply the new skills learned.<sup>6</sup> This will facilitate continuous learning that will future-proof talents with the right skills to adapt to emerging trends in the industry or business landscape.
- 3 Enhance collaboration with learning institutions**

Collaboration between PLCs and learning institutions or public agencies should be further enhanced. PLCs may provide inputs to guide the design of training programmes that will help build the nation's workforce skills and capabilities. Their involvement includes aligning the programmes with the latest talent needs and gaps faced by businesses and industries which could help increase graduates' employability.
- 4 Provide scholarships and internship opportunities**

Scholarships to employees provide more opportunities for the workforce to be better skilled whereas scholarships to the public help in the upward mobility of lower income groups and poverty eradication. This can be packaged together with in-house internship and training opportunities for students, or with national initiatives like TalentCorp's National Structured Internship Programme (MySIP).<sup>7</sup> Students and graduates with internship experience will gain industry experience and skills to prepare them for the job market.

Source: 1. *The Predictive Index*; 2. *Gartner*; 3. *Forbes*; 4. *LinkedIn*; 5. *MOHR*; 6. *Training Industry*; 7. *TalentCorp*

## 4.1 Upskilling and Reskilling the Workforce (cont'd)

### Spotlight Sunway Education Group

#### Nurturing future talent with specialised scholarships

The Sunway Education Group's scholarships and financial aids are awarded to prospective and current students of the Group with various backgrounds and talents. The scholarships are divided into three categories to provide fair opportunities to all students beyond academic excellence:

- Academic Excellence Scholarship
- Need-Based Scholarship: Offered to students recommended from children welfare homes and NGOs or students from underprivileged communities
- Talent-Based Scholarship: Offered to students with outstanding achievements in music, sports, culinary arts and art and design

As of 2021, the Jeffrey Cheah Foundation, through the Sunway Education Group, has awarded more than RM570 million in scholarships to students in various fields of study.

Source: [Sunway Education Group](#)

### Spotlight Tata Consultancy Services

#### Addressing digital skills gap through portal cross-listing and graduate training programmes

As an IT services organisation, Tata Consultancy Services (TCS) has cross-listed its career and graduate training opportunities in the Human Resources Development Fund Placement Centre to expand access to high-quality jobs in the technology sector. The jobs listed in the HPC, a job matching platform launched by the Human Resource Development Fund (HRDF), include cybersecurity specialists, cloud engineers, full stack developers, among others.

Furthermore, TCS Malaysia has also launched its Initial Learning Programme in 2020 for fresh graduates to develop technology skills such as coding, application development, data analytics and communication skills. In 2021, the company successfully hired 100 fresh graduates from the programme.

These initiatives are launched by TCS to support national efforts to fill the digital skills gap and drive growth in Malaysia's digital economy, in line with MyDIGITAL's targets to develop 20,000 cybersecurity knowledge workers and 30,000 data professionals by 2025.

Source: [Ministry of Communications and Multimedia Malaysia \(MCMC\)](#)

## 4.2 Employee Wellness and Wellbeing

Wellness is defined as the active pursuit of activities, choices and lifestyles that lead to a state of holistic health.<sup>1</sup> Employee wellbeing is the combination of overall physical and emotional health. It is also determined by how employees feel about their work, the working environment, and the organisation.<sup>2</sup> In practice, these behaviours can:

- Drive labour productivity
- Increase the labour force participation rate
- Strengthen social cohesion
- Positively influence the Malaysian Wellbeing Index

In Malaysia, there are 29 legislations related to the labour market around discrimination in the workplace and workers' rights,<sup>3</sup> and 18 ratified International Labour Organization (ILO) conventions.<sup>4</sup> Compliance with these standards and regulations is important to sustain economic growth and safeguard the nation's foreign trade relationships.

Adherence to labour standards will strengthen trust in the company. This can be complemented with good governance and robust wellbeing measures to ensure that employees are safe, healthy, engaged, and fulfilled.

Workplace wellbeing and wellness initiatives can create a positive impact on companies' performance as employees' satisfaction are found to be correlated with:

- Lower staff turnover and intent to leave
- Increased customer loyalty
- Higher employee productivity
- Better stock value performance

In this TED video, Rob Cooke explains the negative impact of work-related stress on the global economy (i.e. lower productivity and increasing health care costs). He shares the importance of health and wellness, as well as some strategies to help put employees' mental, physical and emotional wellbeing at the forefront.



Source: *The cost of work stress - and how to reduce it, TED Talk*

58% of Malaysian employees say that **a team that cares about their wellbeing** is a highly important factor when they are considering a change in work environment.<sup>5</sup>

Source: 1. *Global Wellness Institute*; 2. *International Labour Organization*; 3. *Twelfth Malaysia Plan*; 4. *Ratification of ILO conventions: Ratifications for Malaysia, International Labour Organization*; 5. *PwC's Workforce Hopes and Fears Survey 2022 Malaysia report*

## 4.2 Employee Wellness and Wellbeing (cont'd)

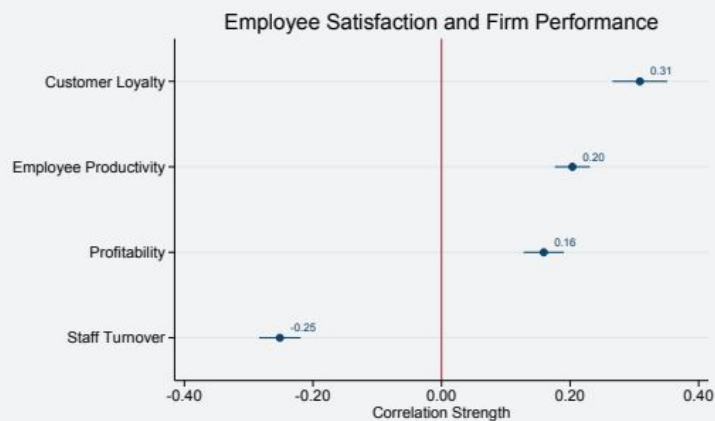
Below are findings that show positive correlation between companies that have workplace wellbeing and wellness initiatives and their overall performance.

### Example:

The primary measure of wellbeing in the study is "satisfaction with the organisation as a place to work". The study shows that employee satisfaction has a substantial positive correlation with customer loyalty and employee productivity, and a negative correlation with staff turnover. Importantly, higher customer loyalty and productivity, as well as lower staff turnover, are reflected in higher profitability for the firm.

Source: *Global Happiness and Wellbeing Policy Report 2019, Harvard Business School*

Figure 1. Correlation Between Employee Satisfaction and Firm Performance



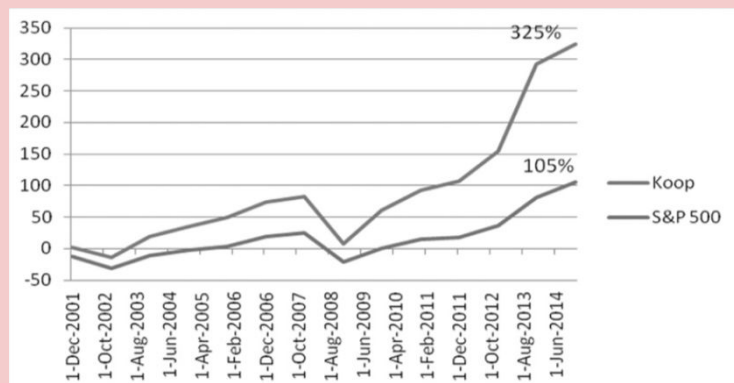
Notes: The figure plots adjusted average correlation coefficients between employee satisfaction and different performance outcomes originating from a meta-analysis of 339 independent research studies that include observations on the well-being of 1,882,131 employees and performance of 82,248 business units.

### Example:

Koop Award\* winning companies outperformed the S&P 500 Index. The finding shows that between 2000 and 2014, the winners' stock values appreciated by 325% compared with the market average appreciation of 105%.

\*The Koop Award is conferred annually by The Health Project to recognise companies with outstanding worksite health promotion and improvement programmes.

Source: *Journal of Occupational and Environmental Medicine*





## 4.2 Employee Wellness and Wellbeing (cont'd)

Beyond standard requirements of labour law, PLCs should seek to provide a strong foundation for employees to perform at work through wellness and wellbeing initiatives.

The following steps are essential in safeguarding employee wellness and wellbeing, which could lead to growth in the Malaysian Wellbeing Index<sup>1, 2, 3, 4</sup>:

Wellbeing is a central strategy to ensure that employees are able to **contribute their best while navigating the myriad of challenges** that impact how they live, work, and relate to others...

It's imperative that companies implement programs and policies that **holistically address employee well-being.**

Source: [Harvard Business Review](#)

1

### Assess critical needs of employees and overall workplace

Identify the needs of employees and the workplace to ensure that wellness and wellbeing programmes are relevant, effective and meaningful, beyond the standard requirements. Evaluate workplace health and safety risks (including for people with disabilities) to ensure that employees' wellbeing are safeguarded. This should include both physical and mental health.

2

### Co-develop initiatives and programmes to promote wellness and wellbeing

In the Ministry of Health's White Paper, it is stated that there is a need to transform Malaysia's healthcare, by moving from "sick care" to healthcare.<sup>5</sup> Wellness programmes should be in place to improve employees' wellbeing and subsequently, benefit society as a whole. Companies can conduct timely reviews on the company's health plan, wellness benefits and insurance utilisation rates to provide insight into employees' overall health state. Insights gained would enable the development of customised plans which suit the employees' needs.

3

### Promote a shift towards a culture of health

A healthy workplace culture is key to successful and sustained health outcomes. PLCs should provide supportive physical and social environments for employees to engage in health programmes and incorporate healthy activities into their lifestyles. PLCs should then determine the impact of these programmes through evaluation and report them to the stakeholders.

Source: 1. [Society for Human Resource Management](#); 2. [Forbes](#); 3. [Harvard Business Review](#); 4. [Centers for Disease Control and Prevention \(CDC\) Workplace Health and Resource Center](#); 5. [The Edge](#)

## 4.2 Employee Wellness and Wellbeing (cont'd)

### Spotlight

#### Roche Holding AG

##### Enhancing employees' wellbeing with transparency and greater work-life balance

In an industry that faces regular mergers and acquisitions, Roche takes the initiative to **inform employees of any changes in a timely manner** and **assist them during organisational changes**. It offers support measures such as new career orientation, retention incentives, and outplacement or relocation assistance.

The company's **holistic wellbeing approach** also includes childcare facilities in some locations, unpaid leave arrangements for employees to care for elderly relatives, and a dedicated week to promote wellbeing through sharing by speakers and wellbeing activities. The company also enhanced their **data transparency** by releasing a **gender pay equity report** to demonstrate that there is no difference in pay between men and women.

In Malaysia, Roche offers various **flexible working arrangements** such as flexible hours, remote working, paid prolonged illness leave and compressed work weeks. The company also implements extensive work-life practices such as a **one-month paternity leave** to help employees fulfil their career and family roles. In 2019, Roche Malaysia received the LIFE AT WORK Awards from TalentCorp for its outstanding work-life integration practices.

Source: [LIFE AT WORK Awards 2019](#); [Roche Careers](#); [Roche Annual Report 2021](#)

### Spotlight

#### Cisco Systems Inc.

##### Taking a company-wide day off to support employees' wellbeing

Cisco uses sentiment analysis and feedback, as well as data-powered, real-time insights to understand the emotional state of its teams and leaders.

In 2020, Cisco noted that employees' challenges, priorities and commitment to work rose as employees were having a hard time stepping away from work. The company created the idea of "A Day for Me", a collective day off, for employees to step away from work and put themselves first. The employees were advised to spend the day off with family and loved ones, or as a day for solo recharge.

Source: [Newsroom, Cisco](#); [Forbes](#)

"While employees should be proud of their recent work, they should also feel good about stepping away from that work to rest."

- Francine Katsoudas,  
Chief People Officer of Cisco

## 4.3 Diversity, Equity and Inclusion (DEI)

DEI covers a broad range of attributes in different context. Promoting DEI policies in the workplace can contribute to the nation's LFPR and labour productivity growth.

### Bursa Malaysia: Diversity, Equity and Inclusion Policy

**Diversity** refers to all the attributes or characteristics that make individuals different from each other which includes, but is not limited to:

- Age
- Gender
- Disability
- Experience
- Education
- Background
- Expertise
- Origin
- Race
- Nationality
- Culture and language
- Perspectives

Source: [Bursa Malaysia](#)

**Equity** is the act of promoting justice, impartiality and fairness within the procedures, process, programme and distribution of resources in ensuring equal possible outcomes for every individual.

**Inclusion** is the practice of ensuring that employees feel a sense of belonging, individual needs are met and they feel included, engaged and connected within the workplace.

Higher female participation in the workforce can spur higher economic growth, as females represent a key resource pool in the nation.<sup>1, 2</sup> Higher female participation can also help to improve a country's GCI ranking by increasing the ratio of salaried female workers to male workers (pillar 8) and workforce diversity (pillar 12).<sup>3</sup>

- In 2021, the female LFPR in Malaysia was 55.2% compared to males at 81.7%, and remained below the national female LFPR target of 59%.<sup>2, 4</sup>
- Female labour force participation in Malaysia was among the lowest in ASEAN.<sup>2</sup>
- The 12MP highlights the potential to increase labour supply from the female talent pool.

The Institute of Corporate Directors Malaysia (ICDM) highlighted that at least one-third representation of women on boards displays stronger correlation to **38% increase in return on earnings**, in an analysis of top 312 Bursa-listed companies over 2017-2019.



Source: [Institute of Corporate Directors Malaysia \(ICDM\)](#)

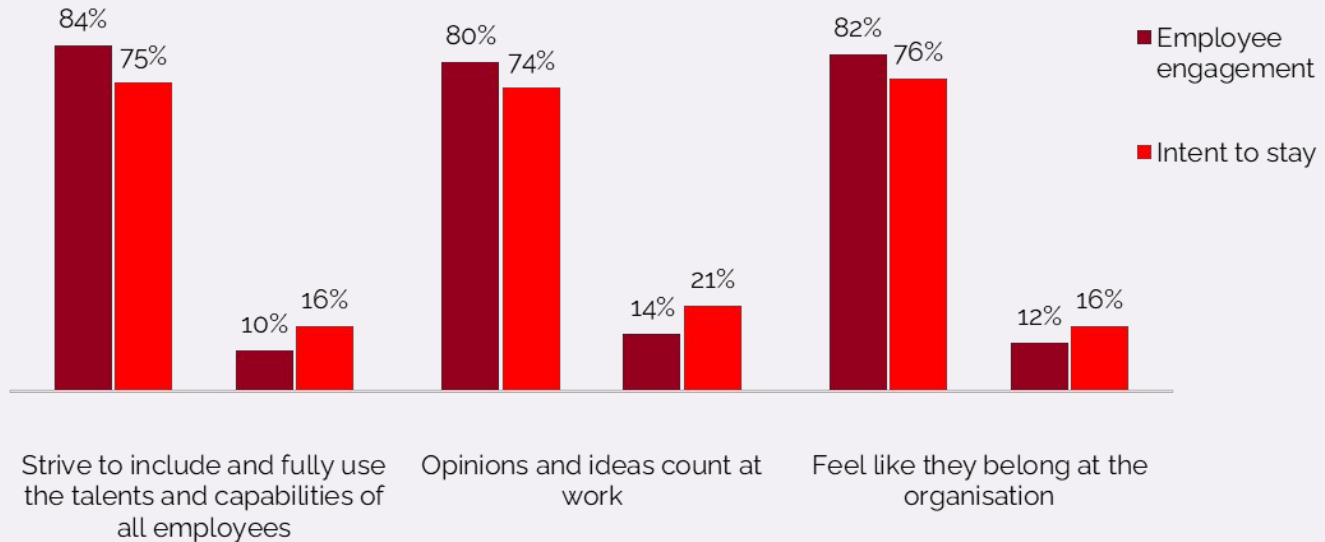
Source: 1. [International Monetary Fund](#); 2. [Twelfth Malaysia Plan](#); 3. [The Global Competitiveness Report 2019](#); 4. [DOSM](#)

## 4.3 Diversity, Equity and Inclusion (DEI) (cont'd)

Beyond measures to improve diversity, efforts to enhance workforce inclusion and equity are likely to support talent retention and promote employment growth.

Based on a global survey, employees were more likely to stay in their companies when inclusion elements were present.<sup>1</sup> These inclusion elements include a sense that their opinions and ideas count at work, and feeling like they belong at the organisation.

### Impact of Key Inclusion Elements on Employee Engagement and Intent to Stay



Source: Adapted from [Kincentric Global Trends in Employee Engagement, 2022](#)

The commitment towards ensuring equitable access to opportunities such as providing employment to persons with disabilities (PWDs) enables companies to leverage an untapped talent pool. This is in line with government measures to encourage such practice in the country, which include fiscal and monetary incentives offered to employers who hire PWDs registered with the Social Welfare Department.<sup>2</sup> The following spotlight highlights outcomes that can be achieved by advancing this agenda.

Source: 1. [Kincentric Report on Global Trends in Engagement 2022](#); 2. [Inland Revenue Board of Malaysia](#)

## 4.3 Diversity, Equity and Inclusion (DEI) (cont'd)

### Spotlight Gamuda Berhad

#### Promoting sustainable employment for young adults

Gamuda is one of the largest Malaysian infrastructure companies. It has recently won the Malaysia Technology Excellence Award in 2022 for its contribution in technological innovation. Gamuda was also the winner of The Edge Billion Ringgit Club award 2022 for the highest returns to shareholders over three years in the construction sector. The company has upskilled over 600 youths and 200 professionals and created jobs to attract the participation of local workforce. Gamuda's Building Information Management Academy collaborates with colleges to establish courses for professionals, to ensure a steady pipeline of talent to serve the growing construction industry.

Gamuda's Enabling Academy (EA) is Malaysia's first Employment Transition Programme (ETP) that trains and places individuals with autism for gainful and sustainable employment. The curriculum comprises two courses, personal development and job skills development, and focuses on helping individuals on the autism spectrum to transition into their career lives.

Following completion of the three-month programme, trainees will be matched with a partner company (e.g. CIMB, Roche Malaysia and Hap Seng) for a job interview and placement.

Gamuda Group emphasises on ensuring that their work environment and culture are supportive of individuals with autism. Beyond that, the Group also aims to aid educators, trainers and facilitators in their effort to develop lessons or set up their own ETP through workshops and their publicly available [EA ETP Trainer's Manual](#).

Source: [The Edge: Enabling Academy, Gamuda: Enabling Academy Brochure 2020; Gamuda Sustainability Report 2021](#)

#### Since the inception of EA in 2017...

# 76

candidates have  
been trained  
(as at June 2022)

# 80%

of graduates secured jobs  
at partner companies  
(as at June 2022)

#### As at April 2021...

# 20

employees on the spectrum are  
working in Gamuda across 17  
departments

Malaysian PLCs have made strides in this regard but further progress can be made. The scope of efforts to improve DEI in PLCs can be guided by Bursa Malaysia's Diversity, Equity and Inclusion Policy.<sup>1</sup> Regardless of PLCs' sizes and their workplace culture, commitment from top management is crucial to ensure that DEI practices are embedded throughout the organisation.

Source: 1. [Bursa Malaysia](#)

## 4.3 Diversity, Equity and Inclusion (DEI) (cont'd)

PLCs can implement the following measures to enhance workplace DEI.<sup>1, 2, 3, 4</sup>

1

**Move DEI to the centre of business strategy**

DEI policies should be a core ingredient in the design and execution of business strategy and embedded in the activities of the organisation. Increasing diversity is crucial to ensure that the companies provide equal opportunities to all current and future employees, regardless of gender, education and socio-economic background.

2

**Reduce bias at the systemic level**

Mitigate bias and prejudice in company policies and procedures, including job advertisement, recruitment process, career mobility process and workplace conditions. The company needs to thoroughly investigate and understand what limits opportunities for current and prospective talent.

3

**Initiate DEI training and development activities**

DEI training should be incorporated into the company's training and development activities. The training should include both awareness and skills development for all employees, and needs to be conducted over time to create sustained behavioural change. It is also useful to include coaching managers to mentor and enhance the relationship between the team members and their managers. The aim of DEI training and development activities is to cultivate a representative, fair and high-performing workforce.

4

**Embedding DEI into succession planning**

Company leaders should be equipped with information on the importance of DEI, as well as the awareness and impact of unconscious bias. In assessing potential successors, companies need to objectively define the skills and qualifications required for the position. A clear succession plan embedded with DEI would lead to identification of capable future talents for the company. A diverse pool of leaders and talents could play a key role in the nation's growth trajectory.

5

**Institutionalising accountability in DEI outcomes**

Linking the company's management goals to DEI performance provides accountability and shows a high level of leadership commitment.

Reporting and communicating DEI performance allows employees and the public to see the organisation's progress in its diversity and inclusion commitments.

Source: 1. *Harvard Business Review*; 2. *Embedding D&I into Succession Management, Wharton School of the University of Pennsylvania*; 3. *Gartner*; 4. *Wharton School of the University of Pennsylvania*

## Spotlight



### Driving Diversity, Equity & Inclusion (DEI) for investability, competitiveness and sustainability

The 30% Club Malaysia is part of a global business campaign founded in the United Kingdom to elevate gender parity in boardrooms and senior management, with 30% seen to be a pivotal milestone for meaningful diversity. While the primary focus has been top leadership, 30% Club recognises that narratives are broadening to include DEI in the rest of the workplace, and other diversity indicators like age, ethnicity and expertise that reflect the evolving needs of society and the business environment.



"DEI is an enabler to win the battle for talent to build **world competitive, highly investible and sustainable companies**. Leadership must evolve to reflect the realities of the business environment or risk being left behind."

- Dato' Ami Moris, Chair, 30% Club Malaysia; ex-CEO, Maybank Investment Banking Group

A conversation between Dato' Ami Moris (Chair, 30% Club Malaysia), Peter Grauer (Chair, Bloomberg; Founding Chair, 30% Club US), Dr. Ken Yeoh (Bursa Malaysia), Soraphol Tulayasathien (Stock Exchange of Thailand), and Low Chin Loo (EDGE Empower) on the topic of DEI.

Source: [Maybank Invest ASEAN 2022: A DEI Conversation Brought to You by 30% Club Malaysia](#)

Since 2015 to October 2022, the number of board seats held by women have doubled amongst the top 100 PLCs to 29% and for all PLCs to 20.5%.

The Club's strategy is anchored on three pillars:

**Activate** PLCs in Malaysia to become 30% Club Corporate Advocates, and engage in DEI Conversations and masterclasses to elevate the DEI agenda as part of sustainability action plan.

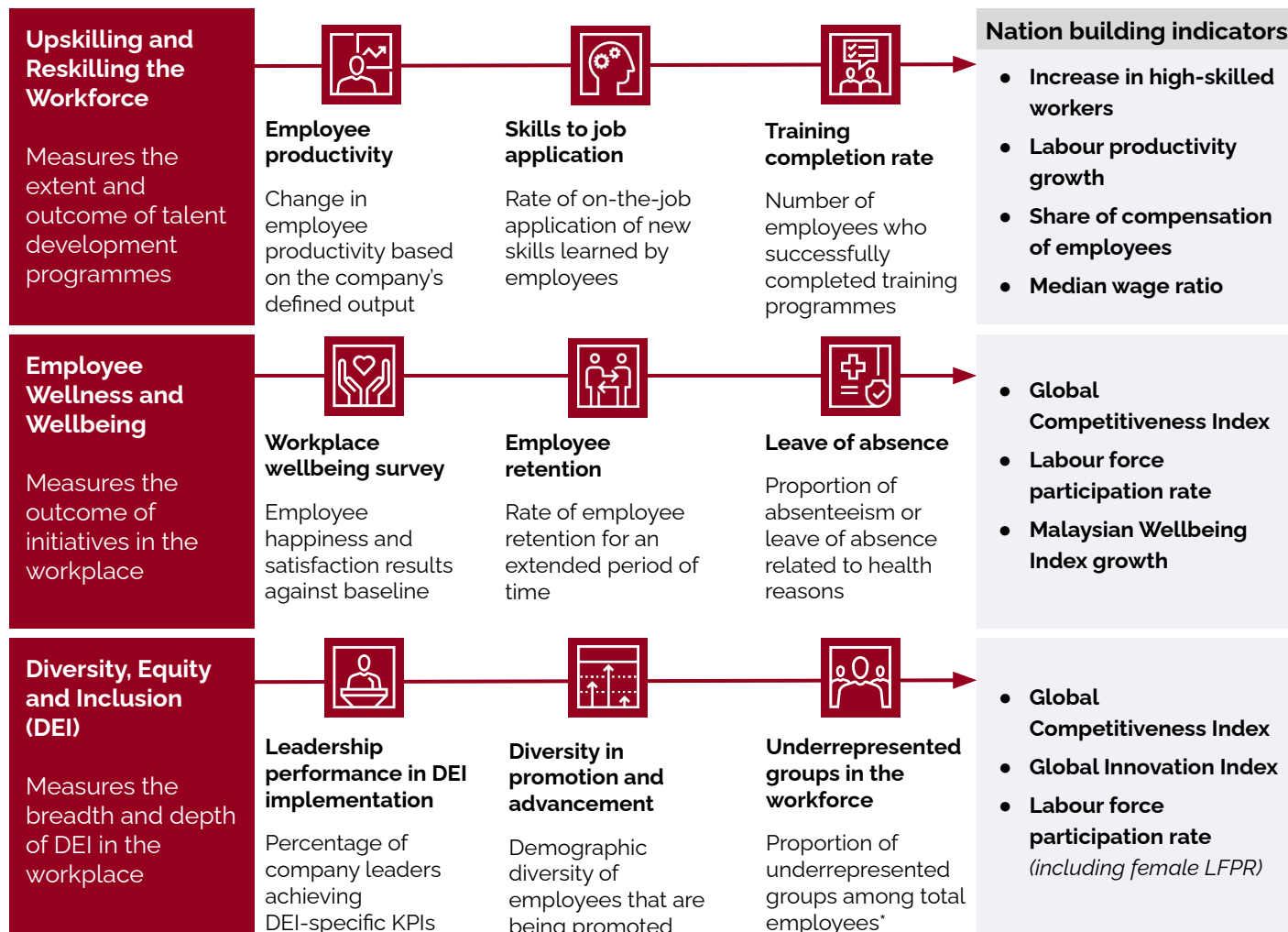
**Influence** key stakeholders such as the Ministry of Finance (MOF), Securities Commission (SC), Bursa Malaysia and the Institutional Investors Council (IIC) to integrate DEI in national policies.

**Enable** the development of talent pipeline through board-ready initiatives, such as the Board Mentoring Scheme in collaboration with PwC which has mentored 85 senior women leaders since 2017.

Source: Case study courtesy of 30% Club Malaysia

## 4.4 Key Metrics and Call to Action

Below are some examples of metrics that PLCs can use to measure their impact on initiatives related to upskilling and reskilling the workforce, employee wellness and DEI agenda.<sup>1, 2, 3</sup> These metrics are linked to nation building indicators, and can be used internally to track progress or externally for reporting (i.e. in annual reports).



\*company to determine according to their context

Source: 1. *Closing the Skills Gap: Key Insights and Success Metrics, World Economic Forum*; 2. *Aspiricia*; 3. *Culture Amp*



## Interventions in the talent ecosystem

The holistic development of talent and its ecosystem is important to the growth of the nation and businesses. PLCs are able to take on various roles in cultivating future-readiness, wellbeing and inclusion of talent. PLCs have a role in providing equal opportunities and developing the future leaders of the industry.



### *Build inclusive career development pathways for future industry leaders*



#### **Fair and Equal Opportunity for All**

- It is about the skills not just the qualifications
- Challenge stereotypes
- Be mindful towards the underprivileged, PWDs and minority groups



#### **Continuous Learning for the Workforce**

- Holistic approach to learning
- Microlearning, online modules, industry training
- Align with needs of the workforce



#### **Safeguard Wellness and Wellbeing**

- Understand needs of employees
- Provide effective wellbeing and wellness initiatives



#### **Collaboration with Local Institutions**

- Scholarships and internship opportunities
- Work closely with learning institutions
- Support industrial training
- Align learning modules with the latest business needs



#### **Flexibility and Mobility at the Workplace**

- Make available mobility infrastructures for all including PWDs
- Continuous employee engagement
- Access to remote working arrangements for all levels



#### **Identify and Develop Future Leaders**

- Develop succession planning
- Be aware of unconscious bias
- Provide mentoring and coaching

## 4.4 Key Metrics and Call to Action (cont'd)

### Call to action

- 1 Continuously invest in talent development through upskilling and reskilling. This is important for the nation's overall competitiveness and productivity.
- 2 Provide equal opportunities to current and future employees, regardless of gender and socio-economic background. Integrate DEI policies into the core of corporate strategy formulation in order to improve the nation's labour force participation rate.
- 3 Instill wellness and wellbeing in the company's culture to promote a better workplace. This will help to reduce pressure on the country's healthcare system over the long term and improve the overall wellbeing of society.

### Useful links

**Diversity, equity and inclusion diagnostic survey:** A qualitative survey developed by Mercer to assess a company's approach to DEI, opportunity areas and next steps

**Upskilling and reskilling evaluation model:** A World Economic Forum project training programme evaluation model that has four levels and metrics for companies to consider

**Board diversity matrix example:** An example by Nasdaq that introduces gender diversity in standard board matrix

**DEI in the workplace metrics:** List of DEI in the workplace areas and metrics that demonstrate outcomes and progress

**Reporting on Diversity:** A guidance toolkit for companies by the 30% Club UK to help companies better understand and report on diversity

5

# FOSTERING STRONGER PUBLIC-PRIVATE PARTNERSHIPS



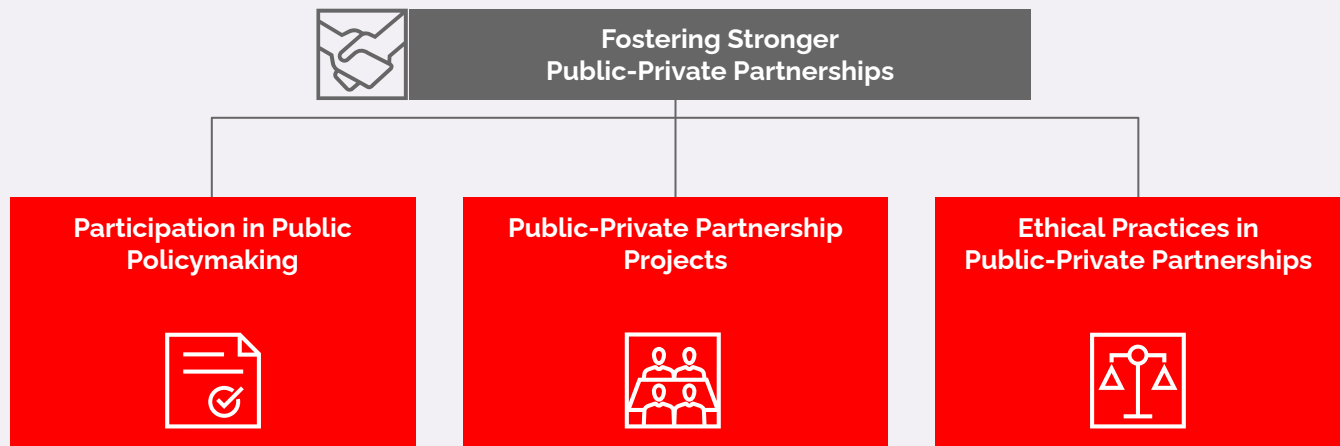
## 5.0 Fostering Stronger Public-Private Partnerships

This chapter outlines how PLCs can forge stronger partnerships with the public sector to support nation building efforts.

PPP is a mechanism for governments to collaborate with the private sector in implementing public infrastructure projects and services. In Malaysia, the Public Private Partnership Unit (UKAS), a central agency under the Prime Minister's Department, has been established to facilitate these strategic partnerships.

Leveraging the expertise and resources of the private sector, PPP can bring about new technology and innovation, grow local capabilities, as well as enable resource and risk-sharing.<sup>1</sup> Empirical studies have shown that an increase in PPP investments to GDP can increase real GDP per capita growth by 0.1 percentage point on average. The positive impact is associated with higher infrastructure quality, as a result of innovation and efficiency gains from PPP as well as good contract arrangements.<sup>2,3</sup>

Fostering stronger PPPs entails proactive private sector participation in policymaking, projects and upholding ethical practices.



Source: 1. [World Bank](#); 2. [Deriving Macroeconomic Benefits from Public-Private Partnerships in Developing Asia, Asian Development Bank](#); 3. [Public-Private Partnership Infrastructure Projects: Case Studies from the Republic of Korea, Asian Development Bank](#)

## 5.1 Participation in Public Policymaking

Public policy outlines the strategic course of action for the country, which enables more efficient allocation and prioritisation of resources. The process of policy formulation is as important as its implementation to ensure that the intended outcomes are achieved.

The private sector's feedback is crucial in the policymaking process, whereby:

- Constructive dialogue with the public and businesses can promote transparency and accountability.<sup>1</sup>
- Governments can better understand implementation bottlenecks so that root causes can be addressed in a timely manner.

Governments formulate investment and business policies. But the **private sector also plays an essential role in shaping those policies so that companies can operate at their best** and contribute their most to economic development.

Source: [\*International Financial Corporation\*](#)

PLCs can take the lead in engaging Federal and State governments as well as regulators to jointly shape policies and advocate for a conducive business ecosystem in Malaysia.

### Example (Vietnam Business Forum (VBF)): Influencing policymakers towards a favourable business environment

In the 1990s, when Vietnam's economy opened up to foreign investors, the VBF was launched as a not-for-profit, non-political channel for public-private dialogue. It operates as a bi-annual forum between the government and business associations, enabling the private sector to work with the government in resolving regulatory constraints that hinder the country's development. The VBF also works to provide research, legal analysis, identification of problems and practical solutions.

The VBF has contributed to the passage of laws and regulations pertaining to the Law on Securities, the Common Investment Law and labour code amendments, among others. It has also contributed to business-friendly policies that allowed local and foreign private companies to save costs and grow.

As a result, the VBF provided inputs to the policymakers to help develop a business environment that attracts investments and stimulates sustainable economic development in Vietnam.

Source: [\*International Finance Corporation; Vietnam Business Forum\*](#)

Source: 1. [\*Government at a Glance Southeast Asia 2019, OECD\*](#)

## 5.1 Participation in Public Policymaking (cont'd)

Some practical steps can be taken to share private sector insights and expertise for enhanced policy design.<sup>1,2</sup>

1

### Leverage public consultation avenues

PLCs can explore several engagement avenues to share insights and relevant information. The examples of avenues are roundtables, focus group discussions, dialogues and government websites. Malaysia Productivity Corporation (MPC) has established a [website](#)<sup>3</sup> to allow easy access to regulatory consultations.

With more avenues and participation from the businesses and public, the government can demonstrate its accountability, transparency and inclusiveness in policymaking.

2

### Share relevant resources

PLCs can share relevant information to support policymaking, given the wealth of data that is collated through their business operations. Nonetheless, the data and information shared should still comply with relevant privacy laws.

3

### Develop thought leadership to drive advocacy

PLCs can conduct research and analysis of issues pertinent to their industry that requires policy intervention. The findings can be used to substantiate feedback to policymakers, including topics related to impact of industry regulations, policies and implementation roadblocks.

**Doing business and doing well are not mutually exclusive.** Profit-seeking and sustainability objectives can align. **To better mitigate risks and realise the benefits of private sector action, informed dialogue between policy makers and businesses will be crucial.**

Source: [OECD Development Centre](#)

Source: 1. [Peer Review Assessment of Public Consultation as Used by Malaysia to Improve Regulation, APEC](#); 2. [World Bank](#); 3. [MPC](#)

## 5.1 Participation in Public Policymaking (cont'd)

### Example (CEO Action Network (CAN)): Shaping sustainability policies and strategies to spur meaningful action that creates positive impact

CAN is a closed-door peer-to-peer informal network of CEOs of leading Malaysian businesses. It is a coalition of leaders with a purpose, focused on sustainability advocacy, capacity building, action and performance.

CAN's current focus is on setting collective commitments on climate action and social stewardship. CAN is in partnership with Climate Governance Malaysia to drive a series of multi-ministerial engagements. Its approach to policy advocacy is to engage with diverse stakeholders through a combination of open (public) sessions, round table (closed door) discussions and workshops to arrive at a set of policy recommendations. The larger role of the platform is to inform policy and provide signaling from the private sector.

Source: [CEO Action Network](#)

### Example (MyDIGITAL Catalytic Projects Task Force (CPTF)): Paving the way for PPP to accelerate technological transformation and supercharge the economy

The MyDIGITAL CPTF is a platform established by the government to debottleneck issues pertaining to digital and technological transformation faced by industry players. This platform enables the public and private sector to:

- Engage in direct discussions to solve problems that cut across various ministries, industry sectors and the technology domain
- Facilitate resolution or escalation of policy issues to the Cabinet for further discussion and resolution

The aspirations for CPTF is to pave the way for effective PPP-based problem solving to catalyse the nation's digital aspirations.

Source: [MCMC](#); [The Edge](#); [The Star](#)

#### *Examples of application and outcome of the CPTF*

PLUS, together with Celcom Axiata, will leverage the CPTF platform to **identify and effectively address issues regarding the implementation of technologies**, paving the way for safer highways.

**Cuts approval time for Aerial Work Certificates by 50%** to encourage the use of drone technology in precision farming, in association with Aerodyne Group, Civil Aviation Authority of Malaysia, Department of Survey and Mapping Malaysia, among others.

## 5.2 Public-Private Partnership Projects

PPP is typically used for large-scale infrastructure development and maintenance projects, whereby risks are shared between the public and private sector.<sup>1</sup>

### Example:

The video by the International Finance Corporation highlights how PPP can help developing countries gain access to innovation and infrastructure, and the importance of PPP to propel nations' efforts in advancing sustainable development.

Source: [International Finance Corporation](#)



UKAS was established in 2009 as a central agency under the Prime Minister's Department with the role to facilitate strategic partnerships between the public and private sectors through PPP and the Facilitation Fund programme.<sup>2</sup> Moving forward, PPP 3.0 will include a financing model that reduces reliance on the government.<sup>3</sup> The current fiscal constraints will warrant such arrangements. Malaysia's PPP initiatives have undergone a series of evolution and will continue to play a central role in the nation's aspiration to remain competitive in all sectors.

PPP that goes beyond traditional models\* can help transform Malaysia's economic landscape, as illustrated below:

- Collaboration in areas such as capacity building, R&D and value chain development can contribute towards improving the nation's resilience against future economic, social and environmental disruptions.<sup>4</sup>
- These collaborations can also support socioeconomic development, paving the way towards achieving the country's longer term aspirations.

The questions we as a society need to tackle have become so complex, so fundamental, so essential to our long-term survival as a species, that it requires us to rethink the concept of PPP.

Source: [World Government Summit in partnership with PwC](#)

\*Traditional or common PPP models include build-operate-transfer (BOT), build-own-lease-transfer (BOLT), design-build-operate (DBO), build-lease-maintain-transfer (BLMT) arrangements, among others.

Source: 1. [Public-Private Partnership Development in Southeast Asia, Asian Development Bank](#); 2. [UKAS](#); 3. [New Straits Times](#); 4. [ASEAN PPP Regional Framework for Technology Development in the Food, Agriculture and Forestry Sectors, ASEAN](#)



## 5.2 Public-Private Partnership Projects (cont'd)



### Port Klang

Propelling the performance of a public port with public-private partnership

The introduction of private port operators to Port Klang began in the 1980s, making it one of the first ports in Malaysia to be privatised. The involvement of private sector was decided as an approach to improve port efficiency in order to reduce dependency on neighbouring countries for external trade. In 1994, the Port Klang Authority (PKA) handed Westports to Kelang Multi Terminal Sdn Bhd (KMT), who considerably expanded the infrastructure and facilities. KMT consortium later became Westports Malaysia Sdn Bhd (now Westports Holdings Berhad).

Following the privatisation, PKA's role evolved from port operations to:

- Trade facilitation and asset management
- Port planning and development, such as development of a master plan for the 2010 to 2030 period
- Free zone authority and regulatory oversight of privatised facilities and services
- Tariff regulation (i.e. tariff setting and revision) to ensure competitiveness, while also allowing all stakeholders and port users to be engaged in the tariff revision processes
- Other regulatory activities pertaining to safety and environment, such as marine operations, fire services and dangerous goods control

Outcomes of the partnership:

- Improved operational performance with more commerce-oriented management
- Capacity expansion as a result of productivity gains as well as additional private investments
- Increased berth productivity, and higher throughput and volume of cargo handled
- Subleasing was also made possible whereby the operator can transfer the leasehold rights to a third party. (i.e. Shell Malaysia signed a 14-year agreement with Westports to build and operate a terminal for downstream operations)

By 2021, Westports Holdings Berhad has 76% market share of Port Klang's operations. The company is a major representative of the transport and logistics sector in Malaysia, and has also received The Edge Billion Ringgit Club 2022 award for having the highest return on equity over three years in the transportation and logistics sector.

*Source: Regulation in PPP projects: the case of Port Klang, United Nations ESCAP, Westports Holdings Berhad Integrated Annual Report 2021, The Edge*

Given the government's commitment to foster partnerships, PLCs can seek existing or develop new PPP project opportunities. These can improve companies' profits through increased efficiency in investments and operations in the PPP projects,<sup>1</sup> while meeting the country's development needs.

*Source: 1. Public-Private Partnership Handbook, Asian Development Bank*

## 5.2 Public-Private Partnership Projects (cont'd)

As PPP involves social and technical complexities, this presents opportunities for the partners to build synergies and develop competencies in the delivery of the projects.<sup>1</sup>

Several measures can be taken to ensure effective public-private partnership projects<sup>2, 3, 4</sup>:

1

### Leverage mutual understanding and strengths

Identify partners with aligned objectives and synergies to achieve the project outcomes. In the delivery of PPP projects, the government can leverage private sectors' expertise in project management and implementation in their respective industries. Meanwhile, ministries and government agencies can play a facilitative role by escalating implementation issues to policymakers for effective resolution.

2

### Establish dispute resolution mechanism

To maintain long-term contractual relationships between the project partners, amicable settlement or mediation is the preferred method to resolve disagreements. This can be formalised by including the mechanisms through which disputes will be managed in contract clauses that are considered as fair to all stakeholders.

3

### Active stakeholder communication throughout the project

Establish channels for regular and timely stakeholder consultations that extend beyond the partners to include technical experts and the community. This should take place from the planning to execution stages. The diverse perspectives and feedback promote a holistic approach in project implementation and help mitigate unfavourable social and environmental outcomes.

Source: 1. *Yale Insights*; 2. *Harvard Business Review*; 3. *Forbes*; 4. *OECD Principles for Private Sector Participation in Infrastructure*, OECD

## Spotlight

### Dutch Lady Milk Industries Berhad

#### Partnerships to uplift local capabilities, advance sustainability, and drive economic growth

Dutch Lady established a PPP with the Department of Veterinary Services (DVS) in 2021 to improve the quality, productivity and sustainability of the local fresh milk industry. As the largest purchaser of fresh milk in Malaysia, Dutch Lady currently procures from 41% of the 800+ farmers registered with the DVS via milk collection services managed by the DVS.

The partnership promotes the participation of local dairy farmers in the company's Dairy Development Programme (DDP) and Farmer2Farmer (F2F) programme. These initiatives **enhance local farmers' skills and farming practices** through workshops and knowledge sharing by the Dutch dairy industry.

Through the partnership, local dairy farmers receive education on best practices across the whole cycle of farming practice from cow care to product handling. By improving the quality and quantity of locally-produced fresh milk, Dutch Lady also benefits from a more **secure supply chain** to meet market demand.

The goal of this collaboration is also anchored on **boosting the nation's supply of quality, sustainable fresh milk**, in line with **Malaysia's goal of 100% SSL by 2025**.

In addition to this PPP, the company also occasionally collaborates with other public sector agencies to elevate the health and nutritional status of the nation. For instance, Dutch Lady actively works with the Ministry of Education over the years to organise health awareness campaigns and sports events, as well as improve milk accessibility for students from underprivileged communities.

Source: [Dutch Lady](#); [Dutch Lady Annual Report 2019](#); [Bernama](#); Interview with Managing Director, Dutch Lady Milk Industries Berhad (2022)

# 536 farmers

trained since 2013 through F2F programme

# 44 million litres

purchased from local farmers since 2010

## 5.3 Ethical Practices in Public-Private Partnerships

The successful implementation of PPP heavily depends on the inculcation of good ethics among the partners. Ethical practices in PPPs include elements of transparency, public accountability, sustainable development, as well as safety and security.<sup>1,2</sup> Good ethical practices are important to enhance the impact of PPPs in nation building.

Transparency is essential to build and maintain trust between all parties over the lifecycle of a PPP project.<sup>3</sup> Ethical considerations at the early stages of the project, such as the request for financial and economic feasibility studies, can also reduce moral hazard in PPPs.<sup>1,4</sup>

A potential situation that may occur is that without formal feasibility studies, local municipalities may approve less financially-viable projects at the city-level, as fiscal risks can be passed on to the central government.<sup>4</sup> With proper feasibility studies, this risk can be mitigated.

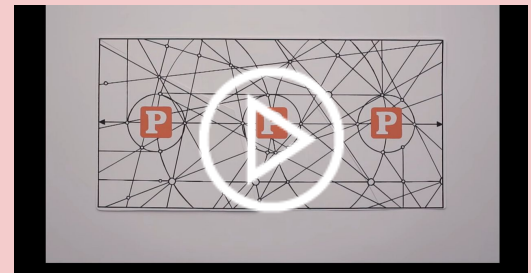
As such, PLCs should play a role in upholding ethical practices in PPPs together with the public sector. This can promote corporate responsibility and improve stakeholders' perception of PLCs.<sup>5</sup>

“The challenges of development—the challenges of improving the lives of others—are not purely economic or financial. **They are ethical.**”

- Shalin Yang, Managing Director and Chief Administrative Officer, World Bank Group

This video is a brief introduction to PPP and highlights good governance for a successful partnership:

- Putting people first by assessing user needs and involve all concerned stakeholders
- Effective negotiation and management of long-term collaborations
- Risks should be shared appropriately between partners and risks to the environment should be mitigated



Source: [A quick introduction to Public-Private Partnership, United Nations Economic Commission for Europe](#)

Source: 1. [International Public Policy Association](#); 2. [United Nations Economic Commission for Europe](#); 3. [Annual work conference Netherlands Institute of Government](#); 4. [International Monetary Fund](#); 5. [World Bank Chief Ethics Officer](#)

## 5.3 Ethical Practices in Public-Private Partnerships (cont'd)

To strengthen ethical practices in PPP ventures, PLCs can adopt the following approaches.<sup>1, 2</sup>

1

### Advocate public disclosure throughout PPP lifecycle

Disclosure of information should take place across the preparation, procurement and contract management stages. PLCs can share information such as construction progress and project performance publicly. This promotes optimal socioeconomic outcomes by increasing predictability and raising public confidence in PPP projects, among others.

#### Enhancing transparency in PPPs through online publication of project information



Source: [Benchmarking Infrastructure Development 2020, World Bank](#)

2

### Establish ethical considerations framework

PLCs can institutionalise specific areas of ethical assessments prior to participation in PPP projects. These should include conducting social and environmental impact analyses, risk identification and allocation, comparative assessments and financial viability exercises.

3

### Enhance standards in safety and security and sustainable development

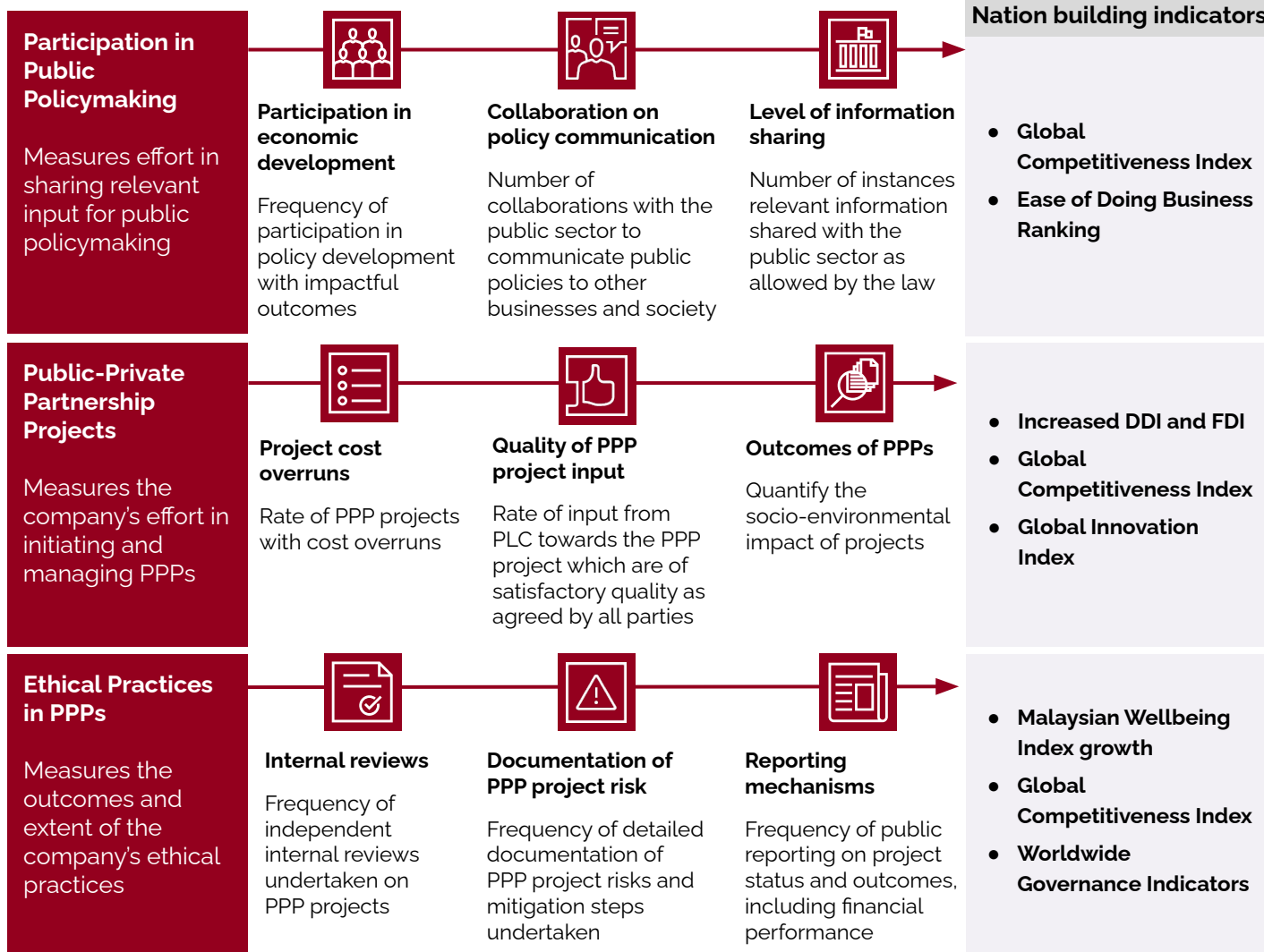
PLCs should ensure that ethical standards are applied during the delivery of PPPs. These could include:

- Ensuring equitable and fair labour treatment
- Minimising impact on the environment and livelihoods of the community
- Avoiding corruption and bribery in all forms

Source: 1. [World Bank](#); 2. [United Nations Sustainable Development Goals](#)

## 5.4 Key Metrics and Call to Action

Below are some examples of metrics that can be used by PLCs to measure its involvement in PPP.<sup>1</sup> These metrics are linked to nation building indicators and can be used internally to track progress or externally for reporting (i.e. in annual reports).



Source: 1. *Key Performance Indicators in Public-Private Partnerships*, World Bank

## Interventions to capture greater FDIs and boost global presence

PLCs can leverage the relationship between the public and private sector to further boost their global presence and increase the country's overall competitiveness. A vibrant investment ecosystem to boost trade and investments in the country can benefit the PLCs as well as the country.



### Public Sector



Promote Malaysia as a preferred investment destination and strengthen the investment ecosystem to attract more FDI and regional headquarters of multinational corporations



Formulate and enhance targeted capacity and capability programmes for PLCs to encourage export readiness



Strengthen Malaysia's intellectual property rights regime and promote collaboration with private sector



Educate businesses on the utilisation and compliance with Free Trade Agreement (FTA) requirements. Facilitate trade with FTA member countries



Implement specific policy instruments and interventions that complement, coordinate and collaborate with the private sector



### Private Sector<sup>1</sup>



Look for opportunities to plug into global value chains through collaboration or partnerships with other global players



Boost trade competitiveness and export readiness through participation in capacity and capability programmes



Enhance product offerings and increase efficiency by accelerating innovation in companies



Leverage on existing FTAs to reap the benefits in trading with other participating countries



Enhance international presence through regional and global value chain integration

Source: 1. [Bernama](#)

## 5.4 Key Metrics and Call to Action (cont'd)

### Call to action

1

Do not overlook the importance of participating in policy discourse. Share relevant data and information that helps the government to facilitate industry's needs in a more effective and timely manner.

2

Initiate and lead strategic partnerships with the public sector that transcends typical collaborations with greater positive spillovers (i.e. beyond infrastructure).

3

Be transparent and accountable to ensure ethical delivery of PPP projects throughout their lifecycle.

### Useful links

**Information sharing resource for the private sector:** Resources on private sector data sharing such as research, case studies and toolkits

**Guidebook on promoting good governance in PPP:** United Nations Economic Commission for Europe (UNECE)

**Framework for disclosure in public-private partnerships:** A technical guidance by World Bank Group on systemic disclosure of information in PPP programmes

**Public Private Partnership Guideline:** A guide from the Public-Private Partnership Unit of the Prime Minister's Department on a framework and processes of developing a PPP project

**Unified Public Consultation portal:** Portal established by Malaysia Productivity Corporation to facilitate stakeholder engagements in the government's rule-making process



# 6

## IMPLEMENTATION CONSIDERATIONS



## 6.0 Implementation Considerations

Previous chapters highlighted PLCs' role in specific areas of value creation for nation building, while creating significant value for their businesses. Implementation is key to turn the call to action into reality.

This chapter outlines the implementation considerations for PLCs as they pursue nation building efforts, including:

- Key implementation challenges and priorities for corporations
- How companies' top management can shape strategic direction and operational processes to drive nation building efforts
- Communicating purpose and impact to stakeholders
- Reflections on current level of participation in nation building and the next steps



## Spotlight Tan Sri Dato' Sri Zamzamzairani, Chairman of Maybank

In this interview, Tan Sri Dato' Sri Zamzamzairani, Chairman of Maybank, shares his views and experience with regard to PLCs participating in nation building efforts and the implementation considerations for PLCs.



Views on nation building:

1. Nation building is about **alignment of goals** between businesses and their stakeholders. Alignment of goals creates a "rolling effect" which benefits both businesses and the nation.
2. Development of people and talent **to meet the future demands of the workforce** is fundamental in ensuring PLCs are able to remain competitive in the long run.
3. Apart from talent development, it is important to "**raise the floor level of the economy**". This could be achieved through development of the whole ecosystem, which includes SMEs and start-ups that forms key segments of the economy.
4. By contributing towards nation building, local companies can create a **proven track record domestically** to support them in expanding their business globally.

Five key considerations in implementing nation building efforts:

- 1 **Frequent communication between stakeholders**  
Frequent communication between PLCs and their stakeholders is key in aligning goals to contribute towards nation building.
- 2 **Have a long term view**  
It is important for PLCs to have a **holistic and long-term view** in investing in and undertaking nation building efforts. The efforts undertaken now create impact in the future.
- 3 **Invest in people and talent development**  
By providing career opportunities and investing in people and talent development, the long-term impact not only benefits PLCs but also the nation as the talents are groomed to be leaders of the industry.
- 4 **Demonstrate sincerity and deliver promise**  
With regard to building trust in PPP, PLCs need to continuously demonstrate the seriousness and sincerity in delivering projects. Beyond that it is also about ensuring the delivery of the promise.
- 5 **Success breeds success**  
There needs to be a **mindset change** when it comes to the development of smaller businesses and talent. The efforts undertaken would not just benefit the company, but also its surrounding ecosystem.

## 6.1 Implementation Challenges and Priorities

The following diagram highlights potential challenges in driving nation building efforts among companies.<sup>1, 2</sup> In implementing nation building efforts, it is critical to get stakeholders' buy-in to understand the expected outcomes and that appropriate resources are made available for implementation.



### #1 Understanding of nation building in a corporate context

*Association of nation building with corporate social responsibility or philanthropic gestures, rather than an integral element in strategic corporate planning to create value for businesses themselves*



### #2 Balancing diverse stakeholder needs and expectations

*Resistance to change when the purpose of embedding nation building efforts into corporate strategy, and their impact on business and organisational performance are not clearly conveyed to internal and external stakeholders (e.g. employees, shareholders, the public)*



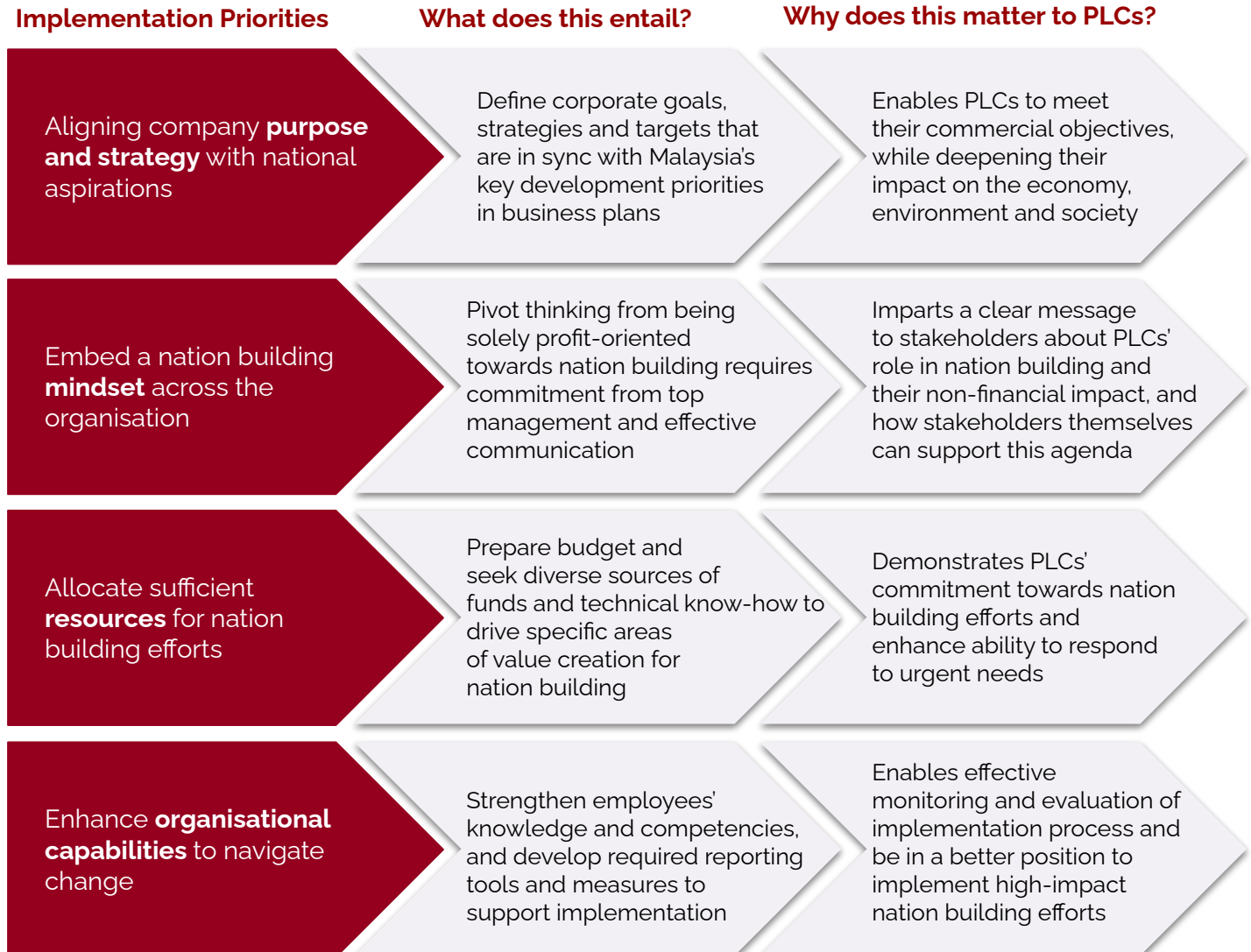
### #3 Availability of dedicated resources

*Uncertainties regarding adequacy of talent with suitable competencies, funds and data to support nation building efforts and to demonstrate impact*

Source: 1. [Forbes, 2021](#); 2. [Forbes, 2019](#)

## 6.1 Implementation Challenges and Priorities (cont'd)

The aforementioned challenges can be addressed by focusing on the implementation priorities below<sup>1, 2</sup>:



Source: 1. [Semantic Scholar](#); 2. [United Nations](#)

## 6.1 Implementation Challenges and Priorities (cont'd)

The implementation efforts require commitment from the top leadership of PLCs, including the Board of Directors and the Management.

In addition to shaping strategic direction and strengthening operational capacity, the focus should also be placed on managing stakeholder communication. Areas to consider include:

### Board of Directors

- How can we influence strategic direction that aligns with nation building efforts?
- What are suitable strategies to drive the value creation areas?
- How can we build and maintain high levels of trust with our stakeholders?

### Management

- How do we implement the strategies aligned to the value creation areas?
- How can we gain buy-in from our employees and other stakeholders to support these initiatives?
- How do we build internal capabilities, including the processes and technology to drive these initiatives?

### On managing stakeholder communication




- How can we convey the importance of embedding nation building into corporate strategy to stakeholders?
- How can we measure and report progress in nation building efforts?

## 6.2 Roles of Board of Directors and Management

The **Board of Directors** is responsible in demonstrating leadership, influencing strategies and providing oversight of companies' performance in nation building initiatives. These encompass:

- Instilling purpose that captures the broader ambition of the business beyond profit generation and give employees meaning in their daily work.<sup>1</sup>
- Providing views and inputs on overall company strategy that contributes to nation building and create value to wider stakeholders
- Accountability over companies' performance that is measured by its financial and non-financial impact (e.g. impact on environment and society)

### Board of Directors' role in nation building

 <b>Leadership</b>	 <b>Corporate Strategy</b>	 <b>Oversight</b>
<ul style="list-style-type: none"> <li>• Set the tone and commit to <b>nation building as a priority</b> for the company</li> <li>• Call for a strategy shift or adaptation to ensure <b>relevance and alignment with nation building</b></li> <li>• <b>Promote diversity</b> in the composition of the Board</li> <li>• Keep informed of the latest <b>trends and issues related to nation building</b></li> </ul>	<p>Provide input on strategic planning to:</p> <ul style="list-style-type: none"> <li>• Integrate <b>nation building priority areas</b> into business strategy</li> <li>• Incorporate <b>nation building attributes</b> into KPIs or business outcomes</li> <li>• Ensure that the Management has adequate resources to <b>execute the strategies while responding to stakeholders' expectations</b></li> </ul>	<ul style="list-style-type: none"> <li>• Oversee <b>progress</b> and monitor <b>risks in prioritised nation building areas</b> for continuous improvement</li> <li>• Oversee the Management's performance against set targets and expected outcomes</li> <li>• Uphold good code of conduct and ensure that ethical practices are similarly adopted by the Management and employees<sup>2</sup></li> </ul>

Source: 1. *BCG Henderson Institute*; 2. *Code of Conduct and Ethics for Directors, Bursa Malaysia*

## 6.2 Roles of Board of Directors and Management (cont'd)

The **Management** team also plays a leadership role to ensure that the nation building initiatives are supported with the right enablers in the company. These comprise:

- Setting meaningful long-term goals and driving change management in the areas that are aligned with nation building priorities
- Shaping organisational culture and policies that contribute to the betterment of the nation
- Embracing digital transformation and innovation to drive in line with national's plans

### Management's role in nation building



#### Strategy and Process

- **Define the areas of contribution** towards nation building that can give meaningful impact
- **Integrate nation building priorities** in business operations (i.e. local sourcing and PPP projects)
- **Drive change management** by providing clear steps and guidance to employees
- **Promote ethical practices** across the organisation by demonstrating such conduct from the top (lead by example)



#### Structure and People

- **Equip employees with relevant skills and knowledge** through training and on-the-job opportunities for them to partake in nation building initiatives
- **Recognise** employees' efforts that contribute to nation building initiatives, by tying management KPI to relevant key metrics
- **Establish policies on collaboration and partnerships** to enable the company to scale its nation building efforts



#### Technology

- **Accelerate digital transformation** of business operations for improved efficiency and productivity in line with the country's digitalisation efforts
- **Increase investment in R&D&C&I** activities as a means to create new revenue streams and value-added activities
- **Leverage technology to collect data** for the company to measure its impact and share relevant information to the public sector for policy input



## Spotlight Samsung Electronics

### Transition from low-cost-driven competitive strategy to implementing long term value creation

During the 1990s, Samsung was facing intensifying competition from Japanese electronic companies who were offshoring their manufacturing plants to Southeast Asia.

In order to adapt, the company launched its “New Management” initiative and implemented it by:

1. **Aligning its business philosophy, mission statement, and vision** to address rising competition and future trends - globalisation, digitalisation, and rising domestic wages following South Korea’s democratisation
2. **Implementing a “Hybrid Management Strategy”** to integrate Western and Eastern practices
3. **Realigning every aspect of its management system** to new goals, such as:
  - evolving from product quality assurance to quality of the whole business process
  - encouraging bottom-up feedback
  - investing heavily on training compensation and the retention of in-house specialists
  - sending young talent abroad for language and specialist courses
  - promoting women to the ranks of senior executives
4. **Measuring and tracking** financial indicators and supply chain metrics integrated with Six Sigma techniques

The company’s sustainability priorities cover **corporate citizenship (education), digital responsibility, labour and human rights, diversity and inclusion, supply chain and environment.**

Over the course of its business, Samsung has contributed greatly to the economy of South Korea not just through its direct outputs, but also through its **partnerships with the public sector and small businesses.** For example, the company is **collaborating with South Korean government agencies to empower 2,500 local SMEs** by educating their executives, offering its patents, supporting the construction of smart factories and market development. The programme aims to strengthen the overall competitiveness of SMEs in South Korea, as well as **providing SMEs with a foundation for innovation.**

The company has continuously engaged in initiatives that contribute to the nation, such as its “Together for Tomorrow” vision announced in 2022, which places emphasis on **talent development,** environmental sustainability and **collaborative innovation.**

Source: [Samsung](#); [IndustryWeek](#); [Britannica](#); [Harvard Business Review](#); [Emerald Publishing](#); [BusinessKorea](#)

## 6.3 Stakeholder Communication

Communication is key in conveying how PLCs' business purpose and corporate strategy are aligned to contribute towards nation building.

PLCs should seek to communicate the impact they have created for the nation on a regular basis to demonstrate the company's proactiveness and commitment to support nation building efforts. This level of transparency can help to maintain trust with different stakeholder groups and greatly influence investors' and the public's confidence in the company.



### Progress monitoring and reporting

- **Utilise data and digital tools** to effectively monitor progress on key metrics over time
- **Adopt frameworks and good practices** such as Integrated Reporting<sup>1</sup> or Total Impact Measurement & Management framework (TIMM)<sup>2</sup> **to refine and report on value creation**
- **Map out the company's impact and value created** for the nation, not just outputs and activities



### Stakeholder engagement

- **Ensure that the company's stakeholders are supportive** of the strategies by demonstrating quantitative and qualitative measures and communicating the benefits of nation building<sup>3</sup>
- **Include nation building priorities or attributes** in stakeholder **materiality assessments** to identify nation building matters that are important to company stakeholders
- Seek opportunities to **engage with the public sector and civil society** to identify gaps in strategies and ensure alignment with the nation's evolving needs



### Public communication

- **Include nation building attributes into an integrated annual report** and dedicate a segment in the report to demonstrate national contribution
- Ensure that public disclosures are done with **high integrity and transparency**
- **Utilise social media as a channel** to communicate the company's nation building efforts and ensure that communication is **relevant and authentic** to build positive brand reputation<sup>4</sup>

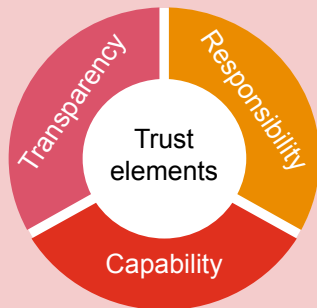
Source: 1. *Transition to integrated reporting*, Value Reporting Foundation; 2. *Measuring and managing total impact: A new language for business decisions*, PwC; 3. *Board Intelligence*; 4. *Forbes*

## 6.3 Stakeholder Communication (cont'd)

When it comes to building trust and integrity, it is essential that PLCs practice not just authenticity in communication, but also consistency in materialising the company's strategy.<sup>1</sup> Nation building efforts need to be followed by clear and transparent demonstration of commitment to earn credibility. PLCs need to ensure that the organisation and its leadership act with high integrity and can be held accountable in the performance of the company and its wider impact on society.

### Example: Trust and integrity

PwC Malaysia's Trust Analytics Framework, used in its BTA methodology, considers three key elements in how companies create value and build trust with its stakeholders and society.



**Transparency** - The extent of which the actions, initiatives and practices of the company are observable by its stakeholders and the public

**Responsibility** - The practices, actions and initiatives taken that guide the company's moral code of conduct on strategic and operational matters, and promote the interest of shareholders, society and environment

**Capability** - The performance and track record of the company, its Board of Directors, and the CEO and senior management in delivering results and meeting the expectations of its stakeholders

The Awards recognise companies that are making strides to build and maintain high levels of trust with its stakeholders. For companies with high public trust perception, some actions observed include corporate responsibility, innovation, and robust discussion of business outlook. The Spotlights below highlight two past winners and the practices they have demonstrated.

### Spotlight Maybank

Maybank **clearly communicates** the positives and negatives for year 2020, as well as their outlook for 2021. The company also publicly **discloses material risks and opportunities with transparency**. The public poll reveals that Maybank is perceived as **transparent, capable and responsible**.

### Spotlight KPJ Healthcare Berhad

KPJ received praise from the BTA judges for their actions in **mitigating the impact of COVID-19 on the wider community**, as well as their emphasis on **reporting their ESG practices in a transparent manner**. The public poll also shows that KPJ is perceived **very favourably** by the public.

Source: *The Building Trust Awards 2021 Judges' Report*

Source: 1. *Strategy+Business*

## 6.4 Elevating Participation in Nation Building

Below are a set of questions and checklist for PLCs to reflect upon to elevate their participation in nation building efforts going forward.

### Questions for consideration:



Is your current supply chain adequately diversified with local suppliers?



Are you doing enough to champion DEI policies and initiatives in your company?



Are you investing enough in R&D&C&I activities and is it structured towards supporting long-term societal and environmental needs?



Is your company actively contributing and participating in public policy discussions? Are you sharing relevant data and information that would benefit the society as a whole?



Is your company fully embracing digital initiatives that are aligned to the government's call to embrace digitalisation?



Are you actively participating in PPP projects that create value for the nation?



Does your organisation have the required skills and competencies based on emerging trends?



Are you adopting fair and ethical practices throughout your PPP projects?



Does your company's wellbeing and wellness initiatives address your employees' needs? Are they relevant, effective and meaningful?



Are you doing enough to build trust and create value for your stakeholders? Do you have the right metrics to measure your impact to the nation?

### Checklist:



Internalise the meaning of nation building and its attributes



Increase participation and contribution to public policy discussions and projects



Integrate nation building attributes and outcomes into corporate strategy planning



Promote fair and ethical practices across the organisation



Demonstrate commitment towards nation building through top management



Design and introduce performance metrics that are aligned to nation building outcomes



Allocate resources and obtain stakeholders' buy-in to enable effective implementation of nation building initiatives



Craft narratives related to nation building and the business for stakeholder communication

## Spotlight Hartalega

Hartalega is one of the world's largest exporters of nitrile gloves, with a production capacity of over 44 billion pieces per year. Between 2021 and 2022, Hartalega **expanded their R&D team by approximately 86%** to produce greater opportunities for innovation and new technological capabilities. The company aims to build a regional medical device distribution company focusing on markets in Asia-Pacific.

Below is an illustration of the efforts undertaken by Hartalega which are aligned with the **areas of value creation in nation building** and the specific **imperatives**:

### Sustaining Economic Growth and Productivity

#### *MSME Development*

**Localises their supply chain** as a means to optimise cost and efficiency. The company increased their spending on local suppliers to 73% in 2022.

#### *R&D&C&I Activities*

- **The world's first colloidal oatmeal coated gloves** with a patented technology
- **State-of-the-art biodegradable gloves** that reduce environmental impact
- **The world's first non-leaching antimicrobial gloves** to help curb the spread of infections

#### *Digitalisation*

Fully automate and digitalise processes at three plants. This has resulted in significant **reduction of manual recording works, greater visibility** and **better control** of its production lines.

### Cultivating Future-Readiness, Wellbeing and Inclusion of Talent

#### *Upskilling and Reskilling*

**Works with universities and TVET institutions** to improve graduates' employability through the Hartalega Academy.

#### *Employee Wellness & Wellbeing*

Promotes a culture of care and advocates for fair treatment of all employees, such as:

- **Human rights** policies are available in multiple languages
- **Employee Assistance Programme** is customised to meet the needs of their diverse workforce

#### *DEI*

Promotes **equitable career advancement** through trainings for all high-performers including migrant workers. As part of the **succession planning**, the High-Potentials Programme strategically nurture future leaders.

### Fostering Stronger Public-Private Partnerships

#### *Participation in Policymaking*

Hartalega is a founding member of the Responsible Glove Alliance (RGA). The RGA works with various stakeholders to **identify, mitigate and prevent forced labour in the industry**.

#### *PPP*

Engages in PPP by **participating in the PPP COVID-19 Industry Immunisation Programme**, and successfully administered booster vaccines for 99% of their foreign employees.

#### *Ethical Practices in PPPs*

Makes its policies (*e.g. anti-bribery and anti-corruption, code of conduct*) **available to the public** and **maintains ongoing engagements** with the government and regulators on business ethics matters.

Source: [Hartalega History](#); [Hartalega Advancements](#); [Hartalega Annual Report 2022](#); [Responsible Glove Alliance](#); [Bernama](#)

# 7

# CONCLUSION



## 7.0 Conclusion

In the context of nation building, it is essential to adopt a whole-of-nation approach. As one of the key drivers of nation building, PLCs can create immense impact towards achieving the nation's aspirations.

This Guidebook has provided pertinent areas to be considered by PLCs in contributing towards nation building. The examples, case studies and call to action, as well as the various links and enabling practice aids in this Guidebook have been provided with the intent of guiding PLCs to optimise their efforts in realising the nation's aspirations.

The nation building efforts that can be undertaken by PLCs can also demonstrate real benefits to companies, such as:

- Improved supply chain resilience
- Enhanced talent retention and pipeline
- Strengthened trust and reputation
- Enhanced business performance

The immediate questions to be considered by PLCs in the context of contributing towards nation building are:

- What more can be done to maximise its contribution to the nation?
- How can PLCs balance various stakeholders' expectations in the context of nation building efforts?
- How can PLCs communicate its purpose, action and impact towards nation building to both internal and external stakeholders?

It is important to embed nation building efforts into PLCs' corporate strategy. Leadership should set the tone and pave the way to enable the organisation to achieve its priorities in line with nation building goals.

PLCs can strengthen trust with the government and society through greater transparency and by taking accountability for their actions in nation building efforts. This will create a conducive environment for the country to grow and improve its competitiveness for the benefit of all.

PLCs need to transition from merely keeping up to stepping up in order to elevate their participation in nation building. If all PLCs make significant effort in contributing towards nation building, our nation will be uplifted towards a more prosperous, inclusive and sustainable future while elevating investability and performance of our capital markets.

KEEPING UP



STEPPING UP



8

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<b>3.3 Digitalisation and Technology Partnerships</b>	
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<b>3.3 Digitalisation and Technology Partnerships (cont'd)</b>	
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<b>4.0 Cultivating Future-Readiness, Wellbeing and Inclusion of Talent (cont'd)</b>	
<b>4.3 Diversity, Equity and Inclusion (DEI)</b>	
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<b>6.1 Implementation Challenges and Priorities</b>	
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A stack of white envelopes with orange ribbons, viewed from a low angle, creating a sense of depth and repetition. The ribbons are tied around the envelopes, and the stack is slightly offset, showing the edges of multiple envelopes. The background is a soft, out-of-focus white.

# 9

## GLOSSARY

# Glossary

<b>12MP</b>	Twelfth Malaysia Plan
<b>4IR</b>	Fourth Industrial Revolution
<b>AI</b>	Artificial Intelligence
<b>APEC</b>	Asia-Pacific Economic Cooperation
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>BERD</b>	Business expenditure on R&D; R&D expenditure by business enterprises
<b>BLMT</b>	Build-lease-maintain-transfer
<b>BTA</b>	Building Trust Awards
<b>Bursa Malaysia</b>	Bursa Malaysia Berhad
<b>Bursa Malaysia Group</b>	Bursa Malaysia Berhad and its subsidiaries
<b>CAGR</b>	Compound annual growth rate
<b>CAN</b>	CEO Action Network
<b>CEO</b>	Chief Executive Officer
<b>CPTF</b>	Catalytic Projects Task Force
<b>DDI</b>	Domestic direct investment
<b>DDP</b>	Dutch Lady Milk Industries' Dairy Development Programme
<b>DEI</b>	Diversity, equity and inclusion
<b>DOSM</b>	Department of Statistics Malaysia
<b>DVS</b>	Department of Veterinary Services
<b>EA</b>	Enabling Academy by Gamuda
<b>ERT</b>	European Round Table for Industry
<b>ESG</b>	Environmental, social and governance

<b>ETP</b>	Employment Transition Programme
<b>EU</b>	European Union
<b>EV</b>	Electric vehicle
<b>F2F</b>	Dutch Lady Milk Industries' Farmer2Farmer programme
<b>F4GBM</b>	FTSE4Good Bursa Malaysia
<b>FBMKLCI</b>	FTSE Bursa Malaysia Kuala Lumpur Composite Index
<b>FDI</b>	Foreign direct investment
<b>FTA</b>	Free Trade Agreement
<b>GCI</b>	Global Competitiveness Index by the World Economic Forum
<b>GDP</b>	Gross domestic product
<b>GERD</b>	Gross expenditure on R&D
<b>GHG</b>	greenhouse gas
<b>GII</b>	Global Innovation Index by the World Intellectual Property Organization
<b>GNI</b>	Gross national income
<b>Guidebook</b>	Public Listed Companies Transformation Programme Guidebook
<b>HRDF</b>	Human Resource Development Fund
<b>ICDM</b>	Institute of Corporate Directors Malaysia
<b>IIC</b>	Institutional Investors Council
<b>ILO</b>	International Labour Organization
<b>INSKEN</b>	National Entrepreneurship Institute (Institut Keusahawanan Negara)
<b>IoT</b>	Internet of Things
<b>IRS</b>	Intelligent Response Selangor

<b>KMT</b>	Kelang Multi Terminal Sdn Bhd
<b>KPI</b>	Key performance indicator
<b>LFPR</b>	Labour force participation rate
<b>MAMPU</b>	Malaysian Administrative Modernisation and Management Planning Unit
<b>Maybank</b>	Malayan Banking Berhad
<b>MBPP</b>	Penang Island City Council (Majlis Bandaraya Pulau Pinang)
<b>MCMM</b>	Ministry of Communications and Multimedia Malaysia
<b>MDEC</b>	Malaysia Digital Economy Corporation
<b>MEF</b>	Malaysian Employers Federation
<b>MIDA</b>	Malaysian Investment Development Authority
<b>mil.</b>	million
<b>MITI</b>	Ministry of International Trade and Industry
<b>MOHR</b>	Ministry of Human Resources
<b>MPC</b>	Malaysia Productivity Corporation
<b>MSME</b>	Micro, small and medium enterprises
<b>MyDigital</b>	Malaysia Digital Economy Blueprint
<b>MySIP</b>	National Structured Internship Programme
<b>MySTIE</b>	Malaysian Science, Technology, Innovation and Economy (framework) by the Ministry of Science, Technology and Innovation
<b>NGO</b>	Non-governmental organisation
<b>NTIS</b>	National Technology & Innovation Sandbox
<b>OECD</b>	Organisation for Economic Co-operation and Development



<b>PKA</b>	Port Klang Authority
<b>PLC</b>	Public Listed Company
<b>PLCT</b>	Public Listed Companies Transformation
<b>PPP</b>	Public-private partnership
<b>PwC</b>	PricewaterhouseCoopers
<b>PWDs</b>	Persons with disabilities
<b>R&amp;D&amp;C&amp;I</b>	Research, development, commercialisation and innovation
<b>R4E</b>	Reskilling 4 Employment, an initiative by the European Round Table for Industry
<b>RCEP</b>	Regional Comprehensive Economic Partnership
<b>RGA</b>	Responsible Glove Association
<b>S&amp;P500</b>	Standard & Poor's 500
<b>SC</b>	Securities Commission Malaysia
<b>SDGs</b>	Sustainable Development Goals
<b>SME</b>	Small and medium-sized enterprise
<b>SSDU</b>	Smart Selangor Delivery Unit
<b>SSL</b>	Self-sufficiency level
<b>TCS</b>	Tata Consultancy Services
<b>TIMM</b>	Total Impact Measurement & Management framework
<b>TVET</b>	Technical and vocational education and training
<b>UKAS</b>	Public Private Partnership Unit (Unit Kerjasama Awam Swasta)
<b>VBF</b>	Vietnam Business Forum
<b>WGI</b>	Worldwide Governance Indicators



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