



# Harvard Business School Alumni Club of Malaysia

## NEWSLETTER

VOLUME 2 NO. 9  
OCTOBER 1989

## Ted Levitt's Dinner Talk

### AGM 12th Dec 1989

The Club's 13th AGM has been fixed on Tuesday, December 12 at the Regent Hotel. It is expected that many members will attend so that they can elect a new Executive Committee and forward proposals for the 1990 program.



*The President  
with Ted Levitt  
prior to dinner*

HARVARD BUSINESS SCHOOL ALUMNI CLUB OF MALAYSIA  
DINNER TALK  
FOR DOORE LEVITT  
25 OCT 1989



*Daughter, with some exco members and their wives.*



## 'VISIT MALAYSIA YEAR 1990'

Helping Hand For 'Visit Malaysia Year 1990'

"IN PURSUIT OF EXCELLENCE"

# *From the* **PRESIDENT'S DESK**

September was a busy month for the Club. A total of 30 participated in the HBS Alumni Golf. The 'Corporate Leadership and Management Style Series' was off to a good start with some 50 attending a Luncheon Talk by Dato' Mohd. Ali bin Haji Hashim, Chief Executive of the Johore SEDC. The 'Total Quality Management' Seminar which the Club organised in collaboration with the National Productivity Centre was equally well attended. These functions were adequately covered by the Press.

For the first time this year the Club bestowed honours on Companies recognised as THE OUTSTANDING COMPANY OF THE YEAR. Unfortunately, for the second consecutive year, we are unable to name a Chief Executive for THE MANAGER OF THE YEAR AWARD. YB Dato' Seri Rafidah Aziz, Minister of Trade and Industry was the Guest of Honour at the Award Presentation Dinner held on 24th October, 1989.

Planning for the Sixth Senior Management Development Program (SMDP) scheduled for 5th - 18th August, 1990 is proceeding smoothly. A formal

announcement together with a brochure outlining details of the program is expected to be out soon.

With the inevitable approach towards the closing of the year, a date has been set for the Club's Annual General Meeting on 12th December, 1989. As usual, the Executive Committee's Report and the Audited Accounts of

the Club would be tabled. The Executive Committee elected then will continue the activities of the Club in 1990.

See you at the next Club function.



(A. HASHIM)



The Committee is grateful to MAS for solely sponsoring this publication.



# Nation close to joining NIC club

By AHIRUDIN ATTAN

DESPITE its protests, Malaysia is well on its way to join the newly industrialised countries (NIC) club, Datuk Alladin Hashim, president of the Harvard Business School Alumni Club of Malaysia, said.

The country's exports of manufactured goods accounted for more than 40 per cent of export earnings last year, about 20 per cent more than in 1985. And unlike other countries in the region, its export markets are "well de-

veloped and growing rapidly during the first five months of the year.

Datuk Alladin said that if Malaysia can move to become a NIC, it will be able to attract more investment, productivity and high-skilled labour, and "I'm confident we can do it in the next five years".

Malaysia can become a NIC, along with the advantages as well as the disadvantages, much earlier than most people would expect.

Earlier, he said the abundant supply of low-wage labour had

been one of the main reasons for the country's rapid growth.

Opening the seminar, Labour Minister Datuk Lim Ah Le called on employers and employees to seriously consider job and wage-sharing schemes.

He said many enterprises in developed countries have succeeded in achieving total quality through sharing the gains of productivity among their staff.

Datuk Lim said he was aware that a departure from existing methods of wage determination can cause apprehension among both workers and employers.

"However, the idea of linking compensation to productivity should not be rejected outright but be discussed frankly to see its extent of the feasibility of its implementation," he added.

Some 50 corporate leaders and executives are attending the two-day seminar. Speakers include Swedish management consultant Dr Lennart Sandholm, National Productivity Centre deputy director Ruslan Khalid, and Malaysian American Electronics Industries chairman Jerry Lee.

"In my view, there are at least two ways of further upgrading the quality of labour in the country. Firstly, there is need to expand and further step up training of blue-collar workers by both public and private sectors.

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## TARGET FOR INDUSTRIAL COURT TO CLEAR CASES

## JSEDC chief: Enlarge role of public enterprises

By Charles Raj

PUBLIC enterprises should be given an even more prominent role in the post-1990 period, the executive director of the Johore State Economic Development Corporation, Datuk Mohd Ali Haji Hashim said.

Public enterprises are capable of playing the role that is required to lead Malaysia to successfully manage, what he termed, "its greatest national economic paradox".

"This paradox exists where, on the one hand, there is a very strongly felt need for attainment of the fastest rate of economic growth, but on the other hand it is realised that overdependence on efficiency and relentless pursuit of

the strategic "winning link" required to ensure growth achievements of the New Economic Policy objectives.

Datuk Ali said a visibly larger and successful public enterprise sector will allow a greater public and political indulgence of a faster rate of private sector and national economic growth.

"In the light of the highly competitive regional and global environment, it is imperative that a fresh look be made at our public enterprise sector.

"There is a serious need to revise our own perception of what public enterprises should set out to do. Skills and adjustments in our attitude are needed," he said that there has

By Ng Bee Cheng

KUALA LUMPUR, Tues. — A target will be set for the Industrial Court to clear the backlog of cases, Labour Minister Datuk Lim Ah Le said today.

Datuk Lim said he was not happy with the progress of the court in clearing the backlog after the election of its new president, Tan Kim Hong.

"I will meet all the court chairmen sometime next week to see the situation of each court and I will set a target for them," Datuk Lim said after opening a seminar on

management. He said that the court began its sittings at 9 a.m. so that time was not wasted, Datuk Lim



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He said that the court should be clearing the backlog by the end of the year. He said that the court should be clearing the backlog by the end of the year.

"A lot of the very petty and easily settled cases are being taken to court," he said. "However, many cases have come to court in the last few months."

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## Need to make public sector business-like

THERE is a need to facilitate a speedier and more effective commercialisation of public sector management and services more business-like.

The president of the Harvard Business School Alumni Club of Malaysia, Datuk Alladin Hashim, said this was in line with the current move to corporatise and privatise a number of public sector agencies.

He said the club was of the view that much more could be achieved if both the public and private sectors work out a scheme for a "management practice transfer" from one sector to the other.

"What is envisaged is a mechanism to facilitate the transfer of the positive

## MINISTRY TO GET REPORT ON WAGE STRUCTURE

KUALA LUMPUR, Tues. — The Ministry of Labour will be submitting a report on the wage structure in the private sector, funded by the Harvard Business School Alumni Club of Malaysia, to the Labour Ministry next month.

The comparative study was aimed at giving a brief, automatic, annual, incremental and wage structure which reflected the worth of jobs.

Meanwhile, Labour Minister Datuk Lim Ah Le said the federation's proposals were being studied.

The Ministry had not made any move on the matter, he told reporters.

all aspects of the private sector wage structure, including the MYTC's proposal for a standard minimum living wage.

He said the draft of the report was ready and it was only needed to be edited before the club submitted it to the Ministry.

The Malaysian Employers Federation (MEF) had also submitted a report on the wage structure in the private sector, funded by the Harvard Business School Alumni Club of Malaysia, to the Labour Ministry next month.

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## Letting JSEDC's results speak for themselves

By Yap Leng Kuen

WHEN asked for his resume, Johore State Economic Development Corporation (JSEDC) chief executive Datuk Mohamed Ali Haji Hashim gave two simple details — that he was 42 years old and an economics graduate from Universiti Malaya.

Obviously believing that results speak louder than words, Datuk Ali went on to say that in January 1987, the JSEDC had \$541 million assets and \$7.7 million in accumulated profits.

By December last year, the assets had grown to \$1.1 billion with group consolidated profits of \$100 million and accumulated profits of \$438 million.

There was a very little mention of the son of "beheim," Harvard Business School Alumni (Malaysia) resident Datuk Alladin Hashim, who introduced Datuk Ali as the speaker for his birthday talk last Saturday.

And this man is intent on correcting public misconception in the role and performance of JSEDC.

Datuk Ali started his speech by stating public misconception on the role and performance of JSEDC.

"Mismanagement and lack of leadership by more than a few public enterprises have made it difficult even for the more successful and high performing ones to stand up for their own cause," he said.

He went on to criticise the mass media that had been "so obsessed with sensationalising past faults and exclusively spotlighting weaknesses."

Datuk Ali listed three areas for a re-think towards the enterprises.

● THE role of state-owned enterprises.

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## When a public enterprise should go private



Datuk Ali.

THE privatisation policy should be applied discriminately to those public enterprises which cannot be turned around.

He said that the government should not be in the business of managing the national economy in terms of managing the national economy.

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## NIC status well within reach

MALAYSIA can become a newly industrialised country (NIC) with all its attendant advantages and disadvantages much quicker than most people expect, Harvard Business School Alumni Club of Malaysia (HBSACM) President Datuk Alladin Hashim said.

He said that the country's exports of manufactured goods accounted for more than 40 per cent of export earnings last year, about 20 per cent more than in 1985.

And unlike other countries in the region, its export markets are "well developed and growing rapidly during the first five months of the year."

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Earlier, he said the abundant supply of low-wage labour had been one of the main reasons for the country's rapid growth.

Opening the seminar, Labour Minister Datuk Lim Ah Le called on employers and employees to seriously consider job and wage-sharing schemes.

He said many enterprises in developed countries have succeeded in achieving total quality through sharing the gains of productivity among their staff.

Datuk Lim said he was aware that a departure from existing methods of wage determination can cause apprehension among both workers and employers.

"However, the idea of linking compensation to productivity should not be rejected outright but be discussed frankly to see its extent of the feasibility of its implementation," he added.

Some 50 corporate leaders and executives are attending the two-day seminar. Speakers include Swedish management consultant Dr Lennart Sandholm, National Productivity Centre deputy director Ruslan Khalid, and Malaysian American Electronics Industries chairman Jerry Lee.

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# HELPING HAND FOR 'VISIT MALAYSIA YEAR 1990'

## HBSACM GIVES A HELPING HAND TO 'VISIT MALAYSIA YEAR 1990'

HBSACM strongly supports and endorses the Government's concerted efforts to further develop the country's tourism industry. At its Executive Meeting held on 8th August, 1989, the Club decided that it will circulate information on 'VISIT MALAYSIA YEAR 1990' to its sister Alumni worldwide. A small Committee under the chairmanship of Yang Berhormat Dato' Ng Cheng Kuai, the Deputy



*"Orang utan" ... our mascot*

Minister of Tourism and Culture, has been established to coordinate efforts with the Ministry of Tourism and Culture and the Tourist Development Corporation. Brochures, pamphlets and other information regarding the program of 'VISIT MALAYSIA YEAR 1990' will be distributed to as many participants of the Executive Development Program of the Harvard Business School. Since participants of this Program are made up of senior executives of both private and public companies worldwide, the HBSACM views that the Club's limited efforts could bring in added contribution to the success of the 'VISIT MALAYSIA YEAR' Program.



## VISIT MALAYSIA YEAR 1990



## EXCELLENCE THROUGH TOTAL QUALITY SEMINAR

The Club in conjunction with the National Productivity Centre (NPC) organised a Seminar on 'Excellence Through Total Quality' on September 9 in Kuala Lumpur. The objective of the Seminar was to familiarise business executives with the concept and practice of Total Quality Management (TQM) as a tool to sharpen their competitiveness in international markets. The Seminar was conducted by

an expert in Total Quality Management, Dr. Lennart Sandholm from Sweden. Dr. Lennart has been involved in the export-oriented Quality Management Program of the International Trade Council. The newly appointed Minister of Labour, Yang Berhormat Dato' Lim Ah Lek, delivered the Keynote Address.

### Extract from President' HBSACM speech at the seminar.

*"Besides the positive attributes I mentioned earlier, it has also been said that an abundant supply of low-cost labour has contributed to Malaysia's rapid industrial growth. To my mind, being able to supply the labour for our continuing industrial growth by itself is not good enough. We should strive to make Malaysia not only a supplier of labour, but more importantly, a centre for disciplined, hardworking, productive and highly skilled labour. I am sure you will agree with me that this is not a difficult target to achieve if all of us, both management and workers, are determined and willing to work hard towards achieving it. If we achieve this target, and I feel confident we could do it within the next five years, Malaysia could become a NIC much earlier than most people would expect, along with its attendant advantages and disadvantages."*

(A. HASHIM)



A panel discussion on TQM.

## SMALL SCALE BUSINESS

Realising that small business (less than \$2.5 million in shareholders funds) constitutes a significant part of the country's business sector, the HBSACM would like to be associated with efforts to further develop the small scale industries. In collaboration with the Federation of Malaysian Manufacturers (FMM), the Club provides training inputs in the field of operational management, marketing and financial management. The Club's involvement in the FMM program was initiated on September 29, 1989 through a talk and training program jointly with FMM.

## A PROGRAM ON 'CORPORATE LEADERSHIP AND MANAGEMENT STYLES'

This year the HBSACM initiated a new program entitled 'Corporate Leadership and Management Styles'. Prominent captains of the Malaysian business community are invited to deliver talks and lead discussions during monthly luncheons or dinners. To start off the program, the Chief Executive of the Johore State Economic Development Corporation, Yang Berbahagia Dato' Mohd Ali bin Haji Hashim, delivered a talk at the Club's luncheon meeting on Saturday, September 9, 1989. Dato Mohd Ali in his speech "In search of Public Enterprise Excellence"

shared his experiences and views on his unique position of having to operate in both the private and the public sectors.

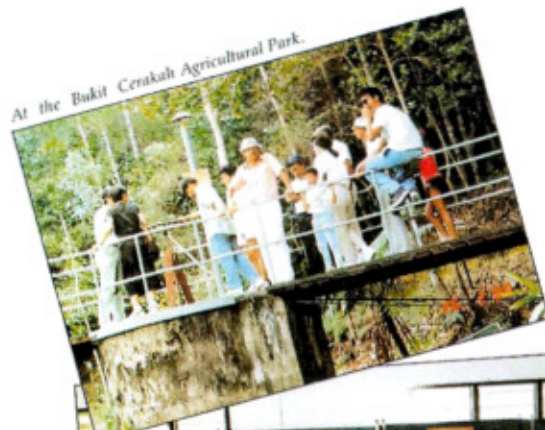
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**In Search of Public Enterprise  
Excellence By Y.B. Dato Mohd Ali Hj.  
Hashim - On Page 8.**

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# 1989 – Activities Review



At the Bukit Cerakah Agricultural Park.



"Overview of Bukit Cerakah Agricultural Park"



"The 1989 golf champion"



"At the golf meet"

During the period under review, the Exco has endeavoured to continue the activities that have become a tradition to the Club. Such activities include:-

- \* The Gold Medal Award
- \* The Manager of the Year Award
- \* The Senior Management Development Program (SMDP)
- \* Dinner Talks
- \* Golf Competitions
- \* Family Outings

In addition, the Exco has introduced some new programs and these include:

- \* Training for small scale business together with the FMM
- \* Management Seminar in collaboration with the NPC

- \* Involvement in the "Visit Malaysia Year 1990" with the TDC
- \* A new award entitled "Outstanding Company of the Year Award"
- \* Corporate Leadership and Management Style series of talks
- \* Networking with HBS Alumni of the Asian/ASEAN region

The support given by members has been encouraging and this has given the Club a lot of job satisfaction.

Proposals and suggestions from members on what else the Club should do are most welcome.



... time for food.



Winner of the Gold Medal Award 1989"



"Deputy President Abdullah Mat Zaid at the Round Table meeting in Boston"





*Y.B. Dato Mohd Ali delivering his address*

# In Search of Public Enterprise Excellence

By Y.B. Dato Mohd Ali Hj. Hashim — GED JSEDC

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**// Public enterprise should be given a more prominent role in the post 1990 period //**

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In his address to the HBSACM on the 9th of September 1989, Y.B. Dato Mohd Ali emphasised that public enterprises can in fact be the bridge to balance between the need to sustain a high rate of private sector growth and the prevention of resources and economic power in the hands of those who already have greater access to capital and resources.

He stated that it is for this reason mainly that public enterprise should be given a more prominent role in the post 1990 period.

Attitudes towards public enterprise and our perceptions are to be adjusted to include the following areas:-

- (i) A political will to prevent abuse of public enterprise.
- (ii) To dispel the notion that public enterprise are part of a bureaucratic structure to centrally plan and 'intervene' in the market system.
- (iii) That not all public enterprises should be 'privatised' at least in the short and medium term and policies on privatisation should be examined to



include only those that are continuously liabilities and social burdens and whose scope of action are irrelevant to the issue of managing the 'national paradox' mentioned.

At the same time, public enterprises, their management, supervisory, authorities and the government is to commit themselves to the immediate pursuit for public enterprise growth, success and excellence.

The success of public enterprises, he said, depends on 5 critical success factors, namely:-

- (i) That the management of public enterprise are successful in managing the paradox between commercial achievements and social objectives. To do this the management has to overcome organisational weaknesses and adopt management practices, strategies and tactics that have been known to contribute towards high corporate performance and results practised by the private sectors. They must also be able to withstand the ultimate "market test", similars to their counterparts in the private sector.
- (ii) The profit motivation should be

the ultimate test for public enterprise, inspite of several impediments to it being a criteria for success. The impediments to the profit criteria include:-

- a. The apprehension to accept profits as the principal motivating factor due to uncertain role definitions between social and commercial objective and the association of profits with what is evil in society.
  - b. The structure and organisation defects at statutory, organisational or structural level which can only be corrected externally and not at managerial control.
  - c. The restriction imposed on the Chief Executive through supervisory and regulatory conditions.
- (iii) The need to subject public enterprise to market disciplines. Public enterprises are expected to 'pay their way through' and to subject themselves fully to market discipline and play by market rules and not depend on government allocation or special privileges for resources and opportunities.

(iv) The 4th success factor depends on the development and cultivation of a strong and Positive Corporate culture. The development of strong work ethics and positive commercial attitudes amongst public enterprise staff is not impossible due to the knowledge that one is working for the future economic destiny of one's people and the conviction that the effort of every member of the staff is part of a mission to answer to the call of the nation.

(v) The last but not least critical success factor is the total political will and commitments of the political authority and the government to support the public enterprise.

Y.B. Dato Mohd Ali concluded his address by again emphasizing the role of the Public Enterprise as instruments of social and public participation to attain a high growth rate and be the catalyst and prime mover of the private sector. It is imperative, he said, that the Public Enterprise sector, as distinct from other statutory authorities and agencies be regarded fully as part and parcel of the private sector and be treated as such, the notable exception of the (government) ownership factor.



Participants at the luncheon talk





*Arrival of Y.B. Dato Lim Ah Lek at the seminar.*

# **Excellence through total quality for top management**

By Y.B. Dato Lim Ah Lek

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KEYNOTE ADDRESS AT THE TOTAL QUALITY SEMINAR

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– 19TH SEPTEMBER 1989 BY Y.B. DATO LIM AH LEK,  
MINISTER FOR LABOUR

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Y.B. Datuk Lim Ah Lek in his keynote address at the "Excellence through total quality for top management" seminar, jointly organised by the HBSACM and NPC stressed that "Total Quality" can play its role in both the corporate sector as well as for the Nation.

He stressed that; for the Corporate Sector Total Quality, management would assist in the pursuit of excellence for that organisation and require the unequivocal commitment of the top echelon management. Their commitment is important in achieving the "Total Quality Management" style to ensure the synchronisation of all functions and activities geared towards continuous quality improvements and the attainment of corporate strategies.



Total Quality practices, he said, should be incorporated as a company's corporate culture or "way of life" of the organisation and should be regarded as a long term investment to achieve corporate excellence through the maximisation of human power. In this present era, the implementation of "Total Quality" must be seen as a means of continuing education and training for growth of all employees which he considered as the most valuable asset in any organisation. Within the context of the National objectives, Datuk Lim regarded, the dual strategy of achieving customers satisfaction and improving the quality of worklife of the employees, through "Total Quality" as important factors to enable the organisation to play a more effective role as corporate citizens within the National community at large.

He concluded by saying that Total Quality will help towards Nation Building, since the effective implementation and practice of "Total Quality" will improve Malaysian goods and services and develop the trust and preference for Malaysia's own goods and services. The emphasis on teamwork between top management and the grass root level will foster a greater sense of National Unity within the multi racial society of Malaysia and greater harmony to further strengthen the steps towards National Integration.



*The President addressing the seminar.*

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## Membership Approved

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The Club welcomes the following as new members:

En Baniamin b Jalaluddin (AMP 89)  
En Abdul Latif b Mohd Hassan (SMDP)  
En Lim Tiong Boon (SMDP)  
En Mohamad Haji Hassan (SMDP)  
En Chang Wen Seung (SMDP)  
En Chung Thian Sinn (SMDP)  
En Mahmud Idris (SMDP)

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# Future Program

## SENIOR MANAGEMENT DEVELOPMENT PROGRAM (SMDP) 1990



*The 1988 SMDP session in progress.*

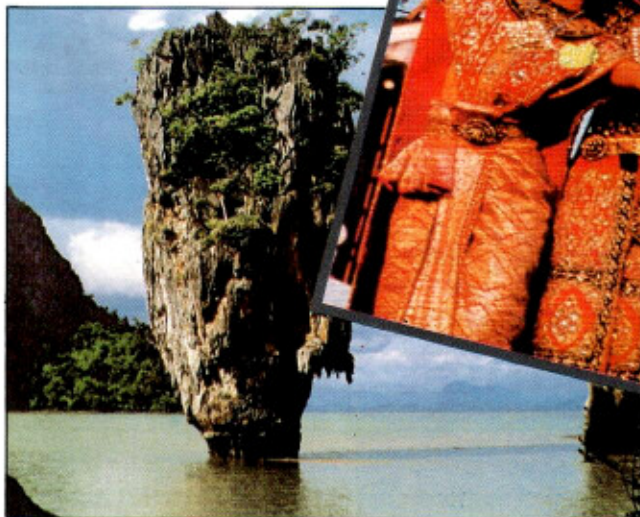
The Club's most important program is the Senior Management Development Program (SMDP) held once every two years with the participation of the Faculty staff of the Harvard Business School of Boston. The Club is glad to announce that the 6th SMDP will be held from 5th – 19th August next year. The program will be conducted along the lines of the well known Case Method developed by the Harvard Business School. Four leading Professors including Prof. McFarlan, Prof. Sam Hayes, Prof. Kas Rangan together with another professor will be flown in to conduct the program covering Management Information Systems, Corporate Financial Management, Marketing, Human Resource Management and Organisational Behaviour. As participation in the SMDP is limited to not more than 100 places, attendance would be on 'first come first served' basis.

## PHUKET TRIP (2ND – 5TH DECEMBER '89)

As part of the Harvard Business School Alumni Clubs networking programme, we are invited to participate in a fellowship retreat in Phuket from 2nd – 5th December.

This fellowship programme is organized by the Hong Kong Harvard Business School Alumni Club and will be attended by participants from Philippines, Thailand, Singapore besides Hong Kong and Malaysia.

An interesting 3 day programme has been lined up which includes business sessions and golf. 15 members have confirmed their participation.



Phuket's attractions ...

... James Bond Island