

Time to refine policy

By Santha Oorjitham

Looking East brought investment, a new direction and an inspired workforce



Deputy International Trade and Industry Minister Datuk Mukhriz Mahathir visiting the UMW Toyota Integrated Quality Hub in Bukit Raja Klang last year. Thanks to his father's Look East Policy, over 50 Japan-trained Malaysian engineers are working for the company.

NO employee has left Hannan Group since it started out as Hannan Enterprise a dozen years ago.

With years of experience studying in Japan and working with Japanese companies, its founding director Amir Ihsan Abdul Salam has adapted Japanese work ethics to the Malaysian environment.

For example, he's not a stickler for punctuality: "We don't have efficient public transport and can't ride a bike to work here," he says. "But we want our staff to show their commitment and we can evaluate them."

And workers who are dedicated and productive are rewarded with better salaries and chances to travel.

Thirty years after Datuk Seri (now Tun) Dr Mahathir Mohamad announced the Look East Policy, there is a vast pool of Malaysians who have studied and trained in Japan -- absorbing not only technical know-how but Japanese discipline, morale and management techniques.

Since Feb 8, 1982, almost 14,000 Malaysians have headed East for the Japanese language programme for teachers, studies at technical colleges and universities, and industrial, technical and business training reports Akira Sato, counsellor at the Japanese embassy and director of the Japan Information Service.

By 2010, there were 1,407 Japanese affiliated companies in Malaysia and as of last October, there

were 10,401 Japanese living here.

The policy was the result of "a confluence of events", recalls Dr Tang Siew Mun, director for foreign policy and security studies at the Institute of Strategic and International Studies (ISIS) Malaysia. "Britain had increased tuition fees. It was a declining power and did not provide investment, technology transfer and job creation."

With the collapse of the mining industry and falling prices of tin and rubber, Malaysia had to restructure its economy, he notes.

"We were in search of a new model of development, a new direction.

"We were transferring from an agricultural base to manufacturing," says Zakaria Mustafa, head of the Department of East Asian Studies and the Japan Study Programme at the University of Malaya -- with 14 years of work and study experience in Japan.

"With the yen appreciating, Japanese companies were investing in Malaysia because it had the labour and natural resources. All sectors benefited from Japan's Official Development Assistance loans."

The plan, he stresses, was for "Malaysians to learn the soft skills, not just the technology and the hard skills -- including work ethics, punctuality, innovation ("kaizen") and loyalty".

In 1983, the policy expanded to include South Korea. Back then, notes ISIS Malaysia senior director Steven Wong, South Korea was at a closer stage of development to Malaysia and was industrialising very quickly, "but although it was an inspiration and provided a model for adoption, it was less in a position to offer assistance".

Today, says Zakaria, "South Korea is booming and catching up in investment here. It is offering more scholarships to undergraduates, postgraduates and researchers. We are open to the benefits it can bring".

Japan was the top investor here last year and is our third largest trading partner. But Malaysia is re-evaluating some of the concepts adopted over the past three decades -- such as the close link between industry and government. "Under Malaysia Inc, the government has to work hand-in-hand, supporting industry as partners," says Wong. But in retrospect, he adds, "markets must be factored in or you will be left with white elephants. And the state must know when to distance itself from decision-making -- for example, in licensing."

If both are too "well-acquainted, rational and commercial decision-making will not be in play. That was a problem leading to a rethink in Japan and South Korea after the Asian financial crisis of 1997".

Another model which can't be replicated wholesale is the employer-employee relationship. "Japan has the cradle-to-grave model where the company provides housing, a pension scheme, etc and has the workers' loyalty," explains Tang. "Moving around from company to company in Japan would give you a black mark and you'd lose your pension if you resigned. But it was not successfully implemented here as it was too expensive and impractical." But at Hannan Group, Amir does implement the Japanese system of mentoring and training. "In Japan, graduates are considered trainees."

"Engineering graduates spend three months doing whatever they are told to do. They drive a forklift, clean machinery, do translations, bring petrol to the boat -- anything their staff would do later. Our staff at the site have done everything."

And as Malaysia moves higher up the ladder, there can be new lessons under the policy.

"As we switch from manufacturing to services, we can learn from Japan and South Korea which are very advanced in hospitality, for example," says Zakaria.

"From Japan, we can learn how to manage an aging society, provide for the elderly with healthcare and nursing homes and take care of the environment with recycling, water management, energy saving and green technology," suggests Tang.

In future, he says, "we cannot rely solely on government-to-government as it was in Dr Mahathir's time. It could be business, universities and the private sector taking it to the next level. The government provides assistance when needed and facilitates."

An example of the new model is the Malaysia-Japan International Institute of Technology which opened at Universiti Teknologi Malaysia last September. Instead of heading to Japan for their Master's or PhD, UTM graduates can now opt for a joint or double degree with Japanese universities, via the institute. A consortium of 23 Japanese universities is involved, using the "kohza" system -- in which application skills are mastered through a core of laboratory activities.

This links academia and business, explains Sato, and marks "a new trend of Japanese companies investing abroad to build not only factories but research & development centres."

Conditions inside and outside Malaysia and Japan have changed since 1982, he says. "We must refine and evolve the policy, adjusting to the environment and circumstances."