

PNB CORPORATE SUMMIT

‘Malaysian corporates must embrace change’

KUALA LUMPUR

As the country advances towards a digital economy, it is critical for Malaysian corporates to embrace the change or otherwise they will be left behind, said experts.

Permodalan Nasional Bhd (PNB) recently organised its inaugural PNB Corporate Summit to create an awareness on the importance of the new economy, hoping to instigate a behavioural change in Malaysian corporates, or widely known as “Corporate Malaysia”, to jump on the bandwagon.

With a thought-provoking theme, “Rebooting Corporate Malaysia”, panellists and speakers at the event discussed various topics such as “Globalisation and Industry 4.0 — Navigating Uncharted Waters”, “Life and Work in the Augmented Age” and “The Future of Business in the Face of Industrial Revolution 4.0”.

It was attended by more than 500 participants comprising policy makers, senior management of government-linked investment companies, government-linked companies and public-listed companies as well as prominent panellists, such as World Bank senior economist Smita Kuriakose, shareholder activist and founder of Webb-site.com David Webb and IQI Global chief economist Shan Saeed.

Malaysian Industrial Development Finance Bhd (MIDF) group managing director Datuk Charon Wardini Mokhzani said Malaysian corporates have to be prepared for the Fourth Industrial Revolution (Industry 4.0).

“We have to be prepared for it.

PNB CORPORATE SUMMIT 2019

A Knowledge Sharing Initiative



Ernst & Young managing partner Datuk Abdul Rauf Rashid says the accounting profession is one that will most notably be affected by the digital revolution.

The government policy stresses that we have to adopt Industry 4.0. Some industries will be faster in adopting this technology compared to others, and of course, it is not something that can be done overnight... but if we take too long, we will be left behind,” he said.

Charon said Malaysian corporates can also make other changes apart from just preparing for Industry 4.0 to “reboot” themselves.

“I don’t think we just have to necessarily go to robotic technology or computers that can think. Other changes could include efficiency, improvements and eliminating waste. But if you are in manufacturing, there is a greater

urgency to invest in that kind of technology,” he said.

The good news is the cost of adopting technology is coming down that even smaller companies can now afford to adopt it to improve efficiency, he added.

Ernst & Young managing partner Datuk Abdul Rauf Rashid said the PNB Corporate Summit 2019 was a timely event for Malaysian corporates.

“As this summit touches on how Malaysian corporates can reboot themselves and prepare for the future, in a way it provokes their thinking. We are confident they are moving in the right direction.”

Abdul Rauf expects Malaysian corporates to experience some changes as the country embraces digitalisation or Industry 4.0.

“Moving forward, we will probably be seeing business models changing no matter which industry you are in. While to a certain extent it is already happening now, we are bound to see even more use of analytics, big data and artificial intelligence in the very near future.

“With these changes, the challenge for all companies is the different talent they will be looking to hire. I echo one of the speakers’ views that the key skill sets required in future talents are critical



Shareholder activist and founder of Webb-site.com David Webb says the migration of highly-skilled foreign workers into the country may help fast-track Malaysia’s digital economy ambition.

thinking, collaborative skills and agility or adaptability to continue to learn,” he said.

Abdul Rauf said digital revolution is expected to have a disruptive impact on some professions.

“The accounting profession is one that will most notably be affected by the digital revolution.

“People say with blockchain, auditors will not be needed anymore because it is effectively a ‘self-reconciled’ ledger. There is perhaps still some way to go, but the most immediate outcome is in the use of analytics and big data,” he added.

“Our view is that we should disrupt rather than wait to be disrupted. We choose to look for opportunities and have embraced data and analytics in what we do.

“We are a professional services organisation rather than just an accounting firm. We do more than just auditing and accounting work. We also do consulting,” he said.

“We have built sizeable, multi-disciplinary teams that look at digital and its opportunities. There is a sizeable team. We hire data scientists, analytics professionals and engineers.”

Nomura Asset Management Malaysia Sdn Bhd managing director and country head of Malaysia, Rejina Rahim, said in order to “reboot” Malaysian corporates firstly need to move away from being reliant on the government for assistance such as subsidies.

“Malaysian corporates are sometimes used to having the government lending a big hand in businesses. It is important for us to relook at and reposition ourselves within the value chain on the highest scale,” she said.

Citing the work of Japan’s largest pension fund, Government Pension Investment Fund (GPIF), Rejina said PNB, too, can be a catalyst for change among its investee companies.

“When GPIF decided to change the behaviour of Japan Inc (Japanese corporates), what they did was they made it public in terms of what they wanted in their investee companies. If PNB did the same, for example, in wanting a



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change in behaviour in terms of corporate governance standards, it definitely has an interesting role to be the catalyst,” she said.

From a policy point of view, Webb, shareholder activist and founder of Webb-site.com, said the migration of highly skilled foreign workers into the country may help fast-track Malaysia’s digital economy ambition.

“It is important to remove as many barriers as possible, including home ownership for foreigners for the digital economy initiatives to work. I spoke about the immigration policy. It has to be as liberal as possible to allow talent to migrate here,” he said.

“Make it easy for foreigners to buy homes here. Don’t impose tax on foreigners. If they are living here, they are going to find a home somewhere even if they rent it from someone.

“Why not let them buy and settle down? Make sure there is a good school available for their children. That might attract them to stay and contribute to the economy,” he added.

Webb said the government also needs to allow the market to adopt the technology that is available even if it is not homegrown.



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