

# The economic transformation program of malaysia economics essay



Government policies are important tools to improve the overall Malaysia's economics. Government policies does not mean only spending in all sectors, it also mean the concerns and actions of the Government toward Malaysia. Malaysia wishes to develop their economic to achieve a high-income nation that they have targeted. To achieve it, government policies have developed a few programs such as New ETP, New Economic Model, Tenth Malaysia Plan, Entrepreneurship Way, innovative digital economy and Government Transformation Plan.

Economic Transformation Program (ETP) is another program that contains projects and actions with a timelines which implement by Government to help Malaysia to achieve high-income nation by 2020. ETP focus on service based economy which create more job opportunity and spread those opportunity to rural areas. ETP is more toward actions rather than theory. ETP is lead by private sectors which means private sectors play a large role on it while Government play the role of facilities.

ETP have strong focus on 12 NKEAs which are oil and gas; palm oil and related products; financial services; wholesale and retail; tourism; information and communications technology (ICT); education services; electrical and electronic; business services; private healthcare; agriculture; and Greater Kuala Lumpur. NKEA is the potential driver of economic activity to help in Malaysia's economic growth. Sectors that are under NKEAs will receive Government support (e. g. funding) and policy re-regulation (e. g. barriers removed) because Government believe that NKEAs have the most potential to maximize GNI and bring Malaysia towards a high-income nation.

Non NKEA also will support by Government but Government will focus more on NKEAs.

ETP was designed open and transparent, a new ETP Unit under PEMANDU (Performance Management and Delivery Unit within the Prime Minister's Department) is established to monitor and report to the citizens, private sectors and public sectors.

Though the ETP, the New Economic model was be formulated by the Prime Minister with goal set forth in vision 2020. We need NEM because Malaysian economy is still trapped as " middle income" category and the progress in the past that we do has slowed and economy growth was considered weaken. Hence, the New Economic Model will transform nation into a high income economy.

After the Ninth Malaysia Plan, the government release Tenth Malaysia Plan. Besides to supplement the New Economic Models, it also helps to restructure the strategies and actions to help to achieve high-income nation. Tenth Malaysia Plan focus on improving specific areas such as education, healthcare, environment, labor, public utilities, security and welfare. The Tenth Malaysia Plan have three biggest challenges which are recover the public investment till 12. 8%, reduce fiscal and improve standard of living among low income group. Prime Minister Datuk Seri Najib Razak said that every Malaysian must work together as a team with the same vision to help to success this Plan.

In Tenth Malaysia Plan, it contain ten big ideas: internally driven, externally aware; leveraging on diversity internationally; transforming to high-income  
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through specialization; unleashing productivity-led growth and innovation; nurturing, attracting and retaining top talent; ensuring quality of opportunities and safeguarding the vulnerable; concentrated growth, inclusive development; supporting effective and smart partnerships; valuing environment endowments; and Government as a competitive corporation.

Internally driven, externally aware means that improvement specific policy and Law; and the cooperation of all sectors to make a positive change in business and export activities to help Malaysia continue to be the gainer in globalization. Malaysia is a multinational country therefore we can leveraging on diversity internationally. Because of multinational, Malaysia link with China, India, Indonesia and Islamic Conference (OIC); and Malaysia located at the centre of Asia which gives Malaysia an opportunity to fast growing market in Asia and ASEAN.

To transform into high-income economy, Malaysia focus on specialization or professional. Because more and more potential competitive are come into the market, it is very hard to achieve high-income economy without specialization. In Tenth Malaysia Plan, it focuses on twelve National Key Economic Areas (NKEAs) which have listed in ETP. Unleashing productivity-led growth and innovation is to transform to higher value-added activities for a higher income economy. Therefore, under Tenth Malaysia Plan some important points are listed, they are: focus on skills development, enable specialization and economies of scale, increase investment quality, and public investment.

To be the leader in globalization, Malaysia need to nurturing, attracting and retaining top talent therefore a lot of changes and improvement are make in education sector in Tenth Malaysia Plan. Skills training will be provided to enhance their employability to reduce unemployment rate. A Talent Corporation will be established to attract skilled workers to come in Malaysia to fill the shortages of talents in key sectors. Government expect Malaysia growth with fairness by ensuring quality of opportunities and safeguarding the vulnerable which mean low income households and disadvantages groups especially those orang asli, bumiputra and estate workers have the opportunity to enjoy higher standard of living.

Government comes out improvement quality of life core of rural projects for concentrated growth and inclusive development. Government improves the basic infrastructures in rural area such as electricity, water supply and public transportation networks. Government supporting effective and smart partnerships between public and private sectors by improving public-private partnerships (PPP) to equal share the risk and return.

Besides, Government does not forget take into concentration on global warming issues and thus valuing environment endowments in 10MP. Many strategies will be implemented to meet this idea such as environmentally-friendly housing, reduce usage of energy, plant more trees, and so on. To achieve a high-income nation, Government has to repackaging them as a competitive corporation based on four principles: culture of creativity and innovation, speed of decision making and execution, value for money and integrity. The transformation of Government focuses on customers, competitiveness, finances, talents and organizations.

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Tenth Malaysia Plan is an important plan to overcome what was left out in previous plans to help Malaysia to leave the middle-income nation and achieve a high-income nation. To achieve it, we need to apply 1 Malaysia strategic. Besides, Budget 2011 will centre in four key strategies by allocate funds in those improvement activities.

Besides the policy above, entrepreneurship way is also one of the policies to go to the higher income nation. For the next 10 years, five million of entrepreneurs in the Malaysia are the Malaysia's target in order to achieve higher income nation. In the entrepreneurship way, young women are strongly encouraged participate in the businesses. In order to encourage the young women involved in entrepreneurial pursuits, Malaysia Young Female Entrepreneur (MYFREN) was organized to collect the thought and idea of the entrepreneurs especially young women to venture into entrepreneurship and businesses. We can defined that female entrepreneur as the female head of a business who take the initiative to a new venture such as the styles of accepted the associated risk, financial, administrative and social responsibility. In addition, the prime minister's wife Datin Seri Rosmah Mansor also encouraged the young female active in the entrepreneurship. The reason is the women in the Malaysia have ability to participate in the Economic Transformation Plan and start a New Economic Model. Definitely, young women in nation as an entrepreneur can help to achieve the high income nation. At the same time, female entrepreneurs can start to learn how to build their network, communicative effectively and good entrepreneurship skill. Beside this, the relevant agencies must give more space and trust to the female entrepreneurs to develop their

entrepreneurship skill and treat them equality in the financing and businesses opportunity.

Recently, government put their effort in fostering female entrepreneurs because it is crucial in the economic development toward a higher income nation. As we already know, SMEs has been recognized as a major source in develop economic growth. Therefore, improving female entrepreneurs in the small and medium enterprises is also can help the economy growth. From a research, it pointed out that financial assistance, networking, training, education and counseling, and usage of ICT are critical factors to the success of women entrepreneurs in the SMEs. Hence, we can improve these factors that can help the success of the female entrepreneurs in SMEs in Malaysia.

Innovative digital economy is also a government policy that can help in economic development toward a higher income nation. Innovative digital economy is the third phase of the Multimedia Super Corridor (MSC) that designed to transform the nation into information and knowledge age. Innovative digital economy can be say as the big journey for Malaysia to transform into higher income nation due to innovative digital economy can contribute 10. 2% GDP to the nation by 2015. The goal of the innovative digital economy is focus on stimulate the creativity of human with new technologies, outlets and opportunities. Innovation on the product, enhance productivity on individual and businesses can boost up the competitive in global digital economy. As the following, Malaysia has the ability to continue become the net export in the global digital market. Thus, ICT became the key factor in digital economy. Our prime minister Datuk Seri Najib Tun Razak has pointed out that ICT play an important role in help the country to achieve <https://assignbuster.com/the-economic-transformation-program-of-malaysia-economics-essay/>

high income economy in his budget 2011. In order to enhance the potential of the ICT, Prime Minister has made an enormous decision. Prime Minister implemented a program called " MY Creative Content Programme" to encourage the development of local content creation, hosting local content and unlocking new channels for content. In addition, Prime Minister also put more effort on the broadband service provider. The investment allowance of the broadband service will be extended to 2012 and the import duty and sale tax of broadband can be removing. It is good news in the ICT sector.

Definitely, the budget 2011 for the ICT sector can create a innovative digital economy and break out of the middle income trap. In addition, the 4G WiMAX that was developed by the YTL Communication SDN BHD can growth the ICT sector and directly help Malaysia become high income nation. This is because 4G WiMAX more efficient in some area such as it has the potential to change how people live, work and communication, it enable the business to conduct more efficiently. If the broadband penetration can continuous to move to 75%, definitely we can create the 6% increase in GDP.

Lastly, Government Transformation Programme also plays a critical role in the growth of economic. GTP can indirectly growth the economic to achieve high income nation. Our Prime Minister Najib says that one of the factors that obstruct the economic growth is corruption. Though the GTP, we can solve this type of problem effectively. In the roadmap of GTP, it has been phased over three period that are horizon 2010-2012, horizon 2012-2015 and horizon 2015-2020. In the horizon 2010-2012, the first thing is to start the engine for achieve the target such as NKRA and MKRA. Government also needs to collect the feedback and make a correct action to deliver outcome



to citizens. In the horizon 2012-2015, our contributions within the change of government do more pervasive. Our nation starts their first shoot toward the higher income nation. Our economy move into higher value added sector. In the last horizon, our society fundamental change to a new way and vision 2020 can be happen. Malaysian has a better quality standard of living and higher level of prosperity. From the GTP, the programme of economy and national unity under 1 Malaysia was implemented. The proposed idea on the discussion in the economy area include persuade Malaysian support the product of Malaysia and keep invest in Malaysia to help Malaysia product market, create more effective strategies and provide a excellent environment to attract talented Malaysian to contribute in nations' knowledge-based economy. Apart from that, the six NKRA's emerging in order to proper implement that GTP. The six NKRA's included reducing crime, fighting corruption, improving educational outcome, raising living standard of low income household, improving rural basic infrastructure, and improving urban public transport. As we already know, corruption becomes one of the barriers of economic growth. This is because corruption will add cost to the nation or investment and make the investment more risky. From the research, the corruption may cost the nation 1-2% GDP. Hence, fighting corruption is the important action to grow economic. The ways to fight the corruption include regain the public's confidence in regulatory and enforcement agencies, reduce leakages in government procurement and tackle grand corruption. Apart from this, raising living standard of the low income households is also important to achieve the higher income nation.

The measures should be implement in this area are standardize the

definition of low income group, implement fast, high-impact initiatives

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immediately and lay the groundwork for longer-term actions, and put enablers in place to ensure delivery of initiatives. In second measure, it would divide into two parts. By end of the 2011, the program will be implement are provide training to low income households to improve their economic value, creating more employment opportunities for them and provide micro-credit to them. By end of 2012, the government will provide more hostels for those poor students who need accommodation to continue their study and also provide the financial aid and set more dialysis center for those patients who need dialysis treatment.

The target of economic development toward a higher income nation will be realized in Malaysia if all the government policy implements properly and our citizens always achieve the mission of 1Malaysia.