Sustainable Business in Malaysia: The Need for Talent Ecosystem

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Abstract — In today’s business practice sustainable business is the most important key for success. Not only it is a must for business to survive but it is also a kind of competitive advantage for them to prosper. The recent economic slowdown had proved that companies that practices sustainable business fared much better than those that did not. Malaysian business generally did not adapt to the real concept of triple bottom line and for some time had adopted a more lip-service CSR/CR approach. This had leaved them lagging behind companies in country such as Singapore in terms of business sustainability. The most important factor that attributed to this scenario is Malaysia’s lack of talent. As such it is very important for Malaysia to have a strong talent ecosystem so that it can provide a steady stream of talent supply to support her sustainable business environment.

Index Term — Malaysia, sustainable business, talent ecosystem.

I. INTRODUCTION

The current world’s economic downturn had once again fortified the need of a sustainable business environment. The economic situation today is so bad that most companies, whether in the advanced or emerging economies, would be able to sustain their businesses as usual policy without some kind of assistance from the government. The current economic scenario, which ruptured from the “greed is good” school of thought, ironically is the best way to harness the importance of sustainable business globally, especially in the eastern parts of the world. For far too long, most of Asian companies had focus entirely on profit maximization as the only way to create and enhance value for their stakeholders, ignoring both the environment and social spectre while doing business. While in the west, where the concept of sustainable business had been readily entranced and embraced, profits maximization still remain as the most important driver for shareholder wealth maximization. The latest financial meltdown in the United States and subsequently the rest of the world are living testimony that profits are still the only performance indicators that really matters.

The current economic turmoil however had turned the attention of business leaders towards the need of having real sustainable business policies as part of their business strategies. A strong profit which is not sustainable is of no use to businesses. According to A New Era of Sustainability survey (2010), 80% of global CEOs says that the downturn had raised the importance of sustainable business in facing the challenges of the financial crisis. Sustainability is now being recognized as a source of cost efficiency and revenue growth, and not just another business expense. There is ample evidence to show that companies which had push for sustainable business as part of their strategy such as McDonalds had shown remarkable growth during the financial crisis. Sustainability is now seen as the only key to success and the objective of this paper is to show how talent ecosystem is important for sustainable business in Malaysia to flourish.

II. BUSINESS SUSTAINABILITY

What is business sustainability anyway? The Bruntland Report 1997 (Willard, 2002:5) describe sustainability as “meeting the needs of the present without compromising the ability of future generations to meet their own needs”, in other words “we should live off the earth’s interest, not its capital” (Willard, 2002:5). In this text, we will use the terms sustainability business and business sustainability interchangeably as in our view, they share the same definition.

There are many elements that make up sustainable business but for most authors, business sustainability consist of three elements which are Profit, People and Planet (3Ps) or Economy, Equity and Environment (3Es). Organizations which focus on sustainable business used the triple bottom line strategy to derive value for their business. Most of them used eco-efficiency process to produce environmental safe product for their customers and promote a balanced working life conditions for their employee. The end result of this strategy normally will leads to greater efficiency and productivity of workers, increase revenue based from higher margin of traditional and new products, and creates positive publicity and brand loyalty to the company, at no additional cost. This triple bottom line approach will definitely leads to better profit and value creation for the company.

The 3Ps/3Es approach of sustainable business had generally been accepted and adapted by most companies worldwide as the smarter ways of doing business. The general terminology of this triple bottom line approach is publicly known as the Corporate Social Responsibility (CSR) or more recently as the Corporate Responsibility (CR). For many years now, CSR/CR had been part and parcel for major corporations globally in doing business which indirectly increase the aura of legitimacy for business sustainability.
III. BUSINESS SUSTAINABILITY IN MALAYSIA

Even though the awareness on the importance of business sustainability in Malaysia is still lacking, it is growing steadily. This might be due to the fact that not many Malaysian companies understand about the powerful effect of the triple bottom line to their long term survival. In any case, the terminology of triple bottom line is still very much alien to the Malaysian corporate circle since for the last twenty to thirty years, Malaysian companies had been accustomed to the “low cost of production environment” in which they compete globally on the basis of cheap labour and abundance natural resources. Only in the last decade corporate Malaysia had been seriously exposed to the concept of CSR/CR and even then, the level of acceptance is very much at the “low hanging fruits” level.

The recent economic crisis had forced Malaysian business leaders to review their business process, partly to adapt to the new economic policies introduced by the government such as the New Economic Model (NEM) and the 10th Malaysian Plan (10MP) and partly for their own business survival. The New Economic Model had envisaged that by 2020 Malaysia will become a high income nation that thrives on productivity, innovation and creativity. The focus will be on developing, attracting and retaining talents for business need in Malaysia thus making talents as the “numero uno” factor of production for the new economy.

The issue of talent shortage is an open secret to corporate Malaysia. According to the NEM Report (2010), only 23% of Malaysian labour force possessed some kind of tertiary education compared to 28% of OECD. To make matters worse, the World’s Economic Forum (WEF) Global Competitive Report for 2010-2011 (The Star, 2010) reported that Malaysia’s global competitiveness ranking falls to 26th placed from 24th in the previous year and the main contributing factor is due to the decline in higher education and training.

All of the facts mentioned above will definitely derail the nation’s progress towards the mission stated by the NEM and it is obvious that only by having talents that is productive, creative and innovative can this trend be reverse. Malaysian business will no longer be able to compete, both local and global, on lower cost of production as their competitive advantage. Malaysian business must compete at the higher level of the business chain, both in terms of productivity and innovation, if they want to survive and prosper. In other words, corporate Malaysia must rely on talents for future growth and success. As such it is of paramount importance for Malaysia to have a talent ecosystem that will provide enough talent supply for the need of its businesses in order to create a sustainable business environment.

IV. TALENT ECOSYSTEM

An ecosystem is a loose but interconnected relationship between an organism and its environment that depends on each other for their mutual effectiveness and survival (Levein, 2004, p.9). Since there is no clear definition on what talent ecosystem is all about, we like to define talent ecosystem as a “loose interconnected relationship between talent and the environment in which it operates such as the education system that mould them, the training and incentive at work place, and the norms and culture they live in”. Normally, in such relationship, there will be a keystone that served as a regulator of the ecosystem health (Levein, 2004) and in the case of Malaysia, we believe that the keystone role should be played by the government. The existence of this ecosystem is paramount in order to facilitate the growth of creative and innovative talent pool.

Talent ecosystem in Malaysia is in a very despair state, if it even exists. Currently, Malaysia does not have enough talent pool to meet its business demand. One of the three main reasons cited for the dismal performance of 2009 FDI inflow was Malaysia narrow human capital base. (See-Yan, 2010). The fact that more than 700,000 Malaysian, with more than 50% of them are professionals, working and living abroad while only 23% of our workforce have some tertiary education qualification, are clear examples that talent ecosystem is almost non-existence in this country. What is sad is that Malaysia has all the right elements such as good education infrastructure, for a talent ecosystem to bloom. What is missing is a cohesive connectivity between these elements and a strong keystone to nurture and regulate the ecosystem.

Why do we need a talent ecosystem? A talent ecosystem is needed to ensure a sufficient pool of talented Malaysian to fuel her productivity and innovative lead business growth. A talent ecosystem is more than just a good education system, it encompass the whole infrastructure, process and environment of talent development which enable the system to produce an educate, creative and well rounded human capital. This is very important so that the talent that we produce not only will contribute as a productive and innovative worker but also, as a creative, business savvy entrepreneur. In order to do that, Malaysia will need a holistic and comprehensive approach starting as early as pre-school education to nurture talent. We need a curricular that not only will enable students to read, count and write, but also to probe and think critically during the learning process. It is paramount that in the early years of schooling, the pre and primary years, emphasis are given more towards creative quotient (CQ) rather than intelligent quotient (IQ) as studies had shown that CQ is three times stronger than IQ during childhood (See-Yan, 2010).

In our view, in order to create continuity in developing the young talents, the secondary schooling should be integrated with the pre and primary schooling. In this essence we are with an agreement with the suggestion of the Education Minister recently that the UPSR and PMR examinations should be abolish. We are of the view that the secondary schooling should be the ground where the direction of talent interest can be identified, i.e whether the talent is more incline on vocational or academic education. Equal support should be given to individual talent on their path of choices so that talent can be nurture and develop slowly, consistently and
holistically. In the nutshell, the schooling system must be transform from being a place where students learn on how to excel in the examinations into a system where creativity and independent study are nurtured in their young minds. The schooling system must act as a creative springboard for the talents to proceed with their higher education, whichever way they choose.

Once the talents are in their tertiary education, it will be easier for the higher institution to adapt their curricular to produce creative and innovative educated talent since the impetus of creativity had already been seeded in and strengthen in the minds of the talent. This will lead to the development of more intellectual, innovative curricular that skewed towards independent learning, research and development, which is what higher education is all about. The failure of Malaysian higher education system currently is not actually rooted in the policies but more due to the unwillingness of the students to change and adapt to the higher education environment, which foolishly lead to the adaptation of the environment around the capabilities of the student.

A by product of this integrated education approach, in the long term, is a world class education system that will produce world class talent that is resilient and robust enough to meet the global challenge and keep on educating themselves so that they can be ever more productive and creative in work and business. In a nutshell these talents will be able to drive Malaysian businesses to be as productive, creative and innovative as Singapore, Hong Kong and South Korea. But it will need a comprehensive and strong talent ecosystem to work. This is not a short term effort and would need at least two generations of dedicated Malaysian talents to make it happen.

Apart from that, Malaysia will also need to adjust the culture of her people in order for the ecosystem to succeed. Just as a biological ecosystem, the organisms of talent ecosystem will not survive if the environment is not conducive. Moreover, negative environment can also corrupt the talent produce by the ecosystem, rendering it useless for the business. It would be a waste of time and effort for the nation to develop a pool of talented people if they do not possess the right attitude that was shaped by the surrounding environment (culture). In fact, it is exactly this attitude problem which had hampered the success of so many Malaysian companies. The mediocre culture, rent seeking and patronage which is rampant while conducting business in Malaysia was among the hindrance identified as major contributing factors towards the failure of corporate Malaysia. The inefficiency of government bureaucracy, which is the most important keystone for business progress in the country, is another reason for these failures. What is needed is a sustainable and all inclusive “cradle to cradle system” in terms of planning and execution, to develop a world class talent ecosystem and its environment for corporate Malaysia.

V. TALENT MANAGEMENT

As with talent ecosystem, there had been “disturbing lack of clarity” concerning the definition of talent management (Lewis & Heckman, 2006, in Hughes & Rog, 2008). Talent management is a process of “developing and integrating new workers, developing and retaining current workers, and attracting highly skilled workers to work for a company”. (Talent Management at GLC’s, 2009, p.5) Talent management is an integral part of talent ecosystem, in where the cycle of the ecosystem formal learning process ends (output) and feeds into economic activities or employment (input) in order to generate productivity. Talent management can be seen as the link between human capital and business activities that drive the growth of the company. Without proper talent management, the whole painstaking process of putting the talent ecosystem and its environment in place will be just a waste effort.

Talent management is important. According to a 1997 Mckinskey study on 6,000 managers (Willard, 2002, p.24) “the most important corporate resources in the next twenty years will be talent”. As such it is important for the country not only to provide a positive environment to nurture talents, but also for the talents to bloom within Malaysia. A comprehensive system must be put in place so that the young talents are developed according to their competitive set of skills and provided with the right environment so that they will stay in the country. It would be of no use if we are able to produce world class talents but unable to retain them. The whole idea of having a talent ecosystem is to produce enough talent pool of Malaysian for Malaysian businesses. As such the issue of talent retention must be given priority in managing talent, which is very much lacking today. There must be a right culture for the talents to be innovative and creative, and appreciated for their contribution.

Having said that, the country will definitely need to attract talents from abroad. Their input is very much needed not only to fill the gap that is not able to be filled by local talents but as a source of technology transfer to local businesses. Again, the right environment is needed to attract and retain these talents. This however is difficult since the foreign talent had been shying away from Malaysia in favour of other favourable destinations. The government, as the keystone to the talent environment must take proper steps to remedy the situation. Only when the country is able to develop, retain and attract talent will the issue of talent ecosystem be complete.

VI. CONCLUSION

It is talent that drives productivity, creativity and innovation which in the end form the core of sustainable businesses. Malaysia is very fortunate in the sense that she had been blessed with stable political and social climate, abundance natural resources and good infrastructure. However, until today, except for a very small number, corporate Malaysia was unable to produce world class, sustainable companies. In fact, most Malaysian companies do not have the ability to survive on their own without some kind of assistance from the government, and the culprit of this structural weakness is none
other than talents. Across the causeway, Singapore which has almost no natural resources and cheap labour depends entirely on talents to propel her status into becoming one the high income nation and it’s about time that Malaysia follow suit.

Corporate Malaysia should take the advantage of the recent economic slowdown to seriously review their business model and mover towards sustainable business. Efforts must be made to encapsulate the triple bottom line approach in creating value for business as not only this will ensure long term survival but also built in robustness into their business. Focus towards social and environment must not only be seen as business cost for CSR/CR publicity but must be use coherently with core business process in order to generate synergies that will add value to the business and bottom line.

For this, corporate Malaysia, together with the government must create a strong pool of talents supply for the business environment to ensure that sustainable business works. The need for the establishment of talent ecosystem is paramount if the country is serious on the concept of business sustainability.

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