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06

GOVERNANCE  
AND  
IMPLEMENTATION

A clear governance model will be set up to ensure the successful implementation of the Blueprint, undertaking four key roles – strategic oversight, advisory, coordination and monitoring, and implementation.

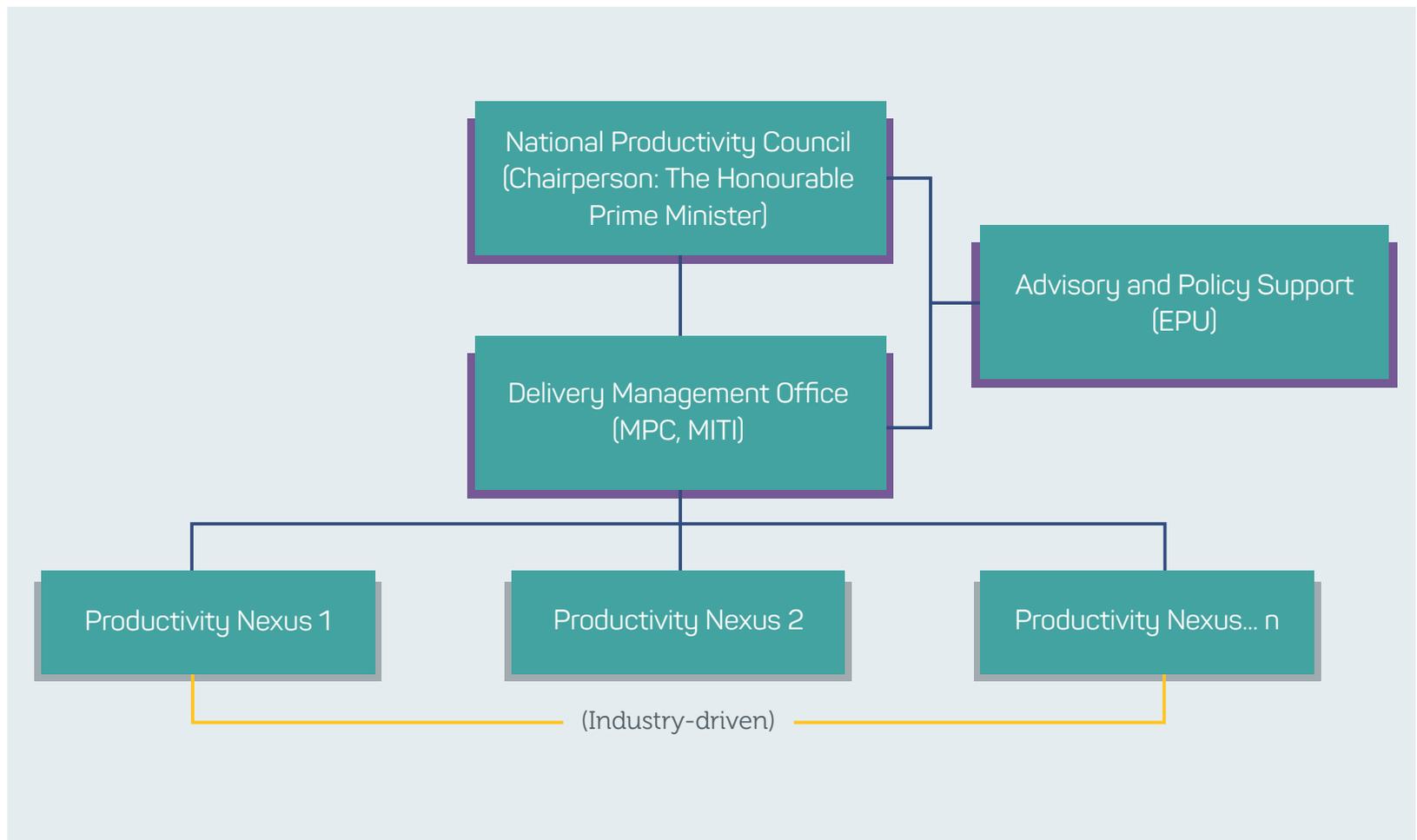
The Blueprint plans to ensure that productivity is addressed holistically. Three key challenges which are currently hindering the implementation of productivity efforts are:

- Multiple government agencies are addressing productivity-related matters and is fragmented
- Current productivity efforts are mainly driven by the government, with low involvement from private sector players
- Lack of coordination in implementation has limited the effectiveness of numerous ideas and programmes

The new governance model will have clear roles and responsibilities and be driven by public-private partnership to ensure accountability and involvement of both parties. It will also be well coordinated to ensure a cohesive effort, clear ownership and transparent outcomes. The governance model will minimise duplication and ensure it does not conflict with on-going efforts. Most importantly, it will be empowered with strong leadership and talent.

The governance structure is in Figure 6-1.

Figure 6-1 GOVERNANCE STRUCTURE OF MALAYSIA PRODUCTIVITY BLUEPRINT



The four key roles of the governance model are as outlined in Figure 6-2:

Figure 6-2 FOUR KEY ROLES OF THE GOVERNANCE MODEL



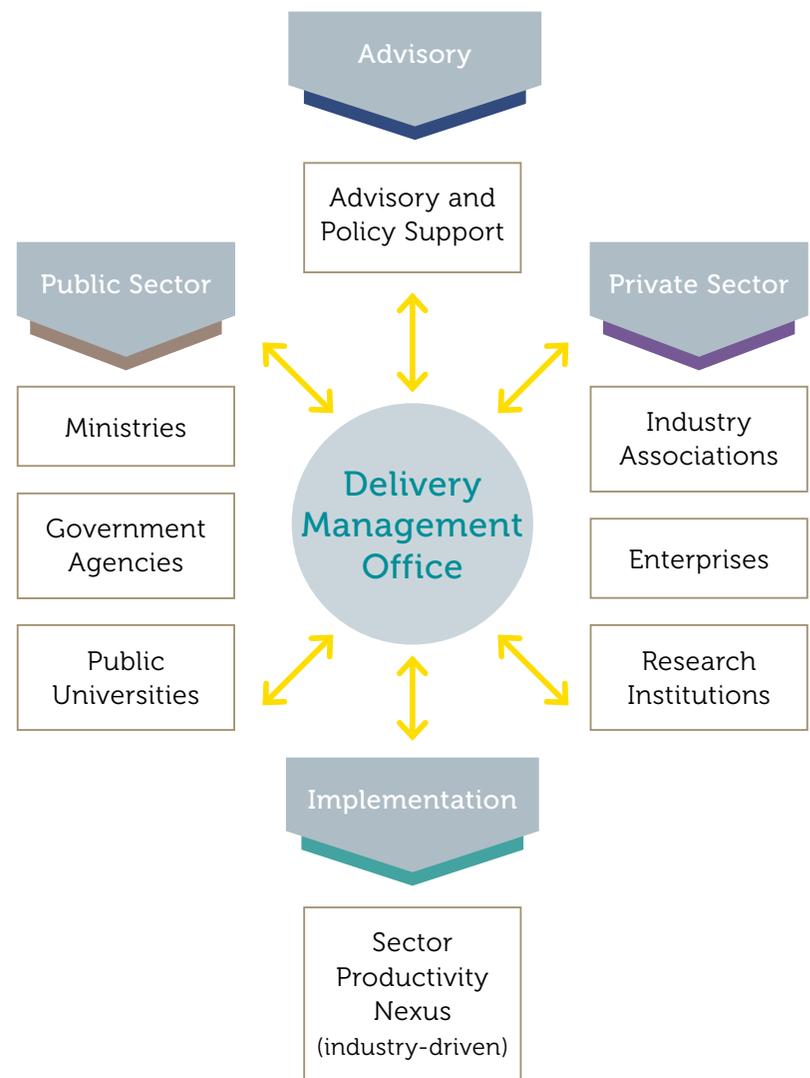
1. Will also undertake implementation of selected initiatives and also in partnership with sector Productivity Nexus

The **National Productivity Council (NPC)** will provide the leadership and strategic direction of the national productivity agenda. The NPC will be chaired by the Prime Minister and the council members will comprise of representatives from ministries and agencies, private sector and industry associations. The key role of the council will be to provide the strategic oversight and direction to ensure the implementation of the Blueprint.

**Advisory and Policy Support** will be provided by the Economic Planning Unit, Prime Minister's Department (EPU). It will serve as the main source of reference on national productivity. It provides a cross-cutting view of productivity and engage with various government agencies and universities. It will propose the overall strategy, targets at national and sector level to the NPC and ensure that key productivity data is collected, analysed and shared. Impact assessment studies, benchmarking and relevant analysis will be conducted at macro level to develop the knowledge depository on productivity and form the basis for national and sector policies. It will review regulatory hurdles that are hampering productivity.

The **Delivery Management Office (DMO)** will ensure the successful implementation of the Blueprint by coordinating, monitoring and evaluating implementation of productivity strategies by both the public and private sector players. The office will work closely with both EPU and the sector Productivity Nexus to monitor and track the implementation of productivity initiatives at the national, sector and enterprise levels. Impact assessments will also be conducted to assess the outcomes of the initiatives, escalate issues that need to be resolved and devise remedial actions. The DMO will also implement specific initiatives on its own and in partnership with university and sector Productivity Nexus. The Malaysia Productivity Corporation (MPC) will be restructured and empowered to perform as the DMO, as shown in Figure 6-3:

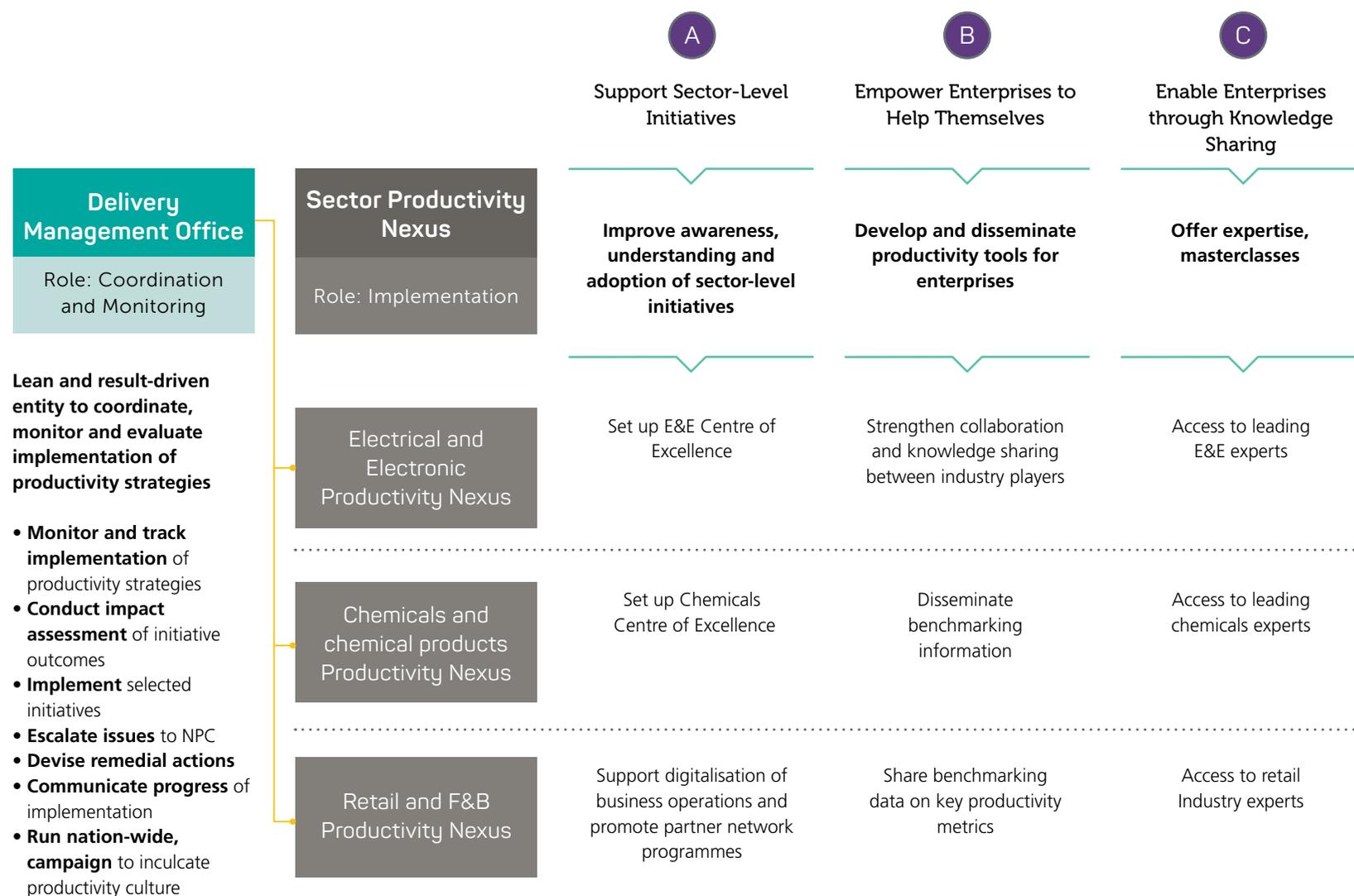
*Figure 6-3* A DELIVERY MANAGEMENT OFFICE TO COORDINATE INITIATIVES ACROSS VARIOUS STAKEHOLDERS



A hub and spoke model will be adopted to drive coordinated implementation efforts. The three main roles of the sector Productivity Nexus will be to improve awareness and adoption of sector-level initiatives, empower enterprises by developing and disseminating tools

that will boost productivity, and foster knowledge sharing through productivity experts, who can help enterprises identify their productivity challenges and share best practices and solutions. The hub and spoke model is illustrated in Figure 6-4.

Figure 6-4 HUB AND SPOKE MODEL WILL FACILITATE COORDINATED EFFORTS AND EMPOWER PRIVATE SECTOR PLAYERS



Industry associations and enterprise champions will be as change agents to drive the sector Productivity Nexus, given the need to have the private sector play a key role in implementing the Blueprint. Industry associations have strong connections and networks with sector players, have practical

knowledge and represent the collective voice of the sectors. Moving forward, suitable associations and enterprise champions will be identified and empowered to enable them to lead effectively. Figure 6-5 below explains this in further detail:

Figure 6-5 INDUSTRY ASSOCIATIONS ALREADY PLAYING A KEY ROLE AS CHANGE AGENTS

Industry associations already playing a key role as change agents within their respective sectors

However, they need to be further empowered to be fully effective in their new, augmented role

**Industry associations have strong connections and networks with sector players**

- The collective power of industry associations offers a strong bridge to connect with enterprises and knowledge experts in each sector

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**Industry associations have practical knowledge of their sectors**

- Associations have deep on-the-ground understanding of the sector and are able to articulate trends and best practices

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**Industry associations represent the voice of the sector**

- As advocates for the sector, associations understand the current agenda and issues within the sector and have a vested interest to grow and advance the sector

**Membership of associations need to be boosted, ensuring a better reach to spectrum of enterprises in the sector**

- Some sectors, such as agro-food, have a high number of associations with fragmented memberships, thus the latter need to consolidate for greater effectiveness
- To empower industry associations to implement productivity initiatives, association membership to an industry be introduced as a qualifying criteria for an enterprise to get assistance from the government

**Provision of dedicated funding and manpower to focus on productivity efforts**

- Most association members and their leaders operate on a part-time basis
- Dedicated, full time staffing for the sector Productivity Nexus is required to ensure effectiveness of implementation
- Sector Productivity Nexus may be provided a launching grant by the government and industry, where they are expected to be eventually self-funded

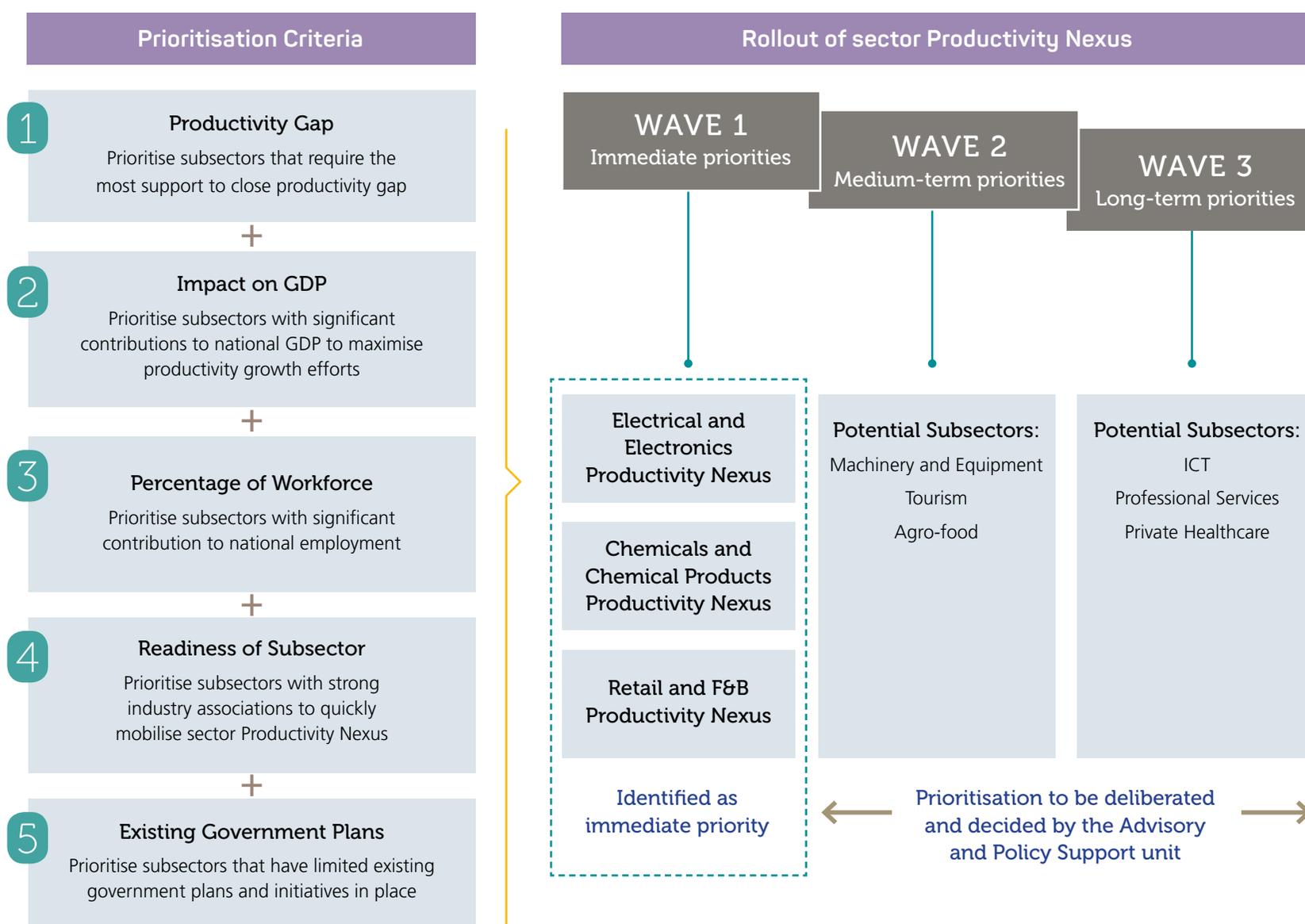
**Embed performance management system to incentivise delivery while keeping associations accountable for funds**

- Robust KPIs are set and tracked to ensure on-time and on-budget delivery of implementation efforts
- Financial assistance are linked to the achievement of KPIs and expected outcomes

Suitable industry associations and champion enterprises to be identified and further empowered to lead implementation efforts

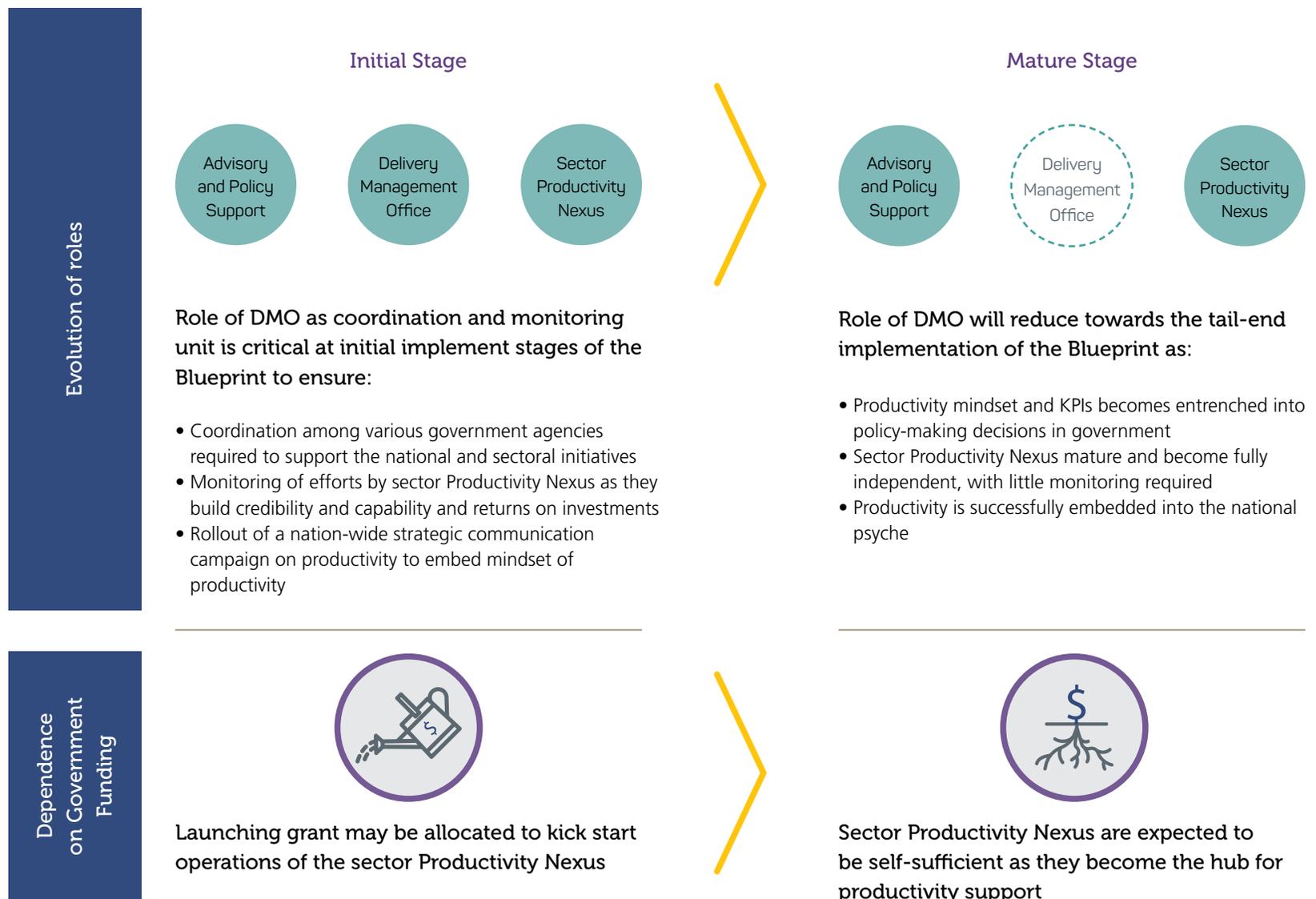
Sector Productivity Nexus for the key sectors will be established in phases (see Figure 6-6):

Figure 6-6 PRODUCTIVITY NEXUS TO BE ESTABLISHED IN WAVES



The governance model is expected to evolve as the Blueprint is implemented and the productivity agenda matures over time. Both the role of the DMO as well as the dependence on government funding are expected to reduce over time (see Figure 6-7):

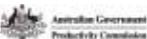
Figure 6-7 GOVERNANCE MODEL TO EVOLVE AS BLUEPRINT IS IMPLEMENTED AND PRODUCTIVITY AGENDA MATURES OVER TIME



## BOX 6-1

## BENCHMARKING OF GOVERNANCE MODELS IN SELECTED COUNTRIES

Level of Government Involvement

	Canada			Australia			Singapore		
	Advisory	Coordination	Implementation	Advisory	Coordination	Implementation	Advisory	Coordination	Implementation
<b>Entities</b>	X	X			X				
<b>History</b>	<ul style="list-style-type: none"> <li>Started as a service of the Government of Alberta in 2008</li> <li>Transitioned to a private, not-for-profit corporation in 2011</li> <li>Expanded nationwide in 2014</li> </ul>			<ul style="list-style-type: none"> <li>The Productivity Commission (AGPC) was formed in 1998 through an Act of Parliament</li> <li>The Productivity Council (APC) was an association turned into a private business focused on productivity</li> </ul>			<ul style="list-style-type: none"> <li>The precursor to the Standard Productivity and Innovation Board (SPRING) was founded in 1972</li> <li>The Productivity Association (SPA) was founded as an affiliation to SPRING</li> <li>The Productivity Centre (SPC) was formed by SPA in 2013</li> </ul>		
<b>Role of Government Today</b>	<ul style="list-style-type: none"> <li>Semi funded by the government of Alberta with aspirations to be self sustaining (less than 25% funding from the government, 75% from fees)</li> </ul>			<ul style="list-style-type: none"> <li>Parliament funds AGPC and is responsible to address its findings and recommendations</li> <li>APC is completely private, with no government intervention</li> </ul>			<ul style="list-style-type: none"> <li>SPRING is a government body in charge of productivity</li> <li>SPRING funds both SPA and SPC</li> <li>SPRING personnel seconded as key management in both entities</li> </ul>		
<b>Pros</b>	<ul style="list-style-type: none"> <li>Independence from government allows the freedom in prioritising productivity efforts</li> <li>Private sector has influence to shape the interventions that matter to them</li> </ul>			<ul style="list-style-type: none"> <li>Findings from AGPC are authoritative over the Government</li> <li>APC free to choose whether to follow the recommendations or not</li> </ul>			<ul style="list-style-type: none"> <li>Government has full control and coordination of strategy and implementation</li> </ul>		
<b>Cons</b>	<ul style="list-style-type: none"> <li>Requires a driven private sector</li> <li>Harder to raise private funds</li> </ul>			<ul style="list-style-type: none"> <li>Limited coordination between the advisory and the implementation function</li> </ul>			<ul style="list-style-type: none"> <li>Subject to government intervention/agenda</li> <li>Bureaucracy may become unwieldy</li> </ul>		

● Private Sector    ● Government

Source: GO Productivity, Australian Government Productivity Commission, Australian Productivity Council, Singapore Productivity Association, Singapore Productivity Centre

