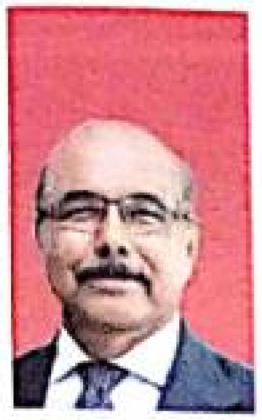
BOOSTING COMPETITIVENESS



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Local, district govts must align with national and state agencies to create a business-friendly ecosystem

Local growth councils can be the game-changers to improve business ecosystem. FILE PIC

IT is good that districts are going green by planting trees and flowering plants. Districts should also expand a similar amount of energy to develop business-friendly ecosystems — a businessman observed wistfully at a municipal council recently while pursuing an early approval to his application.

Just as there is great merit in greening townships, so is there a great need to promote competitiveness in local regions. Competitiveness is a magnet for attracting talent and investments to a locality while enabling business expansion through exports. By increasing jobs and incomes, firms can promote economic growth from the ground up across the country.

The Malaysian Investment Development Authority (Mida) does a good job in attracting foreign direct investment. Through its domestic strategic investment fund, Mida encourages companies to shift to high technology and knowledge-intensive operations. These will offer high added value to a company's products and higher wages for employees.

Similarly, Martrade (Malaysia External Trade Development Corporation) helps businesses to export their products and enlarge their markets. Regional economic growth corridors promote growth and competitiveness in their respective regions. States, also, play a role in attracting investments. They dispatch missions abroad and endeavour to speed up approvals for industrial-land applications.

These, however, are not enough to enhance competitiveness. Local and district governments need to align their efforts with those of national and state agencies to create a business-friendly ecosystem.

The initiative by the American state of New York to promote competitiveness across its regions is instructive. New York has created 10 regional economic development councils. Each is made up of representatives from business, academia, local government, and non-governmental organisations. The councils are charged with promoting economic growth in their jurisdiction. They exemplify a community-based, bottom-up approach to economic growth. These councils make it easier to conduct business by serving as a single point of contact to help businesses navigate state regulations. More importantly, these councils work with businesses and state agencies to mitigate regulatory burdens that impede business competitiveness and, consequently, economic growth.

Their success at enhancing regional competitiveness and growth makes the regional economic councils of New York worthy of emulation. Accordingly, local growth councils (LGCs) can similarly be established in Malaysia. As the administrative head, the district officer can spearhead the creation and operation of LGCs in his district. Local authority and district officials, and other national and state-agency officials in the district, could then represent the government interests in the LGC. Industrialists, SME owners, bankers and local representatives from key utilities such as Tenaga Nasional and Telekom Malaysia would represent private-sector interests. Other local experts could also be co-opted.

However, membership in the LGCs should be kept small, say about 12 members. Twelve is the number of members in the United States Federal Reserve Board, the US central bank, and in the board of directors of General Electric, one of the largest companies in the world. The small structure will keep the LGCs more agile. It will quickly foster and sustain a sense of camaraderie to pursue LGC's mission.

While funding will ultimately fall on the states concerned, LGCs could supplement state allocations with donations from benefactors. Applying the "eliminate-reduce-raise-create" framework of the national blue ocean strategy (NBOS), the LGC should be able to raise public-private collaboration in promoting investments and economic growth in its locality. It would also enhance the public sector's sensitivity to business interests.

Collaboration with research and training institutions is vital if the LGC is to promote innovation and skills development. These are essential for enhancing the competitiveness of small- and medium-sized enterprises or SMEs. In partnership with local authorities, LGCs could foster specialised clusters of industries. Such clusters will pull in quality investments.

Responsive governance is an absolute must for a competitive ecosystem. As such, on the "reduce" dimension of NBOS, LGCs should reduce business regulations that impede growth. Eliminating the lackadaisical attitude of public officials towards local business interests and transforming them into greater facilitators should also be a top priority for the LGCs. Private provision of public services should be considered if that is faster or cheaper.

On the "create" dimension of NBOS, the LGC could establish the strategic direction for growth in its locality. Acting as a permanent forum, the LGCs could call on their members to focus on, say, three to five key constraints to local growth. It should then form sub-teams to tackle these issues.

"Our future growth relies on competitiveness and innovation, skills and productivity," said Julia Gillard, a former Australian prime minister. Her statement resonates well with our nation-building effort. LGCs should forge partnerships among institutions of learning and training. Such partnerships could stimulate skills enhancement to boost employability, innovation and productivity improvement.

Former UK prime minister, David Cameron once said: "More of the same will just produce more of the same: less competitiveness, less growth, fewer jobs."

LGCs can be game-changers, improving local business ecosystems and competitiveness. It will be a step forward for local governments. We can expect more investments into communities which can further boost economic growth.

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