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'Shift focus beyond bumi equity ownership

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EMBRACE VALUE CREATION

'SHIFT FOCUS BEYOND BUMI EQUITY OWNERSHIP'

Trend of ownership has changed compared with decades ago, says Rafizi

PUTRAJAYA

ECONOMY Minister Rafizi Ramli has called for a re-evaluation of the nation's approach to Bumiputera economic empowerment, citing the need to look beyond the 30 per cent Bumiputera equity ownership target outlined in the National Economic Policy (NEP).

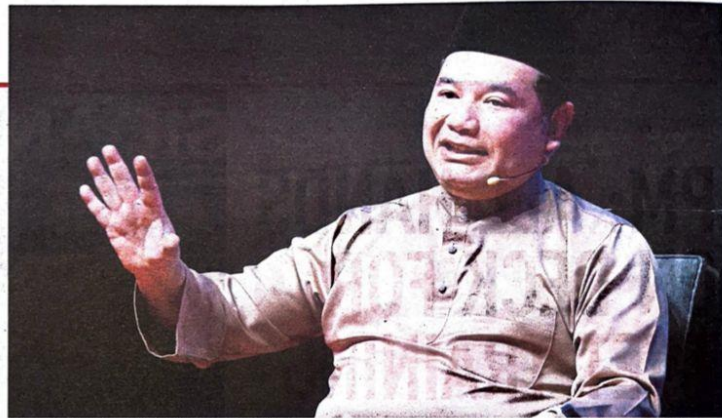
Rafizi said the nation must also look into investment practices, economic participation and management control, owing to changing economic circum-

stances. "We need to consider that the trend of ownership or methods to acquire equity has changed compared with 20 to 30 years ago.

"There is a tendency now where investors prefer to use business nominees, and our laws allow it.

"So if we continue to debate whether Bumiputeras are successful based on the 30 per cent ownership, it can be self-defeating."

He said this after a panel session titled "Bumiputera Future Aspirations" at the Bumiputera Economic Congress at the Putra-



Economy Minister Rafizi Ramli speaking in a panel session at the Bumiputera Economic Congress in Putrajaya yesterday. BERNAMA PIC



jaya International Convention Centre yesterday.

Rafizi said with the participation of foreign investors in today's landscape, there was also difficulty in determining whether a company had Bumiputera status.

As such, he said, Bumiputeras' achievements were rather impressive where it was not reflected in the equity share as gov-

ernment-linked companies (GLC) are run by Bumiputeras as they are not listed privately.

"There are companies seen as Bumiputera because from the top, the chief executive officer to the president and down to everyone else is Bumiputera, but on paper, they are not Bumiputera because they are GLCs, so it depends on the definition."

He said the approach needed to change towards the creation of Bumiputeras involved in value creation and ownership.

"If we focus only on what has not been achieved in terms of 30 per cent equity ownership, the discussion will blind us from important matters, including how to improve management control, how we want to see more Bumiputeras involved in participation and value creation."

He said the biggest profession-

al class was actually Bumiputeras, but measured in terms of value creation, there was a gap between Bumiputeras and other communities.

"The difference between the Bumiputera middle class and those from other communities is that more of the former prefer to depend on salaried jobs.

"So what happens is, after a few decades, they add value to businesses like government-linked companies, multinational companies and their workforce are filled with a world-class Bumiputera professional class.

"But if you look at the difference between those with more specialised skills in certain fields, the percentage of those who have created their own value by starting their own specialised businesses and services is bigger among non-Bumis."