

PM Najib's Transformation Agenda in Transforming Malaysia into a High Income Nation

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Revised Version.

ABSTRACT

Malaysia is a country that since its independence has endeavoured to practice democratic governance. In line with this, it seeks to ensure that the Malaysian government is representative of the will of the people. To achieve this, there must be in place numerous mechanisms to ensure accountability and transparency while also ensuring that it has an 'ear to the ground' so to speak. The ruling UMNO coalition government has come under increasing public criticism for its failure to observe these fundamental features of a progressive democracy. Such public scepticism is perhaps best manifested in the National Front (BN)'s relatively poor performance in past elections. This development expedited reforms calling for effective leadership to guide such reforms. It is to this end that this paper is committed, namely to analysing the important role played by the Sixth Prime Minister of Malaysia, YAB Dato' Sri Najib Tun Abdul Razak towards outlining a clear vision of national development since taking office on 3 April 2009. For this, YAB Dato' Sri Najib appears to have opted to pursue a transformational agenda while aptly adopting transformational leadership to ensure the cooperation of all citizens in Malaysia towards a common goal.

Key Words: Malaysia, Dato' Sri Najib Tun Abdul Razak, Transformational Leadership, High Income Nation.

INTRODUCTION

Leadership exerts an important influencing over the activities of a person or a community, especially towards achieving a particular purpose. Without leadership, organizations are without direction. Leadership is also a trait that can influence others in eliciting cooperation to achieve a commonly desired vision. Thus, leadership is the capability to influence the attitudes and behaviour of others.

In today's context, a leader is not only a person who meet the leadership requirements of a country but also as the pulse of change by nurturing new ideas toward creating change in the organization. As such, an effective leader is someone who can encourage the energies of subordinates to be directed towards a common vision.

Warren Bennis in his, *"Leaders: The Strategies for Taking Charge"*, states that leadership is needed in helping an organization in developing new insights with the aim of creating a development that can bring changes towards a better organization. Leadership is also the result of interactions involving two or more peoples to acts in achieving specific goals stimulated by the want and needs of both parties (Bass, 1985; Burns, 1978).

In Malaysia, to overcome the diverse challenges involved in administrative transformation, transformational leaders is one form of leadership that requires high levels of self-confidence capable of steering the organization toward overcoming all challenges. Previous studies have shown that transformational leadership is a leadership concept with a high correlation by increasing the effectiveness of the organization's management towards higher achievement. According to Black and Porter, examples of leaders who practice transformational leadership are Bill Gates and Steve Jobs (Liung Hui, 2002: 20).

Transformational leadership is also a form of leadership that is often associated with a higher level of work achievement and satisfaction towards the leader. Jason (2000) states that transformational leaders is a concept of leadership in which shared norms, values and beliefs with the followers often motivate and influence their followers. Transformational leadership is a form of leadership that has the ability to give encouragement, motivation, enthusiasm and energy to the followers.

CONCEPT OF TRANSFORMATIONAL LEADERSHIP

In an era of global competition and dynamic environments, many organizations shift the paradigms of their leaderships from a transactional style to transformational leadership style in order to achieve their strategies and goals (Bass, 1999; Howell & Avolio, 1993). 'Transformational Leadership' is a model in a series of leadership studies discussed by Burns (1978) and Bass (1985). Both are important figures in the study of transformational leadership. However, the concept of transformational leadership is newly incarnated in the study of leadership of a country or organization as the approach is more practical and more relevant to contemporary times (Khairil, 2009). An important feature of an effective leader is instigating within subordinates organic sentiments for developing toward a given end.

The concept of transformational leadership was introduced by James MacGregor Burns (1978) in the context of political leadership. According to Burns, transformational leadership is a process in which leaders and followers help each other to improve motivation and moral towards a higher level. Burns categorized transformational leadership into four main categories, namely the intellectual leader, reformist leader, revolutionary leader and charismatic transformational leader (Suraiya, 2011).

Burns' idea regarding transformational leadership was expanded by Bass (1985) (Khairil, 2009, who focused on the needs of a group or organization for bilateral relations between leaders and followers. According to him, transformational leadership has four original dimensions, namely individual influence, inspirational motivation, intellectual stimulation and individual consideration.

Rasid Muhammad on the other hand, interpreted the transformational leadership style as leadership that is comprehensive and can be leveraged for individual excellence capable of contributing meaningfully to the organization and the community. There are four dimension of transformational leadership, namely charisma, individual consideration, intellectual stimulation and inspirational motivation. Rasid further argues that charisma is a key characteristic of transformational leadership that will convince subordinates of the merits of the attributes possessed by the leader. This character is capable of realizing all the required changes (Rasid, 2007). Rasid also interprets individual consideration by viewing individuals as unique.

Intellectual stimulation is an approach that is taken by a leader based on knowledge that encourages those who are under his care to strive towards improving their knowledge, and eliciting imaginative, creative and innovative thinking suitable with the challenges and demands of the times. Meanwhile, inspirational motivation is seen as something capable of nourishing the leader's influence among his subordinates.

The existence of a good relationship with one follower will make a leader always liked by his followers. Leaders that practice transformational leadership is a leader that is visionary, goal-oriented and with foresight as well as possessing a higher culture (Rolfe, 2011). Transformational leadership is also a leadership model that provides strategic direction to the organization that is considered as work quality process and gives solutions for recruitment and retention of human capital that can be used as the foundation for the future of a sustainable organization.

The theory of transformational leadership is also used as one of an approach to perform a given task. In order to implement it, it is important for each individual to understand the theory of transformational leadership as *'one process that involves changes to an individual'*. Furthermore, it is also closely related to the ability in ensuring the individual make changes, improvements and ability to be lead through employee performance appraisal that can meet their needs. A transformational leader will make the organization and his followers more successfully through careful assessment on the ability of an employee and the organization's direction (Northouse, 2010).

There are four factors in transformational leadership and according to Northouse, it is known as '4I' which are idealized influence, inspirational motivation, intellectual stimulation and individual consideration. All four factors will be discussed to assist the manager of an organization to use this approach in their jobs. Northouse emphasizes that these four components also explain the features that must be present in the transformational process. After 39 researches by Northouse, he found that individuals who practice '4I' are more effective, produced better outcomes, and have a high impact.

J.V Downtown (1973) defined transformational leadership as *"a process of creating, sustaining, and enhancing leader-follower, follower-leader and leader-leader partnership in pursuit of a common vision, in accordance with shared values and on behalf of the community in which leaders and followers jointly serve"*. His view concerning transformational leadership is closely related to the process of strengthening the relationship between the leader and follower in an organization towards achieving a vision based on values that are mutually agreed toward achieving a shared goal.

Burn who is one of the founder of transformational leadership, understands that the transformational leadership model is a leadership concept that emphasizes that a leader must motivate subordinates to perform their duties more than expected. Besides, Bryman also said that

transformational leadership is a new concept of leadership whereas; Sarros and Butchatsky called it a breakthrough. As for Avolio and Bass, they consider transformational leadership different from transactional leadership in the two cases (Avolio & Bass, 1986: 85-90). In the first case, although transformational leaders are effective in identifying the needs of subordinates, they are different from active transformational leader. Effective transformational leaders will strive to increase the needs of subordinates. In the second case, transformational leaders work toward developing their subordinates so that they can become a leader. Bass highlighted three transformational leadership characteristics, namely charismatic, intellectual stimulation and individual attention that indicates the inspirational character that exists in transformational leaders.

This kind of leadership paves the way for a leader to solve old problems through new approaches, especially in the contemporary context. Their approach is to create the ability to generate a vision and mobilize energy toward change. By having this kind of approach, the leader should realize that he is the agent of change. Besides that, the leader also serves as '*a long life learner*' and '*visionary*' who is able to withstand complex situations (Kasturi, 2012).

Among its many definitions, transformational leadership was also defined as "*the process whereby the person engages with others and creates a connection that raises the level of motivation and morality in both the leader and the follower*" (Northouse, 2010: 171-175). This is an important process for a leader to give deep observations of individuals around him that can provide motivation thus helping to improve values that exist in a leader and his followers in making changes for long-term benefit.

A BRIEF HISTORY OF TRANSFORMATIONAL LEADERSHIP

Burns (1978: 20) developed transformational leadership to inspire greater proficiency and efficiency across the board. He defined it as occurring when leaders and followers engage one another to advance their proficiency, ability, motivation, and morality. Transformational leaders are characterised as being highly passionate, inspirational, interactive, empowering, and creative (Hackman & Johnson, 2004). This preliminary understanding of transformational leadership was further developed by Bass (1985) by organising Burn's theory into four categories, namely idealized influence, intellectual stimulation, individualised consideration, and inspirational motivation (Harrison, 2011).

Idealised influence: Idealised performance was succinctly described by Bass (1999: 19) as the ability of a transformational leader to clearly describe a vision to members or followers accompanied with the ability to encourage their participation in striving towards realising this shared vision. This naturally breeds a significant amount of trust and dependency on and in the leader (Bass, 1985). This facet of transformational leadership was further articulated by Yukl (2006) who explained that idealised influence fosters an emotional attachment to the leader. This led Banjeri and Krishnan's (2000: 407) realisation that from the perspective of followers, this quality of a transformational leader is his/her charisma. They further noted that followers understood such charisma as nurturing enthusiasm among followers in such a way that facilitates the completion of tasks that commands respect (Harrison, 2011).

Intellectual stimulation: This feature of transformational leadership encourages a critical approach to established SOPs with the aim to improving them (Avolio et al., 1999: 444). Such a focus on intellectual stimulation seeks to promote innovative thinking (Bass & Steidlmeier, 1999). For Brown and Posner (2001), this is a necessary feature of any successful organisation. When innovation is driven by the followers, it is designed in such a way that best suits their preferences thereby being potentially easier to integrate into the organisational system. They further observed that intellectual stimulation promotes a healthy atmosphere of learning (Harrison, 2011).

Individualized consideration: Transformational leadership posits the leader in the role of mentor whereby he/she designates responsibilities to followers as a means to achieve self-actualisation (Avolio et al., 1999). Such consideration for the individual to achieve self-actualisation, according to Corrigan and Garman (1999), is a positive means to promote team-building efforts. Such effort were described by Yukl (2006) as supporting and encouraging while offering important coaching to followers. For such an initiative to be effective, the transformational leader contextualises the coaching for the individual to meet specific needs and target specific outcomes in the aim to produce leaders (Bass & Steidlmeir, 1999; Bass, 2000). For Barnett, McCormick, and Connors (2001), this is only possible when transformational leaders nurture positive interpersonal relationships with followers.

Inspirational motivation: To achieve the goals shared between leaders and followers, inspirational motivation is needed as it provides meaning to achieving this shared vision (Bass, 1999). This was further explained as meaning the ability to remain focused on achieving the shared goals despite the challenges that may arise. Maintaining such motivation is what inspirational motivation refers to (Kent, Crotts, & Azziz, 2001). This feature of transformational leadership has prompted some to associate it with ethics, as greater concern for the staff and organisation promotes greater ethical decision-making (Banjeri & Krishnan, 2000; Kent et al.).

THE TRANSFORMATIONAL LEADERSHIP MODEL

In the mid-1980s, Bass developed the concept of transformational leadership in greater detail. Inspired by Burns, Bass focused attention to the needs of the followers compared to the needs of a leader, besides suggesting that a transformational leader can adapt to situations where the results is not positive and by describing transactional and transformational leadership as the only ongoing continuum (Northouse, 2010).

According to Bass (1985), the thing that distinguishes between transactional and transformational leadership is an effective transformational leader recognizes the needs of his subordinates. An effective transformational leader is always striving for the needs of subordinates. With enthusiasm and motivation, he will meet and raise the expectations of his subordinates in order to achieve better performance. As an example, subordinates are encouraged to take greater responsibility and own the autonomy or authority to undertake tasks. Secondly, transformational leaders are also trying to develop their subordinates so that they also become leaders. Among the three important characteristics of transformational leadership presented by Bass (1999) are charismatic character, intellectual stimulation and individual attention.

The application of the transformational leadership model can be show through a few examples presented by Burns (1978) through Mohandas Gandhi who become an example of classic transformational leadership. Gandhi successfully evoked the hope and demands of millions of Indians while making changes to himself. In addition, this process is manifest in the life of Ryan White who able generated public awareness among Americans of the dangers of AIDS. In the process, he became spokesperson to create public awareness while securing greater government support for research on AIDS.

In the world of organizations, an example of transformational leadership can be seen through the efficiency of a manager who attempts to change the corporate value of the company to reflect a more humane and fair standard. In this process, both manager and workers may appear more powerful and have higher moral values (Northouse, 2010).

In terms of transformation framework of a government and governance, it can be seen through the initiatives made by a government in other countries. The first example, in the United

Kingdom, Andrew Massey and Robert Pyper (2005) in their work entitled *'The Public Management and Modernisation in Britain'* show that improvements carried out by the Prime Minister, Margaret Thatcher and Tony Blair are considered the 'next step' and 'modernization'.

As for the United States, Elaine C. Kamarck (2007) in her *'The End of Government as We Know It: Making Public Policy Work'* highlighted the initiative by President Bill Clinton known as *'Revaluation of the National Performance'*. Others like JingjingHuo (2009) in his *'Third Way Reforms: Social Democracy After the Golden Age'* discussed three forms of government frameworks that have existed in Europe and the Pacific, namely 'Social Democrats' (Denmark, Sweden and Norway), 'Christian-Democrat Welfare' (Netherlands, French and German) and 'Liberal Welfare' (United Kingdom, Australia and New Zealand) (Saifuddin, 2011).

With reference to the above examples and all forms of leadership existing in these countries, in order for transformational leadership to be successful, it is important for an organization to realize the dimensions necessary to make it more effective.

TRANSFORMATION APPROACH IN ADMINISTRATION

Burns states that transformational leadership can occur in normal and in unusual situations involving different levels of society. He added that for an individual to be a transformational leader, they can be, *"anyone who articulated a compelling vision of the future: tied this vision to follower's values, worked to raise follower's standard of conduct, and ultimately caused change in a society, an organizations or institution an institution was capable of being a transformational leader"* (Hughes, 1999: 291).

According to Burns, the existence of this phenomenon among leaders will be an unusual characteristic because many leaders fail to indicate the criteria described above in transformational leadership. Leaders who do not meet the above criteria are considered transactional leaders.

The nature of transformational leadership that exists within a leader also requires the ability to operate 'pan-organization' and consider long-term views in an effort to justify the short-term priorities. This is composed of a variety of specialized jobs obtained from generalist knowledge sufficient to establish new relationships and high value throughout the entire organization. As such, individuals who become transformative leaders should be selected based on their potential to collegially and consensually implement a transformation agenda. Strong individual performance is a requirement for selection; however, performance alone is unable to guarantee the selection since the matter should be balanced between power, knowledge and being proactive. In addition, a transformative leader educates, challenges and inspire superiors, managers and employees to make a positive difference in changing scenarios.

PM NAJIB AND THE TRANSFORMATIONAL LEADERSHIP AGENDA

Dato' Sri Najib bin Tun Abdul Razak (born 23 July 1953) is a Malaysian politician and the sixth Prime Minister of Malaysia. He previously held the post of Deputy Prime Minister from 7 January 2004 until he succeeded Tun Abdullah Ahmad Badawi as Prime Minister on 3 April 2009. He is the son of Malaysia's second Prime Minister, Tun Abdul Razak and the nephew of Malaysia's third Prime Minister, Tun Hussein Onn. Najib is also the Minister of Finance.

As a leader, Dato' Sri Najib was an inspiration to his followers and all Malaysians to strive and achieve the goals set. He is an individual who meets the characteristics of transformational leaders in part to recognize the need, create new insights and institutionalize reforms to mutually increase the level of morality and higher motivation. In line with 'Burns' definition of transformational leadership as a process in which leaders and followers engage in a process of advancing morality and motivation

towards achieving a given objective, Dato' Sri Najib has demonstrated a variety of visions to be implemented by the government on important decisions. This can be seen through his speeches in the General Assembly wherein he acted as President, Vice President, Deputy President or Youth Chief of the largest party in the country.

Irrespective of the leadership of the country, whether in BN, UMNO or the administrative bureaucracy, Dato'Sri Najib is seen as a leader and visionary who can make objective decisions as a great leader. Therefore, as a transformational leader Dato'Sri Najib is able to improve morale and motivate greater interest among followers to adhere to principles and higher values.

The transformation agenda in his leadership manifests in the introduction of the concept of 1Malaysia, the Government Transformation Programme (GTP), the Political Transformation Programme (PTP), the Economic Transformation Programme (ETP) and the New Economic Model all of which are geared towards transforming Malaysia into a high-income nation. In conclusion, Dato 'Sri Najib has met Burns' theories that explain the existence of the four categories that must be present in a person who is regarded as a transformational leader, including intellectual leaders who transform society through a clear vision, the leader of the reform that transforms society by addressing morality, and transformational leaders who make a difference in the community through charismatic leadership.

OVERVIEW OF THE GOVERNMENT TRANSFORMATION PROGRAMME (GTP)

The Government Transformation Programme (GTP) is an initiative introduced by the current Malaysian government to address seven key areas concerning the country. Unveiled on 28 January 2010 by the [Malaysian Prime Minister Najib Tun Razak](#), the GTP is designed to contribute towards realising Malaysia's vision to become a developed and high-income nation (Prime Minister's Office).

The GTP was also designed to change the way the Malaysian government operates. In part, it is the result of public criticism and greater public demand for a more effective government, and in part an attempt to accelerate change to realise the fast approaching deadline for its Vision 2020.

Although the government strongly believes that it has achieved much in terms of economic advancement and national infrastructure, they nevertheless believe that it is high time that reforms are accelerated if it is to reach the ambitious goals it has set for itself. Similarly, the GTP is a response to public concern regarding the rising cost of living, corruption, crime and education (GTP – Annual Report, 2012: 8).

People First, Performance Now

Prime Minister, Dato' Seri Najib Razak's government is pursuing change under the slogan "*People First, Performance Now*". With this in mind, the GTP is a public-centric programme of reform. Among the examples of the responsiveness of the GTP, with the public outcry regarding safety in 2012, the Reducing Crime National Key Result Area (NKRA) dealt immediately with the root causes of rampant crime resulting in the *United Against Crime* campaign, which promoted an unprecedented collaboration between various government agencies and the public.

The GTP also seeks to reduce and control corruption. To this end, the Fighting Corruption NKRA promoted whistle-blowing initiatives with a record number of cases. For this reason, the *Whistleblower Protection Act 2010* came into force and as a result, Malaysia's position on the Corruption Perceptions Index (CPI) has improved.

With the introduction of the GTP, the Malaysian government has become more transparent and with greater transparency has become more accountable. There has been a complete shift in attitude with the public being encouraged to voice its concerns and criticisms of the GTP, with the promise that every concern will be addressed (GTP – Annual Report, 2012: 9).

The GTP's NKRAs:

Through a thorough process of consultation among experts, the public, and government, seven national key result areas (NKRAs) were identified. These NKRAs are the central concern of the GTP programme and are supported by initiatives under the Ministerial Key Result Area (MKRA). The MKRA addresses important issues that may have been overlooked by the NKRAs due to not being equal in importance yet nevertheless important, especially in order for the GTP to be meaningful and succeed. (GTP – Annual Report, 2012: 10).

Grassroots Application

The GTP strategically avoids remaining an abstract notion. It means to be a very real and practical channel for transformation for which it has a highly detailed plan with very specific objectives at every level of importance. These numerous objectives form the overall GTP plan.

In line with this detailed approach to reform, key goals were assigned National Key Performance Indicators (NKPis) accompanied with detailed and resilient plans to achieve each initiative. As it is an ongoing process, the GTP is subject to constant and ongoing review by local and foreign external reviewers. What's more, these reviews are made publically available through the publication of annual reports and other mediums.

GTP AND ITS THREE HORIZONS

Divided into three horizons or phases with their peculiar emphases, in 2012 the GTP completed its first horizon (GTP 1.0). The second horizon spans from 2013 to 2015, while the third and final horizon spans from 2016 to 2020.

GTP 1.0 (2009-2012)

The first horizon of the GTP may have been the most difficult as it sought to transform the way government operates in pursuit of sustainable change within the civil service. Although difficult, change was necessary to move away from antiquated procedures and to embrace a more progressive system of getting things done. A change took place from being stifled by bureaucracy to a performance-driven culture, as demanded by the public. To promote development, GTP 1.0 set the foundations for transformational change (GTP – Annual Report, 2012: 12).

GTP 2.0 (2013-2015)

Now in its second phase, GTP 2.0 pursues transformation and seeks to accelerate the planned reforms. It seeks to compliment GTP 1.0 by striving towards achieving more quantitative goals. No longer is it solely focused on infrastructure but has broadened to pursue actual development. GTP 2.0 also seeks to iron out the wrinkles remaining from GTP 1.0 and foster greater public support for the advancement of the nation (GTP – Annual Report, 2012: 13).

GTP 3.0 (2016-2020)

The third and final phase of the GTP anticipates completion of the Government's reforms, paving the way for innovative measures to better serve the rakyat. While the specific details of the third horizon are still too far away to be determined, the goal is to ensure that all Malaysians regardless of background will enjoy the rewards of a high-income nation.

The GTP is a programme that dovetails with the Economic Transformation Programme (ETP), which directly addresses economic sectors of Malaysia to transform them into high-value, high-income generating industries. This approach ensures not only that Malaysia will become a thriving, competitive nation, but that it is supported by a government infrastructure, which is efficient and effective.

Moreover, the GTP and ETP will operate in tandem to ensure that the Malaysian workforce is transformed to be on par with the best in the world, thus securing the competitiveness of the rakyat's talent for high-value jobs both within and outside Malaysia (GTP – Annual Report, 2012: 14).

POLITICAL TRANSFORMATION PROGRAMME (PTP)

Dato' Sri Najib Tun Razak's ambition is to resolve domestic economic issues and steer political reform. To this end, he pledged a comprehensive review of the Internal Security Act (ISA), unveiled the GTP, Economic Transformation Programme (ETP) and Political Transformation Plan (PTP). These initiatives reflect his comprehensive approach to reform and a holistic vision for Malaysia.

As for his pledge to transform existing political structures and practices, Dato' Sri Najib suggested changing the Barisan Nasional (BN) charter to allow direct membership through four new kinds of membership in BN – affiliate membership, associate membership, Friends of BN and, the BN Rakan Muda club. Delivering on his promise, the prime minister successfully repealed the ISA (Bernama, 25 September 2011).

For the prime minister, repealing the ISA was part of the PTP initiative and complemented the GTP and ETP. For him, these initiatives are not concerned with party politics, but with the advancement of the nation as a whole. The PTP is designed to realise the aspirations of Malaysians to be a modern, progressive and developed nation with a functional democracy. Therefore, there is an ongoing need to balance between security needs and individual freedoms, especially in a multicultural and multiracial society like Malaysia.

PTP is a fresh approach to dealing with differences. It replaces confrontation with dialogue, and promotes transparency and openness. This is evidenced by the Peaceful Assembly Bill 2011 that replaced Section 27 of the Police Act aimed at allowing citizens to gather peacefully. Such are part of the infrastructure reforms to accommodate growth. Another example of such fundamental reforms is the amendment of Section 15 of the University and University Colleges Act (UUCA) 1974 to allow students to join political parties upon reaching 21 years (Bernama, 25 December 2011).

ECONOMIC TRANSFORMATION PROGRAMME (ETP)

The Malaysian Prime Minister Dato' Sri Najib Razak launched the Economic Transformation Programme (ETP) in September 2010. A new Prime Minister often institutes new policies (Yeoh and Farizal, 2006: 210), and the ETP is his policy to stimulate new employment, investment and the growth of knowledge, although the economic crisis was spreading across Europe and North America at the time. The ETP consists of six Strategic Reform Initiatives (SRIs) and 12 National Key Economic Areas (NKEAs) and is directed by Performance Management and Delivery Unit (PEMANDU) in the Prime Minister's Department.

The SRIs aim to reform business policies while the NKEAs include various Entry Point Projects (EPPs) in numerous industries (PEMANDU, 2012). The NKEAs are intended to alter the economic profile of Malaysia, as Malaysia can no longer depend solely on favourable export conditions and non-renewable resources, which are not sustainable (Jomo, 1990; 2003). Through the SRIs and NKEAs, the ETP helps to realise Vision 2020. In Vision 2020, Malaysia should become a developed country by the year 2020.

The ETP continues the efforts of the New Economic Policy (1970–1990), the National Development Policy (1991–2000), the National Vision Policy (2001–2010) and the New Economic Model (2010 onwards), aimed at diminishing economic disparities between ethnicities and regions of Malaysia. Such policies help legitimise Barisan Nasional, the governing political party (Jomo, 2003), because they provide evidence that Barisan Nasional is seeking to develop the economy. The economy is important in political discourse in Malaysia. Barisan Nasional consistently pledges economic development (e.g., via its election manifestos), and the ETP can be seen as the latest manifestation of this pledge. The government, particularly the Prime Minister, must ensure that citizens understand the ETP's contribution to economic development, as this will reflect positively on Barisan Nasional (Kumaran, 2013: 20).

NEW ECONOMIC MODEL (NEM)

Globalization and the need for Malaysia to advance its global competitiveness have made it imperative for Malaysia to modify its previous paradigm of economic development. Two economic models preceded the introduction of the New Economic Model (NEM). Developed in the aftermath of the 1969 racial tensions, the New Economic Policy (NEP) (1969–1990) sought to eradicate poverty and eliminate the identification of race with economic function. However, the NEP failed in its aspiration (Second Malaysia Plan, 1971–1975 – Government of Malaysia, 1970). The New Development Policy (NDP) replaced the NEP while retaining the same objectives of the NEP (Seventh Malaysia Plan, 1991–1995 – Government of Malaysia, 1995).

Justification for the New Economic Model

Since its independence in 1957, Malaysia has progressed socio-economically. The country has a first-class network of infrastructure that is comparable to those in developed countries. It has a strategic location in the fastest-growing region of the world with a strong natural resource endowment (NEAC, 2010; Mansor, 2010). It has a high literacy rate of 92 per cent and an educated workforce. Its per capita has risen steadily to USD 7,000 – a 20-fold increase over the last 40 years from USD 370 in 1970. The people enjoy superior standards of health and education. They live longer too with the average life span of males and females being 72 and 76 years respectively. Poverty has declined to 2 per cent. Over 95 per cent of the households enjoy electricity and have piped water.

However, the country is mired in the middle-income trap. As such, one of the objectives of the NEM is to help the country become a high-income nation with average income level of at least USD 15,000. This initiative to become a high-income nation gained greater urgency after the global financial crisis of 2008. The competitive advantages of lower costs and labour-intensive production have since been eroded by other emerging economies such as Vietnam and Indonesia. Malaysia is unable to compete with high value-added economies. With stiff global competition, Malaysia's impressive growth rates of 9 per cent of the 1980s fell to 5 per cent (Xavier & Zafar, 2012: 234).

Additionally, consumption, and non-investment was driving the economy. Over the 2000–2006 period, private consumption and investment grew at 9 per cent and 14 percent respectively while average annual growth of private investment fell drastically to 4 per cent. At 10–12 per cent, private sector investment as a percentage of the GDP was significantly lower than the 25–30 per cent levels

witnessed in other advanced countries such as Singapore (Mansor, 2010). And, compared to Singapore and Hong Kong, which recorded average growth in new company registrations of 16 per cent and 12 per cent respectively between 2001 and 2009, Malaysia's new company registration growth was 2 per cent, signifying weak private sector dynamism and an urgency in economic transformation (Mitra and Byrne, 2010; Yeah, 2010).

The New Economic Model (NEM) has three primary goals:

- 1) High per capita income target of USD 15,000-20,000 per year by 2020 premised on a 6.5 per cent annual growth;
- 2) Inclusiveness (all racial communities to benefit from increased national wealth); and
- 3) Sustainable growth that does not compromise the quality of life of future generations. (Xavier & Zafar, 2012: 236).

The NEM seeks to focus on innovative processes and cutting edge-technologies that are reliant on skilled talent and high-value operations. It seeks to push the private sector into the forefront of economic development with incentives for technologically-capable industries and innovation in high value-added production and concentration of industries to secure economies of scale (Xavier & Zafar, 2012: 236).

The NEM also seeks to integrate the economy with regional production and financial networks while promoting inflows of FDIs. While previously, it feared that foreign talent would crowd out local talent and, accordingly, restricted entry of foreign talent, now, the NEM aggressively promotes talent attraction and retention. To transform Malaysia into a high-income nation, the NEM outlines eight strategic reform initiatives (Xavier & Zafar, 2012: 237). These are:

- 1) Re-energising the private sector;
- 2) Developing quality workforce;
- 3) Creating a competitive domestic economy;
- 4) Strengthening the public sector;
- 5) Carrying out transparent and market-friendly affirmative action;
- 6) Building a knowledge base infrastructure;
- 7) Enhancing sources of growth; and
- 8) Ensuring sustainable growth.

MALAYSIA HAS MADE SIGNIFICANT PROGRESS

Sustained rapid economic growth has raised Malaysia from an agricultural and commodity-based low-income economy to a successful middle-income economy. Our story of moving from low-to middle-income status is one of the world's success stories of the past few decades. Since 1945, Malaysia is one of only 13 countries (another countries are Botswana, Brazil, China, Hong Kong SAR, Indonesia, Japan, Republic of Korea, Malta, Oman, Singapore, Taiwan and Thailand) to have sustained growth of over 7 percent or more for 25 years. This strong economic performance has helped improve the quality of life for Malaysians and supported advances in education, health, infrastructure, housing and public amenities.

Growth has also been accompanied by a near-eradication of hardcore poverty, which fell from 6.9 percent in 1984 to 0.9 percent in 2010. Primary school enrolment is now nearly universal. Basic healthcare has improved in the past two decades with life expectancy rising and infant mortality rates falling significantly. As a result, Malaysia's score in the United Nations Human Development Index rose from 0.67 in 1980 to 0.83 in 2007, surpassing the 0.8 score benchmark for countries with high standards of human development.

Despite this progress, significant challenges remain. For example, 7 percent of the rural population live below the poverty line; only 80 percent of the workforce have education up to SPM (*Sijil Penilaian Menengah*) qualifications (high school equivalent to O-levels); and Malaysia's economic growth has been sluggish over the decade since the Asian financial crisis. Our task is to build on the platform we have established over the past few decades and create the next generation of national development (ETP-A Roadmap for Malaysia, 2012: 57).

BECOMING A HIGH-INCOME NATION THAT IS BOTH INCLUSIVE AND SUSTAINABLE

The government is aiming for Malaysia to become a high-income nation that is both inclusive and sustainable by 2020. These goals will be reached jointly. The government will not seek short-term progress on one goal at the expense of delaying progress on the others. The ETP is designed to drive Malaysia forward from its current stagnant situation to be a high-income economy that is both inclusive and sustainable (ETP-A Roadmap for Malaysia, 2012: 58).

High-Income Economy

The government under Dato' Sri Najib defines high income as a per capita income USD15,000 or RM48,000 in 2020, based on the World Bank's current definition of high income. Malaysia's per capita gross national income (GNI) is currently about RM23,700 or USD6,700. Therefore, achieving high-income status by 2020 will require GNI to grow at an annual real growth rate of 6 percent between 2011 and 2020.

The government's high-income objective is not just a quantitative target. It is also about Malaysia becoming an advanced, developed nation with an economy possessing the characteristics that are common to developed nations. Specifically, Malaysia will focus on developing:

- A large and thriving services sector, to supplement the nation's historical strengths in oil and gas, agriculture and manufacturing;
- A balanced economy, with significant contributions from private consumption and investment as well as from government spending and exports. In developed countries, domestic demand typically accounts for 50 to 70 percent of GDP. In Malaysia it is currently 53 percent; and
- Productivity levels similar to those of other leading Asian economies. Achieving this will require developing an economy that is more heavily driven by skills, innovation and knowledge.

These three structural shifts in the economy will support Malaysia's ongoing growth and will enable Malaysia to compete more effectively with other developed nations in the region and beyond (ETP-A Roadmap for Malaysia, 2012: 59).

Inclusive Society

The way in which Malaysia grows to achieve this high-income target will be inclusive in nature, enabling all Malaysians to share in the benefits. The government will encourage employment-rich growth that creates new higher-wage jobs. We will also invest in education and training to ensure that more Malaysians are able to participate in these new opportunities.

A key focus will be on ensuring that substantial improvements are made for people with the lowest household incomes. A special focus targets improving the incomes of poorer households through raising the mean monthly income from RM1,440 in 2009 to RM2,300 in 2015 (ETP-A Roadmap for Malaysia, 2012: 60).

Sustainable Growth

The measures we take to achieve high-income status must be sustainable in both economic and environmental terms, meeting present needs without compromising those of future generations.

In economic terms, growth will have to be achieved without running down Malaysia's natural resources. Malaysia will not achieve high-income status simply through the income derived from extracting Malaysia's natural resources.

With the tabled reforms, Malaysia's fiscal policy becomes more sustainable. There is a clear emphasis on private investment to reduce reliance on the government. The Tenth Malaysia Plan is committed to reduce its fiscal deficit from seven per cent in 2009 to three per cent in 2015.

In environmental terms, the government is committed to the stewardship and preservation of our natural environment and non-renewable resources. The government will ensure that environmental resources are properly priced and that the full costs of development are understood before investment decisions are made (ETP-A Roadmap for Malaysia, 2012: 60).

CONCLUSION

Leadership is an important element that should exist in a country to improve performance in all aspects, either spiritual or material. Thus, the leadership style of a leader should be a benchmark to the ruling system in a country. The model of transformational leadership newly highlighted by Western scholars clearly shows that it is one of the best leadership models in this modern era.

Transformation requires the ability to operate an organization by having vision and long-term planning to shape the direction of the country. However, its application in some developed countries has proved one of the best examples to serve as a role model for leaders in Malaysia.

In Malaysia, the government through the transformational leadership of Dato' Sri Najib Tun Razak has introduced some transformation agenda to transform Malaysia into a high-income nation by 2020. The Government Transformation Programme (GTP), Political Transformation Programme (PTP) and Economic Transformation Programme (ETP) introduced by him, are strategic means to realise national aspirations and transforming Malaysia into a developed nation.

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