

## Economic Briefing To the Penang State Government

### The latest official economic figures: How strong are Malaysia's economic fundamentals?

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#### Introduction

The headline item that nearly everyone looking out for the latest economic numbers is that Malaysia's economy grew by 5.2% in 2003. That number is now official as of Bank Negara's announcement and release of its report on March 26 2004. It is a good number. The other important issue that many might be concerned about but not as widely analysed and discussed is whether such a number is long-term sustainable. In other words, how strong are the economic fundamentals that will help sustain the Malaysian economy?

#### The national accounts:

In our November 2003 issue of *Briefings* we presented Malaysia's national accounts figures by adopting the United Nations' system of national accounts<sup>1</sup> summary format and taking the numbers from the *Economic Report 2002/03* published by the National Treasury in conjunction with the presentation of the 2004 budget last September. This summary format gives us an easy snapshot view of the nation's economic fundamentals without the need to flip over several tables from separate pages in the published reports. As scheduled, the *Bank Negara Report 2003* was released last week giving us the latest official numbers for the country's economy thus allowing us to present the important numbers that describe the nation's economy in such a format as follows:<sup>2</sup>

**Table 1: System of National Accounts, Malaysia 2003 (current RM billion)**

2003 prelim	I	II	III	IV	Total
I		C+G = 223706 60.6% (62.2%)	I = 87089 23.6% (24.4%)	X-M = 82674 22.4% (20.2%)	393469
II	GDP=Y-P= 392012 106.1% (107.4%)			P = -22614 -6.1% (-7.4%)	Y = GNP = 369398 100% (100%)
III	D = 1456 0.4% (-0.6%)	S = 136394 36.9% (35.2%)			137850
IV		T = 9300 2.5% (2.6%)	CA = 50761 13.7% (10.2%)		60061
Total	393468	369398	137850	60060	

C+G = private and government consumption

P = net factor payments abroad,

T = net transfers abroad

CA = current account balance

I = investment

S= savings

D = change in stock

*Note: Percentage figures indicate proportions of the GNP. Bracketed percentages are equivalent numbers obtained from Oct 2003 Economic Report shown for comparison.*

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Table 2 : System of National Accounts, Malaysia 2004 (current RM billion)

2004 forecast	I	II	III	IV	Total
I		242669 61.7%	87807 22.3%	84520 21.5%	414996
II	418044 106.3%			-24715 -6.3%	393329 100%
III	-3048 -0.8%	140900 35.8%			137852
IV		9761 2.5%	50045 12.7%		59806
Total	414996	393330	137852	59805	

**Account I: Production output and demand ( $C+G+I+(X-M) = Y-D+D$ )**

The gross domestic product or GDP which amounted to RM392 billion in current dollars is about six percent higher than the gross national product or GNP, i.e., national income, this difference indicating the amount of net factor payments abroad by way of salaries, profits, rental and interests accrued to non-nationals resulting from production in Malaysia's economy. When GDP is less than GNP, it means that there is a lot of foreign participation in Malaysia's economy. One day, when Malaysian nationals invest more and more in economies abroad, earn salaries, rental and interests from outside Malaysia, this factor payment gap will narrow or even move in the other direction, i.e, GDP becoming lower than GNP.

Malaysia's public and private sectors consume only slightly more than six-tenths of its national income and invest around 23 percent of its national income into the domestic economy, while the trade balance is positive around two-tenths of national income. There is a small, less than one percent, difference between production output, i.e., the GDP and the demand for output i.e., the sum of consumption, investment and trade and services balance. In summary, Malaysian's consume modestly and invest a fair proportion of its national income but around 6 percent or 7 percent of the economy belongs to foreign nationals in terms of factor payments from economic activities in Malaysia.

**Account II: Income and outlay ( $Y = C+G+T+S$ )**

Only around six-tenths of the total national income goes into consumption by the Malaysian public and private sectors, as mentioned above. About two and a half percent are transferred abroad. This leaves a healthy 36 percent or so of the GNP becoming national savings, which when compared to the amount of domestic investments leaves about 13 percent of savings over investments, i.e., a negative resource gap indicating that the country is either saving too much or investing too little.

**Account III: Accumulation ( $S+D = I+CA$ )**

It is a common misperception that the current account balance is having too much import relative to export. However, by definition, as the items of account iv show, the current account balance is actually the resource gap, i.e., the difference between savings and investments, after adjusting for changes to the stock level of less than one percent of the GNP in the case of Malaysia. When a nation invests more than it saves, the nation will experience a current account deficit and accordingly have an inflow in its capital account to cover up the resource gap and pay for the excess investment over savings. Conversely when savings fall below investments, as is currently the case in Malaysia amounting to about 13 percent of GNP, the current account will go into surplus and thus there will be an outflow in its capital account.

Stock level changes, into which statistical discrepancies are also entered, are the difference between total production in one year and the sum of the demand components, i.e., consumption, investments and the trade balance. Unsold production in the year goes into stocks and conversely when demand exceeds production in the same year, there is a draw down on the stock level. In the case of Malaysia, annual stock changes are, as mentioned, below one percent of GNP. More important, as we can see, the stock level change numbers flip back and forth between positive and negative. This shows that production output matches overall demand except for minor variations each year.

It is not as easy to gauge the actual difference between output capacity and aggregate demand, because the GDP reported each year may be well below capacity level under full employment conditions, this capacity being referred to as the potential GDP. Should output consistently exceeds demand over many years, this would indicate weak sentiments. On the other hand, if output is consistently below demand levels, it would indicate an overheating economy where production capacity is insufficient for meeting a more buoyant economy.

There is a chasm that divides views by different economies about what to do when output is inconsistent with demand. Those that go by Keynes's *General Theory* believe that investments will naturally expand to meet demand levels. Thus stimulating demand with reference to output capacity is the policy solution needed. On the other side of the divide, however, others argue that such a concept of full employment to meet demand levels creates other sets of problems, because getting everybody to work tends to boost wage rates beyond productivity levels and create accelerating inflation. Therefore the capacity levels has to be capped at what they refer to as *non-accelerating inflation rate of unemployment* or NAIRU.

**Account IV: external or rest of the world ( $T+CA = (X-M)+P$ )**

Malaysia's positive goods and services, i.e. trade, balance, amounts to about two-fifths of GNP. But as mentioned above, the

current account balance of about 13 percent of GNP is the result of the savings to investment, i.e. resource gap. By definition, balance of payment is always zero and therefore a current account surplus means that there will be an exact amount of negative capital flows, i.e., outflows, to balance out the current account surplus. Malaysia's is experiencing a current account position today, which is almost the opposite of situations before 1997 when for many years the current account tended to be negative. Much of the reason was due to foreign direct investments. When multinationals invest in Malaysia, there will be a capital inflow, which shows up as a negative current account value and accordingly a positive capital flow value. This amount will also appear as an excess of domestic investment over national savings.

As a matter of macroeconomic management, contrary to popular beliefs, a nation should strive for a current account balance close to zero, which will imply that capital flows will also be brought close to zero. The way to do this is to match investments and national savings. In other words, Malaysia has a lot of funding to increase its domestic investments provided that such investments will pass economic cost-benefit assessments, are not too risky and they would bring a reasonable level of annual returns.

In the current situation, however, something has to happen to the 13 percent or so of its GNP that becomes a capital outflow resulting from its current account surplus. The outflow is actually not a bad thing because it indicates that Malaysia is investing its current account surplus abroad. But where? If the amount goes out as Malaysia's foreign direct investments abroad, it will make a lot of sense, because such investments will one day pay off and result in factor payments to Malaysia from economic activities in nations abroad. This will help reduce the difference between GNP and GDP or might one day make GNP higher than GDP. The other possibility is to pay up some of the national debt with some of the reserve. It makes good sense to do so if the interest payable on such debt is higher than the potential returns from investments made using the reserves.

Unfortunately, much of the capital outflows in the case of Malaysia, are showing up as the massive increase in the country's foreign reserves amounting to RM194.9 billion as of mid March 2004, i.e., already more than half of the GNP. A strong foreign reserve is crucial to a country that pegs its currency like Malaysia (as oppose to a country that floats its currency totally freely, in which case technically no reserve is needed at all).

The reserves are usually kept in the form of foreign currency holdings or more often as foreign security instruments. Before the Euro, U.S. securities were popular because of the international nature of the U.S. currency, thus Malaysia like most countries around the world notably Japan would invest in U.S. securities with their foreign reserves. The problem is from a factor payment point of view, the returns from these instruments amount to only between one and three percent annually as Malaysia's receipt of its investments abroad, whereas foreign direct investments by American multinationals in Malaysia can potentially enjoy ten times that amount thus further widening the difference between Malaysia's GNP and GDP. This is not really a fair comparison, because the multinationals in Malaysia must bring in technology and hire workers, produce and sell, taking risks in the entire process. Malaysians have just to sit back and let its foreign securities pay interests in return for helping to fund the economies of foreign nations.

## Conclusion

The snapshot we have presented shows that Malaysia's economic fundamentals appear rock solid. Consumption is modest and this help make available a national savings rate that is high by world standards, Countries like Singapore, China, Hong Kong, S. Korea and Thailand also saves in excess of 30 percent of national income a rate which is a good ten times that of the United States. Domestic investments are at a healthy level but being smaller than national savings the current account goes into surplus indicating that the country is also saving a substantial portion of its national savings abroad. Therefore care has to be taken as to the risks as well as long term return potential from such foreign investments by Malaysia.

The summary format for the system of national accounts that divides the basic economic numbers into the four separate accounts discussed above allows those interested in reading economic reports not to, so to speak, miss the forest for the trees. Each time official figures are released, there are tables upon tables and literally hundreds of numerical entries to view. The ten items that make up the four accounts in the national accounts provide the starting point into reading economic numbers, because virtually everything else that are reported as numbers are details that makeup these ten items. Thus knowing the headlines as we have tried to report here will give us useful directions that will help us understand the detail numbers better.

**§ Dr. Chan Huan Chiang**

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### Footnotes::

<sup>1</sup> United Nations (1968) *A System of National Accounts*. Studies in Methods Series F No.2, United Nations Statistical Office, New York.

<sup>2</sup> It has become much easier to produce such a summary table from *Bank Negara* reports during the more recent years, because on the table that showed the balance of payments, net factor payments have since been explicitly stated. Before this, freight and insurance, other transportation, travel and education, investment income, government transactions and other services were all combined into a single entry. Also there was no entry made before for salaries to foreign nationals unlike in the present table when this item is given under compensation to employees. The old practice was actually erroneous, because in the trade balance, services have to be included but not factor payments. By putting investment income, which is part of factor payments together with various services items it becomes difficult to assess the size of factor payments, which is the important difference between the nation's GDP and GNP.

## Green Productivity In Business: The Emergence of Greening

To many people, greening still conjures the image of fanatical tree-huggers running around the jungles of Borneo preventing loggers from cutting down trees. The reality resembles little of that.

The concept of "greening" is not foreign. It has been around for a while but its urgency has taken a new height since humankind discovered a hole in the ozone and global temperature started climbing. When Mother Nature showed its displeasure towards indiscriminate human activities, mankind started fearing for the Earth's sustainability. Hence, greening was born.

Why the sudden urge to "green" these days? Today, the Earth's 600 million affluent people in developed nations have withdrawn most of the global resource bank account. According to Mr. William Shireman, President of the Future 500<sup>1</sup>, the fossil fuel bubble is beginning to burst. Meanwhile climate change is estimated to destroy millions of species by the year 2050. The future is eerie. With 6 billion people to support, the current development trend of rampant natural resource exhaustion is no longer sustainable.

Furthermore, Asia could hold the key for Earth's sustenance. The statistics for Asia is simple to understand, yet alarming. Asia is host to most of the Earth's population (India, China, and Indonesia being some of the most populous countries in the world). 75 percent of the world's poor reside in this region. It is the most polluted and degraded continent. 1 person in 3 has no access to safe water while 1 in 2 has no access to sanitation. Social unrest is the byproduct of such inequality.

### Green Productivity in Business

Yet as urgent as these issues may appear, the business world at large has not caught on. "Green productivity" (GP) – which means simultaneous effort in increasing productivity and protecting the environment – is a concept adopted within selected circles only.

To the uninitiated, green productivity means planting some trees along the factory compound or recycling printed papers. Compliance with the Department of Environment's stringent regulations has also been classified as GP. No doubt these activities – voluntary or coerced – do fall within the GP definition. But in actual fact, GP encompasses more than that. Take for example the following types of initiatives:

- Air and climate emissions
- Community engagement
- Energy use
- Facilities
- Materials use
- Preservation / restoration
- Product design
- Public education
- Sustainable development
- Waste reduction / recycling

A general perception is that green productivity harms competitiveness, share price and profitability. Businesses argue that in this age of tight cost-control, there is no room for distraction from their real responsibility, i.e. to maximize shareholders' profits. Milton Friedman famously quoted this idea when he stated that "the fundamental social responsibility of business is to earn a profit on the capital invested in business." By and large, businesses still believe that taking care of environmental concerns equates to wasting resources on activities that do not contribute to the economic bottom line. Compelled by regulators such as the Department of Environment (DOE), they begrudgingly tighten emission standards and engage in waste water treatment. Unfortunately, Malaysian companies are not the only non-believer. In the earnings-crazed Wall Street, the pressure to act on such myopic view is even stronger.

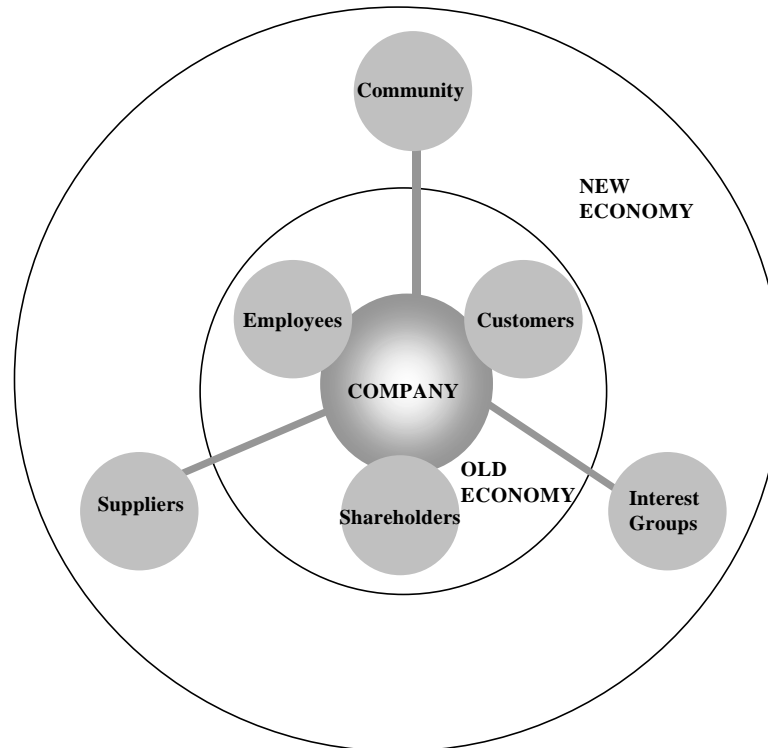
Fortunately for the planet, a new business mantra is taking the business world by storm. This is Green Productivity. The concept of "triple bottom lines," consisting of economics, environment, social accountability, has added new meaning to the existence of business. Gone are the days when profitability alone is the judge for a company's success. The future of business now hinges upon managing profitability without trading off environmental needs and accounting for societal well-beings. Shareholder is only one part of the bigger equation of a business' stakeholders.

In Europe, it has a large following. In other parts of the world, including Asia as well as Wall Street, GP's popularity is growing. Even in traditionally-stoic establishments such as business schools, curriculums have been enriched to cater towards socially-conscious MBA students. Just look at the curriculums of the top MBA programs such as Harvard Business School (Initiative on Social Enterprise), MIT Sloan (Leadership Lab for Corporate Social Innovation), or the University of California at Berkeley (Center for Responsible Business). Now, the World Bank has embraced the concept as well. Together with Net Impact – a San Francisco-based network of MBA students who "use the power of business to create a better world"—the World Bank started offering a certificate in Corporate Social Responsibility recently.

Why is GP considered as revolutionary? Hatched from the 1987 World Commission on Environment and Development, followed by the 1992 UN Earth Summit in Rio de Janeiro in Brazil, the GP concept incorporates developmental needs without compromising the ability to meet the needs of the future generations. In the old economy (the current economy as well), economic growth is achieved through utilization of more resources. To produce one extra product, additional fuel, raw

materials, and human labour are added. This strategy is clearly unsustainable for 6 billion people on the planet. The paradigm shift in the new GP economy is to produce *more* from *less*. This will involve new technologies, new products, and a new mindset to capitalize on the same amount of resources to produce *drastically* more. Apart from that, GP also forces the company to be responsible to a larger group of stakeholders versus the narrower view of customers, shareholders, and employees only.

**Figure 1 : Business Stakeholders in New Vs. Old Economy**



In Malaysia, GP shows up in the form of one of the six thrusts towards national competitiveness and economic development<sup>2</sup>. The National Productivity Corporation of Malaysia (NPC) has adopted the following definition for GP:

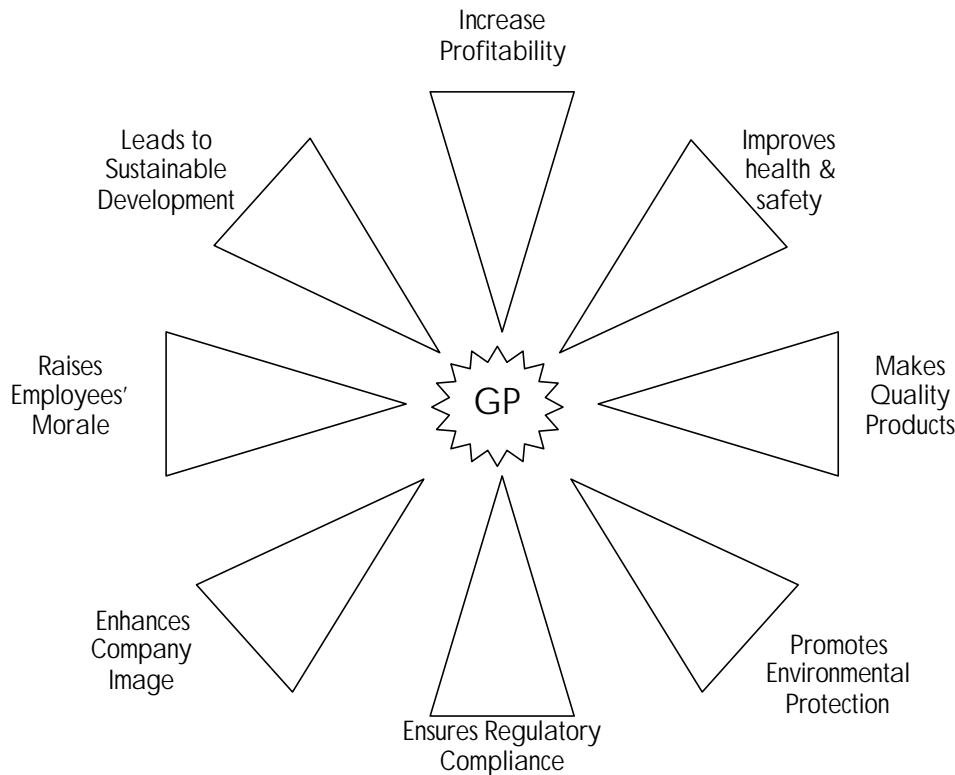
*"A strategy for enhancing productivity and environmental performance for overall socio-economic development. It is the application of appropriate techniques, technologies and management systems to produce environmentally compatible goods and services."*

### **Benefits of Green Productivity**

Green productivity yields 8 prongs of benefits, as outlined in Figure 2. The benefits are not mutually-exclusive, in fact they are much intertwined with one another.

Ensuring regulatory compliance is one of the foremost reasons for implementing green productivity. In Malaysia, the Environmental Quality Act, 1974 is one of the most stringent environment regulations; failure to comply will result in the issuance of compound "on the spot" or within 1 week. Among others, companies must conduct Environmental Impact Assessment (EIA); follow Licensing Requirements, comply with air, noise, water, and marine quality standards; conform to Montreal Protocol and Ozone Depleting Substances (ODS) Agreement; and abide by Basel Convention's Toxic Wastes Movement Control. Worldwide, sustainability standards are even more profuse. Although the standards are not compulsory, global companies know that competitiveness can only be attained if these standards are met – and that they are to be viewed favourably by their customers, competitors, suppliers, government, and community. The list is long but the following are examples of well-known standards:

- Global Reporting Initiative
- Dow Jones Sustainability Index
- FTSE4Good
- CERES Principles
- Calvert SRI criteria
- International Chamber of Commerce BCSD and Corporate Governance
- Baldrige Quality Award
- UN Global Compact

**Figure 2 : GP Benefits Wheel**

*Source: NPC*

Closely related to the idea of regulatory compliance is the idea of environmental protection. Many globally-known companies have been burned for failing to protect the environment in its quest for profit. The Valdez oil spill in 1989, equivalent to 53,094,510 gallons or 125 olympic-sized swimming pools, stood out as one of the most publicized and studied environmental tragedies in history. The spill has not only tarnished the corporate image of Exxon and caused considerable monetary damage to the company for cleanup efforts, but it has also caused ecological and wildlife destructions within the 1,300 miles shoreline. Nobody knew exactly how many wildlife died as a result of the spill, but one estimate projected the deaths of 250,000 seabirds, 2,800 sea otters, 300 harbor seals, 250 bald eagles, up to 22 killer whales, and billions of salmon and herring eggs.

Another example would be Shell Nigeria. In the 1990s, Shell was condemned worldwide for its poor environmental record and lack of concern for the neighbouring communities. Shell, critics said, had failed to quickly clean up oil spills that ruined local villages. It ran community development projects that were frequently ineffective and could exacerbate local social divisions. Escalating struggles between Shell and the Ogoni community caused demonstrations against the company, political turmoil, arrests in Nigeria, and calls for the company to withdraw its operations from Nigeria. These two incidences clearly show why Green Productivity is essential to business, i.e. to the company's financial bottom line, corporate image, and foremost, its long-term sustainability.

Among Malaysian companies as well as other companies worldwide, certification in the ISO9000 and ISO14000 families is an unmistakable trend. While ISO 9000 has become an international reference for quality requirements in product development and operations, ISO 14000 is helping organizations to meet their environmental challenges. Certifications allow Malaysian companies to be recognized worldwide as "generic quality management system standards." Thereby, it tackles most of the benefits on the GP Benefits Wheel, including making quality products, promoting environmental protection, enhancing company image, improving health and safety, and leading sustainable development. The ultimate result is one: profitability.

Increasingly, the public, government, consumer advocates, and other interest groups demand that companies embrace sustainable development. Forward-minded companies are investing large amount of funds to support R&D in environmental design. CSR (corporate social responsibility) reporting is fast becoming corporate requirements. It has now grown to encompass environmental impacts and contributions; in Denmark, France, and Holland, there are bills that require disclosure of environmental social, economic and financial impact of operations. In 2002, 579 corporations in Japan published environmental reports, up from 197 in 1999. In Hong Kong, the first full corporate sustainability report was published in 2002. In Australia disclosure of the extent to which labour, social, environmental and ethical standards are taken into account by pension funds are required.

Socially-responsible investment funds (SRI)<sup>3</sup> sprouted like mushroom. In Asia, there are more than 30 SRI fund providers already in Asia, including 9 in Japan and 13+ in Australia. Consumer associations and protection rights group are asking for more disclosure about the conditions in which products and services are generated.

Improving employees' morale is also an offshoot of GP initiatives. Indeed, a Penang company, Master-Pack Sdn. Bhd, testified that its GP practices resulted in "improvement of the employees' morale, participation, and quality of work life." Successful GP companies require management commitment, solid vision, and full participation employees. Employees who feel that their management care will no doubt be more concentrated at work. Furthermore, GP also helps companies to attract promising and ethical workers. More and more graduates, including MBAs, are also looking towards socially-responsible companies as employers of choice. Socially-minded business leaders not only dot the landscape of non-profit companies but also penetrated the ranks of MNCs such as Intel, Starbucks, Canon, and Konica Minolta as well as local SMLs.

### Box 1 : Case Study of a Penang Company

Green productivity practices need not be limited to multinational companies with deep pockets. Master-Pack of Nibong Tebal in Penang, a subsidiary of Hunza Consolidation Berhad, is a clear demonstrator that size of company is not a barrier to implementing green productivity.

Master-Pack Sdn. Bhd. is a manufacturer of packaging solutions with a vision to create environmentally friendly products. Its portfolio includes corrugated cartons, paper boards, die-cut boxes and paper products.

Despite its youthful existence (company was established in 1990), Master-Pack's achievement is enviable. In 1998, it won the Quality Management Excellence Award, implemented 5S Housekeeping Techniques, and was ISO 9002 certified. The following year, it was awarded the Workers' Skill Development Award by the Human Resource Ministry of Malaysia and the National Productivity Award. Years 2001 and 2002 saw the company winning the Enterprise 50 2001 Award, certified ISO 14001 EMS, and upgraded to ISO 9001-2000. Not only that, its state-of-art technology is also an envy. New technologies such as high-speed Marquip Corrugator Machine, the Bobst Die-cut Press, the Konsberg Sample Maker and the Accubatch 2000M Ink Dispenser not only enable the company to provide better in-house service but also to manufacture more productively and with less waste.

How could such a small company become an environmental role model in Malaysia? How could simple, cost-sensitive products such as boxes make economic sense to be manufactured in an environmentally sensible way?

The answer lies in the management's conviction – backed by corporate environmental policy and the company's true commitment to implementation. Being criticized for its futuristic, impractical, and costly environmental standards in the past, Master-Pack is now recognized as one of the GP forerunners in Malaysia. The leadership's foresight is to be credited. Today, stringent environmental legislations and rising consumer calls for green productivity have benefited Master-Pack tremendously. While its competitors lament and struggle to comply, Master Pack is already ahead of the standards.

To understand how it all works, let's look at the environmental policy. Master Pack committed all its employees to a few guiding principles. These include commitment to implement and improve environmental management system (EMS) conforming to ISO 4001; preventing and minimizing environmental pollution through product design and manufacturing processes; compliance with legislation and other requirements; promotion of EMS through training and awareness program; and lastly public communication of its policy.

Environmental policy is more than lip service at Master-Pack. It is translated into tangible actions. Seven techniques are in place, namely waste minimization, energy conservation, pollution control, emission prevention, environment management system, total quality management, and 5S / Kaizen.

Examples of real actions run the gamut, from monitoring waste to the more complex process of waste-generating workflow identification (through environmental review procedure). For example, to manage inventory, the company adopts Just-In-Time manufacturing method which allows it to reduce wastage. Furthermore, containers holding scheduled wastes are stored with explicit labels to prevent misidentification. In terms of output, every carton of Master-Pack is made of recycled materials and is recyclable. Inks used for printing boxes are completely environmentally-friendly.

The upgrading of its waste water treatment was an excellent GP lesson. In 1999 and 2001, Master-Pack invested RM175,000 on two ink treatment processors. As a result, waste is now treated without chemical or biological treatment, is diluted of effluents, and there is no spill or accidental discharge to the drainage system. More importantly, the investment paid off quickly with the eradication of maintenance fee, as its ink-sludge waste is now certified toxic-free. Master-Pack no longer pays disposal costs because its waste is not considered as scheduled waste under the Environmental requirement. Previously, it had cost the company RM400,000 a year to manage the old treatment system.

Amount of waste generated is on a declining trend. In 2001, average waste was 14.5%, in 2003 it has dropped to 13.5%. Master-Pack is not a company to rest on its laurels. In 2004, a QC circle was formed to target waste reduction to 12.9% by the end of the year. Conservation efforts lead to cost-saving on all aspects extending from fuel, electricity, water, to printing ink and even stationeries.

On the social aspect, Master-Pack is equally admirable as well. Employees' welfare is taken care of. During the Asian Financial Crisis in 1997, Master-Pack started the "Green Earth Project" ("Projek Bumi Hijau") with the intention to set aside

some land for vegetable planting. This was to help workers whose living standards were affected by the economic downturn. While the company invested a token sum of money – equivalent to less than RM1,000 per annum for the project – the employees were tasked to take care of the project. The yield from the project was returned to the workers.

### Lesson

The Master Pack experience has shown us a very simple lesson. That is, producing in a green manner does not necessarily need to be expensive or complicated. Nor should there be a trade-off between making a profit and being green.

However, one must bear in mind that simplicity, as displayed in the Master-Pack case study, is conditional upon the company acting proactively. In the cases of Shell and Exxon, highlighted in the previous section, reactive actions – that is reacting to tragedies – are costly. On top of remedial costs, the companies had to settle regulatory penalties, regain lost customers, and revitalize their poor corporate images. Their poor corporate actions not only affected the companies' immediate community inside the companies' gates but also jeopardized the community welfare and the Earth's future.

For Penangites, we need not look far to experience the adverse effect of poor corporate actions. Sungai Pinang has suffered the fate of irreversible pollution, can we afford to subject other rivers in Penang to the same fate too? The urgency for Malaysian companies to consider the triple bottom line (economic, environment, and social) cannot be over emphasized. To make that happen, leadership must start from the top management.

§ Lee Seok Yee

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### Footnotes:

<sup>1</sup> Future 500 is a global network of leadership companies who are seeking to learn how to maximize their triple bottom lines (economics, environment, society). The network includes companies such as Coca-Cola, Deloitte & Touche, Ford Motor Company, Agilent Technologies, Mitsubishi Electric, Nike, and Shell.

<sup>2</sup> The 6 thrusts are (i) global trade and investment, (ii) developed economies, (iii) sustainable development / GP, (iv) socio-economic policies, (v) ICT, and (iv) foreign perception.

<sup>3</sup> SRI is investment which allows investors to take into account wider concerns, such as social justice, economic development, peace or a healthy environment, as well as conventional financial considerations.

### References:

*Exxon Valdez Oil Spill Trustee Council.* <http://www.evostc.state.ak.us/facts>

*Materials from the International Forum on Green Productivity (GP) to Enhance Competitiveness and Sustainability, 1-2 March 2004, Hotel Equatorial in Penang, Malaysia.*

*Association for Sustainable & Responsible Investment in Asia.* <http://www.asria.org/events/japan/oct02/sri>