

The Impact of the National Defence Policy and Defence White Paper on the Development of the Malaysian Defence Industry

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Abstract

The introduction of the National Defence Policy (NDP) in 2010 and the Defence White Paper (DWP) in 2020 by the government of Malaysia mainly drives the national defence industry towards achieving the principle of self-reliance and preserving prosperity, peace, and sovereignty of the country. Furthermore, the significance of both policies is to ensure the need for the nation to achieve optimal defence capabilities and high readiness for the Malaysian Armed Forces (MAF). The principle of self-reliance is vital in the defence industry in providing the country's aspirations towards developing and producing indigenous military products and not relying on foreign manufacturers. But still, the development of this industry has yet shown the desired performance or is comparable to neighbouring countries such as Singapore and Indonesia, where these two countries have successfully reached the second tier for arms manufacturing countries. This paper delivers a conceptual analysis of the impact of the NDP and DWP on the development of the Malaysian defence industry. This study uses qualitative research as a methodological method by analysing the data obtained through interviews with prominent personnel in the local defence industry, literacy studies, and related national defence policies through the Thematic Data Analysis and ATLAS.ti. This study will also propose a conceptual analysis to strengthen the development of the national defence industry.

Keywords: Defence Industry, Defence Policy, Self-Reliance, Development.

Introduction

Defence Industry in Malaysia

The defence industry revolution in Malaysia began after Malaya's independence and has since become a national agenda (Defence Industry Division: Malaysia, 2021). The defence industrial development program was poor and heavily dependent on foreign companies (Balakrishnan, 2008). Subsequently, during the Cold War, local defence production started to begin. Initiatives were taken to meet the logistics needs of MAF through privatisation programs introduced by the government, such as the privatisation of SME Ordnance, which provides

the requirements for manufacturing weapons and explosives and AIROD, which offers logistics requirements to the Royal Malaysian Air Force (RMAF) (Fajil et al., 2020).

Since then, the country has introduced various policies to encourage the local industry player to perform primary and significant maintenance of MAF's assets. In addition, the approach to developing the capability of the local defence industry has been actively implemented in line with the country's aspirations to achieve the principle of self-reliance (Ministry of Defence: Malaysia, 2010; Ministry of Defence: Malaysia, 2020), as stated in the NDP and DWP. In addition, the government's initiative to improve the socioeconomic status of the country and the benefits to the industry can be seen through the introduction of various programs, such as the Offset Program and Industrial Collaboration Program, specifically for the development of the national defence industry and improving the capabilities of MAF. The government has also given a large defence allocation to the MOD, especially for acquiring new assets for the MAF. This state shows high commitment from the government to equipping and efforts to increase MAF's readiness.

Self-Reliance in the Malaysian Defence Industry

The focus on self-reliance has also been stated in the national defence documents, namely the NDP and the DWP. By definition, self-reliance is the ability of the country to create a well-developed local defence sector, which will reduce the country's reliance on foreign Original Equipment Manufacturers (OEM) and suppliers through strengthening the local defence industry and a sustainable and effective defence science and technology advancement approach (Ministry of Defence: Malaysia, 2010; Ministry of Defence: Malaysia, 2020). Kuah & Loo (2004) added that the principle of self-reliance in the defence industry is the ability to adopt an independent defence industry base and reduce dependence on foreign suppliers. In that sense, Malaysia must rely on its resources and skills to protect its sovereignty, independence, and territorial integrity. Also, the government encourages the local industry player to perform primary and significant maintenance of MAF's assets which is consistent with the national aspiration to become self-reliant (Defence Industry Division: Malaysia, 2021). The principle of self-reliance in Malaysia is stated in the NDP and DWP to ensure the need to achieve optimal defence capabilities and high readiness for the MAF. Furthermore, the implementation of self-reliance in the Malaysian defence industry is crucial, highly relevant, timely right and will inevitably continue and able to sustain for longer time. The principle of self-reliance is vital in the defence industry in ensuring that the country's aspirations can develop and produce military products locally and not rely on external assistance.

The Need for Government Policy

The need for a government policy is crucial, where the strength of policy formulation is essential to the stability of the government and the country. Conversely, when a policy fails, the costs (whether monetary or otherwise) can be significant and profoundly affect a nation (Hallsworth, 2011). Policies are government administrative actions that follow a particular purpose, including laws, regulations, decisions, or orders. The policy is a more specific term that refers to a long series of actions to solve societal problems through policy-making (Yalmanov, 2021). Apart from that, according to Martin (2010), in government agencies, the strategic policy that is introduced is to guide decision-makers in designing a program and selecting specific strategies or initiatives. The policy also plays a role in dealing with the issues

faced to fulfil the organisation's mission and provide a comprehensible framework for future direction in a sustainable manner that promotes good governance (transparency, equity, ethics and participatory democracy). Also, it is essential to balance organisational priorities and conflicting goals. Hence, strategic government policies focus on the people, the country and the ecosystem jointly and simultaneously. Furthermore, the organisation's governance should not be compromised by political interests or by being hindered by sudden events.

Meanwhile, the definition of policy based on past studies or academic perspectives is more in-depth. The policy is a set of decisions made and set by the government and other political actors to influence, change or frame problems or issues recognised in the political realm by policymakers or the broader public authorities (Hassel, 2014). And, Klimczuk (2015) concluded that policymakers make policies that contain ethical considerations and decisions based on the selection and coordination of interests represented by individuals, groups and organisations, whether directly or indirectly. The policy is also based on the balance of values between individuals and society, and those values will translate into the objectives, principles, and style of policy implementation and intervention. All the choices and decisions made are based on the policy that has been formulated, which is an ethical consideration because the government or interested parties assume that some things are more important than others. Some actions will have positive effects, and others will negatively affect the organisation and society. By classifying this definition, policymakers will know precisely the best approach to solving pressing social and political problems. The policy is also increasingly influenced by organisations and parties that have interests in the government.

According to Rodziah et al (2019), since the country achieved independence in 1957, Malaysia has strengthened and empowered aspects of defence development to face internal and external threats. However, the nation has experienced various changes in the elements of defence policy, where the facets of national defence and security will continue to be guaranteed and can be maintained. Therefore, in the post-independence era, a security agreement, namely the Anglo-Malaysian Defence Arrangement (AMDA), was signed with Britain's cooperation to protect Malaya's security. However, in 1962, a proposal for the formation of a national defence policy known as the Dynamo Plan to expand the role of the MAF to help the police maintain security also failed to be realised due to the British rejecting this proposal due to the need for a high budget allocation.

Afterwards, the major national events also gradually increased the government's commitment to strengthening national defence and security. The events began in 1963, with the creation of the Federation of Malaysia, the Malaysia-Indonesia Confrontation in 1965, Singaporean withdrawal from the Federation of Malaysia in 1965, and the Malaysian state of emergency, due to the rebellion by the Communist Party of Malaya (CPM) from 1948 to 1960. Henceforth, the aspect of security and defence development began to receive the attention of the Malaysian government with the introduction and implementation of the NDP and DWP to preserve prosperity, peace, and sovereignty that could not be produced until 1986, the government issued an open version of the NDP in 2010 and DWP in 2020 (Rodziah et al., 2019; Ministry of Defence: Malaysia, 2020).

Objectives

This paper presents findings and discussion from the analysed data and arguments based on the research questions: "How can the present NDP and DWP realise Malaysia's aspirations towards the national defence industry in achieving industrial self-reliance?". Although the focus of the discussion only included the present NDP introduced by the government in 2010 and the DWP in 2020, the government's focus on achieving the principle of self-reliance was introduced way earlier. In this situation, Faisal et al (2016) said the government introduced the self-reliance defence principle in 1970. Therefore, the objectives of this paper as stated in the following matters:

- i. To study, examine and highlight the impact of the NDP and DWP on the development of the Malaysian defence industry.
- ii. To propose a conceptual analysis to strengthen the development of the national defence industry and realise the country's aspirations towards achieving industrial self-reliance.

Methods and Materials

This study uses a qualitative methodological approach through the data obtained and analysed from semi-structured interviews with prominent personnel involved in the Malaysian defence industry through assessment from the related government and industry documents and literature research within the industry, locally and globally. All the data obtained then were analysed using Thematic Data Analysis to identify and generate codes and potential themes from the raw data collected from the conduct of the interview. This study also uses ATLAS.ti as a software tool to conduct qualitative research to manage, organise and interpret research materials creatively and systematically. Furthermore, data analysis and software help researchers discover and analyse complex phenomena hidden in unstructured data.

Findings and Discussion

The Importance of Self-Reliance in the Malaysian Defence Industry and its Progress

Self-reliance is the most appropriate word to discuss the importance of implementing the defence industry for a country that prioritises the use of local production and defence products for military benefit in its own country. Based on the interview, there were various views on the meaning of self-reliance and stated the current status of self-reliance that Malaysia is experiencing. Research Participant 1 (2022) has given his thoughts on self-reliance in Malaysia, where the local company's ability to produce, use, maintain and supply significant defence assets and equipment without external or foreign support. He believes it is achievable in some aspects (not in its totality). Meanwhile, Research Participant 2 (2022) added that self-reliance is a noble objective. Therefore, for Malaysia to be self-reliant is good. But the country needs to know where the industry wants to be in self-reliance. That is, it is not accessible if there are 100 activities if the nation wants to be self-reliant on every part of the 100 activities of a sub-section of its military system.

Research Participant 3 (2022) argued that Malaysia is yet capable of becoming self-reliant in the current Malaysian economy. However, the country has to set a realistic target level of self-reliance. Currently, Malaysia will not yet be able to produce specific equipment such as tanks, artillery, radar and other defence assets that contain sophisticated and advanced technologies. Also, the country has to be open and transparent about self-reliance. In this context, Bitzinger has introduced tiering to classify defence industrialisation (Bitzinger, 2015).

The first tier is total self-reliance. Subsequently, there is a certain percentage for the second and third tiers. In these circumstances, Malaysia is in the 3rd tier, but the country can be in the fourth category. This situation is because the nation still relies on foreign OEMs, and only a few local defence players have minimal assistance from them. Furthermore, the demand for foreign products is too small for the foreign company to pass their IP (Intellectual Property) or copyright to Malaysia.

Meanwhile, Research Participant 4 (2022) stated that the reliance for some companies on some OEMs still exists. Hence, when the country debates issues regarding the defence industry and self-reliance, how does the government want to translate the true meaning of self-reliance? Moreover, local companies still heavily rely on OEMs, especially regarding technology and expertise. According to Research Participant 5 (2022), self-reliance is excellent for the future of the national defence industry. Hence, in terms of logic and common sense, it is not easy to implement and succeed.

Regarding the significance of self-reliance, stated in the NDP in chapter three, Underlying Principles of Defence. Similarly stipulated in the DWP, in chapter three, Defence Strategy says that self-reliance is the most fundamental principle of defence. In addition, DWP, in chapter seven, Defence Science, Technology and Industry, documented that Towards Self-Reliance is one of the key thrusts in the framework for the National Defence Industry Policy (NDIP) to prioritise products developed and produced by local companies that have potential, will be able to reinvigorate the Industrial Collaboration Program (ICP) with OEMs and benefit from the knowledge of specific products and markets, as well as to enhance the defence and security industry as a catalyst for the national economy.

Development of the Malaysian Defence Industry

Lai (2019) has said, *"Without a clear and compelling strategy, your business will fail."* This statement coincides with the current developments faced in government organisations following an unclear national policy which does not have a sustainable and robust strategic direction. In the case of Malaysia, the government has introduced the principle of self-reliance since 1970. In addition, this element also stands as the main principle in the development of national defence and the defence industry in general. However, the development result is stagnant, which among other factors, is mainly due to weaknesses in the execution and implementation by the government and agencies involved. Therefore, in this case, several research participants have expressed their concern regarding the current state of the national defence industry.

Research Participant 6 (2022) argued how the defence industry in Malaysia is slow in progress and behind compared to neighbouring countries like Singapore and Indonesia. Comparatively, Singapore has advanced in the defence industry as they are earnest about defence development. Meanwhile, for the Indonesian defence industry, the President of Indonesia, Jokowi, recently announced his aspiration to attract billions in investments, stop buying outside and start producing locally. In these circumstances, where will the Malaysian defence industry be geared towards? The former Service Chief in MAF once voiced his desire to prioritise local products. Contrary, according to Research Participant 7 (2022), the tendency of his former Service Chief to local products is low, and he is more interested in products or systems that are war proven. This uncertain situation happened because the Ministry of

Defence (MOD) had no clear policy regarding using local products. He felt the problem is that the country still lacks a national defence industry policy. Research Participant 3 (2022) also agreed that the country's defence industry has lagged far behind Singapore, Thailand and Indonesia, and the direction of the Malaysian defence industry depends on the path set in the future defence industry policy. The national defence industry will not move and grow any further if the policy is not launched, not to mention there is yet to implement a firm policy or blueprint.

Research Participant 8 (2022) commented that as an industry player, Malaysia has the technology and brainpower per se. But he added that, as a nation, the industry had not reached its potential. Even for the procurement of simple product, for example, boats, the local company tend to become an agent to the foreign manufacturers. Local Malaysian companies have yet to produce an indigenous product even though the equipment is not very complex and sophisticated. So, what is to be said about the achievements of the national defence industry? Research Participant 9 (2022) has asserted that the current performance of the local defence industry is still unsatisfactory. Nevertheless, the government expects the industry to play its intended role in supporting the nation in becoming a reliable partner, thus helping improve MAF's readiness.

This situation shows there is a lot of area for improvement to enhance the capabilities of the local defence industry. So, how can people say that the achievements of the national defence industry are good enough? Instead, the industry is now getting backwards and left behind. For example, Malaysia has been in the top three in ASEAN's last ten years. But now, Singapore, Thailand, Indonesia, and the Philippines have overtaken Malaysia.

"...Performance of our defence industry was getting backwards and left behind, especially to Singapore, Thailand, Indonesia, and the Philippines. Don't be surprised that Vietnam can also surpass the country. This ranking is only in ASEAN countries and not yet in Asia countries."

(Research Participant 5, 2022)

The Impact of the National Defence Policy and Defence White Paper

Despite the underlying significance of self-reliance in the local defence industry, the content of the policy is not very convincing, too generic and unclear. This situation is contrary to the conclusion made by Ogbeiwi (2017) regarding the importance of content in a policy, where having SMART (Specific, Measurable, Attainable, Realistic, and Time-Bound) goals is the basis of planning for an approach that aims at the desired and effective outcome. Hence, some research participants felt that the content of the NDP and DWP introduced by the government has to improve as it is not comprehensive, has a clear direction and has no clear action plan. It is crucial for the country to have a comprehensive policy so that planning for the development of the national defence industry has a clear strategy, action plan, measurable and achievable targets, roadmap, timeline henceforth meeting Key Performance Indicators (KPIs), etc. Among the responses from the respondents on the NDP and DWP are:

"...DWP is very generic."

(Research Participant 4, 2022)

"...The NDP did not carry any weight, and it only stated the principles of self-reliance, HANRUH and KESBAN. Furthermore, the NDP has no power source and is only a policy endorsed at the MOD level."

(Research Participant 7, 2022)

"...DWP is just a paper that conveys intentions and no detailed action."

(Research Participant 10, 2022)

Most respondents felt that the government has unclear direction and planning for achieving the national objectives, especially in the defence industry. Therefore, MOD must translate this policy into several action plans. Moreover, although MOD has strategic planning for all services, which MA has Army4NextG 2050, RMN has a 15to5 Transformation Programme 2050, and RMAF has Capability Development Plan 2055 (CAP55), it seems that MOD does not have a master plan on what to focus on, as said by (Research Participant 11, 2022).

In this context, the aspiration of DWP and the current structure have not yet aligned. So, it is challenging for the Chief of the Defence Force and all Service Chiefs to change the structure. Research Participant 12 (2022) mentioned that in terms of implementation, there is an unclear plan for managing the budget, procurement, asset capability, development, and other matters related to MAF holistically and as a whole. There are indeed strategic plans for every service in MAF, but there are no program details for a certain period of years or according to the phases of development to be achieved.

Research Participant 5 (2022) and Research Participant 13 (2022) also agree that the Malaysian defence industry has no explicit power source. Research Participant 14 (2022) added that the existing policy is unclear, and there is no long-term planning of 10 years, 20 years or 30 years. The policy should clearly state the MAF's plans for future procurement. Research Participant 13 (2022) suggests that the country must have a benchmark to reach a certain level of how far the industry has gone unless there are indicators, targets, or KPIs stated in the DWP that must be achieved yearly for performance assessment in the national defence industry. The government must identify the areas the industry wants to create and focus on (Research Participant 2, 2022).

What is essential is that the policy should be clearly stated and agreed upon by all stakeholders, as emphasised by (Research Participants 2, 2022; Research Participants 9, 2022; and Research Participants 17, 2022). The policy must be recognised as a national power source. Research Participant 4 (2022) insisted that the industry intends to move ahead with this policy. In addition, the government must realise the desire and the will to develop the local industry to become self-reliant. The direction must come from the top to the lower leadership level and be discussed with all parties involved. The country must build the industry to become self-reliant. As suggested by Research Participant 5 (2022), to begin with, the Treasury Circulars and Instructions issued by the Ministry of Finance (MOF) must be made more explicit and be used accordingly by all parties involved.

"...Basically, for all industries in Malaysia, the key is MOF, where all work processes related to procurement, contracts, trade transactions and others are bound by Treasury Circulars and Instructions. All ministries and industries must follow."

(Research Participant 5, 2022)

According to Research Participant 6 (2022), government efforts are not enough at this point. The policy must be revisited, reviewed, and changed to achieve self-reliance in the defence, security and enforcement industry. In addition, political instability has called policy continuity under the new government into question. For example, given that the DWP was commissioned during the previous administration, there were concerns that it might have political influence. However, the new government allayed concerns when reaffirming its commitment to implement the DWP (Research Participant 1, 2022).

The Implementation by the Government and Agencies Involved in the Malaysian Defence Industry

In this regard, several research participants have also stated that the current situation and development of the defence industry are slow in progress primarily due to weaknesses in the execution and implementation by the government and agencies involved, which among others, need a bold implementation.

Research Participant 7 (2022) stated that Malaysia needs a workable policy, not just as good as an academic paper with many interpretations, imposes no commitment, and is hard to implement. Also requires willpower and a transparent government policy to adopt such an approach. In addition, the national defence industry needs the government's total commitment and support to grow. Without government (other ministries) support, NDP and DWP alone will be less effective. Also, the government's desire was less successful because of the greedy nature of the industry (Research Participant 9, 2022).

It is undeniable that DWP is an excellent document to set the tone for developing the defence industry in Malaysia, starting in 2020 until 2030. However, the period of this white paper is only a few years, and the impact on the development of the national defence industry has yet to be fully translated by the government. The problem in Malaysia is not with the existing policies but with implementing those policies. Therefore, the MOD must develop the inputs from DWP into holistic strategies and action plans covering FIRST+M (Funding, Infrastructure, Regulation and Governance, Skills and Talent, Technology and Market) (Research Participant 15, 2022).

In this matter, there is a lot of area for improvement that the Malaysian government can implement. For example, as proposed by Research Participant 2 (2022), the government must identify the areas the industry wants to create and focus on. Then, the government needs to make improvements and clarify the policy/direction, especially on contracts for products produced in the country rather than products purchased off the shelf. If price is the primary consideration, the country will lose technology and cannot form a source of expertise within a company and country. The government must also state the structure for implementing the local defence industry. Even though the government increases the budget, it is still ineffective if the structure is improper. Currently, many companies are fighting for the same 'cake'. To develop products, all identified companies, whether in the automotive, armaments or electronics sector, must work together through an appointed leading company. This approach is the structure that the government should highlight in the DWP (Research Participant 14, 2022). And finally, the government policy needs to be reviewed regularly to facilitate

companies to survive in the industry, especially with the assistance and support from the government, procurement procedures and payment procedures of the MOD itself (Research Participant 16, 2022).

Industrial Capacity Building in the Malaysian Defence Industry

In this context, several research participants thought the existing policy should be examined and revised regularly. This state is crucial to develop local technology's capability and to strengthen and enhance the industry player as overall capacity building for the defence industry in Malaysia. Furthermore, the increase in technological capacity is also a potential for our local indigenous products to be exported to other countries. To support this aspiration, some research participants have given their views.

"...The government's long-term vision is that local players can design, test, develop, and commercialise cutting-edge technologies for the country and export markets based on the aspired self-reliance. Also, it is crucial to be skilled in doing maintenance on your own, especially with expertise in maintenance, repair and overhaul (MRO), and create your MRO team for long-term prospects."

(Research Participant 3, 2022)

"...The country has to develop that technology for industry and not be so dependent, and it must rely on someone to do that. For example, why can't our leading defence automotive manufacturer company be like PERODUA? What is so rocket science in this company producing 3-ton vehicles? Why can't this company make a chassis itself?"

(Research Participant 8, 2022)

"...According to Malaysia can achieve self-reliance, but the country must have an alternative plan. Now, suppose the government focuses on one source. In that case, if the source is inefficient, the nation must have another backup plan, and making a proper plan requires integrated cooperation between the relevant agencies. Companies also need to have honesty in doing business."

(Research Participant 9, 2022)

"...The government policy on the defence industry must ensure that players can support and contribute to the national defence industry."

(Research Participant 18, 2022)

Furthermore, Research Participant 15 (2022) argued that Malaysia is not a defence-oriented country. He felt that the plan is not to be self-reliant but to determine and plan around the 'Buy and Make' concept. So the nation will buy what cannot be made locally and build indigenously, whichever the local players have mastered in capacity and capability. Local companies can achieve this by building their ability and strength in human capital, technology and industry. At least, the company is trying to do its indigenous products, if not entirely or at least partially. When local companies assemble their products locally, they gain know-how and understand the system in detail. Subsequently, they can produce some parts locally. The important thing is that the company is willing to move toward self-reliance (Research Participant 13, 2022). In this case, local players are moving towards maintenance expertise.

For example, *Gempita* Armoured Vehicle can be fully maintained by DEFTECH. Like other imported products, such as Maritime Patrol Aircraft and Light Combat Aircraft, the appointed local companies can conduct MRO works locally (Research Participant 11, 2022).

Conclusion

The NDP was introduced in 2010, and the DWP in 2020. The principle of self-reliance that the government has established since 1970 is among the main principles stated in the NDP and DWP. The focus on self-reliance is vital. Hence Malaysia has prioritised developing and strengthening the implementation of the local defence industry. Nevertheless, despite the underlying significance of self-reliance in the local defence industry, the content and formulation of the policy are not very convincing, too generic and unclear. Therefore, the content of the NDP and DWP introduced by the government has shortcomings, is not comprehensive and has no action plan. Furthermore, the country needs a specific national defence industry policy so that planning for the development of the national defence industry has a clear strategy, action plan, measurable and achievable targets, roadmap, timeline, meets the KPI, etc.

Regarding these policies, the direction stated by the government is unclear and planning for achieving the national objectives is not specified, especially in the defence industry. The NDP had been cemented as a national policy since 1990, and contrary, the DWP is just several years old. The impact on the development of the local defence industry is yet to be seen as a successful paper. Therefore, MOD must translate and transform both policies into a specific national defence industry policy that includes several effective action plans that can succeed. Moreover, instead of MOD having strategic planning for all services, which MA has Army4NextG 2050, RMN has a 15to5 Transformation Programme 2050, and RMAF has Capability Development Plan 2055 (CAP55), it seems that MOD does not have a master plan on what to focus on in the future.

As stated earlier, policy needs to be revisited, reviewed, and changed to achieve self-reliance in the defence, security and enforcement industry. What is essential is that the policy should be clearly stated and agreed upon by all stakeholders. The policy must be recognised as a national power source. The direction must come from the top to the lower leadership level and be discussed with all parties involved. The government policy needs to be reviewed to help companies survive in the industry, especially with the assistance and support from the government to realise the desire and the will to develop the local industry to become self-reliant.

Based on the research participant's responses, most agreed that NDP and DWP drive the national defence industry towards self-reliance. However, the development of this industry has yet shown the desired performance or is comparable to neighbouring countries such as Singapore and Indonesia, where these two countries have successfully reached the second tier for arms manufacturing countries. Hence, based on the analysis that was carried out, the themes that emerge based on the Thematic Analysis that will improve and explore more opportunities in the national defence industrialisation are (1) the national defence industry needs a comprehensive policy, (2) a bold implementation from the related government agencies and (3) industrial capacity building for the defence industry players involved.

Therefore, the proposed framework for the future defence industry policy formulation using ATLAS.ti network for the findings of this paper is shown in Figure 1 below.

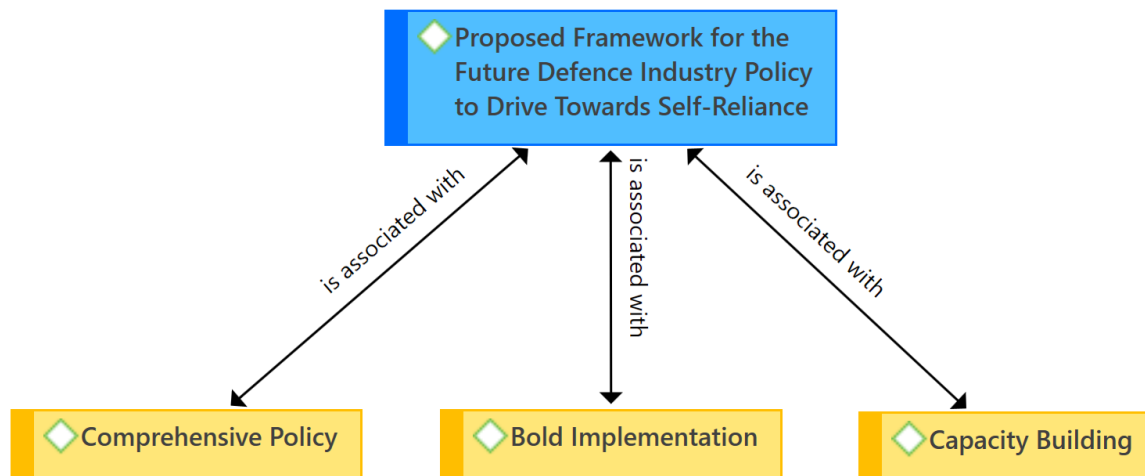


Figure 1 Outcome of ATLAS.ti Network for the Proposed Framework for the Future Defence Industry Policy to Drive Towards Self-Reliance

This paper is significant as the findings proposed a framework that provides a conceptual analysis of the impact of government policy towards the growth of an industry. Notably, this research study examines how the effectiveness of government policy and its implementation affects the development of industry, in this case, the Malaysian defence industry. Further, this study also analysed the current scenario and challenges faced by industry players in defence industrialisation in Malaysia. Based on the findings, the majority of the respondents agreed that although, generally, the policy paper is well written, there are improvement areas for implementation. Therefore, this study proposed that the government policy should be formulated to improve and explore more opportunities in the defence industry, with (1) clear and targeted guidelines and timelines, (2) strategic and structured implementation from the related government agencies and (3) sufficient industrial capacity building for the defence industry players involved.

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