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Critical Analysis of the Government's Role in Creating Synergies in the Defence Industry from the Perspective of Malaysian Industry Players

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Abstract

The embarkment of Malaysian defence industrialisation began as early as 1970. Since then, the government has been striving to spearhead the defence industry. Several government agencies have been assigned for this purpose, each with a designated task and role to synergise the defence industry. Hence, this study aims to critically analyse the implementation of the Government of Malaysian in defence industrialisation. This study uses a qualitative methodology through a semi-structured interview with prominent personnel directly involved in the national defence industry, document analysis and literature review using Thematic Data Analysis and ATLAS.ti. Based on the study's findings, several weaknesses and deficiencies in the implementation by the Government of Malaysia have been identified. In the end, this paper highlighted the potential implementation to drive growth and improve the national defence industry in the future. This study proposed that all relevant government agencies involved should embrace their roles accordingly by having more solid and direct engagement with the industry players, recognising the actual capabilities of the industry and giving the necessary priority to the industry.

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

Introduction

The Malaysian defence industry began in 1970. In the post-independence era, the country started recognising the need for local defence industrialisation. The need for local defence industrialisation is based on sovereignty and increasing efforts to achieve strategic and foreign policy objectives. Back then, as a newly independent country in Southeast Asia, there were numerous threats towards Malaysia's sovereignty, including both internal and external. Hence, the goal of defence industrialisation was to provide credible and reliable first-line logistical support to the Malaysian Armed Forces (MAF) to defend the country's sovereignty. The growth and modernisation of MAF have succoured the country in fighting against

communist influence uprisings, ethnic disputes, political turmoil, racial strife, and the unity dilemma (Abdullah & Zahari, 2023).

The defence industry requires a multi-faceted role, including a political-diplomatic status, an economic driver and a centrifugal force for growth (Achmadi et al., 2019). The state of the defence industry, while promising, is nonetheless fragile (Haripin, 2016). In some countries, such as Australia, a coherent and consistent policy for its defence industry is their strength, achieved through different policy documents but interrelated purposes. These policies have been described as working well, with the respective government iteratively improving the process annually through planning guidance, capability plans and procurement reviews, including conducting discussions with industry players (Stone, 2014).

Roles of the Government of Malaysia in the National Defence Industry

Based on the Malaysian National Security Council Law, Government Entities in Malaysia are divided into three categories which are (1) Any ministry, department, office, agency, authority, commission, committee, board or council of the Federal Government or any of the State Governments, established under any written law or otherwise, (2) Any local authorities and (3) The Security Forces (National Security Council, 2016). Therefore, according to this law, the Government of Malaysia is any organisation included in the abovementioned categories. Various government agencies have been assigned their respective roles and contributions to empower and improve the capabilities of the national defence industry, either directly or indirectly. The Malaysian government agencies with a specific function and contribution to the national defence industry are organisations within the Ministry of Defence (MOD) itself, namely the Defence Industry Division (DID), as the main driving force and as a secretariat to the Malaysian Industry Council for Defence, Enforcement and Security (MIDES). Apart from DID, organisations under the MOD that also play a role are the Development Division, Procurement Division, Science & Technology, Research Institute for Defence (STRIDE) and users from every service under the MAF service, namely the Malaysian Army (MA), Royal Malaysian Navy (RMN) and Royal Malaysian Air Force (RMAF).

In addition to agencies from the MOD, several government organisations are also involved, namely the Ministry of Home Affairs (MOHA) and the Royal Malaysian Police (RMP), which are members of the MIDES organisation. Also involved in the national defence industry for other government organisations are the Economic Planning Unit (EPU) - Prime Minister's Department, National Defence University of Malaysia (NDUM), Malaysia Industry-Government Group for High Technology (MIGHT) and Ministry of Finance (MOF).

Objectives

The objectives of this article are to analyse and discuss the following matters

- To examine the implementation by the Government of Malaysia to drive the growth of the defence industry in Malaysia.
- To identify the weaknesses and shortcomings of the implementation in the defence industry in Malaysia.
- To highlight the potential implementation to drive the growth and improve the national defence industry in the future.

This study is crucial as effective and adequate implementation by the government is vital to ensure that success and desired performance can be achieved based on the objectives and direction of a national policy. As discussed by Rudd et al. (2008), implementation means

putting a plan into action, starting from a specific problem to be solved or a strategy to be implemented and developing a plan to achieve it. Implementing the strategic plan requires an organisation to set particular goals, well-develop strategies, motivate staff and allocate resources to implement the strategies formulated. Moreover, much well-reasoned planning is never implemented. Therefore, it is essential to consciously include implementation as a step in the planning process so that plans are supported by management, resources are allocated, and subordinates act on a decided course of action. Hence, policy implementation is crucial to the government policy cycle as it determines the success or failure of the policies formulated.

Methods and Materials

This study uses a qualitative methodology through a semi-structured interview with prominent personnel directly involved in the national defence industry, document analysis of relevant government and industry documents, and a literature review. Content and thematic analysis were applied to explore, interpret and analyse using Thematic Data Analysis to identify and generate codes and potential themes from the raw data collected during the interview. In this study, ATLAS.ti is used as a software tool for conducting qualitative research to creatively and systematically manage, organise and interpret research materials. In addition, data analysis and software help researchers to discover and analyse complex phenomena hidden in unstructured data.

Findings and Discussion

Based on the data collected through the interview with the identified research participants, it is found that there is a need for improvement for the implementation by the Government of Malaysia concerning the current performance and achievements in the national defence industry. The themes that emerge from the analyses of the transcribed interviews are listed below.

National Defence Industry Coordinator

As aforementioned, DID is the main driving force in the national defence industry and acts as the secretariat of MIDES, where its establishment as a government initiative in producing and making the industry independent and competitive, which is in line with the National Defence Policy (NDP) and Defence White Paper (DWP) requirements. In 2022, there is a change in the organisational structure of MIDES, where the previous organisation had more members involving other ministries and government organisations such as the MOF, Ministry of International Trade and Industry (MITI), Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC), Ministry of Economic Affairs (MEA), Ministry of Entrepreneur Development (MED) and National Security Council, Prime Minister's Department. Furthermore, other government organisations, which also MIDES's members are the Malaysia Maritime Enforcement Agency, Customs Department of Malaysia, Immigration Department of Malaysia, Rescue Department of Malaysia, Civil Defence Department of Malaysia, Majlis Amanah Rakyat (MARA), MIGHT, STRIDE, NDUM, Malaysian Volunteer Department (RELA), Malaysia Investment Development Authority (MDA), Malaysia External Trade Development Corporation (MATRADE), MIMOS Berhad and SME Malaysia Corp. The downsizing of the MIDES organisation shows more comprehensive integration for collaboration with other key government agencies cannot be implemented and is feared as a backward effort. Research Participant 1 informed that Malaysia needs a proper industry

coordinator organisation to mobilise the national defence industry's various sectors' aspirations.

> *"A dedicated Industry Coordinator entity empowered with a mandate through a parliamentary act will be established by the government to drive the policy implementation in realising its vision and aspirations. The key roles are developing and strengthening industry collaboration, including improving communication and coordination across sectors."*
>
> (Research Participant 1, 2022)

Policy Implementation

The key to successful and effective policy implementation is essential to develop a country. Successful implementation requires an effective administrative structure, efficient financial management, transparent procedures and a workforce trained according to appropriate roles and responsibilities (Tezera, 2019). Undoubtedly, each organisation in the MOD has performed their respective roles and responsibilities to the best of its ability based on its roles and responsibilities, according to defence policy (NDP and DWP) and current rules and regulations, with guidance from higher command and with high integrity. However, failure or not meeting the desired outcome can happen to any organisation where the environment has become more dynamic, complicated and complex.

Some research participants expressed their views that despite having a firm defence policy, the government's implementation level does not lead to the goals stipulated in the issued policies and guidelines.

> *"…The government's efforts to establish policies for the defence industry are suitable as a guideline. But the target is still not achieved in terms of the implementation."*
>
> (Research Participant 2, 2022)

> *"…I am agreed that policies already exist, but implementation is not done correctly. As a result, many local companies like themselves are 'frustrated'. This state is because various rules and requirements from the government need to follow, but there is no return to the company."*
>
> (Research Participant 3, 2022)

> *"…My company agrees with the direction highlighted in DWP. Still, the policy and implementation from the government do not go hand in hand where the primary goal of the national white paper is to achieve self-reliance."*
>
> (Research Participant 4, 2022)

The Leadership in the Government

Leadership with high willpower and dedication also brings success to an organisation instead of having a comprehensive and highly visionary policy. According to Saleh et al. (2018), leadership is essential and should be vital in any organisation. Leaders need to know the organisation's vision and how to achieve a goal. Therefore, leadership and related sectors can be equated to two complementary sides. Long-term success in the relevant industry depends on leadership with vision, high commitment, knowledge, integrity, intelligence, and passion.

Hence, the dedication, effectiveness and style of leadership in the MOD and related agencies are essential to the development of the defence industry and, in correlation with that, also provide various reactions and views from research participants.

Research Participant 5 (2022) argued how leadership in the defence industry is crucial. Although it is natural for different individuals holding the position of Minister of Defence to have their leadership traits, the consistency of the policy must be preserved to ensure the industry's sustainability. Hence, the Minister of Defence must be a leader with character and power. His ability to influence the Cabinet of Malaysia is crucial to developing the defence industry according to the direction set in NDP and DWP.

> *"…When it comes to politics, the new minister came in and had his approach. Not wrong, but different approach. The current Minister should only proceed with the existing policies."*
>
> (Research Participant 6, 2022)

> *"…Changing MOD leadership will definitely affect the national industry, where the direction or objectives will occur and maybe changes of interest or strategic planning. Still, the overall planning should follow the DWP obediently."*
>
> (Research Participant 7, 2022)

The Government Priorities

Apart from the leadership factor in developing the national defence industry, the government has also set priorities in placing any effort and commitment towards this industry. The government of a country prioritises its national policy to achieve specific targets. As outlined in DWP, Malaysia will prioritise capacity development and forming defence cooperation with other countries in the future (Ministry of Defence Malaysia, 2020). The Government of Malaysia plays a significant and prominent role in improving the ability and performance of all sectors, including the defence industry. However, prioritising the development of the national defence industry is not easy. Hence, the government also need to prioritise other relatively essential sectors in the country, such as education, health, defence and home security.

> *"…Malaysia doesn't want to be like some country, which has a high national defence budget, but the people are starving. As for any other country, their defence capability is better than Malaysia, but many people of this country come to Malaysia to earn an income. Therefore, Malaysia requires balance in all sectors. The country needs total defence, and the government does not want only the defence sector to be strong, but other sectors are not given special attention. All services in MAF have procurement priorities. However, the EPU needs to scrutinise other requirements and not focus on only one sector because the government currently has financial constraints and could go bankrupt later."*
>
> (Research Participant 8, 2022)

> *"…The country needs to see the nation's priorities at the moment. For example, is the focus on health, education, nutrition or defence? This state is because the national budget is limited and fixed. If the government wants to give more funding*

to the defence sector, for example, 20% of the total budget, health and education will receive a lower allocation. Due to the considerations and priorities made by the government, the country gives less emphasis to the defence sector due to many other sectors that need to be given priority, significantly to improve the well-being of Malaysians."

(Research Participant 9, 2022)

To realise the targeted objectives and goals, the implementation of the policy has to be effective and successful. However, at this point, the implementation of the government in general and the MOD, in particular, shows the development of the national defence industry, which has not developed much and has not shown significant improvement due to the lack of performance measurement. Among the implementations that need to be improved is inefficient expenditure on the defence budget, ineffective Procurement Procedure, underutilising of STRIDE, minimal usage of Research and Development (R&D), technology transfer, Offset and Industrial Collaboration Program (ICP), lack of defence ecosystem and collaboration.

Defence Budget Expenditure

Aben & Main (2016) defined the defence budget as the nation's financial resources to foster and maintain the armed forces and other essential needs required for their defence. This situation includes the development of the defence industry and is not limited to weapon systems, military aircraft, naval ships, military hardware, logistics and finance for special missions. Any government that wants to be successful should ensure adequate plans are taken. Therefore, the budget expenditure is part of the plan and vital in managing the country's armed forces. This parable is the same as the importance of blood in the human body to stay alive. Hence, channelling the defence budget accurately to develop the local defence industry is essential for a country's aspiration toward self-reliance. However, implementing this desire requires more commitment from the MOD and related parties. Several research participants commented on the defence budget expenditure.

"…The country's allocation for defence is not large, but the government should make the necessary spending to defend the country. But how does MAF want to manage? Turning to the three main questions; Who is the threat? How to fight? And What do we want?"

(Research Participant 10, 2022)

"…The existing budget is insufficient and little. Usually, MOD prioritises and identifies the most critical needs at a time."

(Research Participant 1, 2022)

"…The fact is that the allocation channelled is not enough. Still, if appropriately managed, surely the funding will be sufficient. In the long term, there will be benefits to purchasing and creating contracts for other assets, and services can also implement low-priority work."

(Research Participant 11, 2022)

Procurement Policy

Currently, there are increasing defence procurement challenges, including the rising complexity and cost of primary weaponry and defence systems, the demands on global supply chains, and the rapid improvement and change of technology in certain areas. Although, it is acceptable that no existing defence procurement model in any country can adequately address all the challenges associated with defence procurement in the 21st century. (Auger, 2014). However, despite the objective to improve the procurement procedure for defence and security assets as stated in the DWP: Thrust 3 - Industrial Development, in line with supporting local companies to increase industrial competitiveness and develop national strategic projects (Ministry of Defence Malaysia, 2020), the existing procurement procedure in MOD is not adapted to the needs and capabilities of local industry players. Several research participants voiced their views regarding the procurement procedure implemented by the MOD at this time.

> *"…The Procurement Procedures or Treasury Instructions are excellent and look good. Just an implementation that is not as instructed. For example, many companies offering low prices and having specific capabilities fail to win a contract tender. For example, his company was supposed to manage to get two and three government projects, but in the end, the company did not succeed because the government wanted to help the GLC."*
>
> (Research Participant 3, 2022)

> *"…Not all staff in Procurement Division know the procurement procedures that the government must take. Those who do not know the process will cause difficulties for the company, and many acts as 'disruptors'. It also happens that the person evaluating the tender does not fully understand the offer submitted by the company or OEM. As a result, the tender process will be rigid, involve less experienced evaluators, and be too prejudiced."*
>
> (Research Participant 12, 2022)

> *"…All contract periods are the same, between two to five years. So how can the government treat the skill to maintain a submarine and supply military uniforms equally? The contract for the submarine has to be long and has to be continuity*."
>
> (Research Participant 9, 2022)

Roles of the Science and Technology Research Institute for Defence (STRIDE)

It is beyond doubt that the defence science and technology agency is significant to a country's armed forces, significantly developing and empowering the technology of the country's defence assets. According to Sargent (2018), for the US Department of Defence (DOD), defence science and technology is a term that describes research, development, testing and evaluation (RDT&E) activities. Defence S&T is significant to the US DOD due to its perceived value in supporting technological advantage and its importance to the key private sector and academic stakeholders. Similarly to STRIDE, a department under the MOD is designated to implement defence R&D and provide science and technology support to the MAF. In addition, STRIDE offers technical services and testing facilities, namely access to testing equipment and components developed from home products or collaborating with MAF, local universities and

industry players. However, some research participants expressed that STRIDE needs to embrace its roles more effectively for the stakeholders to optimise and utilise its defence science and technology services fully.

> *"…STRIDE should have strong leadership and should not leave them alone, change to have a more significant role, such as DAFA (Korea), so that they can come out with concept or prototyping and establish a collaboration with all the services in MAF, especially on the future development plan for five years, ten years and more. Their defence research centre reports directly to their President or Prime Minister in countries like Korea and Japan."*
>
> (Research Participant 13, 2022)

> *"…Under MOD, which party certifies MAF products? If STRIDE, why not endorse a product that collaborates with a local company, whereas compared to foreign products, the price for local products is very competitive and expensive. Both statements emphasised that the roles of STRIDE in the Malaysian defence industry need to be strengthened and have more influence and significance."*
>
> (Research Participant 4, 2022)

Research and Development (R&D) Activities

Notably, achieving self-reliance is crucial for R&D activities to be active and effective, especially when the defence sector is the primary user. However, in reality, most countries face various challenges in providing cutting-edge technology to their Armed Forces where the outcome of the products cannot yet be proud of and need to satisfy their customers. Most products take too long to be completed (Radhakrishna, 2017). Similarly to Malaysia, the Government acknowledges that local industry players face various challenges in carrying out R&D. Therefore, the government should provide multiple initiatives to support R&D and innovation efforts for potential local companies. Among the government's initiatives is to assist in promoting the industry to local and international markets. All commitments and initiatives from the government are aimed at achieving self-reliance in the future (Ministry of Defence Malaysia, 2020). However, in this regard, several research participants have expressed their experience with the current situation of defence R&D activities in the country.

> *"…MOD must decide on the R&D needs of a local company. There must be a channel and a coordinator. At least two companies are involved in creating competition and avoiding manipulation. Also, MOD to provide grants, exempted on particular tax, given some time to complete the R&D and provide a KPI to achieve some targets on a specific timeline."*
>
> (Research Participant 14, 2022)

> *"…The local companies must ensure that what they develop is a need or use for the nation and be purchased by the government. Several local companies have spent lots of money on R&D, conducted proof of concept items, and went on to promote and participate in many activities, exhibitions, etc. Still, they can't sell the products to our armed forces. Furthermore, local defence development program requires significant funds for R&D and requires a lengthy time and specific expertise."*
>
> (Research Participant 7, 2022)

Technology Transfer

Andås (2020) argued that technology is crucial to a country. It will continue to play an important role based on the discovery of new and emerging technologies that can potentially change the scenario of war and the outcome of battles in the future. The rate of technological change has increased over the past few decades, driven by globalisation's trend towards the rapid spread of knowledge. Significant advances in digital technology can also be seen where it is possible to unite the processes of design, modelling, production, and the ever-evolving commercial sector to drive innovation forward. This significance of technology transfer is seen as per outlined with DWP, as Technology Development is the second thrust in the National Defence Industry Policy (NDIP). This thrust is one of the government's efforts to provide a platform for scientific research, application and innovation, acquiring critical technologies to strengthen local R&D capabilities and technology transfer from foreign strategic partners that have been identified (Ministry of Defence Malaysia, 2020). In this regard, several research participants expressed their views on the current situation that requires improving the country's technology capability in the defence industry sector.

> *"…MOD's procurement of military assets is generally done on a small scale. In such cases, the OEM are reluctant to transfer the manufacturing technology to Malaysia. Therefore, the only benefit the country gains is the MRO sector."*
>
> (Research Participant 15, 2022)

> *"…Local industry could not do everything and must choose a niche area. So maybe a certain percentage of the country's capability still relies on foreign and OEM suppliers."*
>
> (Research Participant 16, 2022)

> *"…It would be best to have a design capability, integration capability, facility and infrastructure, test equipment, software, jigs and machines to manufacture a platform. The nation has some of it but doesn't have a full-grown design system capability."*
>
> (Research Participant 17, 2022)

Offset Program and Industrial Collaboration Program (ICP)

Offset Program and Industrial Collaboration Program can benefit the country following the technology transfer and as a national technology and economic development tool. Effective implementation of the offset program creates a perfect opportunity for the nation not only for investment and technology transfer but also to obtain the best weapon systems and defence assets at competitive prices and as life cycle insurance for military products (Hristov & Georgiev, 2017). But it seems that in Malaysia, there is an ongoing review and debate on the effectiveness of offsets as an effective tool to build a defence sector and a dual-purpose defence and security industry for Malaysia. Therefore, several research participants have commented on implementing the offset program and ICP in the environment of the national defence industry.

> *"…Typically, most companies that successfully obtain government contracts will only offer standard programs and have less impact on the local expertise, the defence industry purse, and opportunities for other local sectors. However, the*

components of the ICP programs are constantly refined and reviewed by the government from time to time to benefit the country."

(Research Participant 18, 2022)

"…The government hope that offset will help reduce project bids, reduce the government OE spending, build manpower, and benefit the use of the offset program and expects the division of MOD, such as DID, to play a significant role in making the ICP effective and benefit to local industry."

(Research Participant 8, 2022)

"…Many countries don't want offset programs anymore because they know that offset programs are not accessible, as included in the clause contract. And actually, the country did not get a full spectrum of the technology transfer. So instead, the government should focus on ICP, whereby there is no need to transfer technology but to invest and develop in the country."

(Research Participant 13, 2022)

Malaysia will obtain positive and maximum performance and results for developing local industry and technology if specific research and concentration are given to implementing the country's offset program (Balakrishnan & Treesna, 2021).

Defence Ecosystem

In the United Kingdom (UK) Ministry of Defence, Fisher (2018) described the defence ecosystem, which consists of several organisations and government agencies, including private sector players in the country. The defence ecosystem comprises the UK MOD itself, as the ultimate customer in UK domestic defence industry, Front Line Commands (Navy, Army and Air) as end-users, Defence Science & Technology Laboratory (DSTL) provides research management alongside sensitive and specialist research services, small-to-medium enterprises (SMEs) and support companies, Universities and Colleges which have a role to play in the ecosystem as a provider of people with appropriate knowledge, skills and research experience, and several different industries groups that will support organisations either as new entrants or established bodies within the industry. The ecosystem in the UK defence industry aims to address the routes for development, funding opportunities and engagement arrangements. Therefore, Malaysia also has a defence ecosystem similar to UK MOD, where Malaysia MOD is the primary custodian in the local defence industry, with three service branches under MAF, namely the MA, RMN and RMAF, as end-users. Also involved in this ecosystem is STRIDE, which provides science and technology services. In addition, NDUM supports expertise, R&D and innovation platform, and other identified industry players and government agencies. However, based on the findings, implementing the ecosystem in the local defence industry is still not integrated and comprehensive enough to produce strong and sustainable cooperation. These findings are based on the feedback from several research participants regarding this situation.

"…The establishment of the National Defence Research Security Council (NDRSC) is to discuss defence research and be chaired by the Deputy Minister of Defence, with the involvement of the Service Chief and senior leadership from other government departments and private agencies. Unfortunately, it is only active in the early stage

and now goes to sleep and becomes gathering dust. There is no synergy between the government and industry players."

(Research Participant 17, 2022)

"…Malaysia has all departments and divisions in the government to support the national defence industry as an ecosystem in developing the local defence industry. But the implementation is minimal."

(Research Participant 13, 2022)

"…Malaysia needs the right ecosystem between the government, industry and end-users. A prototype product develops between the government, industry, and end-users is not 100% compliant but is good enough to use by MAF."

(Research Participant 2, 2022)

Defence Collaboration

Collaboration is necessary for innovation because it is a successful approach to managing complexity and change. Encouraging collaboration enables greater resource utilisation, better risk management, and better performance (Clark, 2017). Malaysia's government is strengthening its industry by exploring potential collaborations in education, research and development, and the transfer of defence technology and equipment. It will maintain extending its bilateral defence cooperation with industrialised nations like Turkey. Malaysia and Turkey will foster a favourable environment for the promotion of collaboration between the defence industry players of the two countries.

Furthermore, a forum at the ASEAN level provides an opportunity for ASEAN countries to strengthen and deepen defence relations and collaboration, specifically in the defence industry sector under the ASEAN Defence Industry Collaboration (ADIC) (Ministry of Defence Malaysia, 2020). However, whether it is between the MOD and industry players, effective collaboration depends on the attitudes and behaviour of the industry players themselves. The industry would not realise the best benefits by relying entirely on contracts and policies to encourage more collaborative partnerships (Clark, 2017). This challenge is one of the current issues the country is facing, and some research participants have thought about it as well.

"…The key to the more robust development of the Malaysian defence industry lies in concerted efforts involving other pertinent government ministries, agencies, experts, academia, NGOs and private sectors. The commitment and effort by all relevant stakeholders can make more significant inroads into the production of local products and unleash the industry to its full potential. But unfortunately, there are limited collaboration has been held so far, either for R&D or developing defence technology products."

(Research Participant 1, 2022)

"…The government is committed to collaborating and cooperating with local companies. However, such collaboration and cooperation are very politically oriented. Hence, MOD must further intensify partnerships and collaboration with other agencies such as NDUM, STRIDE and MIGHT. And perhaps the nation needs to venture into the manufacturing sector through collaboration with OEM."

(Research Participant 15, 2022)

> *"…The government must have diplomatic, national, and strategic partners to work with the country's primary stakeholders. Malaysia must establish close and stable diplomatic relations with local and foreign companies. Government-to-government ties must be strengthened with innovative cooperation based on good procurement programs. In addition, MAF needs to plan, make savings and set priorities. Strategies for mergers and streamlines must also be implemented to balance the expenditure requirements for MAF development."*
>
> (Research Participant 10, 2022)

Support and Confidence

The government of Malaysia has continuously encouraged industry players to improve their capabilities to a higher level to be globally competitive. Although products developed by local companies have not yet performed as foreign product and are still not war-proven, the government still provides opportunities and have the trust of local companies, where they can produce local indigenous products and, subsequently, the country can achieve self-reliance on the local defence industry. Some research participants believe that government initiatives should be continuously held. Thus, the realisation from the government will bring the desired results and output.

> *"…The government must realise that the country already has its local product. If the government is not given the opportunity to the local companies, the country will never know the performance of local products. Also, the government must protect the industry from trading companies which do not bring good and benefit to the industry."*
>
> (Research Participant 6, 2022)

> *"…MAF must be prepared to accept and adopt products produced by local companies, even if they are still not war-proven products and have the potential to reach the highest level of capability."*
>
> (Research Participant 11, 2022)

> *"…The nation must accept that locally-made products are less capable than foreign products. And if the MAF considers a war-proven product, there is no need to develop local industry in the country. Ultimately, the government's and users' acceptance must be there, especially for local products."*
>
> (Research Participant 14, 2022)

Apart from holding various initiatives, providing the government also needs to be confident that the industry will continue to develop, produce local indigenous products and achieve self-reliance in the future. Sandbacka (2011) mentioned that having confidence or lack thereof in any project implementation plays an essential role in all these activities. In many cases, this factor is deciding between success and failure. Therefore, the element of confidence from the government and agencies related to the industry is crucial so that all related stakeholders can actualise the government's future aspirations in the local defence industry. Several research participants have views on the element of confidence.

> *"…MIDES has a role in promoting national defence products produced by local companies and seeing if the MAF owns them based on their effectiveness and*

affordability. Hence, confidence in a local product will indirectly be seen after being tested by local users. However, how are foreign countries planning to buy our products if the nation does not use and own them? Due to a lack of support and confidence from the government in the local manufacturer, the desire to become self-reliant will be rather challenging."

(Research Participant 7, 2022)

"…The government sometimes seems sceptical about local products, maybe due to their durability and reliability. The MOD or consumers look down on the quality of local products brought by the local companies."

(Research Participant 12, 2022)

"…I don't have confidence in companies that often fail to meet our requirements. For example, look at the defence automotive leading company in Malaysia. How to have confidence? The vehicle has not been entirely handed over, and the contract has been extended several times."

(Research Participant 1, 2022)

Governance

Without good governance and integrity, any policy cannot effectively actualise. According to Asefa & Huang (2015), good governance consists of accountability by politicians, regular elections and participation by all citizens, the rule of law, independence of the judiciary, accountability in the bureaucracy, freedom to spreading information, transparency, an efficient and effective administrative system, and fair cooperation between the government and civil society. Therefore, the Malaysian government, especially those who manage the national defence industry, must have good governance elements to translate the country's goal of becoming self-reliant in the national defence industry. Some research participants have discussed the current situation regarding government governance, especially in the organisation at the MOD.

"…Military procurement is based on the 'flavour of the months'. For example, the first procurement was given to A company, the second to B company and then to C company. This situation may be due to the uncertainty of particular political personnel or top leadership constantly changing. Government policies and structures are not continuous and do not have continuity, which was a pity for the organisation. At the same time, having integrity in a job isn't easy, especially for politicians."

(Research Participant 13, 2022)

"…There have been many cases regarding abuse of power and misconduct issues, and many have not been arrested yet. But, unfortunately, the real thing is people are not afraid to make such mistakes."

(Research Participant 9, 2022)

"…Policy's success and positive outcome depend on the level of governance and one of the critical contributing factors. And in fact, MOD has an issue in this regard."

(Research Participant 10, 2022)

Summary of the Findings

Based on the findings of this paper and the analysis of the information obtained from the research participants involved, most of them agreed that the implementation from the Government of Malaysia (GOM) to drive the national defence industry's growth towards achieving self-reliance has not yet met the expectations as recommended and stated in the NDP and DWP. Several weaknesses and deficiencies in the implementation by the government to drive the growth of the defence industry in Malaysia have been identified. All the weaknesses and deficiencies must be immediately addressed and improved so the government's efforts to increase and develop the capabilities of the national defence industry towards the principle of self-reliance can be achieved in the future.

Therefore, the criteria required implementation by the Government of Malaysia to drive the growth of the defence industry in Malaysia are (1) committed and dedicated defence industry coordinator, (2) practical implementation from the leading players of the defence industry itself (MOD, DID and MIDES), (3) clear direction and commitment of leadership, (4) clear government prioritise, (5) efficiency defence budget expenditure, (6) effectiveness of Procurement Policy, (7) empowerment of STRIDE roles, (8) empowerment of R&D activities, (9) empowerment of technology transfer, (10) empowerment of Offset Program and ICP, (11) integration of defence ecosystem, (12) empowerment of defence collaboration, (13) empowerment of government's initiatives, opportunities and willingness, (14) strong and solid government's confidence on the industry and (15) implementation of excellent governance. The outcome of the ATLAS.ti network for the findings of this paper and to improve the implementation of the Government of Malaysia to drive the growth of the national defence industry towards achieving the principle of self-reliance is shown in Figure 1 below.

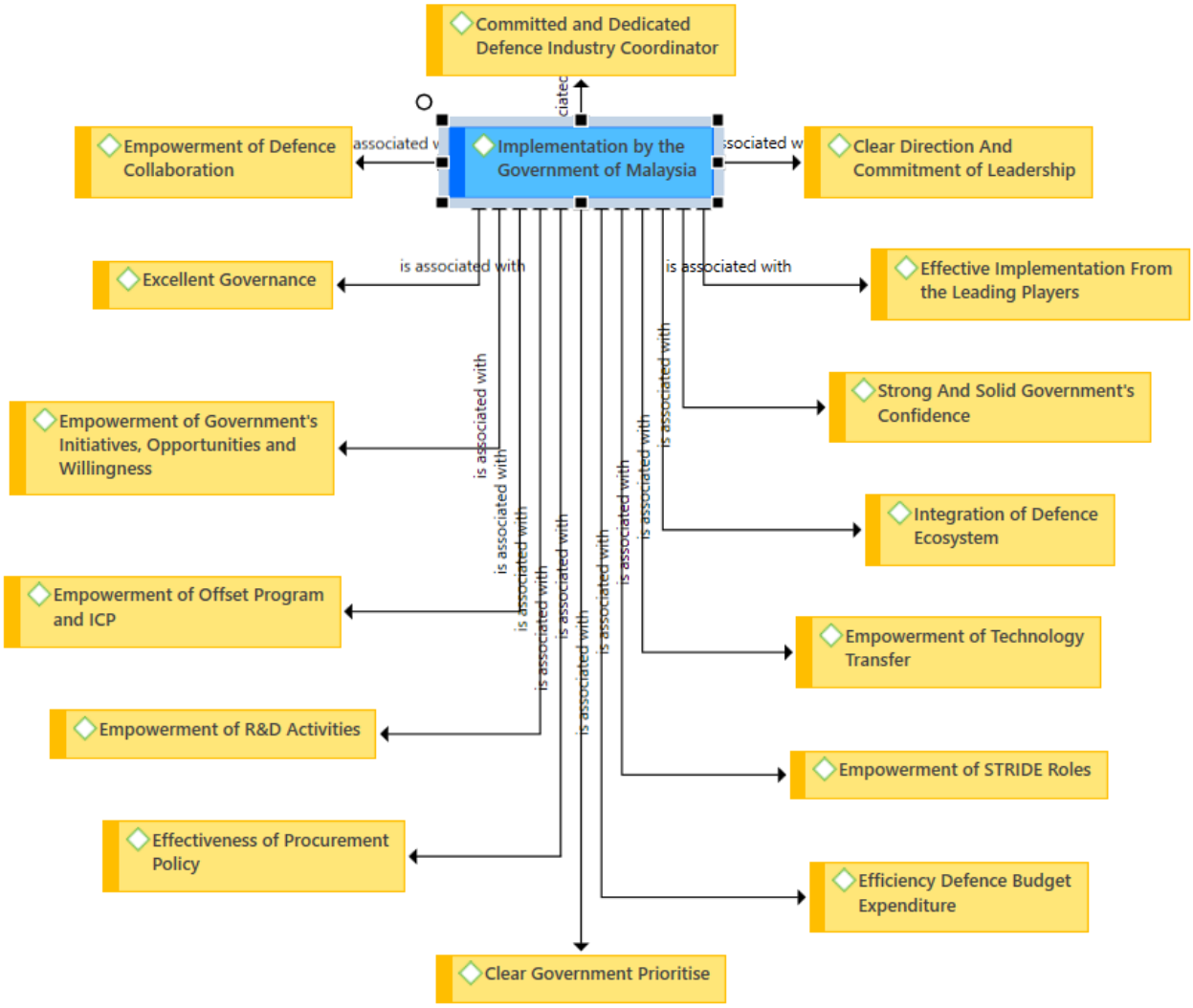

Figure 1 Outcome of ATLAS.ti Network to improve the implementation of the Government of Malaysia to Drive the Growth of the National Defence Industry

Conclusion

In conclusion, based on the findings and analysis of this research, from the perspective of the local industry players, it can be concluded that the role and efforts of the Government of Malaysia in creating synergies in the defence industry are still minimal and need significant improvement. Every government agency in Malaysia, including MOD, MOF, EPU and other government agencies, either directly or indirectly, has their respective roles and contributions to empower and improve the capabilities of the national defence industry. It is fair to say that every government agency in Malaysia has tried to duly perform its respective roles and responsibilities to the best of its ability, manner and honesty. However, based on findings, the implementation by the Government of Malaysia is not as expected by most defence industry players. Despite having a firm defence policy, the effectiveness of the government's implementation does not lead to the goals stipulated in the issued government policies and guidelines. As a result, at this point, the development of the national defence industry has yet to show a significant improvement.

In addition, it is also concluded that clear direction and commitment from the leadership also play significant roles and influence in stipulating the growth of the defence industry in

Malaysia. In this case, leadership factors contribute to a vital part such as placing proper priority on defence industry capacity development and forming defence collaboration, the expenditure on the defence budget, the direction for national defence R&D and technological aspects, as well as strengthening the defence ecosystem, whereas to have a positive influence for excellent governance and procurement process, and provides the opportunities to the local defence companies. Thus, an effective and practical implementation by the Malaysian Government and playing a more critical and significant role will increase the national defence industry's capabilities and realise the objectives and goals targeted towards the principle of self-reliance.

In a nutshell, to create synergies in the defence industries, all related government agencies in Malaysia should embrace their roles accordingly to provide more efforts and focus on shaping the national defence industry's success. The synergies can be actualised by having more solid and direct engagement with the industry, recognising the actual capabilities of the industry, and giving the necessary priority to the industry. Hence, all these government agencies must play a more significant role in working together to mobilise and synergise efforts to fulfil the country's aspirations towards self-reliance. Ultimately, a competitive Malaysian defence industry is crucial to sustaining the nation's peace and prosperity.

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