State Financial Secretary's Office

DEVELOPING LEADERS FOR HIGH PERFORMANCE

A Leadership Development Handbook for Sarawak State-Owned Enterprises

STRATEGIC FOCUS

TALENT DEVELOPMENT

PERFORMANCE EXCELLENCE

COLLABORATION

INTEGRITY & ACCOUNTABILITY

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Foreword by

The Premier of Sarawak

Sarawak's journey towards becoming a high-income, inclusive, and sustainable economy under the Post COVID-19 Development Strategy 2030 (PCDS 2030) requires institutions that are strong, agile, and professionally led. State-Owned Enterprises (SOEs) play a central role in this journey, as they are entrusted with strategic assets, critical infrastructure, and public resources that must be managed prudently, efficiently, and productively, for the benefit of present and future generations of Sarawakians.

Thus, the transformation of Sarawak into a high-income, developed region by 2030, requires more than just capital investment; it demands visionary, capable, and accountable leadership within our SOEs. This Handbook serves as a cornerstone of our reform agenda, ensuring our leaders are equipped with the capabilities, discipline, and strategic mindset required to drive the implementation of PCDS 2030 and Sarawak 13th Malaysian Plan. Through this initiative, we are committed to a performance-based culture where leadership excellence is the primary driver of institutional strength and national development.

This Handbook, ***Developing Leaders for High Performance***, is conceived as a cornerstone of Sarawak's SOE Transformation and Reform Programme, undertaken in collaboration with the World Bank. It recognises a fundamental truth, that no reform, regardless of its design and structure, can succeed without capable, ethical, and forward-looking leaders, who are able to translate policy intent into measurable results and tangible outcomes.

Leadership development is not a peripheral human resource activity. It is a strategic investment in institutional capability, public trust, and long-term value creation. This Handbook provides a clear, systematic, and practical framework to develop leaders at all levels of Sarawak SOEs, grounded in our legal, administrative, and cultural context, while benchmarked against Malaysia's GLC Transformation Programme and global best practices.

I encourage the Board of Directors, Chief Executive Officers, and management teams of Sarawak SOEs to adopt this Handbook not merely as a reference document, but as a living framework to guide leadership decisions, talent development, and organisational culture. Through strong, principled, and forward-looking leadership, Sarawak's SOEs will continue to serve as effective instruments of development, reform, and shared prosperity.

YAB Datuk Patinggi Tan Sri (Dr.) Abang Haji Abdul Rahman Zohari
bin Tun Datuk Abang Haji Openg
Premier of Sarawak

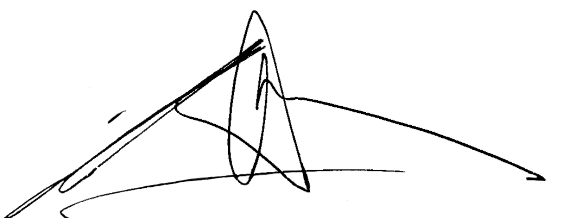
Foreword by

The Deputy Premier of Sarawak

The complexity of today's operating environment demands a new generation of leaders—leaders who are commercially astute, strategically minded, technologically literate, and deeply grounded in public sector values. Sarawak SOEs must navigate economic volatility, technological disruption, sustainability imperatives, and heightened governance expectations, while continuing to deliver effectively on their development mandates.

This Handbook responds to these realities by providing a structured and coherent approach to leadership development across Sarawak SOEs. It draws from proven frameworks such as the Malaysian GLC "Orange Book" on Strengthening Leadership Development, OECD public-sector leadership principles, and international experience, while being carefully adapted to Sarawak's unique institutional and governance landscape.

Leadership development must be intentional, continuous, and institutionalised. This Handbook sets out the principles, systems, and practices necessary to ensure that Sarawak SOEs are led by individuals who are able to think long-term, lead change responsibly, and build high-performing organisations that serve both commercial and public interests.



YB Datuk Amar Douglas Uggah Embas
Deputy Premier, Second Minister for Finance and New Economy, and Minister for Infrastructure and Port Development.

Foreword by

The State Financial Secretary

As the State's shareholder representative and steward of public finances, the Government of Sarawak places strong emphasis on the governance, performance, and sustainability of its SOEs. Effective leadership is a critical determinant of whether SOEs can meet these expectations.

This Handbook provides Boards and the management with a clear and practical framework to strengthen leadership pipelines, succession planning, and organisational capability, in a disciplined, structured, and transparent manner. It supports the broader SOE reform agenda by embedding leadership development into governance processes, performance management systems, and strategic planning.

The State expects this Handbook to serve as a common reference across Sarawak SOEs, fostering consistency, professionalism, and accountability in leadership development practices.

As we collaborate with global partners like the World Bank, Sarawak is adopting international best practices to ensure our SOEs remain competitive, well-governed, and transparent. Therefore, strengthening leadership development is more than just a human resource function; it is a strategic imperative to close the "leadership gap" and ensure that our critical economic engines are steered by the most capable hands.

Fiscal discipline and the preservation of shareholder value are at the heart of our reform. This Handbook provides the tools for SOEs to institutionalize leadership development as a structured system, ensuring that every *ringgit* invested in human capital yields high returns in productivity and innovation for the State of Sarawak.

YBhg. Dato Sri Dr. Wan Lizozman bin Wan Omar
State Financial Secretary
Sarawak

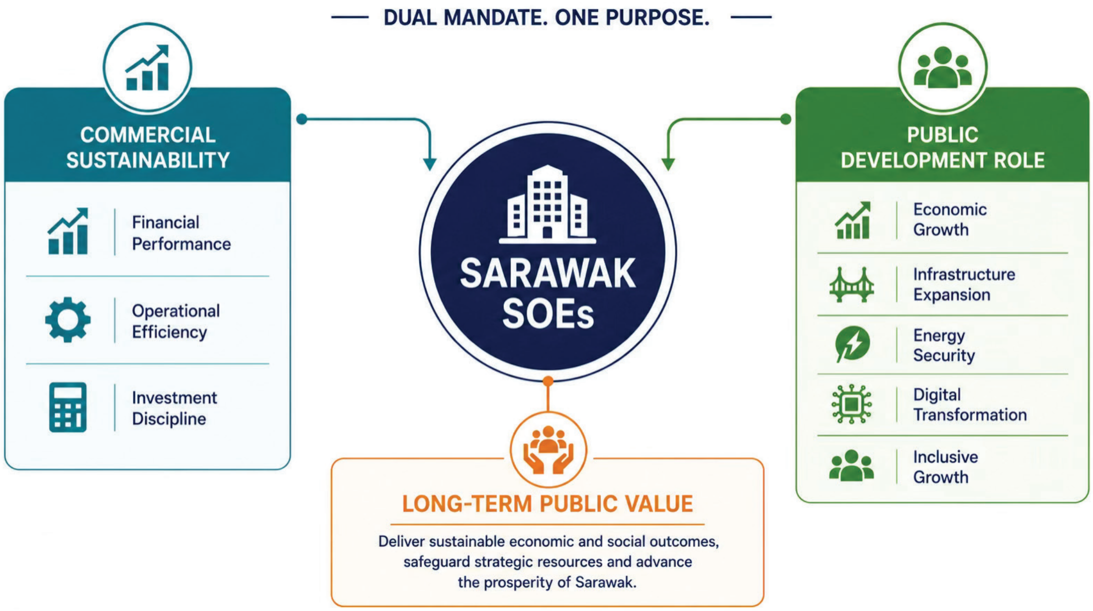
Abbreviations and Acronyms

ABBREVIATION	MEANING
Board	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
GLC	Government-Linked Company
OECD	Organisation for Economic Co-operation and Development
PCDS 2030	Post COVID-19 Development Strategy 2030
SOE	State-Owned Enterprise

Chapter 1

Leadership as a Pillar of Sarawak's State-Owned Enterprises Transformation

1.0 The Strategic Role of SOEs in Sarawak



SOEs in Sarawak are not peripheral actors in the economy; they are central instruments through which the State delivers development outcomes, manages strategic resources, and safeguards long-term public interest. Unlike purely commercial entities, Sarawak SOEs operate within a dual mandate: to achieve operational and financial sustainability while simultaneously advancing policy objectives articulated by the Government of Sarawak.

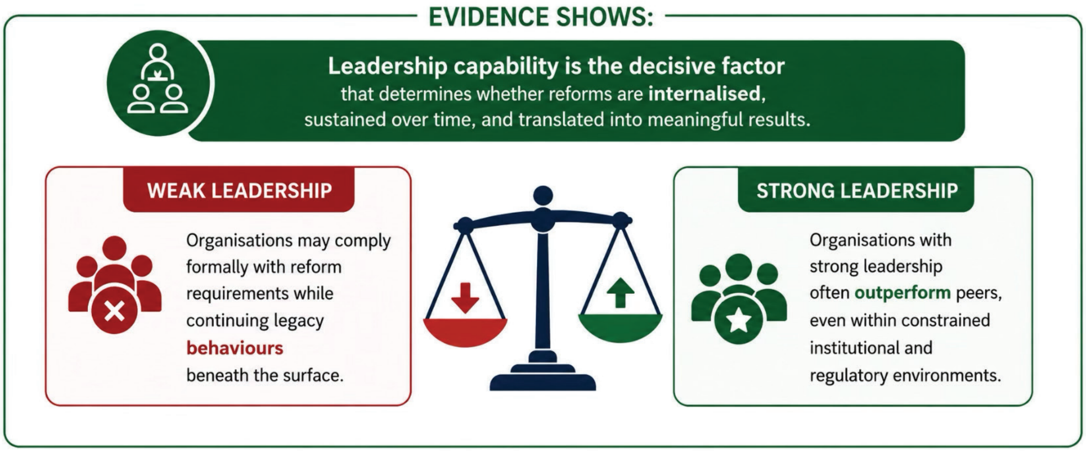
Under the PCDS 2030, SOEs are expected to support economic diversification, infrastructure expansion, energy security, digital transformation, and inclusive growth. Many SOEs operate in sectors characterised by high capital intensity, long investment horizons, and significant strategic risk, where leadership decisions have implications that extend far beyond annual financial results. This places an exceptional premium on leadership quality, judgement, and institutional maturity.

International experience, including practices observed across OECD economies, demonstrates that SOEs that perform well over time are typically those led by individuals who understand both commercial discipline and public stewardship, and who are able to reconcile these imperatives through sound governance, strategic clarity, and accountable leadership.

1.2 From Structural Reform to Leadership Reform

Sarawak's SOE Transformation Programme reflects a broader global shift in public-sector reform thinking. Earlier reform waves focused heavily on structural changes such as corporatisation, legal restructuring, performance contracts, and regulatory adjustments. While these reforms were necessary to strengthen institutional frameworks, experience has shown that structural changes alone are insufficient to deliver sustained improvements in performance.

Increasingly, experience and institutional evidence suggest that leadership capability plays a decisive role in determining whether reforms are successfully internalised and sustained over time. This dynamic between leadership capability and reform outcomes is further illustrated in the diagram below:

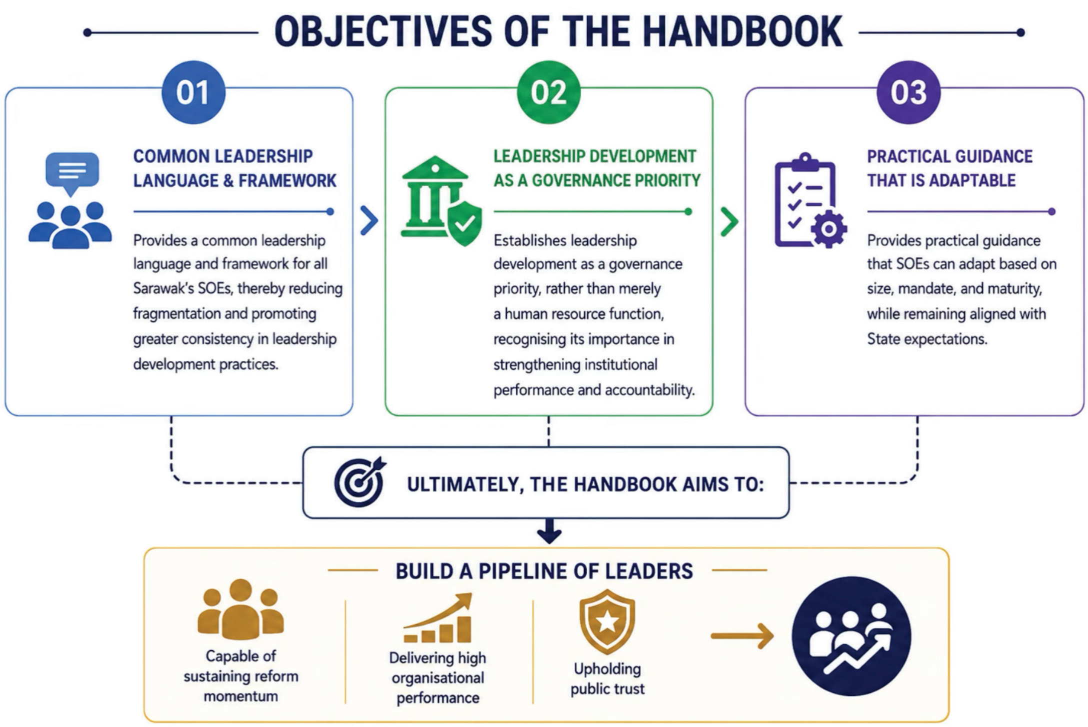


This Handbook therefore reflects a deliberate shift from reforming structures alone, to reforming institutions through people. It recognises leadership as the connective element between governance frameworks, organisational systems, and real-world outcomes.

1.3 Leadership Failures as Systemic Risks

1.4 Objectives of The Handbook

This Handbook is intended to support a more structured, consistent, and strategic approach to leadership development across Sarawak SOEs.



Chapter 2

The Strategic Rationale for Leadership Development in Sarawak SOEs

2.1 Leadership as a Development Multiplier

Leadership exerts a powerful multiplier effect within organisations. A single capable leader can elevate the performance of teams, unlock latent talent, and catalyse innovation across the organisation. Conversely, weak leadership can undermine even the most sophisticated systems, strategies, and governance framework. For Sarawak SOEs, where mandates are broad and resources are finite, leadership effectiveness has a direct influence on organisational performance and value-for-money outcomes.

Leadership development is therefore among the highest-return investments available to SOEs. Unlike physical assets, leadership capability compounds over time, strengthening organisational resilience, enhancing adaptability, and enabling organisations to respond more effectively to the evolution of economic, technological, and policy changes.

2.2 Key Insights from Malaysia's GLC Transformation Programme

Malaysia's GLC Transformation Programme offers valuable insights for Sarawak. The "Orange Book" on Strengthening Leadership Development emphasises three core principles; leadership development must be anchored in business strategy, institutionalised as a system, and must be jointly owned by Boards, CEOs, and line management.

These principles are directly applicable to Sarawak SOEs. Where leadership development has been treated merely as episodic training, its impact has often been limited and short-lived. By contrast, where leadership development is embedded into performance management, succession planning, and Board oversight, the results tend to be more sustained and institutionalised. This Handbook adapts these lessons to Sarawak's governance and administrative context, ensuring their relevance to the State's institutional landscape.

2.3 The Cost of Inaction

Failing to invest systematically in leadership development carries tangible and long-term costs. These may include increased reliance on external recruitment, erosion of institutional memory, inconsistent decision-making, and diminished organisational morale. In the long run, such weaknesses can undermine the credibility and effectiveness of the SOE sector as a whole.

This does not make leadership development discretionary, but rather, this makes it a necessary condition for the success of reform initiatives and for the long-term sustainability of Sarawak's SOEs.

Chapter 3

Leadership Development and Sarawak's Development Architecture

3.1 PCDS 2030 and Leadership Expectations

PCDS 2030 articulates Sarawak's agendas to achieve sustainable prosperity through economic transformation, social inclusion, and environmental stewardship. In this context, leaders of SOEs are expected to act as implementers of strategy, translating high-level aspirations into tangible operational outcomes.

This responsibility calls for leaders who can think and plan long term, work collaboratively across sectors, and execute with discipline and consistency. Therefore, leadership development must equip individuals with the necessary skills and mindsets required to operate confidently and effectively at this strategic interface.

3.2 Alignment with the 13th Malaysia Plan

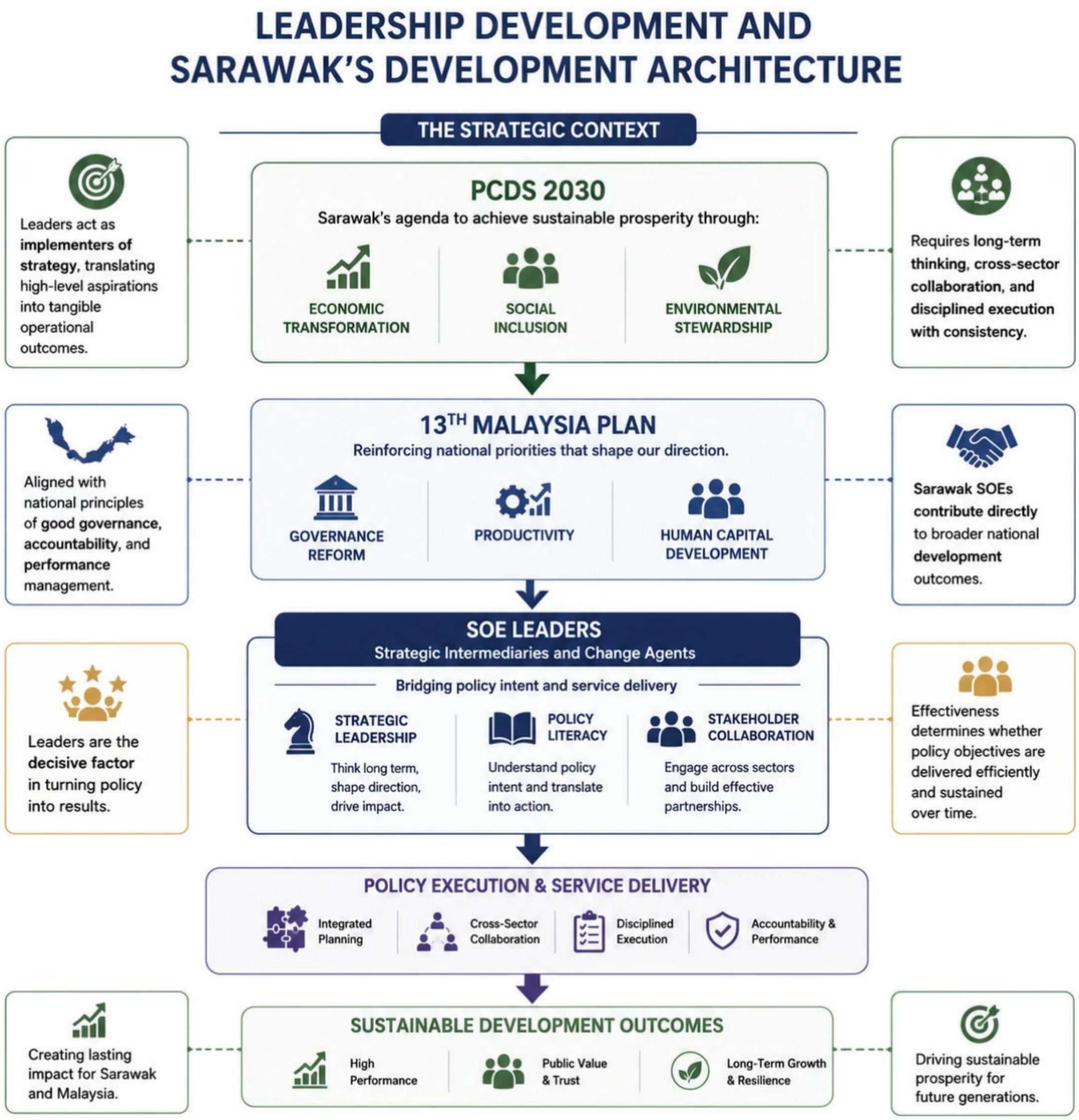
The 13th Malaysia Plan reinforces the importance of governance reform, productivity, and human capital development as central pillars of national progress. While operating within State jurisdiction, Sarawak SOEs contribute directly to broader national development outcomes. This is why leadership development practices must align with national principles of good governance, accountability, and performance management.

3.3 Leaders as Agents of Policy Execution

SOE leaders occupy a unique position as intermediaries between policy intent and service delivery. Their effectiveness often determines the ability for policy objectives to translate into efficient results and sustenance over time. Therefore, leadership development must encompass **managerial capabilities, policy literacy,** and **effective engagement with stakeholders.**

3.4 Integrated Leadership Development Framework

Leadership development operates within a broader ecosystem that connects strategic priorities, institutional capability, policy execution, and sustainable development outcomes, as illustrated in the framework below:



In this context, leadership development may be understood as an important element in strengthening alignment between strategic aspirations, organisational capability, and long-term institutional performance.

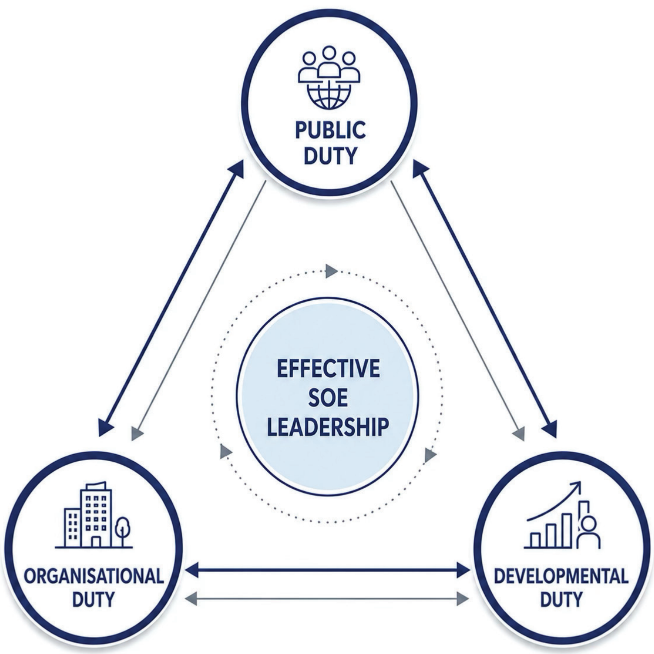
Chapter 4

A Leadership Philosophy Grounded in Public Stewardship and Performance

4.1 Leadership Beyond Authority

In Sarawak SOEs, leadership cannot be equated solely with hierarchical authority. True leadership is demonstrated through influence, credibility, and consistent behaviour that aligns with organisational values. This philosophy recognises leadership as a responsibility exercised across multiple levels, not confined to formal titles.

4.2 The Three Duties of SOE Leaders



The organisational, public, and developmental duties of leaders are interdependent and mutually reinforcing. Leaders who neglect any one of these dimensions risk weakening the institution as a whole and undermining its ability to deliver its mandate. This Handbook works in positioning leadership development as a structured and continuous approach, through which these duties are effectively balanced, integrated, and sustained over time.

4.3 Leadership as Legacy

Leadership success in SOEs should be measured by immediate results and the strength of the institution left behind. Leaders are expected to build systems, cultures, and successors that endure beyond their tenure.

Chapter 5

The Sarawak SOE Leadership Competency Framework

5.1 Purpose and Role of a Unified Leadership Competency Framework

A leadership competency framework serves as the intellectual backbone of any robust leadership development effort. For Sarawak SOEs, the purpose of establishing a unified leadership competency framework serves three (3) key purposes.

First, it provides **clarity and consistency on what leadership excellence means** within the specific context of Sarawak's public-sector enterprises. **Second**, it aligns **leadership behaviours with organisational strategy, governance requirements, and State's development priorities**. **Third**, it enables **conduct of leadership development in a systematic, objective, and defensible manner**, particularly in areas such as talent identification, promotion, and succession planning.

Without a shared framework, leadership expectations tend to be shaped by personal preferences, legacy practices, or external benchmarks that may not fully reflect Sarawak's institutional realities. This can lead to inconsistent standards across SOEs, uneven leadership quality, and challenges in building a coherent and sustainable leadership pipeline at the State level.

The Sarawak SOE Leadership Competency Framework addresses this gap by articulating a common leadership language that can be applied across sectors while retaining sufficient flexibility to accommodate different organisational contexts.

What's crucial to know here is that the framework is not intended to be static. It is designed as a living reference that can be refined and strengthened over time, in line with evolving development priorities and the increasing maturity of SOEs in governance, performance, and institutional capability.

5.2 Design Principles of the Sarawak SOE Leadership Competency Framework

The framework is built on several guiding principles drawn from Malaysia's GLC Transformation experience and international best practice, ensuring both relevance and practical application within Sarawak's SOE context.

The **first** principle is **strategic alignment**. Leadership competencies must directly support the execution of SOE mandates and organisational strategies, rather than representing generic or theoretical ideals. Each competency in this framework is therefore anchored in the realities of managing a public enterprise in Sarawak.

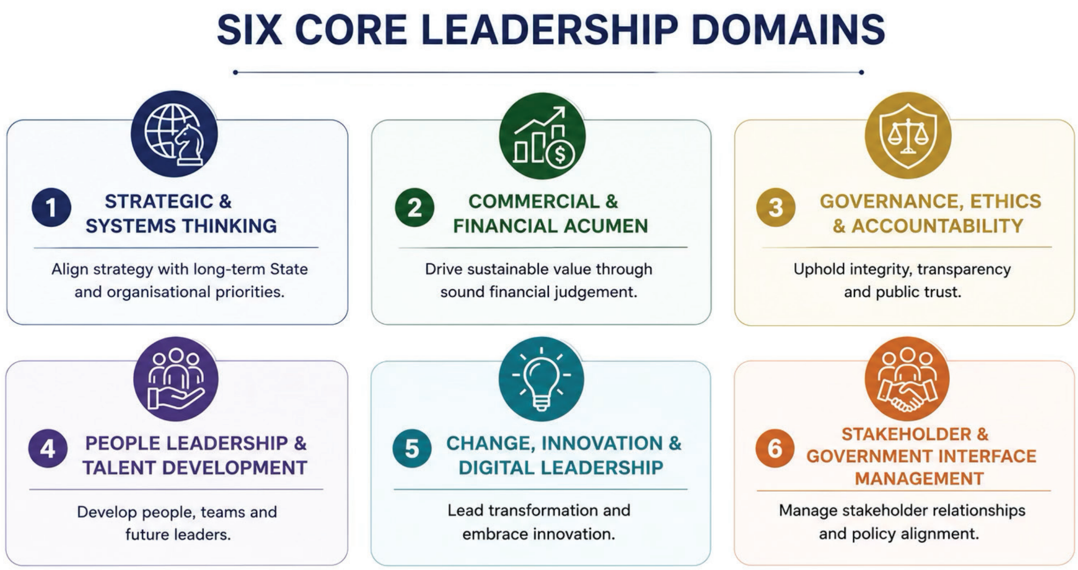
The **second** principle is **integration of performance and values**. High performance without integrity erodes public trust, while integrity without performance falls short of the State's development objectives. Therefore, the framework integrates commercial effectiveness with ethical and governance responsibilities.

The **third** principle is **progression by leadership level**. Leadership expectations are calibrated according to organisational level, recognising that the scope, complexity, and impact of leadership responsibilities evolve as individuals assume broader leadership roles.

The **fourth** principle is **observability and measurability**. Competencies are defined in clear behavioural terms that can be observed, assessed, and developed, rather than as abstract traits that are difficult to translate into practical action.

5.3 Overview of the Six Core Leadership Domains

The Sarawak SOE Leadership Competency Framework is organised around six (6) core leadership domains that collectively define effective leadership capability within SOEs. These domains reflect the broad range of competencies required for leaders to operate effectively within complex organisational, governance, and public-sector environments.



The six (6) domains are intended to be mutually reinforcing rather than standalone capability areas. Effective leadership within SOEs, requires a balanced capability across strategic, operational, financial, governance, people, and stakeholder dimensions, with the relative emphasis varying according to leadership roles and organisational responsibilities.

5.4 Domain One: Strategic and Systems Thinking

5.4.1 Definition and Rationale

Strategic and systems thinking refers to the ability to understand the organisation as part of a broader ecosystem that encompasses government policy, markets dynamics, stakeholders, and long-term economic and social trends.. For Sarawak SOE leaders, this competency is particularly critical, as organisational decisions often extend beyond commercial outcomes and directly influence public policy implementation and socioeconomic development.

Leaders must be able to interpret State development strategies such as PCDS 2030, translate these into organisational priorities, and design strategies that are coherent, feasible, and resilient in the face of uncertainty and change.

5.4.2 Behavioural Expectations

At **emerging leadership** levels, this competency is demonstrated through an understanding of how one's role contributes to broader organisational objectives, as well as an ability to anticipate downstream impacts of decisions.

At **senior management** levels, leaders are expected to integrate information across functions, evaluate trade-offs, and contribute meaningfully to strategy formulation.

At **top leadership** levels, strategic and systems thinking manifests in shaping long-term direction, managing complexity, and ensuring alignment between mandate, resources, and execution capacity.

5.4.3 Illustrative Example

When a **senior executive** in an infrastructure SOE is faced with cost overruns on a major project, they do not focus solely on short-term budget control. Instead, the leader considers the broader implications for service delivery timelines, stakeholder confidence, and alignment with State infrastructure priorities, adjusting the implementation approach while maintaining the project's strategic objectives.

This example illustrates how strategic and systems thinking requires leaders to integrate environmental awareness, organisational priorities, and long-term execution considerations across different leadership contexts.

DOMAIN ONE

STRATEGIC & SYSTEMS THINKING

See big picture. Think ahead. Create impact.

UNDERSTAND THE BIGGER ECOSYSTEM

- Government & State Priorities
- Market Trends
- Stakeholders & Communities
- Economic, Social & Environmental Trends

STRATEGIC & SYSTEMS THINKING

INTEGRATE | ANTICIPATE | DECIDE

DRIVE LONG-TERM VALUE

DRIVE BETTER DECISIONS & OUTCOMES

- Aligned to State Strategies
- Coherent & Feasible
- Resilient in Uncertainty
- Positive Impact

APPLIED ACROSS LEADERSHIP LEVELS

EMERGING LEADERS

- Understand role in bigger goals
- Anticipate impacts

SENIOR MANAGERS

- Integrate across functions
- Evaluate trade-offs & shape strategy

TOP LEADERS

- Set long-term direction
- Align mandate, resources & execution

ILLUSTRATIVE EXAMPLE

Project cost overrun → Consider broader implications → Adjust approach → Keep strategic objectives

5.5 Domain Two: Commercial and Financial Acumen

5.5.1 Definition and Rationale

Commercial and financial acumen refers to the ability to understand financial statements, evaluate investment decisions, manage resources prudently, and create sustainable value over time. As Sarawak SOEs are increasingly expected to be financially self-reliant, this competency is essential across all levels of leadership.

Leaders must be able to engage constructively with financial information, challenge underlying assumptions, and make informed decisions that balance short-term operational constraints with long-term financial sustainability and value creation.

5.5.2 Behavioural Expectations

At **emerging leadership** levels, this competency is demonstrated through an understanding of key cost drivers, budget constraints, and the basic financial implications of operational decisions.

At **senior managers** levels, leaders are expected to integrate financial considerations into strategic planning, evaluate business cases rigorously, and manage financial and operational risks effectively.

At **top leaders and Board** levels, leaders must exercise strong capital discipline, oversee portfolio performance, and ensure that financial decisions are aligned with both commercial realities and broader public objectives.

5.5.3 Narrative Template: Financial Decision Discipline

When proposing a major investment, leaders are expected to articulate projected financial returns, as well as its strategic rationale, key risks, funding implications, and alignment with State priorities. Such disciplined narratives ensure that financial decisions are transparent, comparable, and defensible, while supporting sound governance and accountability.

DOMAIN TWO

COMMERCIAL & FINANCIAL ACUMEN

Understand numbers. Drive value. Ensure sustainability.

CORE FOCUS

- Understand Financials
- Evaluate Investments
- Manage Resources
- Create Sustainable Value
- Ensure Financial Self-Reliance

STRONG FINANCIAL JUDGEMENT

- Engage with Financial Information
- Challenge Assumptions
- Make Informed Decisions
- Balance Today's Needs with Tomorrow's Value

MAKE INFORMED DECISIONS THAT DELIVER LONG-TERM VALUE

APPLIED ACROSS LEADERSHIP LEVELS

EMERGING LEADERS

- Understand key cost drivers
- Work within budget constraints
- Recognise basic financial impact of operational decisions

SENIOR MANAGERS

- Integrate financial considerations into strategic planning
- Evaluate business cases rigorously
- Manage financial & operational risks effectively

TOP LEADERS & BOARD LEVEL

- Exercise strong capital discipline
- Oversee portfolio performance
- Align financial decisions with both commercial realities and broader public objectives

FINANCIAL DECISION DISCIPLINE

When proposing a major investment, leaders must **articulate:**

- Financial Returns
- Strategic Rationale
- Key Risks
- Funding Implications
- Alignment with State Priorities

TRANSPARENT DECISIONS | COMPARABLE DECISIONS | DEFENSIBLE DECISIONS | SOUND GOVERNANCE & ACCOUNTABILITY

DISCIPLINED FINANCIAL NARRATIVE ENSURES TRANSPARENCY, COMPARABILITY, AND ACCOUNTABILITY—SUPPORTING SOUND GOVERNANCE AND SUSTAINABLE VALUE.

5.6 Domain Three: Governance, Ethics, and Accountability

5.6.1 Definition and Rationale

This domain reflects the unique public stewardship role of Sarawak SOE leaders. Governance, ethics, and accountability, refer to adherence to applicable legal frameworks, ethical standards, and sound governance principles that safeguard public interest and uphold institutional integrity.

Effective leaders internalise governance requirements, not as constraints, but as essential enablers of trust, credibility, and sustainable long-term performance.

5.6.2 Behavioural Expectations

At all levels, leaders are expected to act with integrity, avoid conflicts of interest, and comply fully with established policies, procedures, and regulatory requirements.

At **senior leadership** levels, leaders must actively model ethical behaviour, promote transparency in decision-making, and ensure that governance processes are effective, and are consistently applied.

At **top leadership and Board** levels, leaders bear ultimate responsibility for establishing strong governance cultures, overseeing risk management, and ensuring that accountability mechanisms function as intended.

5.6.3 Illustrative Example

When A CEO is confronted with political or external pressure to bypass established procurement rules, they choose to uphold governance processes. The CEO clearly articulates the long-term institutional and reputational risks of non-compliance, while reinforcing the organisation’s commitment to integrity, transparency, and accountability.

DOMAIN THREE

GOVERNANCE, ETHICS & ACCOUNTABILITY

Uphold integrity. Build trust. Deliver lasting value.

CORE PURPOSE

- Adhere to Laws & Regulations
- Uphold Ethical Standards
- Safeguard Public Interest
- Strengthen Governance
- Build Trust & Institutional Integrity

GOVERNANCE IS NOT A CONSTRAINT, IT IS AN ENABLER.

- Drives Credibility
- Builds Confidence
- Sustains Performance

APPLIED ACROSS LEADERSHIP LEVELS

ALL LEVELS

- Act with integrity
- Avoid conflicts of interest
- Comply with policies, processes & regulations

SENIOR LEADERSHIP

- Model ethical behaviour
- Promote transparency in decisions
- Ensure governance processes are effective and applied consistently

TOP LEADERSHIP & BOARD LEVEL

- Establish strong governance culture
- Oversee risk management
- Ensure accountability mechanisms work as intended

ILLUSTRATIVE EXAMPLE

CEO faces pressure to bypass procurement rules.

Upholds governance processes → Explains long-term institutional & reputational risks → Reinforces commitment to integrity, transparency & accountability → Protects trust, credibility & public interest

Strong governance. Ethical leadership.
Accountable for today. Responsible for tomorrow.

5.7 Domain Four: People Leadership and Talent Development

5.7.1 Definition and Rationale

People leadership refers to the ability to inspire, develop, and mobilise individuals and teams to achieve organisational goals. In the Sarawak SOE context, this competency places a strong emphasis on developing future leaders and preserving institutional capability.

Leadership effectiveness is therefore reflected in personal performance, and in the performance and growth of others.

5.7.2 Behavioural Expectations

At **emerging leadership** levels, this competency is demonstrated through clear communication, fairness in decision-making, and the application of basic coaching and supervisory skills.

At **senior management** levels, leaders are expected to actively develop their teams, provide timely and constructive feedback, and manage performance in a structured and consistent manner.

At **top leadership** levels, leaders must create a culture where talent development is valued, succession planning is treated as a strategic responsibility, and leadership potential is systematically nurtured.

5.7.3 Narrative Template: Leadership Development Conversation

Leaders are encouraged to conduct regular, development-focused conversations with high-potential staff. This discussion should cover career aspirations, strengths, development gaps, and potential future roles. Such structured conversations form a critical foundation for effective succession planning and long-term leadership pipeline development.

Collectively, these elements illustrate how people leadership and talent development contribute not only to individual growth, but also to organisational capability, leadership continuity, and long-term institutional sustainability.

DOMAIN FOUR

PEOPLE LEADERSHIP & TALENT DEVELOPMENT

Inspire people. Develop capability. Build the future.

CORE PURPOSE

- Inspire & Motivate Teams
- Develop Individuals
- Drive Team Performance
- Build Future Leaders
- Strengthen Institutional Capability

LEADERSHIP EFFECTIVENESS IS REFLECTED IN OTHERS.

- Communicate Clearly
- Make Fair Decisions
- Coach & Support
- Grow People & Teams

APPLIED ACROSS LEADERSHIP LEVELS

EMERGING LEADERS

- Communicate clearly
- Make fair decisions
- Apply basic coaching & supervisory skills

SENIOR MANAGERS

- Develop & grow teams
- Provide timely & constructive feedback
- Manage performance consistently

TOP LEADERS

- Build a culture of talent development
- Drive succession planning strategically
- Nurture leadership potential systematically

NARRATIVE TEMPLATE: LEADERSHIP DEVELOPMENT CONVERSATION

Leaders hold regular, development-focused conversations with high-potential staff.

- Career Aspirations
- Strengths
- Development Gaps
- Potential Future Roles
- Support & Growth Plan

Structured conversations build the leadership pipeline and ensure long-term organisational success.

5.8 Domain Five: Change, Innovation, and Digital Leadership

5.8.1 Definition and Rationale

This domain captures the ability to lead organisations through change while maintaining operational stability and continuity. For Sarawak SOEs, change is driven by ongoing reform initiatives, rapid technological advancement, and evolving stakeholder expectations.

Leaders must therefore be comfortable with navigating ambiguity, open to innovation, and capable of integrating digital solutions into core operations.

5.8.2 Behavioural Expectations

At **early leadership levels**, this competency is demonstrated through openness to new ideas, adaptability, and a willingness to adapt to circumstances that constantly change.

At **senior management** levels, leaders are expected to champion change initiatives, mobilise resources effectively, and manage transition risks in a structured and disciplined manner.

At **top leadership** levels, leaders must articulate a clear transformation narrative and ensure that innovation advances strategic objectives rather than devolving into fragmented experimentation.

5.8.3 Integrated Change and Digital Leadership Framework

Collectively, these elements illustrate how change, innovation, and digital leadership enable SOE leaders to guide organisational transformation while maintaining operational continuity, strategic alignment, and long-term institutional resilience.

DOMAIN FIVE

CHANGE, INNOVATION & DIGITAL LEADERSHIP

Lead change. Drive innovation. Shape the future.

CORE FOCUS

- Lead Organisational Change
- Foster Innovation
- Integrate Digital Solutions
- Maintain Operational Stability
- Meet Evolving Stakeholder Expectations

COMFORTABLE WITH CHANGE. FOCUSED ON IMPACT.

- Open to New Ideas
- Adapt & Stay Agile
- Drive Meaningful Transformation
- Deliver Sustainable Improvement

APPLIED ACROSS LEADERSHIP LEVELS

EARLY LEADERS

- Open to new ideas
- Adapt to change
- Willing to learn and experiment

SENIOR MANAGERS

- Champion change initiatives
- Mobilise resources effectively
- Manage transition risks with discipline

TOP LEADERS

- Articulate clear transformation narrative
- Ensure innovation advances strategy
- Focus on scale, impact and sustainability

LEADING CHANGE & INNOVATION JOURNEY

Sense Change & Emerging Trends → Generate & Evaluate Ideas → Plan & Mobilise for Change → Implement & Adapt → Deliver Impact & Continuous Improvement

Bold leadership today. Better outcomes tomorrow.

5.9 Domain Six: Stakeholder and Government Interface Management

5.9.1 Definition and Rationale

Sarawak's SOEs operate within complex and often interconnected stakeholder environments that require **careful navigation, sound judgement, and a high degree of professionalism**. Leaders must effectively manage relationships with government agencies, regulators, communities, strategic partners, and customers in a professional and accountable manner.

This competency ensures alignment between organisational actions and State priorities, while preserving the operational autonomy necessary for effective performance.

5.9.2 Behavioural Expectations

Leaders at all levels are expected to communicate clearly, manage stakeholder expectations proactively, and act as credible and responsible representatives of their organisations.

At **senior and top leadership levels**, leaders must handle sensitive engagements, policy interfaces, and cross-agency coordination with tact, judgement, and strategic awareness.

DOMAIN SIX

STAKEHOLDER & GOVERNMENT INTERFACE MANAGEMENT

1. STAKEHOLDER ENVIRONMENT

- Government Agencies
- Regulators
- Communities
- Strategic Partners
- Customers

2. CORE COMPETENCY

- Careful Navigation
- Sound Judgement
- Professionalism
- Accountable Relationship Management

3. PURPOSE

- Align with State Priorities
- Preserve Operational Autonomy

4. BEHAVIOURAL EXPECTATIONS

- Communicate Clearly
- Manage Expectations Proactively
- Act as Credible Representatives
- Act as Responsible Representatives

5. SENIOR & TOP LEADERSHIP

- Sensitive Engagements
- Policy Interfaces
- Cross-Agency Coordination
- Tact
- Judgement
- Strategic Awareness

Professional. Accountable. Aligned.

5.10 Using the Competency Framework in Practice

The Sarawak SOE Leadership Competency Framework is intended to be embedded across key organisational processes. These include recruitment and promotion, leadership assessment, development planning, performance evaluation, and succession planning.

When applied consistently, the framework enables Sarawak SOEs to move away from personality-driven leadership decisions towards **evidence-based and values-aligned leadership management**.

Chapter 6

Leadership Development as an Institutional System, Not an Event

6.1 Why Leadership Development Must Be Systemic

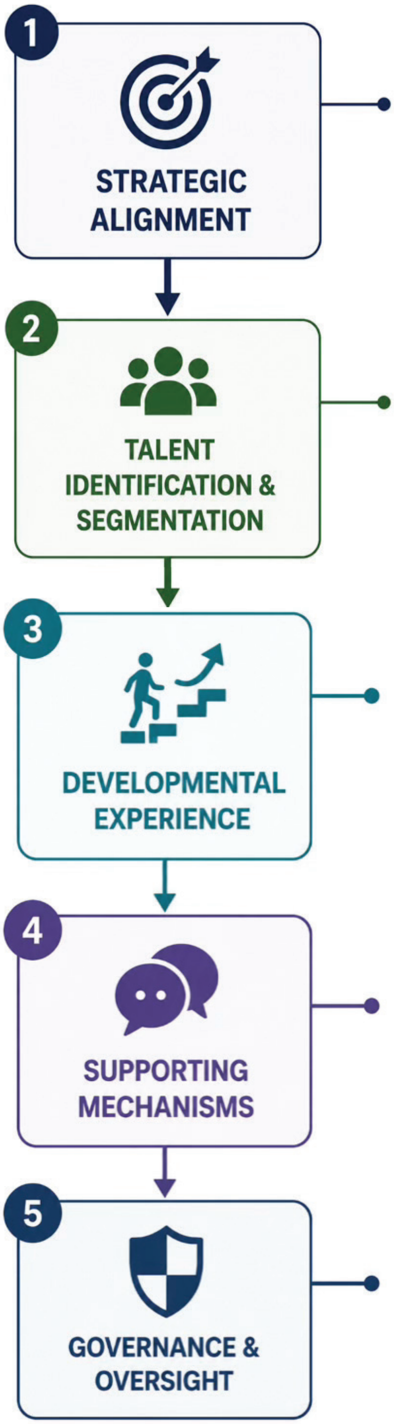
One of the most **persistent weaknesses** in leadership development across public-sector enterprises globally is the **tendency to equate leadership development with training attendance**. While training has a role, international evidence including experience from OECD countries, Malaysia's GLC Transformation Programme, and World Bank–supported reforms, consistently shows that training alone does not create leaders.

Leadership capability develops progressively over time through a combination of experience, feedback, reflection, and accountability. For Sarawak SOEs, leadership development must therefore be conceived as a deliberate and structured institutional system, embedded within governance structures, management processes, and organisational culture.

A systemic approach ensures that leadership development is continuous rather than episodic, inclusive rather than elitist, and aligned with organisational strategy rather than generic best practice. It also reduces dependence on individual champions, ensuring leadership continuity even as organisations face changes in leadership or political context.

6.2 Core Components of the Sarawak SOE Leadership Development System

The Sarawak's SOE leadership development system consists of **five (5)** interdependent components, each reinforcing and strengthening the others.



At its foundation is **strategic alignment**. Leadership development priorities must flow directly from the SOE's mandate, strategic plan, and performance objectives. This ensures that leadership capability is developed in response to real organisational needs rather than abstract ideals.

The second component is **talent identification and segmentation**. Not all employees require the same leadership development interventions. A mature system differentiates between broad-based leadership capability building, and targeted development for high-potential individuals and critical roles.

The third component is **developmental experience**, which forms the core of leadership growth. Research consistently shows that the greatest leadership capability is built through on-the-job experience, rather than classroom learning. Thus, these experiences must be intentionally designed, supported, and evaluated.

The fourth component is **supporting mechanisms**, including coaching, mentoring, and structured feedback, that help individuals learn from experience and accelerate their development.

The fifth component is **governance and oversight**, ensuring that leadership development efforts are monitored, adequately resourced, and continuously improved.

6.3 Aligning Leadership Development with Organisational Strategy

A defining feature of the "Orange Book" on Strengthening Leadership Development is the principle that leadership development must be driven by business strategy. This principle is fully adopted in the Sarawak SOE context.

Leadership development should begin with a clear articulation of the capabilities required to execute the SOE's strategy. For example, an SOE tasked with leading energy transition initiatives will require leaders who are comfortable with technological uncertainty, stakeholder negotiation, and long-term capital planning. An infrastructure-focused SOE, by contrast, may require leaders with strong capabilities in project governance, risk management, and cross-agency coordination.

Once strategic capability requirements are identified, leadership development interventions can be prioritised accordingly. This avoids the common pitfall of investing in leadership programmes that are well-designed but misaligned with organisational needs.

Narrative Template: Strategy-to-Leadership Alignment

At the beginning of each strategic planning cycle, SOEs are encouraged to develop a brief strategy-to-leadership narrative linking strategic priorities to leadership capability gaps. This narrative serves as a guiding reference for leadership development investments throughout the planning period.

6.4 Leadership Pipelines and Career Pathways

An effective leadership development system recognises that leadership capability develops progressively over a career, rather than emerging fully formed at senior levels. Sarawak SOEs are therefore encouraged to define leadership pipelines that map key transitions from early supervisory roles to senior executive positions.

These pipelines help clarify expectations at each stage, identify typical developmental challenges, and guide the sequencing of developmental experiences. More importantly, pipelines should not be interpreted as rigid career ladders, when in reality, they provide structured flexibility, enabling individuals to build both breadth and depth through varied assignments.

Leadership pipelines also promote equity and transparency by making leadership pathways visible and reducing reliance on informal networks or ad hoc selection.

6.5 Experiential Learning as the Core of Leadership Development

Experiential learning is a core component of effective leadership development. For Sarawak SOEs, this includes stretch assignments, cross-functional projects, acting roles, secondments, and exposure to complex stakeholder environments.

Such experiences must be **intentionally curated**, rather than left to chance. Leaders should be assigned to roles that stretch their capabilities without overwhelming them, supported by clear objectives and structured feedback mechanisms.

6.6 Formal Learning as an Enabler, not a Substitute

While experiential learning remains primary, formal learning plays an important enabling role. Structured programmes can accelerate development by providing conceptual frameworks, a shared leadership language, and structured opportunities for reflection.

For Sarawak SOEs, formal learning should be targeted, practical, and contextually grounded. Programmes should incorporate case studies from Sarawak and Malaysia, simulations relevant to SOE realities, and opportunities to apply learning to current organisational challenges.

Formal learning interventions should also be integrated into broader leadership development plans, rather than delivered as stand-alone training events.

6.7 Coaching, Mentoring, and Feedback

Leadership development accelerates when individuals receive timely, candid, and constructive feedback. Coaching and mentoring provide structured mechanisms for reflection, sense-making, and behavioural change.

Senior leaders within Sarawak SOEs are encouraged to serve as mentors, sharing experience and institutional knowledge with emerging leaders. External coaches may also be engaged selectively for senior executives, particularly during periods of transition or organisational transformation.

Feedback mechanisms, including performance reviews and multi-source feedback, should be framed as developmental tools rather than punitive controls, reinforcing a learning-oriented leadership culture.

6.8 Integrating Leadership Development with Performance Management

Leadership development must be reinforced through performance management systems. Performance objectives should incorporate leadership behaviours and people development responsibilities, particularly for senior managers.

By linking leadership development to performance evaluation and reward systems, SOEs signal that developing others is a core leadership responsibility, not an optional activity.

6.9 Governance and Oversight of Leadership Development

Institutionalising leadership development requires strong governance and sustained oversight. Boards should receive regular updates on leadership capability, succession risks, and leadership development initiatives. This oversight ensures accountability and sustained attention at the highest level.

At the management level, clear ownership of leadership development processes should be established, typically coordinated by the Human Resources department, but jointly owned by line management and senior leadership.

6.10 Measuring and Refining the Leadership Development System

Leadership development systems must evolve and improve over time. Regular evaluation enables SOEs to assess effectiveness, identify capability gaps, and adapt to changing strategic requirements.

Evaluation should focus not only on participation metrics, but on leadership outcomes such as leadership readiness, succession coverage, and organisational performance indicators.

6.11 Institutionalising Leadership Development Culture

Ultimately, the success of a leadership development system depends on organisational culture. Leaders must model learning behaviours, encourage reflection, and prioritise leadership development, even when short-term pressures are intense.

A culture that values leadership development reinforces reform objectives, strengthens institutional capability, and sustains long-term organisational performance.

Chapter 7

The Role of Boards, Shareholders, and Top Management in Leadership Development

7.1 Leadership Development as a Core Governance Responsibility

In high-performing SOEs, leadership development is not treated as an operational or administrative matter. Instead, it is recognised as a core governance responsibility, inseparable from the Board's duty to safeguard the organisation's long-term sustainability, performance, and integrity. For Sarawak SOEs, this principle is essential, given their stewardship of public assets and their role in advancing State development priorities.

International experience, including OECD SOE Governance Guidelines and Malaysia's GLC Transformation Programme, demonstrates that Boards that actively oversee leadership development are significantly more effective in managing strategic risk and ensuring continuity of performance. Conversely, Boards that delegate leadership matters entirely to management often recognize leadership weaknesses only when crises emerge.

This Handbook positions leadership development firmly within the governance remit of Boards and shareholder representatives, supported, but not replaced, by management and HR functions.

7.2 The Board's Fiduciary Role in Leadership Stewardship

Boards are entrusted with fiduciary responsibility for the organisation. This responsibility extends beyond financial oversight to include stewardship of human and leadership capital, which is a critical determinant of long-term value creation.

In the Sarawak SOE context, Boards are expected to ensure that the organisation maintains, at all times, sufficient leadership capability to execute its mandate and strategy. This includes oversight of the organisation's leadership philosophy, succession planning, and the overall robustness of leadership development systems.

Board oversight does not imply involvement in day-to-day leadership development activities. Rather, it requires Boards to ask the right questions, set clear expectations, and ensure that management has established appropriate systems and processes.

7.3 Setting Leadership Expectations at the Board Level

One of the most important contributions a Board can make to leadership development is the articulation of clear expectations for leadership behaviour and capability. These expectations should align with the Sarawak SOE Leadership Competency Framework and be embedded in key governance instruments, including Board charters, CEO performance agreements, and corporate policies.

By explicitly linking leadership expectations to strategy and organisational values, Boards provide management with a clear mandate to prioritise leadership development. This clarity reduces ambiguity and signals to the organisation that leadership quality is a strategic priority.

Narrative Governance Template: Board Leadership Statement

Boards are encouraged to adopt a concise leadership statement outlining the leadership qualities and behaviours expected across the organisation. This statement serves as a reference point for CEO performance evaluation, senior management assessment, and succession planning discussions.

7.4 Oversight of CEO Leadership and Development

The CEO occupies a uniquely influential position within Sarawak SOEs. The CEO's leadership style, priorities, and behaviour, shape organisational culture and directly influence leadership capability across the organisation.

Boards are therefore responsible for ensuring that the CEO actively delivers operational performance and leadership capability within the organisation. This includes mentoring senior managers, supporting succession planning, and role-modelling the leadership behaviours articulated in this Handbook.

CEO performance evaluations should explicitly include leadership development responsibilities. Where CEOs excel in operational delivery but neglect leadership development, Boards should address the imbalance proactively, recognising that short-term results achieved at the expense of institutional capability are ultimately unsustainable.

7.5 Succession Planning as a Board Priority

Succession planning represents one of the most critical intersections between governance and leadership development. For Sarawak SOEs, succession planning must be treated as a continuous process, rather than a one-off exercise triggered by impending vacancies.

Boards are expected to regularly review succession plans for the CEO and other critical leadership roles, assess leadership readiness, and identify development actions needed to mitigate succession risks. This process should be forward-looking, considering immediate successors and long-term leadership pipelines.

Effective succession planning enhances organisational resilience, reduces reliance on external recruitment, and preserves institutional knowledge, particularly important for SOEs with long investment horizons and complex mandates.

7.6 The Role of the State as Shareholder

The Government of Sarawak, acting as shareholder, plays a crucial role in shaping leadership development expectations across the SOE portfolio. Through policy direction, governance frameworks, and performance monitoring mechanisms, the State sets the tone for leadership standards and institutional capability.

Shareholder expectations regarding leadership development should be articulated clearly and consistently, avoiding contradictory signals that may undermine the efforts of Boards and management. This includes aligning leadership expectations with broader reform priorities, such as financial sustainability, governance integrity, and contributions to State development outcomes.

The role of the shareholder is not to micromanage leadership development within individual SOEs, but to ensure that Boards fulfil their governance responsibilities, and that leadership capability is being strengthened systematically across the portfolio.

7.7 CEO and Top Management Accountability for Leadership Development

While Boards provide oversight, the primary responsibility for implementing leadership development systems rests with the CEO and top management team. Consistent with the "Orange Book" principle that the CEO effectively acts as the "Chief Human Resource Officer," the CEOs are expected to take personal ownership of leadership development outcomes.

This includes ensuring that leadership development is integrated into strategic planning, performance management, and organisational design. CEOs should actively champion leadership development initiatives, mentor high-potential leaders, and hold senior managers accountable for developing their teams.

Top management teams collectively shape leadership culture of the organisation. When senior leaders view leadership development as peripheral or burdensome, initiatives struggle to gain traction. Conversely, when senior leaders demonstrate visible commitment, leadership development becomes embedded in organisational norms and everyday management practice.

7.8 Role of Human Resource Functions as Enablers

Human Resource (HR) functions play a critical enabling role in leadership development, but they cannot substitute for leadership ownership by Boards and management. HR department is responsible for designing leadership frameworks, coordinating development programmes, providing data and analysis, and ensuring consistency in leadership development processes.

In Sarawak SOEs, HR functions should be positioned as strategic partners, working closely with CEOs and line managers to translate leadership frameworks into practical organisational systems. This includes supporting talent identification, facilitating leadership development planning, and providing insights on leadership capability and succession risk.

HR credibility is strengthened when leadership development processes are transparent, evidence-based, and clearly linked to organisational strategy.

7.9 Integrating Leadership Development into Board Processes

To be effective, leadership development oversight must be embedded within core Board processes, rather than treated as an occasional agenda item. This may include incorporating leadership capability and succession discussions into strategy reviews, risk assessments, and annual CEO and senior management performance evaluations.

Regular and structured reports on leadership capability enable Boards to maintain visibility over leadership strength and address emerging risks proactively. Over time, this integration normalises leadership development as a routine responsibility of Board governance.

7.10 Managing Tensions Between Performance and Development

Boards and management often face tension between short-term performance pressures and long-term leadership development. During periods of operational stress, development activities may be deprioritised. However, international experience consistently shows that neglecting leadership development during challenging periods increases long-term organisational risk.

Effective governance therefore requires Boards and CEOs to balance these competing demands deliberately, recognising that leadership development is an investment in organisational resilience, not a discretionary cost.

7.11 Ethical Leadership Oversight by Boards

Boards also play a critical role in safeguarding ethical leadership. Oversight of codes of conduct, conflict-of-interest management, and whistleblowing mechanisms, contributes directly to leadership integrity and accountability.

Boards should ensure that ethical considerations are embedded in leadership assessment and development, reinforcing the principle that effective leadership requires moral judgement, integrity, and accountability.

7.12 Building a Cohesive Leadership Ecosystem Across Sarawak's SOEs

At the portfolio level, there is significant value in fostering coherence and shared standards across Sarawak SOEs. While each SOE retains operational autonomy, a common leadership philosophy and framework facilitate leadership mobility, shared learning, and collective capability building.

The State, Boards, and CEOs collectively contribute to this ecosystem by aligning leadership expectations, sharing best practices, and supporting cross-SOE leadership initiatives where appropriate.

Chapter 8

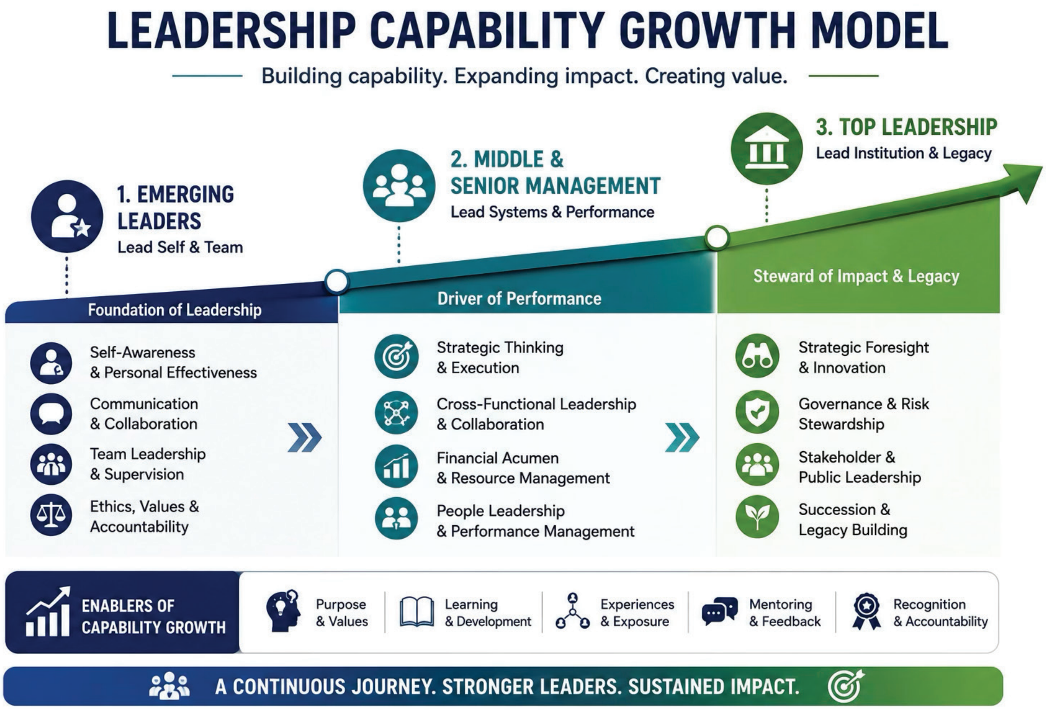
Developing Leaders at Different Levels of the Organisation

8.1 Leadership Development as a Progressive Journey

Leadership capability does not emerge fully formed at senior levels. It develops progressively over time through a series of transitions, experiences, and increasing responsibilities. One of the most common weaknesses in organisational leadership development is the assumption that technical excellence naturally translates into leadership effectiveness. However, in reality, each transition in leadership responsibility requires individuals to unlearn certain behaviours while acquiring new capabilities.

For Sarawak SOEs, adopting a differentiated approach to leadership development is essential. SOEs operate in complex, regulated, and politically sensitive environments, where leadership challenges vary significantly across organisational levels. A supervisor leading a small operational team faces fundamentally different demands from a CEO steering a multi-billion-*ringgit* enterprise aligned with State development priorities.

This chapter sets out a structured approach to the development of leaders across **three (3) broad organisational levels: emerging leaders, middle and senior management, and top leadership**. While these categories are not rigid, they provide a practical framework for tailoring leadership development interventions in a coherent and cost-effective manner.



8.2 Developing Emerging Leaders: Building the Foundations of Leadership

8.2.1 Who Are Emerging Leaders in Sarawak SOEs

Emerging leaders are typically individuals in early supervisory or junior management roles who demonstrate strong performance, initiative, and potential for greater responsibility. In Sarawak's SOEs, emerging leaders often come from technical, professional, or operational backgrounds, and may be promoted based on subject-matter expertise, rather than leadership readiness.

The transition from individual contributor to leader represents one of the most critical inflection points in a leadership journey. When this transition is poorly supported, organisations often experience weak people management, employee disengagement, and erosion of trust at the frontline.

8.2.2 Leadership Capabilities to Be Developed at the Emerging Level

At this stage, leadership development should focus on personal effectiveness and basic people leadership skills. Core capabilities include self-awareness, communication, ethical judgement, and the ability to manage small teams fairly and consistently.

Emerging leaders must learn to shift their mindset from completing tasks personally to delivering results through others. This includes setting expectations, providing constructive feedback, managing performance, and resolving interpersonal issues effectively.

What's also important, is the development of an early understanding of public-sector values, governance expectations, and accountability. Emerging leaders are often the first point of interaction between the organisation and the public, making their conduct particularly influential in shaping organisational credibility and public trust.

8.2.3 Development Approaches for Emerging Leaders

At this stage, leadership development should be practical, structured, and strongly supported. Formal induction programmes that introduce leadership expectations, combined with mentoring by experienced managers, are particularly effective in helping new leaders navigate the transition from individual contributor to team leader.

Job rotations within related functions can broaden the understanding of organisational processes and reduce siloed thinking. Short-term stretch assignments, such as leading small improvement projects, provide valuable opportunities to apply leadership skills in a controlled and supportive environment.

Narrative Template:
Emerging Leader Development Plan

Each emerging leader should have a simple, structured development plan outlining key leadership capabilities to be developed, experiential learning opportunities, and mentoring support over a defined period. This plan should be **reviewed regularly by the immediate supervisor** to ensure development progress and alignment with organisational needs.

8.3 Developing Middle and Senior Managers: Leading Systems and Performance

8.3.1 The Leadership Challenge at the Middle and Senior Levels

Middle and senior managers occupy a pivotal position within Sarawak's SOEs. They translate strategy into execution, coordinate work across functions, and exert significant influence on organisational culture and performance. At this level, leadership effectiveness has a disproportionate impact on organisational performance outcomes, as decisions made by these managers shape both operational performance and institutional capability.

The most significant leadership challenge at this stage is the transition from managing activities to leading systems and people at scale. Managers must balance operational demands with strategic thinking, manage competing priorities, and lead diverse teams across functions, units, or locations.

8.3.2 Core Leadership Capabilities at This Level

Leadership development for middle and senior managers should emphasise strategic thinking, financial acumen, cross-functional collaboration, and people leadership. Managers at this level must be able to interpret organisational strategy, allocate resources effectively, and manage risk in line with governance expectations.

People leadership becomes more complex at this level. Managers are expected to coach other managers, manage performance across multiple teams, and address underperformance decisively and fairly.

8.3.3 Experiential Learning and Stretch Assignments

Experiential learning is particularly powerful at this stage of leadership development. Cross-functional projects, transformation initiatives, and taskforces linked to strategic priorities, provide rich opportunities for capacity building. These assignments expose managers to ambiguity, complex stakeholder environments, and high-stakes decision-making.

Illustrative Example

A senior manager in a Sarawak infrastructure SOE may be assigned to lead a multi-agency coordination initiative for a major project. While technically demanding, the primary leadership challenge lies in aligning diverse stakeholders, managing competing expectations, and resolving conflicts constructively while maintaining progress toward strategic objectives.

8.3.4 Formal Development and Peer Learning

Structured leadership programmes for middle and senior managers should integrate case studies, simulations, and action learning projects that reflect the realities of Sarawak's SOEs. Equally important is peer learning, which enables managers to exchange perspectives, reflect on shared challenges, and learn from one another through their individual experiences across the organisation. Such interactions help build broader organisational awareness, strengthen cross-functional collaboration, and reinforce leadership mindset across the management cadre.

8.4 Developing Top Leadership: Stewardship, Judgement, and Legacy

8.4.1 The Unique Role of Top Leaders in Sarawak's SOEs

Top leaders, including CEOs, Deputy CEOs, and senior executives, carry ultimate responsibility for organisational performance, governance integrity, and alignment with State priorities. Their decisions shape the strategic direction of the institution and carry long-term implications for public value creation.

At this level, leadership development is less about acquiring new technical skills, and more about refining judgement, strengthening foresight, and demonstrating ethical leadership.

8.4.2 Core Capabilities for Top Leadership

Top leaders must demonstrate exceptional strategic insight, stakeholder management capability, and institutional resilience. They are expected to balance commercial imperatives with public accountability, navigate political and regulatory sensitivities with professionalism, and lead transformation responsibly.

A defining responsibility at this level is developing the next generation of leaders. Top leaders are judged not only by their personal achievements, but also by the strength of the institution and leadership pipeline they leave behind.

8.4.3 Development Approaches for Top Leaders

Leadership development for top executives is often highly personalised and reflective. Executive coaching, peer leadership forums, and exposure to global best practices provide valuable opportunities for reflection, perspective renewal, and continuous growth. Participation in cross-SOE or international leadership networks can further broaden strategic perspectives and reduce the risk of institutional insularity.

Narrative Template: CEO Leadership Reflection

CEOs are encouraged to undertake periodic, structured reflection on key leadership challenges, ethical dilemmas, and succession readiness, supported by executive coaching or Board engagement. Such reflection helps leaders refine judgement, strengthen institutional stewardship, and contribute to continuous leadership growth and organisational learning.

8.5 Managing Transitions Between Leadership Levels

Leadership development must explicitly address the transitions between leadership levels, as these moments represent points of heightened risk for both individuals and organisations. Leaders promoted without adequate preparation may struggle, and this can result in undermining confidence, performance, and team confidence.

Therefore, Sarawak SOEs should provide targeted transition support, including structured onboarding, mentoring, and clear performance expectations, to help leaders adapt quickly and succeed in their new responsibilities.

8.6 Ensuring Equity, Diversity, and Merit in Leadership Development

A robust leadership development system must balance merit-based selection with fairness and inclusivity. Sarawak SOEs should ensure that leadership opportunities are accessible to diverse talent pools across gender, professional background, and geographical locations, while maintaining high performance standards.

Transparent criteria and structured processes help mitigate bias, strengthen confidence in leadership decisions, and reinforce the credibility of leadership development systems.

8.7 Integrating Leadership Development Across Levels

Leadership development efforts across different levels should be coherent, connected and mutually reinforcing. Emerging leaders should be prepared for future leadership transitions, while senior leaders should actively support leadership development at lower levels through mentoring and sponsorship.

This integration strengthens organisational culture and reinforces the principle that leadership development is a collective institutional responsibility.

Chapter 9

High-Potential Identification and Succession Planning for Sustainable Leadership

9.1 Why High-Potential and Succession Systems Are Mission-Critical

For Sarawak SOEs, leadership continuity is not merely an internal management concern; it is a matter of public interest and institutional resilience. SOEs manage long-term assets, complex stakeholder relationships, and development programmes that extend well beyond the tenure of any individual leader. Disruptions in leadership continuity can therefore have cascading effects on organisational performance, governance credibility, and policy implementation.

International experience, including OECD SOE Governance Reforms and Malaysia's GLC Transformation Programme, demonstrates that **leadership failure is rarely sudden**. More often, it is the **cumulative result of weak succession planning, unstructured talent identification, and over-reliance on a small number of incumbents**. In such circumstances, leadership transitions become reactive, politicised, or overly dependent on external recruitment, increasing institutional risk.

This chapter positions high-potential identification and succession planning as systemic, forward-looking processes, which are integral to governance, leadership development, and risk management within Sarawak SOEs.

9.2 Defining "High-Potential" in the Sarawak's SOE Context

A critical first step in effective succession planning is establishing a clear and shared understanding of leadership potential. In Sarawak SOEs, high-potential individuals cannot be defined solely by current performance, technical expertise, or tenure. While these factors remain relevant, leadership potential is fundamentally about the capacity to lead effectively under greater responsibility and increasing complexity.

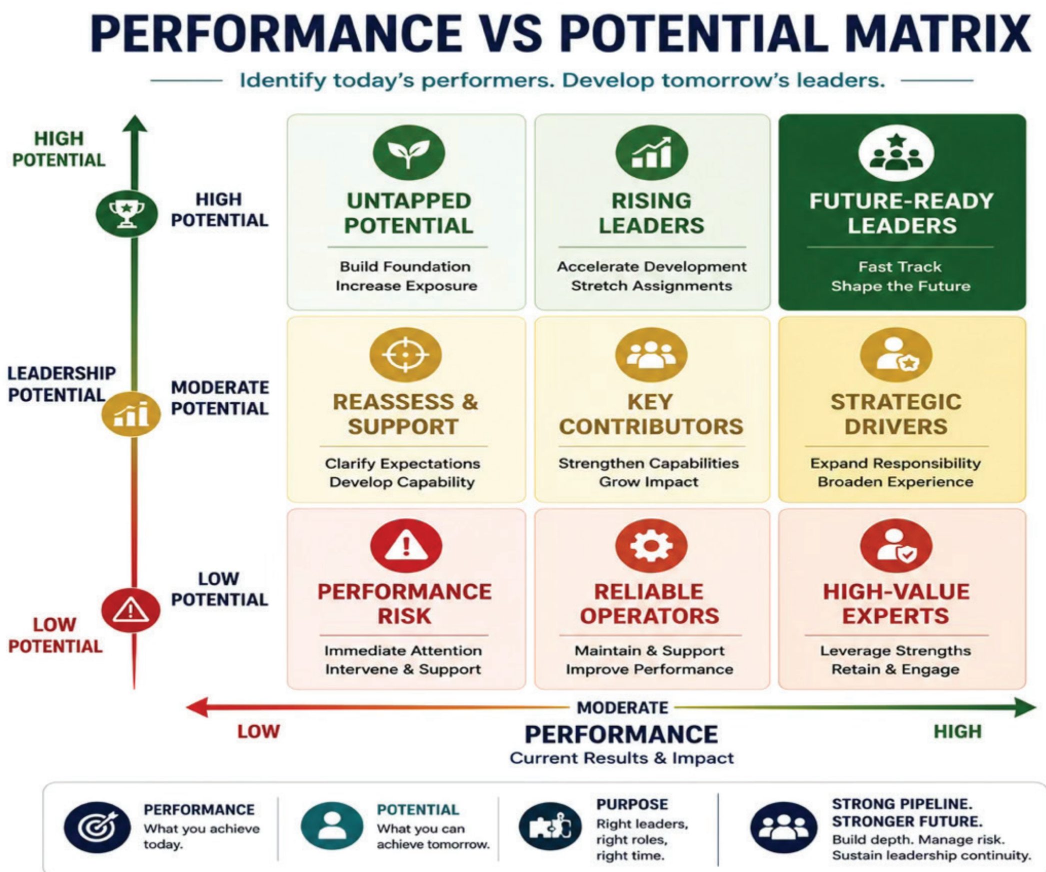
High-potential leaders typically demonstrate learning agility, sound judgement, emotional maturity, ethical grounding, and the ability to influence outcomes beyond their formal authority. They show resilience under pressure, openness to feedback and growth, and a willingness to take responsibility for broader organisational outcomes.

More importantly, potential must be assessed in relation to the specific leadership challenges faced by Sarawak's SOEs. A technically strong manager may perform well in stable operational environments, yet struggle in roles that require strategic ambiguity, complex stakeholder engagement, or public accountability. For this reason, any high-potential identification framework must be context-sensitive and grounded in an evidence-based approach.

9.3 Distinguishing Performance from Potential

One of the most common pitfalls in leadership succession planning is the conflation of performance with potential. High performance in a current role does not automatically indicate readiness for broader or more complex leadership responsibilities. Conversely, individuals with strong leadership potential may not always be the highest performers in narrowly defined technical roles.

For these reasons, Sarawak SOEs are encouraged to adopt a **dual-lens approach**, assessing sustained performance and leadership potential as distinct but complementary dimensions. Evaluating these factors independently before integrating them into succession decisions, helps reduce the risk of promoting individuals beyond their capability, while ensuring that those with a strong future leadership potential, receive targeted development opportunities.



9.4 Systematic Identification of High-Potential Leaders

High-potential identification must be **conducted through structured, transparent, and repeatable processes** to ensure credibility and fairness. Informal or ad hoc identification, based on personal familiarity or subjective impressions, undermines trust and weakens the effectiveness of leadership pipelines.

A robust identification process typically draws on multiple sources of evidence, including performance evaluations, leadership competency assessments aligned with the Sarawak SOE Leadership Framework, behavioural interviews, and peer or supervisor feedback. Psychometric assessments or leadership diagnostic tools may also be used where appropriate, to provide additional insight, particularly for senior leadership roles.

Narrative Template: High-Potential Review Narrative

At the conclusion of each review cycle, management should prepare a structured narrative summary for each identified high-potential individual. This summary should outline demonstrated strengths, development needs, readiness level, and potential future roles. The narrative supports informed discussion and succession planning decisions at both senior management and Board levels.

9.5 Talent Review and Calibration Processes

High-potential identification should not be treated as a one-off exercise. Regular talent review sessions enable organisations to calibrate assessments, challenge assumptions, and ensure consistency across departments and divisions.

In Sarawak SOEs, talent reviews should be conducted at least annually and chaired by the CEO or a designated senior executive. These sessions provide a structured forum to examine leadership risks, track development progress, and assess succession coverage for critical roles.

Calibration discussions are particularly important for mitigating bias and ensuring that high-potential identification reflects organisational priorities rather than departmental preferences.

9.6 Identifying Critical Roles for Succession Planning

Succession planning should focus on roles that are strategically pivotal to organisational performance and continuity. In Sarawak SOEs, these typically include positions such as the CEOs, deputy CEOs, CFOs, COOs, and other senior roles where leadership decisions carry significant financial, operational, or reputational implications.

However, succession planning should not be limited to the most senior positions. Roles such as project directors, regulatory interface leaders, and heads of specialised technical functions may also require succession attention due to their strategic importance and scarcity of talent.

By clearly identifying these critical roles, SOEs can prioritise leadership development resources and focus succession planning where institutional risk is greatest.

9.7 Building Succession Pools Rather Than Single Successors

International best practice discourages the identification of single "named successors" for critical roles, particularly when leadership transitions may occur several years into the future. Instead, Sarawak SOEs are **encouraged to develop succession pools** comprising multiple potential candidates at varying stages of readiness.

This approach provides greater flexibility, reduces dependency on individual candidates, and allows development plans to evolve as organisational needs and strategic priorities change. Succession pools also help mitigate the risk of disengagement among capable leaders who may not yet be identified as immediate successors, while maintaining a broader and more resilient leadership pipeline.

Narrative Template: CEO Leadership Reflection

For each critical role, management prepares a structured narrative outlining the depth of the succession pool, readiness timelines for potential successors, key development actions required, and associated succession risks. This narrative supports Board oversight, strengthens succession transparency, and enables more informed decision-making.


SUCCESSION POOL FUNNEL
From Broad Talent to Future Leaders
1. IDENTIFY
BROAD TALENT POOL
All eligible employees
SCAN & NOMINATE
Identify and nominate talent based on performance, potential and aspiration.
2. ASSESS
ASSESSED TALENT POOL
Meets potential threshold
ASSESS & EVALUATE
Evaluate against leadership capabilities, behavioural indicators and potential for growth.
3. DEVELOP
DEVELOPMENT POOL
Highn potential, high promise
DEVELOP & EXPAND
Provide targeted development, stretch assignments, mentoring and feedback to accelerate readiness.
4. READY
READY NOW POOL
Ready for next-level roles
VALIDATE & PREPARE
Confirm readiness for critical roles and prepare for succession opportunities.
5. SUCCEED
SUCCESSORS
Ready to lead
DEPLOY & TRANSITION
Seamless transition to critical roles.
STRONGER LEADERSHIP PIPELINE. SUSTAINED PERFORMANCE.
Leadership Continuity
Reduced Succession Risk
Stronger Performance
A Culture of Development
Sustainable Impact
RIGHT LEADERS. RIGHT TIME. RIGHT IMPACT.

9.8 Development Planning for Succession Readiness

Succession planning is effective when it is supported by deliberate and targeted development actions. Individuals identified as potential successors should have clear development plans designed to prepare them for future leadership roles. These plans may include stretch assignments, cross-functional exposure, leadership development programmes, and mentoring by senior leaders.

Development plans should be realistic, prioritised, and regularly reviewed. Overly ambitious plans that overload individuals or fail to account for organisational constraints are unlikely to succeed.

Boards and senior management should periodically review development progress to ensure that succession risks are being actively managed, and leadership readiness is improving over time.

9.9 Board Oversight of Succession Planning

Boards play a central role in overseeing succession planning, particularly for the CEO and other senior leadership positions. Effective Board oversight involves regular review of succession plans, constructive challenge of underlying assumptions, and attention to leadership readiness and succession risk.

While Boards should avoid involvement in operational details, they must ensure that management has established robust succession processes and is actively addressing identified leadership gaps. Succession discussions should remain forward-looking and strategic, rather than reactive responses to imminent vacancies.

9.10 Managing External Recruitment and Internal Development

While internal succession is generally preferable for maintaining continuity and institutional knowledge, Sarawak SOEs must also recognise circumstances where external recruitment is necessary. Such situations may arise when internal pipelines are insufficient or when new capabilities are required to support strategic shifts.

External recruitment should therefore be approached strategically, selectively, and complemented by strong internal leadership development efforts. Persistent reliance on external hires may signal underlying weaknesses in leadership development systems and should prompt careful review and corrective action.

9.11 Transparency, Communication, and Ethical Considerations

High-potential identification and succession planning must be managed with integrity, discretion, and professionalism. Transparency regarding criteria and processes helps build trust and credibility, but excessive disclosure of individual status may create unintended organisational consequences.

Sarawak SOEs should therefore strike a careful balance between openness and discretion, ensuring that individuals receive constructive developmental feedback without fostering unhealthy competition or entitlement. The ethical handling of succession information is essential for maintaining organisational cohesion, fairness, and confidence in leadership processes.

9.12 Integrating Succession Planning with Broader Leadership Systems

Succession planning should not operate in isolation. It must be fully integrated with leadership development systems, performance management processes, and strategic planning frameworks. Such integration ensures coherence across leadership practices and reinforces leadership development as a core organisational priority.

Over time, effective succession planning creates a virtuous cycle of leadership capability, strengthening organisational resilience, reducing leadership risk, and enhancing institutional confidence.

Chapter 10

Leadership for Change and Transformation

10.1 Transformation as a Permanent Condition for Sarawak SOEs

Change and transformation are no longer episodic events for Sarawak SOEs; they have become enduring conditions of operation. Economic volatility, technological disruption, sustainability imperatives, fiscal discipline, and heightened governance expectations have fundamentally reshaped the operating environment of public enterprises. At the same time, Sarawak's development agendas under PCDS 2030 and related sectoral blueprints require SOEs to continually adapt their strategies, operating models, and organisational capabilities.

In this context, leading change is not a specialist function confined to reform units or transformation offices. It is a core leadership capability that must be embedded across all levels of management. Leaders who are unable to guide change effectively risk becoming barriers to reform, even when they possess strong technical expertise and good intentions.

International experience including OECD SOE Governance Reforms and World Bank–supported transformation programmes consistently shows that the success or failure of reform initiatives depends less on technical design and more on leadership behaviour, credibility, and disciplined execution.

10.2 Understanding the Nature of Change in Sarawak SOEs

Change in Sarawak SOEs takes multiple forms, often occurring simultaneously. These include governance reforms, financial restructuring, organisational redesign, digitalisation, regulatory alignment, and cultural transformation. Unlike private-sector transformations driven primarily by market competition, change initiatives in SOEs are shaped by public accountability, political oversight, and long-term development objectives.

Leaders must therefore recognise that change within SOEs is inherently complex and multidimensional. Technical solutions alone are insufficient; successful transformation requires navigating institutional constraints, diverse stakeholder expectations, and deeply embedded organisational norms.

Effective change leaders understand that transformation is about introducing new systems or structures, as well as shifting mindsets, behaviours, and ways of working with time.

10.3 The Role of Leadership in Setting the Case for Change

A defining responsibility of leaders during transformation is to **articulate a compelling and credible case for change**. This requires clearly explaining why change is necessary, the risks of inaction, and how proposed reforms align with Sarawak's broader development priorities.

In the Sarawak SOE context, the case for change must resonate with multiple audiences, including employees, Boards, regulators, and the State as shareholder. Leaders must therefore translate reform initiatives into tangible organisational and public outcomes, avoiding abstract rhetoric that fails to address real concerns.

An effective case for change connects external pressures with internal realities, demonstrating how transformation will strengthen institutional performance, public value, and long-term sustainability.

Narrative Template: Case for Change Statement

Leaders are encouraged to prepare a concise **transformation narrative** that links external drivers, organisational challenges, and desired future state. This statement should be revisited periodically to maintain relevance, reinforce credibility, and sustain momentum as transformation progresses.

The broader transformation leadership process is further illustrated in this framework.

10.4 Leading Through Resistance and Uncertainty

Resistance to change is a natural and often rational response, particularly within organisations with long histories and stable operating models. In Sarawak SOEs, such resistance may arise from concerns relating to job security, loss of professional identity, increased accountability, or scepticism shaped by past reform experiences.

Effective change leaders do not dismiss resistance as obstruction. Instead, they treat it as valuable feedback that can strengthen implementation strategies. Engaging resistance constructively requires empathy, active listening, and a willingness to address legitimate concerns, while maintaining clarity of strategic intent.

Leaders must also manage uncertainty proactively. Transformation initiatives often unfold over extended periods, during which outcomes may remain unclear and progress becomes uneven. In such environments, transparent communication, consistent leadership presence, and visible commitment, are essential in building confidence and sustaining momentum.

10.5 Role-Modelling Change-Oriented Leadership Behaviour

Leadership behaviour during transformation sends powerful signals about organisational priorities. Leaders who advocate reform but continue operating according to outdated norms undermine credibility and slow the pace of change.

In Sarawak SOEs, leaders are expected to role-model behaviours that reinforce transformation, including accountability, openness to feedback, data-driven decision-making, and respect for governance processes. Often, small but visible actions, such as adhering to new performance review systems, adopting improved reporting practices, or engaging directly with frontline teams, carry disproportionate symbolic impact, signalling that change is real and expected.

Role-modelling becomes especially critical at senior levels, where leadership behaviour shapes organisational culture and strongly influences how reform initiatives are interpreted, accepted, and enacted.

10.6 Structuring and Governing Transformation Initiatives

While leadership behaviour is critical, transformation must also be supported by robust structures and governance mechanisms. Clear accountability, well-defined decision rights, and disciplined programme management, all ensure that accountability is clear while innovation and ownership are encouraged.

Sarawak SOEs are encouraged to establish transformation governance arrangements proportionate to the scale and complexity of reform initiatives. These may include steering committees, dedicated transformation offices, or cross-functional taskforces operating under clearly defined mandates.

Active leadership involvement in these structures signals organisational priority and enables the timely resolution of strategic and operational issues. At the same time, leaders must guard against excessive centralisation, which can stifle initiative, weaken ownership, and slow implementation at operational levels.

Effective transformation governance balances strategic oversight with empowered execution, ensuring that accountability is clear while innovation and ownership are encouraged across the organisation.

10.7 Balancing Short-Term Performance with Long-Term Transformation

One of the most demanding challenges of change leadership is the balance of immediate performance pressures with the requirements of long-term transformation. Sarawak SOEs must often sustain service delivery, financial discipline, and stakeholder confidence, while simultaneously implementing significant reforms.

Effective leaders recognise that short-term performance and long-term transformation are not mutually exclusive. By carefully prioritising initiatives, sequencing reforms strategically, and maintaining operational discipline, organisations can make meaningful progress on both fronts.

Boards play a critical role in supporting this balance. Through setting realistic expectations, monitoring performance holistically, and reinforcing long-term priorities, Boards helps ensure that transformation efforts are not undermined by short-term pressures. What’s equally important here is that governance signals that incentivise short-term results at the expense of sustainable institutional reform should be avoided.

PERFORMANCE VS TRANSFORMATION BALANCE

Deliver Today. Transform for Tomorrow.

Great leaders achieve results while building the future.

PERFORMANCE
Deliver Today

Focus on execution excellence, operational efficiency and consistent results.

- Achieve Targets & Results
- Improve Efficiency & Productivity
- Strengthen Controls & Risk Management
- Maintain Service Quality & Stakeholder Trust

BALANCE IS THE LEADERSHIP EDGE

Too much focus on either side creates risk. Balance creates impact and resilience.

PERFORMANCE

TRANSFORMATION

SUSTAINED SUCCESS

Deliver Results Today
Build the Future
Create Lasting Value

TRANSFORMATION
Shape Tomorrow

Focus on innovation, capability building and creating long-term value.

- Drive Innovation & New Opportunities
- Build Future-Ready Capabilities
- Transform Processes & Ways of Working
- Create Sustainable Long-Term Value

LEADERSHIP ACTIONS FOR BALANCE

1. SET CLEAR PRIORITIES
Know what matters most now and next.

2. ALLOCATE TIME INTENTIONALLY
Protect time for both execution and future work.

3. BUILD DUAL CAPABILITY
Develop teams that can deliver today and adapt tomorrow.

4. TRACK BOTH HORIZONS
Measure short-term results and long-term progress.

5. COMMUNICATE CONSISTENTLY
Keep stakeholders aligned and engaged.

BALANCE CREATES RESILIENCE.

Strong Today | Ready for Tomorrow | Value for Generations

Deliver with discipline today.
Transform with courage for tomorrow.
Balance creates performance that lasts and transformation that matters.

10.8 Change Leadership at Different Organisational Levels

Change leadership is not the exclusive domain of top management. While senior leaders set vision and strategic direction, middle managers and frontline leaders play a critical role in translating change into everyday practice.

Middle managers, in particular, are often the most influential enablers or blockers of transformation. They interpret reform messages, allocate resources, and address operational concerns at the frontline. For this reason, leadership development efforts must equip middle managers with the capabilities, authority and support needed to lead change effectively.

Emerging leaders also contribute to transformation by bringing fresh perspectives, challenging entrenched assumptions, and demonstrating adaptability. Creating space for these contributions helps in strengthening organisational learning, innovation, and long-term adaptability.

10.9 Integrating Change Leadership with Leadership Development Systems

Leadership for change should be explicitly embedded within leadership development systems. This includes incorporating change leadership competencies into assessment frameworks, designing development assignments linked to transformation initiatives, and recognising effective change leadership in performance evaluations.

By integrating change leadership into leadership development processes, Sarawak SOEs ensure that transformation capability is built systematically, rather than relying on a small number of individuals.

Over time, this approach strengthens the organisation's ability to anticipate, manage, and sustain change, making transformation a core institutional capability, rather than an episodic effort.

10.10 Ethical and Responsible Leadership During Transformation

Transformation often creates complex ethical dilemmas, particularly when reforms involve restructuring, resource reallocation, or changes to long-standing practices. Leaders must navigate these challenges with integrity and sound judgement, ensuring that decisions remain fair, transparent, and consistent with public-sector values.

Ethical leadership during periods of change helps build trust, legitimacy, and institutional credibility, all of which are essential for sustaining reform momentum. Leaders must remain vigilant against shortcuts that deliver short-term gains but undermine governance, fairness, or public confidence. Responsible leadership ensures that transformation strengthens organisational performance and public trust in the institutions that deliver it.

10.11 Learning from Transformation Experience

Transformation initiatives create valuable opportunities for institutional learning. Leaders should encourage structured reflection on what has and has not worked, as well as the reasons behind their efficiency or otherwise, to ensure that lessons are captured and applied to future reforms. Systematic documentation of lessons learned in this regard, enables organisations to refine reform approaches, strengthens institutional memory, and improve execution over time.

Therefore, Sarawak SOEs are encouraged to document transformation experiences and share insights across the SOE portfolio, enabling collective learning, reducing repeated mistakes, and strengthening leadership capability across institutions.

Chapter 11

Ethics, Integrity, and Public Sector Values

11.1 Ethical Leadership as the Foundation of Public Trust

Ethics and integrity are not ancillary considerations for leaders of SOEs; they are the foundation upon which public trust, institutional legitimacy, and sustainable performance are built. Sarawak SOEs manage public assets, exercise delegated authority, and operate under heightened public and political scrutiny. Accordingly, the ethical standards expected of their leaders must be higher than those applied in purely private-sector enterprises.

Leadership effectiveness in Sarawak SOEs must therefore be by **what leaders achieve, and by how those outcomes are achieved**. Performance delivered through unethical conduct, governance shortcuts, or disregard for public-sector values, ultimately undermines institutional credibility, and erodes public confidence. This chapter positions ethical leadership as a core capability, one that must be deliberately cultivated through leadership development systems, robust governance arrangements, and consistent leadership behaviour in daily practice.

11.2 The Ethical Environment of Sarawak SOEs

The ethical environment in which Sarawak SOEs operate is shaped by multiple, overlapping influences. These include statutory obligations, government policies, Board governance frameworks, commercial pressures, and diverse stakeholder expectations. Leaders must therefore navigate a complex environment that requires sound judgement, balanced decision-making, and a firm commitment to integrity and accountability.

Unlike leaders in purely private enterprises, SOE leaders often face situations where legal compliance alone is insufficient to determine the appropriate course of action. Decisions may be technically permissible yet ethically questionable, particularly where conflicts of interest, preferential treatment, or the misuse of public resources may arise. Ethical leadership in this context requires a values-based approach to decision-making, one that goes beyond procedural compliance to uphold fairness, transparency, and stewardship of public trust.

11.3 Core Public Sector Values for Sarawak SOE Leaders

Leadership in Sarawak SOE is anchored in a set of core public-sector values that guide behaviour and decision-making. These values comprise six (6) key principles; integrity, accountability, transparency, impartiality, professionalism, and service to the public interest.

- **(i)** **Integrity** requires leaders to act honestly, avoid conflicts of interest, and uphold ethical standards, even when doing so entails personal or organisational cost;
- **(ii)** **Accountability** requires leaders to take responsibility for decisions and outcomes, remaining answerable to Boards, shareholders, regulators, and the public;
- **(iii)** **Transparency** requires openness in decision-making processes and a willingness to explain and justify actions, particularly where public resources and institutional authority are involved;
- **(iv)** **Professionalism** encompasses competence, respect for due process, and adherence to established standards in the discharge of public responsibilities;
- **(v)** **Impartiality** requires leaders to act fairly and objectively, ensuring that decisions are not influenced by personal, political, or sectional interests; and
- **(vi)** **Service to the public interest** reminds leaders that their ultimate responsibility is to the people of Sarawak.

Hence, decisions must prioritise long-term public value over individual, political, or organisational advantage.

11.4 Ethical Leadership Beyond Compliance

Compliance with laws, regulations, and policies, is a necessary baseline for ethical conduct, but it is not sufficient on its own. Ethical leadership requires the capacity to exercise sound judgement, particularly in situations where rules are ambiguous, incomplete, or silent.

Sarawak SOE leaders must always develop ethical reasoning capabilities that enable them to recognize the ethical dimensions of decisions, consider the potential impact on stakeholders, and choose courses of action consistent with public-sector values and institutional integrity. This includes the ability to identify and navigate "grey areas", where risks may not be immediately apparent, but where decisions may nonetheless affect fairness, transparency, or the stewardship of public resources.

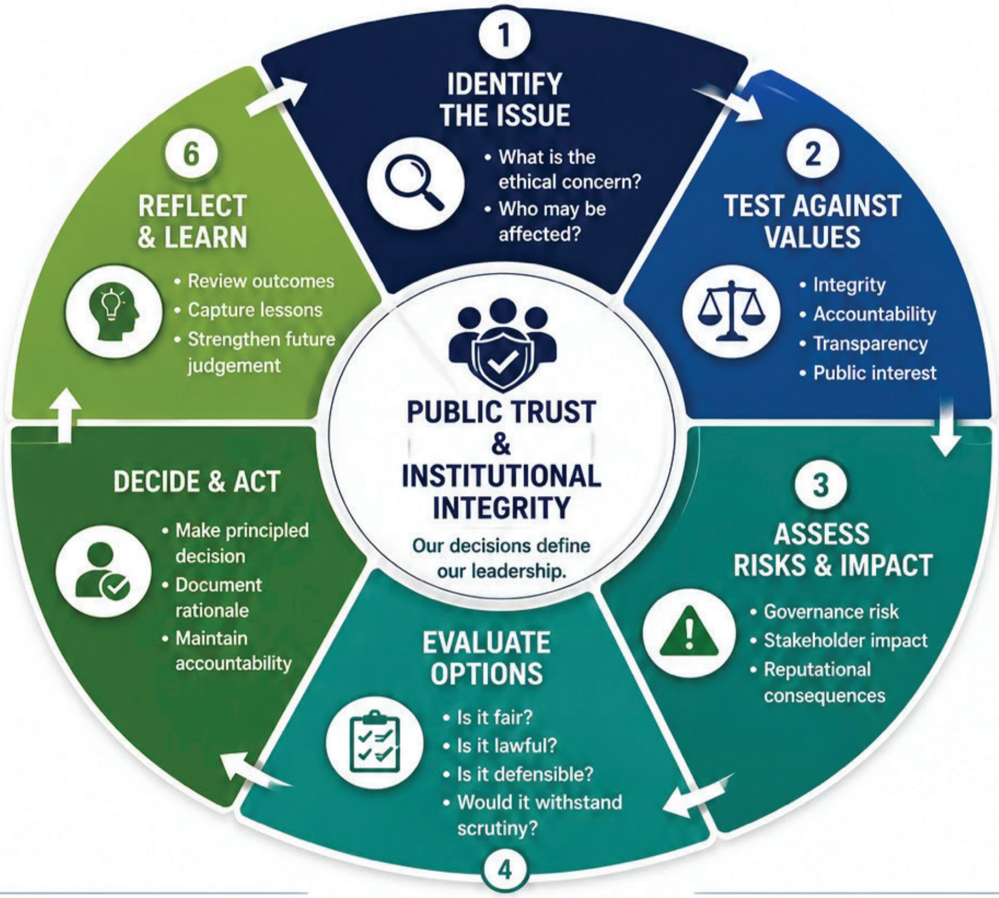
Illustrative Example

A senior executive may face pressure to expedite a procurement process to meet urgent operational needs. While bypassing certain procedures may appear expedient, ethical leadership requires an assessment of whether or not such actions compromise fairness, transparency, or value for money.

Rather than resorting to shortcuts, responsible leaders seek lawful and transparent alternatives that address operational urgency while upholding governance standards and protecting institutional credibility.

ETHICAL DECISION-MAKING FRAMEWORK

Do what is right. Protect public trust. Uphold institutional integrity.



GUIDED BY CORE PUBLIC SECTOR VALUES

INTEGRITY
Act honestly and uphold the highest ethical standards.

ACCOUNTABILITY
Take responsibility and be answerable for outcomes.

TRANSPARENCY
Be open and clear in decisions and actions.

IMPARTIALITY
Act fairly and objectively without bias or favour.

PROFESSIONALISM
Demonstrate competence, due care and respect for due process.

SERVICE TO PUBLIC INTEREST
Prioritise long-term public value above personal or group advantage.

When in doubt, pause and ask:

- Is it the right thing to do?
- Would I be comfortable if it were public?
- Does it serve the public interest?

> “Ethical leadership is measured not only by results achieved, but by how those results are achieved.”

11.5 Managing Conflicts of Interest

Conflicts of interest represent **one of the most significant ethical risks in SOEs**. Given the interconnected nature of government, business, and community relationships in Sarawak, leaders may encounter situations where personal, familial, or external interests intersect with official responsibilities.

Ethical leadership requires proactive identification, disclosure, and management of conflicts of interest. Therefore, leaders must exercise self-awareness and caution, recognising that even perceived conflicts can erode trust and undermine institutional credibility.

Boards and management should **establish clear policies, reporting mechanisms, and decision protocols for conflict-of-interest declaration and management**. These systems must be supported by an organisational culture that encourages transparency and disclosure rather than concealment. Leaders who consistently demonstrate openness and integrity in managing potential conflicts set powerful examples, reinforcing organisational norms and strengthening confidence in the institution's governance.

11.6 Ethical Decision-Making Under Pressure

Leadership roles in Sarawak SOEs frequently require operating under significant pressure, whether arising from time constraints, political expectations, financial stress, or intense public scrutiny. Such conditions heighten ethical risk, as individuals may feel tempted to rationalise questionable decisions as necessary or unavoidable.

Ethical leadership under pressure **demands discipline, moral courage, and a commitment to long-term institutional interests**. Leaders must resist the temptation to prioritise short-term gains at the expense of ethical standards, recognising that ethical lapses often produce delayed but severe consequences for institutional credibility and public trust.

To prepare leaders for such situations, leadership development programmes should incorporate realistic ethical dilemmas and decision-making scenarios. Practicing ethical judgement in controlled environments strengthens leader's judgement, resilience, and capacity to uphold integrity when stakes are high.

11.7 The Role of Boards in Ethical Oversight

Boards play a central role in setting ethical tone and expectations within Sarawak SOEs. Through codes of conduct, governance frameworks, and oversight mechanisms, Boards establish the standards against which leadership behaviour and organisational conduct are judged.

Effective Boards do more than approve policies; they actively oversee ethical culture. This includes monitoring ethical risks, responding decisively to breaches, and ensuring that accountability mechanisms are credible, consistent, and enforced. Visible Board engagement in ethical oversight sends a clear signal that integrity is non-negotiable.

Boards should also ensure that ethical considerations are embedded in leadership systems, including leadership assessment, promotion, and succession planning. By aligning values with leadership advancement, Boards reinforce the principle that integrity is fundamental to leadership legitimacy and organisational trust.

11.8 Creating an Ethical Organisational Culture

Ethical leadership is most effective when supported by an organisational culture that consistently reinforces integrity through norms, systems, and everyday behaviour. Culture is shaped by formal policies and by what leaders consistently say, do, and tolerate, as well as by how the organisation responds to ethical challenges.

Sarawak SOEs should always **foster environment in which ethical concerns can be raised openly and without fear of retaliation**, and where mistakes or misconduct are addressed transparently and constructively rather than concealed. Mechanisms such as whistleblowing channels, ethics hotlines, and clear reporting processes are essential safeguards. However, their effectiveness ultimately depends on visible leadership commitment, credible follow-through, and trust that concerns will be taken seriously.

Leaders at all levels must demonstrate that ethical conduct is valued, recognised, and protected, reinforcing the principle that integrity is central to organisational legitimacy and long-term performance.

11.9 Ethical Leadership and Talent Decisions

Leadership development and talent management decisions send powerful signals about an organisation's true values. Promoting or rewarding individuals who deliver results through unethical means undermines ethical culture and erodes institutional credibility, regardless of formal policies or codes of conduct.

Sarawak SOEs should ensure that ethical behaviour and integrity are treated as **substantive criteria** in leadership assessment, promotion, and succession planning. Leaders who consistently demonstrate sound judgement, fairness, and integrity, should be recognized, trusted with greater responsibility, and actively developed for future leadership roles. Aligning talent decisions with ethical standards reinforces the principle that the methods used to achieve the results, matter just as much as the results themselves.

11.10 Ethics in the Context of Reform and Transformation

Reform and transformation initiatives frequently generate complex ethical challenges, particularly when redeployment, restructure, or a change of long-standing practices are involved. Leaders must ensure that such initiatives are conducted fairly, transparently, and with due regard for affected individuals and communities.

Ethical leadership during reform strengthens institutional legitimacy, stakeholder trust, and organisational resilience, thus reducing resistance and enabling more sustainable change. Conversely, unethical practices, even when justified as expedient, can undermine trust, damage morale, and derail transformation efforts.

11.11 Developing Ethical Leadership Capability

Ethical leadership capability does not emerge automatically. It must be deliberately cultivated through leadership development systems that emphasise values, judgement, and reflective practice.

This may include ethics-focused leadership programmes, facilitated discussions on complex ethical dilemmas, mentoring by senior leaders recognised for their integrity, and the integration of ethical considerations into leadership assessments and development processes.

Strengthening ethical leadership capability enhances the judgement and credibility of individual leaders, as well as the resilience, legitimacy, and trustworthiness of the institution as a whole.

11.12 Accountability and Consequences

Ethical standards must be reinforced through clear accountability and credible consequences. Leaders must understand that ethical breaches will be addressed consistently, fairly, and transparently, regardless of position, seniority, or past performance.

Consistent accountability strengthens trust in governance systems and reinforces the message that ethical leadership is integral to organisational identity and legitimacy. When institutions respond decisively and fairly to misconduct, they demonstrate that integrity is not merely aspirational, but actively upheld in practice.

Chapter 12

Measuring Leadership Impact and Effectiveness

12.1 Why Measuring Leadership Matters in Sarawak SOEs

Leadership development represents a significant investment of public resources, senior management time, and organisational attention. For Sarawak SOEs, where accountability for public value creation is paramount, such investments cannot be justified by good intention alone. Their impact must be **demonstrable, defensible, and clearly linked to organisational performance and reform outcomes**.

International experience from OECD SOE Governance Reforms and Malaysia's GLC Transformation Programme highlights a persistent challenge: leadership development initiatives often enjoy strong rhetorical support but lack rigorous evaluation. Without credible measurement, leadership development risks being perceived as intangible, discretionary or peripheral—particularly during periods of financial constraint or operational pressure.

For Sarawak SOEs, setting up a disciplined approach to measurement is essential. Effective evaluation ensures that leadership development remains strategic rather than symbolic, enabling organisations to identify what works, refine development investments, and demonstrate tangible value to Boards, shareholders, and the public.

This chapter sets out a structured and practical framework for measuring leadership impact and effectiveness. The approach moves beyond simplistic activity metrics to emphasise meaningful indicators that capture both leadership capability and organisational outcomes, ensuring that leadership development contributes directly to institutional performance and reform objectives.

12.2 Understanding Leadership Impact in the Public Enterprise Context

Measuring leadership impact in SOEs differs fundamentally from assessing performance in purely commercial organisations. While financial results remain important, leadership effectiveness in Sarawak SOEs must also be evaluated in terms of governance quality, institutional resilience, talent sustainability, ethical standards, and contribution to State development priorities.

Leadership impact unfolds across multiple dimensions and time horizons. Certain outcomes, such as improved engagement, clearer decision-making, or stronger execution discipline, may become visible in the short term. Others, such as a robust succession pipeline, strengthened institutional culture, and sustained ethical leadership, emerge gradually in the long run.

Effective measurement frameworks must recognise this complexity and avoid reliance on single or overly simplistic indicators. Instead, they combine quantitative metrics and qualitative evidence to produce a balanced and credible assessment of leadership effectiveness.

Such an approach enables Sarawak SOEs to move beyond activity-based evaluation toward a deeper understanding of how leadership capability contributes to institutional strength, governance integrity, and long-term organisational performance.

12.3 Principles for Measuring Leadership Effectiveness

Leadership measurement frameworks for Sarawak SOEs should be guided by a set of clear and disciplined principles that ensure evaluation is credible, practical, and aligned with governance expectations.

First, **alignment with strategy**. Leadership metrics must be directly linked to organisational objectives and reform priorities. Measurement should focus on leadership capabilities and behaviours that enable SOEs to deliver their strategic mandate and contribute to State development outcomes.

Second, **proportionality**. Measurement approaches should be sufficiently robust to inform decision-making while remaining practical and proportionate to organisational capacity. Overly complex systems risk creating administrative burden without improving insight or accountability.

Third, **balance**. Effective frameworks combine **leading indicators** (such as leadership behaviours, capability development, and talent pipeline strength) with **lagging indicators** (such as organisational performance, succession readiness, and institutional outcomes). This balance ensures that both leadership inputs and leadership impact are captured.

Fourth, **integrity and transparency**. Measurement processes must be fair, evidence-based, and consistently applied. Clear communication of methodologies, indicators, and results, strengthens trust in leadership evaluation, and reinforces accountability across the organisation.

12.4 A Multi-Dimensional Leadership Measurement Framework

This Handbook proposes a multi-dimensional framework for assessing leadership impact in Sarawak SOEs, encompassing four (4) interrelated dimensions.

The **first** dimension is **individual leadership capability**. This assesses the extent to which leaders demonstrate the competencies articulated in the Sarawak SOE Leadership Competency Framework. Assessment methods may include performance evaluations, leadership assessments, and structured feedback mechanisms.

The **second** dimension is **organisational leadership capacity**. This examines whether the organisation, as a system, has sufficient leadership depth and capability to execute its strategy effectively. Indicators include succession coverage for critical roles, leadership bench strength, and leadership mobility across the organisation.

The **third** dimension is **organisational performance and culture**. Leadership effectiveness is reflected in performance outcomes, employee engagement, ethical climate, and the organisation's capacity to lead and manage change effectively.

The **fourth** dimension is **governance and sustainability outcomes**. This includes leadership continuity, governance quality, risk management effectiveness, and long-term institutional resilience.

Together, these dimensions provide a comprehensive perspective on leadership impact, supporting effective governance oversight and reform evaluation.

MULTI-DIMENSIONAL LEADERSHIP MEASUREMENT FRAMEWORK

Measuring What Matters. Driving Leadership Impact.

Leadership effectiveness is measured across four interconnected dimensions that drive organisational performance and long-term value.

1 INDIVIDUAL LEADERSHIP CAPABILITY

Measures how leaders think, behave and perform.

Key Indicators

- Competency demonstration
- Leadership performance
- 360° feedback and assessment
- Learning agility and growth

2 ORGANISATIONAL LEADERSHIP CAPACITY

Measures the strength and depth of leadership across the organisation.

Key Indicators

- Succession coverage for critical roles
- Leadership bench strength
- Leadership mobility and development
- Diversity in leadership pipeline

LEADERSHIP IMPACT

Stronger Leaders.
Stronger Institutions.
Greater Public Value.

3 ORGANISATIONAL PERFORMANCE & CULTURE

Measures leadership impact on performance, culture and stakeholder outcomes.

Key Indicators

- Financial & operational performance
- Employee engagement and commitment
- Ethical climate and integrity
- Change readiness and execution

4 GOVERNANCE & SUSTAINABILITY OUTCOMES

Measures leadership contribution to governance quality and long-term institutional resilience.

Key Indicators

- Governance quality and compliance
- Sustainability and ESG performance
- Risk management effectiveness
- Institutional continuity and reputation

OUR MEASUREMENT APPROACH

- Aligned to Strategy
- Balanced & Proportionate
- Evidence-Based & Reliable
- Transparent & Accountable

FROM LEADERSHIP TO IMPACT

STRONG LEADERS > STRONGER TEAMS > STRONGER ORGANISATIONS > GREATER PUBLIC VALUE & TRUST

This framework ensures leadership development translates into **measurable impact**, **sustainable performance** and **long-term value** for Sarawak.

12.5 Measuring Individual Leadership Capability

Assessment of individual leadership capability should be grounded in observable leadership behaviours aligned with the Sarawak SOE Leadership Competency Framework. Performance management systems provide a natural platform for integrating leadership assessment, particularly for managers and senior leaders, enabling leadership expectations to be embedded within routine performance reviews and development discussions.

However, traditional performance reviews often emphasise task completion and output metrics, under-weighting leadership behaviours such as people development, ethical judgement, collaboration, and stakeholder management. Hence, Sarawak SOEs are encouraged to explicitly incorporate leadership criteria into performance evaluations, ensuring that leadership behaviours are assessed alongside results and recognized as a core component of managerial effectiveness.

Embedding leadership criteria in performance management also reinforces organisational expectations that how results are achieved is as important as what is achieved, particularly in public-sector institutions where leadership conduct directly influences culture, trust, and governance standards.

Narrative Template:
Leadership Behaviour Assessment

For senior leaders, performance evaluations should include a structured narrative assessment of leadership behaviours, supported by concrete evidence and examples. This narrative complements quantitative ratings by providing context, highlighting patterns of behaviour, and enabling more nuanced judgement regarding leadership effectiveness and development needs.

12.6 Using Multi-Source Feedback Responsibly

Multi-source or 360-degree feedback can provide valuable insight into leadership behaviour, particularly where leaders operate across functions or interact with diverse stakeholder groups. When used appropriately, such feedback strengthens self-awareness, highlights development areas, and supports more effective leadership growth.

However, multi-source feedback must be implemented carefully to avoid misuse or unintended consequences. It should be framed clearly as a developmental tool, supported by appropriate confidentiality safeguards and professional facilitation. Feedback results should inform development planning and coaching discussions rather than serve as the sole basis for high-stakes performance decisions.

In the Sarawak SOE context, multi-source feedback is particularly valuable for senior leaders, whose leadership impact extends across organisational boundaries and stakeholder relationships. If and when properly implemented, it can provide a more balanced and comprehensive perspective on leadership behaviour than supervisor assessment alone.

12.7 Assessing Organisational Leadership Capacity

Beyond individual leaders, Boards and management must assess whether the organisation possesses adequate leadership capacity as a system. This includes evaluating leadership depth, succession readiness, and the organisation's ability to manage leadership transitions without disruption.

Key indicators may include the proportion of critical roles with identified successors, readiness timelines for potential successors, and the diversity and strength of leadership pipelines. Trends over time are often more informative than static snapshots, helping to reveal whether leadership capability is strengthening or eroding.

Narrative Template: Leadership Behaviour Assessment

Management prepares an annual leadership capacity narrative for Board review, summarising leadership strengths, key risks, and priority development actions. This narrative enables more informed governance oversight and supports proactive management of leadership continuity risks.

12.8 Linking Leadership to Organisational Performance

While leadership impact cannot be reduced to financial metrics alone, there is a clear relationship between leadership quality and organisational performance. Effective leaders provide clarity of direction, ensure disciplined execution, and foster constructive performance management across the organisation.

Sarawak's SOEs should therefore examine correlations between leadership capability indicators and performance outcomes such as operational efficiency, project delivery, financial sustainability, and stakeholder satisfaction. Although causality may be complex, consistent patterns over time can provide valuable insight into the contribution of leadership to organisational performance.

12.9 Measuring Leadership Impact on Culture and Ethics

Leadership behaviour is a primary driver of organisational culture. Therefore, measurement frameworks should include indicators related to ethical climate, trust, and employee engagement.

Employee surveys, ethics hotline data, and qualitative feedback can provide valuable insights into whether leadership behaviours reinforce desired values and standards. Such data should be interpreted carefully, recognising contextual factors and trends over time, rather than relying on isolated results.

Boards should pay particular attention to cultural indicators, as these often serve as early warning signals of leadership or governance risks.

12.10 Leadership Metrics for Board and Shareholder Oversight

Leadership measurement must ultimately support effective governance decision-making. Boards and shareholder representatives require concise, meaningful information, that enables them to assess leadership risks, and progress without becoming absorbed in operational detail.

Leadership dashboards can be effective tools when thoughtfully designed. These dashboards should integrate key indicators across leadership capability, succession readiness, organisational performance, and ethical climate, supported by clear narrative interpretation.

Narrative Template:
Board Leadership Dashboard Commentary

Dashboards should be accompanied by a brief narrative explaining trends, implications, and recommended actions. This ensures that metrics inform leadership judgement rather than substitute for it.

12.11 Leadership Metrics for Board and Shareholder Oversight

Several common pitfalls undermine leadership measurement efforts. These include:

(i) over-reliance on easily quantifiable metrics;

(ii) excessive complexity; and

(iii) lack of follow-through.

Metrics that are collected but not actively used, weaken credibility and waste organisational resources.

Sarawak SOEs should prioritise a focused set of meaningful indicators and ensure that measurement results inform development actions, governance discussions, and resource allocation decisions.

12.12 Continuous Improvement and Learning

As organisations learn and mature, leadership measurement systems should evolve. Periodic review of indicators, methodologies, and governance processes, helps ensure that measurement frameworks remain relevant, credible, and effective.

Learning from experience, both successes and shortcomings, strengthens leadership development systems and reinforces a culture of accountability, reflection, and continuous improvement.

Chapter 13

Case Studies and Illustrative Leadership Practices

13.1 Purpose and Role of Case Studies in Leadership Development

Case studies play a critical role in leadership development by translating abstract principles into practical organisational experience. For Sarawak SOEs, case studies are particularly valuable because they illustrate how leadership concepts are applied in environments shaped by similar constraints, mandates, and public accountability obligations.

This chapter presents selected illustrative cases drawn from three (3) broad sources:

(i) Malaysian GLCs and SOEs;

(ii) Sarawak SOEs and Sarawak-relevant experiences; and

(iii) international SOEs from OECD and comparable jurisdictions.

These cases are not intended to serve as templates for direct replication. Rather, they are designed to highlight **patterns of effective leadership behaviour, governance practices, and development approaches** that may be adapted to Sarawak's institutional context.

The emphasis throughout is on **leadership choices**, and not just organisational outcomes. Each case demonstrates how leadership decisions, particularly in areas of governance, talent development, ethics, and change management, shape long-term performance, institutional capability, and organisational resilience.

13.2 Case Study 1: Leadership Development as a Reform Lever in a Malaysian GLC

A large Malaysian GLC operating in a regulated infrastructure sector embarked on a multi-year transformation programme aimed at strengthening financial sustainability and service reliability. Early phases of the programme focused heavily on structural reforms, including organisational redesign and tighter performance targets. While initial results were encouraging, progress eventually plateaued as leadership capability emerged as a key limiting factor.

Recognising this, the Board and CEO reframed leadership development as a strategic priority. A leadership competency framework aligned with business strategy was introduced, drawing on principles later codified in the "Orange Book". Leadership development was embedded within performance management systems, with explicit expectations placed on senior managers to build leadership pipelines and develop successors.

Over time, the organisation observed measurable improvements in decision-making quality, cross-functional collaboration, and leadership continuity. More importantly, stronger internal leadership development reduced reliance on external recruitment and reinforced organisational confidence. This case illustrates how Board-led leadership development, rather than isolated training initiatives, can serve as a powerful lever for sustaining organisational reform and strengthening institutional capability.

13.3 Case Study 2: Ethical Leadership and Governance Recovery in a Public Enterprise

An SOE in a service-oriented sector faced reputational damage following governance lapses linked to procurement practices. While formal investigations addressed immediate compliance issues, the deeper challenge was in rebuilding trust and institutional credibility.

The Board responded by prioritising ethical leadership as a development focus. Senior leaders participated in facilitated ethics, and governance workshops focused on real dilemmas faced by the organisation. Codes of conduct were reinforced, but equal emphasis was placed on leadership behaviour, judgement, and decision-making processes.

Over subsequent years, the organisation experienced a gradual cultural shift. Employees reported greater confidence in leadership integrity, whistleblowing mechanisms were used appropriately, and governance discussions became more open and substantive. This case demonstrates that ethical leadership recovery requires sustained leadership commitment, and not merely procedural or compliance-driven fixes.

13.4 Case Study 3: Developing Middle Managers as Change Leaders in a Sarawak Context

A Sarawak-based SOE responsible for infrastructure delivery faced challenges implementing new project governance frameworks aligned with State reform objectives. While top leadership endorsed the reforms, implementation faltered at the middle management level, where managers struggled to balance operational pressures with new accountability requirements.

In response to this, the organisation launched a targeted leadership development initiative for middle managers. Rather than relying on generic training, participants were assigned to lead real reform-related projects, supported by coaching from senior leaders. Structured reflection sessions enabled managers to discuss challenges openly and share lessons learned.

As managers gained confidence in navigating complexity and stakeholder expectations, reform implementation accelerated. The case highlights the critical role of middle managers as translators of change, and underscores the importance of experiential leadership development aligned with organisational reform priorities.

13.5 Case Study 4: Succession Planning in a Capital-Intensive SOE

An international SOE operating in the energy sector faced an impending wave of retirements among senior leaders. Historically, leadership transitions have been managed reactively, resulting in periods of instability and leadership gaps.

The Board therefore mandated a comprehensive succession planning process, initially focused on critical roles. Rather than identifying single successors, the organisation developed succession pools, and invested in targeted development for high-potential leaders. Stretch assignments, international exposure, and mentoring, were used to accelerate readiness.

When leadership transitions eventually occurred, the organisation had maintained continuity and strategic focus. The case illustrates the value of early, disciplined succession planning, in reducing leadership risk and preserving institutional knowledge.

13.6 Case Study 5: Leadership Development in a High-Accountability OECD SOE

A public transport SOE in an OECD country operated under intense public scrutiny, where performance failures quickly attracted political and media attention. Leadership development was embedded within governance frameworks, with Boards receiving regular updates on leadership capability and succession risks.

Leadership programmes emphasised **systems thinking, stakeholder engagement, and ethical decision-making**. Leaders were expected to demonstrate learning agility and accountability, with development progress monitored alongside performance outcomes.

Over time, the organisation achieved sustained improvements in service reliability and public confidence, reinforcing the connection between leadership capability, governance quality, and public value creation.

13.7 Case Study 6: Cross-SOE Leadership Mobility and Capability Building

In a jurisdiction with a large SOE portfolio, leadership development was approached at the portfolio level rather than confined within individual entities. A common leadership framework facilitated cross-SOE mobility, enabling leaders to gain experience across sectors while maintaining shared public-sector values.

This approach reduced talent silos, strengthened leadership pipelines, and fostered a shared leadership culture across the SOE portfolio. For Sarawak, this case highlights the potential benefits of portfolio-wide leadership coherence, particularly as SOEs grow in scale, complexity, and strategic importance.


PORTFOLIO-WIDE LEADERSHIP ECOSYSTEM
ONE LEADERSHIP FRAMEWORK. STRONGER SOEs. GREATER IMPACT.
COMMON DIRECTION
Aligned to State priorities and portfolio objectives.
CENTRAL LEADERSHIP FRAMEWORK
Shared Values | Common Standards
Leadership Competencies | Ethical Principles
STRONGER TOGETHER
Collaboration, knowledge sharing and collective problem solving.
SOE A
Build Capability
Deliver Performance
Create Value
LEADERSHIP ECOSYSTEM
Develop | Connect
Deploy | Sustain
SOE C
Build Capability
Deliver Performance
Create Value
SHARED LEARNING
Cross-SOE programs, best practices and lessons learned.
SOE B
Build Capability
Deliver Performance
Create Value
MOBILITY & EXPOSURE
Cross-SOE assignments broaden experience and strengthen leaders.
CROSS-SOE MOBILITY & COLLABORATION
Move talent across SOEs | Build networks | Strengthen portfolio leadership depth
STRONGER LEADERS
Capable, ethical and future-ready leaders.
BETTER PERFORMANCE
Higher capability leads to better organisational outcomes.
SUSTAINABLE PIPELINE
Deep bench strength ensures continuity and resilience.
GREATER PUBLIC VALUE
Stronger SOEs contribute to Sarawak's long-term prosperity.
One Leadership Ecosystem. Many SOEs. One Purpose.
Building Leadership. Strengthening Sarawak.

13.8 Lessons Learned from the Case Studies

Across the cases presented, several common themes emerge.

First, leadership development is most effective when anchored in governance and organisational strategy, rather than treated as a peripheral HR activity.

Second, ethical leadership and governance integrity are inseparable from sustainable performance and public trust.

Third, experiential learning linked to real organisational challenges is a catalyst of leadership growth.

Most importantly, perhaps leadership development requires sustained commitment from Boards and top management. While short-term initiatives may produce incremental improvements, lasting impact depends on institutionalising leadership development as a core organisational system.

13.9 Applying Case Study Insights to Sarawak SOEs

Sarawak SOEs operate within a distinctive legal, administrative, and cultural environment. While international and Malaysian experiences provide valuable insight, thoughtful adaptation is essential. Leaders should consider organisational mandate, institutional maturity, and stakeholder context when applying lessons drawn from these cases.

This Handbook encourages Sarawak SOEs to document their own leadership development experiences over time, contributing to a growing body of local case knowledge that strengthens collective learning and institutional capability.

13.10 Building an Internal Case Study Repository

To support continuous learning, Sarawak SOEs are encouraged to develop **internal repositories of leadership case studies** that capture lessons from major projects, reforms, and leadership transitions. These repositories can serve as valuable resources for leadership development programmes, Board discussions, and broader organisational learning initiatives.

Over time, such repositories strengthen institutional memory and reinforce a culture of reflection, learning, and continuous improvement.

Chapter 14

Implementation Roadmap for Sarawak State-Owned Enterprises

14.1 From Guidance to Action

A leadership handbook fulfils its purpose only when it is translated into sustained organisational practice. For Sarawak SOEs, the challenge is not the absence of ideas or frameworks, but the disciplined and consistent implementation of leadership development in environments shaped by operational demands, reform pressures, and heightened governance scrutiny.

This chapter provides a structured roadmap to help Sarawak SOEs adopt and implement the leadership principles, systems, and practices outlined in this Handbook. It recognises that SOEs differ in size, mandate, and organisational maturity, and therefore emphasises **phased implementation, proportionality, and adaptability**, rather than rigid compliance.

The roadmap is designed to support both individual SOE implementation and portfolio-level coherence across Sarawak SOE ecosystem.


IMPLEMENTATION ROADMAP
FOR SARAWAK STATE-OWNED ENTERPRISES
FROM GUIDANCE TO IMPACT. BUILDING LEADERSHIP. STRENGTHENING SARAWAK.
1
PHASE ONE
LEADERSHIP ALIGNMENT & COMMITMENT
• Board endorses leadership development as a strategic priority.
• CEO & senior leadership communicate the leadership agenda.
• Clarify roles, expectations and success outcomes.
KEY OUTCOME
STRONG LEADERSHIP COMMITMENT ESTABLISHED
2
PHASE TWO
DIAGNOSTIC ASSESSMENT OF CURRENT SYSTEMS
• Assess leadership capabilities and distribution.
• Evaluate succession coverage, development practices and culture.
• Identify strengths, gaps and key risks.
KEY OUTCOME
CLEAR BASELINE OF STRENGTHS, GAPS & RISKS
3
PHASE THREE
PRIORITISATION & DESIGN OF LEADERSHIP INITIATIVES
• Prioritise initiatives based on strategic needs and leadership risks.
• Design targeted programs and interventions.
• Integrate with existing systems and processes.
KEY OUTCOME
FOCUSED PLAN ALIGNED TO STRATEGIC PRIORITIES
4
PHASE FOUR
IMPLEMENTATION & CAPABILITY BUILDING
• Execute initiatives with clear plans and accountabilities.
• Build capability of leaders, managers and HR teams.
• Monitor progress and address challenges early.
KEY OUTCOME
INITIATIVES DELIVERED & CAPABILITY STRENGTHENED
5
PHASE FIVE
INTEGRATION INTO GOVERNANCE & PERFORMANCE SYSTEMS
• Embed leadership expectations in governance and Board oversight.
• Integrate with performance management and succession planning.
• Make leadership a core part of how we operate.
KEY OUTCOME
LEADERSHIP EMBEDDED IN GOVERNANCE & MANAGEMENT SYSTEMS
6
PHASE SIX
EVALUATION & CONTINUOUS IMPROVEMENT
• Measure impact using leading and lagging indicators.
• Learn, adapt and refine initiatives.
• Strengthen leadership systems for long-term sustainability.
KEY OUTCOME
SUSTAINABLE IMPACT & CONTINUOUS IMPROVEMENT
ENABLERS FOR SUCCESS
STRONG BOARD OVERSIGHT
VISIBLE LEADERSHIP COMMITMENT
ADEQUATE RESOURCES
CLEAR GOVERNANCE & ACCOUNTABILITY
CAPABILITY & LEARNING CULTURE
DATA, INSIGHTS & TRANSPARENCY
STRONG LEADERSHIP SYSTEMS. RESILIENT ORGANISATIONS. GREATER PUBLIC VALUE.
A progressive roadmap to build leadership capability and deliver sustainable impact across Sarawak's SOEs.

14.2 Guiding Principles for Implementation

Implementation of this Handbook should be guided by several foundational principles.

First, **leadership development is a strategic investment**, not a discretionary activity. It must be adequately resourced, governed, and monitored with the same discipline applied to other strategic initiatives.

Second, **ownership must reside at the top**. Boards and CEOs should visibly sponsor implementation to signal commitment and ensure alignment with governance expectations and organisational performance priorities.

Third, **implementation should be progressive and realistic**. Attempting to introduce all elements simultaneously may overwhelm organisational capacity and dilute impact.

Fourth, **learning and adaptation are essential**. Implementation should be reviewed periodically, with adjustments made based on experience, feedback, and evolution of organisational priorities.

14.3 Phase One: Leadership Alignment and Commitment

The first phase of implementation focuses on **building alignment and commitment at the highest levels of the organisation**. Without this foundation, subsequent efforts are unlikely to be sustained.

During this phase, the Board formally endorses the Handbook and articulates expectations regarding leadership development. The CEO and top management team translate this endorsement into an internal leadership narrative that links leadership development to organisational strategy, reform priorities, and performance outcomes.

This phase may also include initial engagement sessions with senior leaders to familiarise them with the leadership framework, clarify roles and responsibilities, and surface potential concerns or implementation constraints.

Narrative Template: Board Leadership Commitment Statement

Boards may issue a concise statement affirming leadership development as a strategic priority, outlining expectations for management, and signalling continued Board oversight. Such a statement provides clarity and legitimacy for implementation efforts.

14.4 Phase Two: Diagnostic Assessment of Current Leadership Systems

Before introducing new initiatives, Sarawak SOEs should undertake a **diagnostic assessment of existing leadership development practices**. This assessment establishes a baseline against which progress can be measured and helps prioritise interventions.

The diagnostic may examine leadership capability distribution, succession coverage, development practices, governance oversight, and cultural factors influencing leadership behaviour. More importantly, the assessment should be candid and evidence-based, avoiding overly optimistic self-assessments.

Findings from the diagnostic should be synthesised into a clear narrative highlighting strengths, gaps, and risks, providing a foundation for informed decision-making.

14.5 Phase Three: Prioritisation and Design of Leadership Initiatives

Based on diagnostic findings, SOEs should identify priority leadership development initiatives aligned with strategic needs. Not all organisations require the same interventions at the same time.

For some SOEs, the immediate priority may be to strengthen succession planning for critical roles. For others, it may involve developing middle-management leadership capability or embedding ethical leadership practices. Prioritisation ensures that resources are focused where leadership risk and development needs are greatest.

Initiative design should emphasise integration with existing organisational systems, such as performance management and strategic planning, rather than creating parallel processes.

14.6 Phase Four: Implementation and Capability Building

Implementation of leadership development initiatives should be accompanied by capacity building for those responsible for execution. This includes equipping managers, HR professionals, and senior leaders, with the skills, tools, and guidance required to fulfil their roles effectively.

Clear accountability for implementation should be established, with defined roles, timelines, and reporting mechanisms. Progress should be monitored regularly, with issues escalated promptly to senior management or the Board where appropriate.

Narrative Template:
Leadership Implementation Progress Update

Management may prepare periodic narrative updates summarising progress, challenges, and adjustments. These updates support transparency, reinforce accountability, and enable informed governance oversight.

14.7 Phase Five: Integration into Governance and Performance Systems

For leadership development to be sustainable, it must be embedded within core governance and management systems. This includes integrating leadership expectations into performance evaluations, succession planning, and Board oversight processes.

Over time, leadership development should become a routine aspect of organisational practice rather than a stand-alone programme. Such integration reinforces leadership accountability and reduces reliance on individual champions.

14.8 Phase Six: Evaluation, Learning, and Continuous Improvement

Regular evaluation enables SOEs to assess the effectiveness of leadership development initiatives and refine approaches based on experience. Evaluation should consider both process quality and outcome impact, consistent with the measurement framework outlined in Chapter 12.

Learning from implementation experience, both successes and shortcomings, strengthens institutional capability and supports continuous improvement. Sharing insights across the Sarawak SOE portfolio, further reinforces collective learning and capability development.

14.9 Portfolio-Level Coordination and Coherence

While each SOE retains operational autonomy, portfolio-level coordination of leadership development efforts can enhance overall effectiveness. Shared frameworks, common leadership language, and selective joint initiatives help strengthen coherence and efficiency across the portfolio.

The State, as shareholder, may support this coordination by promoting best practice exchange, convening cross-SOE leadership forums, and aligning expectations across the SOE portfolio.

14.10 Managing Risks and Common Implementation Challenges

Implementation of leadership development initiatives inevitably involves challenges. Common risks include leadership turnover, competing organisational priorities, resource constraints, and change fatigue.

Effective risk management requires realistic planning, clear communication, and sustained leadership commitment. Boards and management should remain vigilant by identifying and addressing emerging risks proactively, rather than reacting after problems escalate.

14.11 Embedding Leadership Development into Organisational Culture

Ultimately, the success of this Handbook depends on cultural adoption. Leadership development must be viewed not as an imposed requirement, but as an integral part of professional growth and organisational identity.

Leaders at all levels shape this culture through their actions, decisions, and priorities. Over time, a strong leadership culture reinforces organisational performance, governance integrity, and public trust.

14.12 Implementation Timeline and Maturity Progression

Sarawak SOEs should approach implementation as a multi-year journey. Early phases focus on establishing foundations and addressing critical leadership risks, while later phases emphasise refinement, integration, and continuous improvement.

Maturity progression should be assessed periodically while recognising that leadership capability develops incrementally as systems, practices, and organisational experience, evolves over time.

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