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Training Requirements of Directors in Malaysia

Noora'in Omar

Faculty of Accountancy, UiTM Kedah

noorain@uitm.edu.my

The key to success in any business is good training. We cannot expect anyone to perform well and continuously improve in a role that they do not fully understand. Therefore, good quality and well delivered training is a vital investment for any business. Since company directors are at the head of the company and they need to make some of the most important decisions, it stands to reason they should be at the front of the queue for training. Training leads to an increase in worker productivity (Barcala et al., 1999) and competitive advantage (Castellanos & Martín, 2011).

In Malaysia, there are two regulations that emphasize on the importance of training to be attended by the directors of public listed companies since they play an important role in ensuring the company adheres to good corporate governance policies. The first one is Malaysian Code On Corporate Governance (MCCG) which was first introduced in March 2000 following the Asian financial crisis. The Code requires the board to disclose in an informative way details of relevant training attended by each director. The second one is the Listing Requirements of Bursa Malaysia which was revised in 2009. Both regulations emphasize the importance of training. This is particularly true in public listed companies because a large proportion of the funds invested in the business comprises investment from investors and financial institutions.

Paragraph 15.08 and Practice Note 5 of the Bursa Malaysia Listing Requirements requires that all directors appointed to the boards of public listed companies to attend The Mandatory Accreditation Programme (MAP). This requirement was introduced under the then Kuala Lumpur Stock Exchange (now Bursa Malaysia Berhad) listing rules in February 2001. The MAP is a one and a half day programme which all newly appointed directors of listed issuers and directors of newly listed issuers are required to attend within four months of being appointed as a director of a listed issuer or listing of the issuer. All directors, regardless of their prior experience as director, must attend the MAP and be accredited.



The programme is also open to directors of non-listed subsidiaries of PLCs or anyone else who might be interested although priority will be given to the above-mentioned groups in the event that there is a higher demand for a particular programme date.

Next, the MAP is specially designed to dive deep into what it means to be a public listed company's director, to identify the company's key stakeholders and to outline the nature of directors' responsibilities to each stakeholder group. In this highly interactive over one and a half-day programme, directors of public listed companies will gain a comprehensive introduction to their roles, responsibilities and obligations under the Bursa Listing Requirements. The programme will also explore the importance of setting the right tone at the top.

In Malaysia, the programme is organised by an external training provider but the areas covered and the methodology adopted are subject to Bursa's approval to ensure the objectives of the programme are achieved. Bursa Malaysia has appointed Iclif as the sole and exclusive external provider of the MAP with effect from 1 October 2016. Prior to 2016, the Bursa handled the MAP programme itself through its privatized arm, Bursatra Sdn Bhd. The average cost to attend the MAP is about RM2,000 lasting one and a half-day which is not prohibitive for a listed company. To the best of my knowledge, Malaysia remains the only country in the world which requires all directors of listed companies to attend a mandatory training programme.

Apart from MAP, Bursa Malaysia also introduced Continuing Education Programme (CEP) in July 2003 with the aim to enhance the awareness of the need for continuous learning amongst directors. In terms of cost, the fee is on average about RM500 for a one day affair. In addition, Bursa Malaysia has also prescribed that the boards of directors of the respective public listed companies shall be responsible for determining the training needs of their directors with effect from 1 January 2005.



Listed companies were then required to disclose whether their directors have attended training in the annual reports issued for financial years ending on or after 31 December 2005.

In summary, directors of public listed companies in Malaysia need to attend two main trainings namely MAP and CEP. The directors play a critical role as stewards of companies who have raised funds from the public. How directors understand their roles and responsibilities will drive both their individual and collective performance which in turn, will impact the direction of their companies and their companies' success or failure.

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