

AFFIRMATIVE ACTION AND ENTERPRISE DEVELOPMENT IN MALAYSIA: THE NEW ECONOMIC POLICY, BUSINESS PARTNERSHIPS AND INTER-ETHNIC RELATIONS

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INTRODUCTION

Following the racial riots of 13 May 1969, the Malaysian government implemented an ambitious 20-year social engineering plan in 1971 to achieve national unity. This plan, the New Economic Policy (NEP), sought to attain national unity by eradicating poverty, irrespective of race, and restructuring society so as to achieve inter-ethnic economic parity between the predominantly Malay *Bumiputera* (or 'sons of the soil') and the predominantly Chinese non-*Bumiputera*. The government hoped to increase *Bumiputera* corporate equity ownership to 30% and reduce the poverty level to 15% by 1990. With the end of the NEP, the National Development Policy (NDP), building on the objectives of its predecessor, was implemented between 1991 and 2000.

NEP implementation entailed partial abandonment of the *laissez-faire* style of economic management in favour of greater state intervention, primarily for ethnic affirmative action, including the accelerated expansion of the Malay middle class, capital accumulation on behalf of the Malays and the creation of Malay capitalists. The measures used to achieve these goals included requiring companies to restructure their corporate holdings to ensure at least 30% *Bumiputera* ownership and by allotting publicly-listed shares at par value or with only nominal premiums to *Bumiputeras*. The government would subsequently encourage inter-ethnic business partnerships, as a means to promote ethnic co-existence as well as help advance the involvement of Malays in business.

This essay focuses on two key issues. First, it provides a brief theoretical discussion on the evolution of business partnerships. In the second part of this essay, the focus is on historically tracing the evolution of inter-

ethnic business relations in Malaysia. Through this methodology, I hope to provide insights into what the evolving nature of these inter-ethnic business ties, brought about through NEP and NDP implementation, indicates about enterprise development, the newly-emerged middle class and 'generational change' in Malaysia.

The main arguments here are that, first, partnerships are common during business start-ups, but they are not sustainable. In view of this, the Malaysian government's policy of encouraging inter-ethnic business ties through business partnerships is not a proper mechanism to promote national unity. Second, changes in the nature of business relationships indicate identity transformations that have occurred with the rise of the middle class and as new generations of Malaysians emerge.

DEVELOPMENT OF MALAYSIAN ENTERPRISE

Malaysian corporate history is replete with cases of business partnerships.¹ This history also indicates that the nature of business relationships is constantly evolving. When the Chinese migrated to Malaya during the pre-colonial and colonial periods, intra-ethnic partnerships were common during the formation of businesses. Migrants saw common ethnicity as a tool they could exploit to help them cope with their new environment. Once acclimatised, however, they no longer had the same need.²

Inevitably, when Independence was achieved in 1957, or even in 1970 when the NEP was introduced, no enterprises forged on intra-ethnic partnerships were among the leading publicly-listed firms in Malaysia. The most prominent quoted companies during the early 1970s were controlled by families or individuals, including Kuala Lumpur-Kepong Bhd. (Lee Loy Seng), Federal Flour Bhd. (Robert Kuok), Tan Chong Motors Bhd. (Tan family), Empat Nombor Ekor Bhd. (Lim family) and Manilal & Sons Bhd. (Patel family).³ A study of ownership patterns of long-established firms or even of the top 20 companies quoted on the

¹ See, for example, Puthuchearry (1960); Tan (1982); Sich (1982); Hara (1993); Brown (1994); Searle (1999); Gomez (1999).

² Benton and Gomez (2001).

³ Lim (1981: 141-60).

Kuala Lumpur Stock Exchange (KLSE) in 2000 indicated that none of these enterprises are based on partnerships.⁴ This raises the question: are partnerships sustainable?

Business Ownership Patterns

Studies of enterprise development in Malaysia indicate that when partnerships break up, these companies then come under the control of one individual or family. Partners even become competitors in the same sector.⁵ This transition in business ownership patterns in Malaysia is reflected in much of the theoretical literature on enterprise development.⁶ Briefly, the stages of enterprise evolution in this literature are as follows:

Stage 1: Partnerships

Stage 2: Single owner / Family business

Stage 3: Managerial Control

The transition period from Stage 1 to 2, that is from a partnership to a family-owned enterprise or single ownership, is quite fast, usually occurring within a number of years after the formation of a company. The transition from Stage 2 to 3, that is from a family business to managerial control, would normally involve a generational change, sometimes two generations.⁷ In Malaysia, the change from a family business to professional management (Stage 3) is not yet very evident, primarily because most leading companies are still owned and controlled by the founder or the second generation. They are, in other words, still young firms.

Moreover, among family companies, the issue of succession and the division, dismantling or even takeover of major firms remain topics which have drawn little attention in the study of enterprise development in Malaysia (and Singapore). Yet, examples of the disintegration of family firms and of feuds among descendants of major entrepreneurs are legion. In Singapore, a number of major companies have been taken

⁴ See Appendix I.

⁵ See Benton and Gomez (2001).

⁶ See, for example, Chandler (1962, 1977); Penrose (1980).

⁷ Chandler (1962, 1977); Penrose (1980).

over because of differences among family members over ownership and management of these firms. The cases that can be cited as evidence include Malayan Credit, which was controlled by the Teo family, the Cycle & Carriage Group, controlled by the Chua family, the Yeo Hap Seng (YHS) Group, controlled by the Yeo family, and the Haw Par Group, controlled by Aw family.

The best examples of major family firms where disagreements or problems have occurred among the second generation are the Aw family's Haw Par Group and the Kwek family's Hong Leong Group. The rise of Aw Boon Hwa in the early 1920s was attributed to the popularity of his 'Tiger' brand of medicinal products, especially the 'Tiger Balm' ointment. By the 1950s, Aw had helped establish the Chung Khiaw Bank in Singapore and had also emerged as a 'Press King', running throughout East and Southeast Asia more than a dozen newspapers, including the Singapore-based *Sin Chew Jit Poh*. After Aw's death in 1954, family feuding contributed eventually to a takeover of the Haw Par Group in the early 1970s.⁸

The late Kwek Hong P'ng, who, with three of his brothers, founded the Hong Leong Group in Singapore in 1941, provides a clue to the problem of succession and generational change. The Hong Leong Group is now divided between the branches in Singapore and Malaysia, and there has been competition and differences between the Kwek cousins. When Kwek Hong P'ng was asked about the problems that had emerged among the second generation of Kweks, his response was, "...it's not easy to pass down a Chinese-owned business from generation to generation... The founders were fairer (in distributing benefits). The older generation was more straightforward, and the elders looked after the younger ones. But the new generation mostly look out for themselves."⁹

In a smaller number of cases, large firms have been subject to management control. Large enterprises closely associated with Lee Kong Chian, including Lee Rubber Bhd. and the Oversea-Chinese Banking Corporation (OCBC), though still under the ownership of his family, are professionally managed. The situation is similar with the

⁸ Gill (1985); Lee and Chow (1997: 1-2).

⁹ Quoted in *Asiaweek* (15 May 1992).

companies owned by the Melaka-based rubber magnate, Tan Cheng Lock, who was associated with the Pacific Bank Bhd. and United Malacca Rubber Estates Bhd. Recent studies also indicate that when a new generation takes over an enterprise, there is evidence of management professionalisation and inter-ethnic business ties. Among the companies cited as examples include publicly-listed YTL Corp. Bhd. and the Hong Leong Group.¹⁰

FROM INTRA-ETHNIC TO INTER-ETHNIC BUSINESS RELATIONSHIPS

Inter-Ethnic Business Ties during the NEP

During the colonial period, Malay involvement in the emerging capitalist economy was not encouraged by the British, who preferred that the Malays remained in food production, primarily of fish and rice. When Malay peasants tried to venture into modern commercial sectors of the economy, like rubber production, the British blocked their efforts by imposing restrictive cultivation conditions on land. These early discriminatory policies in favour of British plantation interests severely limited the potential development of indigenous capital and shackled Malays to low income economic activities. Since the British had hindered the development of Malay capital in the colonial period, this reason was used to justify the post-1969 policies that positively discriminated in favour of the *Bumiputeras*.

Another outcome of the 1969 riots was the formation of the Barisan Nasional (National Front, BN), a multi-party coalition under the hegemony of the United Malays' National Organisation (UMNO) and comprising the ethnically-based Malaysian Chinese Association (MCA) and Malaysian Indian Congress (MIC), as well as a number of other parties in the peninsula, Sabah and Sarawak. UMNO secured hegemony over the BN when it managed to reduce the MCA's influence with the incorporation of opposition parties that had Chinese support in the new coalition. UMNO hegemony allowed the party to argue successfully for the need for selective patronage in favour of all *Bumiputeras*, though

¹⁰ For a historical case study of YTL Corporation, see Gomez (1999: 163–70). See Yeung (2002: 200–2), for a discussion on the Hong Leong group.

this eventually led to the creation of an effective system of patronage that enabled influential politicians to channel state concessions in various forms to well-connected businessmen, most of whom were Malays.

Chinese capital, however, continued to grow during the NEP period, but there was an increasing need for them to come to accommodations with the state in order to continue to expand.¹¹ During the implementation of the NEP, inter-ethnic relationships became common, at three levels. First, among the largest enterprises, prominent Malays with a background in politics or the civil service were appointed as company directors, mainly to serve as avenues to secure access to the state or bypass bureaucratic red-tape in government. During the NEP and NDP decades, prominent Malays who held executive and non-executive posts in Chinese-controlled companies included former cabinet ministers Musa Hitam, Mohd Khir Johari and Aishah Ghani. Musa, who also served as Deputy Prime Minister from 1981 to 1986, was a director of Lion Land Bhd., while Khir was a director of Leisure Management Bhd., Malayan United Industries (MUI) Bhd. and Magnum Corporation Bhd., and Aishah was a director of Metrojaya Bhd. and Ganz Technologies Bhd. Former Inspector General of Police, Haniff Omar was a director of General Corporation Bhd., Genting Bhd. and Resorts World Bhd., while the former Lord President, Hamid Omar was a director of Olympia Industries Bhd., Lien Hoe Corporation Bhd. and FACB Bhd.¹² Most of these directors had equity ownership, but were not actively involved in the management and development of these companies.¹³

Second, at the level of the small and medium-scale enterprises (SMEs), 'Ali-Baba' relationships were established, but there was an unequal relationship here between the partners. In such ties, the Malay (sleeping) partner would be responsible for securing a contract or licence from the government, while the Chinese partner would implement the project. A large proportion of the companies characterised as Ali-Baba firms during the NEP decades were involved in the construction and property

¹¹ See Gomez (1999: Chap. 3) for a historical examination of enterprise development by ethnic Chinese during the NEP decades.

¹² Gomez (1999: 145–6).

¹³ Jesudason (1989).

development sectors. In many cases, these companies eventually would come under the control of the Chinese.¹⁴

Third, among a few Malaysian elites, there were business partnerships forged on a more equal basis. Among the most prominent partnerships that were established in the early 1980s include that between the well-connected lawyer, Ibrahim Mohamad, and Brian Chang in Promet Bhd., a construction, property development and oil exploration firm. This company disintegrated almost as rapidly as it emerged as a leading quoted enterprise because of a bitter dispute between the partners, which led to Ibrahim's expulsion from Promet.¹⁵ Eric Chia worked with ex-academic Mokhzani Abdul Rahim and former bureaucrat Shamsuddin Kadir in United Motor Works Bhd. (UMW), the holder of the Toyota franchise and a distributor of heavy equipment. Shamsuddin moved on to develop Sapura Holdings Sdn. Bhd., an enterprise that thrived in the telecommunications industry.¹⁶ Mokhzani secured a major interest in publicly-listed Innovest Bhd., which once held the Kentucky Fried Chicken (KFC) franchise; he also served as director of Powertek Bhd., a power generation firm under the control of T. Ananda Krishnan. Another prominent company established through a partnership was the financial conglomerate, Rashid Hussain Bhd. (RHB), established by Abdul Rashid Hussain and Chua Ma Yu. Chua went on to develop his own business interests.

By 2000, none of the partnerships forged on an inter-ethnic level, among elites or at SME level, had emerged as major publicly-listed enterprises.¹⁷ RHB Capital Bhd., although listed among the top 20 firms quoted on the KLSE in 2000, was by then under the sole control of Rashid Hussain. Rashid would subsequently lose control of his financial conglomerate to a company owned by family members of the chief minister of Sarawak in 2002. Other companies listed in this top 20 under private ownership were controlled either by the founder – Genting and Resorts World (Lim Goh Tong) and Public Bank Bhd. (Teh Hong Piow) – or by a family – YTL Corp. and YTL Power International Bhd. (Yeoh family) and Kuala Lumpur Kepong (KLK) Bhd. (the late Lee Loy Seng

¹⁴ See Chin (2001).

¹⁵ Gill (1985); Yoshihara (1988: 116; 169).

¹⁶ Gomez and Jomo (1999: 72–4); Yoshihara (1988: 201–2); Searle (1999).

¹⁷ See Appendix I.

family) – or by a particular individual – Renong Bhd. and its associate company, United Engineers Malaysia Bhd. (UEM) (Halim Saad) and Berjaya Sports Toto Bhd. (Vincent Tan Chee Yioun). Magnum Corp. Bhd., though long under the control of the T. K. Lim and his family had fallen into the hands of businessmen linked to former finance minister, Daim Zainuddin.¹⁸

The Chinese

Since the early 1990s, most research on Chinese enterprise has focused on the supposed consolidation of companies owned by ethnic Chinese of the diaspora and of the form of their business networking.¹⁹ Most of these studies promote the Weberian view that the ‘spirit’ of Chinese enterprise is founded in belief systems. Co-ethnic-based networks have reputedly emerged as an avenue for the Chinese to cooperate in business for mutual benefit. These networks are especially important for ethnic Chinese who are minorities in a country where the state has been hostile to the development of their economic interests. Chinese capital is conceptualised primarily as intra-ethnic networks, based on cooperation and trust, to help reduce transaction costs.²⁰

The proposition that ethnic identity and culture inspires the creation of intra-ethnic business networks has, however, been challenged with the publication of detailed case studies of the development of Chinese-owned firms, concentrating on the context under which these enterprises operated.²¹ Intra-ethnic business cooperation has not been a factor that has contributed to the development of Chinese capital in Malaysia, a contention that can be questioned because, in spite of the NEP, at the

¹⁸ In mid-2001, following a feud between Daim and the Prime Minister, Mahathir Mohamad, leading to the former’s resignation as Finance Minister, Halim Saad would lose control of Renong and UEM. See Gomez (2001) for a detailed discussion on the dispute between Mahathir and Daim that led to ownership changes in firms controlled by Daim’s protege, Halim Saad.

¹⁹ See (Redding 1990); Whitley (1992); Kao (1993); Kotkin (1993); East Asia Analytical Unit (1995); Weidenbaum and Hughes (1996); Hamilton (1996); Lever-Tracy, Ip and Tracy (1996); Yeung and Olds (2000).

²⁰ For a different perspective on this discussion, see Fukuyama (1995).

²¹ See Gomez (1999); Gomez and Hsiao (2001); Chin (2001). See also Menkhoff and Gerke (2002) and Chan (2000).

end of 1990, Chinese equity had doubled from 22.8% to 45.5%.²² Moreover, during the NEP decades, a number of new Chinese capitalists had emerged, among them Vincent Tan Chee Yioun, Khoo Kay Peng, William Cheng Heng Jem, Tong Kooi Ong, Teh Soon Seng, T. K. Lim and Ting Pek Khiing. By the beginning of 2001, according to one study of the 20 wealthiest business people in Malaysia, apart from one ethnic Indian, T. Ananda Krishnan, the remaining top 10 wealthiest corporate figures were all ethnic Chinese.²³ No Malay figured among the richest 10 businessmen, in terms of total value of corporate assets they owned. Of the 20 wealthiest businessmen in the country, only four were non-ethnic Chinese – Ananda, Abdul Rashid Hussain, Azman Hashim and Shamsuddin Kadir.²⁴ The most common feature among Chinese enterprises during the NEP period was that of extensive competition between them for limited resources.²⁵ This lack of cooperation among Chinese business people was also obvious during the promotion of the ‘corporatisation movement’.

²² See Table 1.

²³ *Malaysian Business* (1 February 2001).

²⁴ The other 16 businessmen listed as among the wealthiest in the country were Robert Kuok, Lim Goh Tong, Quek Leng Chan, Yeoh Tiong Lay, Tiong Hiew King, Teh Hong Piow, Loh Cheng, Yean, Lee Oi Hian, Lee Shin Cheng, Tan Kim Hor, Khoo Kay Peng, Low Yow Chuan, Yaw Teck Seng, Lau Hui Kang, Tan Chin Nam and Tan Teong Hean (*Malaysian Business*, 1 February 2001).

²⁵ Benton and Gomez (2001). In his study of the largest Chinese firms in Malaysia, their growth contextualised within the economic development of the country, Gomez (1999) revealed that their owners had adopted a heterogeneity of business styles when developing their enterprises. The rise of these firms were due to a variety of factors, including the resources available to these businessmen, the entrepreneurial endowment of individual businessmen and their access to state patronage through links with influential politicians. Other factors included a productive use of experience gained in an industry before venturing into business, entrepreneurial deployment of resources generated from an initial investment in a company and a rather focused approach to one trade rather than diversifying into any area of business that appeared potentially profitable. In some cases, entrepreneurial traits, such as the ability to correctly predict market trends and take risks by investing in a potentially lucrative opportunity, have proved crucial.

Table 1: Malaysia – Ownership of Share Capital (at par value) of Limited Companies, 1969–1999 (in percentages)

	1969	1970	1975	1980	1985	1990	1995	1999
Bumiputera	1.5	2.4	9.2	12.5	19.1	19.2	20.6	19.1
Individuals and Trust Agencies								
Chinese	22.8	27.2	n.a.	n.a.	33.4	45.5	40.9	37.9
Indians	0.9	1.1	n.a.	n.a.	1.2	1.0	1.5	1.5
Others	-	-	-	-	-	-	-	0.9
Nominee	2.1	6.0	n.a.	n.a.	1.3	8.5	8.3	7.9
Companies								
Locally	10.1	-	-	-	7.2	0.3	1.0	-
Controlled Firms								
Foreigners	62.1	63.4	53.3	42.9	26.0	25.4	27.7	32.7

n.a.: not available

Sources: Seventh Malaysia Plan, 1996–2000; Eighth Malaysia Plan, 2001–2005

From the early 1970s, to fulfil the NEP objectives, the government had increased public sector expenditure to fund trust agencies and the growing number of government-owned enterprises participating in business activities on behalf of the *bumiputeras*. With increased government funding, public enterprises and trust agencies went on an acquisition binge. This acquisition drive was aided by a 1975 government ruling that each public-listed company had to ensure that a minimum 30% of its equity was allocated to *bumiputera* agencies or individuals.²⁶ Apart from this, public enterprises incorporated wholly-owned firms to venture into most areas of business and established joint-ventures with *bumiputera*, non-*bumiputera* and foreign companies. Inevitably, affirmative action endeavours soon aroused non-*bumiputera* dissatisfaction with the NEP. These fears were exacerbated when public enterprises began encroaching into economic sectors in which the Chinese had been prominent, particularly banking, property, construction and manufacturing.²⁷

²⁶ In many cases, however, public enterprises merely acquired between 20 to 50% of equity in companies for investment purposes.

²⁷ In the construction and property development sectors, for example, the government's Urban Development Authority (UDA), established in 1971, rapidly secured a prominent presence. In the banking sector, by 1976, two

As Chinese concern increased over UMNO hegemony and NEP implementation, the MCA promoted the 'corporatisation movement', to secure mass Chinese support by appearing to protect the community's economic interests. The movement was presented as an attempt to get Chinese firms to overlook narrow clan divisions and cooperate in business in the face of growing state capitalism. The movement also involved structural reforms to small-scale businesses and a modernisation of their family-run management techniques. The owners of large-scale Chinese firms were wary of the corporatisation movement, especially when the MCA incorporated a holding company, Multi-Purpose Holdings Bhd. (MPHB), to pool Chinese resources ostensibly to venture into all key sectors of the economy. This project was, initially, quite successful. The MCA even managed to obtain, for the first time, the support of working class Chinese who were won over by the argument that the company was a means to develop Chinese economic interests.²⁸ MPHB, however, led by MCA politicians, was soon mired in allegations of corruption and conflicts-of-interest, and burdened with huge debts following a massive acquisition binge, including of firms linked to the MCA president, Tan Koon Swan. In the event, Tan and other prominent party leaders were sentenced to jail on various charges of corruption, while MPHB was taken over by Kamunting Bhd., a relatively obscure, but quoted construction firm owned by the Lim family who had close business ties with prominent UMNO leaders, specifically the finance minister Daim. The manner of the demise of the corporatisation movement put the Chinese off ethnically-backed institutions, especially if they had links with politicians.

Following the demise of the corporatisation movement, Chinese capitalists in control of large firms did not try and coalesce their enterprises or cooperate in business ventures in spite of UMNO's growing hegemony which was used to rapidly promote Malay businessmen closely aligned with party leaders. In fact, because of

Chinese-controlled banks, Malayan Banking Bhd. and the United Malayan Banking Corporation Bhd. (UMBC), had fallen under state control following runs on the banks. Subsequently, other Chinese-owned banks like the D&C Bank Bhd., Kwong Yik Bank Bhd. and Bank of Commerce Bhd., as well as the Indian-controlled United Asian Bank Bhd. (UAB), would fall under state or *Bumiputera* control. See Gomez and Jomo (1999: 60–6).

²⁸ See Gale (1985); Yeoh (1987); Gomez (1994: 189–226).

UMNO's growing hegemony, leading Chinese capitalists stepped up efforts to establish links with the Malay political elite, thus undermining even further the MCA's influence among these businessmen.

In the 1990s, after the severe mid-1980s recession, the importance of Chinese – and foreign-capital for sustaining growth and promoting industrialisation became evident to the government. Prime Minister Mahathir Mohamad's desire to industrialise Malaysia and his recognition of the potential Chinese contribution to these goals led to economic liberalisation and the inclusion of Chinese capital into his development aspirations, albeit on his terms. Moreover, the prime minister saw the opening up of China's economy as offering potentially lucrative business ventures for Malaysian capital. These factors appear to have encouraged Mahathir's call for greater business cooperation between Chinese and Malays. At the 1996 Second Fujianese World Chinese Entrepreneurs Convention held in Malaysia, Mahathir said, "Malaysian Fujianese's close connections with their fellow-provincials in different corners of the world will help promote the business and investment opportunities in Malaysia."²⁹ These factors have influenced the nature of inter-ethnic business cooperation, suggesting a more level playing field between the two communities, even though this may not be the case in reality.

The shareholding pattern among Chinese-owned firms in 2000 indicates that they tend to function rather independently of one another. In fact, an in-depth study of the largest Chinese-owned firms in Malaysia revealed that these enterprises have not attempted to cooperate in business, either domestically or abroad, in spite of the state's failure to support their interests.³⁰ Chinese small and medium enterprises (SMEs) have similarly shown scant inclination to cooperate with other ethnic Chinese.³¹ The owners of a number of the largest quoted Chinese enterprises, including Lim Goh Tong's Genting Group, Vincent Tan's Berjaya Group, Francis Yeoh's YTL Corp. Group and even Quek Leng Chan's Hong Leong, long reputed to be independent of political ties, have attempted to establish inter-ethnic ties, especially with politically-influential

²⁹ Quoted in Liu (1998).

³⁰ See Gomez (1999).

³¹ See Chin (2001).

bumiputeras, to help them protect and expand their interests.³² While most studies tend to attribute the dynamism of Chinese enterprises has been widely attributed to intra-ethnic business cooperation,³³ the Malaysian case indicates that in spite of policies that discriminate against them, there has been little collaboration among business people of this community. In most cases, an independent entrepreneurial zeal appears to have contributed to significant competition, forcing the Chinese to be more innovative to stay ahead. This also explains why Chinese firms have continued to thrive during the NEP and NDP decades.³⁴

The *Bumiputeras*

From the outset of his premiership, Mahathir voiced his intention to create an ensemble of dynamic, entrepreneurial Malay capitalists. Mahathir's reasoning for the need to hasten the development of Malay capital was that, in 1981, ten years after the implementation of the NEP, although the government had managed to increase the amount of corporate holdings held in the name *Bumiputeras* from 2.4% to 12.5%,³⁵ little progress had been made in developing Malay businessmen in control of large corporations. In fact, as Lim's list of the top 100 corporations in the mid-1970s indicates, not one firm was then owned by the Malaysian government or *Bumiputera* individuals.³⁶ It was this situation that Mahathir sought to rectify.

By the mid-1990s, a number of huge publicly-listed conglomerates, controlled primarily by well-connected Malays, had emerged in the corporate sector. Given the high degree of autonomy that the office of the prime minister had from other arms of government, Mahathir was able to selectively distribute government-created economic concessions to this select group of businessmen to help them swiftly develop their corporate interests.³⁷ Mahathir justified this form of patronage, via

³² See Gomez (1999).

³³ See Redding (1990); East Asian Analytical Unit (1995).

³⁴ Gomez (1999); Benton and Gomez (2001).

³⁵ See Table 1.

³⁶ Lim (1981).

³⁷ Apart from Mahathir's desire to rapidly modernise the Malaysian economy, his tenure has also been characterised by growing authoritarianism,

policies such as the NEP – and since the mid-1980s, privatisation³⁸ – by arguing that the best way to create Malay capitalists was to distribute concessions to those most capable of generating wealth.

The government's attempt to cultivate Malay industrialists led to the rapid rise of a number of well-connected businessmen, including Halim Saad, Tajudin Ramli, Wan Azmi Wan Hamzah, Samsudin Abu Hassan, Rashid Hussain, Hassan Abas, Ahmad Sebi Abu Bakar, Ishak Ismail, Mohamad Sarit Yusoh, Kamaruddin Jaafar, Kamaruddin Mohd Nor, Amin Shah Omar Shah, Mirzan and Mokhzani Mahathir and the late Yahya Ahmad.³⁹ As in the case of Chinese capitalists, there was little or no cooperation among these well-connected *Bumiputera* businessmen. This lack of intra-ethnic business cooperation was obvious in that there was little evidence of interlocking stock ownership or inter-locking directorships among Malaysia's leading Malay capitalists.⁴⁰ The relationship between this new breed of Malay businessmen was characterised by competition.⁴¹ In the telecommunications sector, for

involving significant concentration of power in the executive arm of government (see Khoo 1992; Crouch 1996; Munro-Kuo 1996; Hilley 2001). This concentration of power has protected the prime minister from being accountable for the pattern of patronage that he has practised, involving the award of numerous concessions, usually in a non-transparent manner, to select businessmen. For an in-depth study of this political business nexus during the Mahathir era, see Gomez (1994, 2002).

³⁸ For a comprehensive discussion on the implementation of privatisation by the Mahathir government, see Jomo (1995).

³⁹ The companies owned by a number of these well-connected businessmen were badly affected by the 1997 currency crisis, in some cases necessitating a government bailout or takeover by a state-owned enterprise. In other cases, since many of these business people were closely associated with leading UMNO figures, some of them lost control of their enterprises because of disputes among powerful politicians. This nexus of politics and business based on patronage and political loyalty has undermined the development of *Bumiputera* entrepreneurship. See Gomez (2002) for an in-depth discussion of the rapid collapse of many corporate groups controlled by these well-connected Malay businessmen.

⁴⁰ See, for example, Gomez and Jomo (1999); Gomez (2002).

⁴¹ See also Sloane (1999), whose study of smaller sized Malay-owned firms indicates that well-connected business people from this community work independently of each other. These business people usually compete with

example, Halim's Timedotcom Bhd. and Tajudin's Celcom Bhd. were in keen competition with each other. During bank consolidation exercise proposed in 1998, Azman Hashim and Rashid Hussain did not attempt to merge their financial enterprises.⁴²

These arguments indicate the little cooperation that exists among Malaysia's businessmen – from both an intra-ethnic and inter-ethnic perspective. The form of development of enterprises owned by this Malay and Chinese business elite during the NEP and NDP decades reveals rather their desire to lead companies on their own.

POST-NEP/NDP: PARTNERSHIPS AND INTER-ETHNIC RELATIONS

While there is no evidence of sustained intra-ethnic or inter-ethnic business partnerships among Malaysia's largest enterprises, during the 1990s, among smaller firms, including those that were being quoted on the KLSE, there was growing proof of new inter-ethnic business ties. A review of the 28 companies listed on the KLSE in 1998 indicated that:

- 8 (or 29%) of them could be classified as *Chinese-Bumiputera* partnerships;
- only 2 were intra-ethnic Chinese partnerships;
- there was no evidence of *Bumiputeras* in partnership;
- only one was wholly *Bumiputera*-owned, the family firm Habib Corp.;
- 12 firms (or 43%) were owned by Chinese families and individuals; and
- a number of the other firms were owned by government corporations.⁴³

That nearly 30% of the companies quoted on the local bourse in 1998 were owned by business people of different ethnic groups cooperating in

each other to secure as many concessions as possible from the government, a trait common among Malay owners of large-scale enterprises.

⁴² There was, similarly, no attempt by Chinese bankers to voluntarily merge their financial enterprises during this consolidation exercise.

⁴³ *Malaysian Business* (1 March 1999).

a commercial venture suggests that important changes are transpiring in the pattern of ownership and control of corporate enterprises. Moreover, in terms of intra-ethnic business linkages, only two firms were partnerships among members from the Chinese community, while none of the companies quoted that year was owned by *Bumiputeras* working together in business. That there was little evidence of growing intra-ethnic business, specifically among the *Bumiputeras*, but also among the Chinese further alluded to conspicuous changes in inter-ethnic corporate ties. Partners in these business enterprises appeared to be equally competent, implying a decline in 'Ali-Baba' alliances. Nearly 46% of the firms listed on the KLSE in 1998 were family-owned corporations or under the control of an individual business person, though only one of these 13 firms was owned by a *Bumiputera* family. This large percentage of firms owned by individuals or families is a further indication that partners in an enterprise eventually prefer to go it alone once accustomed to running an enterprise. It is noteworthy that while there is still evidence of intra-ethnic business partnerships among the Chinese, there is no indication of similar relationships among the *Bumiputeras*. Since there was also only one family-owned *Bumiputera* enterprise in this list of firms quoted on the KLSE in 1998, the jewellers, Habib Corp., which had commenced operations during the colonial period, this was a further manifestation of the government's failure to develop independent Malay capitalists despite sustained efforts through the NEP and NDP.

To determine if the features of the firms listed on the KLSE in 1998 were replicated among companies quoted on the local bourse, a study was undertaken of enterprises that could be classified as inter-ethnic partnerships. A review of ownership patterns of all 757 firms trading equity on the KLSE in the year 2000 revealed that only 18 (or 2.4%) of these companies were partnerships.⁴⁴ This low 2.4% figure draws further attention to the issue of the sustainability of partnerships.

These 18 companies, however, share some interesting features. All 18 firms in Appendix II were quoted on the stock exchange in the 1990s. Nearly 50% of these companies were incorporated or began operating as inter-ethnically-owned firms during the 1980s and 1990s. 12 (or 67%) of

⁴⁴ See Appendix II. This figure includes enterprises quoted on the KLSE in 1998.

these 18 firms are involved in manufacturing, indicating a productive economic dimension to their business activities and the possible emergence of a new breed of entrepreneurs of the Schumpeterian type.⁴⁵ Five (or 18%) of these companies are involved in the construction sector which suggests that some elements of an 'Ali-Baba' relationship may still prevail among these newly-listed enterprises.⁴⁶

This growing evidence of inter-ethnic business ties indicates a transition in Malaysian society which suggests two things about the NEP and NDP. First, the implementation of these policies has led to the creation of an independent, dynamic *Bumiputera* middle class, an argument proffered in some important new studies.⁴⁷ The emergence of the new *Bumiputera* middle class is also contributing to changes in social relations among Malaysians, specifically improved inter-ethnic ties. Second, important changes are transpiring in the way businessmen develop their firms, probably due to the impact of generational change. Changes in business strategies, organisational structure and management style within these firms suggest that new generations of ethnic Chinese and Malays, unlike their forebears, appear more inclined to forge inter-ethnic business ties. These new developments also imply that among this new generation of Malaysians, there is a greater openness to inter-ethnic business cooperation for mutual benefit. These business ties also allude to the possibility that non-*Bumiputeras* born and bred in Malaysia bear a strong national identity and are comfortable in inter-ethnic relationships. Among middle-class *Bumiputeras*, it reflected a feeling of confidence and ability to hold their own in business, given the skills they have acquired through state support under the NEP and NDP.

Wazir noted a similar trend of inter-ethnic business linkages among companies being quoted on the KLSE, attributing it to "significant

⁴⁵ Schumpeter (1943). This is not to negate the point that Schumpeter noted as well that entrepreneurs have also secured economic concessions from the state. Among the directors of firms listed in Appendix II include Wan Azmi Wan Hamzah, Josephine Premla Sivaretnam and Mohamad Razali Mohd Rahim who are closely associated with former Finance Minister Daim, Raja Seri Eleena Azlan Shah, a member of the Perak royal house, and former cabinet member Tengku Ahmad Rithauddeen, also once an UMNO vice president.

⁴⁶ See (Chin 2001) for an in-depth discussion on Ali-Baba-type firms.

⁴⁷ See, for example, Abdul Rahman (2001).

structural shifts in partnerships or changes from traditional Chinese family-based organisations to Sino-Bumiputera alliances.”⁴⁸ Wazir goes on to add:

There was a time when many of these alliances were linked to Ali Baba enterprises, or sleeping partnerships, but it appears that the combination of sociopolitical patronage, business acumen and access to finance capital is not necessarily dichotomized in terms of what “Malays are best at” or “what the Chinese can do better”. A subtle combination of factors, like access to foreign capital, negotiation for contracts or tenders, knowledge on strategic personal contacts and smart partnerships transcend ethnicity. Malay entrepreneurs have proven their prowess at this game just as purely Chinese business acumen in family-based companies appear limiting in the wake of global competitiveness.⁴⁹

These new developments in the corporate sector bring into question hitherto rather essentialised understandings of the pattern of development of enterprises owned by ethnic communities in Malaysia. (Essentialism has been defined by Howard Winant as “a belief in unchanging human characteristics, impervious to social and historical contexts”.⁵⁰ As noted above, essentialising arguments about Chinese capital exaggerate the importance of culture in enterprise development and the extent of ethnic cohesiveness and collective action among members of this community both within separate nations and across the diaspora.⁵¹ Similarly, among *Bumiputeras*, in spite of considerable state support to promote Malay capital, and even though leading corporate figures from this community shared a common political patron, there was no evidence of any of them cooperating in business.

The growing number of firms that were owned on an inter-ethnic basis by the end of the 1990s is a positive development. From the 1970s until the late 1980s, such cooperative inter-ethnic relationships, where company ownership was on a rather equal basis, were seen to prevail

⁴⁸ Wazir (2002: 260–1).

⁴⁹ Wazir (2002: 260–1).

⁵⁰ Quoted in Wong (1999: 5).

⁵¹ See Gomez and Benton (2003) for an in-depth critique of essentialising arguments in the literature on Chinese enterprise.

primarily among an elite group. This new development, an outcome of NEP implementation appears, however, to be primarily a middle-class and urban phenomenon.

ETHNIC CO-EXISTENCE AND GOVERNMENT-FORGED PARTNERSHIPS

There are two points here that need further elaboration:

- 1) Are these partnerships sustainable?

History suggests that most of these new partnerships forged in the 1990s will probably not be sustained in the long run. As the studies by Chandler and Penrose have indicated, partnerships are seldom sustainable, but this has not impaired enterprise development.⁵² When partners spilt-up, new enterprises are formed, precipitating more competition, which in the long term creates a more dynamic environment, helping to promote innovation and productivity. What is important in the context of Malaysia is that while inter-ethnic business relationships may not be sustainable, it is not a reflection of unstable ethnic relationships.

- 2) Should the government help forge inter-ethnic business partnerships, especially since there is evidence that they are probably not sustainable?

The government has tried to help forge business partnerships, primarily as a means to encourage entrepreneurship and the growth of dynamic domestic enterprises and partly to promote national unity. While these goals are undoubtedly noble, business partnerships cannot be state-driven. At best, joint-ventures should only be promoted for a particular project. The focus should be on creating institutions and providing incentives that help promote entrepreneurship and the implementation of potentially viable business ideas. However, as the experience of NEP and NDP implementation has unequivocally indicated, this type of support should be provided on a one-off or short-term basis, or else it may create a dependency syndrome.

⁵² Chandler (1962, 1977); Penrose (1980).

Businesses should be allowed to fail, for genuine entrepreneurship thrives on the element of risk and ability to adapt. Another important lesson from the implementation of the NEP and NDP is that businesses that have managed to develop productively should not be spoiled with too much support for it will not help cultivate competitiveness. Research has indicated that the companies that have managed to survive and grow are those that are most exposed to competition.⁵³

The pattern of evolution of companies in Malaysia since the early 1970s indicates that during policy planning, there should be no mixing of goals, for example, of trying to simultaneously develop domestic enterprise and inter-ethnic corporate ties as a means to unify the nation. This has been a problem with some government policies, evident during the NEP period when public enterprises were established to pursue economic and social goals.⁵⁴

Businessmen know who best to work with to develop an enterprise. Decision-making in business is based primarily on how to maximise profits or develop companies of value. When business decisions are made, the idea of supporting 'national interest' goals like creating intra-ethnic business ties to promote nation building hardly figure; nor should the government expect this of businessmen.

CONCLUSION

This study of patterns of formation and development of Malaysian firms provides much evidence that business partnerships are not sustainable. The pattern of growth of large-sized firms suggests that these companies have evolved in a manner akin to similarly sized enterprises in the developed economies of the West, as recorded by Chandler, Penrose and Williamson.⁵⁵ The fact that partnerships are not sustainable brings into question the government's endeavours to use such mechanisms to promote national unity and more equitable distribution of corporate equity among ethnic communities. Moreover, inter-ethnic ties that had been forged in the 1970s were hardly one that reflected an equal

⁵³ See Williamson (1975); Chandler (1977); Scott (1997).

⁵⁴ See Bowie (1991).

⁵⁵ Chandler (1962, 1977); Penrose (1980); Williamson (1975).

relationship between the partners, except possibly in the case of linkages forged between prominent business and political elites.

Inter-ethnic business ties that emerged during the 1980s and 1990s, as UMNO's hegemony over the state increased appreciably, was primarily between Chinese businessmen and well-connected *Bumiputeras* or influential Malay politicians. The extent to which these ties will remain intact depends primarily on whether the political patrons of these well-connected businessmen stay in a position of influence, an unlikely case. When Daim resigned from office, his allies in business lost control of major business assets. Similarly, when Deputy Prime Minister Anwar Ibrahim was forced out of UMNO and government in 1998, businessmen linked to him lost control of their assets. Even prominent Chinese businessmen, like T. K. Lim of the Multi-Purpose Holdings Group, who was closely aligned with the former deputy prime minister lost control of his main quoted assets following Anwar's dismissal.⁵⁶

Since the pattern of evolution of large-sized firms in Malaysia is similar to the form of enterprise evolution among companies in industrialised countries, this brings into question the use of terms like 'ethnic entrepreneurs' and 'ethnic enterprise', concepts that have remained popular in much of the literature on companies owned by ethnic minorities.⁵⁷ These concepts have also influenced how some academics and journalists view pattern of enterprise development by ethnic Chinese in Malaysia.⁵⁸ This study of enterprise development in Malaysia counters essentialising arguments about 'ethnic enterprise' or the form of development of ethnically-owned enterprises, specifically Chinese firms. Most enterprises, moreover, forge business ties in a manner that is mutually beneficial to the parties concerned.

⁵⁶ For an in-depth review of how business people linked to key politicians have lost control of their corporate assets following the fall of their patrons from positions of power, see Gomez (2003).

⁵⁷ See, for example, Light (1972); Light and Bonacich (1988); Light and Bhachu (1993); Light and Gold (2000); Waldinger *et al.* (1990); Waldinger (1996).

⁵⁸ See, for example, Seagrave (1995), East Asian Analytical Unit (1995) and Backman (1999).

To substantiate these points, this study has provided some evidence of changing trends in inter-ethnic ownership ties that have emerged during the 1990s among smaller sized firms. Business ties are not cultivated on the basis of common ethnic and cultural identity, as was the case during the colonial period among ethnic Chinese migrants. During the NEP and NDP decades, inter-ethnic business ties were nurtured primarily to secure access to state resources as a result of the government's long-running promotion of affirmative action. However, in the present period, the pattern of business formation among more recently incorporated companies suggests that business ties are becoming increasingly inter-ethnic, established on the basis of equal competency among the partners, with both contributing to the productive development of the firm. The ownership of firms by members of different ethnic communities, in a relationship where both partners appear to have equal influence and competency, suggests that important identity transformations have emerged mainly because the class divide between *Bumiputeras* and non-*Bumiputeras* have been narrowed.

This growing evidence of inter-ethnic business ties among KLSE firms, without state intervention, raises important questions about identity transformation, among *Bumiputeras* as well as non-*Bumiputeras*. These inter-ethnic investment patterns suggest that among ethnic minorities, the notion of national identity is important, reinforcing the point about their sense of belonging or loyalty to the nation. The attempt by the state to promote inter-ethnic business ties may, however, inadvertently reinforce the idea of ethnic difference among Malaysians, thus undermining the government's policies to create a more unified nation.

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Appendix I: Ownership of Top 20 KLSE Firms

Company	Activity	Main Shareholder
1. Telekom	Telecommunications	Government
2. Malayan Banking	Finance	Government
3. Tenaga Nasional	Power Producer & Distributor	Government
4. Petronas Gas	Gas Production	Government
5. Resorts World	Gaming	Lim Goh Tong
6. Malaysia Int. Shipping Corp (MISC)	Shipping	Government
7. Sime Darby	Plantations/Diversified	Government
8. Commerce Asset-Holding	Finance	Government
9. Genting	Gaming	Lim Goh Tong
10. YTL Corp	Construction	Yeoh Tiong Lay
11. Public Bank	Finance	Teh Hong Piow
12. Rothmans of Pall Mall	Cigarette Manufacturer	Foreign
13. YTL Power International	Power Production	Yeoh Tiong Lay
14. RHB Capital	Finance	Rashid Hussain
15. United Engineers (UEM)	Construction/Diversified	Halim Saad
16. Renong	Construction/Diversified	Halim Saad
17. Berjaya Sports Toto	Gaming	Vincent Tan
18. Magnum Corporation	Gaming	(Unclear)
19. Perusahaan Otomobil Nasional (Proton)	Car Manufacturer	Government
20. Kuala Lumpur Kepong (KLK)	Plantations	Lee Loy Seng and family

Appendix II: Inter-Ethnic Partnerships Among KLSE Firms

Company Name: Lingkaran Trans Kota Holdings Bhd.	
Activities: investment holding and provision of management services, primarily engaged in the operation of a roll highway which has yet to commence operation	
Date of incorporation: 9.3.1995	Date of listing: 19.12.1996
Issued Capital: RM300,000,000	
Shareholdings:	
<i>Bumiputera</i>	42.93
Other Malaysians	47.21
Foreigners	9.86
Main shareholders:	
Irama Duta Sdn. Bhd.	
Gamuda Bhd.	
Malaysia Nominees (Tempatan) Sdn. Bhd.	
Employees Provident Fund Board.	
Cartaban Nominees (Asing) Sdn. Bhd.	
Directors:	
Wan Abdul Rahman bin Wan Yaacob	
Yusoff bin Daud	
Lin Yun Ling	
Nasruddin bin Bahari	
Chew Swee Hock	
Ng Kee Leen	
Saw Wah Theng	

Company Name: Kilang Papan Seribu Daya Bhd.	
Activities: integrated timber activities consisting of the manufacturing and marketing of timber and timber related products	
Date of incorporation: 19.8.1988	Date of listing: 17.11.1994
Issued Capital: RM19,999,000	
Shareholdings:	
<i>Bumiputera</i>	38.08
Other Malaysians	56.02
Foreigners	5.90
Main shareholders:	
Hwong You Chuang	
Abdullah bin Sepien	
Hwong You Soon	
SMB Nominees (Tempatan) Sdn. Bhd.	
Syarikat Nominee Bumiputera (Tempatan) Sdn. Bhd.	
Directors:	
Abdullah bin Sepien	
Hwong You Chuang	
Henry Chin Poy Wu	
Hwong You Soon	
Tokuo Wasa	

Company Name: GrandHoover Bhd.	
Activities: investment and property holding, construction, manufacturing, trading and distribution of building materials, investment and property holding and provision of management consultancy services	
Date of incorporation: 12.3.1071	Date of listing: 22.8.1997
Issued Capital: RM30,000,000	
Shareholdings:	
<i>Bumiputera</i>	50.35
Other Malaysians	48.98
Foreigners	0.68
Main shareholders:	
Hoover Corporation Sdn. Bhd.	
Hajjah Rus bte Hj Kachar.	
Arab-Malaysian Nominees (Tempatan) Sdn. Bhd.	
Mayban Nominees (Tempatan) Sdn. Bhd.	
Yu Kuan Chon	
Directors:	
Hajjah Rus bte Hj Kachar	
Hew Kon Ngow	
Tan Ah Heng	
Tai Ah Kew @ Tai Kim Yok	
Thean Lan Chan @ Then Swee Chen	
Basar bin Juraimi	
IR Hj Md Mazlan bin Hj Md Ismail Merican	
Tang Yau @ Tang Lin Yau	
Ng Leong Piew	

Company Name: Mercury Industries Bhd.	
Activities: investment holding; property investment and development, manufacture and sale putty, underseal and lacquer and paints for automotive and housing industry	
Date of incorporation: 20.8.1983	Date of listing: 20.6.1991
Issued Capital: RM36,182,000	
Shareholdings:	
<i>Bumiputera</i>	44.36
Other Malaysians	44.01
Foreigners	11.63
Main shareholders:	
BBMB Securities Nominees (Tempatan) Sdn. Bhd.	
Universal Trustee (Malaysia) Bhd.	
UOLC Nominees (Tempatan) Sdn. Bhd.	
Multi-Purpose Bank Nominees (Asing) Sdn. Bhd.	
Malaysia Nominees (Tempatan) Sdn. Bhd.	
Directors:	
Peh Teck Quee	
Syed Ibrahim bin Syed Mohamed	
Ismail bin Yusof	
Vijay Kumar Natarajan	
Liow Sze Yin	

Company Name: Perfect Food Industries Bhd.	
Activities: investment holding, manufacture and marketing of biscuits	
Date of incorporation: 2.8.1978	Date of listing: 15.9.1993
Issued Capital: RM19,900,000	
Share holdings:	
<i>Bumiputera</i>	52.87
Other Malaysians	44.94
Foreigners	2.19
Main shareholders:	
Perfect Pleasure Sdn. Bhd.	
Mayban Finance Bhd.	
Seagroatt & Campbell Nominees (Tempatan) Sdn. Bhd. – substantial shareholders	
Rothputra Nominee (Tempatan) Sdn. Bhd.	
Seagroatt & Campbell Nominees (Tempatan) Sdn. Bhd.	
Directors:	
Sai Ah Sai	
Sai Chin Hock	
Abdul Ajib bin Ahmad	
Abdul Rahman bin Saad	
Augustine Ang Mui Kwong	
Su Lee Soon Nee Yeo	
Yap Koon Roy	

Company Name: Gamuda Bhd.	
Activities: investment holding; civil engineering construction	
Date of incorporation: 6.10.1976	Date of listing: 10.8.1992
Issued Capital: RM289,696,409	
Shareholdings:	
<i>Bumiputera</i>	32.94
Other Malaysians	32.82
Foreigners	34.24
Main shareholders:	
Citicorp Nominees (Asing) Sdn. Bhd.	
Lin Yun Ling	
Generasi Setia (M) Sdn. Bhd.	
EB Nominees (Tempatan) Sdn. Bhd.	
Cartaban Nominees (Asing) Sdn. Bhd.	
Directors:	
Talha bin hj Mohd Hashim	
Lin Yun Ling	
Raja Seri Eleena Azlan Shah	
Chan Kuan Nam @ Chan Yong Foo	
Heng Teng Kuang	
Kamarul Zaman bin Mohd Ali	
Goon Heng Wah	
Ng Kee Leen	
Ha Tiing Tai	
Wong Chin Yen	
Saw Wah Theng	

Company Name: TAP Resources Bhd.	
Activities: investment holding; infrastructure earthworks; structural and architectural works; manufacturing of non-baked bricks and construction materials	
Date of incorporation: 1.11.1994	Date of listing: 12.12.1997
Issued Capital: RM39,999,999	
Shareholdings:	
<i>Bumiputera</i>	32.886
Other Malaysians	66.827
Foreigners	0.287
Main shareholders:	
Poh Ah Bah	
Cho See Yoo	
Rameli bin Musa	
Arab-Malaysian Nominees (Tempatan) Sdn. Bhd.	
Merchant Nominees (Tempatan) Sdn. Bhd.	
Directors:	
Rameli bin Musa	
Poh Ah Bah	
Cho See Too	
Ungku Farid bin Ungku Abd Rahman	
Zulhkiple A Baker	
Goh Ban Lee	
Helinna Hanum Dadameah	

Company Name: Road Builder (M) Holdings Bhd.	
Activities: investment holding; building and civil construction; property development; quarry operations; manufacturing of concrete products	
Date of incorporation: 27.3.1992	Date of listing: 18.2.1993
Issued Capital: RM129,980,207	
Share holdings:	
<i>Bumiputera</i>	43.331
Other Malaysians	24.935
Foreigners	31.734
Main shareholders:	
Chua Hock Chin	
Chase Malaysia Nominees (Asing) Sdn. Bhd.	
Tengku Uzir bin Tengku Ubaidillah	
Citicorp Nominees (Asing) Sdn. Bhd.	
Tengku Ahmad Rithauddeen bin Tengku Ismail	
Directors:	
Tengku Ahmad Rithauddeen bin Tengku Ismail	
Chua Hock Chin	
Ong Lee Veng @ Ong Chuan Heng	
Tengku Uzir bin Tenku Ubaidillah	
Nasruddin bin Bahari	
Shamsudin bin Md Dubi	
Abd Gani bin Yusof	
Huang Chew Siong	
Lee Teck Yuen	
Mohamed bin Yusoh @ Mohamed bin Yusof	
Raja Mufik Affandi bin Raja Khalid	
Low Keng Kok	

Company Name: BTM Resources Bhd.	
Activities: investment holding; logging, sawmilling and trading of sawntimber and logs	
Date of incorporation: 10.6.1994	Date of listing: 27.3.1996
Issued Capital: RM19,999,000	
Share holdings:	
<i>Bumiputera</i>	31.29
Other Malaysians	65.47
Foreigners	3.24
Main shareholders:	
Yong Tu Sang	
Yusof bin Biji Sura @ Mohamad	
Permodalan Nasional Bhd. (PNB)	
BBMB Trustee Bhd.	
Mayban Securities Nominees (Tempatan) Sdn. Bhd.	
Directors:	
Yusof bin Biji Sura @ Mohamad	
Yong Tu Sang	
Mohd Zamry bin Yusof	
Anpalagan a/l Ramiah	
Lau Chen Nai	
Tik bin Mustaffa	
Yong Yoke Cheng	
Yong Emmy	

Company Name: MESB Bhd.	
Activities: investment holding; supply of engineering equipment, spare parts and tools	
Date of incorporation: 28.3.1995	Date of listing: 8.5.1996
Issued Capital: RM19,999,000	
Share holdings:	
<i>Bumiputera</i>	50.89
Other Malaysians	44.90
Foreigners	4.21
Main shareholders:	
Thuraya bte Kassim	
DB (Malaysia) Nominee (Asing) Sdn. Bhd. (DBSPN for Wan Hussien bin Wan Hamzah)	
Khoo Loon See	
Chea Kok Jiunn @ Sieh Kok Jiun	
Sieh Kok Swee	
Directors:	
Abdul Halim bin Hj Ismail	
Sieh Kok Swee	
Wan Hussien bin Wan Hamzah	
Hj Mohamed Nordin bin Hj Sabran	
Sivasubramaniam s/o Sivayogarasasingam	

Company Name: Nationwide Express Courier Services Bhd.	
Activities: provides express courier services	
Date of incorporation: 9.1.1985	Date of listing: 25.5.1995
Issued Capital: RM19,082,000	
Shareholdings:	
<i>Bumiputera</i>	49.36
Other Malaysians	48.69
Foreigners	1.95
Main shareholders:	
Utas Sdn. Bhd.	
Scotia Nominees (Tempatan) Sdn. Bhd.	
Eddy Chieng Ing Huong	
Malaysia Nopminees (Tempatan) Sdn. Bhd.	
Malaysia Nominees (Tempatan) Sdn. Bhd.	

Directors: Hj Mohd Noor bin Ismail Arshad bin Ayub Ahmad Riza bin Basir Eddy Chieng Ing Huong Bazlan bin Osman Hj Abdullah Sanusi bin Ahmad Hj Mohd Hassan bin Mohd Hashim	
Company Name: Rohas-Euco Industries Bhd.	
Activities: manufacture of pressed steel sectional water tank panels; design and fabrication of steel structures for high tension transmission towers	
Date of incorporation: 13.3.1961	Date of listing: 16.3.1995
Issued Capital: RM17,000,000	
Share holdings:	
<i>Bumiputera</i>	49.47
Other Malaysians	47.47
Foreigners	3.06
Main shareholders:	
UB Nominees (Tempatan) Sdn. Bhd. – for Wan Azmi bin Wan Hamzah Chan Liew Hoon	
BHLB Nominees (Tempatan) Sdn. Bhd. – for Wan Azmi bin Wan Hamzah	
Euco International Sdn. Bhd.	
OUB Nominees (Tempatan) Sdn. Bhd. – for Wan Azmi bin Wan Hamzah	
Directors:	
Wan Azmi bin Wan Hamzah George Sia Bun Chun Laurence Yee Lye Eu Chan Hua Eng Mustafa bin Mohamed Najimudin W Mohamed @ Nik Azam bin Wan Hamzah Peter Sia Tengku Yunus Kamaruddin Marizan Nor bin Basirun	

Company Name: SP Setia Bhd.	
Activities: building contractors and investment holding	
Date of incorporation: 8.8.1974	Date of listing: 2 nd board on 12.4.1993; transferred to main board on 4.6.1996
Issued Capital: RM140,728,715	
Shareholdings:	
<i>Bumiputera</i>	44.42
Other Malaysians	42.84
Foreigners	12.74
Main shareholders:	
Abdul Rashid bin Abdul Manaff	
Multi-Purpose Bank Nominees (Tempatan) Sdn. Bhd.	
Employees Provident Fund Board	
Kestral Securities Nominees (Asing) Sdn. Bhd.	
Perconic Resources Sdn. Bhd.	
Directors:	
Abdul Rashid bin Abdul Manaff	
Liew Kee Sin	
Voon Tin Yow	
Zaki bin Tun Azmi	
Mohamad Razali bin Mohd Rahim	
Hari Narayanan a/l Govindasamy	
George Anthony Dass David	
Mohd Radzi bin Sheikh Ahmad	
Razali bin Ibrahim	

Company Name: Kuala Lumpur City Corporation Bhd.	
Activities: investment holding; manufacture, assembly, supply and installation of automotive air-conditioning systems, components and related products	
Date of incorporation: 10.1.1985	Date of listing: 2 nd board on 21.8.1998; transferred to main board on 18.8.1999
Issued Capital: RM84,321,057	
Shareholdings:	
<i>Bumiputera</i>	52.16
Other Malaysians	43.31
Foreigners	4.53
Main shareholders:	
Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. – Kemudi Ria Sdn. Bhd.	
Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd.– Khadijah Abdul Khalid	
Lutfiah binti Ismail	
Mohd Nasir bin Ali	
Public Nominees (Tempatan) Sdn. Bhd. – Waterfront Capital Markets Sdn. Bhd.	
Directors:	
Hj Anuar bin Hj Zainal Abidin	
Lutfiah binti Ismail	
Josephine Premla Sivaretnam	
Mohd Nasir bin Ali	
Loh Yeow Boo @ Lok Bah Bah	

Company Name: Rumpun Hijau Capital Bhd.	
Activities: investment holding; manufacturer and dealer of footwear products	
Date of incorporation: 21.8.1978	Date of listing: 10.4.1992
Issued Capital: RM62,389,334	
Shareholdings:	
<i>Bumiputera</i>	49.89
Other Malaysians	46.71
Foreigners	3.40
Main shareholders:	
Rumpun Hijau Corporation Sdn. Bhd.	
Ng Tiong Seng Corporation Sdn. Bhd.	
Zalaras Sdn. Bhd.	
Panduan Kemas Sdn. Bhd.	
Southern Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Tandaraya Sdn. Bhd.	
Directors:	
Mohd Nadzmi bin Mohd Salleh	
Arshad bin Ayub	
Hj Ahmad bin Saad	
Hj Mohamad bin Jaafar	
Hj Mohd Noor bin Hassan	
Yahaya bin Yaacob	
Hj Abdul Rashid bin Mohd Yusoff	
Ng Tiong Seng	
Ng Chin Heng	
Azmin bin Arshad	

Company Name: Syarikat Binaan Budi Sawmill Bhd.	
Activities: trading, manufacture and sale moulded and sawn timber and other wood-based products	
Date of incorporation: 6.6.1978	Date of listing: 7.7.1997
Issued Capital: RM30,000,000	
Shareholdings:	
<i>Bumiputera</i>	49.41
Other Malaysians	49.46
Foreigners	1.13
Main shareholders:	
Malaysian Trustee Bhd – qualifier: Ceduna Enterprise Sdn. Bhd. Amble Impact Sdn. Bhd.	
Malaysian Trustee Bhd. – Qualifier: Sinarplus Sdn. Bhd.	
Malaysian Trustee Bhd. – Qualifier: Kain Ann @ Chua Kien Lam Jade Castle Sdn. Bhd.	
Directors:	
Abdul Rashid bin Abdul Manaff Kain Ann @ Chua Kien Lam Chua Mui Hoon Zaid @ Rasmi bin Ishak Jamal Mohamed bin Hj AM Sickander Loo Sin Soo Tengku Anisah binti Tengku Abdul Hamid	

Company Name: United Chemical Industries Bhd.	
Activities: manufacture and sale of polypropylene and polyethylene woven bags and its ailed products	
Date of incorporation: 31.5.1965	Date of listing: 20.12.1990
Issued Capital: RM18,500,000	
Shareholdings:	
<i>Bumiputera</i>	44.71
Other Malaysians	49.29
Foreigners	6.00
Main shareholders:	
Merchant Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Trafalgar Links (M) Sdn. Bhd.	
Arab-Malaysian Nominees (Tempatan) Sdn. Bhd. – Arab-Malaysian Finance Bhd for MBF Leasing Sdn. Bhd.	
Tan Ching Ching	
Chan Wan Moi	
Ke-Zan Nominees (Tempatan) Sdn. Bhd. – Eng Poh Hong @ Wong Choon Ming	
Directors:	
Abg Ahmad Urai bin Abg Hj Mohideen	
Abdul Aziz bin Abdul Rahman	
Ismail @ Mustapha bin Ibrahim	
Wong Lee Peng	
Wong Eng Thiam	
Wong Set Moi	

Company Name: Rumpun Hijau Capital Bhd.	
Activities: investment holding; manufacturer and dealer of footwear products	
Date of incorporation: 21.8.1978	Date of listing: 10.4.1992
Issued Capital: RM62,389,334	
Shareholdings:	
<i>Bumiputera</i>	49.89
Other Malaysians	46.71
Foreigners	3.40
Main shareholders:	
Rumpun Hijau Corporation Sdn. Bhd.	
Ng Tiong Seng Corporation Sdn. Bhd.	
Zalaras Sdn. Bhd.	
Panduan Kemas Sdn. Bhd.	
Southern Nominees (Tempatan) Sdn. Bhd. – pledged securities a/c for Tandaraya Sdn. Bhd.	
Directors:	
Mohd Nadzmi bin Mohd Salleh	
Arshad bin Ayub	
Hj Ahmad bin Saad	
Hj Mohamad bin Jaafar	
Hj Mohd Noor bin Hassan	
Yahaya bin Yaacob	
Hj Abdul Rashid bin Mohd Yusoff	
Ng Tiong Seng	
Ng Chin Heng	
Azmin bin Arshad	