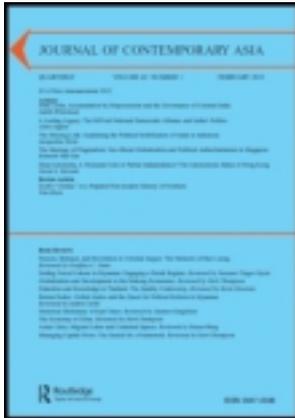


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Affirmative Action in Malaysia: Education and Employment Outcomes since the 1990s

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Affirmative Action in Malaysia: Education and Employment Outcomes since the 1990s

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ABSTRACT *An important element of Malaysia's affirmative action regime has been to expand tertiary education access and upper-level occupational opportunities for the Bumiputera beneficiary group. However, the momentum of change has dwindled in recent years; Bumiputera representation in managerial and professional positions remained fairly static across 1995–2005. This paper provides a framework for conceptualising affirmative action and outlines Malaysia's affirmative action programmes in education and employment. It compiles evidence of affirmative action outcomes from official publications and various surveys, and derives new information from census data. Tertiary education quantitatively burgeoned from the 1990s, but the growing importance of educational quality adversely affects Bumiputera graduates, who predominantly enrol in less regarded domestic public institutes. In addition, Bumiputera continue to rely heavily on the public sector for employment in managerial and professional positions. The findings demonstrate a critical need to arrest the quality decline in public education and to judiciously modify affirmative action programmes.*

KEY WORDS: Affirmative action, disadvantage, inequality, education, employment, Malaysia

Affirmative action, in the form of preferential programmes favouring Malaysia's Bumiputera population, has been central to the nation's efforts to bridge racial divides. The Bumiputera, or "sons of the soil," consist of Malays (54% of the national population), who are mostly on Peninsular or West Malaysia, and other indigenous groups termed non-Malay Bumiputera (12%), who are predominantly in the East Malaysian states of Sabah and Sarawak. The main minority race groups include the Chinese (25%) and Indians (8%).¹ From 1957 through the 1960s, the early post-independence years, these groups lived and worked in separate geographical and economic spheres, with Bumiputera masses located mostly in rural areas engaged in agrarian activities, while other communities were, on the whole, more urbanised and socially stratified, benefiting from wider access to education and job opportunities (Andaya and Andaya, 2001; Gomez and Jomo,

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1999). Affirmative action programmes were in place from independence, chiefly in the education and public sector employment, but on a limited scale. However, inter-racial income disparities persisted – even increased – and socio-political upheavals erupted following the 13 May 1969 riots that had a racial character, compelling more aggressive state measures. The New Economic Policy (NEP), promulgated in 1971, outlined a comprehensive vision for reconfiguring the political economy and promoting Bumiputera advancement, setting out two overarching objectives of eradicating poverty and of expanding and intensifying affirmative action.

Over the years, Malaysia's affirmative action programmes in education and employment have made substantial gains toward the goal of increasing Bumiputera representation in tertiary institutions and upper-level occupations (managerial and professional positions), especially over the official duration of the NEP, from 1971 to 1990. The record of elevating the overall educational and occupational profile of the Bumiputera is widely reported, in development documents – from the *Second Malaysia Plan* (1971-75) to the *Tenth Malaysia Plan* (2011-15) – and in the literature on inequality and development policy, which largely refers to those government publications. However, further examination of the evidence, from official and supplementary sources, indicates that the momentum of change diminished from the mid-1990s. In particular, graduates of public universities – where Bumiputera are concentrated – experience greater difficulty entering the labour market, while Bumiputera representation in upper-level occupations has remained relatively static and continually and heavily dependent on the public sector. These outcomes raise questions about the long-term efficacy and relevance of Malaysia's affirmative action practices. This paper aims to inform current debates over alternative forms of affirmative action, including the proposals for needs-based affirmative action that have arisen since the March 2008 elections, both in the opposition's policy platform (Pakatan, 2009) and the government's *New Economic Model* (National Economic Advisory Council, 2010).

This paper provides a framework for conceptualising affirmative action, outlines Malaysia's programmes in education and employment, evaluates recent outcomes and discusses the implications of the findings. Various approaches to the subject in the literature are considered, drawing attention to the need for clarity and consistency in conceptualising affirmative action and evaluating progress. Drawing on comparative literature, the approach here sets out the redress of under-representation of a disadvantaged group as the principal purpose of affirmative action, and empirically observes sectors or processes directly targeted or impacted by the programmes: tertiary education, upper-level occupations, and the transition from obtaining a degree to securing a job. Data inaccessibility confines much research on Malaysia to officially published summary statistics, which report on distributive outcomes in highly aggregated terms that often inadequately inform the process of affirmative action.

This paper seeks to add more layers of analysis by observing population census, labour market survey and employer survey data, which consistently find that graduates of Malaysia's public tertiary institutions, from which the vast majority of Bumiputera obtain degrees, experience relatively greater difficulty in labour market engagement. These findings underscore the imperative of raising the quality of education, particularly in public institutions, such that they impart capabilities and

confidence among graduates to pursue employment in upper-level positions, especially in the private sector and in management. The declining momentum of affirmative action also raises questions over the efficacy of racial quotas and race-exclusive programmes, the possible gains from shifting away from this long and prevalent mode of affirmative action towards alternative measures promoting racial or ethnic diversity in socially esteemed and economically influential positions.

Affirmative Action and the New Economic Policy: Conceptual and Empirical Issues

One challenge of engaging with the social science literature on Malaysia is the multiplicity of approaches to affirmative action and the tendency for it to appear in the background of broader studies of inequality, national integration, development policy, or specifically the NEP. Meerman (2008), Ishak (2000) and Jomo (2004) denote racial preference as the defining feature of affirmative action, although their works engage with inequality more generally and do not focus on affirmative action *per se*. Lee (2005: 211) provides a more substantive definition in his overview of affirmative action, encapsulating the policy as a set of “measures to raise the participation of members of an economically disadvantaged group in the areas of education, employment and business, where they ha[ve] been historically excluded or under-represented.” Along similar lines, affirmative action in this paper refers to preferential measures to redress systemic disadvantages faced by a population group in socially esteemed and economically influential positions where they are under-represented. This definition draws on conceptual and comparative research, which have distilled features and normative elements generally found across countries implementing some form of affirmative action (see, for example, ILO, 2007; Sabbagh, 2004; Weisskopf, 2004).

The underlying problem that affirmative action seeks to address is the historical and persistent systemic disadvantage of a population group, manifested in the group’s under-representation in particular socio-economic strata. Accordingly, under-representation is most acute where barriers to entry are highest and, in the absence of state intervention, are likely to be reproduced in capitalist market systems. Affirmative action programmes around the world centre on redressing the disproportionately low participation of disadvantaged groups in tertiary education, upper-level employment, and ownership and management of organisations. The status and influence conferred by these positions render it socio-politically undesirable, and potentially destabilising, for some population groups, whether by race, gender or other category, to be persistently under-represented in those ranks. The political imperative of redressing under-representation of disadvantaged persons practically involves interventions that vary in method but, at root, ascribe preference to a designated group. In other words, affirmative action is inherently a discriminatory policy and must, therefore, be utilised positively, effectively and temporarily.

Affirmative action and the NEP substantially overlap but cannot be equated, for three main reasons. First, affirmative action preceded the NEP. As noted by Lee (2005: 212), constitutional provisions for affirmative action were set out in a 1948 Federation of Malaya Agreement under British colonial rule and, in limited scope and scale, preferential measures and racial quotas were in place since Malaya’s

independence in 1957. Undoubtedly, affirmative action intensified and expanded massively from 1971 under the NEP. But the starting point of affirmative action, institutionally and temporally, is the Federal Constitution provision for reservation of education, civil service employment, training and licensing as measures for safeguarding the special position of the Bumiputera.²

A second reason to avoid conflating affirmative action with the NEP is to distinguish policy rhetoric and implementation from its institutional framework. Economic policy, especially from the 1980s, increasingly focused attention and resources on private Bumiputera equity ownership and the advancement of Bumiputera companies, executives and managers under the Bumiputera Commercial and Industrial Community (BCIC) agenda, as the emphasis shifted from redistribution to growth under the National Development Policy (1991-2000) (Gomez and Jomo, 1999). The NEP, and in turn affirmative action, has to a significant extent become ingrained in the public imagination with the accumulation of Bumiputera wealth and corporate power. Reflecting as well as perpetuating this mentality, proposals in the *Tenth Malaysia Plan, 2011-2015* to shift away from explicit racial quotas in equity regulations were presented as a rollback of affirmative action, without acknowledgement that affirmative action would remain in educational and occupational spheres (Malaysia, 2010). However, the political significance of the wealth ownership agenda and the severity of wastage, profiteering and corruption associated with it, while deserving critical attention, should not preclude continuous scrutiny of affirmative action in the education and employment spheres, which Malaysia has retained amid changes elsewhere in the political economic regime. While the overall orientation of development policy has shifted and the hub of BCIC growth has relocated from public enterprises in the 1970s to privatisation in the mid-1980s and back to government-linked companies from the late 1990s, the structure of affirmative action in education and employment has basically stayed the same.

A third distinction between affirmative action and the NEP stems from their relationship within the policy regime: the former constitutes a subset of the latter. The NEP set out a two-pronged agenda of eradicating poverty irrespective of race and of restructuring society to eliminate the identification of race with economic function. Taking the second prong first, it broadly corresponded with affirmative action and, over time, included interventions, through preferential measures, to raise Bumiputera access to tertiary education, entry into professional and managerial positions, and ownership of equity and assets. However, the first prong encompassed economic growth, poverty alleviation and industrialisation – a much broader range of objectives and policies that do not necessarily involve group preference and, hence, warrant separate analytical approaches.

It is commonly held that the NEP and, by extension, affirmative action achieved substantial advancements for the Bumiputera in alleviating poverty and bolstering household income, facilitating access to tertiary education and entry into the middle classes, while falling short in equity ownership and enterprise development (see Chakravarty and Roslan, 2005; Zainal, 2006). However, these outcomes derive in large part from broader redistribution of resources, structural change and economic growth, in general and hence cannot be persuasively attributed to affirmative action – unless affirmative action is conceived so broadly that it subsumes those outcomes,

but the resultant loss of clear and distinct policy objectives and instruments attenuates analytical focus and coherence. Maintaining a clear and consistent understanding of the design and method of affirmative action – and, again, distinguishing it from the NEP – maintains focus on relevant policy practices and results to be evaluated.

The range of approaches to affirmative action, and the analysis of it as a component of broad inequality or the NEP, has produced empirical work that indirectly links affirmative action to highly aggregated outcomes, notably poverty and inter-group household income inequality. At the same time, official data restrictions severely limit the breadth and depth of research. Data on university enrolment, labour force composition and income are inaccessible, especially for the purpose of evaluating at a national level the correspondence of race with certain outcomes targeted by affirmative action. A segment of relevant research has surveyed a range of general socio-economic indicators, mostly with reference to the NEP. Faaland et al. (1990) and Faridah (2003) report on the gains made over the official NEP interval from 1971 to 1990, which are quantitatively apparent, as far as the available data can inform. Jomo (2004) and Khoo (2005) provide more recent insight, mostly drawing on official publications, and address various issues that burgeoned from the 1990s, including wealth concentration, *rentier* behaviour, widening class divisions and poor governance. From diverse sources, Lee (2005) compiles information on educational and occupational outcomes, assessing that affirmative action has facilitated Bumiputera access to tertiary education and entry into professional positions and business, although disparities persist within the Bumiputera community, and beneficiaries of affirmative action remain concentrated in public institutions, both in terms of enrolment in universities and employment in government.

This paper intends to contribute to the debate over affirmative action in Malaysia by providing an overview of affirmative action programmes based on the framework outlined above, and an evaluation of recent affirmative action outcomes, focusing on interventions to increase Bumiputera representation in tertiary education and upper-level occupations. The existing literature reports changes over time in racial proportions in education, employment and equity ownership. However, other interrelated outcomes remain largely unexplored, most importantly in terms of the quality of education, capacities of graduates and the transition between tertiary education and mobility to the upper rungs of the occupational ladder. Drawing on Labour Force Survey reports, the 2000 Population Census and some employer surveys, this paper addresses often overlooked questions of Bumiputera socio-economic advancement under affirmative action from the 1990s, especially the parallel pattern of steady growth in tertiary educational attainment but static levels of representation in professional and managerial positions.

The evidence indicates disjunctures between tertiary education and the labour market and a significant correspondence between educational quality and attainment of professional and managerial positions. Tertiary-educated and young Bumiputera, especially non-Malay Bumiputera, experience higher unemployment rates than counterparts of other race groups. Among tertiary-educated employed persons, Bumiputeras are more likely to be employed as professionals or managers in the public sector, while non-Bumiputeras are more likely to attain such positions in the

private sector. It is found that location of tertiary institution, a proxy for quality, and racial preference in selection processes impact on occupational outcomes. Graduates of overseas institutions, on average, face better prospects of attaining professional or managerial positions, especially in the private sector. Bumiputera domestic graduates, whose access is facilitated by quotas, are highly dependent on the public sector, compared to non-Bumiputera domestic graduates, who compete more intensely for admission, as well as Bumiputera overseas graduates, many of whom obtain scholarships.

This paper omits the question of equity ownership, but this does not reflect its importance. On the contrary, the magnitude of equity and wealth ownership policies, and the fluid and contentious nature of the relevant data, exceed the scope of this paper. It should be noted that Bumiputera representation in management overlaps with enterprise development programmes, which is briefly addressed. In addition, progress in education and employment outcomes are, arguably, prerequisites toward sustained growth of a confident, self-reliant Bumiputera enterprises and broad-based ownership.

The New Economic Policy and Affirmative Action in Education and Employment

Prior to the NEP, some Bumiputera preferential policies and quotas were implemented in post-secondary education and public sector employment, especially in upper administrative posts. For example, a 4: 1 ratio of Malay to non-Malay quota was introduced in 1953 in the elite Diplomatic and Administrative Service corps (Centre for Public Policy Studies, 2006). At that time, Malaysia's educational institutions were fragmented and stratified, along racial, regional and socio-political lines (Leete, 2007). Malay masses were largely excluded from socio-economic institutions that facilitated upward mobility, except for the few exceptionally talented or privileged members of aristocracies who enjoyed access to elite schools, scholarships and civil service appointments. Mostly non-Malay urban dwellers had access to Chinese or Tamil vernacular schools, or English-speaking schools. Indians on plantations were excluded from formal education on the grounds that plantations were classified as private property; hence, the educational and health needs of its workers fell outside the state's jurisdiction.

Affirmative action, expanded and intensified under the NEP, established a policy regime that has transformed Malaysia, but has also entrenched particular modes of administering racial preference. The following section considers specific programmes to increase Bumiputera representation in tertiary education and upper-level occupations, which have centred on racial quotas or Bumiputera-only access. It also situates the formulation and marginal alteration of these programmes in the context of political economic developments.

Tertiary Education

Under the NEP, Malaysia created new secondary and tertiary programmes exclusively for Bumiputera students and applied racial quotas to university admissions and scholarships. As science and engineering fields began to be prioritised in education policy from the mid-1970s, the Ministry of Education

established exclusively Bumiputera residential science colleges (Lee, 1994). MARA (*Majlis Amanah Rakyat*, or Council of Trust for the People), which allocated 67% of its total budget for educational purposes between 1970 and 1990 (Faridah, 2003), set up junior residential colleges primarily for pupils in rural and underprivileged areas. These colleges enjoyed higher standards of teaching and facilities, especially in science classes (Leete, 2007).

At the tertiary level, new public universities were founded and a centralised government unit was formed to process applications and implement enrolment quotas. University admissions quotas have operated more on a discretionary basis, although policy reportedly apportioned 55% of places to Bumiputeras from the late 1970s and into the early 2000s (Aihara, 2009; Faridah, 2003). Notwithstanding this expansion, tertiary enrolment still did not keep up with the rapidly increasing supply of secondary school leavers. Whereas in the early 1970s about half of applicants were offered a place in university, by the mid-1980s this proportion had dropped to a fifth. Overseas and domestic private education eased the social pressures of insufficient spaces in public tertiary institutes. Many non-Bumiputera who did not secure a place in Malaysian universities pursued higher education abroad or settled for domestic non-degree programmes.³ Domestic private tertiary education grew from the 1980s, when colleges were founded, in affiliation with foreign universities or accreditation bodies, to provide pre-university diploma programmes from which students could continue towards obtaining a degree from an overseas university. Correspondingly, the proportion of tertiary students (degree, diploma and certificate) enrolled in overseas institutions declined from 40.2% in 1985 to 13.8% in 1995, while the share of domestic private institutions rose from 8.9% in 1985 to 34.7% in 1995 (Wan, 2007: 4).

The mid-1990s ushered in a sea change. Public tertiary education burgeoned; institutions were rapidly established in every state and university colleges were upgraded to university status. Private tertiary education institutions expanded under the Private Higher Education Act of 1996, which permitted domestic private for-profit degree-granting universities. Tertiary institutions proliferated such that, by 2005, Malaysia had 11 private universities (alongside 11 public universities), 11 university colleges (compared to 6 in the public system) and 5 branch campuses of foreign universities. The number of private colleges swelled to 632 in 2000, then settled back at 532 in 2005 (Malaysia, 2006a), reflecting fast – and somewhat reckless – growth.⁴ The number of Malaysians studying abroad remained substantial, but declined from 103,700 degree-level students in 2001 to 53,900 in 2006 as opportunities grew to obtain degrees domestically (Wan, 2007: 4). The expansion of private higher education is a crucial parallel development to Malaysia's continuing affirmative action programme, compensating for the shortages in public universities, especially for non-Bumiputera students. By 2000, private institutions accounted for 45% of the national tertiary student population, and marginally increased that proportion over the next half decade. At the degree level, however, the share of private institutions in total enrolment rose considerably, from 24% to 31% over 2000-05.⁵

Preferential selection of Bumiputera to public university enrolment and scholarships has operated through both explicit quota and implicit norm. In recent years, scholarship programmes have become somewhat more transparent in their

operations. Matriculation colleges, a shorter and arguably easier route to university entrance compared to Sixth Form in the national schooling system, were also expanded in the late 1990s (Loo, 2007). On the whole, quotas remain the predominant mode of operation, with alterations at the margins, including some allocation for non-Bumiputera students in previously Bumiputera-only institutions. For example, a 10% non-Bumiputera quota was introduced in the MARA junior science colleges in 2000 and in matriculation colleges in 2002 (see *The Star*, 15 May 2008).

Upper-level Occupations

The restructuring of employment in Malaysia has abided by a mandate that “employment patterns at all levels and in all sectors ... must reflect the racial composition of the population” (Malaysia, 1971: 42). The main affirmative action interventions in this regard comprised racial preference in public sector employment and limited controls on the private sector. Although the general objective was a racially representative workforce, there was no specified timeline for incrementally achieving that target, nor a systematic approach to increasing Malay penetration at the upper occupational levels where under-representation was most acute. Indeed, employment practices in government and requirements imposed on the private sector operated mostly on a discretionary basis, without legal codes or a consistent set of regulations.

Government and statutory bodies served to absorb Malay urbanisation and entry into formal wage employment. Prior to the NEP, measures were already in place to maintain a high Malay presence in the public sector, particularly at senior levels. Under the NEP, the government expanded the public sector, especially in the 1970s through the mid-1980s, thus availing more positions for Bumiputera occupational mobility as the public sector’s share of total employment rose from 11.9% in 1970 to 15% in 1981, before dipping slightly to 14.2% in 1987 (Rasiah and Ishak, 2001). Public sector employment is a natural extension of the university scholarship programme. Mehmet and Yip’s (1985) survey of graduating scholars in the early 1980s found 86.2% of Malays working for government and statutory bodies, compared to 61.9% of Chinese and Indians. Preferential employment policies, although targeting a representative public sector, were largely non-codified and tended to generate inertia in gravitating toward higher Bumiputera representation. Indeed, increasing Bumiputera representation in some governmental bodies, especially non-administrative statutory bodies, transpired in the absence of specific policies. For example, the state did not mandate preferential hiring of academic staff or the racial composition of university staff. Nevertheless, group preference was applied in academic recruitment, in line with the application of group quotas in student enrolment.⁶

In the private sector, Malaysia has few laws or policies in accordance with affirmative action objectives. The Industrial Co-ordination Act, passed in 1975, required large-scale manufacturing establishments to align their workforce with the racial proportions of the population. Production workers’ ranks, it turns out, were easily filled, especially with young Malay women from villages who flocked to electronics, textile and clothing factories operated by multinational corporations.

Compliance at managerial levels was harder to effect, and no substantive research has been conducted on the outcomes, although it is likely that the impact of the Act in terms of increasing Malay representation was limited and concentrated in non-technical responsibilities, such as personnel management. In the past two decades, little emphasis has been placed on the composition of workers within firms. There is no general legislation of employment practices in non-manufacturing sectors, although some strive for racial diversity in a selective manner, whether for strategy purposes or compliance with licensing rules. For example, most banks employ a locally representative workforce in tellers and service jobs, although the profile of management tends to correspond with that of major owners.⁷

In recent years, affirmative action elements in employment have continued to unfold in *ad hoc* and rather inconsequential ways. The 2007 Federal Budget urged publicly listed companies to pursue “corporate social responsibility” activities, such as awarding contracts to Bumiputera vendors, ensuring ethnic diversity of employment and developing human capital. The 2008 Budget reiterated this with an added requirement that companies disclose the composition of their workforce by race and gender, as well as measures taken to develop domestic and Bumiputera vendors (Abdullah, 2007). However, the purpose of this monitoring, and incentives for compliance or consequences of non-compliance, have not been specified.

Enterprise and Managerial Development

This element of affirmative action overlaps with employment restructuring but, distinct from public administration, is focused on commercial production of goods and services. One of the direst areas of Malay under-representation was among managers of enterprises. Throughout most of the NEP, the government has adopted a state-centric approach to entrepreneurial development. State-owned enterprises, comprising public services departments, statutory bodies and government-owned private or public companies, grew from 22 in 1960 to 1149 in 1992, at an average rate of nine per year in the 1960s, 55 in the 1970s and 41 from 1980 to 1992, with the largest numbers in manufacturing, services, agriculture, finance and construction (Gomez and Jomo, 1999: 29-31). State Economic Development Corporations were commissioned to cultivate Malay business from the early 1970s, although ventures largely turned out unsuccessful or unsustainable.⁸ The government, through investment arms, also secured ownership of hitherto foreign-owned companies from the late 1970s, and facilitated the upward mobility of Malay managers and professionals. In the early 1980s, the heavy industries programme commenced, venturing prominently into automobile, steel and cement. While the global recession of the mid-1980s hampered the launch of many of these government-owned and Bumiputera-managed firms, their prematurity was seen in the emergence of excess capacity, lack of competency and gross under-performance.

The focus shifted again from the late 1980s to privatisation of state entities, which would facilitate capital accumulation in the hands of individuals in the BCIC, beyond agencies or institutions, such as trust funds. This policy watershed elevated the expansion of a Bumiputera capitalist class and individual wealth concentration as policy priorities. Entrepreneurial development was entrusted to a process of handing over previously state-owned enterprises to individuals, hand-picked more

through political connection than competitive selection. However, the 1997-98 financial crisis resulted in many state-sponsored Malay capitalists and conglomerates foundering, after which they were re-nationalised. Government-linked corporations continue to play significant roles in Bumiputera managerial employment and development, and have been reissued a mandate to drive Bumiputera enterprise.

The state has also deployed licensing, contracting and public procurement toward developing a Malay capitalist and entrepreneurial base. Affirmative action programmes through licensing have operated on a sectoral basis.⁹ Transportation, telecommunications and media have seen the issuance of licences for big and politically strategic operations (Gomez and Jomo, 1999: 91-100). The NEP gave impetus to utilising the public procurement system to stimulate and finance Bumiputera commerce, through reserving smaller contracts for Bumiputera contractors and conferring preferential conditions for larger contracts.¹⁰ In 1995, the Ministry of Public Enterprises was reorganised as the Ministry of Entrepreneur Development, which launched vendor and franchise development schemes and educational programmes, towards developing Bumiputera small- and medium-scale enterprises (Torii, 2003: 235-36). Overall support of these programmes, however, has been dwarfed by large privatisation projects and government-linked corporation operations, and outcomes have largely fallen short (Gomez, 2009). Table 1 summarises the main affirmative action programmes, and a few notable features that have been outlined above or will be discussed in the next section.

Evaluation of Affirmative Action Outcomes

Tertiary Education

Evidence on Bumiputera advancement in tertiary education is rather dispersed, unlike occupational representation and other statistics that are tracked consistently through the Malaysia Plans. However, a range of sources paints a picture of substantial quantitative progress on this front. Institutions established for Bumiputera educational advancement grew considerably. Enrolment in MARA junior science colleges roughly kept pace with secondary schools in general from 1985 to 2005. This select group represents just under 1% of total secondary school enrolment. Public matriculation colleges, exclusively Bumiputera until a 10% non-Bumiputera quota introduced in 2002, burgeoned at an annual rate of 12.5% between 1985 and 2005, more than double the 6.1% annual growth in regular public post-secondary schools. In 2005, matriculation colleges comprised 28% of total pre-university public institution enrolment (Malaysia, 2001; Malaysia, 2006a). These institutions are instrumental in facilitating Bumiputera access to universities and colleges, although their quality and rigour are questionable, as discussed later.

The racial composition of universities demonstrates the efficacy of race quotas and new institutions with exclusively or predominantly Bumiputera enrolment. In 1970, the university student population consisted of 40.2% Bumiputera, 48.9% Chinese and 7.3% Indian; by 1985, these figures had changed to 63% Bumiputera, 29.7% Chinese and 6.5% Indian (Khoo, 2005: 21). In 2003, the proportions were reported to be 62.6% Bumiputera, 32.2% Chinese and 5.2% Indian (Sato, 2005: 86). This composition of student bodies, we should note, varies across universities (Lee, 2005).

Table 1. Summary of affirmative action programmes and notable features

Area	Programmes	Notable features
Tertiary education	Residential colleges	Exclusively Bumiputera (until 2000)
	Matriculation colleges	Exclusively Bumiputera (until 2002)
	Expansion of tertiary institutions, enrolment quotas	Extensive growth of Bumiputera in tertiary education; concerns over decline in quality
	University scholarships	Important in facilitating access to university education, but lacking a systematic framework for balancing merit and need considerations in the awarding of scholarships
Upper-level occupations	Public sector employment	<i>De facto</i> quota, largely <i>ad hoc</i> in implementation; major role in absorption of a growing urbanised Bumiputera population and growth of Bumiputera professionals and administrators
	Industrial Coordination Act	Minimal impact at professional and managerial level; no impact on SMEs
Enterprise and managerial development	Public enterprises	Spanning all sectors, but largely under-performing or failed; post-1997 crisis: government-linked companies given reinvigorated mandate to spearhead BCIC agenda
	Licensing	Confined to fields with limited technological growth; no incentive structure, particularly for SMEs
	Public procurement	Little effect on advancing Bumiputera enterprise; widely viewed as an element of a patronage regime; scant incentive structure, particularly for SMEs

A few universities, notably University of Malaya and Science University Malaysia, account for the bulk of non-Bumiputera enrolment, while many institutions are overwhelmingly Bumiputera.

The effect of tertiary education expansion extends to the labour force (Table 2). The share of Malay and Chinese workers who have attained tertiary education in

Table 2. Labour force with tertiary education, within race groups, 1995-2007 (%)

	1995	1999	2007
Bumiputera	11.4	13.8	22.0
<i>Malay</i>	<i>13.1</i>	<i>15.7</i>	<i>24.1</i>
<i>Non-Malay Bumiputera</i>	<i>4.4</i>	<i>6.4</i>	<i>12.9</i>
Chinese	12.0	15.1	22.6
Indian	9.5	11.9	18.8
Malaysia	11.1	13.2	21.8

Source: Department of Statistics (various years).

2007 were, respectively, 24.1% and 22.6%. However, differences persist across and within race groups. By 2007, the Indian workforce still lagged in access to formal education, with 18.8% reaching the tertiary level, and the non-Malay Bumiputera workforce trailed further behind, with 12.9% having tertiary education. In sum, access to and completion of tertiary education, especially at degree level, has expanded, but the opportunities available to Indians and especially non-Malay Bumiputeras are consistently narrower.

The residential school and university scholarship programmes undoubtedly provided educational access to many Bumiputera. However, it is unclear if the distribution of benefits has been conducted in a systematic way that balances merit and socio-economic background. In the mid-1970s, children of urban middle class households were found to constitute 63% of MARA junior science colleges (Selvaratnam, 1988: 191). The allocation of university scholarships has also tended to follow a regressive pattern. Mehmet and Yip's (1985) survey, conducted at graduation ceremonies and capturing 45% of the five domestic universities' graduating cohort, found the distribution of scholarships skewed towards children of high income families in general, but more markedly among Malays. They found that, while the national proportion of families earning above RM1000 was 10.3%, the share of scholarships awarded to students from such families was 25.5%. Within the Malay community, this top income range constituted 4.9% of families, but 22.9% of scholars' families.

Newer research is scant, but it is probable that a large share of the opportunity continues to accrue to middle class households, particularly in the case of highly sought-after scholarships to study abroad, although the distribution may be less skewed than in the past. Ball and Razmi's (2001) survey of Bumiputera scholars returning from study in overseas universities in the late 1990s offers some information. They report a "slightly regressive" pattern of scholarship allocation based on family socio-economic status, which in turn is derived from household income and parents' education. At the same time, a somewhat high 58% of scholars had fathers who attained only primary schooling, reflecting a progressive distribution and considerable inter-generational mobility. These patterns are plausible, given the mass provision of secondary education and burgeoning access to tertiary education for lower-income households, although the study's small sample size calls for circumspection towards the findings.¹¹

Serious questions over the quality of tertiary education have also come to the fore in recent years, especially with growing concern over graduate unemployment and its

disproportionately greater effects on Bumiputeras. Table 3 shows that the unemployment rate of the tertiary-educated labour force increased between 1995 and 2007 for the Bumiputera and Indian populations. Again, non-Malay Bumiputeras are more severely affected, as shown in Table 4. In sum, the rise in unemployment among the tertiary educated appears to be concentrated among early labour market entrants – and is likely to have affected recent beneficiaries of affirmative action.

Besides income and labour force surveys, other data sources shed further light on graduate unemployment, indicating that graduates of domestic public higher education institutions, from which most Bumiputeras obtain degrees, experience greater difficulty in securing employment in occupations commensurate with their qualification. In a substantive World Bank (2005: 94-6) survey of employers and employees in 902 firms in Peninsular Malaysia, 70% of managers responded that insufficient supply of capable university graduates is the severest constraint on higher technology investment. Employees' assessment of the most important skill that they lacked in conducting their job competently ranked English proficiency first by far (47%), followed by professional and technical skills (14%). The problem of English language deficiency was found to be more acute on the Malay-dominant East Coast. We may deduce from these findings that Malay, as well as non-Malay Bumiputera, graduates are more likely to face difficulty securing employment in professional occupations. On the hiring process, a survey of managers conducted by Jobstreet obtained a ranking of reasons for not recruiting fresh graduates. Of 3800 respondents, the most widely cited factor, again, was poor command of English. This disadvantage is presumably more widespread among graduates of Malaysia's Malay-medium public universities (Jobstreet, 2005).

Table 3. Unemployment rates within race group, by highest education, 1995 and 2007

	Overall Malaysia		Bumiputera		Chinese		Indian	
	1995	2007	1995	2007	1995	2007	1995	2007
Primary	1.7	2.2	2.7	2.6	0.8	1.6	1.5	2.8
Secondary	4.0	3.6	6.0	4.1	1.7	2.5	3.2	4.3
Tertiary	3.1	3.9	3.8	4.8	2.3	2.2	2.6	4.0
Overall	3.1	3.4	4.6	3.9	1.5	2.2	2.6	4.0

Source: Author's calculations from Department of Statistics (1995) and Department of Statistics (2007).

Table 4. Unemployment rate within Bumiputera, 2007

	Malay	Non-Malay Bumiputera
Primary	2.1	3.9
Secondary	3.6	6.8
Tertiary	4.3	9.5
Overall	3.5	5.8

Source: Author's calculations from Department of Statistics (2007).

Quah and colleagues (2009) surveyed employer appraisals of their employees' capacities on the job, principally to test for correlations with university location. They adopt a threefold classification: foreign university, local university or twinning programme, in which a local college partners with foreign degree-granting universities. Employers ranked communication capabilities and confidence as the most important skills, and reported that foreign graduates demonstrate superior levels. Interestingly, graduates of local universities and twinning programmes do not differ much in these areas, although on other criteria the twinning programme graduates fare somewhat better by the estimation of surveyed managers. Indeed, while public universities draw much attention for declining employability of their graduates, the quality of private tertiary institutions may also be on a downtrend. As the authors caution, the study has a small sample size (56 companies) and is confined to the northwestern region of Peninsular Malaysia. None the less, the parallels of these findings with others suggests that larger samples and broader coverage will produce differences more in magnitude than in the overall conclusion.

Upper-level Occupations and Enterprise Development

A few patterns of change in Bumiputera representation in upper-level occupations over the official NEP timeline (1971-90) and the subsequent period may be observed. Tables 5 and 6 present occupational data derived from labour force surveys. It must be noted that the classification system changed in 2000, which likely accounts for discrepancies observed before and after that year. Malaysia's attainment shortfall is greatest in its programme of developing an independent managerial and entrepreneurial class since the mid-1990s (Table 5). Bumiputera representation in management had increased gradually prior to that, from 22.4% in 1970 to 30.3% in 1990, then more rapidly grew to 36.8% in 1995. However, this remained static at around 37% over 1995-2000 and 2000-05. The development of Bumiputera-owned

Table 5. Distribution of occupation by race group, percentage of Malaysian employed population, 1970-2000

Occupation	1970			1990		
	Bumiputera	Chinese	Indian	Bumiputera	Chinese	Indian
Admin. and managerial	22.4	65.7	7.5	30.3	65.5	4.2
Professional and technical	47.2	37.7	12.7	62.2	29.9	7.9
<i>Excl. teachers and nurses</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	58.0	33.2	8.8
<i>Teachers and nurses</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	68.8	24.7	6.4
Overall	51.4	37.0	10.7	56.3	34.6	9.1
		1995			2000	
Admin. and managerial	36.8	52.5	4.8	37.0	52.3	5.5
Professional and technical	64.4	25.7	7.0	63.9	25.8	7.6
<i>Excl. teachers and nurses</i>	60.0	28.5	7.2	59.3	29.5	7.9
<i>Teachers and nurses</i>	72.3	20.5	6.6	73.2	18.4	6.9
Overall	51.4	29.6	7.9	51.5	29.7	8.3

Rows do not sum to 100 due to omitted category termed "Others"; n.a., not available.

Source: Malaysia (1976), Malaysia (1996), Malaysia (2001).

and -operated small- and medium-scale enterprises remains an area of pronounced shortcoming, particularly in manufacturing activities, where reliance on foreign investment persists (Lee, 2007). Licensing and procurement have suffered from poor execution and widespread corruption, while privatisation has largely failed, with the re-nationalisation of a number of major projects in the late 1990s dealing a severe indictment on the conception and implementation of the massive programme (Tan, 2008).

Bumiputera entry into professional and technical positions proceeded steadily in the 1970s and 1980s, but slowed from the 1990s through the 2000s (Table 6). Whereas Bumiputera representation rose from 47.2% in 1970 to 62.2% in 1990, only a slight change is observed between 1990 and 2000, and teachers and nurses continuously comprised a high and slightly growing proportion. Over 2000-05, the share of Bumiputera among professionals and technicians increased marginally. In 2005, 52.5% of Bumiputera professionals, compared to 22.4% of Chinese professionals and 30.8% of Indian professionals, worked as teachers and lecturers, primarily in government.

Undoubtedly, the public sector has played an instrumental role in fostering Malay upward mobility and raising a Malay middle class during and beyond the NEP (Abdul Rahman, 1996; Torii, 2003).¹² Recent employment trends reflect a continuing dependence of affirmative action on government employment. Notably, these proportions considerably exceed the Bumiputera share of the employed population of 56.5% in 2005 (see Table 6). Differentials within the Bumiputera population are substantial. Malay representation rises as we move up the ranks of the civil service, suggesting a greater intensity of racial preference in positions of authority. According to the government employment roll, as of June 2005, Malays comprised 83.9% in top management, 81.6% at management and professional level, and 75.8% of support staff. Under-representation of non-Malay Bumiputera stands out, with members of the group occupying only 1.4% of top management positions and 3.2% of managers and professionals (Centre for Public Policy Studies, 2006).

Table 6. Distribution of selected occupations by race group, percentage of Malaysian employed population, 2000-05

Occupation	2000			2005		
	Bumiputera	Chinese	Indian	Bumiputera	Chinese	Indian
Admin. and managerial	36.6	55.8	6.6	37.1	55.1	7.1
Professionals	57.3	33.5	7.9	58.5	31.9	8.2
<i>Excl. teachers and lecturers</i>	45.4	44.2	9.3	47.2	42.0	9.6
<i>Teachers and lecturers</i>	74.4	18.2	5.8	74.9	17.4	6.2
Technicians and assoc. pro.	59.5	30.3	9.5	59.5	29.7	10.0
<i>Excl. teachers and nurses</i>	54.6	34.0	10.8	55.2	32.9	11.2
<i>Teachers and nurses</i>	71.1	21.4	6.4	70.6	21.5	6.9
Overall	56.4	32.5	9.1	56.5	32.4	9.3

Rows do not sum to 100 due to omitted category termed "Others."

Source: Malaysia (2006a).

Public sector employment data demonstrate that the importance of the public sector in the early 2000s was not just sustained, but, on the whole, grew – and more expansively in the upper echelons. The share of the public sector in employment expanded between 2000 and 2005, from 10.4% to 11.3% and by a greater margin among management and professional occupations – from 11.3% to 17.0%. One of the steps taken to solve the unemployed graduate problem has been to intensify public sector hiring. The Education Ministry contributed massively to the net increase in public sector employment at managerial and professional levels; 89.5% over 1996-2000 and 74.5% over 2000-05. The Health Ministry maintained a consistently large share of net growth in public sector support staff, with 36% over 1996-2000 and 61.7% over 2000-05.¹³ These statistics are consistent with the view that growth in teaching and nursing positions sustained the absorption of tertiary graduates into the labour market.

Professional association membership offers another data source on race composition. Table 7 shows that the combined Bumiputera share of registered professionals – who are mostly in the private sector – increased from 14.9% in 1980 to 29% in 1990, 33.1% in 1995, 35.5% in 2000 and 38.8% in 2005, with some variation across occupations. These data also show the momentum of rising Bumiputera representation in professional organisations dwindling from the 1990s, although the proportions of Bumiputera have grown more robustly in some categories – in particular, architects, dentists and lawyers – than in others.

Education Quality and Employment Outcomes

Further enquiry into the correspondence of differences in tertiary education quality with employment outcomes requires data that identify both educational and occupational attributes of employed persons. A random sample extracted from the 2000 Population Census provides some means to investigate these questions. The distribution of tertiary-educated (diploma or degree) managers and professionals in the public and private sectors is considered according to quality of institute, proxied

Table 7. Registered professionals by race, percentage of total, 1970-2005

Year	Bumiputera	Chinese	Indian	Others
1970 ^a	4.9	61.0	23.3	10.8
1975 ^b	6.7	64.1	22.1	7.1
1980	14.9	63.5	17.4	4.2
1985	22.2	61.2	13.9	2.7
1990	29.0	55.9	13.2	1.9
1995	33.1	52.4	12.9	1.6
2000	35.5	51.2	12.0	1.3
2005	38.8	48.7	10.6	1.9

“Professionals” are defined as architects, accountants, dentists, doctors, engineers, lawyers, surveyors, veterinarians.

^aData for 1970 excludes surveyors and lawyers; ^bdata for 1975 excludes surveyors.

Source: Jomo (2004), Malaysia (1996), Malaysia (2006a)

Table 8. Tertiary-educated managers and professionals and total tertiary-educated employed persons, Bumiputera and non-Bumiputera, 2000 (%)

	Bumiputera	non-Bumiputera
Total employed	58.0	42.0
Public sector managers	85.0	15.0
Private sector managers	40.9	59.1
Public sector professionals	80.3	19.7
Private sector professionals	43.9	56.1

Source: Author's calculations from a 2% tape of the 2000 Census.

Table 9. Tertiary-educated managers and professionals and total tertiary-educated employed persons, Bumiputera/non-Bumiputera, and educational location, 2000 (%)

	Bumiputera			Non-Bumiputera		
	Overseas	Domestic public	Domestic private	Overseas	Domestic public	Domestic private
Total employed	6.5	46.2	4.7	11.4	15.2	16.1
Public sector managers	12.0	70.7	1.4	5.1	8.3	2.5
Private sector managers	8.9	27.3	4.4	20.3	16.1	22.9
Public sector professionals	7.5	71.7	1.2	3.4	15.3	0.9
Private sector professionals	9.2	30.0	4.3	19.0	18.3	19.2

Rows sum to 100%.

Source: Author's calculations from a 2% tape of the 2000 Census.

by location and type (overseas, domestic public and domestic private) and race, which is simplified to a Bumiputera/non-Bumiputera binary due to sample size constraints.¹⁴ The categorisation of institutes by location and jobs by sector are also limited by data availability, and makes generalisations about “quality.”

While it is recognised that variations within these broad categories are inevitable – obviously, not all overseas graduates are more capable than all domestic graduates – some important differences can reasonably be said to prevail, in terms of institutes' operation (especially language of instruction), admissions criteria (academic requirements, selection for scholarships, and so on), and less tangible aspects like academic environment (which affect confidence, thinking and communication skills, and the like). The analysis follows up on surveys of employers and employees mentioned above that found general disparities between foreign and domestic graduates. The concurrence of graduate unemployment and increased absorption of graduates into the public sector supports the view that entry into government jobs is subject to less rigorous selection.

Tables 8 and 9 report the key findings. They first note the proportions among total employed persons, as a baseline for assessing relative concentration of Bumiputera and non-Bumiputera in managerial and professional positions in the public and private sectors. Table 8 shows that Bumiputeras comprised 58% of tertiary-educated

workers on the whole, but in the upper echelons they are substantially concentrated in government, accounting for 85% of public sector managers and 80% of public sector professionals. Conversely, tertiary-educated non-Bumiputera managers and professionals predominantly work in the private sector. On the whole, these figures are consistent with the fact that affirmative action is enforced in the public sector – more intensively in high-level occupations – and that Bumiputera entry into the private sector remains below potential, based on the community's tertiary-education attainments. These figures also closely resemble the racial distribution according to the government employment roll, indicating that these data extracted from the Census are, on aggregate, fairly representative.

To inform questions of educational quality and its interaction with affirmative action, the correspondence of institute location with occupational outcomes is evaluated (Table 9). Unsurprisingly, the vast majority of tertiary-qualified Bumiputeras graduated from domestic public institutions, with small portions graduating from overseas and domestic private institutions, while non-Bumiputeras were more evenly distributed. Bumiputera graduates of domestic public institutes are highly concentrated in public sector management and public sector professional positions, and are considerably under-represented in the private sector at those levels. Specifically, Bumiputera domestic public graduates account for 46% of all employed persons, but represent just above 70% of public sector managers and professionals and 30% or less of private sector managers and professionals. Bumiputera overseas graduates are also more likely to be employed as public sector managers, but are significantly represented in private sector managerial and professional positions. This group constitutes 9.2% of private sector professionals, compared to 7.5% of public sector professionals. Among non-Bumiputera, overseas and domestic private graduates comprise substantially higher shares of managers and professionals in the private sector, and exceptionally small fractions of these positions in the public sector. Non-Bumiputera graduates of domestic public institutes constitute a proportionate share of private sector managers and professionals, but in contrast to the other non-Bumiputera graduates, are less concentrated in the private sector and have a relatively larger presence in the public sector.

How do we interpret these findings? Two general considerations inform this discussion: first, entry into the public sector is less stringent compared to the private sector; second, selection into the public or private sector is affected by a range of factors, including affirmative action, perceptions of opportunity, and choice of education sector. The evidence affirms the assessment that the continuing concentration of Bumiputera graduates in government employment reflects deficiencies in the quality of domestic public institutes, particularly with reference to overseas graduates and in concurrence with employer and employee surveys. Correspondingly, Bumiputera graduates of overseas institutes are, on average, less dependent on public sector employment. This indicates that Bumiputeras who gain access to overseas tertiary education are well positioned for upward occupational mobility, into managerial and professional positions, as well as laterally, across public and private spheres. Given that the proportion of Bumiputera studying abroad is considerably smaller, the opportunity gap between this elite and the rest of the community is greater than in the non-Bumiputera population.

Of course, imputed differences in the quality of institutes only partly account for the results obtained. Some patterns in Table 9 suggest that preferential selection impacts on the calibre of students admitted into tertiary institutes and may, in turn, affect the quality of graduates. In particular, the relatively greater capacity of non-Bumiputera graduates of domestic public institutes to attain private sector management and professional positions arguably stems from the more intensive competition for scarce quota spaces, while Bumiputera entrants are selected from a less competitive pool. The relationships between affirmative action and educational outcomes are undoubtedly complex and under-explored, although available research has found that university students who entered through matriculation colleges demonstrate less academic ability than those, mainly non-Bumiputera, who passed through the national schooling system (Haliza et al., 2009; Tan and Santhiram, 2009). Thus, disparities are manifest from the point of entry into university, and sustained considerably throughout enrolment. As an assessment of post-university differentials, World Bank (2005: 89) reports that almost a third of surveyed managers perceive foreign-trained professionals as better performers than Malaysia-trained professionals.

While quality differentials between domestic and overseas universities are scarcely disputed, the competitiveness of domestic private institute graduates relative to counterparts of domestic public institutes is less clear cut. The rapid expansion of private tertiary education has come, to a significant extent, at the expense of raising, even maintaining, standards. Private institute graduates may be more employable than public institute graduates on average, but it is fair to say that the quality of tertiary education provision is highly uneven across the sector. This is a thinly researched area. None the less, some fairly common features of private education that positively impact on employment prospects are worth a brief note. Most private institutes instruct in English, and proficiency in the language generally enhances labour market participation. In addition, the concentration of domestic private institute graduates in private sector management and professional positions arguably derives to some extent from a higher proportion of practically orientated fields. In 2002, among private institute graduates 35% studied business, 15% arts and social sciences, 34% science and engineering, and 16% technical and vocational programmes. This compares with 32% in business, 28% arts and social sciences, 26% science and engineering, and 14% technical and vocational programmes among public institute graduates.¹⁵

Factors beyond educational quality or specificity of training may also be at work. Public-private educational distributions correlate with public-private occupational outcomes. Most conspicuously, graduates of domestic private institutes, whether Bumiputera or non-Bumiputera, are far more likely to find work in the private sector than in the public sector. The reasons for this are not deducible from our data, but the findings suggest that institutional selection, especially of Bumiputera into public institutes and non-Bumiputera into private institutes, places graduates on trajectories largely confined to one sector, arguably due to the relationships, networks and preferences forged in college or university.

Conclusions and Implications

The successes of Malaysia's affirmative action programmes in education and employment have dwindled, quantitatively and qualitatively, in recent decades.

Benefits have been inequitably distributed within the beneficiary group, and some groups remain systemically excluded. This article's consideration of the literature and official published data finds that, while Bumiputera gains in access to tertiary education are evident in the share of the workforce holding formal qualifications, Indian and especially non-Malay Bumiputera attainment levels are substantially lower. Within the bounds of existing Constitutional provisions, greater affirmative action emphasis can and should be placed on non-Malay Bumiputera and Indians who continue to face systemic disadvantages.

Although the quantity of tertiary-certified Bumiputeras has grown steadily, predominantly through public institutions where racial quotas are enforced, available literature and this study's empirical enquiry find evidence that shortcomings in the quality of Bumiputera public institute graduates severely diminish the efficacy of affirmative action. Unemployment rates of the degree-holding workforce have risen, disproportionately among Bumiputera, and significantly due to deficiencies in general criteria, such as language and communication skills and self-confidence. Bumiputera representation in managerial and professional positions robustly increased over the 1970s and 1980s, but these shares remained more or less static from the mid-1990s until the present. Entry into these positions also continues to depend on the public sector, where Bumiputeras are over-represented.

Data from the 2000 Census shed new light on tertiary educational quality in its correspondence with affirmative action and mobility of graduates in upper-level occupations. This study's findings corroborate the view that graduates of domestic public institutes, especially from the Bumiputera community, are less favourably regarded. Greater mobility of overseas degree-qualified Bumiputera confirms the disadvantage associated with domestic public universities and colleges. At the same time, higher mobility of non-Bumiputera domestic public graduates suggests that selection into colleges and universities impacts on entry standards, and that shortfalls in quality of graduates, especially Bumiputera graduates, carry over from disparities in preceding stages of education. It is also noted that the racial sorting into private and public spheres begins in tertiary enrolment and extends to the labour market. The confinement throughout working lives to private or public sector need not be a socio-political concern if it were plainly a matter of individual choice. However, the fact that the separation happens prior to labour market engagement raises questions over changing forms of systemic disadvantage or exclusion.

A number of policy implications arise. The transformations sought by affirmative action must be rooted in the educational realm. Yet it is also here that Malaysia's problems with affirmative action are deepest and the prospect of stifling progress is greatest. The stagnation or deterioration in quality of education and adverse consequences of preferential selection demand urgent attention and bold action. Deficiencies in the Malaysian educational system extend much wider than the ambit of affirmative action, which operates predominantly at the tertiary level. Hence, the systemic stagnation of quality in the public educational system as a whole, reflected in the dire state of the teaching profession that is unable to attract well-qualified entrants to training (Malaysia, 2010: 206), must be arrested and reinvigorated. Problems in the public universities and colleges most pertinent to this study revolve around the effects of affirmative action on the calibre of entrants and quality of instruction. In place of the prevailing, passive mode of centrally-administrated

university entrance and race quotas, serious consideration should be given to alternative avenues for fostering diversity that impact less adversely on student selection. A thorough review of matriculation programmes is due, in view of evidence that they inadequately equip students for degree-level participation. An ostensible meritocratic system instituted in 2002, aiming to pacify discontent from perceptions that a non-meritocratic system was systemically excluding non-Bumiputera, omits differences between Malaysia's relatively strenuous Sixth Form of secondary schooling, through which non-Bumiputera attempt to enter tertiary institutions, and predominantly Bumiputera, less exacting matriculation programmes. The maintenance of parallel entry systems is another problem to be addressed.

Scholarships should maximise their potential for facilitating inter-generational upward mobility and for reinvigorating domestic public universities. Greater equity in distribution of university scholarships must balance equity concerns and progressive scaling against the realities of schooling disparities. While children of urban, middle-class households would tend to be better equipped for academic success in university, their selection comes at the expense of others, especially from rural and low-income families, for whom scholarships facilitate inter-generational social mobility. Similarly, programmes that send the brightest Bumiputeras abroad must be tempered by cognisance of the resulting costs of depriving domestic public institutions of outstanding students.

In the occupational realm, the scope of existing policies has been limited, and room for reform is also constrained. Affirmative action in public sector employment is practically redundant, given that applications for public sector jobs by non-Bumiputera are miniscule, with the Public Services Department Director-General stating that just 1.8% of applications were from Chinese and 2.5% from Indians in 2006 (cited in *The Star*, 25 December 2007). This raises the need for efforts to steer employment in the public sector, especially in senior and prominent positions, towards a more proportionate racial and ethnic composition, for the purposes of fostering a composition of government that is more representative of society and, perhaps, to set precedents for the private sector to emulate. While employment equity legislation will likely prove politically infeasible in Malaysia, there may be room for pursuing more representativeness in management and professional ranks in ways that are more demonstrative than mandatory, particularly through public sector procurement and contracting.

The development of Bumiputera enterprise and industry has passed through various phases and recorded mixed results. On the one hand, Bumiputera presence in some sectors, and in large corporations and government-linked companies, has grown to substantial proportions, raising questions on whether this constitutes an area where Bumiputera can be said to be under-represented. On the other hand, programmes for cultivating enterprise, particularly small- and medium-scale operations, have largely not attained desired levels of participation and competitiveness. This paper has largely omitted discussion and completely excluded empirical coverage of equity ownership, except for the manner in which this agenda has come to dominate discourse of the NEP and affirmative action. In the context of policy implications it is worth noting that the shortcomings in Bumiputera managerial and enterprise development testify to the perils of relying on wealth distribution to

translate into productive participation. The case for rolling back affirmative action in wealth ownership is a strong one, especially with the compelling and urgent need to refocus on affirmative action in education and employment. Government procurement and licensing, however, remain instruments that can be leveraged more effectively, subject to checks against corruption and malfeasance, to induce the private sector to implement socio-economic programmes, for instance, through rewarding contractors or licensees who demonstrate co-operative and meaningful multi-racial management – again, shifting the focus away from ownership.

In the face of the adverse outcomes of race-based affirmative action, the notion of needs-based or class-based affirmative action sometimes emerges as an appealing alternative. These debates gained popularity post-March 2008, as the federal Opposition, riding on discontent toward the NEP, called for needs-based affirmative action (Pakatan Rakyat, 2009). The New Economic Model has advocated, and federal government has echoed, a shift to affirmative action based on need or merit (NEAC, 2010). Both policy proposals are decidedly broad and vague, lacking in coherence. The argument goes, since the poor are predominantly Bumiputera, they will benefit from assistance targeted by need.

However, to reframe affirmative action in this manner obfuscates the precise objectives of the policy and offers limited practical options and, in the process, presents less scope for transitioning away from affirmative action in its current form (see Lee, 2010). Affirmative action pursues narrower objectives than poverty alleviation or progressive taxation. Recasting affirmative action as needs-based redistribution also institutionalises policies perpetually, whereas affirmative action must strive to be temporary. Moreover, needs-based affirmative action may be feasible in selection and support of tertiary-level students, but finds limited applicability in the spheres of employment and enterprise development. It is easy to make the case for according preference to students from poor families, but family history can scarcely be institutionalised as a consideration in hiring, promotion or asset allocation. Of course, maintaining a population group as beneficiary does not entail that the recipients of race-based preference cannot be means-tested. Within the designated group, progressive distribution can be pursued and, in Malaysia, should emphatically be pursued with greater vigour. In principle, needs-based redistribution of resources serves as a complement to – not a substitute for – race-based affirmative action.

While Malaysia remains racially divided, with deeply embedded institutions and mindsets surrounding the relative positions of race groups, it is arguably more judicious and viable to negotiate a steady and systematic transition away from the status quo by precisely defining the justification and scope of race-based affirmative action, and by critically revising and modifying programmes, and by setting time limits or cut-off points for preferential treatment. Charting a passage from the current affirmative action regime requires broader and deeper analysis and policy debate, which in turn demands full disclosure of relevant data and open, informed and critical national dialogue.

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Notes

- ¹ The concepts of race and ethnicity are contentious; Malaysia's classification of the population into Bumiputera, Chinese and Indian categories is no exception. In official and popular discourses, the terms "race" and "ethnicity" tend to be used interchangeably, although ethnicity has found greater currency in recent decades, perhaps due to negative connotations surrounding race. The colonial origins of this racial classification and the political construction of Bumiputera render the concept of race problematic. This author maintains that both race and ethnicity are artificial approximations of group commonality and identity that can be utilised without implying immutability or homogeneity. Usage of "race" in this paper is mindful of its conceptual complexities. Indeed, this paper adopts the term precisely because disparities between race groups are rooted in colonial and political structures that persist, and that affirmative action aims to redress.
- ² The Constitution establishes both the principle of equality and provisions for affirmative action (Malaysia, 2006b). Individual equality and prohibition of discrimination is set out in Article 8, "[e]xcept as expressly authorised by this Constitution." Authorisation is granted in Article 153, which makes provision for the Yang Di-Pertuan Agong (the national king) to "exercise his functions under this Constitution and federal law in such manner as may be necessary to safeguard the special position of the Malays and natives of any of the States of Sabah and Sarawak [i.e. the Bumiputera] and the legitimate interests of other communities," through reserving places for the designated group in public sector employment, scholarships, training programmes and licences. Notably, this does not confer an absolute mandate, but one qualified by adjudged necessity.
- ³ Faridah (2003: 166) reports that in 1985, out of 22,684 students studying overseas, 73.4% were non-Bumiputera who failed to gain admission to domestic public universities or who were offered places in programmes not of their choice.
- ⁴ In November 2004, the National Accreditation Board (LAN) reported that five out of six courses taught in private colleges were not accredited. Out of around 3000 courses offered by 500 private colleges, only 530 had acquired certificates of accreditation (*New Straits Times*, 16 November 2004).
- ⁵ Author's calculations from Malaysia (2006a).
- ⁶ The author thanks Maznah Mohamed for this insight.
- ⁷ The author thanks National Union of Banking Employees (NUBE) officials for this insight.
- ⁸ In 1981, available information on 260 companies under the purview of the Ministry of Public Enterprises showed that 94 were making losses and 21 had yet to operate (Jesudason, 1989: 98-100).
- ⁹ For example, the Petroleum Development Act (1974) vested ownership of oil reserves in the hands of the government, and required that management of petrol stations be reserved in Bumiputera hands. The issuing of taxi licences has also been dictated by terms that require Bumiputera ownership – although this is an area of conspicuous *Ali-Baba* relationships, where a Bumiputera partner secures a licence, then subcontracts the work to other, usually Chinese, persons. The vendor system in the automobile sector sets up a system for development of parts suppliers, and "Approved Permits" have been distributed, granting quotas to import motor vehicles.
- ¹⁰ A tiered procurement framework was introduced in 1974, in which 100% of small projects and 30% of the total value of other projects are reserved for Bumiputera contractors. The remaining 70% is open for bidding among all companies, although Bumiputera contractors also receive price handicaps on a sliding scale, except for the largest category of contracts. In 1982, a provision was introduced to prioritise members of the Malay Chamber of Commerce. The parameters for classifying contracts and discounts were adjusted in 1995, but the basic framework was retained (Treasury Circular Letters No. 7, 1974; No. 3, 1982; and No. 4, 1995).
- ¹¹ Ball and Razmi (2001) conducted a mail questionnaire, sampling 538 from a total 2708 Bumiputera overseas graduates. Out of these, 365 addresses were obtained and 222 respondents mailed back questionnaires.
- ¹² The racial composition of government-linked companies (GLCs), which employed 325,722 personnel (about 3% of the employed population) in 2006, are also relevant in view of the important role of these institutions in affirmative action, but unfortunately, such data are unavailable (*The Star*, 8 September 2007).
- ¹³ Author's calculations from the *Personnel List of Government Ministries and Departments in the Federal Budget Estimate* (Malaysia, various years). The author thanks Liew Chin Tong for his help in suggesting and obtaining these data.

- ¹⁴ Specifically, the analysis uses a 2% tape of the 2000 Census. As a check on this sub-sample of tertiary-educated workers, its occupational composition is compared against the corresponding sub-sample from the 1999 Household Income Survey (HIS). In the 2000 Census, tertiary-educated workers comprised 19% managers and 40% professional. Similar proportions are observed in the 1999 HIS: 23% managers and 37% professionals. However, it should be noted that about 20% of the Census sample of tertiary-educated workers does not report the location of their institute, and has to be dropped. Analysis finds a slightly larger proportion of managers and professionals in the sub-sample that is used, although this pattern holds across Bumiputera and non-Bumiputera categories. It was also found that the proportion with missing observations is consistent within race groups, with all falling within a 19-21% range. Non-response to the institute location question does not indicate a systematic pattern by race.
- ¹⁵ Author's calculations from the Ministry of Higher Education's statistical portal (http://www.mohe.gov.my/web_statistik/).

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