STATE-BUSINESS RELATIONS: MINISTRIES IN BUSINESS

WAN JUWAIRIAH NURBADRIN BINTI WAN AHMAD TAJUDDIN

FACULTY OF ECONOMICS AND ADMINISTRATION
UNIVERSITY OF MALAYA
KUALA LUMPUR

2021

STATE-BUSINESS RELATIONS: MINISTRIES IN BUSINESS

WAN JUWAIRIAH NURBADRIN BINTI WAN AHMAD TAJUDDIN

DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF DEVELOPMENT STUDIES

FACULTY OF ECONOMICS AND ADMINISTRATION
UNIVERSITY OF MALAYA
KUALA LUMPUR

2021

UNIVERSITY OF MALAYA

ORIGINAL LITERARY WORK DECLARATION

Name of Candidate: Wan Juwairiah Nurbadrin
binti Wan Ahmad Tajuddin

Matric No: 17057713/1/ EGF160008

Name of Degree: Master of Development Studies

Title of Project Paper/Research Report/Dissertation: "State-Business Relations: Ministries in Business"

Field of Study: Political Economics

I do solemnly and sincerely declare that:

(1) I am the sole author/writer of this work;
(2) This work is original;
(3) Any use of any work in which copyright exists was done by way of fair dealing and for permitted purposes and any excerpt or extract from, or reference to or reproduction of any copyright work has been disclosed expressly and sufficiently and the title of the Work and its authorship have been acknowledged in this Work;
(4) I do not have any actual knowledge nor do I ought reasonably to know that the making of this work constitutes an infringement of any copyright work;
(5) I hereby assign all and every rights in the copyright to this Work to the University of Malaya ("UM"), who henceforth shall be owner of the copyright in this Work and that any reproduction or use in any form or by any means whatsoever is prohibited without the written consent of UM having been first had and obtained;
(6) I am fully aware that if in the course of making this work I have infringed any copyright whether intentionally or otherwise, I may be subject to legal action or any other action as may be determined by UM.

Candidate's Signature Date: 17 June 2021

Subscribed and solemnly declared before,

Witness's Signature Date: 26 November 2021

Name:

Designation:

STATE-BUSINESS RELATIONS: MINISTRIES IN BUSINESS

ABSTRACT

Malaysia practices a high level of state intervention. One method of such intervention is by employing government-linked companies (GLCs). However, it is still not widely known that Federal Ministries in Malaysia own and control GLCs. There were a total of 25 ministries in 2016, and each of them had ownership and control of GLCs. Other than that, the manner of corporate ownership by ministries varies as different ministries employ GLCs in different ways through different types of institutions. This has resulted in GLCs performing differently. This can be seen through case studies of ministries that own and control the largest number of GLCs. These 'Big Four' ministries, major players in the economy, are the Prime Minister's Department (PMD), Ministry of Finance (MoF), Ministry of Rural and Regional Development (MRRD) and Ministry of Science, Technology and Innovation (MOSTI). An assessment of the Big Four provides a clear view of how the government intervenes in the economy, and the implications of doing so in this manner. This study indicates that the employment of GLCs through the Big Four can be developmental or degenerative, based on the type of key institutions and key actors used when intervening in the economy. Different types of key actors and key institutions will result in different implications, socially, economically, and politically. The findings provide insights into the extent to which the government should intervene in the economy through the employment of GLCs under the jurisdiction of federal ministries in Malaysia.

Keywords: Ministries, GLCs, State Intervention, Developmental State, Malaysia

HUBUNGAN NEGARA-PERNIAGAAN: KEMENTERIAN DALAM PERNIAGAAN

ABSTRAK

Malaysia merupakan negara yang mempunyai tahap campur tangan kerajaan yang tinggi. Salah satu cara campur tangan kerajaan Malaysia adalah melalui syarikat milik kerajaan (GLCs). Bagaimanapun, masih ramai tidak tahu bahawa kementerian-kementerian di Malaysia juga memiliki dan mengawal syarikat milik kerajaan (GLCs) tersebut. Terdapat 25 kementerian di Malaysia pada tahun 2016, dan setiap satu kementerian mempunyai mekanisme pemilikan dan kawalan yang berbeza antara satu sama lain. Bukan itu sahaja, malah cara pemilikan korporat oleh kementerian berbeza kerana lain-lain kementerian memiliki dan mengawal syarikat melalui pelbagai jenis institusi. Ini menyebabkan syarikat milik kerajaan mempunyai prestasi yang berbeza antara satu sama lain. Perkara ini boleh dilihat melalui kajian kes yang memberi tumpuan kepada kementerian yang memiliki dan mengawal bilangan syarikat milik kerajaan (GLCs) yang terbanyak. Kementerian-kementerian "Big Four", yang memainkan peranan penting dalam ekonomi, adalah Jabatan Perdana Menteri (PMD), Kementerian Kewangan (MoF), Kementerian Kemajuan Luar Bandar (MRRD), dan Kementerian Sains, Teknologi dan Inovasi (MOSTI). Penilaian terhadap "Big Four" memberi pandangan yang lebih jelas tentang cara-cara kerajaan Malaysia campur tangan dalam ekonomi dan implikasi-implikasinya. Kajian ini menunjukkan bahawa kementerian melalui syarikat milik kerajaan (GLCs) berpotensi untuk beroperasi dengan tujuan kemajuan ekonomi atau mengakibatkan kemerosotan eknomi, berdasarkan jenis institusi yang digunakan dan siapa yang mempunyai kuasa. Jenis aktor dan institusi yang berbeza akan menghasilkan implikasi yang berbeza, dari segi sosial, ekonomi dan politik. Hasil daripada kajian ini memberi pandangan yang lebih mendalam tentang sejauh mana kerajaan patut campur tangan dalam ekonomi melalui syarikat milik kerajaan (GLCs) di bawah kementerian-kementerian di Malaysia.

Kata kunci: Kementerian, GLCs, Campur tangan kerajaan, Malaysia.

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to Universiti Malaya for letting me fulfil my dream of being a student here. I would also like to thank the Faculty of Economics and Administration for giving me the opportunity to write this thesis. I am especially thankful to my supervisor, Professor Edmund Terence Gomez, for his constant guidance from the beginning until the end of my master’s journey. Thank you for being patient and for improving my research skills. I have learned a lot about both research skills and the subject matter. Again, thank you very much.

I am equally grateful to my friends, Trishi and Fikri, for helping me and motivating me to finish this thesis. Thank you for being there and giving me feedback whenever I needed it. To Elaine and Rabiatul, thank you so much for all your help as well.

I would like to thank the GLC research team from Universiti Malaya and IDEAS. Thank you Dr. Norfayanti Kamaruddin, Sri Murniati, and Aira Azhari for assisting this study too through feedback, insights and resources.

Last but not least, I would like to express my endless gratitude to my parents, family, and friends for being so understanding throughout my postgraduate studies. Your continuous motivation and emotional support definitely made my journey less difficult. Thank you again.

TABLE OF CONTENTS

STATE-BUSINESS RELATIONS: MINISTRIES IN BUSINESS Abstract iii

HUBUNGAN NEGARA-PERNIAGAAN: KEMENTERIAN DALAM PERNIAGAAN Abstrak iv

Acknowledgements vi

Table of Contents vii

List of Figures x

List of Tables xi

List of Abbreviations xiii

List of Appendices xvi

CHAPTER 1: INTRODUCTION 1

1.1 Overview 1

1.2 Purpose of Study 6

1.3 Research Focus 7

1.4 Significance of Study 8

1.5 Organisation of the Study 9

1.6 Conclusion 10

CHAPTER 2: LITERATURE REVIEW 12

2.1 Introduction 12

2.2 Developmental State 12

2.3 Malaysia as a Developmental State 17

2.4 Involvement of Ministries in Developmental States 22

2.5 Conclusion 25

CHAPTER 3: METHODOLOGY 27

3.1 Introduction 27

3.2 Research Conceptual Framework 27

3.2.1 Ownership and Control 27

3.2.2 Key Actors 31

3.2.3 Key Institutions 32

3.3 Data Analysis 33

3.4 Scope and Limitation of the Study 35

3.5 Definition of Terms 36

3.6 Conclusion 39

CHAPTER 4: EMPLOYMENT OF GLCS BY MINISTRIES 40

4.1 Introduction 40

4.2 Case Study – The Big Four 44

4.2.1 Prime Minister's Department (PMD) 48

4.2.2 Ministry of Finance (MoF) 54

4.2.3 Ministry of Rural and Regional Development (MRRD) 58

4.2.4 Ministry of Science, Technology and Innovation (MOSTI) 62

4.3 Post-election 2018 65

4.3.1 Ownership & Control of GLCs under the Big Four in 2016/2017 and 2018/2019 66

4.4 Conclusion 79

CHAPTER 5: ANALYSIS 81

5.1 Introduction 81

5.2 Malaysia vs Others as a Developmental State 81

5.3 Federal Government Intervention through GLCs 86

5.3.1 Prime Minister's Department (PMD) 87

5.3.2 Ministry of Finance (MoF) 91

5.3.3 Ministry of Rural and Regional Development (MRRD) 94

5.3.4 Ministry of Science, Technology and Innovation (MOSTI) 96

5.3.5 Forms of Government Intervention through GLCs under the Big Four ... 98

5.4 Social, Economic and Political Implications of Different Forms of State Intervention 100

5.4.1 Social Implications 100

5.4.2 Economic Implications 102

5.4.3 Political Implications 103

5.5 Conclusion 106

CHAPTER 6: CONCLUSION 107

6.1 Introduction 107

6.2 Non-homogenous government intervention 107

6.3 Different forms of intervention different implications 109

6.4 Concluding remarks and recommendations for future studies 110

References 113

Appendices 118

LIST OF FIGURES

Figure 3.1: Conceptual Framework of Ownership and Control applied to each Ministry 29

Figure 4.1: Classifications of Ministries based on employment of GLCs 41

Figure 4.2: Overview of the Big Four's Influence in Business........ 45

Figure 4.3: Ownership and Control Patterns of the Big Four 46

Figure 4.4: Institutions under direct control of PMD, 2016/2017........ 49

Figure 4.5: Institutions under direct control of MoF, 2016/2017 55

Figure 4.6: Institutions under direct control of MRRD, 2016/2017 59

Figure 4.7: Institutions under direct control of MOSTI, 2016/2017........ 63

Figure 4.8: Key Institutions in the Prime Minister's Department, 2016/2017 and 2018/2019........ 67

Figure 4.9: Key Institutions under Ministry of Finance, 2016/2017 and 2018/2019...... 71

Figure 4.10: Key Institutions under Ministry of Rural Development, in 2016/2017 and 2018/2019........ 73

Figure 4.11: Key Institutions under Ministry of Science, Technology and Innovation, in 2016/2017 and 2018/2019........ 75

Figure 4.12: Key Institutions under the direct control of Ministry of Economic Affairs78

LIST OF TABLES

Table 4.1: Overview of Ministries with a small number of Institutions and type of Institutions employed 42

Table 4.2: Overview of Ministries with small numbers of Institutions and type of Key Actors employed 43

Table 4.3: Overview of Institutions under Prime Minister's Department 51

Table 4.4: Key Control of Institutions under Prime Minister's Department 53

Table 4.5: Overview of Institutions under Ministry of Finance (MoF) 56

Table 4.6: Key Control of Institutions under Ministry of Finance (MoF) 58

Table 4.7: Overview of Institutions under Ministry of Rural and Regional Development (MRRD) 60

Table 4.8: Key Control of Institutions under Ministry of Rural and Regional Development (MRRD) 61

Table 4.9: Overview of Institutions under Ministry of Science, Technology and Innovation (MOSTI) 64

Table 4.10: Key Control of Institutions under Ministry of Science, Technology and Innovation (MOSTI) 65

Table 4.11: Ownership and Control of Key Institutions in Prime Minister's Department, in 2016/2017 and after the shift in 2018/2019 67

Table 4.12: Ownership and Control of Key Institutions under Ministry of Finance, in 2016/2017 and after the shift in 2018/2019 71

Table 4.13: Ownership and Control of Key Institutions under Ministry of Rural Development, in 2016/2017 and after the shift in 2018/2019........ 73

Table 4.14: Ownership and Control of Key Institutions under Ministry of Science, Technology and Innovation, in 2016/2017 and after the shift in 2018/2019 75

Table 5.1: Summary of PMD Institutions, their focus areas and politicians as chairmen 90

Table 5.2: Summary of Institutions under MoF, their focus areas and politicians as chairmen 93

Table 5.3: Summary of Institutions under MRRD, their focus areas and politicians as chairmen 95

Table 5.4: Summary of Institutions under MOSTI, their focus areas and politicians as chairmen 97

Table 5.5: Summary of different forms of government intervention through GLCs under the Big Four 98

Table 5.6: Institutions involved with political scandals under the Big Four 104

LIST OF ABBREVIATIONS

1MDB	:	1Malaysia Development Board
BCIC	:	Bumiputera Commercial and Industry Community
BN	:	Barisan Nasional
DCED	:	Donor Committee for Enterprise Development
DFIs	:	Development Financial Institutions
EKUINAS	:	Ekuiti Nasional Berhad
EPB	:	Economic Planning Board
EPF	:	Employees Provident Fund
EPU	:	Economic Planning Unit
FELCRA	:	FELCRA Berhad
FELDA	:	Felda Land Development Authority
GDP	:	Gross Domestic Product
GLCs	:	Government-linked Companies
GLICs	:	Government-linked Investment Companies
IDB	:	Industrial Development Board
IRDA	:	Iskandar Regional Development Authority
KEDA	:	Kedah Development Authority
KEJORA	:	South East Johor Development Authority
KESEDAR	:	South Kelantan Development Authority
KETENGAH	:	Terengganu Tengah Development Authority
Khazanah	:	Khazanah Nasional Berhad
KKMM	:	Ministry of Communications and Multimedia
KPKT	:	Ministry of Housing and Local Government
KWAP	:	Retirement Fund Incorporated

LADA	:	Langkawi Development Authority
LTAT	:	Armed Forces Fund Board / Lembaga Tabung Angkatan Tentera
LTH	:	Lembaga Tabung Haji
MAIWP	:	Majlis Agama Islam Wilayah Persekutuan
MARA	:	Majlis Amanah Rakyat
MAVCAP	:	Malaysia Venture Capital
MDV	:	Malaysia Debt Ventures Berhad
MEA	:	Ministry of Economic Affairs
MESTECC	:	Ministry of Energy, Science, Technology, Environment and Climate Change
MIGHT	:	Malaysia Industry-Government Group for High Technology
MITI	:	Ministry of International Trade and Industry
MoF Inc.	:	Minister of Finance Incorporated
MoF	:	Ministry of Finance
MOSTI	:	Ministry of Science, Technology and Innovation
MP	:	Member of Parliament
MRD	:	Ministry of Rural Development
MRRD	:	Ministry of Rural and Regional Development
MTDC	:	Malaysia Technology Development Corporation
NBP	:	National Biotechnology Policy
NIC	:	Newly-Industrialised Country
OECD	:	Organisation for Economic Co-operation and Development
PH	:	Pakatan Harapan
PKR	:	People’s Justice Party / Parti Keadilan Rakyat
PMD	:	Prime Minister’s Department
PNB	:	Permodalan Nasional Berhad

PR1MA	:	Perbadanan PR1MA Malaysia
R&D	:	Research and Development
RISDA	:	Rubber Industry Smallholders Development Authority
SMEs	:	Small and Medium-scale Enterprises
SOEs	:	State-Owned Enterprises
SPVs	:	Special Purpose Vehicles
TPM	:	Technology Park Malaysia Corporation Sdn Bhd
UMNO	:	United Malays National Organisation
UPKO	:	United Pasokmomogun Kadazandusun Murut Organisation
YEN	:	Yayasan Ekuiti Nasional

LIST OF APPENDICES

Appendix A: Key Actors in Institutions under the Prime Minister's Department ………………………………………………………… 118

Appendix B: Key Actors in Institutions under Ministry of Finance (MoF) ……………………………………………………………. 122

Appendix C: Key Actors in Institutions under Ministry of Rural and Regional Development (MRRD) ……………………………………. 126

Appendix D: Key Actors in Institutions under Ministry of Science, Technology and Innovation (MOSTI) ………………………………. 129

CHAPTER 1: INTRODUCTION

1.1 Overview

The Developmental State literature has dealt with different ways in which the governments of East Asian countries have intervened in their economies, employing different business systems (Johnson, 1982, Amsden, 1989, Wade, 1990, and Haggard, 1990). These systems include the keiretsu in Japan, chaebol in South Korea, small and medium-scale enterprises (SMEs) in Taiwan and government-linked companies (GLCs) in Singapore. The way these different business systems were employed are considered as key factors contributing to rapid economic growth of these countries. These business systems, heavily discussed in the Developmental State literature, emphasised that different types of state-business relationships were created to drive economic growth.

However, in the Developmental State literature, regarding the issue of the involvement of government in the economy to promote economic and enterprise development, there has been no study of cabinet ministries in business, specifically through GLCs as well as other government-related institutions. Cabinet ministries hold the highest authority in the government, in terms of policy-making and determining the direction of the economy, led by the Prime Minister. It is therefore important to look at the relationship between cabinet ministries and GLCs or other government-related institutions in the economy.

The Ministry of International Trade and Industry (MITI) in Japan acted as a key institution in promoting economic development which primarily served to function as a regulatory and planning institution, not as a GLC-type business system (Johnson, 1982). A study by Haggard and Low (2000) of Singapore noted that GLCs were formed by different ministries to promote key sectors of the economy. However, they provided little in-depth discussion about the role of GLCs, nor did they provide insights into how these enterprises functioned in the corporate sector. Vietnam is known to have state-owned enterprises (SOEs) controlled by different ministries, but there has been no thorough research about them though they were mentioned in news, primarily because of the divestment process that was being actively pursued.

A report was published by the Organisation for Economic Co-operation and Development (OECD) (2018) about the governance of SOEs by cabinet ministries in several developed and developing countries. This insightful report looked at ownership models of SOEs adopted by cabinet ministries as well as how these SOEs function in the market-place, as well as the role of their board of directors. Malaysia, not an OECD country, was not included in the study. Moreover, since the OECD report is not an academic research, this study only looks at the governance of SOEs by ministries on the surface, without investigating extensively how this type of state intervention affected the economies of these countries. A similar study set in Malaysia by Hartini Mohd Nasir (2017) provides a general comparison of different types of governance of SOEs by ministries in the country, against those in Britain and Japan. Evidently, no full study has been done of ministries in business, in the context of a developmental state.

Malaysia is widely recognised as a Newly-Industrialised Country (NIC) in tandem with its impressive economic performance over the years, particularly since the 1980s. Malaysia had managed to catch up rapidly with other NICs in East Asia due to the government's high intervention in the economy. In fact, Malaysia managed to achieve impressive economic development mainly through appropriate government intervention (Jomo & Wee, 2014). Thus, Malaysia is widely recognised as a highly interventionist state. Malaysia has also been under a dominant party that controlled the country since her independence in 1957, until a change of government occurred for the first time in May

2018. The state began to intervene actively in the economy through public enterprises and statutory bodies as early as the 1950s (Gomez et al., 2018). These public enterprises later came to be classified as "GLCs". Malaysia has been using a similar business system to develop the economy as that employed by Singapore. Besides that, Malaysia's influential GLCs are well known in Southeast Asia, as they serve as key instruments for economic development of the region.

"Government-linked companies" or "GLCs" are a familiar term to Malaysians and are commonly mentioned when discussing the economy. However, most Malaysians are not aware of how these GLCs function in the economy and the corporate sector. What companies are considered GLCs, how many GLCs are there in Malaysia, and what kind of roles they play in the economy are examples of questions that most Malaysians have no insights into. GLCs, in simple terms, are companies where the government has majority equity ownership. It is only recently that the issue of GLCs caught public attention, not just in Malaysia, but also around the world. The issue that brought attention to the role of GLCs in the Malaysian corporate sector was the 1MDB scandal, a major money laundering controversy linked to the previous Prime Minister, Najib Razak. 1MDB is a company that functions as a state investment fund, thus considered a GLC.

Nevertheless, not all GLCs are badly performing like 1MDB. For example, in 2017, Petroliam Nasional Berhad, or also known as PETRONAS, a national oil company, contributed to the Malaysian economy by paying RM17.4 billion in taxes and RM16 billion ringgit in dividends to the Malaysian government (*The Star* 30 May 2018). PETRONAS positively contributed to the Malaysian economy, while 1Malaysia Development Berhad (1MDB) has accumulated debts up to RM32.5 billion (*The Edge Markets* 27 October 2017). Interestingly, these GLCs are both owned and controlled by Malaysian Federal Ministries. Thus, why are both companies performing differently?

This goes back to the structure of the federal government and how it intervenes in these companies through ministries.

Apart from that, the function of GLCs in Malaysia has been highly debated among academics, politicians and businessmen due to their presence in the economy. A study by Habibah Yahaya et al. (2016) has shown that a GLC managed to increase the socio-economic well-being of society by contributing to rapid economic development. In their study, Lembaga Tabung Haji (LTH), initially established to help Malaysian Muslims perform their religious obligation, succeeded in growing its investment activities to include various economic sectors, thus contributing to economic development in Malaysia (Habibah Yahaya et al., 2016). Other than that, institutions like FELDA and MARA were established as an instrument to prevent the poverty rate from increasing and to provide education for the under-privileged in Malaysia, respectively. GLCs were mostly created with social objectives (Puthucheary, 1979), with the intention to improve human capital for economic development. Lau and Tong (2008) further show that GLCs are more efficient and profitable than private companies. Several other studies contend otherwise.[1] These studies argue that GLCs perform worse than private companies and thus have a negative impact on the economy.

A recent study by Gomez et al. (2018) looks at state intervention through a detailed analysis of just one type of GLC, the government-linked investment companies (GLICs), and the results indicate mixed outcomes. For example, GLICs like Khazanah Nasional (Khazanah) and Employees Provident Fund (EPF) have performed well, while LTH and Armed Forces Fund Board (LTAT) had poor outcomes. This study disclosed that these poor outcomes transpired primarily under the administration of Najib Razak

[1] See, for example, Ramasamy, Ong & Yeung, 2005, Menon & Thiam, 2017 and Menon, 2017.

because of the concentration of power under him as Finance Minister, a portfolio he held on top of being the Prime Minister. However, only the employment of the seven GLICs owned by Minister of Finance Incorporated, an institution controlled by the Ministry of Finance, was examined. It was revealed that the government has extensive control over the economy through just these seven GLICs, under one ministry. What then about the other ministries?

Another core issue arises regarding the GLCs in Malaysia merits serious attention. To what extent are these GLCs being used as a tool for politicians to benefit their own political party? Malaysia had been under a single dominant party, the United Malays National Organisation (UMNO), since her independence in 1957 until 2018. UMNO led the ruling *Barisan Nasional* (BN, or National Front) coalition until its fall. The BN then comprised about a dozen parties. With the political control that BN leaders had over the federal government, they gained access to economic concessions through control of GLCs. Therefore, the amount of power that these politicians possessed accumulated.

According to Gomez (1994), the number of public enterprises in Malaysia increased drastically, from only 10 in 1957 to a total of 841 public enterprises dominating all sectors in the economy by the 1980s, that is within a period of 30 years. Since then, these public enterprises, which are now classified as GLCs, have been increasing at a far greater rate (Gomez et al., 2018). As the number of GLCs increased, they have come to have a dominant presence in the Malaysian economy. It is worrying as to how much influence the government, or UMNO, the single dominant ruling political party in Malaysia, had over the economy. The situation has not changed since the fall of the BN government in 2018. The GLCs retain a huge presence in the economy. The performance of these GLCs in the Malaysian corporate sector is the focus of this study.

However, this study focuses solely on GLCs under the control of the Malaysian cabinet ministries, a topic that has not been researched. Since the GLCs under these ministries are key players in the corporate sector, this is an important study as it fills a major empirical gap in the literature on state intervention in the economy, particularly in studies dealing with the developmental state. How these ministries own and control their GLCs will provide a better understanding of how they work and influence the economy. It is also important to identify the people in control of these GLCs as they have the power to shape how these enterprises function. Such a study will provide crucial insights as to whether this type of intervention contributes to economic development.

Importantly too, in 2017, there were a total of 25 ministries in Malaysia. This raises the question about the differences between them in terms of their types of government intervention. Another question is how the forms of interventions by these GLCs are different from the types of government intervention discussed in the Developmental State literature. What is also unclear is the extent of the corporate influence of different ministries. This is because different ministries are involved in different sectors of the economy. Equally unclear is how these different forms of intervention by different ministries affect the Malaysian economy, even though the common objective of GLCs is to foster economic development.

1.2 Purpose of Study

Ownership and control of GLCs in Malaysia is through many forms, i.e. through investment arms such as Permodalan Nasional Berhad (PNB), as well as through statutory bodies, foundations and holding companies. A study of government ownership and control among the government-linked investment companies (GLICs) in Malaysia has been done by Gomez et. al. (2018), though they only looked at seven renowned enterprises of this sort. After this study was done, another major question arose: What companies are owned by the government ministries? This is crucial, as it suggested that each ministry had its own mode of managing and developing these enterprises. How these companies functioned in the economy was also unclear, given that they also had policy and social obligations to fulfil. This study will investigate how government ministries own and manage their companies. This study will also assess the implications of state intervention through the ownership and control of GLCs by Malaysian ministries to society, economy and politics.

1.3 Research Focus

There has been little study done on GLCs in Malaysia[2]. The existing studies only focus on publicly-listed GLCs, thus only capturing a fraction of GLC structures in Malaysia. Besides that, there has been no study that focuses on the relationship between federal ministries and GLCs in Malaysia. This shows that there are both theoretical and empirical gaps in the literature.

These issues thus lead to the **research questions** below:

1. What are the differences between Malaysia's form of government intervention, one that employs the use of GLCs through ministries, and other types of intervention in the Developmental State literature?
2. What are the forms of government intervention through GLCs by cabinet Ministries in Malaysia?

---

[2] See, for example, Ramasamy, Ong & Yeung, 2005, Menon & Thiam, 2017 and Menon, 2017.

3. What are the economic, social and political implications of this form of government intervention through GLCs?

The **research objectives** of this study, based on these research questions, are:

1. To understand the differences between Malaysia's form of government intervention, one that employs the use of GLCs through ministries, and other types of intervention in the Developmental State literature.
2. To explore the forms of government intervention through GLCs by cabinet Ministries in Malaysia.
3. To identify the economic, social and political implications of this form of government intervention through GLCs.

1.4 Significance of Study

There is a clear gap in the literature of government intervention by federal ministries in Malaysia through GLCs. This study aims to fill those theoretical and empirical gaps. The forms of government intervention through the employment of GLCs by Malaysian ministries will provide a clearer view and understanding of how the government works in Malaysia, especially with insights into the different types of key actors involved and the key institutions that were employed by the party in power.

Besides that, this research is also beneficial as it can be used as a guide to provide insights into the pros and cons of government intervention through the employment of GLCs controlled by federal ministries. Thus, indirectly, this study examines the social, economic and political implications of this form of government intervention in Malaysia. This study will benefit government policymakers, regulators and academics interested in methods to improve Malaysia's political economy system. This study will also stimulate interest in the private sector, on how it can work with the public sector to bring about inclusive economic growth.

The study's focus is on ownership and control of GLCs through federal ministries. It provides a clear view of the diverse forms of government intervention by federal ministries. A review is also done of what occurs within a ministry when employing GLCs in the economy. This helps offer more insights into whether better management and coordination is required among institutions that hold companies under the government ministries, to ensure that they contribute significantly to economic development. The loopholes identified in the way the government intervenes can also help prevent mismanagement of GLCs and leakages of public funds.

1.5 Organisation of the Study

The study starts with a review of the literature on Developmental States. This includes the characteristics of East Asian developmental states, such as Japan and South Korea, followed by other Asian Tigers, i.e. Taiwan and Singapore. This Developmental State literature review will be followed by a discussion focusing on the historical perspective of public enterprises or GLCs and state intervention in Malaysia, drawing attention to the gap between ministries and businesses and how it affects economic development in Malaysia.

Chapter 3 incorporates these variables into a conceptual framework. The conceptual framework will be used as a guide for this research to discuss how Malaysian cabinet ministries intervene in the market, as well as to determine the implications of this mode of intervention. A discussion on ownership and control of GLCs under cabinet ministries in Malaysia, as the method of this study, will be provided in this chapter.

Chapter 4 presents the data found for this research, including the forms through which Malaysian cabinet ministries intervene through GLCs. This chapter will focus on the Big Four, which are the ministries with the highest number of GLCs and thus with significant corporate control.

Chapter 5 examines the data uncovered and deals with tackling the research objectives. In this chapter, an in-depth discussion on the similarities and differences of Malaysia's form of government intervention is explored by comparing the employment of GLCs through the Big Four with other types of intervention in the Developmental State literature. An assessment of the implications on economic development in Malaysia will also be provided here. The social and political implications will also be discussed in this chapter.

The last chapter concludes the research by re-evaluating Malaysian GLCs under the Big Four and the impact they bring to the nation. A section dealing with how these GLCs were employed after the election on the 9 May 2018 will also be presented in this chapter to show the change of ownership and control of these GLCs. This will compel other students to do further studies on how the new government is intervening in the economy, if it is intervening in a different manner, or if it is even intervening at all.

1.6 Conclusion

This chapter emphasised the reasons why this research needed to be done. It started with an overview of government intervention in Malaysia. The review then provided a clear understanding on how the government started using GLCs for economic development. GLCs, being the main instrument for government intervention, are being put under the ownership and control of federal ministries in Malaysia.

Thus, this research studies how federal ministries influence economic development through GLCs using different ownership and control patterns. In what follows, this study will provide more insights on the government's corporate presence through GLCs, including how they function, since they have social obligations to fulfil, as well as the implications of this type of government intervention.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This section reviews the literature by scholars related to the focus of this research. This literature review is divided into three sections; firstly, it concentrates on the theory of the developmental state. Secondly, this chapter will explore Malaysia as a developmental state. Lastly, this chapter will investigate the involvement of ministries in developmental states, as discussed in the published literature.

In this chapter, the research gap will be identified based on the review of the relevant literature. What is evident is that a substantial volume of research has been done to give a better understanding to the key themes of this research. These themes will be reviewed to provide an idea of the direction of this research and of the issues that will be analysed.

2.2 Developmental State

Government intervention in the economy has been widely discussed by social science scholars around the world. The government has much authority to plan and direct the economy in a developmental state, thus playing a key role in changing people's lives. This issue makes government intervention an important study as it affects the daily lives of people.

The discussion regarding government intervention in the economy has become exceptionally significant since the 1980s, with the rise of East Asian countries, specifically Japan (Johnson, 1982), South Korea (Amsden, 1989), Taiwan (Wade, 1990) and Singapore (Haggard, 1990). Japan was the first country in East Asia to industrialise rapidly and was able to register an astonishing pace of economic growth. This was an incredible achievement, especially for a country like Japan, where it was in a state of serious disarray after World War II. Japan managed to catch up and achieve the same level of economic development as the United States and Britain, both countries which were then two of the most industralised countries in the world.

Johnson (1982) described the phenomenon of Japan being able to develop in a short period of time as the "Japanese Miracle". The "Japanese Miracle" managed to occur due to the country being a "Developmental State", a term created by Johnson (1982). The Developmental State deals with late industrialisation (Gereffi & Fonda, 1992), where it specifically addresses the issue of economic growth in industrial late-comers like the East Asian countries. Chang (1999) emphasised that the key element of a developmental state in developing its economy was to have "a state which can create and regulate the economic and political relationship that can support sustained industrialisation."

Thus, the result of Japan's effort in being a "plan rational" state was the reason why Japan was able to achieve rapid industrialisation (Beeson, 2003). Japan's bureaucratic elites played an important role in determining their economic development policies, as well as ensuring that these policies were appropriately implemented. These bureaucrats determined the resources to be allocated and invested in for what they believed as strategic sectors, while also encouraging research and development (R&D). They made "economic development" their priority and continued to pursue it (Johnson, 1982). Japan reformed the bureaucracy and appointed the younger generation that was more equipped to deal with the new problems facing the country. They also had a bureaucratic structure that was smaller in size. Besides that, Japan's industrial policy was a key factor that enabled the country to rapidly industrialise. Japan, through MITI, focused on "knowledge-based' industries. This is a very important factor because, based on the study by the Donor Committee for Enterprise Development (DCED) (2017), poorly-designed industrial policies can lead to bad outcomes resulting in market failure.

These common elements can be found in other countries like South Korea, Taiwan and Singapore. As there is no proper official guide in developing a country, the government will have to follow the footsteps of other countries they deem successful. Therefore, these countries were very much influenced by the way Japan managed to industrialise in a short period of time, especially since Japan was an East Asian country, in other words, their neighbouring country. Under Park Chung Hee, South Korea was inclined to follow Japan's rapid development, and thus tried to imitate the Japanese model. The key period that promoted South Korea from the "Third World" economic league was during Park's administration. By 1996, South Korea had emerged as the 12th largest economy in the world (Minns, 2001). The government of South Korea played an important role as the engine of economic growth, especially in 1960s to 1980s. The Economic Planning Board (EPB) was the key institution that contributed to South Korea's rapid development to the extent that the head of EPB was awarded the rank of Deputy Prime Minister, the second highest position in the government hierarchy (Minns, 2001).

Taiwan fits Johnson's developmental state characteristics too. Taiwan had state autonomy from society with elite bureaucrats who focused on developmental and industrial policies. The Industrial Development Bureau (IDB) played an important role in planning and drafting the industrial policy to pursue economic development. This successful industrial policy was able to link Taiwan's domestic advantages to world-market niches (Wu, 2007).

Another example of a developmental state is Singapore. Singapore was the first Southeast Asian country that achieved "developed country" status. According to the World Bank (2019), the average Gross Domestic Product (GDP) growth in Singapore was 7.7% since its independence, topping 9.2% in the first 25 years, among the world's highest. Singapore is known to be a highly interventionist state due to her political regime after independence under the Lee Kuan Yew administration. Being a city-state, the role of the government was very important to industrialise its economy. The Singapore government plays an important role in socio-economic affairs through various institutions (Shamsul Haque, 2009). The key institutions that contributed to Singapore's rapid development included the Singapore Economic Development Board (Pereira, 2008). This institution, together with the strong state, managed to transform Singapore from an entrepot-based economy to an industrial economy (Pereira, 2008).

However, there are other countries with similar characteristics as a Developmental State, but are not as successful as Japan, South Korea, Taiwan, and Singapore. For example, Indonesia, Thailand, and Philippines. Despite having a strong state, unlike Japan, South Korea, Taiwan, and Singapore, these three SEA countries did not face "systemic vulnerability", a condition of extreme geopolitical insecurity and severe resource constraints (Doner, Ritchie, & Slater, 2005). Therefore, the ruling elites in Indonesia, Thailand, and Philippines were found to be less ambitious in putting more effort in state-building as they could just retain power and uphold political coalitions without any conflicts (Doner, Ritchie, & Slater, 2005). This shows that not every country can achieve the same level of development just because they imitate the characteristics of developmental states as the results may vary.

In terms of government intervention in the market, all four successful developmental state countries, Japan, South Korea, Taiwan and Singapore, have different modes of intervention. For example, Japan uses the *keiretsu* business system, a form of corporate governance where a set of companies having interlocking business relationships and shareholdings. This interlocking relationship involved business groups that act as suppliers, a finance institution to fund the business, and sometimes an insurance company to protect the interest of these business links. The *keiretsu* is seen as one of Japan's key elements for her rapid industrialisation (Grabowiecki, 2006). A *keiretsu* can have up to 30 companies spread out across different industries. An example of an integrated *keiretsu* is the Toyota Group. Today, Toyota is globally known, especially for its automobiles.

South Korea uses a mode of government intervention called *chaebol*. A *chaebol* is a form of large industrial conglomerate that is usually run and controlled by a family in South Korea. Park Chung Hee exercised the practice of "picking winners" where he chose those who were capable in the private sector to develop a certain industry he deemed strategic (Amsden, 1989). This practice then led to the creation of *chaebols*, which the state then assisted to perform and grow, thus enabling them to compete in the global market. Therefore, the relationship between the state and private firms is crucial to utilise the latter's full potential to drive the economy. The banking system was nationalised by Park and the government had a control of 96.4% of the country's financial assets by 1970, which then allowed EPB to distribute resources to strategic industries deemed important for industrial development (Minns, 2001). The government aided companies to develop through policies, while also penalising companies that did not perform. By the end of 1990, chaebols held almost two-thirds of market share in manufacturing industry in South Korea (*The New York Times* 2017). An example of a *chaebol* is Samsung. Samsung has played an important part in the daily lives of Koreans, providing them with a range of products, from home appliances to mobile phones.

Unlike Japan and South Korea, Taiwan focuses on small medium-scale enterprises (SMEs). The government provides an environment to encourage SMEs to develop, for instance, by creating opportunities for them to partake in research and development (Wade, 1990). The backbone of Taiwan's trading economy is the SMEs

(Hsiao, 1993). According to Veselka (2005), in 2003, almost 98% of the approximate 1.2 million enterprises in Taiwan were classified as SMEs. Taiwan believed that to increase economic growth, the issue of unemployment had to be solved. SMEs provided job opportunities (Hsiao, 1993) which resulted in social stability and income equality. One similarity between the modes of government intervention by Taiwan, Japan and South Korea is the good relationship between the state and the private sector. The state played a significant role as an entrepreneurial state and nurtured firms while also creating an environment for the firms to utilise their potential.

As for Singapore, the GLCs play a pivotal role in contributing to the country's economic growth. GLCs can be defined as a corporate entity that was established by the government to participate in economic activities on behalf of the state. History has proven that GLCs were the drivers of Singapore's extraordinary economic growth. The government plays a proactive entrepreneurial role through GLCs in different sectors including manufacturing, trading, shipbuilding, transportation, finance, and services (Ramirez & Tan, 2004). Low (2002) noted that GLCs in Singapore have not been decreasing; in fact, they have increased in several sectors, such as the property development and construction sectors. These GLCs have interlocking directorship comprising retired politicians and bureaucrats (Low & Haggard, 2000). While economic growth in the previous three countries was motivated by private companies, Singapore's rapid industrialisation was driven by enterprises under government ownership.

2.3 Malaysia as a Developmental State

GLCs are known to be the instrument for economic growth by the government in Malaysia. GLCs too have been a major topic in countless debates among scholars, businessmen and politicians. GLCs in Malaysia have existed since the colonial period, introduced with the purpose of implementing social policies and ethnic-based affirmative action from the early 1950s (Jomo & Wee, 2014). These GLCs are now well-established companies, such as Petronas, a national oil company, which makes major contributions to the economy.

To understand the history of how GLCs were established, one must look at the history of public enterprises. Ismail Muhd Salleh and H. Osman-Rani (1991) defined a public enterprise as "an autonomous or semi-autonomous body, corporation or company established, owned or controlled by the government, whether at the federal or state level, and engaged in various economic and social activities through its production of marketed output". According to the United Nations (2005), there are several forms of organisations managing public enterprise activities: the departmental undertakings, public corporations, statutory bodies, and state-owned companies, all of which are commonly known as GLCs in Malaysia (Ismail & Osman-Rani, 1991, and Thillainathan, 1976). Therefore, GLCs are a part of public enterprises. Public enterprises were also largely involved during the implementation of the 20-year affirmative action-based New Economic Policy, introduced in 1970. Thus, it is difficult to study GLCs without looking at Malaysia's political economy.

The course of Malaysia's governance with GLCs is more complex than Singapore, South Korea, Japan and the like. 13th May 1969 was an important date in Malaysia's history as it was on that day that the infamous race riots occurred. This event then led to extensive government intervention in the economy. The race riots were caused by unequal socioeconomic standing among ethnic groups, particularly the Bumiputera and non-Bumiputera, a result of the discrimination by British colonisers. Despite being the majority group in Malaysia, Bumiputeras were at a disadvantage economically, compared to the other two major ethnic groups, the Chinese and Indians. Hence, after the May 1969 riots, the state strongly intervened through the introduction of New Economic Policy (NEP) (Jesudason, 1997).

The NEP was initiated by the second Prime Minister of Malaysia, Tun Abdul Razak. This 20-year plan was to help eradicate poverty, irrespective of race, and restructure society through redistribution of wealth equitably among ethnic groups. The government believed that once all ethnic groups achieved equal economic advantage, this would ensure national unity and prevent race riots from happening again. History has shown that the NEP succeeded in tackling the problems that had emerged before May 1969, including issues such as poverty, unemployment and inter-ethnic economic imbalances. In 1970, the Bumiputera corporate share amounted to only 2.4% (Gomez, 2002). The NEP created a Bumiputera Commercial and Industry Community (BCIC) to increase the corporate ownership among Bumiputera. To achieve this objective, public enterprises were used by the government to function as a trustee for the Bumiputera, particularly the poor (Gomez et al. 2018) and to 'restructure' the socioeconomic patterns of Malaysian economy to achieve an equitable racial balance in wealth ownership (Gale, 1981). The target for corporate ownership by Bumiputera was 30% under the NEP. There was no mention of all the pro-Bumiputera measures that employed GLCs like MARA, PUNB, TEKUN, and others in subsequent affirmative action-based policies implemented after the end of the NEP in 1990. However, policies similar to the NEP still have much appeal by politicians as it helps them draw electoral support in rural areas, which form a major portion of the parliamentary constituencies in Malaysia's electoral system. For this reason too, the Bumiputera policy is found to be a highly debated issue, especially because affirmative action in business is believed to deeply undermine investor confidence (Lee, 2021). In spite of this, the Bumiputera economic empowerment-type policies have been strongly supported by politicians in power and have been used by them as a medium to spread their political influence.

Malaysia also employed the neoliberal agenda of privatising national companies, first initiated during the administration of Mahathir Mohamad in the 1980s. Mahathir claimed his government had to deal with the dual problem of growing deficits and mounting public debt, hence the need for privatisation. Jomo and Tan (2003) defined privatisation as the act of converting the government, state or public ownership or control of a business, service or sector to private ownership or control. The implementation of privatisation was done to also improve the efficiency of delivering services through private-sector participation. For example, services like telecommunications and transportation were privatised. Privatisation was primarily applied to the infrastructure sector. The presence of a market-driven economy in Malaysia was to be enhanced through privatisation. Other than that, privatisation was also introduced to achieve the goals of the NEP. Therefore, high-profile privatisation projects were mostly awarded to Bumiputeras, in line with the NEP's objectives, to redistribute wealth and decrease poverty among members of the ethnic group. Evidently, despite active privatisation, the government continued to intervene in the market. Malaysia was seemingly trying to mix and match its policies, depending on what the Prime Minister felt was right for the development of the country.

By the mid-1990s, many conglomerates owned by Bumiputeras had emerged. However, when the Asian Financial Crisis occurred in 1997, the government had to bailout several corporate businessmen created through the NEP and privatisation. Since then, many publicly-listed and privately-owned companies have come under government ownership. A study done by Abdul Hafeez Shaikh, in 1992, showed that Malaysia was one of the countries that ranked the highest in the world in terms of employment of public enterprises, then accounting for almost one-third of the country's gross domestic product (GDP). This statement itself proves how much influence the government had in the economy through public enterprises. GLCs were gradually formed through privatisation and corporatisation; for example, government departments were first privatised and then transformed into separate wholly-owned government-owned companies. Public enterprises were then classified as GLCs.

However, it is important to note that despite having the public and private sectors both engaging directly in the provision of goods and services, the public sector has the advantage in terms of control and regulation, as well as in taxing and subsidising the private sector (Thillainathan, 1976). It is also argued by Heller and Tait (1984) that government services are often deemed the least productive, most probably because government employment is usually not governed by concerns of profitability or productivity. This suggests that GLCs enjoyed the benefits of control and regulation but performed poorly due to lack of productivity as they are not profit-driven.

However, studies on GLCs in Malaysia have shown mixed results. For example, Habibah et al. (2016) found that a GLC, specifically LTH did contribute to rapid economic development because it managed to enhance the socio-economic well-being of society. This argument was strengthened by Lau and Tong (2008), where they found that GLCs were more efficient, thus more profitable than private companies. Many GLCs were created to achieve the NEP's objectives, especially to redistribute wealth to Bumiputeras (Menon & Thiam 2017). Other studies (Bala Ramasamy, Darryl Ong & Matthew Yeung, 2005, Menon & Thiam Hee Ng, 2017, and Menon, 2017) found that GLCs performed worse than private companies, bringing about negative impacts on the economy. A study by Gomez et al. (2018) found that government-linked investment companies (GLICs) perform differently, resulting in mixed outcomes. It was also found that the poor performance had emerged largely under Najib Razak's administration where he had the highest concentration of power through his position as the Prime Minister and the Minister of Finance.

Other than that, having a single dominant party governing the country since the independence was a worrying factor because it meant that this party had been in power for a long period of time. The political party not only had political power, but also economic power. This combination of power had several implications. For instance, the political party used government institutions to serve its political interests. Other than that, the party also had access to government resources. Thus, there was a tendency for them to use government resources to maintain power. Moreover, in Malaysia, well-known government institutions were recognised to have politicians as their chairmen. These issues thus had serious implications for the country.

2.4 Involvement of Ministries in Developmental States

In the Developmental State literature, there has been an abundance of discussion about business systems (Johnson, 1982, Amsden, 1989, Wade, 1990, and Haggard, 1990) that were employed to generate economic growth. However, the number of studies concerning cabinet ministries with GLCs or government-related institutions in the market is scant. Pereira (2008) stated a Developmental State can emerge from a coalition between government ministers and bureaucrats having set economic growth as their ultimate priority. Thus, the role of ministers, not just bureaucrats, should be emphasised when discussing the Developmental State. Pereira (2008) also mentioned that for a Developmental State, ministers came into power through force from an unstable environment such as economic backwardness and geopolitical danger. They then employed the expertise of the bureaucrats and technocrats in planning and managing the economy using state institutions. The combination of political and economic power would provide a Developmental State the capacity to transform the nation through the utilisation of society's potential by directing labour and capital to participate in national economic policies. Though Pereira (2008) had listed the role of the ministers in a Developmental State, he did not study the impact of ministries in business.

Johnson (1982) had made it obvious from the title of his book, *MITI and the Japanese Miracle*, that MITI or the Ministry of International Trade and Industry was key in transforming Japan. However, MITI only functioned as a central institution that focuses on regulations and planning. MITI did not directly intervene in the market using a business entity.

The relationship between GLCs and cabinet ministries were also mentioned in a study done on Singapore by Haggard and Low (2000). They noted that GLCs had been formed under different ministries but did not discuss this matter in much depth. Wu's (2004) study on Taiwan revealed that ministries had little autonomy in the country. Thus, they were not actively involved in the market and only acted as the decision-making entity. Vietnam is also known to have SOEs under different ministries, but there has been no in-depth study of them. The Vietnamese SOEs were only mentioned in the news because of the divestment process in play. Sweden does it differently, as most of its SOEs are managed within only one Ministry, which is the Ministry of Enterprise and Innovation (Government Offices of Sweden, 2017). A report published by OECD (2018) investigated the governance of SOEs by cabinet ministries in OECD countries. The report looked at ownership models of SOEs by cabinet ministries, SOEs in the market-place and the board of directors of these enterprises. This study showed that most OECD countries have a Ministry of Finance (MoF) as the institution that holds the ownership function of their SOEs. This report also listed the number of OECD countries that produced aggregate reports and other relevant information on their SOEs annually. This revealed the level of transparency on the performance of SOEs by these OECD countries. Malaysia was not included in this insightful report.

Hartini Mohd Nasir (2017) provided a general comparison of different types of governance of SOEs by ministers in Britain, Japan and Malaysia. Her research showed that SOEs under the Japanese model is a ministry-type structure, which is owned and monitored by ministries. A majority of the Japanese Special Companies are owned by MoF, but other ministries can also own shares in them. For instance, the equity of railway companies is owned by the Ministry of Transport. Besides that, Special Companies in Japan can have mixed shareholdings between the government and private entities. The government exercises control through the ministries according to the share percentage that they hold in them. Based on this study, it was found that Malaysian GLCs are similar to the Japanese Special Companies, as they are a company-type entity which is governed by Companies Act. However, Malaysia is different in the sense that the Malaysian government has control over major decisions of the companies, such as the appointment of board of directors, regardless of the percentage of shares. In Britain, the government has regulation control over their SOEs.

Gomez and his team (2018) produced a book entitled *Minister of Finance Incorporated* where they investigated the Malaysian government ownership and control over seven GLICs in Malaysia. As indicated in the title, this study only focused on one Ministry, the MoF. It was found that there is a high concentration of power in the office of the Finance Minister, which then has implications on the governance of these GLICs. Gomez and his team (2018) did not explore ownership and control patterns of GLCs under other Federal Ministries.

Evidently, only a small number of studies have focused on ministries. There has been no in-depth study about the outcomes of government intervention through GLCs by federal ministries on economic development in Malaysia. This indicates how little is known about the involvement of ministries in developmental states, particularly in Malaysia. This study aims to fill this gap.

2.5 Conclusion

Despite being heavily discussed, the developmental state literature has not analysed with much depth the involvement of ministries in business and its effect on economic growth. This chapter looked at different developmental states, like Japan, South Korea, Taiwan and Singapore, with the intention to provide a comparison on how Malaysia has functioned as a developmental state. From this chapter, we found that Japan, South Korea, Taiwan and Singapore have their own similarities and differences as a developmental state as well. For example, having a strong state is a common factor in a developmental state, as shown in South Korea, Taiwan and Singapore, though not Japan. Clearly too, bureaucratic elites were important in determining the direction of the economy. These bureaucrats, under their respective key institutions, focused on industrial policies. Proper and well-thought policy directions proposed by the bureaucratic elites and a strong state that can lead and support strategic industries have acted as important catalysts for economic growth. This study will explore whether Malaysia shares similar qualities as these other four developmental states, in terms of its practice of state intervention through ministries having ownership and control over GLCs in the economy.

From this chapter, we also found that there has been no in-depth study of ministries in business, including in Malaysia. It is conventionally known that numerous GLCs are owned and controlled by ministries in Malaysia. However, there has been no thorough study regarding which GLCs fall under which ministries and how are they owned or controlled by their respective ministries. Besides that, the question of how much corporate influence the government has through these GLCs has not been studied. This research will answer these questions.

CHAPTER 3: METHODOLOGY

3.1 Introduction

After reviewing the literature surrounding the key themes of this study, this chapter will now develop the methodology to answer the research questions. Hence, this chapter is divided into four sections that comprise detailed descriptions of the conceptual framework of this study and data collection process that correspond to the data analysis. The scope and limitation of this research are also included in this chapter. This chapter ends with the definition of terms used in this study.

3.2 Research Conceptual Framework

For this study, a conceptual framework has been established to assist in answering the three research questions. The method to answer the research questions is by using the ownership and control method. Therefore, the key actors and institutions are analysed as this will provide insights into forms of government intervention through GLCs and thus provide a better understanding of the implications of different forms of government intervention. Further explanation of this method and how it helps answer the research questions are discussed in the next sub-section.

3.2.1 Ownership and Control

Past studies indicate that the government has influence in the economy through various levels. For example, the study entitled *Minister of Finance Incorporated* (2018) shows that the Malaysian government has enormous influence in the economy through seven

GLICs in Malaysia. This study revealed that these GLICs own and control various types of GLCs from different sectors of the economy.

Therefore, to fill the gap and expand on previous research, an in-depth analysis of ownership and control of GLCs under Federal Ministries in Malaysia is provided here. There is a distinct separation of ownership and control (Berle & Means, 1932). Berle and Means (1932) argued that due to an increase in the size of corporations over the years, share ownership is being dispersed. Hence, the owner of the corporation only needs a proportion of ownership, whereas the control or the responsibility of the corporation is transferred to a separate group, which are the professional managers. Lim Mah Hui (1981) explains ownership by giving an example, "a person who has ownership has the right over the use of the means of production and the produce generated also has control over the lives of those who work for him." Control refers to "a social relationship in which one party has the capacity to influence the decisions or actions of another party even in the presence of opposition by the later" (Lim Mah Hui, 1981). Thus, to have control means to have the capacity to determine the policies and course of action of a corporation.

For this study, ownership refers to stock ownership and a company is a GLC, that is one where the government is the majority shareholder. Control in this study means control over companies in determining the direction and plans for the company. The study of ownership and control is needed to give a clearer view of how GLCs are managed under federal ministries in Malaysia.

This study uses a conceptual framework, outlined in Figure 3.1, to better explain the ownership and control patterns among ministries and its implications.

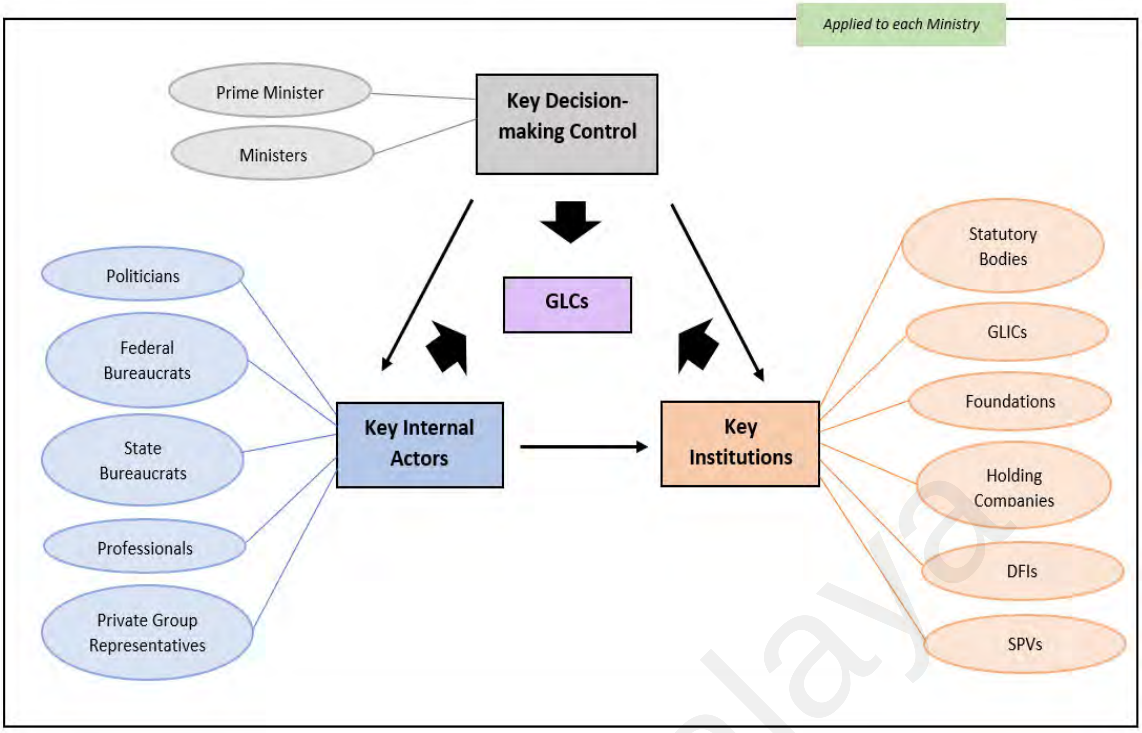

Figure 3.1: Conceptual Framework of Ownership and Control applied to each Ministry

This framework is used as a guide to analyse ownership and control patterns of GLCs under ministries of Malaysia. Thus, due to the separation of ownership and control, this research will focus on the board of directors of GLCs because they are the people who have control over the direction of GLCs, as well as institutions that own these GLCs. Figure 3.1 shows the relationship between the board of directors which are broken into two; key decision-making control and key internal actors, and key institutions with GLCs with each other. Key decision-making control is with the Prime Minister and Ministers. The Prime Minister and Ministers sit at the apex due to their positions in the cabinet. Article 43 (2) (a) in the Federal Constitution of Malaysia 1957 states that "the Yang di-Pertuan Agong shall first appoint as Perdana Menteri (Prime Minister) to preside over the Cabinet a member of the House of Representative who in his judgement is likely to command the confidence of the majority of the members of the House." This means that the Prime Minister has the power to head the cabinet consisting of the ministers. These ministers, appointed by the Yang di-Pertuan Agong, with the advice of the Prime Minister, will be tasked to administer their relevant ministries. They tend to have more power, through direct control of institutions under their relevant ministries; they also have indirect control, through directors, to determine the direction of the GLCs. A minister has decision-making power in appointing the key internal actors in key institutions. In other words, a minister has the final say for the selection of the boards of directors of GLCs. These key institutions need approval from the minister to appoint anyone to their board of directors. Thus, the minister can choose anyone he deems best for the position in any GLC under his ministry. With such key decision-making control, it is of no surprise that the board of directors or the key internal actors would have to follow the minister's directives when managing the key institutions and GLCs.

Key decision-making control also involves the power to establish key institutions for reasons they believe are in the interest of the country. This means that the Prime Minister can establish any key institution, allegedly in the public interest. Most key institutions were established in line with policies that were implemented by key decision-makers during previous administrations. Other than that, key decision-makers, especially the Prime Minister, have the control to reshuffle the GLCs under different ministries, if he feels it is best to do so.

From the conceptual framework too, it is evident that key internal actors have power over the direction of key institutions and GLCs. These key internal actors or the board of directors have control over the direction of their respective key institutions and GLCs as part of their roles. Hence, they can propose the path of key institutions and GLCs and ensure that these institutions serve their social obligations. Other than that, the key internal actors are also paid for attending board meetings.

Key institutions comprise several institutions, like statutory bodies, GLICs, foundations, holding companies, development financial institutions (DFIs) and special purpose vehicles (SPVs). These various types of institutions have the authority to establish subsidiary companies that they deem are needed to attain their objectives.

3.2.2 Key Actors

Key actors are important as they represent the key control in this research. Key actors in this research are those who have the capacity to influence decision-making and direction of the respective GLCs. Despite having key decision-making control at the top, the key internal actors exist in all companies, and they have direct control of these companies. For instance, they have the control to improve the performance of institutions, the power to approve or reject big projects or transactions, the authority to determine the use of GLICs' investments or tax payers' funds and whether they are to be fully utilised for social obligations or not.

However, key internal control or the board of directors can enhance their effectiveness and improve firm performance if they are given independence (Choi, Park & Yoo, 2007 and Rosenstein & Wyatt, 1990). With this independence, the board committees will also be able to deliver more effective monitoring of managerial decisions and activities (Byrd & Hickman, 1992, Rosenstein & Wyatt, 1990, and Xie, Davidson & DaDalt, 2003).

The chairman plays a very important role among key internal actors. Chairmen have the power to provide leadership to the board, the responsibility for the board's composition and development, and the role to deliver proper information for the board. Other than that, chairmen also have the obligation to plan and conduct board meetings effectively, ensure that the board focuses on its key tasks, and engage the board in assessing and improving its performance. Besides that, Chairmen also have the right to decide the overall size of the board, determine the balance between executives and non-executives, the balance of age among board members and decide the experience and personality of the directors needed in the board of directors. Thus, chairmen play an important role in an institution. But it is important to keep in mind that, with regard to GLCs, the appointment of the chairman needs approval from the oversight ministers. Therefore, the oversight ministers have indirect control of how the institutions will be managed, based on their selection of chairmen. The oversight ministers can also remove the chairmen if they believe that the chairmen did not perform to their expectations.

The key internal actors have been identified based on their profiles and have been categorised as politicians, federal or state bureaucrats, professionals or private group representatives. The reason for having this classification is to understand the direction and operation of the respective GLCs because different groups of key internal actors will result in different outcomes.

These terms will be defined further at the end of this chapter.

3.2.3 Key Institutions

Key institutions are composed of statutory bodies, government agencies, GLICs, foundations, holding companies, development financial institutions (DFIs) and special purpose vehicles (SPVs). These are the common institutions employed by the government, through federal ministries, to own a GLC. These roles from these different institutions will be discussed further in the last section of this chapter. It is important to look into the type of institutions as different ministries employ different types of institutions. Their control mechanism also differs depending on the type of institution. For example, statutory bodies are governed through legislation because they have their own statutory acts, while government agencies do not have their own statutory acts.

By looking in-depth into this and the research, as a whole, it can provide insights into the ownership and control patterns used by the ministries, as well as who are the people involved, especially in the case of the Big Four. This research is then beneficial in the sense that it offers an understanding of the pros and cons of government ministries owning companies. Besides that, it helps to provide a deep understanding of how the respective ministries can improve the management of their companies and give insight into whether better coordination is required among all the companies owned by the government ministries, to ensure that they contribute significantly to economic development of the nation and social well-being.

3.3 Data Analysis

The data collection started at the end of 2017 and continued into early 2018. Therefore, the focus of this study is on forms of government intervention during these years. This study uses mainly secondary data, taken from annual reports, official websites, company data and news articles. The 2016/2017 audited Annual Reports of companies under ministries that were found were used to compile information about the directorships, profile of directors, and the subsidiaries of the companies. The data of GLCs that did not have the updated audited Annual Reports were obtained through Companies Commission of Malaysia's online portal. Issues pertaining to these GLCs then were further examined through news articles like *The Edge Markets, Free Malaysia Today, The Star, The Malaysian Insight, The Straits Times*, and *New Straits Times*. Any social, economic, and political issues associated with the GLCs were studied. The data was also cross-referenced and double-checked to ensure accuracy. Other related data were collected from academic articles, journals and books. Data collected for the GLCs and ministries were from the year 2016/2017. It took about half a year to gather the data as there were restrictions in getting a complete and thorough data regarding all GLCs and ministries. The data was then analysed using a qualitative analysis approach, with much historical analysis. This study uses a top-down approach. Here, the ministries were identified first, before going in depth on the institutions and GLCs that they owned and controlled during that year.

There was a total of 25 federal ministries in 2016, during Najib Razak's administration. All 25 ministries were examined to identify their ownership and control mechanisms. Key institutions and key actors were taken into account from all federal ministries in Malaysia and then categorised into different categories that were mentioned in the conceptual framework. All institutions under each ministry were examined, and only institutions that have majority ownership of companies were identified and included. For the key actors, a background search was done to put them into their relevant categories, that is politicians, federal or state bureaucrats, professionals, or private group representatives.

To investigate the implications of state intervention among ministries, a **case study** of the Big Four was done, focusing only on four ministries: Prime Minister's Department (PMD), Ministry of Finance (MOF), Ministry of Rural and Regional Development (MRRD) and Ministry of Science, Technology and Innovation (MOSTI). After collecting the data, it was found that these four ministries have a high level of corporate presence, based on the number of GLCs they own either directly or through statutory bodies and other institutions. Other than that, the companies under these ministries are major key players in the economy; for example, all GLICs are under these ministries' administrations. Thus, these four ministries were chosen because they best reflect and represent the diverse forms of government intervention by ministries in the employment of GLCs.

Through this case study, the implications of different ownership and control mechanisms used by the Big Four were identified, whether they were developmental or degenerative. Different key players through different key institutions in different ministries meant that there were different outcomes. Policy implementation concerning the Big Four was analysed to determine whether the goals had been realised. Other than that, controversial issues involving the Big Four were taken into account too, as a factor to show whether they acted in a manner that was predatory or developmental in nature.

3.4 Scope and Limitation of the Study

This study examines forms of government intervention in Malaysia through GLCs under federal ministries. This study focuses on ownership and control of GLCs under federal ministries by only looking at key institutions and key actors of these GLCs for year 2016/2017. Since Malaysia in 2016/2017 had a total of 25 ministries with a huge number of institutions under their jurisdictions, it was very time consuming to examine each of these institutions and go further down several levels to see ownership patterns by subsidiaries and associate companies. Therefore, due to the limited time available to complete this study, only institutions at the first level were taken into account. First level institutions mean those that were directly under control of ministry and does not include their subsidiaries. However, exceptions were made for important subsidiaries that play a major role in Malaysian economy. These subsidiaries were examined thoroughly.

Some of these institutions and companies do not disclose their information because of confidentiality, making it even harder for the process of data collection. It was also found that most of government official websites were outdated, making it hard to access and gain information. There have been several approaches to government institutions to gain data, but most of the time there were no response. Hence, the data collected for this study were only taken from sources that were publicly available. To minimise misinterpretation of the subject matter, the latest information and data concerning the key institutions or key actors were taken instead, if the data for year 2016 was not available. Besides that, the data was cross-referenced several times with other sources, such as news articles and other publicly available articles, to ensure accuracy.

It is important to note that this research does not look at the financial performance of these companies, or more specifically, their profit and revenue. This study only looks at ownership and control of GLCs employed by federal ministries in Malaysia. However, exception may exist with regard to important GLCs.

3.5 Definition of Terms

Based on the United Nations (2005), GLCs in Malaysia are of several forms, with these organisations managing public activities and departmental undertakings. These organisations include public corporations, statutory bodies, and state-owned companies (Ismail & Osman-Rani, 1991, and Thillainathan, 1976). Jamaliah Said and Nur Hidayah Binti Jaafar (2014) defined GLCs as “companies that have a primary commercial objective and in which the Malaysian government has a direct controlling stake”. Meanwhile, the MoF defined a Federal Statutory body, in the Statutory Bodies (Accounts and Annual Reports Act) 1980 [Act 240], as: “Any body corporate, irrespective of the name by which it is known, that is incorporated pursuant to the provisions of federal law and is a public authority and a body corporate that is incorporated under the Companies Act 1965." Similar to a company, a Federal Statutory Body is a separate entity that has the power to administer, sue, and be sued in its own name, sign contracts, own, buy and hold assets.[3]

Though there are several definitions for the terms as mentioned above, the definitions for the following terms used for key institutions and key actors which are central to the study, were refined even more for this study, except for the definition of GLICs. The following terms were carefully identified and elaborated for this study. Key institutions are categorised into six groups:

Government-Linked Companies (GLCs). Companies that have a primary commercial objective in which the Malaysian Government has a controlling stake, not just percentage ownership but also influence in the appointment of directors and senior management officers, in decision making and corporate planning that include contracting awards, strategising, restructuring, financing and acquisition and divestments, directly or indirectly.

Government-Linked Investment Companies (GLICs). According to the OECD (2013), "government-linked investment companies (GLICs) refer to investment companies in which the federal government has influence over the management by appointing and approving board members and senior management, who in turn report directly to the government. The government may also provide funds for operations or to guarantee capital (and some income) placed by unit holders. The Ministry of Finance or the Prime Minister's office are usually the government representatives on the board of GLICs and thereby play a role in the governance and investment decisions of these

[3] See https://www.mof.gov.my/pdf/bahagian/sbm/faq-en.pdf

companies." Seven entities are referred to as GLICs by the Treasury: Minister of Finance Incorporated, Khazanah Nasional Bhd, Employees Provident Fund (EPF), Lembaga Tabung Haji (LTH), Armed Forces Fund Board (LTAT), Retirement Fund Incorporated (KWAP) and Permodalan Nasional Bhd (PNB).

Statutory bodies are institutions established by various laws at the federal and state level. These institutions have their own enactment that govern their managements.

Government agencies are institutions established to perform the government's role, usually to undertake social responsibility. The reason for establishing these agencies is similar to statutory bodies. However, government agencies do not have their own enactments that govern their management.

Foundations were established for the purpose of religious, educational, literary, scientific, charitable or social welfare activities under the Trustees Incorporation Act 1952 or Companies Act 1965.

Special Purpose Vehicles (SPVs) are corporations formed to execute specific projects and functions, mainly to implement government policies.

Development Financial Institutions (DFIs) are financial institutions with a specific task to develop strategic key sectors for the development of the economy.

There are four different types of key internal actors and below are the definitions used for them in this study:

Politicians are members of political parties. They are elected politicians such as Members of Parliament and State Assemblymen.

Federal Bureaucrats are individuals working in government ministries, federal departments or agencies, serving on a tenured basis.

State Bureaucrats are individuals working in state departments or agencies, serving on a tenured basis.

Professionals are managerial executives or academics, typically with corporate experience. They are usually trained in law, accounting, or finance.

Private Group Representatives are individuals representing a certain group in society. For example, a community leader or a committee of an association.

3.6 Conclusion

Key actors and key institutions are vital factors to look at when studying government intervention in Malaysia, especially through ministries. The key actors have the power to influence the direction of key institutions. It is important to look at both key actors and key institutions as they are not homogenous. There are different types of institutions, with different characteristics. The types of key actors that have been identified are politicians, federal bureaucrats, state bureaucrats, professionals and private group representatives. While the types of key institutions are statutory bodies, government agencies, foundations, GLICs, DFIs, SPVs and GLCs. These different types of key actors are appointed in different types of institutions under different ministries. This means that different types of key actors in different types of key institutions will result in different implications.

CHAPTER 4: EMPLOYMENT OF GLCS BY MINISTRIES

4.1 Introduction

The highest administrative bodies in the administration system of the Federal Government are the ministries. In Malaysia, each ministry is led by a minister, usually nominated by the Prime Minister with the approval of Yang di-Pertuan Agong (the Monarch of the country). Ministries are responsible and tasked to determine national policies, manage and implement tasks accordingly under their area of jurisdiction, ensure the efficiency and stability of the country's system administration by coordinating them accordingly, and search for solutions regarding issues arising in the country that affect the people. Hence, the number of ministries can be increased or decreased depending on the need of the country. Under each ministry, there are several institutions to help achieve their goals and objectives. These institutions or public enterprise, as explained in Chapter 2, include departments, statutory bodies and GLCs. However, for this research, we have broken down the type of key institutions as mentioned in Chapter 3. These institutions can also be shifted around among ministries where they are needed.

In 2016, there were 25 Ministries[4] in Malaysia. These 25 Ministries, as shown in Figure 4.1, were classified into three groups based on the number of institutions under each ministry's direct control that hold companies, thus only looking at the first level of ownership. These institutions, as mentioned in Chapter 3, include statutory bodies, foundations, holding companies, government-linked investment companies (GLICs), development financial institutions (DFIs), special purpose vehicles (SPVs) and GLCs.

---

[4] http://www.kln.gov.my/web/guest/other-ministry as at 20th August 2017

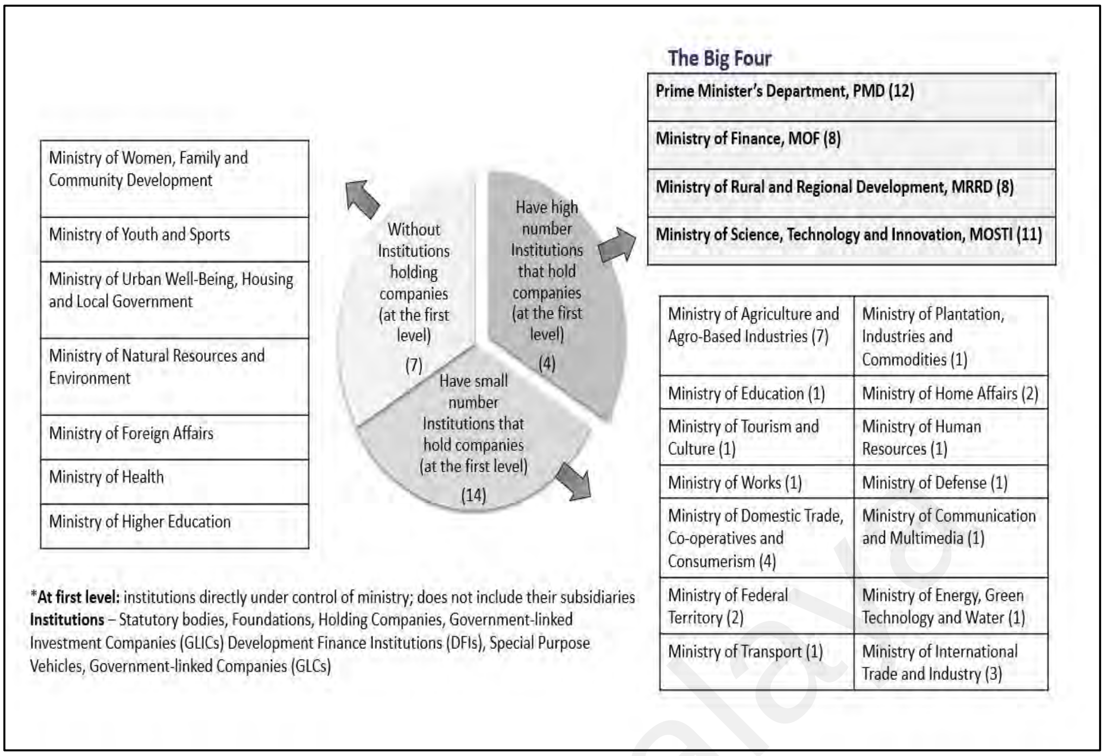

Figure 4.1: Classifications of Ministries based on employment of GLCs

There were seven ministries without any institutions that hold companies, such as Ministry of Women, Family and Community Development, Ministry of Youth and Sports, Ministry of Urban Well-Being, Housing and Local Government, Ministry of Natural Resources and Environment, Ministry of Foreign Affairs, Ministry of Health, and Ministry of Higher Education[5]. There were 14 Ministries with small number of institutions that hold companies, for example, Ministry of Education, Ministry of Tourism and Culture and Ministry of Works.

These 14 Ministries have less than seven institutions that hold companies under their respective jurisdictions. However, it is found that these 14 ministries have different

[5] However, the Ministry of Transport has oversight of several companies, since they act as the operators of the Ministry. Some of these companies have a golden share, held by Minister of Finance Incorporated, for example Johor Port Sdn Bhd and Penang Port Sdn Bhd.

forms of government intervention, in terms of their respective key institutions and actors. Tables 4.1 and 4.2 provide an overview of the forms of government intervention employed by these 14 ministries.

Table 4.1: Overview of Ministries[6] with a small number of Institutions and type of Institutions employed

Ministries/ Key Institutions	Statutory Bodies	Government Agencies	Foundations	GLICs	Holding Companies
MITI	/				/
KDN		/			
MOW	/				
MOHR		/			
MOE		/			
KKMM	/				
MOTAC	/				
MOD		/		/	
KPDNKK	/				/
KWP	/		/		
MOA	/	/			/
MPIC	/				
KeTTHA		/			
MOT	/				

Based on Table 4.1, a majority of the ministries employed statutory bodies. These statutory bodies then established companies, therefore acting as the bridge for the government to be involved in the market. Other institutions employed by these 14 ministries are government agencies, foundations, holding companies and GLICs. Despite

[6] The Ministries are Ministry of International Trade and Industry (MITI), Ministry of Domestic Affairs (KDN), Ministry of Works (MOW), Ministry of Human Resources (MOHR), Ministry of Education (MOE), Ministry of Communications and Multimedia (KKMM), Ministry of Tourism and Culture (MOTAC), Ministry of Defence (MOD), Ministry of Domestic Trade and Consumer Affairs (KPDNKK), Ministry of Federal Territories (KWP), Ministry of Transport (MOT), Ministry of Agriculture ad Agro-based Industries (MOA), Ministry of Plantation Industries and Commodities (MPIC), Ministry of Energy, Green-Technology and Water (KeTTHA) and Ministry of Higher Education (MOHE).

having a small number of institutions that hold companies, the Ministry of Defence has jurisdiction over one of the seven GLICs, which is the Armed Forces Fund Board or Lembaga Tabung Angkatan Tentera (LTAT). GLCs under LTAT that are major players in the economy include Boustead Holding Berhad and Pharmaniaga.

Table 4.2: Overview of Ministries with small numbers of Institutions and type of Key Actors employed

Ministries/ Key Institutions	Prime Minister	Ministers	Politicians	Federal Bureaucrats	Professional Elites	Corporate Elites	Private Sector Representatives
MITI		/	/	/	/		
KDN		/		/			
MOW		/		/	/	/	/
MOHR		/		/	/		/
MOE		/	/	/	/		
KKMM		/	/		/		
MOTAC		/	/	/	/		
MOD		/		/			
KPDNKK		/		/			
KWP		/		/			/
MOT		/	/	/	/		/
MOA		/	/	/	/		
MPIC		/	/	/	/	/	/
KeTTHA		/	/	/	/		/

Table 4.2 provides an overview of key actors by ministries. The forms of government intervention through key actors of the key institutions under these 14 ministries are different from each other. This indicates that the government intervention through GLCs by cabinet ministries are not similar.

The rest of the four Ministries have a high number of institutions that hold companies. These four important Ministries are the Prime Minister's Department (PMD), Ministry of Finance (MOF), Ministry of Rural and Regional Development (MRRD) and Ministry of Science, Technology and Innovation (MOSTI). While the ministries mentioned previously are involved in business, these four ministries merit attention because of their extensive ownership and control of companies. These ministries can be classified as the “Big Four”. The higher the number of institutions that hold companies under a Ministry, the greater the government intervention through the Ministry in the economy. The Big Four merits attention because they have major influence in the market through their employment of GLCs, thus raising two important questions: how does the government intervene in the market through the employment of GLCs? And why? This will be answered in the next sub-section.

4.2 Case Study – The Big Four

The Big Four that will be given emphasis are the Prime Minister’s Department (PMD), Ministry of Finance (MOF), Ministry of Rural and Regional Development (MRRD) and Ministry of Science, Technology and Innovation (MOSTI). The Big Four exists because PMD, MOF, MRRD and MOSTI have a large number of GLICs and institutions that hold GLCs (on the first level), as compared to other ministries. Figure 4.2 offers an overview of the Big Four’s influence in business, including their institutions’ subsidiaries.

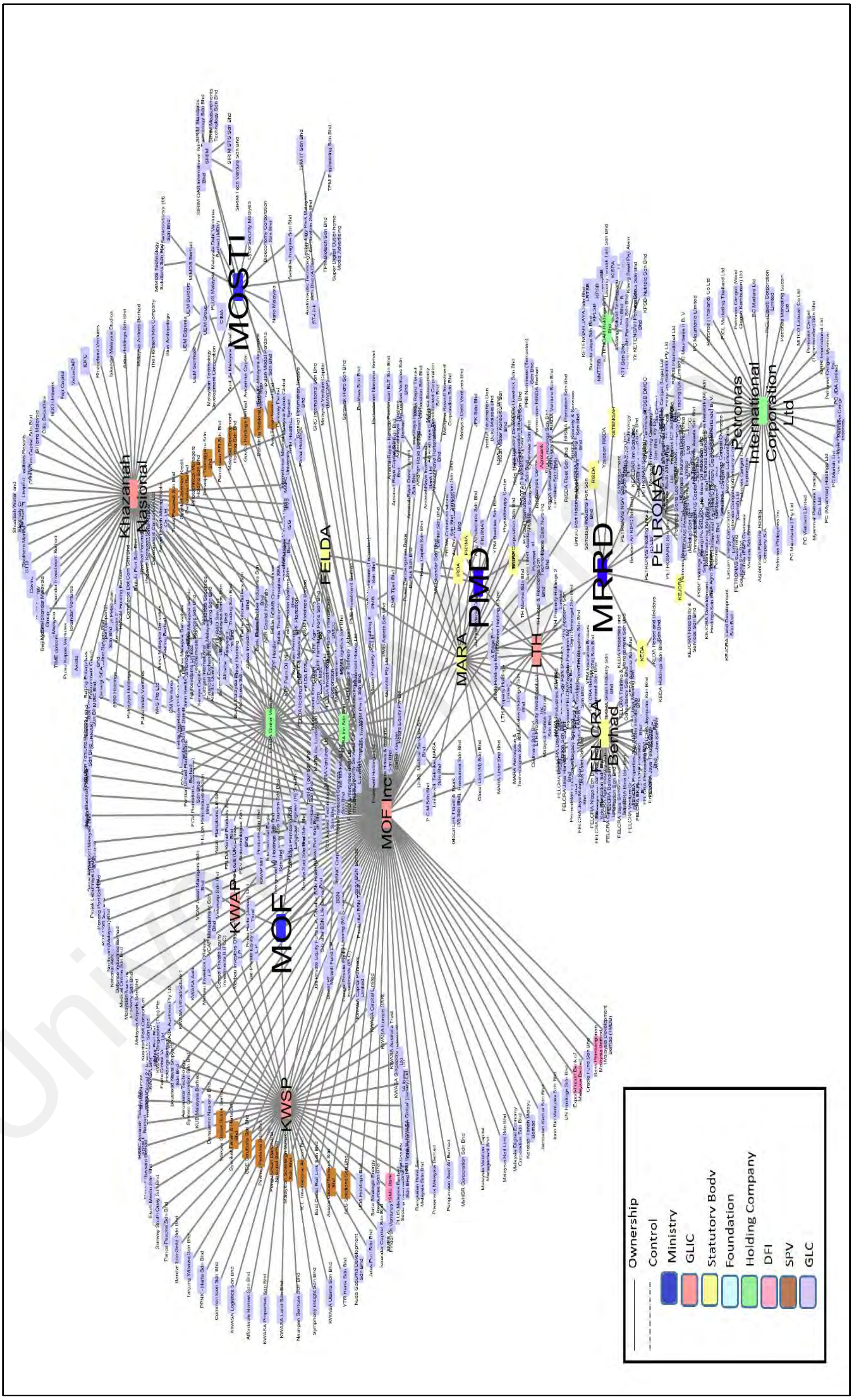

Figure 4.2: Overview of the Big Four's Influence in Business

Figure 4.2 also indirectly shows the amount of power held by the key actors mentioned previously. Najib Razak, holding dual positions, increased the amount of influence he had through two ministries. The Big Four also had different ownership and control patterns. To understand the relationship between the four ministries and the institutions, Figure 4.3 shows a clearer view of the ownership and control patterns employed by the Big Four.

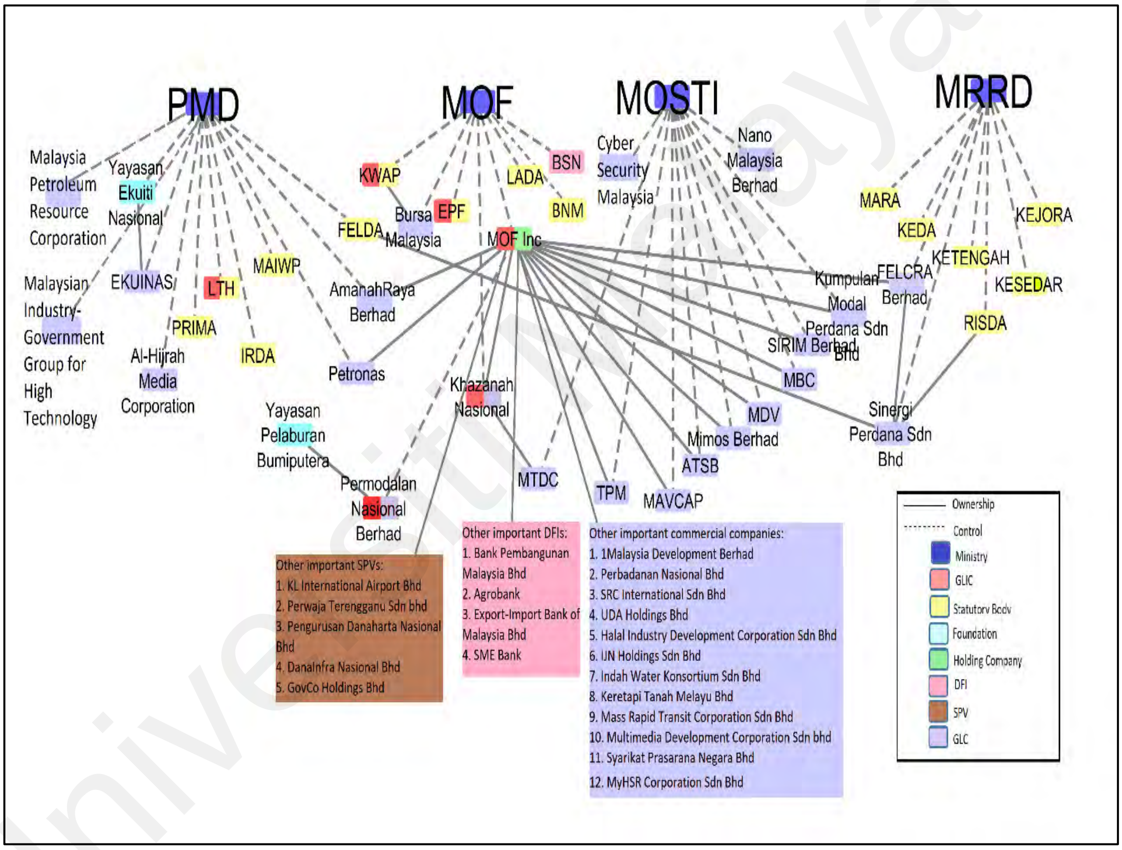

Figure 4.3: Ownership and Control Patterns of the Big Four

As Figure 4.3 indicates, each ministry intervenes in different ways through this diverse range of institutions. PMD uses different institutions which serve different functions. For example, the Iskandar Regional Development Authority (IRDA) was created to encourage industrialisation in the state of Johor. FELDA is a major player in plantations, with a vast political base. Lembaga Tabung Haji (LTH) was established to help Muslims, especially poorer Muslims fulfil a religious obligation. Petronas is the key player in Malaysia's oil & gas sector. These institutions are statutory bodies, though LTH functions also as a GLIC.

MoF uses different institutions, though it is GLICs that this ministry most employs. There are five GLICs under MoF's domain, including MoF Inc, an investment arm that holds many key institutions such as SPVs, DFIs and large number of commercial enterprises. Examples of SPVs are KL International Airport Bhd, Perwaja Terengganu Sdn Bhd and Pengurusan Danaharta Nasional Bhd. Important DFIs include Bank Pembangunan, Agrobank, Export-Import Bank and SME Bank. Prominent GLCs owned by MoF Inc are 1MDB, Perbadanan Nasional, SRC International and UDA Holdings. Through MoF Inc, this ministry had enormous influence over the corporate sector.

MOSTI, interestingly, is the only ministry among the Big Four that does not use other institutions to control GLCs, though most of them are owned by MoF Inc. Importantly too, these GLCs are highly invested in the technology sector. This ownership pattern also indicates industrial-financial linkages between these two ministries, involving also, in some cases, private firms.

MRRD is different from MOSTI because it actively employs statutory bodies to control a huge number of GLCs. Most of these statutory bodies were established more than 30 years ago, with the objective of promoting rural development through companies created by them. These companies were incorporated, presumably, to help facilitate the implementation of the goals of these statutory bodies, though the government had also intended to transfer the ownership to Bumiputeras as part of its agenda to ensure equitable equity distribution between ethnic groups.

An assessment of the key actors controlling the Big Four raises concerns over the mode of governance. In late 2017, Najib Razak held dual positions, as Prime Minister and Finance Minister, giving him simultaneous control of two key ministries. Ismail Sabri Yaakob, the minister responsible for MRRD and a member of Najib's party, the United Malays National Organisation (UMNO), was the Member of Parliament (MP) for Bera in Pahang. Najib is also from the state of Pahang, suggesting a political clique with control over a huge range of GLCs, through ministries, that could serve as tools for the practice of patronage.

Wilfred Madius Tangau was the Minister of MOSTI. He is the acting president of the United Pasokmomogun Kadazandusun Murut Organisation (UPKO), a Sabah-based party under the BN. The appointment of a non-UMNO cabinet member as MOSTI's minister is particularly telling, as it reflects the poor political clout this ministry had among party members and rural Bumiputeras.

4.2.1 Prime Minister's Department (PMD)

The Prime Minister's Department (PMD) is a ministry under the Prime Minister. This ministry is mainly responsible for planning and coordinating all national policies and ensuring that these policies are implemented smoothly and efficiently through ministries. Like other ministries, PMD also had various types of institutions and Figure 4.4 displays all the institutions that employ GLCs under PMD.

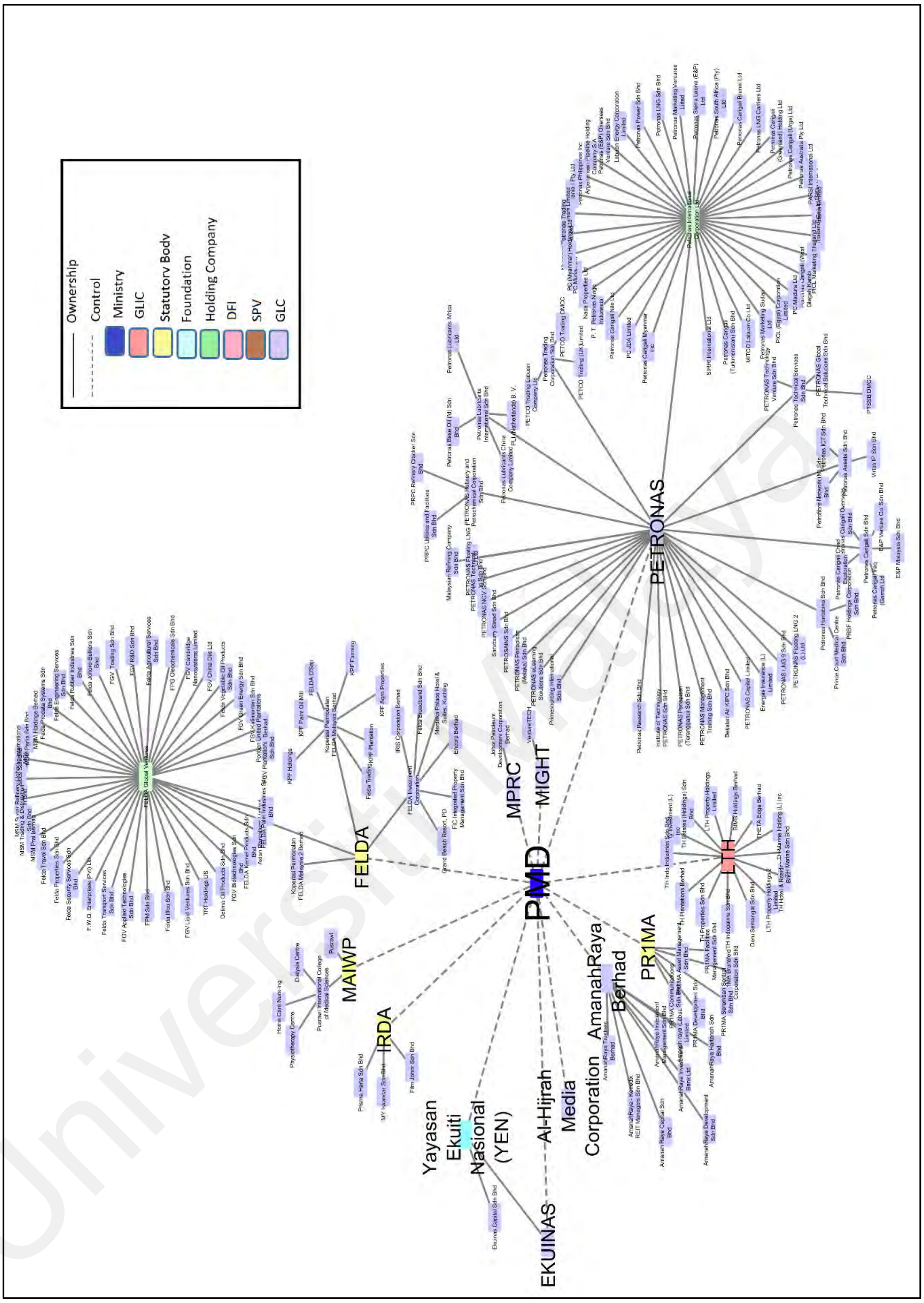

Figure 4.4: Institutions under direct control of PMD, 2016/2017

Figure 4.4 indicates that institutions under PMD have different goals from each other. The institutions that were established in the post-colonial period, such as Felda Land Development Authority (FELDA) and LTH, are still focusing on the same social objectives. FELDA was established in 1956 to develop land for the cultivation of oil palm and rubber, which was to be channeled to the poor. LTH, whose roots can be traced to a fund created in 1962, and Malaysia's first Islamic financial institution, acts as a savings-based institution to help low-income groups perform the hajj, a religious obligation. FELDA, LTH and other institutions under PMD own GLCs that are supposed to help implement policies related to their social and economic goals. LTH, for example, invests the savings of its members in Islamic-permissible businesses. The returns from these investments are used to subsidise the costs incurred by its members when they perform the hajj (Gomez et al. 2018: 32). Clearly, not all these business enterprises are profit driven, as they have social obligations too. These institutions are established for various reasons. Table 4.3 below summarises the institutions under PMD and their scope of interest.

Table 4.3 summarises the scope of interest for institutions that are directly under the jurisdiction of PMD, including the scope of interest of their subsidiaries. Table 4.3 offers an overview of the sectors that these institutions and their subsidiaries have ventured into. While most of the institutions under PMD are still in line with their objectives, there are few institutions that have expanded their scope to other parts of the economy. For example, LTH, a statutory body that was established to help Malaysian Muslims to perform the hajj, had also ventured into plantations, property development and construction.

Table 4.3: Overview of Institutions under Prime Minister's Department

Name of Institutions	Scope	Type of Institutions
Malaysia Petroleum Resources Corporation (MPRC)	Oil & gas - promote, make policy recommendation, business regulations	Limited by guarantee public limited
Malaysia Industry-Government Group for High Technology (MIGHT)	Development of science & technology	Limited by guarantee public limited
Yayasan Ekuiti Nasional (YEN)	Bumiputera equity interest	Trust fund
Ekuiti Nasional (EKUINAS)	1) Equity management 2) Promote equitable & sustainable Bumiputera economic participation - create leading companies	Private Equity fund management company
Al-Hijrah Media Corporation	Media welfare	Limited by guarantee public limited
Perbadanan PR1MA Malaysia (PR1MA)	1) Affordable housing 2) Asset management 3) Property development 4) telecommunication service 5) facilities management	Statutory body
Lembaga Tabung Haji (LTH)	1) Islamic Finance 2) Plantation 3) Property Development & Construction 4) Communication 5) Hospitality 6) Marine	Statutory body
Majlis Agama Islam Wilayah Persekutuan (MAIWP)	Islamic matters	Statutory body
Petroliam Nasional Berhad (Petronas)	1) Oil & gas 2) Small retail businesses	Statutory body
AmanahRaya Berhad	1) Corporate Trustee 2) Asset management 3) Real Estate Investment 4) Investment bank 5) Development	GLC
Federal Land Development Authority (FELDA)	1) SMEs 2) Plantations 3) Land development	Statutory body
Iskandar Regional Development Authority (IRDA)	1) Property 2) Construction	Statutory body

Other than LTH, Perbadanan PR1MA Malaysia (PR1MA) too ventured into sectors that can complement its objectives. PR1MA is a statutory body established by Najib Razak to help build more affordable homes in strategic places, especially in urban areas. Through its subsidiaries, PR1MA ventured into sectors that are related to the objective of building affordable homes, such as on asset management, property development, telecommunication services and facilities management. These subsidiaries through their respective specialties help PR1MA achieve its prime objective.

AmanahRaya Berhad, which was initially established as the Department of Public Trustee and Official Administrator, then corporatised as Malaysia's premier trustee company, has several subsidiaries that focus on several areas such as asset management, real estate investment and others.

Table 4.3 indicates that PMD had control over different sectors of the economy through their institutions, from plantations, affordable housing, oil and gas to Islamic matters. Though these institutions vary in terms of type, all of them are involved in business. Table 4.4 provides an overview of key control of these institutions. The key actors have been identified based on their profiles, and were put into different categories such as politicians, federal bureaucrats, state bureaucrats and professionals or private group representatives.

Table 4.4 indicates that eight out of twelve institutions have politicians as their board of directors. MPRC, MIGHT, EKUINAS and Al-Hijrah Media Corporation comprised federal bureaucrats and professionals only. While PR1MA and Petronas have one politician representative in their boards of directors, MAIWP, AmanahRaya and IRDA have two politicians. In Petronas, a well-performing institution, a majority of its key players were professionals. In MIGHT, a non-profit company limited by guarantee that plays a key role in developing Malaysia's high technology, a majority of its board members were professionals. This suggests collaborative partnerships between the government and private sectors, though the hand of a powerful Prime Minister appears at the apex of this institutional structure.

Table 4.4: Key Control of Institutions under Prime Minister's Department

Institutions	Politicians	Federal bureaucrats	State bureaucrats	Professionals	Private Group Rep.	Total
MPRC	0	1	0	4	0	5
MIGHT	0	6	0	12	0	18
YEN	5	1	0	0	0	6
EKUINAS	0	1	0	6	0	7
Al-Hijrah Media Corporation	0	3	0	3	0	6
PR1MA	1	5	0	6	0	12
LTH	4	4	0	2	0	10
MAIWP	2	13	0	6	1	22
Petronas	1	3	2	11	0	17
AmanahRaya Berhad	2	3	0	6	0	11
FELDA	6	3	0	0	1	10
IRDA	2	3	3	3	0	11

It is interesting to note that YEN, a trust foundation established to increase Bumiputera equity interest had five politicians who were also ministers on its board of trustees. These five ministers comprised the then Prime Minister (also the Finance Minister), Deputy Prime Minister, Minister of International Trade and Industry, Second Finance Minister and Minister in the PMD.

Another interesting and worrying fact is that LTH, one of Malaysian GLICs, had four politicians in its board of directors. The number of politicians and federal bureaucrats in its board of directors are the same, while having only two professionals. As a GLIC, it is expected that it is run by professionals and bureaucrats, but it is found that this was not the case with LTH.

Besides LTH, FELDA can be considered as another worrying institution under PMD that had a high number of politicians in its board of directors. FELDA had six politicians, which means that the majority of its board of directors were politicians. However, having politicians holding positions in government institutions will lead to conflicts-of-interest, between serving the institution's social objectives and the politicians' political interests, an issue that later became very obvious.

There are several institutions under PMD that had state bureaucrats in their boards of directors, such as Petronas and IRDA. Petronas had two state bureaucrats, both representatives from Sabah and Sarawak. IRDA, an institution with an objective to develop Iskandar Malaysia, situated in Johor, had representatives from Johor State Government also present in its board. IRDA was co-chaired by the then Prime Minister Najib and Johor Menteri Besar, Mohamed Khaled Nordin.

Tables 4.3 and 4.4 show that the government did not intervene in these institutions in a similar manner. In fact, the government intervened rather differently in each institution, as they operated in in different sectors of the economy. Different types of key actors were used in each institution, depending on which sector the GLCs they owned were involved in.

4.2.2 Ministry of Finance (MoF)

MoF is a ministry responsible for ensuring continuous and sustainable economic growth. This ministry is also responsible for the financial management of the country, making it an extremely powerful institution as it controls the allocation of national funds.

It is understandable that a majority of the GLICs are situated here (see Figure 4.3). These GLICs, through their stakes in various GLCs, control about 34% of the market capitalisation of the entire Bursa Malaysia, or domestic stock exchange (Gomez et al. 2018). MoF Inc, one of the GLICs under MoF, owns an extensive number of GLCs, but does not have control over them. This is because MoF Inc does not have any directors, hence, giving the ultimate control of its companies to the Minister of Finance. Apart from GLCs, enterprises owned by MoF Inc include important SPVs and DFIs (see Figure 4.5).

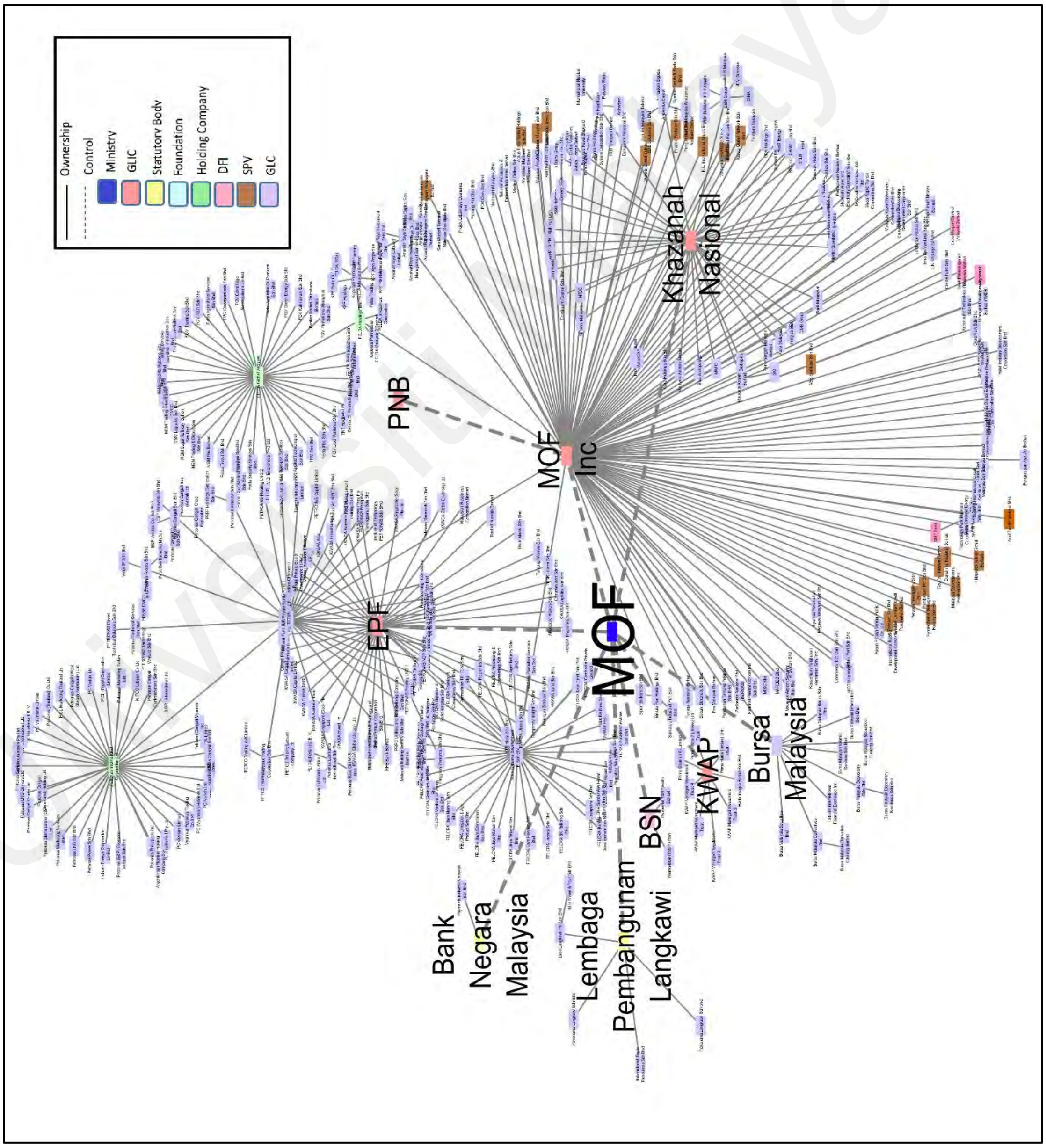

Figure 4.5: Institutions under direct control of MoF, 2016/2017

Figure 4.5 shows the extensive control that the Finance Minister had in the economy through the institutions under MoF. It shows that these institutions created more subsidiaries to venture into certain sectors of the economy. The number of subsidiaries these institutions had were more than the number of subsidiaries under other ministries. Table 4.5 shows the scope of these institutions and their scope of interest.

Table 4.5: Overview of Institutions under Ministry of Finance (MoF)

Name of Institutions	Scope	Type of Institutions
Minister of Finance Incorporated (MoF Inc)	Investment	GLIC
Employees Provident Fund (EPF)	Retirement fund	GLIC
Retirement Fund (Incorporated) (KWAP)	Retirement fund	GLIC
Khazanah Nasional Berhad (Khazanah)	Investment	GLIC
Bursa Malaysia Berhad (Bursa Malaysia)	Regulations	GLC
Central Bank Malaysia (BNM)	Monetary regulations	Statutory body
Bank Simpanan Nasional (BSN)	Banking & Finance	DFI
Langkawi Development Authority (LADA)	Regional development	Statutory body

Table 4.5 provides an overview of the scope of interests that these institutions under MoF are into. A majority of these institutions are related to the financial sector, helping the ministry play its role in ensuring continuous growth in the economy. However, there is one non-finance related institution put under direct jurisdiction of MoF, which is LADA. LADA is a statutory body established to develop the island of Langkawi in the state of Kedah.

Other institutions under MoF focus on investments and their role to promote financial stability in the country. MoF Inc. and Khazanah play an important role in the investment sector, which enables them to contribute to economic growth. It is important to note that Khazanah, the national sovereign wealth fund in Malaysia, is not directly involved in the management of their investee companies. Khazanah's jurisdiction is only limited to the management of its portfolio. Thus, Khazanah is purely professionally run.

MoF also controls regulatory institutions like Bursa Malaysia and the central bank, Bank Negara Malaysia (BNM). Other than that, two prominent retirement fund entities, EPF and KWAP, are controlled by MoF. Both EPF and KWAP were established to give financial security to society after retirement.

It is also interesting to see BSN, a development financial institution (DFI), was put under direct control of MoF, while other DFIs are under MoF Inc. BSN was the first Savings Bank that first began operating in Perak and Selangor, as far back as in the late 19th century. The purpose of its establishment was to instil the behaviour of saving money among members of society. This was especially important during the early years after the independence of Malaysia in 1957. BSN still plays the same role.

Being the only non-finance related institution, LADA had the highest number of politicians in its board of directors, as shown in Table 4.6 below. Two of the three politicians on LADA's board are the Finance Minister and the Kedah Menteri Besar; both co-chairmen of LADA. Khazanah had two politicians in its board of directors, followed by MoF Inc, which only had one- the Finance Minister. Most of these institutions under MoF are professionally run, with the help of representatives from federal and sometimes the state. These institutions are expected to be professionally run due to their important role in the economy to provide continuous and sustainable growth.

Table 4.6: Key Control of Institutions under Ministry of Finance (MoF)

Institutions	Politicians	Federal bureaucrats	State bureaucrats	Professionals	Private Group Rep.	Total
MoF Inc	1	0	0	0	0	1
EPF	0	5	5	5	2	17
KWAP	0	8	0	4	0	12
Khazanah	2	1	0	9	0	12
Bursa Malaysia	0	2	1	7	0	10
BNM	0	1	0	10	0	11
BSN	0	2	0	8	0	10
LADA	3	2	1	0	0	6

There were also state bureaucrats in several institutions under MoF. The institutions with state bureaucrats on their board of directors are LADA, Bursa Malaysia and EPF. EPF had the highest number of state bureaucrats on its board of directors. Besides that, EPF and KWAP were also found to have private sector representatives on their board of directors.

4.2.3 Ministry of Rural and Regional Development (MRRD)

MRRD, as reflected by its name, is in-charge of driving rural development in Malaysia. This ministry is responsible for improving the quality of entrepreneurship and of life of Malaysians in rural areas. Figure 4.6 provides an overview of institutions under the direct control of MRRD for the year 2016/2017. This figure indicates that MRRD uses statutory bodies to own companies. All statutory bodies under MRRD have been operating for more than 30 years, with the same objective. These statutory bodies were established to help reduce inequality in society. KETENGAH, KESEDAR, KEDA and KEJORA were created to develop certain rural and semi-urban regions in Malaysia. FELCRA was established as a statutory body but was later incorporated to be a GLC. This enabled FELCRA to venture into new businesses in line with national development. Institutions under MRRD have more than a decent number of subsidiaries. The scope of interests of these statutory bodies, inclusive of their subsidiaries can be seen in Table 4.7.

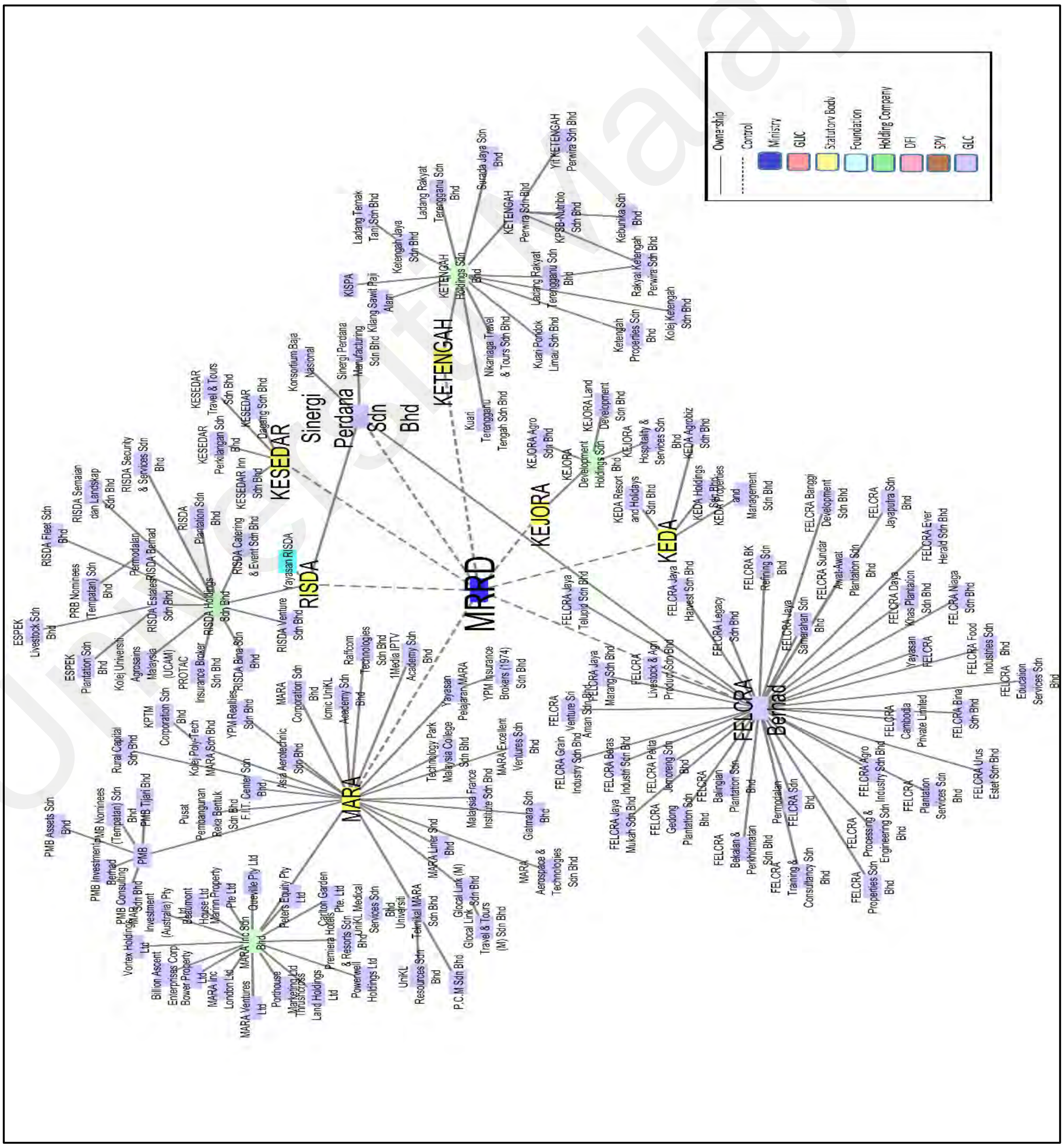

Figure 4.6: Institutions under direct control of MRRD, 2016/2017

Table 4.7: Overview of Institutions under Ministry of Rural and Regional Development (MRRD)

Name of Institutions	Scope	Type of Institutions
Majlis Amanah Rakyat (MARA)	1. Education & Training 2. Entrepreneurship 3. Technology 4. Transportation 5. Construction 6. Engineering 7. Property & Asset Management	Statutory body
FELCRA Berhad	1. Agriculture 2. Rehabilitation & Dev of Land 3. Palm Oil Processing 4. Construction 5. Plantation & Cultivation of Crops 6. Processing & Marketing 7. Commodities Products 8. Investment	GLC
Rubber Industry Smallholders Development Authority (RISDA)	1. Plantation 2. Agriculture 3. Insurance 4. Fund Management 5. Livestock 6. Property Development	Statutory body
Terengganu Tengah Development Authority (KETENGAH)	1. Plantation 2. Mining 3. Tourism 4. Livestock 5. Education 6. Housing Development 7. Manufacturing of Raw Materials	Statutory body
South Kelantan Development Authority (KESEDAR)	1. Manufacturing 2. Plantation 3. Property 4. Hospitality & Tourism	Statutory body
Kedah Development Authority (KEDA)	1. Tourism 2. Agriculture 3. Property Management	Statutory body
South East Johor Development Authority (KEJORA)	1. Agriculture 2. Entrepreneurship 3. Property Development 4. Tourism	Statutory body

Sinergi Perdana Sdn Bhd (SPSB)	1. Agriculture – Fertilisers	Statutory body

Table 4.7 shows that these institutions influence other sectors of the economy too, with the objective of developing rural and regional areas. MARA does not just intervene in education-related sectors, but also in transportation, construction, engineering, and property and asset management. Not just MARA, but also other institutions under MRRD are in various sectors such as in tourism and property development. Only SPSB is focused on its role in agriculture, specifically fertilisers. SPSB is a consortium formed by FELDA, FELCRA and RISDA.

Table 4.8: Key Control of Institutions under Ministry of Rural and Regional Development (MRRD)

Institutions	**Politicians**	**Federal bureaucrats**	**State bureaucrats**	**Professionals**	**Private Group Rep.**	**Total**
MARA	6	4	0	1	0	11
FELCRA	5	1	1	1	0	8
RISDA	3	3	0	0	0	6
KETENGAH	4	3	2	2	0	11
KESEDAR	4	3	2	1	1	11
KEDA	2	4	2	0	0	8
KEJORA	5	4	1	0	0	10 (+1 Unknown)
SPSB	0	5	0	1	0	6

Table 4.8 provides an interesting insight into key actors of institutions under MRRD. The table shows that all, except for SPSB, had politicians on their board of directors. RISDA had three politicians on its board of directors, which one of them was their

chairman. KEDA had two politicians on its board of directors, KETENGAH and KESEDAR had four politicians, while FELCRA, KEJORA and MARA had the highest number of politicians on their boards of directors.

All regional development institutions under MRRD were found to have state bureaucrat representatives on their boards of directors. This is expected as they are responsible for developing specific regional areas, situated in various states in Malaysia. Thus, there is a need for state bureaucrat representatives in these institutions. Institutions under MRRD, except for SPSB, have the least number of professionals on their boards of directors, compared to previous ministries.

4.2.4 Ministry of Science, Technology and Innovation (MOSTI)

MOSTI is tasked with the development of science, technology and innovation. This ministry is also responsible for exploring and utilising science, technology and innovation that can be used to generate knowledge, create wealth and thus be able to achieve a competitive sustainable and inclusive high-income economy in Malaysia. MOSTI, unlike other three ministries, have direct jurisdiction towards GLCs, and not through statutory bodies as seen often in previous ministries. Figure 4.7 shows the overview of GLCs under direct jurisdiction of MOSTI. It can be found that not all GLCs under MOSTI have subsidiaries, and those that have subsidiaries, do not own more than four subsidiaries.

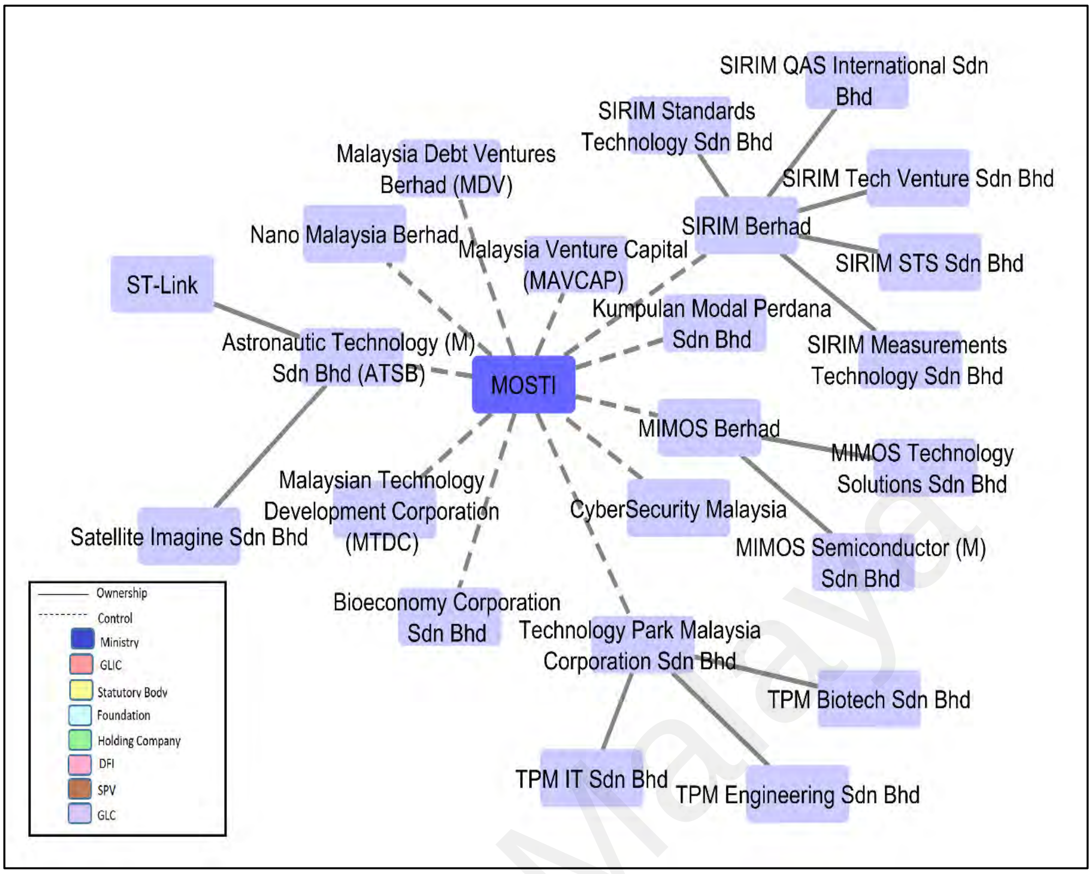

Figure 4.7: Institutions under direct control of MOSTI, 2016/2017

To understand further on the GLCs under direct control of MOSTI, Table 4.9 provides more insight into the scope of interest of these GLCs. Table 4.9 confirms that MOSTI only controls GLCs related to science, technology and innovation. Several GLCs were established by the government to give financial assistance to help nurture local companies in related sectors, for instance MAVCAP, MDV, Kumpulan Modal Perdana Sdn Bhd and MTDC. GLCs under MOSTI promote science, technology and innovation through research and development too, like SIRIM Bhd, TPM, Bioeconomy Corporation and NanoMalaysia.

Table 4.9: Overview of Institutions under Ministry of Science, Technology and Innovation (MOSTI)

Name of Institutions	Scope	Type of Institutions
MIMOS Bhd	Establishing strategic ICT frameworks and growing the intellectual assets of the country	GLC
SIRIM Bhd	Provide quality and sustainable innovation	GLC
Technology Park Malaysia Corporation Sdn Bhd (TPM)	Provide an advanced infrastructure with provision of experts and specialists	GLC
Malaysian Bioeconomy Development Corporation (Bioeconomy Corporation)	Responsible for executing the objectives of the National Biotechnology Policy (NBP)	GLC
Astronautic Technology (M) Sdn Bhd (ATSB)	Develop space and satellite technology which focuses on research and development	GLC
NanoMalaysia Berhad (NanoMalaysia)	Act as a business entity entrusted with nanotechnology commercialisation activities	GLC
CyberSecurity Malaysia	Provide specialised cyber security services	GLC
Malaysia Venture Capital (MAVCAP)	Supporting seed, start-up early stage to late stage companies in the ICT industry as well as other high-growth industries	GLC
Malaysia Debt Venture Berhad (MDV)	Provide financial services and funding to support technology companies	GLC
Kumpulan Modal Perdana Sdn Bhd	Focus on technology development in support of Malaysia's Economic Innovation Model	GLC
Malaysian Technology Development Corporation (MTDC)	To support and spearhead the commercialisation of the R&D activities at the institutes based on industry requirements	GLC

From Table 4.10, it was found that the only GLC with a politician was TPM. The rest of the GLCs under MOSTI were found to be run by professionals and federal bureaucrats. All these GLCs have more professionals on their boards of directors than federal bureaucrats, apart from Bioeconomy Corporation. Bioeconomy Corporation was established to pursue the objectives of the National Biotechnology Policy (NBP), thus explaining the majority of federal representatives on its boards of directors. Unlike the three ministries mentioned previously, it was found that GLCs under MOSTI do not have state bureaucrats nor private sector representatives as their key actors. Being in a knowledge-based sector, these GLCs are expected to be professionally run and only those with the right skills can lead these GLCs to achieve their goals.

Table 4.10: Key Control of Institutions under Ministry of Science, Technology and Innovation (MOSTI)

Institutions	Politicians	Federal bureaucrats	State bureaucrats	Professionals	Private Group Rep.	Total
MIMOS Bhd	0	2	0	6	0	8
SIRIM Bhd	0	2	0	6	0	9 (+2 Unknowns)
TPM	1	3	0	4	0	8
Bioeconomy Corporation	0	7	0	2	0	9
ATSB	0	0	0	2	0	2
CyberSecurity Malaysia	0	4	0	4	0	8
MAVCAP	0	0	0	7	0	7
MDV	0	2	0	6	0	8
Kumpulan Modal Perdana Sdn Bhd	0	0	0	5	0	5 (+4 unknowns)
MIMOS Bhd	0	2	0	6	0	8
MTDC	0	3	0	6	0	9

4.3 Post-election 2018

In 2018, there was a change of the Malaysian government for the first time since the independence in 1957. Although Mahathir Mohamad belonged to a different political party when appointed as the Prime Minister after the 14th Malaysian General Election in

2018, he was not new to politics. In fact, Mahathir had served as Malaysia's Prime Minister for 21 years, from 1981 to 2002.

Since the Prime Minister had a history of leading Barisan Nasional, the mode of government intervention through GLCs stayed the same even after the change of government. Below are the comparisons of ownership and control of institutions under the Big Four from the previous government (in 2016/2017) and the new government (in 2018/2019).

4.3.1 Ownership & Control of GLCs under the Big Four in 2016/2017 and 2018/2019

The purpose of this comparison is to show the difference of ownership and control of GLCs under the Big Four after the 14th General Election when Malaysia had its first change of government in 60 years. Pakatan Harapan (PH), the coalition leading the new government, made a promise to ensure that they would change the GLCs' appointments, based on merit instead of political influence like the previous administration. Firstly, it is interesting to note that Mahathir did not have two ministerial positions, unlike the previous Prime Minister, Najib. This is because it was Mahathir who started the practice of serving as Prime Minister and Finance Minister when he was the fourth Prime Minister of Malaysia.

Figure 4.8 shows the change of structure of key institutions under PMD, under Najib Razak's administration in 2016/2017 and after the change of government in 2018/2019. The structure shrunk, though a high number of key institutions remained under this ministry post-election 2018. Table 4.11 provides more specific information on ownership and control of key institutions under PMD under these two different governments.

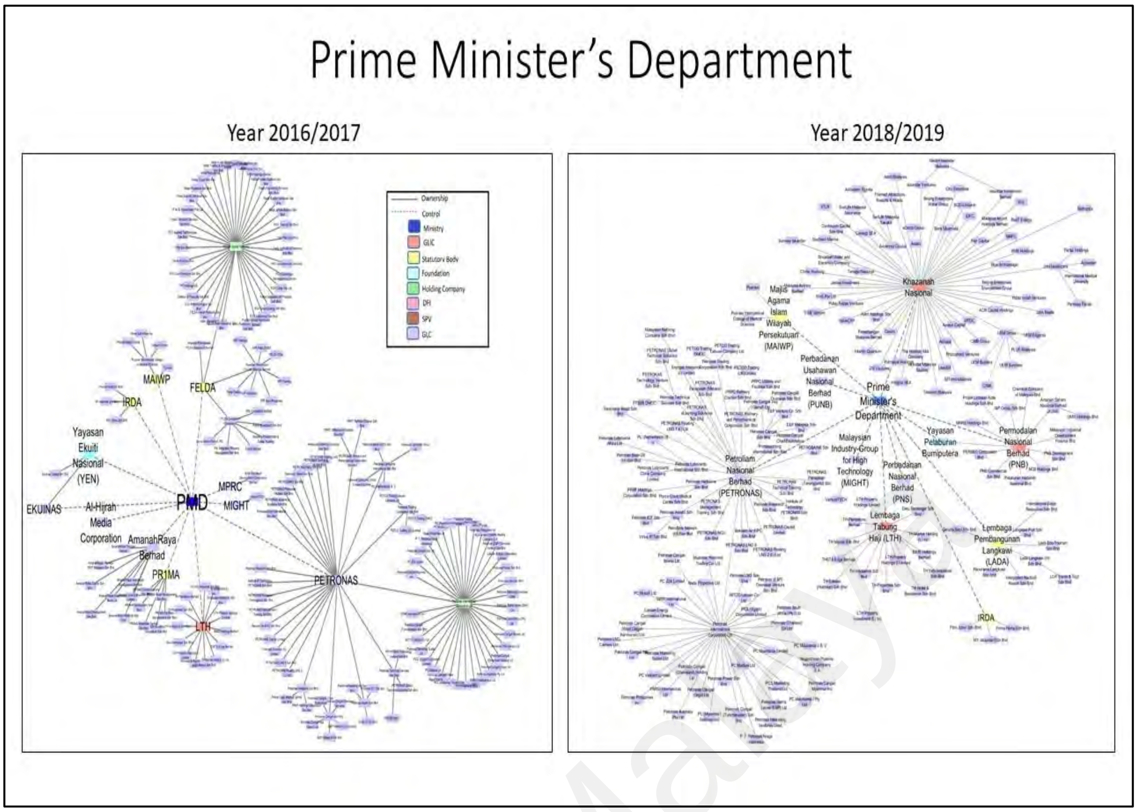

Figure 4.8: Key Institutions in the Prime Minister's Department, 2016/2017 and 2018/2019

Table 4.11: Ownership and Control of Key Institutions in Prime Minister's Department, in 2016/2017 and after the shift in 2018/2019

Institutions	2016/2017		2018/2019	
	Ministry	Key Internal Actors	Ministry	Key Internal Actors
MPRC		Chairman: Idris Jala CEO: Shahrol Halmi	MEA	BOD: 1. Azman Mahmud (Fed Bureau) 2. Wan Latiff Wan Musa (Fed Bureau) 3. Muhamad bin Idris (Fed Bureau)
MIGHT		Chairman: Zakri Abdul Hamid (Fed Bureau), Ahmad Tajuddin Ali CEO: Mohd Yusoff Sulaiman	PMD	Chairman: Ahmad Tajuddin Ali CEO: Mohd Yusoff Sulaiman
YEN		1. Najib Razak (UMNO)	MEA	1. Mahathir Mohamad (Bersatu) 2. Wan Azizah Wan Ismail (PKR)

	PMD	2. Ahmad Zahid Hamidi (UMNO) 3. Mustapa Mohamed (UMNO) 4. Johari Abdul Ghani (UMNO) 5. Abdul Rahman Dahlan (UMNO) 6. Irwan Serigar Abdullah (Fed Bureau)		3. Mohamed Azmin Ali (PKR) 4. Maszlee Malik (Bersatu) 5. Saifuddin Nasution Ismail (PKR) 6. Saiful Annual Lebai Hussen (Fed Bureau)
EKUINAS		Chairman: Raja Tan Sri Dato' Seri Arshad Raja Tun Uda CEO: Syed Yasir Arafat Syed Abd Kadir	MEA	Chairman: Raja Tan Sri Dato' Seri Arshad Raja Tun Uda CEO: Syed Yasir Arafat Syed Abd Kadir
Al-Hijrah Media Corporation		Chairman: CEO:	PMD	Chairman: Hussamuddin Yaacub (Professional) CEO: Saidi Yaacob (Professional)
PR1MA		Chairman: Alies Anor Abdul (Najib's top party strategist) CEO: Abdul Mutalib Alias	KPKT	Chairman: Eddy Chen Lok Loi (Professional) CEO: Mohd Nazri bin Md. Shariff (Professional)
LTH		Chairman: Abdul Azeez Abdul Rahim (UMNO) CEO: Johan Abdullah	PMD	Chairman: Md Nor Yusof (Professional) CEO: Zukri Samat (Professional)
MAIWP		Chairman: Jamil Khir Baharom (UMNO) CEO: Zainal Abidin Jaffar	PMD	Chairman: Syed Hussein Alhabshee CEO: Abdul Aziz bin Jusoh
Petronas		Chairman: Mohd Sidek Hassan (Ex Fed Bureau) CEO: Wan Zulkiflee Wan Ariffin	PMD	Chairman: Ahmad Nizam Salleh CEO: Wan Zulkiflee Wan Ariffin
Amanah Raya Berhad		Chairman: Sabbaruddin Chik CEO: Adenan Md Yusof	MEA	Chairman: Mohd Nasir Ali CEO: Adenan Md Yusof
FELDA		Chairman: Isa Samad (UMNO)	MEA	Chairman: Mohd Bakke Salleh

		Director General: Hanapi Suhada		CEO: Othman Haji Omar
IRDA		Co-chairman: Najib Razak, Mohamed Khaled Nordin (UMNO) CEO: Ismail Ibrahim (Professional)	PMD	Co-chairman: Mahathir Mohamed (Bersatu), Sahruddin Jamal (Bersatu) CEO: Ismail Ibrahim (Professional)

Table 4.11 indicates the change of ownership and control of institutions under the purview of PMD in 2016/2017 and 2018/2019. After the change of government, there was a shift of institutions from PMD to other ministries. Most of the institutions that shifted went to the Ministry of Economic Affairs, or MEA, a new ministry created by the new government. Five out of eleven key institutions under PMD went to MEA alone, which was almost half of the PMD from the previous government. These five key institutions were MPRC, YEN, EKUINAS, Amanah Raya Berhad and FELDA.

Other than that, one institution was shifted from PMD to a different ministry, the Ministry of Housing and Local Government (KPKT). This institution was PR1MA. It is understandable why PR1MA was put under KPKT since this institution focuses on building affordable houses. This makes the objectives of PR1MA and KPKT similar. Previously, the only probable reason for PR1MA to be under the direct purview of PMD was because it was a project started by Najib as Prime Minister. Thus, it is logical that he would want to put his own project under a ministry where he had the capacity to monitor and ensure that the project was performing the way he wanted.

After the change of government, it was found that the new government had changed most of the key players in government institutions. The new government-appointed professionals as key players in GLCs, as seen in Table 4.11.

MoF, too, had a restructuring during the PH administration, as indicated in Figure 4.9 and Table 4.12. Khazanah that was previously administered by MoF was put under the purview of PMD. And, similar to the previous government, the Prime Minister was found to be the chairman of Khazanah. Khazanah also had a reform internally, where it was found to reduce its physical presence overseas while also reducing its control of several companies in order to increase its volume of funds. For example, Khazanah sold 16% of its stakes in IHH Healthcare Bhd (*Reuters*, 14 February 2019). Other than Khazanah, LADA was also shifted and put under PMD's jurisdiction. The then-Prime Minister Mahathir was also the Langkawi MP, thus putting LADA under his direct supervision.

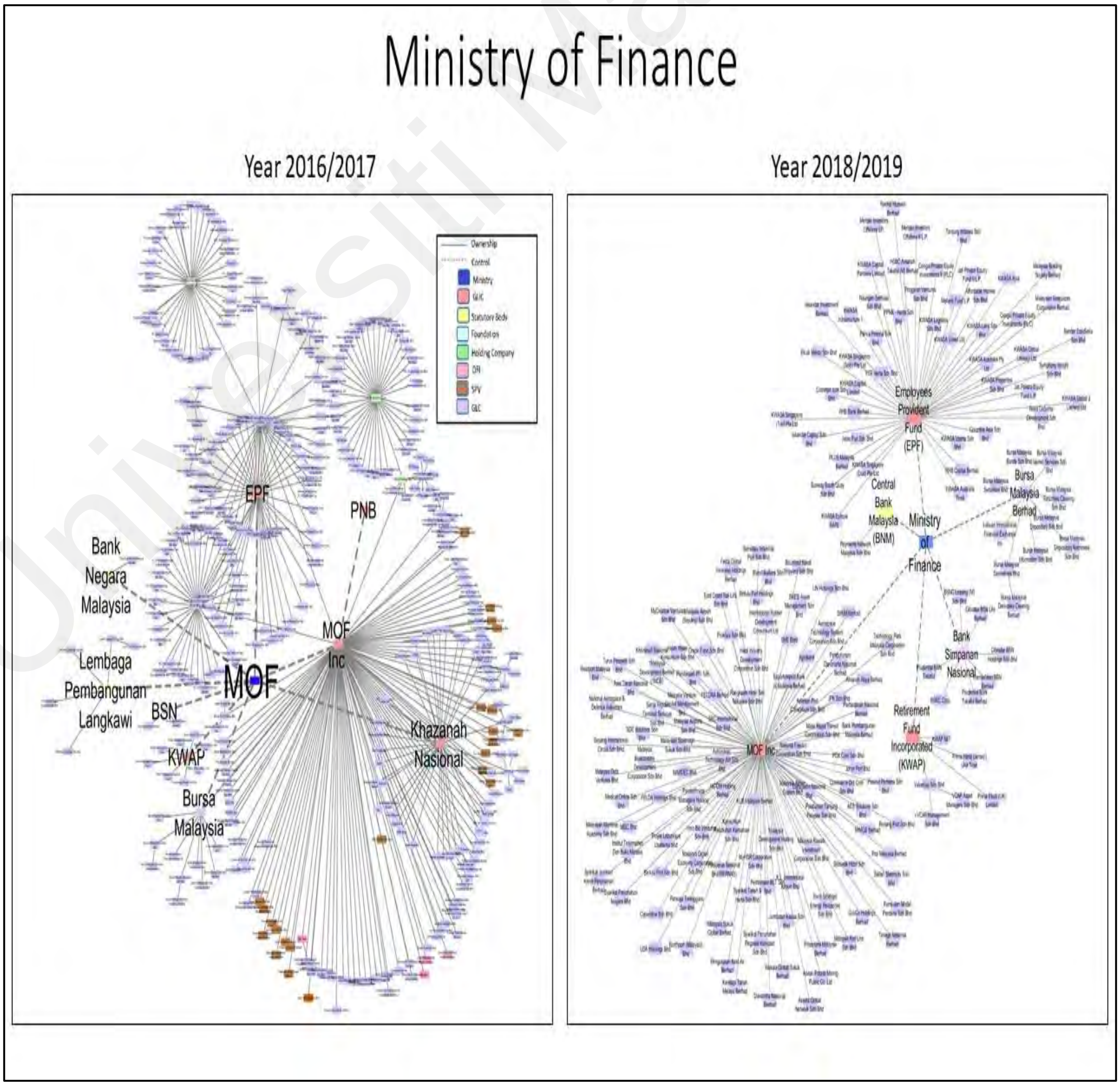

Figure 4.9: Key Institutions under Ministry of Finance, 2016/2017 and 2018/2019

Table 4.12: Ownership and Control of Key Institutions under Ministry of Finance, in 2016/2017 and after the shift in 2018/2019

Institutions	2016/2017		2018/2019	
	Ministry	**Key Internal Actors**	**Ministry**	**Key Internal Actors**
MoF Inc	MoF	Najib Razak (UMNO)	MoF	Lim Guan Eng (DAP)
EPF		Chairman: Samsudin Osman	MoF	Chairman: Samsudin bin Osman CEO: Alizakri Alias (Professional)
KWAP		Chairman: Irwan Serigar Abdullah (Fed Bureau) CEO: Wan Kamaruzaman Wan Ahmad (Professional)	MoF	Chairman: Ahmad Badri bin Mohd Zahir (Fed Bureau) CEO: Tuan Syed Hamadah Othman
Khazanah		Chairman: Najib Razak (UMNO) CEO: Azman Mokhtar (Professional)	PMD	Chairman: Mahathir Mohamed (Bersatu) CEO: Shahril Ridza Ridzuan (Professional)
Bursa		Chairman: Amirsham A Aziz (Professional) CEO: Tajuddin Atan (Professional)	MoF	Chairman: Shireen Ann Zaharah binti Muhiudeen (Professional) CEO: Muhamad Umar Swift (Professional)
BNM		Chairman & Governor: Muhammad bin Ibrahim	MoF	Chairman & Governor: Nor Shamsiah binti Mohd Yunus
BSN		Chairman: Abu Bakar Abdullah	MoF	Chairman: Encik Razali Othman CEO: Yunos Abd Ghani
LADA		Chairman: Johari Abdul Ghani, Ahmad Bashah Md Hanipah (UMNO)	PMD	Chairman: Mukhriz Mahathir (Bersatu) CEO: Hezri bin Adnan (Professional)

Similar to PMD, after PH took over, the key players in the GLCs under MoF comprised mainly professionals and bureaucrats. Since PH had changed almost all key players responsible for these key institutions, it was found that the professionals who were under the previous administration were also changed. This suggests that the new government wanted to start with a clean slate with a new set of key players. MoF under Lim Guan Eng was left to be more of a regulator, with this ministry being consigned to monitoring and assessing public spending across all ministries based on the annual budget allocation (Gomez, Lau, & Shewandas, 2019).

MRRD was renamed to Ministry of Rural Development (MRD) by the PH administration. Figure 4.10 shows the change of structure of key institutions under MRRD in 2016/2017 and after the change of government in 2018/2019. The ministry was found to be smaller due to a number of key institutions being shifted to other ministries. Table 4.13 shows that three key institutions were shifted to a different ministry, specifically to the newly created Ministry of Economic Affairs (MEA).

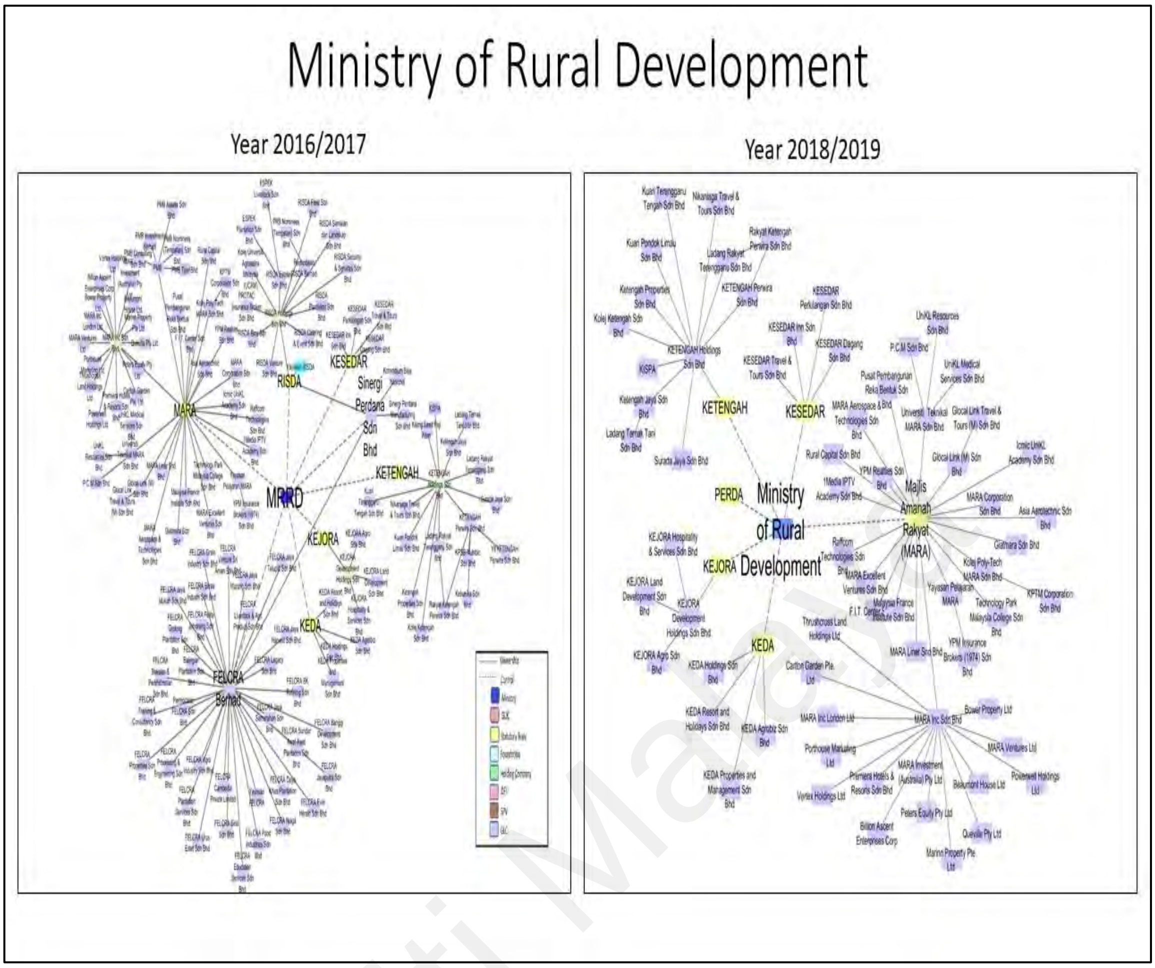

Figure 4.10: Key Institutions under Ministry of Rural Development, in 2016/2017 and 2018/2019

Table 4.13: Ownership and Control of Key Institutions under Ministry of Rural Development, in 2016/2017 and after the shift in 2018/2019

Institutions	2016/2017		2018/2019	
	Ministry	Key Internal Actors	Ministry	Key Internal Actors
MARA		Chairman: Annuar Musa (UMNO) Director General: Ibrahim bin Ahmad	MRD	Chairman: Hasnita binti Hashim (Professional) Director General: Azhar bin Abdul Manaf
FELCRA		Chairman: Bung Moktar Haji Radin (UMNO) CEO: Zulkarnain Md Eusope	MEA	Chairman: Nageeb Wahab CEO: Mohd Nazrul Izam (Professional)
RISDA		Chairman: Zahidi Zainul Abidin	MEA	Chairman: Rosely Kusip

	MRRD	(UMNO) – for RISDA Holdings		CEO: Wan Ahmad Shabri Zainuddin bin Wan Mohamad
KETENGAH		Chairman: Din bin Adam (UMNO) General Manager: Omar bin Ismail – for KETENGAH Holdings	MRD	Chairman: Zulkifli bin Mohamad CEO: Tengku Ahmad Nadzri bin Tengku Musa
KESEDAR		Chairman: Abdul Aziz Derashid (UMNO) CEO: Gaji Fazam Mat Lazim	MRD	Chairman: Sazmi Miah CEO: Iskandar Zulkarnain bin Ibrahim
KEDA		Chairman: Ahmad Bashah Md Hanipah (UMNO) CEO: Arifuddin Habib	MRD	Chairman: Mukhriz Mahathir (Bersatu) CEO: Kameh bin Abdullah
KEJORA		Chairman: Mohamed Khaled Nordin (UMNO)	MRD	Chairman:Sahruddin bin Jamal (Bersatu) CEO: Norazman bin Othman
Sinergi Perdana Sdn Bhd		Chairman: Ibrahim Muhamad (Ex Fed Bureau)	MEA	Chairman: Ibrahim Muhamad CEO: Mohd Ihwan bin Sudim

PH shifted FELCRA, RISDA and Sinergi Perdana Sdn Bhd to MEA and justified that these institutions were Bumiputera-related, in line with the function of MEA. PH had also changed all key players under this ministry since it was known to be fully comprised of politicians. Based on the study by Gomez, Lau, and Shewandas (2019), it was found that there was an increase in appointment of Bersatu members on the boards of directors of statutory bodies under this ministry. They found that most of these directors had encountered electoral defeats in the general election in 2018, a similar conduct to that of the previous government. Hence, this was a clear violation of PH's promise. These appointments posed the risk of using MRD's policy apparatus to get political support, as seen under UMNO, when it was persistently mired in allegations of corruption.

MOSTI was renamed too, and was called Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC). Reflective of its new name, the ministry had expanded its field of jurisdiction. Figure 4.11 and Table 4.14 show the differences in ownership and control of key institutions of the same ministry under two different leaderships.

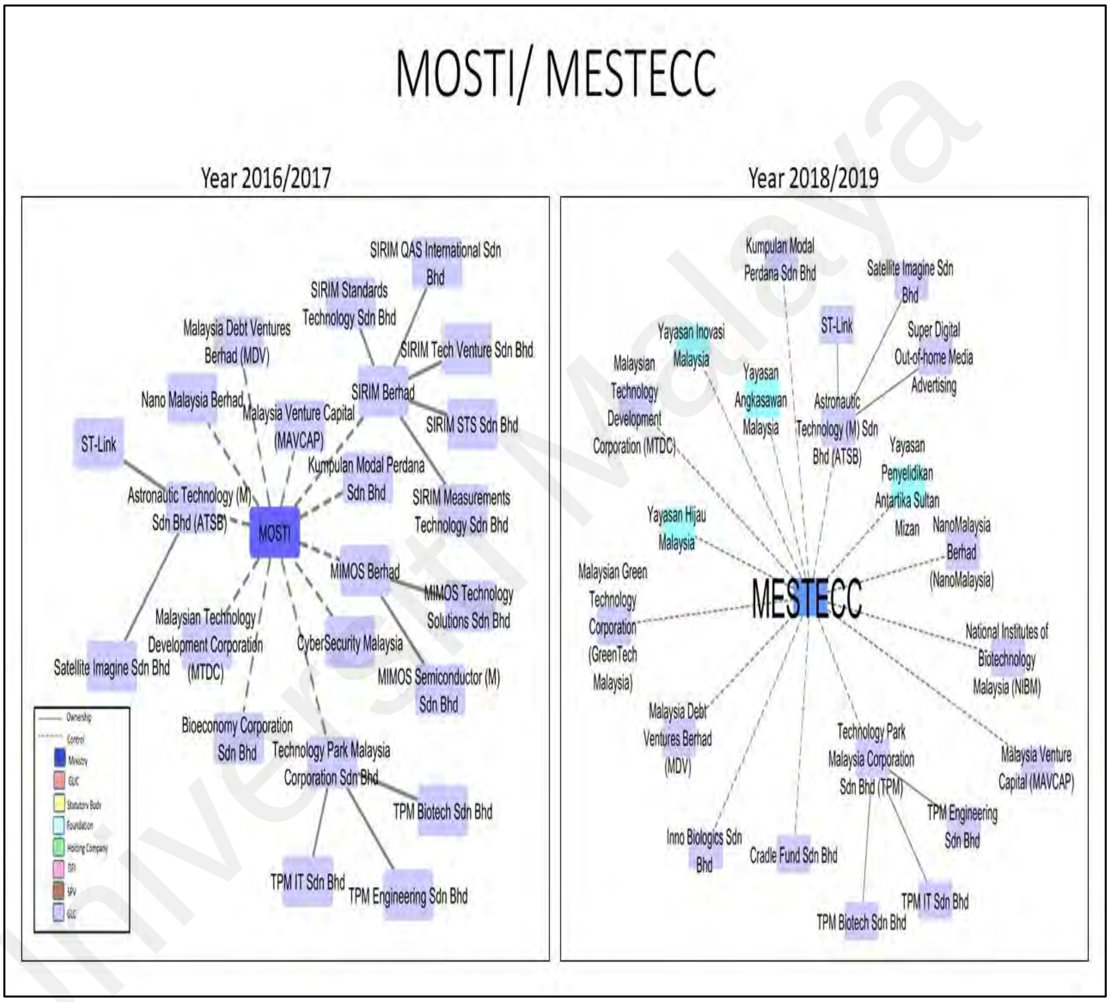

Figure 4.11: Key Institutions under Ministry of Science, Technology and Innovation, in 2016/2017 and 2018/2019

Table 4.14: Ownership and Control of Key Institutions under Ministry of Science, Technology and Innovation, in 2016/2017 and after the shift in 2018/2019

Institutions	2016/2017		2018/2019	
	Ministry	Key Internal Actors	Ministry	Key Internal Actors

MIMOS Bhd	MOSTI	Chairman: Wira Omar bin Kaseh (Professional) CEO: Abdul Hakim Juri (Professional)	MITI	Chairman: Mohd Azman Shariffadeen Tengku Ibrahim (Professional) CEO: Emelia Matrahah (Professional)
SIRIM Bhd	MOSTI	Chairman: Ahmad Tajuddin Ali (Professional) CEO: Zainal Abidin Mohd Yusof (Professional)	MITI	Chairman: Ahmad Tajuddin Ali (Professional) CEO: Ahmad Fadzil Mohamad Hani (Professional)
Technology Park Malaysia Corporation Sdn Bhd (TPM)	MOSTI	Chairman: Ahmad Fauzi bin Zahari (UMNO) CEO: Mohd Azman Shahidin (Professional)	MESTECC	Chairman: Abu Samah Bachik CEO: Sharbani Harun (Professional)
Malaysian Bioeconomy Development Corporation	MOSTI	Chairman: Zakri Abdul Hamid (Fed Bureau)	MOA	Chairman: Azhar Yahya (Fed Bureau) CEO: Mohd Shuhaizam Mohd Zain (Professional)
Astronautic Technology (M) Sdn Bhd	MOSTI	Kamarudin bin Hussin (Professional)	MESTECC	N/A
NanoMalaysia Berhad	MOSTI	N/A	MESTECC	Chairman: Mohamad Zawawi bin Ismail (Professional) CEO: Rezal Khairi bin Ahmad (Professional)
CyberSecurity Malaysia	MOSTI	Chairman: Mohd Azumi bin Mohamed (Professional) CEO: Amirudin bin Abdul Wahab	KKMM	Chairman: Mohd Azumi bin Mohamed CEO: Amirudin bin Abdul Wahab
Malaysia Venture Capital (MAVCAP)	MOSTI	N/A	MESTECC	N/A
Malaysia Debt Venture Berhad (MDV)	MOSTI	Chairman: Zarinah Anwar (Professional)	MESTECC	Chairman: Lee Kah Choon (Ex-Politician)

		CEO: Md Zubir Ansori Yahaya (Professional)		CEO: Encik Nizam Mohamed Nadzri (Professional)
Kumpulan Modal Perdana Sdn Bhd		Chairman: N/A CEO: Shahril Anwar bin Mohd Yunos	MESTECC	Chairman: Mohamed Amir Abas bin Zainal Azim CEO: Shahril Anwar
Malaysian Technology Development Corporation (MTDC)		Chairman: Siti Hadzar binti Mohd Ismail	MESTECC	Chairman: Abd Rahman bin Mamat CEO: Norhalim Yunus

Table 4.14 indicates that some key institutions that were initially under MOSTI were transferred to a variety of different ministries. For instance, MIMOS Bhd and SIRIM Bhd were transferred to MITI, Malaysian Bioeconomy Development Corporation was shifted to MOA and CyberSecurity Malaysia to KKMM. The rest of the key institutions remained under the same ministry after the change of government. Similar to the previous administration, this ministry had a majority of professionals and bureaucrats as its key players.

Other than the Big Four, the result of the change of government after the election had led to a new ministry emerging as another big ministry with high control of key institutions in the market. The new ministry was the Ministry of Economic Affairs (MEA) (see Figure 4.12).

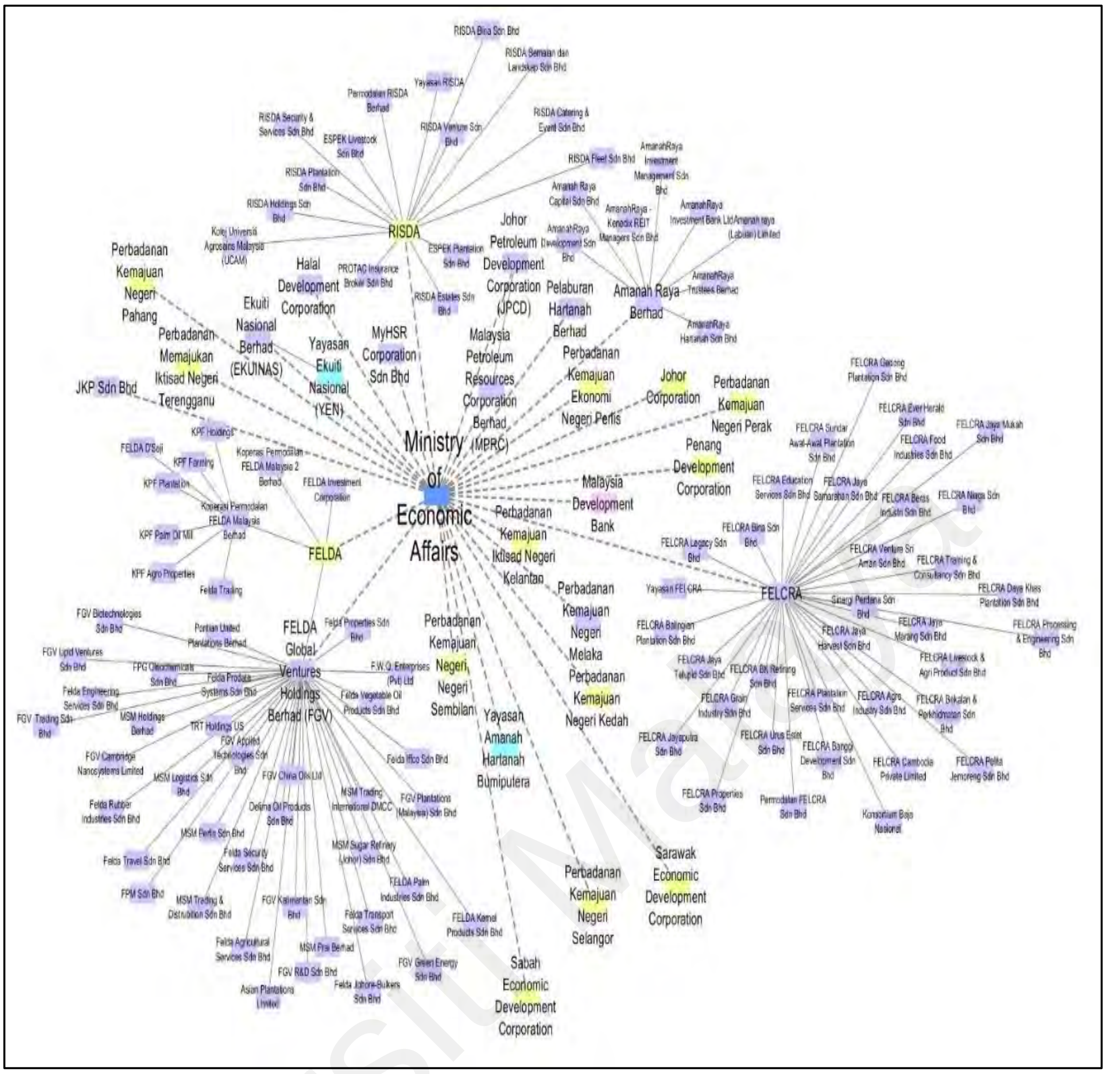

Figure 4.12: Key Institutions under the direct control of Ministry of Economic Affairs

This ministry was under the jurisdiction of Azmin Ali. In September 2018, Mahathir announced that the Bumiputera policy would continue, despite PH's election pledge of ceasing race-based policies (*The Straits Times* 1 September 2018). *MEA* was supposed to hold all Bumiputera-related institutions. However, it is questionable why other Bumiputera-related institutions remained under the jurisdiction of other ministries. For example, MARA was still under the Ministry of Rural Development, while PNB was shifted to the Prime Minister's Department. Another question arises as to why MEA had to control Bumiputera-related institutions in the first place. Should MEA not be responsible for institutions that contribute to the Malaysian economy as a whole, with the inclusion of other ethnic groups as reflected in its name? It is important to note that this ministry held the interests of the Bumiputera, the majority ethnic group in the country. Thus, any policies that came from this ministry were in the interest of the Bumiputera, indicating how important this ministry was to politicians. Gomez, Lau, and Shewandas (2019) argued that how the Bumiputera-based policies were to be implemented, even if in a fundamentally different way through GLCs, would likely cause serious wastage, especially since Mahathir had admitted that his Bumiputera-based business policies had failed.

These are questions for future research. One significant value that can be taken through this research is that ownership and control of GLCs matters in Malaysia. By looking at the forms of ownership and control, one can understand the structure of the Malaysian economy, because most GLCs are key players and they exist in all sectors in the economy. Besides that, it provides insights into Malaysian politics.

4.4 Conclusion

Among the 25 ministries in Malaysia in 2016, it was found that there were eight ministries without institutions owning companies, 14 ministries with a small number of institutions that own companies and four ministries with a high number of institutions that own companies. In addition, among the 14 ministries, it was found that these ministries employ different types of key institutions and key actors respectively. This shows that government intervention through all 25 ministries was not homogenous.

The Big Four, the term given to the four ministries with a high number of institutions that own companies, include the Prime Minister’s Department (PMD), Ministry of Finance (MoF), Ministry of Rural and Regional Development (MRRD) and Ministry of Science, Technology and Innovation (MOSTI). Like the other 14 ministries, the Big Four also employed different types of key institutions and key actors respectively. For example, PMD had foundations, GLCs, GLICs and statutory bodies. MoF had GLICs, statutory bodies and DFIs. MRRD had statutory bodies and GLICs, while MOSTI had only GLCs. Besides that, it was found that some of the GLCs have different ministries owning and controlling them. For example, most of the GLCs under MOSTI like MAVCAP, TPM and ATSB were owned by MoF Inc., a GLIC under MoF.

The Big Four also pursued different goals and objectives, reflected by their key institutions. The types of institutions under PMD reflected that the ministry had mixed objectives. For instance, PMD had institutions in oil and gas, media, welfare, affordable housing, development of science and technology and many others. Unlike PMD, the other three ministries, MoF, MRRD and MOSTI, had institutions under their respective ministries that were found to be more likely in line with their specialisation; in finance, rural and regional development and science, technology and innovation.

The key actors for institutions under the Big Four were from different types. PMD had mixed types of key actors. The institutions under PMD comprised a high number of politicians, federal bureaucrats and professionals. MoF had more professionals, while MRRD had more politicians and MOSTI had a high number of federal bureaucrats and professionals. This again indicates that the government intervenes differently in each of the institutions using different types of key actors in different sectors of the economy. There were also a few institutions that expanded their scope to other parts of the economy, for example, LTH. Initially a statutory body, now established as a GLIC, LTH expanded its corporate presence in plantation, property development, construction and other sectors.

CHAPTER 5: ANALYSIS

5.1 Introduction

This chapter will analyse the data collected to answer the three research questions. The first part will answer the first research question: "What are the differences between Malaysia's form of government intervention, one that employs the use of GLCs through ministries, and other types of intervention in the Developmental State literature?". The second part will answer the second research question: "What are the forms of government intervention through GLCs by the cabinet Ministries in Malaysia?"; and, the third part will answer the third research question: "What are the economic, social and political implications of this form of government intervention through GLCs?". This analysis will be based on the methods that have been outlined in the third chapter of this study. The second and third parts will be analysed based on the case study of the Big Four.

5.2 Malaysia vs Others as a Developmental State

High government intervention in Malaysia reflects this country as a developmental state. Chapter 2 analysed different modes of government intervention among developmental states, such as Japan, South Korea, Taiwan, Singapore, and Malaysia. This sub-chapter will look into the similarities and differences of Malaysia as a developmental state with the other four countries.

Japan is known to be Malaysia's biggest role model in development especially under the administration of Mahathir Mohamad (from year 1981 to 2003). This can be seen from the very first policy implemented by him after he took the position as the Prime Minister in Malaysia in 1981, which was the "Look East" policy. "Look East" in this context denotes East Asian countries. Mahathir was inspired by the rapid development that countries in East Asia had managed to achieve in a span of a few decades. In this policy, Mahathir stressed the importance of having competent bureaucrats to achieve economic goals, as what was seen in Japan. Mahathir also pushed for technology transfer and asked Malaysians to follow the work ethics and managerial skills of the Japanese. Malaysia subsequently tried to imitate Japan's developmental state model during Mahathir's administration in the 1980s. The second wave of Import Substitution Industrial Policy in Malaysia in the early 1980s focused on the development of heavy industries such as the steel and car industries, similar to Japan and South Korea. For example, Mahathir, through the Ministry of International Trade and Industry, strongly encouraged the heavy industry sector to the point that it led to the formation of HICOM (Milne, 1986). Import substitution was done to protect and nurture local industries in Malaysia. However, high level of protection in these industries was not matched by effective monitoring and appraisal, as in Japan and South Korea (Rasiah, 2011).

After more than 36 years[7], Malaysia has then evolved and moved on to other sectors in the economy as well. For example, Malaysia no longer emphasises heavy industries. Based on the data collected, Malaysia, was involved in various sectors through her GLCs, like oil and gas, science and technology, property development, and banking and finance. This was found to be in contrast with Japan, South Korea, Taiwan, and Singapore, which focused on specific industrial sectors to develop. Malaysia differs from those four developmental states that were analysed in the second chapter. Besides that, Japan, South Korea and Taiwan only had one pilot agency to coordinate and develop their local firms, while Malaysia uses different ministries to intervene in the market by establishing or acquiring stakes in GLCs. The way Malaysia intervenes is also considered

[7] Since the study was done for the year 2016/2017.

different from Singapore. Even though both countries employ GLCs, Singapore intervenes in the market through GLCs under one Ministry only, which is the Ministry of Finance (Haggard & Low, 2000).

The pilot agency is one important factor in a developmental state. For example, the Economic Development Board (EDB) in Singapore played a vital role in promoting new industries and nurturing existing local firms. Other than that, a pilot agency is also responsible for preparing feasibility studies for strategic industries to promote economic development (Bellows, 2006). Malaysia also tried to imitate the pilot agencies of other developmental states by establishing the Economic Planning Unit (EPU) in 1961 to prepare and develop plans for the nation. EPU is responsible for formulating development policies, including the 5-year plans.

Unfortunately, there was a conflict of hierarchical power between EPU, situated in the Prime Minister's Department (PMD), and the Ministry of Finance (MoF). It was found that between 1986 to 1997 MoF's role in policymaking strengthened partly due to Anwar Ibrahim, who was the Finance Minister at that time, wanting to make MoF his power base (Lee and Lee 2017; Henderson et al. 2002). Since then, it was not very clear as to which institution is at the apex of the hierarchy in terms of policy-making power. In 2016/2017, EPU was put under PMD by Najib Razak, though, at the same time, MoF was under Najib's portfolio too. This means that regardless of the policy-making hierarchy, power was concentrated under Najib during his administration. Although this can be identified as a strong state characteristic, in developmental state theory, having a strong state is not enough if competent bureaucrats are non-existent.

Competent bureaucrats play an important role in determining the right policies and direction of the country, as seen in Japan (Johnson 1982) and Taiwan (Wade 1990). In Japan, all officials in the ministry are non-political, except the minister, who is a member of the cabinet and is named by the Prime Minister (Johnson 1982). This suggests that ministries without any political influence should be appointing only experts in agencies, with the expectation that these experts can discuss policies and propose legislations back to their respective ministries. However, in Malaysia, Lee and Lee (2017) found that the influence of bureaucrats in EPU had been reduced and they were only seen as "instruments of political rulers", instead of playing the role of guiding and advising the government. Indirectly, this reduces their relative independence to plan effective development policies, an important factor needed in a developmental state. Other than that, it can be seen in the previous chapter that Malaysia had a high level of political influence in the shaping of policies. Most of the ministries and their key institutions have politicians playing important roles.

Based on developmental state theory, having both a strong state and competent bureaucrats in the pilot agency will result in a well thought out industrial policy that can help drive economic growth in the country. Competent bureaucrats with good coordination who can solve differences and conflicts among government agencies produce effective and successful industrial policies (Wu 2004). In Singapore, one part of its industrialisation policy was to play the role of serving as an entrepreneurial state (Bellows 2006). This enabled the state to be supportive of new industries and help nurture existing industries. But with the reducing role of competent bureaucrats in Malaysia, the policy-making process was affected too. Having politicians involved in the process opens up the possibility of it being abused for their own political interests. Besides that, as mentioned previously, Malaysia had already evolved and moved on to support other sectors, as well to promote economic development, a direction different from the other four development states.

The data in Chapter 4 indicates that the Malaysian government also plays a role in nurturing local firms, similar to other developmental states. This effort can be seen in the roles played by GLCs under MOSTI. For example, MDV was mandated to provide finance and support technology-based companies. Since 2002, MDV has provided financial assistance to 680 technology companies and facilitated the delivery of 773 projects with investments of more than RM11 billion. MDV also introduced the SME Green Lane Policy, Commercialising Financing Programme and the Bumiputera, Biotechnology and Bioindustry Development Fund. Though Singapore also intervened through GLCs, unlike all GLCs in Malaysia, those in Singapore acted like private firms that focused more on profit-making.

One main factor that differentiates Malaysia from the other four developmental states is the implementation of the Bumiputera policy. This policy expanded throughout the years through the New Economic Policy (NEP) where it only benefits certain people or a target group. The beneficiaries of this Bumiputera policy then tend to become more dependent on these benefits. As mentioned in Chapter 2, even some of the GLCs or public enterprises were used by the government to function as a trustee for the Bumiputeras, particularly the poor (Gomez et al., 2018) with the aim of achieving the target of 30% corporate ownership by Bumiputeras under the NEP.

The data indicates that there are diverse forms of state intervention among federal ministries and within the ministry itself. The ministries intervene because of different reasons, some relevant to their sectors, while others are not. Different ministries employ different types of institutions depending on their need. For example, the First Malaya Plan (1956 – 1960) focused on rural development and financial sustainability, which led to the establishment of FELDA in 1956, MoF Inc in 1957, and BNM in 1959. These GLCs were established mainly based on the type of policies planned. Policies then changed, depending on who was leading the government.

This indicates that there was no common system in employing GLCs among federal ministries. Some ministries owned and controlled a high number of institutions that hold GLCs, while some owned and controlled a small number of institutions that had oversight of GLCs. Some ministries did not own and control institutions that had GLCs under their jurisdiction. This variety and number of institutions that controlled GLCs under different ministries indicate that the latter were able to intervene and influence the economy in a significant manner. Chapter 4 drew attention to the fact that there were four ministries with the highest volume of corporate influence. Three out of these four ministries were involved in a specific sector, while PMD's role as a ministry was to oversee the performance of other ministries in the cabinet. Hence, the role of PMD was not specific to a certain sector.

5.3 Federal Government Intervention through GLCs

It was also shown in Chapter 4 that PMD was involved in various sectors, including the religious sector, unlike the other three ministries. Interestingly, PMD also had several key actors, specifically nine other ministers[8], during Najib's administration in 2016, each focusing on certain issues, including religious affairs. PMD thus covers a wide range of issues, due to its general function to oversee the performance and implementation of policies among ministries. There is no fine line as to where the role of PMD lies. With nine other ministers in PMD, it raises the question as to whether it is

[8] See "Najib's full 2016 cabinet line-up" by *MalaysiaKini*, published on 27 June 2016.

necessary to have these extra ministers in one ministry when there were twenty-four other ministers who were responsible for their respective ministries in different sectors.

Moreover, it is important to remember that Najib did not just hold the PMD portfolio during his administration; the finance portfolio was controlled by him too. Hence the function of managing the country's finance and preparing the country's budget annually was also his. The sub-sections below will look at the government intervention under each ministry in the Big Four in depth.

5.3.1 Prime Minister's Department (PMD)

The Prime Minister's Department was a ministry put directly under the then-Prime Minister (or former Prime Minister), Najib Razak. Najib, in turn, appointed nine other ministers in the same ministry, who focused on several sectors such as religious and legal affairs. The fact that this ministry needed nine other ministers indicates that it was different from the other ministries, especially through the way the government intervened in this ministry. Unlike other ministries, PMD did not seem to have a specific major objective, which also explains the existence of the other nine ministers.

Due to the high influence of this ministry in various sectors, this ministry also had the most allocation from the total budget. The allocation had doubled every 10 years, from RM1.5 billion in 1986 to RM2.389 billion in 1996 to RM5.839 billion in 2006 (*The Edge* 20 October 2016). A study by Kai Ostwald (2017) found that the 2012 budget of the PMD was 10 times larger than the state of Selangor which was the most economically powerful state and 15 times larger than the state of Penang. It has since been growing larger. Under the 10th Malaysia Plan and 11th Malaysia Plan, a significant portion of the responsibility for economic planning shifted to PMD (Ostwald 2017). By 2015, 25% of the total development fund allocation went to the PMD (Ostwald 2017), indirectly making this a powerful ministry. Based on a report by EPU, PMD had the most allocation for the year 2016-2017, compared to other ministries, which was equivalent to 26% of the total allocation for all ministries. Given that Najib himself was the Minister of Finance during his administration, the decision-making right for the total budget and its allocation for the ministries was his.

As noted in the previous chapter, different GLCs had different objectives when they were established. The PMD's official website stated that it aims to be "a leading organisation in Human Resource Management, Finance and Development, Accounting and Management Services." Other than that, this website stated that the ministry is committed to ensuring that the best service will be provided by the public sector." However, the institutions under its purview reflected otherwise. From the data collected, the focus areas of institutions under Najib or PMD were found to be mixed on social, religious, and economic matters. It is vital to note that Najib as the Prime Minister had the power to reshuffle and shift key institutions under ministries as he deemed fit. Thus, it is very important to look at the key institutions that were put under him because it shows which institutions he considered significant.

Besides that, Ministers also had the power to establish institutions they believed were needed to serve the public interest. For example, PR1MA was created by Najib, in line with his policy to provide affordable homes for those living in urban areas. PR1MA was similar to the policy enacted at the state level called "Rumah Mampu Milik" in Selangor (Ostwald 2017). This shows that the state and federal governments played a separate role in tackling the same issue of affordable housing in the country. Najib specifically assigned his brainchild, PR1MA, directly to his jurisdiction. YEN, EKUINAS, Al-Hijrah Media Corporation and MPRC were also established during

Najib's administration. YEN and EKUINAS played an important role in strengthening Bumiputera participation in the economy. Al-Hijrah Media Corporation was the first Islamic broadcast channel in Malaysia, while MPRC was established to develop and promote the domestic oil and gas industry through the cooperation between bureaucrats, academics and those from the corporate sector. These institutions have different objectives involving social, religious affairs and economic issues. PMD had very influential agencies, programmes and statutory bodies that were responsible for leading economic and social development in Malaysia (Ostwald 2017).

Ministers, too, have the power as the decision-maker to approve big projects involving GLCs under their jurisdictions. Development projects were mostly placed under the 11th Malaysia Plan, which explains the increased expenditure. Ostwald (2017) also stressed that PMD, through a government agency called the Public-Private Partnership Unit (3PU), had the influence to strengthen private elites and public-private partnerships by approving and increasing funds for such endeavours. Since the institutions under PMD were involved in different sectors, Najib had influence in various sectors of the economy. These various institutions also had many other GLCs established under them. Again, a similar question arises, why did he need various institutions with different focus areas put under him when there were 24 other ministries in his cabinet?

Table 5.1 provides a summary of institutions under PMD with their focus areas, and politicians as chairmen, also indicating that Najib had the primary decision-making power in this ministry. As this table indicates, five out of eleven institutions with GLCs which were directly under Najib had a politician as chairman.

Table 5.1: Summary of PMD Institutions, their focus areas and politicians as chairmen

Institutions	Focus Area	Politician as chairman
Felda Land Development Authority (FELDA)	Social	/
Yayasan Ekuiti Nasional (YEN)		
Ekuiti Nasional (EKUINAS)		
Amanah Raya		/
Majlis Agama Islam Wilayah Persekutuan (MAIWP)	Religion	/
Lembaga Tabung Haji (LTH)		/
Al-Hijrah Media Corporation		
Iskandar Regional Development Authority (IRDA)	Economic	/
Perbadanan PR1MA (PR1MA)		
Petroliam Nasional (Petronas)		
Malaysia Petroleum Resources Corporation (MPRC)		
Malaysian Industry-Government Group for High Technology (MIGHT)		

The chairmen in these institutions needed the approval from the Minister responsible for them to be appointed. Najib approved politicians as chairmen in almost half of the key institutions under his ministry. Considering the concentration of power in PMD, having politicians on board had different implications too. For instance, FELDA had been an important institution for the politicians to get the votes of the large number of the settlers and their families. Barisan Nasional usually targets FELDA settlers during policy implementation (*The Star Online* 8 April 2018).

LTH is also a key institution with a huge influence on Muslims which comprises the majority group in Malaysia. Having politicians in these key institutions exposed them to risks, with politicians taking advantage of them for their vested political interests.

Other than that, since the Minister had the power to appoint people he deemed fit to be on the board of GLCs under his jurisdiction, it was believed that Najib also had appointed his aide, Omar Mustapha Ong to PETRONAS' board. This appointment caused a dispute between Najib and this GLC's then chairman and CEO, Hassan Merican, indirectly leading to him losing his job (*The Malaysian Insight* 28 May 2017).

5.3.2 Ministry of Finance (MoF)

The Ministry of Finance (MoF) is the ministry responsible to ensure sustainable growth of the country. It also has the power to determine monetary and fiscal policies and to allocate financial resources and budget for the public through ministries and government institutions. Besides that, MoF is accountable for monitoring the financial management of these ministries and government institutions.

Other than PMD, Najib had the MoF portfolio under his jurisdiction. He followed the footsteps of the previous Prime Minister, Mahathir Mohamad, who held the same two portfolios during his term. With the power to control the management of all government institutions, Najib could shift government institutions to particular portfolios. Moreover, as Prime Minister, he could arrange and put any government institution under both of his portfolios, according to his interests.

From the data, it was found that the first level of institutions under MoF involved sectors related to the ministry's forte. MoF was seen focusing on regulatory, social, economic, investment and regional development issues. Bank Negara and Bursa Malaysia are regulatory bodies, reflecting the need for MoF to have oversight of them. MoF was also seen as a very powerful ministry since most GLICs were put under this ministry. GLICs are federal government-linked investment companies that allocate much of their funds to GLC investments. These GLICs were EPF, KWAP, PNB[9], Khazanah and MoF Inc. This, too, reflects the position MoF plays to ensure there is revenue to sustain growth in Malaysia. Other than that, these GLICs were seen to be involved in different focus areas, as seen in Table 5.2, such as in social and investment-related matters. EPF and KWAP were established as saving funds for workers in Malaysia to ensure their income security when in retirement. These institutions did not just help decrease the burden of the government to continue being a welfare state in the future by providing income assistance, but also helped in boosting the revenue of the government by playing the role of an investment fund.

Most institutions under this ministry were established before Najib's administration took over. For instance, Bursa Malaysia was established in 1973, and both Bank Negara and BSN in 1974. These institutions were deemed essential for the country to grow and to ensure that everyone had access to financial security. At the same time, this ministry had access to the financial resources of the country and the power to determine the allocation and distribution of these resources. By taking over MoF, Najib then expanded his power in the economy, specifically by having the power to oversee the financial resources.

However, as compared to PMD, MoF had fewer politicians as chairmen of its GLCs, despite being under Najib's jurisdiction. Due to this ministry's major influence on the economy, it is understandable that these key institutions were managed mostly by professionals. If the key institutions were mismanaged, the impact would have been big because it would affect the whole country. The Malaysian government controls much of the financial sector or institutions with the intention to develop enterprises, like other

[9] PNB was controlled by MoF Inc, situated under MoF.

developmental states. However, more focus on effective long-run policies was needed, serving both the needs of adjusting to variations in economic growth patterns and reacting more efficiently to financial shocks (M. Shubri, 2008).

Table 5.2: Summary of Institutions under MoF, their focus areas and politicians as chairmen

Institutions	Focus Area	Politicians as chairmen
Employees Provident Fund (EPF)	Social	
Kumpulan Wang Persaraan Diperbadankan (KWAP)		
Bank Negara Malaysia (BNM)	Regulatory	
Bursa Malaysia		
Bank Simpanan Nasional (BSN)	Economic	
Other DFIs i.e. Agrobank, EXIM Bank, SME Bank		
Khazanah Nasional	Investment	/
Minister of Finance Incorporated (MoF Inc)		/
Langkawi Development Authority (LADA)	Regional Development	/

Based on Table 5.2, only two GLICs, Khazanah and MoF Inc., had politicians as their chairmen. Though MoF Inc. does not have a board of directors, this GLIC was established as an institution to act on behalf of MoF and enter the market. Thus, MoF Inc. is under the direct jurisdiction of the Finance Minister. Najib not only had power over MoF Inc., but also Khazanah, a powerful sovereign wealth fund that plays a key part in boosting economic growth in Malaysia. Both MoF Inc. and Khazanah have many GLCs under them, increasing their influence in the economy.

LADA too had a politician as chairman. LADA, or the Langkawi Development Authority, is an institution to promote Langkawi, an island in the state of Kedah. Thus, both MoF and the Kedah state had representatives as chairmen for this institution. The deputy minister of finance and the chief minister of Kedah sat as the chairmen and both were also politicians. It also raises the question as to why LADA was put under MoF's jurisdiction, while the rest of the regional development authorities were put under MRRD's jurisdiction.

5.3.3 Ministry of Rural and Regional Development (MRRD)

Malaysia has always stressed the importance of rural development as a step to develop the economy. In the 1st Malaya Plan (1956-1960), a key part of the policy focused on developing basic infrastructure and modernising agricultural products, related mainly to the rural sector. Tun Abdul Razak, the then-Deputy Minister and Rural Minister, also introduced the District Rural Development Plan (1957-1970) around the same time. This proves how important rural development was then. Most institutions under MRRD were also established post-independence, during the 1960s and 1970s. For example, FELCRA and MARA were established in 1966, KEJORA in 1972, and RISDA in 1973.

The effort to develop the rural sector continues until now, as it is still included in the current Malaysia Plan. Furthermore, MRRD was found to be one of the biggest ministries, indicating how much influence the government wanted to have over the rural sector and in regional development. MRRD played a vital role in developing both the rural and regional sectors, primarily to indirectly reduce the inequality gap between urban and rural sectors. One core target of MRRD was to reduce poverty.

In 2016/2017, MRRD was under Ismail Sabri Yaakob, an UMNO politician. Though it was found that most institutions under this ministry were related to the objective of ministry, MRRD also had the most politicians acting as chairmen in these institutions.

Based on Table 5.3, it was found that 6 out of 8 institutions under MRRD had politicians as chairmen.

Table 5.3: Summary of Institutions under MRRD, their focus areas and politicians as chairmen

Institutions	**Focus Area**	**Politician as chairman**
RISDA	Land Development	/
Sinergi Perdana Sdn Bhd		
KEJORA	Regional Development	/
KEDA		/
KESEDAR		/
KETENGAH		
MARA	Education, entrepreneurship	/
FELCRA Berhad	Land Redistribution	/

Having the noble objective of helping the poor, this ministry received the second-highest development allocation from the government for 2016-2017[10]. This allocation was meant to be distributed to the target group of the policies, such as the poor and the needy. However, the high number of politicians posted under this ministry also increased the potential for abuse by these politicians. Questions were raised as to whether the allocation was wholly transferred to serve the social objectives of this ministry or to serve the political interests of these politicians on the boards of this ministry's key institutions. Interestingly, MRRD was found to be one ministry with the most scandals. For example,

[10] Economic Planning Unit and Implementation Coordination Unit, Prime Minister's Department.

MARA Inc, a GLC under MARA, was implicated in a major property scandal probe in Australia (*The Edge Markets* 15 September 2020).

5.3.4 Ministry of Science, Technology and Innovation (MOSTI)

In 2016/2017, MOSTI was under the administration of Wilfred Madius Tangau, an UPKO politician. The role of MOSTI was to commercialise research and development (R&D) and innovation results. It was found that the GLCs under MOSTI were in line with its objectives. The earliest GLC under MOSTI was established during Mahathir's first administration as Prime Minister. This GLC was called MIMOS, established in 1985 to promote R&D and innovation, especially in the electrical and electronic (E&E) industry. E&E then continued to be the leading sector in Malaysia's manufacturing sector and was a major contributor to economic growth.

Since MOSTI is involved in the knowledge-based industry, not everyone can venture into this sector. MOSTI plays a vital role to ensure that there are value-added products or services that can contribute to economic growth. Though this area can bring about huge benefits and advantages, it is also a sector that has the highest risk. Thus, it is important for the government to invest more by encouraging local firms to venture into this sector. This sector plays an important role, especially to improve people's quality of life. For example, science and technology are needed to advance education and medicine.

Table 5.4 indicates that unlike the previous ministries, MOSTI had almost no politician as chairman among its key institutions. The government assigned only professionals to lead these key institutions under MOSTI. However, it was found that TPM had a politician as a chairman. TPM, or Technology Park Malaysia, was established in 1996 by the Ministry of Finance. TPM manages a technology park campus in Bukit Jalil and provides several other services as well.

Table 5.4: Summary of Institutions under MOSTI, their focus areas and politicians as chairmen

Institutions	Focus Area	Politician as chairman
Malaysia Venture Capital (MAVCAP)	Financing Industries	
Malaysia Debt Ventures Berhad (MDV)		
Kumpulan Modal Perdana Sdn Bhd		
Malaysian Technology Development Corporation (MTDC)		
SIRIM Berhad	Research and Development	
Technology Park Malaysia (TPM)		/
Bioeconomy Corporation		
Nano Malaysia Bhd		
MIMOS Bhd	Technology Development/ Innovation	
Astronautic Technology (M) Sdn Bhd		
CyberSecurity Malaysia	Cyber Security/ Forensics	

Similar to other developmental states, some of the key institutions under MOSTI provide financial assistance to local firms to venture in related fields. These key institutions are MAVCAP, MDV, Kumpulan Modal Perdana Sdn Bhd and MTDC.

5.3.5 Forms of Government Intervention through GLCs under the Big Four

PMD, MoF, MRRD and MOSTI evidently had a high corporate presence in various sectors through the GLCs under their jurisdictions. The government also intervened in these ministries differently. Table 5.5 provides a better understanding of the heterogeneous way the government intervened in the economy through the Big Four.

Table 5.5: Summary of different forms of government intervention through GLCs under the Big Four

Ministries	PMD	MoF	MRRD	MOSTI
Key Areas	o Oil and Gas (Petronas) o Industrialisation (IRDA) o Land development (FELDA)	o Investment-holding (MoF Inc, PNB) o Pension Funds (EPF, KWAP) o Sovereign wealth fund (Khazanah, 1MDB) o Development Financial Institutions (BSN, SME Bank, Agrobank) o Special Purpose Vehicle (KL International Airport)	o Regional Development (FELCRA, KEJORA, RISDA) o Education and Entrepreneurship (MARA)	Nurturing SMEs, Start-Ups & Entrepreneurs: o Financial assistance (MAVCAP, MTDC) o Research and Development (SIRIM, MIMOS)
Key Actors	o Have many politicians	o Fewer politicians	o Almost all institutions have politicians and a politician as chairman	o Almost free from politicians

With different roles and functions through the implementation of policies, GLCs were established over the years and spread over different scopes of the economy. Only looking at the first level of institutions under the Big Four jurisdictions, we have found that the government was involved in Oil and Gas, Land development, Industrialisation, Financial Sector, Regional Development, Education, and Entrepreneurship. The government, through GLCs, was found in most sectors in the economy, including those deemed to be profitable, such as the property and land development sectors. Because of that, many studies (Ramasamy, Ong & Yeung, 2005, Menon & Thiam, 2017 and Menon, 2017) have argued that GLCs crowded out private firms in key sectors.

In Developmental State theory, the state should act as an entrepreneurial state and nurture local firms to ensure they can compete internationally. The best way for the state to play this role is by creating an environment where the local firms can grow. Hence, there should not be an additional competitor from the public sector for areas in which the private sector can thrive on their own. Woo Wing Thye from the Jeffrey Cheah Institute also agreed that GLCs are operating in too many areas, including sectors where private companies can excel; however, the government plays a dominant role in most of these sectors, with exception of certain food-related, mineral, and service industries (*FreeMalaysiaToday* 8 March 2018).

Among the Big Four, PMD and MRRD have the most political influence through their key actors. These key actors then have control over the direction of their respective key institutions. However, with a strong political presence on the boards of directors, this created a conflict between serving social and economic interests, or political interests. With PMD having a huge corporate presence in a variety of sectors, the political influence coming from the politicians in these key institutions was spread across the economy too. Though Najib took the MoF portfolio, this ministry did not have high political influence as compared to PMD. This is due to the importance of the financial sector in ensuring the country has sustainable growth. MOSTI was almost free from politicians due to it being involved in a knowledge-based sector. A majority of the key actors leading this ministry's key institutions were professional and competent.

5.4 Social, Economic and Political Implications of Different Forms of State Intervention

It is evident that the way the government intervenes in Malaysia is not similar. The way the government intervenes in each ministry and among different ministries varies, most importantly through key institutions and key players. Thus, different ministries have different key areas, key institutions and key actors that have different social, economic and political implications.

5.4.1 Social Implications

The Big Four is involved in various sectors of the economy. This involvement has resulted in several social implications. These social implications encompass how the Big Four's influence has had a bearing on poverty eradication, education and employment in Malaysia.

Poverty eradication was one of the main objectives for the establishment of the NEP and, thus, GLCs. The poverty level in Malaysia was at a worrying rate in the 1950s, which resulted in the creation of FELDA. After its establishment in 1956, and until 1990, FELDA had successfully settled about 122,000 families into its schemes, indirectly helping to lift around one million people out of poverty. FELDA was even praised as one of the most successful land reforms in the world by the World Bank in its report on the Jengka Triangle Project. However, FELDA has not been positively contributing to poverty eradication, like it used to in the 1990s, as it was believed to be involved in several political scandals which undermined its performance. Besides that, the poor investment decisions of its subsidiary, FGV, had serious repercussions, and thus undermined FELDA.

MARA proved to be a successful tool in providing education for the under-privileged in Malaysia. However, MARA was created in 1966 to help a more targeted group among the under-privileged, focusing on the Bumiputeras. Since it was introduced, MARA has played a vital part in the creation of a new Bumiputera middle class in Malaysia. Under-privileged Bumiputeras were given scholarships and were able to continue their studies up to tertiary education; domestically and some internationally. After more than 50 years, MARA continues its function of helping the poor. The budget allocation in 2016 mentioned the addition of four MARA Junior Science Colleges (MRSM), to be built in several states in Malaysia. Under his own administration too, Najib allocated up to RM1 billion in education in Sabah, with the intention to develop the state (*Borneo Post Online* 19 April 2018). Universiti Teknologi MARA also had the highest enrolment in 2018, among all public universities in Malaysia (MOE Malaysia, 2018).

This indicates that institutions like MARA and its subsidiaries were able to be used to rectify social injustices by employing education-based institutions. MARA is also known to offer loans to Bumiputera students wanting to pursue tertiary education. This financial assistance has helped in providing an opportunity for eligible Bumiputeras to gain more knowledge and develop more skills, thus lifting them out of poverty. A study by Rabiul Islam et. al. (2016) shows that education and human capital development had significant positive outcome for economic growth as higher education produced more skilled, productive and efficient workers. This is very important as a method to produce competent bureaucrats, as it is one of the characteristics of a developmental state.

Besides that, GLCs have significantly contributed to reducing the unemployment rate in Malaysia. Affirmative action-based policies to empower the Bumiputeras were implemented, including direct intervention, to ensure their more effective participation in the labour market. Such policies have contributed to significantly narrowing inter-ethnic inequalities (Chin & Teh, 2015; OECD, 2019). Todd (2020) revealed that in 2014, 79%, or 178,191 out of 225,050 Malaysians employed by the top 20 GLCs were Bumiputeras. Besides that, with the expansion of GLCs abroad, they opened up more job opportunities among the locals. According to Menon (2017), the number of employees based abroad rose from around 2,000 in 2004 to almost 100,000 in 2014, and the number was still growing over the years. With the increased number of job opportunities, the government indirectly provided an initiative to improve society's quality of life.

5.4.2 Economic Implications

GLCs have a very significant influence on the Malaysian economy. The government estimates that GLCs control approximately 36% and 54% of the domestic equity market and market capitalisation of the KLCI respectively (Salman 2017). In addition, GLCs were reported to have contributed RM62.7 billion in tax revenues and paid RM108.6 billion in dividends between 2004 and 2014. With the expansion abroad of some of GLCs, they also managed to raise their overseas share of the revenue from 28% to 34% within that same 10 years (Menon 2017). Therefore, it shows that GLCs do contribute to economic development through their tax revenues and expansion abroad.

In 2016, foreign investments in Malaysia suffered due to the 1MDB scandal. Though MITI had insisted that 1MDB would not have a long-term impact on investments, Varkkey (2017) found that between April and October of 2016, foreign investors divested about RM4.47 billion worth of stocks from the Malaysian Stock Exchange. This shows that the governance of GLCs is a serious matter as it can either hinder the economic development of the country or help to sustain and boost the economy.

5.4.3 Political Implications

The high number of politicians involved as key actors in GLCs can lead to institutions being abused to serve their political interests. Moreover, since these political appointments were usually given to those who had encountered electoral defeat (Gomez, Lau & Shewandas, 2019), this was a way for the leaders of the political party to retain the support of their members, thus helping to keep them in power. Among 30 countries surveyed by Transparency International in 2013, bribery was found to be rampant in Malaysia (Soong & Hooy 2016). Other than that, according to the Institute for Democracy and Economic Affairs, Malaysia could save up to RM2.3 billion if there is an improvement in the transparency of the public procurement process. This amount could have been used and better distributed to improve the education and healthcare sectors, thus improving the wellbeing of the people. For example, RM2.3 billion note that RM237 million was disbursed to 10,583 students under the MARA scholarship scheme (*Malay Mail* 15 February 2016). The leakage of RM2.3 billion could have benefited more students for scholarships under MARA, with a balance that could have been allocated to the healthcare sector for various reasons. Thus, stricter corporate governance is needed. Members of boards of directors play a core role in this issue because they are responsible for ensuring good corporate governance practices within the company (Soong & Hooy, 2016).

Table 5.6 shows the institutions involved in political scandals under the Big Four. This table indicates that three of the four ministries from the Big Four were involved in political scandals through their GLCs. These political scandals involved billions of

Ringgit Malaysia that were supposed to serve social and economic interests. Mismanagement of corporate enterprises cost billions and undermined the economy. Political leaders have options of the paths they can take to directly and indirectly mobilise resources for the country's development and growth through these GLCs, but the concentration of power in Barisan Nasional clearly contributed to these scandals.

Table 5.6: Institutions involved with political scandals under the Big Four

Ministries	Institutions	Implications
PMD	FELDA, LTH, Petronas	• FELDA: Isa Abdul Samad of UMNO[11] – Jalan Semarak land transfer worth RM200 million (*Free Malaysia Today,* 21 December 2017)[12], he was found guilty of RM3 million corruption charges related to Felda (*The Edge Malaysia,* 3 February 2021) • LTH: Abdul Azeez, MP Baling Kedah, UMNO[13] – purchased TRX land & bonds from 1MDB (Gomez et al., 2018) and Abdul Azeez is facing three counts of bribery charges involving RM5.2 million linked to road projects in Perak and Kedah, and nine counts of money laundering involving nearly RM140 million (*The Edge Malaysia,* 18 August 2020) • Petronas: Appointment of Omar Ong, Najib Razak's close ally[14]
MOF	1MDB, SRC International, EPF, PNB, KWAP	• 1MDB: The subject of money-laundering investigations in at least six countries, Najib Razak faces four counts of abuse of power by receiving gratification worth RM2.28 billion and faces 21 counts of money laundering involving over RM4.3 billion (*The Edge Malaysia,* 1 September 2020) • SRC International Sdn Bhd: Najib Razak found guilty of all seven charges of abuse of power, criminal breach of trust and money laundering in relation to RM42 million (*The Edge Malaysia,* 28 July 2020) • EPF: Purchased 1MDB bonds (Gomez et al., 2018) • PNB: controversially took over SP Setia; allegedly purchased 1MDB bonds (Gomez et al., 2018) • KWAP: Purchased TRX land from 1MDB; gave huge loans to 1MDB's subsidiaries (Gomez et al., 2018)

[11] The chairman of FELDA from 2011 to January 2017
[12] See http://www.freemalaysiatoday.com/category/nation/2017/12/21/felda-may-lose-land-worth-rm200-million-at-jalan-semarak/
[13] The chairman of LTH from 2013 to May 2018
[14] See https://www.themalaysianinsight.com/s/3866

MRRD	MARA, RISDA	• MARA: Annuar Musa, MP of Ketereh, UMNO[15] – UniKL sponsorship issue & allegation of MARA Bhd's investment in Kelantan football team (*New Straits Times,* 17 January 2017)[16] • RISDA: Peter Anthony (Parti Warisan Sabah Vice President), arrested over RM155 million Risda land deal (*The Star Online,* 5 January 2018)[17] • Shafie Apdal, the former Minister, remanded to investigate allegations involving RM1.5 billion worth of projects in Sabah (*The Edge Malaysia,* 19 October 2017)[18]

Most of these scandals relate to 1MDB, a strategic development company owned by MoF which was established in 2008 to promote foreign direct investments and establish strategic global partnerships for the country's long-term economic development. The scandals involved misappropriation of funds and, in 2016, the Attorney General was involved in closing investigations by appointing a new chief at the anti-corruption agency. In the same year, Najib also dropped the then-Deputy Prime Minister, Muhyiddin Yassin, as well as Mukhriz Mahathir because they raised questions regarding 1MDB (Varkkey 2017). Under the administration of Najib, it was found that there was increased use of laws such as the Sedition Act and Communications and Multimedia Act 1998 (Varkkey 2017) as a method to protect his agenda involving government key institutions and their resources.

After the change of government, Najib Razak was charged with several charges, including abuse of power and money laundering. He was found guilty of all seven charges involving SRC International Sdn Bhd, a GLC under MoF, while some of the other trials are still on-going. Hence, the types of key players are very important, especially when they possess social and economic power and have access to national resources. The more

[15] The chairman of MARA from August 2015 till August 2017.
[16] See: https://www.nst.com.my/news/2017/01/204765/mara-affected-sponsorship-given-kelantan-fa-says-ismail-sabri
[17] See: https://www.thestar com.my/news/nation/2018/01/05/peter-anthony-arrested-over-rm155mil-risda-land-deal/
[18] See: http://www.theedgemarkets.com/article/exminister-shafie-apdal-summoned-macc-probe-embezzlement-sabah

economic and social power given to a large number of politicians, the higher the risk of corruption and leakage of public funds, as indicated in the findings.

5.5 Conclusion

Malaysia practices different types of government intervention in the corporate sector as compared to other developmental states, like Japan, South Korea and Taiwan. Even though Singapore also has GLCs, the way the government intervenes is different compared to Malaysia. Malaysia has different types of key institutions and key actors under different ministries that have resulted in different implications. The government has the mandate to manage GLCs, which are ultimately owned by the people. Therefore, to sustain the economy and provide continuous support to the people, the government plays a core function in ensuring the optimal long-term performance of these GLCs. Mismanagement of resources will be costly and thus will undermine the policies introduced, especially those targeting groups deeply mired in poverty.

CHAPTER 6: CONCLUSION

6.1 Introduction

This study aimed to analyse different types of government intervention by federal ministries in Malaysia through GLCs. Therefore, it examined the nature of ownership and control of GLCs under federal ministries in Malaysia and its implications for social, economic and political structures.

After analysing the nature of ownership and control of GLCs among ministries, this study found that there were diverse forms of government intervention among federal ministries and within the ministry. Not all 25 ministries had the same system of employment of GLCs. There were ministries without GLCs, some with a small number of GLCs and others with a high number of GLCs. This already showed how different government intervention was among ministries.

This study further noted that there were four ministries with a significantly high number of GLCs. These four ministries, which have been given great focus in this study, were evidently at the heart of the Malaysian economy as a whole. GLCs in PMD, MoF, MRRD and MOSTI were used by the government to intervene differently in the economy, based on their respective objectives. However, the way the Big Four employed GLCs is similar in nature, usually through statutory bodies, while MoF and MOSTI tended to employ GLCs directly under their ministries.

6.2 Non-homogenous government intervention

Though Malaysia was highly inspired by developmental states such as Japan and South Korea, the data collected from Chapter 4 indicates that this country acted differently in terms of the type of government intervention in the economy. GLCs were established over the years and involved in different areas of the economy. There were 25 ministries in 2016/2017 and it was found that the government intervened differently. With a closer look at government intervention among the Big Four, the key actors and key institutions were very important for economic development. Through PMD alone, the government intervened in various areas, including in the Oil and Gas sector, Religious Affairs and Land Development. PMD had different types of key actors, comprising mostly of politicians, bureaucrats and professionals. The number of different types of key actors was also different among different key institutions. For instance, FELDA under PMD had six politicians on its board of directors, while Petronas had only one politician among its key players. There was no fixed quota on the number of politicians who could be appointed in a government institution.

The other three ministries under the Big Four intervened in more specific sectors, related to their expertise. The key institutions under MoF were mostly involved in the financial sector, MRRD in rural and regional development and MOSTI in the development of science and technology. There was no quota as to how many institutions and what type of institutions could be shifted under each ministry, therefore resulting in a different number of key institutions under ministries among the Big Four and different types of key institutions. For instance, GLICs were mostly present in MoF, statutory bodies in MRRD and GLCs in MOSTI, indicating that the government intervened in different sectors using different types of key institutions. Besides that, some statutory bodies established more subsidiaries than others. Thus, the number of GLCs could continue to increase depending on the key actors who had the power to establish these subsidiaries.

By assessing the ownership and control structure of the Big Four, it can be concluded that the way the government intervenes in Malaysia was in a nonhomogeneous manner. Since there were no specific rules and regulations in monitoring GLCs, the key actors through the key institutions can take advantage of them and utilise them to their interest.

6.3 Different forms of intervention different implications

GLCs were established to serve different objectives and attain different goals. GLCs like FELDA and MARA had helped in serving social agendas, as they contributed to reducing poverty tremendously over the years and providing access to education. With the expansion of GLCs, the demand for employees increased. GLCs have thus helped in creating job opportunities, reducing the unemployment rate in Malaysia.

Economically, GLCs have been big contributors to Malaysia's GDP through tax revenues and dividends. The expansion of GLCs abroad had also increased their overseas share of revenue and further contributed to economic growth. Having GLCs in almost all economic sectors resulted in a higher contribution to the economy. At the same time, it resulted in higher risks for significant abuse, as evident in this study. Key players clearly played an important role in monitoring and leading the GLCs.

All ministries among the Big Four with politicians as their key players were involved in political scandals. Even though MoF did not have many politicians present as compared to PMD and MRRD, due to one key actor, Najib Razak, the then-Prime Minister and Minister of Finance, these ministries were involved in major political scandals. The power that he possessed enabled him to use national resources to his advantage. PMD and MRRD were also involved in political controversies, while MOSTI was not. MOSTI, with its focus on developing science and technology and its nature of being in a knowledge-based industry did not create an opportunity for key actors to take advantage to serve their vested interests.

6.4 Concluding remarks and recommendations for future studies

Government intervention is very important for economic development in Malaysia. This study has shown that the way government intervenes can have different implications. For instance, it was found that the high number of politicians appointed as members of the boards in GLCs has resulted in these institutions being caught in various political scandals involving billions of Malaysian Ringgit. Thus, it can be interpreted that instead of hiring politicians as directors in GLCs, ministers should have appointed professional elites and bureaucrats to avoid the consequences mentioned previously. The combination of skills from professional elites and social obligations from the bureaucrats in leading these GLCs can result in these GLCs functioning better.

Other than that, a developmental state should focus more on nurturing local firms so that they can compete in international markets. It is important to have a pilot agency that can solve various conflicts and better coordinate links between the state and market. This is because Malaysia plays an important role as an intermediary to link multinationals and local firms for them to work together (Rajah 2002). The pilot agency is Malaysia should be small and consist of only smart and talented key actors without any political influence, similar to Japan.

GLCs were created to fulfil certain social obligations (Puthucheary, 1979). However, it was found that the government, through these GLCs, also had a corporate presence in almost all sectors of the economy. Their commercial obligations should not "squeeze out" Bumiputeras in business, but instead should represent them (Thillainathan, 1975). The country's ability to be fair in the distribution of benefits, especially when race-based policies are implemented, is also worrying. Policy implementation should be inclusive to all and no longer be race-based as there are inequalities within other ethnic groups. Malaysia should start re-appreciating the NEP's strengths in reducing poverty and providing basic needs for all. And, instead of focusing on a certain race, it should start giving priority to those in need, irrespective of race, or ethnicity, gender, religion and other forms of identity (Lee, 2021).

GLCs are ultimately owned by people and the ministers are appointed by the people to manage public resources and ensure long-term and sustainable growth to the economy. Ministers who are usually politicians do not only have political power, but also economic power as they have access to key institutions and national resources which should be utilised efficiently (Affandi 1979). They also have the power to decide the direction of the country, what kind of policies to implement, approve what kind of projects to venture into, and appoint who they deem fit to lead key institutions under their jurisdictions. With such power, the potential risk of power abuse increases. The ministers can take advantage of their power and position to gain support from the people during the election by implementing policies that can benefit them.

From the previous chapter, it can be seen that billions of funds were involved in the political scandals involving key actors and key institutions. Since the ministers comprise politicians, regardless of the change of government, transparency as well as, checks and balance of the management of GLCs are very important. The monetary flow and use of resources should also be transparent to disclose whether they are distributed fairly and get to reach the targeted group. This transparency will also expose if there are any leakages and, if there is, the key actors responsible for the leakages should be held accountable. Besides that, all GLC transactions, both in publicly-listed and unlisted firms, as well as their projects and monetary flows should be accessible to the public. This includes the establishment of new GLCs or when they acquire new firms. The public should also have access to information about the development of the GLCs. Thus, the implementation of policy-based projects and their results should be frequently updated. Transparency of open tenders for government projects is important too, in order to encourage competition and indirectly nurture local firms.

An understanding of ownership and control is very important to study the direction of the economy. Thus, more studies are needed, especially to assess how governments intervene in the economy through GLCs. Different administrations will employ GLCs differently as they have different agendas. In-depth research is needed to look at the change of ownership and control of GLCs under different governments for the public to get a clearer view of how they are employed as different forms of intervention can led to different political, economic and social outcomes. Furthermore, since this study started, there have been several changes of ruling parties in Malaysia. Thus, it is important to research the implications of these changes on the Malaysian economy and political system.

REFERENCES

Affandi, R. M. (1979). Public enterprises in Malaysia: performance and prospects. In Cheong, K. C, Khoo, S. M. & Thillainathan, R. (Eds.), *Malaysia: Contemporary Issues in Socioeconomic Development* (pp. 179–192). Kuala Lumpur: Malaysia Economic Association.

Amsden, A. H. (1989). *Asia's Next Giant: South Korea and Late Industrialization.* New York: Oxford University Press.

Bala R., Ong, D. & Yeung, M. (2005). Firm Size, Ownership and Performance in the Malaysian Palm Oil Industry. *Asian Academy of Management Journal of Accounting and Finance, AAMJAF, 1*, 81-104.

Beeson, M. (2003). The Rise and Fall (?) of the Developmental State: The Vicissitudes and Implications of East Asian Interventionism. In L. Low (Ed.). *Developmental States: Relevant, Redundant or Reconfigured?*. New York: Nova Science Publishers*,* 29-40.

Bellows, T. J. (2006). Economic Challenges and Political Innovation: The Case of Singapore. *Taylor & Francis, Ltd. Asian Affairs: An American Review, 32* (4), 231-255.

Berle, A and Means, G. (1932). T*he Modern Corporation and Private Property*. New York: Macmillan.

Byrd, J. W., & Hickman, K. A. (1992). Do outside directors monitor managers?. *Journal of Financial Economics*, *32*(2), 195–221. https://doi.org/10.1016/0304-405x(92)90018-s

Chang, H. J. (1999). The Economic Theory of the Developmental State. In Woo-Cumings M. (Ed.), *The Developmental State* (pp. 182-199). Ithaca: Cornell University Press. doi:10.7591/j.ctvv411jz.10

Choi, J. J., Park, S. W., & Yoo, S. S. (2007). The Value of Outside Directors: Evidence from Corporate Governance Reform in Korea. *Journal of Financial and Quantitative Analysis*, *42*(4), 941–962. https://doi.org/10.1017/s0022109000003458.

DCED. (2017). Private Sector Development Synthesis Note: Industrial Policy. Retrieve from https://www.enterprise-development.org/wp-content/uploads/DCED_IP_SynthesisNote.pdf

Doner, R. F., Ritchie, B. K., & Slater, D. (2005). Systemic Vulnerability and the Origins of Developmental States: Northeast and Southeast Asia in Comparative Perspective. *International Organization, 59*(02). https://doi.org/10.1017/s0020818305050113

Federal Constitution of Malaysia. (1957). Retrieved from https://www.jac.gov.my/spk/images/stories/10_akta/perlembagaan_persekutuan/federal_constitution.pdf

Gale, B. (1981). *Politics and Public Enterprise in Malaysia*. Shah Alam: Eastern Universities Press Sdn. Bhd.

Gereffi, G., & Fonda, S. (1992). Regional Paths of Development. *Annual Review of Sociology, 18*(1), 419–448. https://doi.org/10.1146/annurev.so.18.080192.002223.

Gomez, E. T. (1994). *Political Business: Corporate Involvement of Malaysian Political Parties*. Cairns: James Cook University Press.

Gomez, E. T. (ed.) (2002). *Political Business in East Asia*. London and New York: Routledge.

Gomez, E. T., Padmanabhan, T., Kamaruddin, N., Bhalla, S., & Fisal, F. (2018). *Minister of Finance Incorporated: Ownership and Control of Corporate Malaysia*. Basingstoke: Palgrave-Macmillan.

Gomez, E. T., Saravanamuttu, J. and Maznah M. (2013). Malaysia's New Economic Policy: Resolving Horizontal Inequalities, Creating Inequities?. In E.T. Gomez & J. Saravanamuttu (Eds), *The New Economic Policy in Malaysia: Affirmative action, Ethnic Inequalities and Social Justice* (pp. 1-30). Singapore: Singapore University Press.

Gomez, E. T., Lau, Z. Z. and Shewandas, Y. (2019). GLC Monitor 2019: State of Play Since GE14. *Brief Ideas No. 18, October 2019, IDEAS Malaysia.*

Government Offices of Sweden (2017). *The State's Ownership Policy and Guidelines for State-Owned Enterprises 2017.* Ministry of Enterprise and Innovation. Retrieved from https://extractiveshub.org/servefile/getFile/id/7078

Grabowiecki, Jerzy. (2006). Keiretsu Groups: Their Role in the Japanese Economy and a Reference Point (or Paradigm) for Other Countries. *413*. 1-85. Retrieved from https://www.ide.go.jp/library/English/Publish/Download/Vrf/pdf/413.pdf

Habibah Yahaya, Mohd Suhaimi Abdul Majid, Aida Zuraina Mir Ahmad Taalat, Mohd Zaid Zulkifli, Nor Shaiza Mir Ahmad Taalat. (2016). Tabung Haji Malaysia as a World Role Model of Islamic Management Institutions. *International Journal of Business and Management Invention, 5*(11), 44-55.

Haggard, S. (1990). *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries*. New York: Cornell University Press.

Haggard, S. and Low, L. (2000). State, politics, and business in Singapore. In E.T., Gomez. (Ed.). *Political Business in East Asia* (pp. 301-321). London and New York: Routledge.

Hartini Mohd Nasir. (2017). State-Owned Enterprises: A Comparison between the UK, Japan, and Malaysia. *International Journal of Economics, Commerce and Management, 4*(2), 114-130.

Heller, P.S., and Tait, A. A. (1984). Government Employment and Pay: Some International Comparisons. *Occasional paper No. 24. Washington, DC: International Monetary Fund.*

Henderson, J., Hulme, D., Phillips, R., and Noorul Ainur M Nur. (2002). Economic Governance and Poverty Reduction in Malaysia. *Working Paper No. 4440, Manchester Business School.*

Hsiao, H.-H. M. (1993). The Political Economy of State-Business Relations in Taiwan. *Acta Oeconomica, 45*(1/2), 145-171.

Ismail Muhd Salleh and H. Osman-Rani. (1991). *The Growth of the Public Sector in Malaysia*. [Kuala Lumpur]: Institute of Strategic and International Studies (ISIS) Malaysia.

Jamaliah Said and Nur Hidayah Binti Jaafar. (2014). Accountability in government linked companies: an empirical finding. *Procedia - Social and Behavioral Sciences, 145*, 294-299. doi: 10.1016/j.sbspro.2014.06.037

Jesudason, J. (1997). The Developmental Clientelist State: The Malaysian Case. H*umboldt Journal of Social Relations*, *23*(1/2), 147-173. Retrieved from http://www.jstor.org/stable/23263493.

Johnson, Chalmers. (1982). *MITI and the Japanese Miracle, the Growth of Industrial Policy, 1925-1975*. Stanford: Stanford University Press.

Jomo, K. S. and Tan, W. S. (2005). Privatization and Renationalization in Malaysia: A Survey. Paper presented at the Expert Group Meeting on Re-inventing Public Enterprise and its Management. Retrieved from http://unpan1.un.org/intradoc/groups/public/documents/un/unpan021546.pdf

Jomo, K. S. and Wee, C. H. (2014). *Malaysia @ 50: Economic Development, Distribution, Disparities.* Petaling Jaya: Strategic Information and Research Development Centre (SIRD).

Lau, Y. W. and Tong, C. Q. (2008). Are Malaysian Government-Linked Companies (GLCs) Creating Value?. *International Applied Economics and Management Letters, 1*(1)*,* 9-12.

Lee, C., & Ging, L. C. (2017). The Evolution of Development Planning in Malaysia. *Southeast Asian Economies*, *34*(3), 436–461. https://doi.org/10.1355/ae34-3b.

Lee, H. A, (2021). Fifty Years of Malaysia's New Economic Policy: Three Chapters with No Conclusion. *ISEAS Economics Working Paper No. 2021-07.*

Lim Mah Hui, (1981). *Ownership and Control of the One Hundred Largest Corporations in Malaysia.* Kuala Lumpur: Oxford University Press.

Low, L. (2002). Rethinking Singapore Inc. and GLCS. *Southeast Asian Affairs 2002,* (1), 282–302. https://doi.org/10.1355/seaa02p

M. Shamsul Haque. (2009). Public Administration and Public Governance in Singapore. In P. S. Kim (Ed.), *Public Administration and Public Governance in ASEAN Member Countries and Korea* (pp. 246-271). Seoul: Daeyeong Moonhwasa Publishing Company.

Menon, J., & Hee Ng, T. (2017). Do State-Owned Enterprises Crowd Out Private Investment? Firm Level Evidence from Malaysia. *Southeast Asian Economies, 34*(3), 507–522. https://doi.org/10.1355/ae34-3e

Menon, J. (2017). *Government-Linked Companies: Impacts on the Malaysian Economy.* Policy IDEAS, No. 45**.**

Milne, R. S. (1986). Malaysia-Beyond the New Economic Policy. *Asian Survey, 26*(12), 1364–1382. https://doi.org/10.2307/2644552.

Minns, J. (2001). Of Miracles and Models: The Rise and Decline of the Developmental State in South Korea. *Third World Quarterly, 22*(6), 1025-1043. Retrieved from http://www.jstor.org/stable/3993460

MOE Malaysia (2018). *Quick Facts 2018: Malaysia Educational Statistics*. Educational Data Sector, Educational Planning and Research Division, Ministry of Education Malaysia. Retrieved from https://www.moe.gov.my/penerbitan/1587-quick-facts-2018-malaysia-educational-statistics-1/file

OECD (2013), *OECD Investment Policy Reviews: Malaysia 2013*. OECD Investment Policy Reviews, OECD Publishing, Paris, https://doi.org/10.1787/9789264194588-en.

OECD. (2018). Ownership and Governance of State-Owned Enterprises: A Compendium of National Practices. Retrieved from https://www.oecd.org/corporate/ca/Ownership-and-Governance-of-State-Owned-Enterprises-A-Compendium-of-National-Practices.pdf

Ostwald, K. (2017). Federalism without Decentralization: Power Consolidation in Malaysia. *Southeast Asian Economies, 34*(3), 488–506. https://doi.org/10.1355/ae34-3d

Pereira, A. A. (2008). Whither the Developmental State? Explaining Singapore's continued Developmentalism. *Third World Quarterly, 29*(6), 1189–1203. https://doi.org/10.1080/01436590802201162.

Puthucheary, M. (1979). The Control of Public Enterprises with Special Reference to State Economic Development Corporations. In K.C. Cheong, S.M. Khoo, & R. Thillainathan (Eds), *Malaysia: Some Contemporary Issues in Socioeconomic Development* (pp. 193-204). Persatuan Ekonomi Malaysia, Kuala Lumpur.

Rabiul Islam, Ahmad Bashawir Abdul Ghani, Bobby Kusuma and Belinda Barbara Theseira. (2016). Education and Human Capital Effect on Malaysian Economic Growth. *International Journal of Economics and Financial Issues, 6*(4), 1722-1728. Retrieved from http://www.econjournals.com/index.php/ijefi/article/viewFile/2727/pdf

Rasiah, R. (2002). Government-Business Coordination and Small Enterprise Performance in the Machine Tools Sector in Malaysia. *Small Business Economics 18*, 177-194.

Rosenstein, S., & Wyatt, J. G. (1990). Outside directors, board independence, and shareholder wealth. *Journal of Financial Economics, 26*(2), 175–191. https://doi.org/10.1016/0304-405x(90)90002-h

Shaikh, A. (1992). Malaysia's Public Enterprises: A Performance Evaluation. *ASEAN Economic Bulletin*, *9*(2), 207-218. Retrieved from http://www.jstor.org/stable/25770421

Yu Qing, S., & Hooy, C.-W. (2016). DOES WOMEN DIRECTORSHIP IN MALAYSIAN GOVERNMENT-LINKED COMPANIES MATTERS?. *Journal of Contemporary Issues and Thought, 6,* 83-92. Retrieved from https://ejournal.upsi.edu.my/index.php/JCIT/article/view/1070

Tan, Ling & Ramirez, Carlos. (2004). Singapore Inc. versus the Private Sector: Are Government-Linked Companies Different?. *IMF Staff Papers, 51*, pp. 510-528.

Thillainathan, R. & Nguyen, Truong. & Regional Institute of Higher Education and Development. (1976). *The Role of public enterprise in national development in Southeast Asia: problems and prospects*. Singapore: Regional Institute of Higher Education and Development.

Thillainathan, R. (1975). Planning for Economic Equality and the Role of the Public Sector: The West Malaysian Case. In D. Lim (Ed.), *Readings on Malaysian Economic Development* (pp. 309-318). Oxford University Press, Kuala Lumpur.

United Nations. (2005). *Public Enterprises: Unresolved Challenges and New Opportunities*. Department of Economic and Social Affairs, Division for Public Administration and Development Management. Publication based on the Expert Group Meeting on Re-inventing Public Enterprise and their Management, 27-28 October 2005, New York. Retrieved from https://publicadministration.un.org/publications/content/PDFs/E-Library%20Archives/2005%20EGM%20Public%20Enterprises_Unresolved%20Challenges%20and%20New%20Opportunities.pdf

Varkkey, H. (2017). Malaysia in 2016. In D. Singh & M. Cook (Eds.), *Southeast Asian Affairs 2017* (pp. 201-220). Singapore: ISEAS Publishing. https://doi.org/10.1355/9789814762878-015

Veselka, M. (2005). Taiwan's Economic Development: The Role of Small and Medium-Sized Enterprises Beyond the Statistics. *Available at SSRN: https://ssrn.com/abstract=872387 or http://dx.doi.org/10.2139/ssrn.872387*

Wade, R. (1990). *Governing the Market: Economic Theory and The Role of Government in East Asian Industrialization*. Princeton: Princeton University Press.

Whah, C.Y., & Guan, T. C. (2015). Malaysia's Protracted Affirmative Action Policy and the Evolving Bumiputera Commercial and Industrial Community. *ISEAS Economics Working Paper No. 2015-3.*

Wu, Y. (2007). Taiwan's Developmental State: After the Economic and Political Turmoil. *Asian Survey*, *47*(6), 977-1001. doi:10.1525/as.2007.47.6.977

Wu, Y. (2004). Rethinking the Taiwanese Developmental State. *The China Quarterly, 177*, 91–114. https://doi.org/10.1017/s0305741004000062

Xie, B., Davidson, W. N., & DaDalt, P. J. (2003). Earnings management and corporate governance: the role of the board and the audit committee. *Journal of Corporate Finance, 9*(3), 295–316. https://doi.org/10.1016/s0929-1199(02)00006-8