Appendix: The State of the Malaysian Socio-Economy

Poverty

Based on the '1977 methodology' of determining the poverty line income (PLI), households defined as "poor" in Malaysia totalled about 1 million, equivalent to 52% of all households in 1970. The incidence of poverty as a percentage of total households (the poverty rate) fell to 5.1% (267,900 households) in 2002. From 1970 to 2002, the urban poverty rate dipped to 2% while rural poverty rate fell to 11.4%.[1]

Following the revision in the methodology to determine the PLI in 2005,[2] relative poverty and hardcore poverty turned out to have been higher than when the previous (1977) methodology was used. Still, poverty rate continued to fall. Overall poverty rate in 2009 stood at 3.8% before declining further to 0.6% by 2014. Those households defined as 'poor' earned an average monthly income of RM800 or below. In the same year, the incidence of hardcore poor was less than 1% (0.7%) of total households in Malaysia. Thus, hardcore poverty is said to have been eradicated.[3]

There are three concerns with regards to efforts to tackle poverty:

- Even with the revised PLI, the poverty rate is only artificially low because 'poor' households nationwide are those classified as earning below RM830 (about US$220) a month, i.e. Malaysians earning just above RM830 a month are no longer considered as 'poor', falling outside the strict official definition of poverty.[4] The application of UN or EU measures of poverty, for example, would calculate to significantly higher incidence of poverty.[5] With continuous subsidy rollbacks and the implementation of the goods and services tax (GST) on 1 April 2015, according to a study by Universiti Malaya researchers, Malaysia's poverty rate would return to the pre-NEM (2009) period when the income gap was wider. Fuel subsidy cuts alone, the study predicted, would increase poverty rates even further.[6] The PLI needs to be revised again in order to properly identify the poor who are in need of assistance.

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[1] Ragayah Haji Mat Zin, "Poverty and Income Distribution", in Rajah Rasiah (ed.), *Malaysian Economy: Unfolding Growth and Social Change* (Shah Alam: Oxford University Press, 2014), 228; Jomo K.S., The New Economic Policy and Interethnic Relations in Malaysia: Identities, Conflict and Cohesion Programme Paper (Prepared for the UNRISD International Conference on Racism and Public Policy, 2001), Geneva, (Published September 2004), 3.

[2] The 1977 methodology defined hardcore poverty as earning half, or less, of the poverty line income (PLI). The 2005 methodology defined the hardcore poor as those households with monthly gross income less than the food PLI. See Ragayah Haji Mat Zin, 'Understanding the Formulation of the Revised Poverty Line', *Akademika*, 70 (January 2007), 21-39.

[3] Ragayah, "Poverty and Income Distribution", 228-232; Sheridan Mahavera, How poor are we, really? The Malaysian Insider, 21 July 2010, available at http://www.themalaysianinsider.com/malaysia/article/how-poor-are-we-really#sthash.H6gXMNwR.dpuf; Economic Planning Unit, The 11th Malaysia Plan, 2015.

[4] Ganeshwaran Kana, "Is Malaysia's poverty rate really low?" The Malaysian Insider, 25 March 2014.

[5] *The Star*, 26 October, 2009; See Kana, "Is Malaysia's poverty rate really low?"

[6] 'Low threshold masking true scale of poverty in Malaysia, says Nurul Izzah', The Malaysian Insider, 15 April, 2014, available at http://www.themalaymailonline.com/malaysia/article/low-threshold-masking-true-scale-of-

- The United Nations defines poverty as earning an income that falls below 50% of the national mean monthly income. The European Union defines poverty as living below 60% of the median national monthly income. Assuming we take the UN definition of poverty, based on the 2012 mean monthly income of RM5,000, any household in Malaysia earning below RM2,500 or half of the national mean monthly income would be considered as poor which could translate to a significantly higher incidence of poverty. Furthermore, former Federal Territories Minister Raja Nong Chik Raja Zainal Abidin has admitted that a household (with three children) income of RM3,000 would be considered "poor", and the many lower-income families had more than four children, in addition to needed to pay for their cars, houses, and other payments.[7]
- There has been a decline of government allocations for poverty eradication out of development expenditure as a whole. Poverty alleviation expenditure constituted about 25% to 30% of development expenditure during the period of the Second Malaysia Plan (1971-1975) to the Sixth Malaysia Plan (1991-1995). By the Ninth Malaysia Plan (2006-2010), the allocation for poverty alleviation dwindled to a mere 2.2% of overall development expenditure.[8] As we point out below in relation to the 11th Malaysia Plan (11MP), only 8.5% of the total development budget of RM260 billion had been allocated to bring about an 'integrated and comprehensive social safety system' that would include grants and transfers and poverty eradication measures.

Income Inequality

Overall inequality in Malaysia had been rising throughout the 1960s until the mid-1970s, when it began to show an improvement. After 1976, inequality fell for about a decade and a half until 1991, the year the redistributive and affirmative action New Economic Policy (NEP) ended. Since then, however, the Gini coefficient has been on a rising trend, wiping out almost all the gains made during the NEP. The Asian Financial Crisis of 1997-1998 reduced the size of the economic pie in Malaysia, and moderated inequality as the wealthier classes lost relatively more than low-income earners.[9] Once the crisis was over, however, inequality rose again and with the economic recovery, the Gini coefficient shot up to 0.462 in 2004, improving only slightly to 0.441 by 2009 and 0.431 by 2012.[10]

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[7] *The Star*, 26 October, 2009; See Kana, "Is Malaysia's poverty rate really low?"

[8] Ragayah, "Poverty and Income Distribution", 227.

[9] Apart from the post-Asian Financial Crisis, the only other times that inequality narrowed were during the global financial crisis in 2008 and during the premiership of Abdullah Ahmad Badawi (2005-2008) due to his policy of recruiting more civil servants as well as adjusting their pay structure which effectively raised their salaries. *New Straits Times*, 'Record pay rise: Between 7.5% and 42%', 22 May, 2007, available at <http://www.malaysianbar.org.my/news_features/record_pay_rise_between_7.5_and_42.html?date=2011-06-01>

[10] Ragayah, "Poverty and Income Distribution", 231; Economic Planning Unit (EPU), various reports. Income distribution in the rural areas mirror closely the trend indicated: the Gini inequality ratio for rural households continued its decline up to 1976, then improved throughout the late 1970s and the 1980s until the end of that decade.[10] The Gini coefficient improved by a cumulative 19% between 1970 and 2012 in the rural areas, and about 23% in the urban areas. This translated into a reduction of the income gap between urban and rural households by about 15%, from 2.14 in 1970 to 1.86 in 2012. Between rural and urban Malaysians, the average urban Malaysian had, in 2012, 55% more wealth than the average rural resident who has RM82,204 in wealth. These numbers reflect an only marginal improvement on the distribution of wealth a decade previously: The

Average Compensation:

- In 1990, mean monthly wages in Malaysia was RM200. By 2010, this average wage had gone up to RM1,442 a month (While average CEO remuneration in 1990 was a monthly RM22,900; in 2020, average CEO remuneration was RM142,500 every month);[11]
- In 2010, only Selangor, Kuala Lumpur and Labuan recorded average monthly wages of SME workers as being above the national average of RM1,442.[12]

CEO-to-worker ratio:

- In 2011, Malaysia's ratio of average CEO salary to the average worker's salary was 90.5:1 (In Singapore, the ratio during the same year was 54.2:1);[13]
- According to data from the Employees Provident Fund (EFP), 62% (3.968 million workers) of active EPF members earned less than RM2,000 (US$526) per month in 2013, while 96% (6.1 million workers) earned less than RM6,000 (US$1,578). Only 4% of all workers registered with the EPF earned above RM6,000 monthly.[14]
- In 2014, monthly median wage was RM1,575;[15]

The Bottom 40% (numbering 2.7 million households):

- The mean monthly household income of the B40 was RM1,440 in 2009 (the same average salary of the individual SME worker), increasing to RM2,537 in 2014.[16]
- The B40's median monthly household income was RM2,629 in 2014.[17]
- The 11MP project mean monthly household income of the Bottom 40% to reach RM5,270 by 2020; the median is supposed to reach RM5,701 by 2020; [18]

The Middle 40% (numbering 2.67 million households):

- In 2014, the M40 households' income ranged from RM3,855 to RM8,135; mean and median incomes were RM5,662 and RM5,465 respectively.[19]

Gini coefficient of wealth per capita for Malaysians living in urban areas measured 0.54 in 1989, improving by 2009 to only 0.50. Rural Malaysians, however, experienced an improvement from 0.48 in 1989 to 0.38 in 2009. See United Nations Development Program (UNDP), Malaysia Human Development Report 2013: : Redesigning an Inclusive Future (Kuala Lumpur: 2014), 35-36, 47.

[11] UNDP, Malaysia Human Development Report 2013.

[12] Malay Economic Action Council (MTEM), 'The Myth of High Income Nation: Achievable…But at What Cost?' Report presented to the 2015 Summit on the Malay Economy in Kuala Lumpur on 17 June, 2015.

[13] UNDP, Malaysia Human Development Report 2013.

[14] MTEM, 'The Myth of High Income Nation', 2015.

[15] EPU, 11th Malaysia Plan, 2015.

[16] EPU, 11th Malaysia Plan, 2015.

[17] EPU, 11th Malaysia Plan, 2015.

[18] EPU, 11th Malaysia Plan, 2015.

[19] EPU, 11th Malaysia Plan, 2015.

Overall income:

- The mean monthly household income of Malaysian households was RM4,025 in 2009, growing 8.8% per annum to RM6,141 in 2014.[20]
- The 11th Malaysia Plan foresees monthly median wage at RM2,500 in 2020 and average monthly household income at RM10,540.[21]

CE-to-GDP/GNI:

As a result of the low wages and salaries that most Malaysians earn relative to corporate profits, the ratio of compensation of employees (CE) to national income aggregates such as gross domestic product (GDP and gross national income (GNI) are far lower than that of developed, and some developing nations:

- Out of the RM986.7 billion of the nation's 2013 GDP, a whopping 64.2% (RM633.9 billion) went to corporate profits and the profits of unincorporated enterprises, whereas compensation of employees (salaries and wages) of the Malaysian labour force constituted only 33.6% (RM331.4 billion) tax less-subsidies on production and imports chalking up only 2.2% (RM21.5 billion).[22]
- In other words, out of every ringgit made in Malaysia, only 33 sen went to workers, and 2.2 sen went to the government in the form of taxes. More than 64 sen out of one ringgit went to corporations and unincorporated businesses.
- In 2005, the income of RM198.5 billion made up of unincorporated profits or mixed income and the salaries and wages of the Malaysian labour force, contributed only 28% to the nation's GDP that year, and only 16% of total capital income.[23]
- In 2011, Malaysia's household income, meanwhile, made up only 46% of its total GNI, down from the higher 50s three decades ago.
- In 2015, CE made up 34.9% of GNI, mixed incomes 21.3%, gross operating surplus 39.1% and taxes-less subsidies 4.6%.[24]

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[20] EPU, 11th Malaysia Plan, 2015.
[21] EPU, 11th Malaysia Plan, 2015.
[22] Department of Statistics Malaysia, National Accounts Gross Domestic Product Income Approach 2005-2013 <http://www.statistics.gov.my/portal/download_Akaun/files/income/2005-2013/Penerbitan_KDNK_Kaedah_Pendapatan2005-2013.pdf>
[23] In a number of developed countries in 2005, in contrast, the compensation of employees (CE) constituted a bigger share than business profits. For example, wages and salaries made up 51.5% and 56.9% of the GDP in Japan and the US, respectively, in 2005 compared to 28% in Malaysia. Malaysia compared negatively also to Singapore (42%), South Korea (45.8%) and the United Kingdom (54.5%) but only slightly ahead of the Philippines, where wages and salaries contribute 27.8% to the GDP. Razaman Ridzuan, Syed Ibrahim Mohd Jamaluddin, "Measuring Gross Domestic Product – Using Income Approach," 2009), 20.
[24] Using the gross national income (GNI) approach, household income accounts for about 70% of the GNI on average among members of the Organisation for Economic Co-operation and Development (OECD). In 2011, household income accounted for 61.5% of total GNI in South Korea, 71.6% in the UK, 73.2% in France, 76.4% in the US and 76.7% in Germany. See also 11MP for CE/GNI figures for the years 2012-2014.

Wealth Inequality

In present-day Malaysia, as elsewhere, inequality of wealth is greater than inequality of income: the Gini coefficient in Malaysia in 2012 was 0.81 for median wealth per capita, as opposed to 0.43 for income.[25]

Data from 2009 show that

- Malaysians on average had gross wealth of RM226,599, (about US$59,631) property assets worth RM208,504 (US$54,869) and financial assets (savings and/or various types of investments) worth RM18,055 (US$4,751). Yet, median household wealth was only RM156,997 (US$41,315), made up of property assets worth RM156,686 (US$41,233) and financial assets of only RM311 (US$81.84). The bulk (92%) of Malaysians' wealth comprise of real estate assets with negligible share (8%) of financial assets.[26]
- About 12% of Malaysian households owned no wealth at all, 25% had no property assets, and 53% had no financial assets.
- In terms of financial asset holdings, the richest 10% of Malaysians controlled 77% of all financial assets, whereas 80% of Malaysians had only 5.6%, and the bottom 50% owned a mere 0.01% of all financial assets. The financial asset value of the median Malaysian was RM311.[27] This means that in the event of an illnesses, natural catastrophes, loss of income due to sudden termination of employment, and other urgent and immediate financial needs, half of Malaysians would be in trouble due to insufficient liquid assets to cover even one month of their expenditures.[28]

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[25] Muhammad Abdul Khalid, 'NEP to NEM: Who Cares? Wealth Distribution in Malaysia', paper present at Sixth National Conference on the Malaysian Economy: High Income Economy: Transforming towards Greater Innovation, Productivity and Quality of Life, Melaka, 5 – 7 June 2011; Muhammad Abdul Khalid, *The Colour of Inequality: Ethnicity, Class, Income and Wealth in Malaysia* (Petaling Jaya: MPH Group Publishing, 2014), 120; Economic Planning Unit, various reports.

[26] This is consistent with the wealth breakdown in many other countries, where the majority of the wealth consisted of real estate or tangible assets, rather than more liquid financial assets. In Canada, half of wealth was held in terms of real estate, in the United States the figure was 44% (70% for white families, 95% and 96%, respectively, for blacks and Hispanics), China 67% and in South Korea and Indonesia, the figure was 90% and 70% respectively.

[27] Compared to 2009, the unequal distribution of financial asset holdings, followed by overall wealth, property assets and income, was even worse in 2007. Wealth as a whole was better distributed compared to real estate assets or financial assets, at least for the bottom 40%, but fared badly compared to income distribution. The bottom 40% held 14.5% of total average income, slightly more than half of the distribution share in terms of wealth, and zero in financial assets. With 95%, the top 20% controlled nearly all of financial assets while the corresponding shares for overall wealth, property assets and income were about half of the total. Muhammad, *NEP to NEM: Who Cares?* 402; Muhammad. *The Colour of Inequality*, 118-119.

[28] Muhammad Abdul Khalid. *The Colour of Inequality*, 115. In 2007, about 15% of Malaysian households had no wealth. In the United States in 1995, the percentage of Americans with zero wealth then was 18.5%, with 28.7% of Americans having zero financial assets. A few years later, in 2010, 20% of United States citizens in 2010 had no wealth at all, while 28% had zero financial assets. Americans are wealthier than Malaysians in financial assets, as only 28% had zero financial assets while the share of their Malaysian counterparts stood at 38%. See also Muhammad Abdul Khalid, 'NEP to NEM: Who Cares?; UNDP, Malaysia Human Development Report 2013, 49.

- Gross wealth of the bottom 40% of Malaysians per capita was RM123,428 (US$32,481), equivalent to less than 7% of the total wealth of Malaysian households. The poorest 20% had a cumulative ownership of less than 0.2% of total wealth – on average, RM11,666 (US$3,070) per household. The richest 10% of Malaysians, meanwhile, possessed about 40% of the national wealth cake, with an average of RM494,602 (US$130,158). The wealth of the average Malaysian in the top 40% amounted to approximately 305 times more than the wealth of the median Malaysian.[29]
- The poorest 40% have about 5% of all property in the country, while the middle 40% have about 40% share. The richest 10% of Malaysians have nearly 294% more than the median, with the property asset value averaging at RM460,685 (US$121,232).[30]
- The wealthiest 20% of Malaysians control 52% of total wealth in the country,[31] while the bottom 40% have just 0.2% of total wealth and only negligibly less than 1% of all financial assets.

In 2012, the wealth of the 40 richest Malaysian individuals made up 22% of the entire nation's GDP, up from 15.7% in 2006.[32]

In 2013, the bottom 50% of Malaysians earned 21.5% of the country's income in 2012, compared to the richest 10% who earned 32% of the nation's annual income that year. The richest 10% earned 2.16 times the income of the poorest 40% (the 'Bottom 40', or B40) in 2012 – the same ratio as it was in 1989.[33]

The Ethnic Dimension

- 2009 data show that the Chinese community had on average the highest wealth per capita of RM163,000 (US$42,894), followed by Indians at RM110,612 (US$29,108); Malay Bumiputeras had on average RM89,650 (US$23,592) worth of wealth, while non-Malay Bumiputeras had per capita wealth of RM78,278 (US$20,599).[34]
- Of those who had no financial assets, 72% were Bumiputera, 21% were Chinese, and 7% Indians; 74.3% of those without real estate assets were Bumiputera; followed by Chinese (16.5%); and Indians (9%).[35]

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[29] Muhammad, *The Colour of Inequality*, 117. The average wealth holding of a Malaysian in 2007 was RM86,659, while the median was RM71,534. The top 10% households controlled 35.22% of the wealth distribution, while the bottom 10% controlled nothing. The bottom 40%, meanwhile, had just 0.15% of the top 20%; their overall ownership of the wealth holdings amounted to just 8%. The average wealth of the bottom 40% stood at RM39,334, while the figure for the top 20% was RM 124,737, translating into a disparity of 0.31. See Muhammad, *NEP to NEM: Who Cares?* 402.

[30] Muhammad, *NEP to NEM: Who Cares?* 402; Muhammad. *The Colour of Inequality*, 115, 117.

[31] As a comparison, the top 20% of households in the United States have 84% of the wealth, while the figures for Korea and Sweden were 60% and 80% respectively; in Australia, the top 20 controlled 63% of the nation's wealth.

[32] Muhammad, *NEP to NEM: Who Cares?* 402, 406; Muhammad. *The Colour of Inequality*, 119-120; ; UNDP, Malaysia Human Development Report 2013, 49.

[33] UNDP, Malaysia Human Development Report 2013, 47.

[34] UNDP, Malaysia Human Development Report 2013, 47.

[35] Within the ethnic groups in Malaysia, also, there have been significant differences in terms of income distribution. Within the Bumiputera community, inequality improved in the years 1970-2012 by 9.7%; within the Chinese community, inequality improved by 9.5%, and among Indians, by 6.1%. Notably, the highest

- There has been a 'tremendous' improvement in the income gap over the years between the relatively high-income Chinese community versus the non-Chinese community: between Bumiputeras and the Chinese, the gap reduced by about 50% (2.16 in 1957) to 1.43 in 2012; between the Bumiputeras and Indians, the gap decreased by 33% to 1.17 in 2012.
- However, the years 2009-2012 saw a slight widening of the gap between Bumiputeras and Chinese by 5.1% and between Bumiputeras and Indians by 6.4%.[36]

Employment

The Malaysian economy has grown tremendously and intensively over the past six decades, particularly since the 1970s when export-oriented industrialisation policy replaced the import-substitution industrialisation policy of the 1960s. In the 1990s, it grew at an average of 7.24% per annum, and the annual average was 5.06% from 2000 through 2013. A closer look, however, reveals that the structural changes that have taken – particularly from the 1990s onwards – have had significant implications for the growth and ethnic distribution of employment and, consequently, for income, wealth and welfare.

- Much of the growth of the Malaysian economy has been in the secondary (manufacturing and construction) and tertiary sectors (services), in contrast to the declining fortunes of the primary sector (notably agriculture sub-sectors such as food & cash crops, livestock forestry and fishing).[37]
- While the levels of productivity and incomes of the secondary sector – in which the Chinese community dominate – are usually higher than in the primary sector, income growth in the former is also at a much faster pace. And while Bumiputeras were overly represented in the declining primary sector and only 35% of Bumiputeras were in the more productive services sector, 55% of the Chinese and 40% among the Indians have been in the services sector. The bulk (75%) of Bumiputeras in the labour force are either semi-skilled (64.7%) or unskilled (9.4%) workers. Only slightly more than a quarter (25.9%) are categorised as management staffs, professionals or skilled workers.[38]

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inequality appeared (in 2012) the highest among the main ethnicities within the Indian community (0.443), followed by the Bumiputera and Chinese communities (both at 0.42). This is roughly in line with studies carried out a few years earlier, in which it was found that Indians have the highest proportion of those without financial assets (66%), followed by Bumiputera (64%) and Chinese (56%). Furthermore, almost one-third of all Indians did not have real estate assets, while one-fourth of Bumiputeras also did not have real estates, compared to 17% for the Chinese. See Muhammad, *The Colour of Inequality*, 121; Malaysia Human Development Report 2013, 35-36.

[36] UNDP, Malaysia Human Development Report 2013, 35-36.

[37] See Edmund Terence Gomez, "Nurturing Bumiputera Capital: SMEs, Entrepreneurship and the New Economic Policy", in Edmund Terence Gomez and Johan Saravanamuttu (eds), *The New Economic Policy in Malaysia: Affirmative Action, Ethnic Inequalities and Social Justice* (Petaling Jaya: Strategic Information and Research Development Centre, National University of Singapore and ISEAS Publishing, 2013), 88; Muhammad, *The Colour of Inequality*, 111-113.

[38] See Muhammad, *The Colour of Inequality*, 114; http://www.ctim.org.my/file/news/44/00099_2007%20Budget%20Speech.pdf; Hwok-Aun Lee, Affirmative Action in Malaysia: Education and Employment Outcomes since the 1990s, *Journal of Contemporary Asia*, 42:2(2012), p 238.

Education

- Attainment of tertiary education has increased over the decades but the opportunities available to Indians and, in particular, non-Malay Bumiputeras, have become consistently sparse. In 2007, Malay and Chinese workers with tertiary education were 24.1% and 22.6% of the labour force, respectively. Lagging behind were Indians (18.8%) and non-Malay Bumiputeras (12.9%).[39]
- On the other hand, young Bumiputeras who have attained post-secondary education make up the largest proportion of the unemployed, compared to peers from other ethnic groups. From 1982 to 2010, Bumiputera graduates (of diploma and degree programs) made up increasing proportions of total graduate unemployment: from a low of 27.6% of total graduate unemployment in 1982, unemployment among Bumiputera graduates have hovered at the 60-70 percentage levels. In 2010, Bumiputeras made up 70.3% of all unemployed graduates.[40]
- Bumiputera representation in professional and technical positions improved steadily in the 1970s and 1980s before slowing down in the 1990s through the 2000s.[41] Between 2000 and 2005, the proportion of Bumiputeras among professionals increased only marginally from 57.3% to 58.5% and stagnated at 59.5% among technicians.[42]
- In 2005, 52.5% of Bumiputera professionals worked as teachers and lecturers, primarily in government as opposed to 22.4% of Chinese professionals and 30.8% of Indian professionals.[43]
- Currently, Bumiputera graduates currently make up the predominant share of public sector professionals and managers, while non-Bumiputera graduates dominate the private sector. Graduates from overseas institutions of higher education have better chances of obtaining professional or managerial positions in both the public and private sectors while local Bumiputera graduates rely rather significantly on the public sector for job opportunities compared to Bumiputera overseas graduates as well as non-Bumiputera local and overseas graduates.[44]
- Bumiputeras make up 58% of all tertiary-educated workers, of whom managers and professionals are substantially concentrated in the government or public sector.[45]

[39] Lee, Affirmative Action in Malaysia, p 241.
[40] Department of Statistics Malaysia, Statistics of Graduates in the Labour Force 2011
[41] The decline in Bumiputera representation in professional and technical positions went from 47.2% in 1970 to 62.2% in 1990 and 64.4% in 1995. From 1995 however, this portion actually decreased to 63.9% in 2000. On the other hand, Bumiputera representation as teachers and nurses was large at 72.3% in 1995 which increased slightly to 73.2% in 2000. If teachers and nurses were excluded from this group of professionals and technical personnel, the Bumiputera representation would decrease from 60% in 1995 to 59.3% in 2000. Lee, Affirmative Action in Malaysia, p 244.
[42] Lee, Affirmative Action in Malaysia, p 244.
[43] Lee, Affirmative Action in Malaysia, p 244.
[44] A 1985 survey revealed that 86.2% of Malay government scholars found employment in the government and statutory bodies, compared to 61.9% among the Chinese and Indian government scholars. Lee, Affirmative Action in Malaysia, p 237-238.
[45] Lee, Affirmative Action in Malaysia, p 246-247.

Conversely, tertiary-educated non-Bumiputera managers and professionals predominate in the private sector.[46]

- It is common knowledge that Bumiputera youth face a discriminatory private sector when seeking to break into the market, even when they are as qualified as their peers in other ethnic groups.[47] On the other hand, it is also obvious that there is a gross ethnic imbalance within the public sector due to the dominance and continued preference for Bumiputeras to fill in the rank and file of the civil services, especially the senior levels of decision-making.

One of the main failures of Malaysia's affirmative action programmes and policies is the failure to develop an independent Bumiputera managerial class:[48]

- Most Bumiputera registered professionals are in the private sector, their representation increasing steadily from 14.9% in 1980 to 29% in 1990, 33.1% in 1995, 35.5% in 2000 and 38.8% in 2005, although the proportions vary across the occupations. While Bumiputera representation among professionals almost doubled every five years from 1970 until 1980, the growth of the proportion tapered off in the 1980s and decelerated significantly from the 1990s.[49]

[46] Lee, Affirmative Action in Malaysia, p 247.

[47] According to a 2012 study, Malay applicants – even after having submitted identical resumes as their Chinese counterparts – are less likely to be called for an interview than Chinese applicants for the same positions. Among those with secured jobs, Bumiputeras still fare worse than non-Bumiputeras in terms of upward mobility. Lee, Affirmative Action in Malaysia, p 233-234, 242, 249.

[48] From 22.4% in 1970, the percentage of Bumiputeras in administrative and managerial positions rose rapidly to 30.3% in 1990, and then to 36.8% in 1995. By 2000, this portion grew by only 0.2 percentage points. The percentage of Bumiputera managers and administrators remained stagnant between the 36%-37% range during the period of 2000 –2005. Lee, Affirmative Action in Malaysia, p 243.

[49] In some areas, however, the proportion of Bumiputera professional increased more drastically, especially among architects, dentists and lawyers compared to other types of occupations. Lee, Affirmative Action in Malaysia, p 245.