



*The Malay Leadership Mystique*

VASEEHAR HASSAN ABDUL RAZACK







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Vaseehar Hassan Abdul Razack

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# ***DEDICATION***

*To my early care providers -*

*My grandmother, Hajjah Salha who through her  
untiring storytelling gave me the moral values:*

*My mother, Hajjah Mahariba who through her right  
dosage of encouragement and discipline  
moulded my personality;*

*And my father Haji Abdul Razack bin Sheikh Dawood,  
who instilled in me the value of education and  
life-long learning.*

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**DR. MAHATHIR BIN MOHAMAD**

*FOREWORD*

Over the years, I have followed Dato Vaseehar Hassan Abdul Razack's research with interest - and indeed participated in it, to the extent that he interviewed me on several occasions for his work on his doctoral thesis. I am now delighted to have the opportunity to introduce his research to a wider audience.

In *The Malay Leadership Mystique*, Dato Vaseehar attempts to explain the factors influencing Malays' relative lack of success in the fields of entrepreneurship and business leadership. Drawing on a unique combination of historical context, cultural models and psychoanalytic concepts, Dato Vaseehar analyses the complex theories behind this phenomenon in simple language for his readers. He uses recent new theories of large group identity and large group regression to examine the "inner theatre" of the Malays, as he terms it.

The psychodynamic lens through which Dato Vaseehar observes the Malay psyche contributes a new perspective to the diversity of books that have been written about the Malay people from the time of Munshi Abdullah.

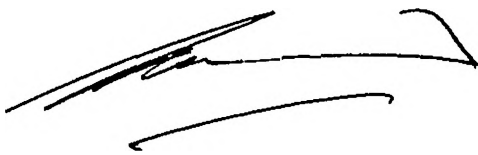
In this book the author gives the Malays the credit they deserve but have not always received for their political leadership, particularly their stewardship of our nation since *merdeka*.

We should remember that Malaysia is stable because the Malays have always been willing to share what they have. We have our weakness and defects, but we also have many attributes in which we can take pride. As Dato Vaseehar points out, the Malays have a policy of inclusiveness and this - complemented by pragmatic economic policies - has contributed to the prosperity and political stability of our nation. So why, given the predominance of Malays in areas critical to the successful running of our country, do they have such a small presence in the world of business?

Dato Vaseehar addresses this question directly in this book. He identifies a number of psychological problems that lie behind the limited success of Malays in business. However, with the aid of different survey instruments, he demonstrates that Malays who receive the right exposure and training can compete globally as successful leaders. This is a conclusion I wholeheartedly share: I have seen many high-performing Malays appointed as senior executives in major foreign companies and banks, all accepted as equals by their European and other Asian colleagues.

It comes as no surprise to me that the expert panel convened by Dato Vaseehar as part of his research emphasized the critical importance of first class education in changing the mindset of the Malays. In the past, insufficient attention has been paid to the adaptive challenges and psychological issues faced by the Malays, which contribute to their low profile in the business world. Identified here by Dato Vaseehar, these should be taken into consideration by policy makers to ensure the increased success of Malays in the future.

*The Malay Leadership Mystique* deals with Malay leadership issues from a refreshingly new angle. This book will be an indispensable guide for those interested in the development of Malay leadership in both the public and private sectors.



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There are many others in Malaysia and abroad who have helped me in one way or another and their names may not be in this list. However, my sincerest thanks to everyone.



# *Introduction*

*"The first quarter century of British rule saw rapid and far reaching changes... which cumulatively left Malay life behind like a prahu<sup>1</sup> in the wake of an ocean liner, rocking slightly but otherwise left to pursue its own way..."*

*Roff (1967)*

In this book, I approach the conundrum of Malay leadership by identifying a critical dilemma for the country—how to tackle the contrast between the success of Malays in the world of politics and their lack of presence in the world of business. Despite 40 years of continuous affirmative action by successive national governments, the majority of the Malay population of Malaysia still has little economic power.

A brief overview of the history of Malaysia leads into an examination of the economic and political position of the Malays. The politics of Malaysia are dominated by the Malays, who have administered their country admirably since independence in 1957, contributing to the political stability and economic growth of the nation. However, the Malays are economically backward compared to the immigrant Chinese and Indian sectors of the population. This forms the context for this study, in which I aim to understand the qualities of Malay political and business leadership and to unearth the reasons for the Malays' poor performance as business leaders and entrepreneurs.

Research on the characteristics of Malay leadership is of national importance to Malaysia. For more than 40 years, the Malaysian government has been grappling with this issue in an effort to find ways of establishing long-term sustainable peace and economic prosperity in the country.

In a speech on "The New Malay Dilemma," delivered at a Harvard Club of Malaysia dinner in 2002, the Prime Minister of Malaysia, Mahathir Mohamad,<sup>2</sup> was highly critical of

<sup>1</sup> A *prahu* is a very small sailing boat.

<sup>2</sup> Prime Minister 1981-2003. Mahathir Mohamad is the author of several books, including *The Malay Dilemma* (1970), *Malays Forget Easily* (2001), and *A Doctor in the House* (2011), which I drew on when researching this book.

the Malays' failure to take full advantage of the government's affirmative action under its New Economic Policy (NEP).

The NEP was formulated after race riots in May 1969, to provide a framework to improve the socio-economic position of the Malays. The Malaysian General Elections in 1969 brought the latent inter-ethnic tensions between Malays and Chinese into the open. The ruling Alliance Party—a coalition between the United Malays National Organization [UMNO], the Malaysian Chinese Association (MCA), and the Malaysian Indian Congress (MIC)—which had been in power since independence, fared badly in these elections, losing its two-thirds majority in parliament for the first time. The opposition parties, especially the Chinese-dominated Democratic Action Party (DAP), increased their share of votes, triggering alarm among the Malays. There was an atmosphere of fear about the "non-Malay" threat and challenges to Malay rights and Malay political primacy. The victory celebrations of the non-Malays and opposition parties resulted in bloody riots between Malays and Chinese on a scale never seen before in the newly independent nation. The race riots, which are often referred to as the "May 13 Riots," were a sharp wake-up call for the government, which was forced to acknowledge the frustrations of the Malays at their lack of economic power in their own country; the riots led directly to the formulation of NEP (Cheah, 2002).

The NEP was devised to address the apparent failure of the laissez-faire economic policies that had continued throughout merdeka (independence) and disappointed the Malays' expectations. The NEP aimed to redress the economic imbalance and give Malays a greater share in the economy. One of the policy's specific goals was to increase the Malay share of ownership from less than 3% in 1971 to 30% over a 20-year period. This involved a massive government effort to bring the Malays—who were overwhelmingly involved in rural agriculture and fishing—into the modern urban economy (Cheah, 2002; Leete, 2007; Shome, 2002).

In his speech at the Harvard Club, Mahathir recounted that when he was writing *The Malay Dilemma* in the late 1960s, he recognized that the Malays had lacked the basic opportunities they needed to develop and become successful: education, vocational training, funding, licenses, and premises. He had assumed that if these opportunities were made available to them, they would succeed.

Mahathir went on to observe that he had expected the affirmative action of the NEP to solve the economic backwardness of the Malays. Yet despite successive governments having provided the Malays with capital, licenses, and permits, they had failed to take full advantage of what they were offered.

The government set up agencies to represent the Malays and privatization seemed to offer many openings. Yet the vast majority of Malays seemed to see these opportunities as something to be exploited for the quickest return. Very early on, they sold off their nascent businesses in order to become sleeping partners in "Ali Baba" arrangements, a cynical term used to describe the practice of obtaining licenses, permits, shares, or contracts and immediately selling them off to non-Malays [mainly the Chinese]. The Malays had learned nothing about business from this initiative and had become even less capable of conducting it. Mahathir maintained that the 30% NEP quota would have been achieved long before, had the Malays taken the opportunities they were given seriously.

He had a very straightforward answer to why this had happened: Malay culture. As he put it, Malays are laid back and inclined to take the easy way out. The easy way out was to sell off whatever they were given and ask for more. Working hard, taking risks and cultivating patience had no part in Malay culture.

I was at the Harvard Club dinner and was intrigued by Mahathir's speech. Some of his criticisms of the Malays may have been justified, and he certainly raised some pertinent questions about Malay attitudes and business leadership qualities. However, I felt he was over-simplistic in blaming Malay culture and religion for the Malays' malaise. I went away from the dinner convinced that the issue needed in-depth research.

There are some hard facts and serious concerns to take into account. In their own country, where they make up close to 60% of the population, the Malays control less than 20% of economic activity. This underachievement, after more than 50 years of independence, is always likely to fuel racial tension in a multi-ethnic, multi-faith country like Malaysia.

When a minority, immigrant segment of the population controls a country's economic activities, the situation is politically sensitive and potentially explosive, as the May 13 riots demonstrated. As a result, the government of Malaysia has treated this economic disparity as a top priority ever since. The country cannot afford a repeat of this social disturbance. The implementation of the NEP was made somewhat easier by the genuine and pervasive fear that followed the riots. The Chinese had suffered significant economic losses and were prepared—albeit reluctantly—to consider sharing economic wealth with the Malays. So why have things not turned out as the government hoped and planned?

It is quite obvious that the Malays have a serious lack of business skills. Yet the very Malays whom Mahathir attacked in his speech for their lack of business acumen were the main architects of national politics. From the independence negotiations until today, the Malays have been the major driving force behind the political management of the country, without which economic success could not have been achieved. Malay political leaders (supported by non-Malay politicians) have built Malaysia into a politically stable and economically

successful nation. Political management skills and stability are prerequisites for economic prosperity. No matter how hard and smart the non-Malays work in Malaysia, they would not have been able to achieve their economic wealth without this essentially Malay leadership.

This is more than just a tantalizing conundrum. Getting to the root of this paradox will have implications for every aspect of Malaysian society. An initial survey of the literature showed me that little research had been done on Malay leadership in general and that I would find little data to support my study. By default, my research would be exploratory.

### **Malaysia: a brief history**

Malaysia is a former British colony that attained merdeka on August 31, 1957. At the time, Malaysia was known as Malaya and had a population made up of Malays (50%), Chinese (37%), and Indians and others (13%) (Douglas, 2008, p. 1215). In 1963, the states of Singapore, Sarawak, and Sabah (in North Borneo) joined Malaya to form the Federation of Malaysia. However, Singapore's stint in the Federation was short-lived; it was expelled in 1965. According to the 1970 census, the population of Malaysia was made up of 55.5% Malays and indigenous communities collectively known as Bumiputras ("sons of the soil"), a term used to distinguish the Malays and other indigenous races of Malaysia from the immigrant races, primarily the Chinese and Indians. Non-Bumiputras made up the balance, with 34% of them Chinese and 10.5% Indian or other. Malaya was known as Tanah Melayu, "land of the Malays."

The Malays were already successful traders when the Malacca Sultanate was formed in the 1400s. Dames (1989), drawing on the travels of Duarte Barbosa, an early 16th century Portuguese writer, wrote that Malacca was the richest port in the region, where merchants carried out wholesale trade and bought shipping services from all over the world. The geographic position of the Malay Archipelago was key to Malacca's success (Andaya and Andaya, 1982).

The Malay empire began to decline from this prominent trading and seafaring position following the conquest of Malacca by the Portuguese in 1511 (Mohammad Jali et al., 2003). The Dutch took over Malacca from the Portuguese in 1641, followed by the British in 1824. While Malacca was changing hands from one European power to another, the only constant was the decline of the Malays' influence on trade and business in their own land.

The steady advance of the British occupation of the Malay Archipelago began with Penang in 1786, then Singapore in 1819, and Malacca in 1824. The British extended their influence by establishing a policy of indirect rule in Perak, Selangor, Negeri Sembilan, and Pahang, collectively known as the Federated Malay States, in 1895. The remaining Malay states (Kedah, Perlis, Kelantan, Terengganu, and Johore) accepted a British resident advisor and were collectively known as the Unfederated Malay States (Rabushka, 1973). British control of

the Malay states saw a mass immigration of Chinese workers from the 1840s onward and of Indians from the 1870s (Gullick and Gale, 1986). During the British occupation, Malaya was evenly peopled by Chinese and Indians. The Chinese worked mainly in the tin mines and the Indians in rubber plantations and on the railways.

With this mass immigration by the Chinese and Indians, the Malays withdrew to the interior of the country. As a result, their participation in business and trade was almost non-existent by 1957. After merdeka, the Malays found themselves the poor of their own country while the immigrant races—mainly Chinese, and to a lesser extent Indians—were far better off. The Malays had been economically displaced in their own land. They played neither a creative nor a service role in the new economy; they had been supplanted as a dominant and dynamic force (Emerson, 1964). Malays formed an overwhelmingly rural community, largely engaged in agriculture and fishing. Only one in five urban dwellers in 1957 was a Malay (Crouch, 1996). Omar (2006, pp. 17-18) paints a vivid picture of the economic state of the Malays in British Malaya at this time:

"British Malaya was rich but the Malays were poor, backward, and dispossessed. The Malays were subdued to remain poor, if not poorer, after the British granted independence in 1957[...]"

The Malays had not only been displaced demographically as a minority in their own country by the new influx of immigrants from China and India, but had become economically insignificant, primarily identified as farmers and fishermen in the Straits Settlements<sup>3</sup> under the British rule [...]"

The Malays steadily became spectators in their own country. Although Malaya was becoming plural in ethnic composition, the Malays, unlike the Chinese, were not really part of its economic life. Stamford Raffles, who regarded the Malays as a fine race, conceded that they were dragged down by European political and commercial encroachment."

Others expressed similar views, including Husin Ali (2008), Mahathir (1970), and Faaland, Parkinson and Saniman (2003).

The Malays owned nothing significant. Most of their participation in trade was confined to small sundry-goods shops in villages. Most of the British-owned mines and estates employed Chinese and Indians. The Malays continued to live in villages, pursuing traditional agricultural and fishing activities. Life among the rural Malays was depressed (Husin Ali, 2008). Data on average monthly income, employment, and ownership in 1970 reveal significant differences

<sup>3</sup> Penang, Malacca, and Singapore.

between Malays and non-Malays. The average monthly income for a Malay household in Malaysia in 1970 was estimated to be RM179 (US\$51, based on an exchange rate of RM3.50 per US\$1). In comparison, the incomes of Chinese and Indian households were RM387 (US\$110) and RM310 (US\$88) respectively. Malays accounted for nearly 85% of all households earning less than RM100 (US\$28 per month), while Chinese and Indian households were 9.6% and 4.1%, respectively. In the RM400-699 (US\$114-200) income range, Malay households accounted for 31% while Chinese and Indian households accounted for 56% and 13%, respectively (see Table 1).

Table 1  
*Percentage of Population and monthly household Income (1970)*

Race	Percentage of Population	Average monthly income of RM400 to RM699 (US\$114-200)	Average Monthly Income	
			RM	US\$
Malay	55.5	31%	179	51
Chinese	34.1	56%	387	110
Indian and others	10.4	13%	310	88

*Source: Second Malaysia Plan (EPU, 1971)*

In terms of total employment, the Malays accounted for 51% while the Chinese accounted for 37% and the Indians 11%. On a sectorial basis, however, Malays were primarily engaged in agriculture. In professional and managerial groups in the manufacturing sector, the Malays accounted for only 7% compared to the Chinese at 68%, Indians at 4%, and other foreigners at 18%. Malays owned only 1.9% of equities, in comparison with the Chinese, who held 22.5%, the Indians, who held 1%, and other foreigners, who accounted for the remaining 74.6%.

On the basis of these statistics, it can be seen that, immediately after merdeka, the Malays' participation in business was almost non-existent in their own homeland (in comparison with the involvement of immigrant races). Yet, while Malays were faring badly on the economic scene, a look at the political scene reveals a totally different picture.

The Malay dominance of the political scene is well documented (Andaya and Andaya, 1982; Cheah, 2002; Harper, 1999; Leete, 2007; Mahathir, 2011; Sopiee, 2005). Malay political activism began as opposition to the Malayan Union. In 1942, during World War II, the British surrendered to the Japanese army, which occupied the Malay states for almost three-and-a-half years. The British reoccupation and the surrender of the Japanese took place in September 1945. Having been defeated by the Japanese a few years earlier, the British had lost their image of invincibility in the eyes of the Malays and others. Moreover, at about this time, the spirit of independence was beginning to take full effect in countries like India and

Indonesia. The seeds of hope for self-rule were being sown in Malay minds. On April 1, 1946, without any form of consultation with the Malays, the British imposed a unilateral proposal for the Malayan Union. In essence, this meant the establishment of a single sovereignty and common citizenship for all races, and the transference of jurisdiction over the Malay states from the Sultans to the British crown.

There was widespread discontent about this British-imposed system of administration. It lowered the status and powers of the Malay rulers, and it was seen as eroding the power and identity of the Malay states. In addition, the offer of citizenship to non-Malays was not well received by most Malays. Usually docile, the Malays nevertheless rose in unity in defense of three issues they considered sacrosanct: religion, rulers, and race, which I call the "three Rs."

In the Malayan Union proposal, two of the three Rs were implicated—rulers and race. The Malays had never invited non-Malay immigrants to Tanah Melayu and had not been involved in their settling there. The influx of immigrants had been encouraged by the British in collusion with the Malay rulers, under the pretext of increased revenue for both parties. Ordinary Malays had been silent and helpless spectators who experienced great stress and pain at seeing their land "invaded" by Chinese and Indian migrant workers. However, they could not oppose this invasion by foreign workers because it had been endorsed by their rulers, for whom they had complete loyalty and respect.

When the Malayan Union was announced, the Malays had to rise against it, as it meant the weakening of their rulers as well as their own position in the land, through the granting of citizenship and equal rights to non-Malays. Until then, the shared fantasy of the Malays had been that, one day, these immigrants—who were after all only temporary workers—would leave their country. The granting of citizenship and equal rights to non-Malays was something they could not accept.

In response to such strong reactions from the Malays against the Malayan Union, the colonial government proposed a new agreement in February 1948, which was more favorable to Malay interests. Known as the Federation of Malaya Agreement, the rights of the rulers and the special privileges of the Malays were protected. This arrangement was acceptable to the UMNO<sup>4</sup> as the citizenship rights of non-Malays, which were re-negotiated, in no way impinged on the special rights of the Malays. "Malayness" was thus enshrined in the constitution, whereas the idea of "Malayans" (a new inclusive term coined to include Malays and non-Malays as the people of the Federation of Malaya) proved problematic.

<sup>4</sup> The United Malays National Organisation (UMNO) was and still is the main and dominant political party in Malaysia. In 1957, it formed the Alliance Party which comprised three political parties: UMNO, the Malayan Chinese Association (MCA, which later became known as the Malaysian Chinese Association) and the Malayan Indian Congress (MIC, which later became known as the Malaysian Indian Congress). After 1971, the Alliance Party was enlarged and has now been re-named *Barisan Nasional* (National Front) to assimilate several other parties.

The new political entity was translated as Persekutuan Tanah Melayu and contained no legal definition of a "Malayan." The Malayan Union was a state, but not a template for a nation. For many Malays, "Malayan" became a dirty word after the Union fiasco (Harper, 1999; Leete, 2007). In this context, Tunku Abdul Rahman, President of the UMNO and the first Prime Minister of Malaysia, said in a speech on August 26, 1951:

"With regard to the proposal that independence should be handed over to the 'Malayans,' who are the 'Malayans'? This country was received from the Malays and to the Malays it ought to be returned. What is called 'Malayans,' it is not yet certain who they are; therefore let the Malays alone settle who they are." (Cheah, 2002.)

The UMNO nationalists dictated (and obtained) their own terms for the future nation-state of Malaya in 1948, when they and the Malay rulers secured the Federation of Malaya Agreement from the British government. According to Cheah (2002), this agreement also secured concessions from UMNO representatives and Malay rulers that allowed immigrant non-Malays resident in Malaya to qualify for Malay citizenship. However, the conditions for obtaining citizenship were restricted by both parties. The UMNO was perceived as the premier protector of the Malays and Islam (Shome, 2002; Lau, 1991).

Political power rested with the Malays but the British agreed to go only when inter-racial cooperation and unity had been established between the different races. Consequently, the UMNO formed a coalition with the Malayan Chinese Association (MCA) and the Malayan Indian Congress (MIC), known as the Alliance Party. In the eventual agreement, worked out between the Alliance coalition parties and the British government, the UMNO leaders dominated the negotiations and dictated their terms (Cheah, 2002). These terms were eventually spelt out more clearly in Malaya's 1957 constitution, which included provisions for "the special position of the Malays," "Malay reservations," Malay as "the national language," and Islam as the "religion of the Federation."

Malay supremacy in the new nation was also reinforced by the affirmation of the sovereignty of Malay rulers over their individual states. Of the nine Malay states, eight are ruled by Sultans and one by a Raja. As constitutional monarchs, these rulers were given considerable powers to "safeguard the special position of the Malays."

Since negotiating the terms of independence up until the present day, the UMNO has been the driving force in the political leadership of Malaya and Malaysia. Any threat to the leadership position of the Malays in politics has always been dealt with decisively. One example of this was the formation of Malaysia in 1963. Singapore—which had a predominantly Chinese population led by Lee Kuan Yew—merged with Malaya and two other Borneo states (Sarawak and Sabah) to form the Federation of Malaysia. When the first Prime Minister of Malaysia,

Tunku Abdul Rahman, perceived a threat to Malay supremacy from Lee Kuan Yew, he expelled Singapore from the Federation in 1965.

### **A brief overview of Malay political leadership**

I examine the success of Malay political leadership in greater depth in later chapters. For now, Sheridan's (1999) account provides a brief summary:

"As a majority Muslim state [Malaysia] satisfies every criterion of Western paranoia—ethnic division, Islamic predominance, and a developing economy. Yet for 30 years, through good times and bad, through the oil shock of 1970s, the recession of the mid-80s, the political upheaval of the late 80s, the rapid social change associated with the boom years of the fast economic growth during most of the 90s, and the most recent savage regional economic downturn of the late 90s, Malaysians have kept the racial calm. This is no mean achievement anywhere. For a developing nation making the transition out of poverty and buffeted by the cruelties of market swing and radical capital flows, it is worth more recognition internationally than it usually gets."

*The Economist* (2003) also paid tribute to Malaysia's success:

"With a well-educated, English-speaking workforce and a relatively low cost base, Malaysia was favorably placed to take advantage of the wave of investments that rolled into Southeast Asia in the 1980s and 1990s. [...] During these two decades some US\$80 billion was invested in Malaysia, turning it into one of the world's most export-dependent economies.

Only Singapore and Hong Kong, both tiny city-states, sell more abroad as a proportion of GDP. In the 30 years from 1970 to 2000, Malaysia's economic growth, despite the Asian crisis of 1997-8, averaged about seven per cent.

Most important, Malaysia is an economic success story, well integrated into the world of trading and steadily increasing the living standards of its people."

It is generally accepted that at the time of *merdeka*, the Malays were an economically backward race within their own country. In the political administration, however, they held the upper hand. Since *merdeka*, all six Prime Ministers of Malaysia have been Malays, by tacit understanding rather than constitutional agreement. Other races have come to accept Malay political dominance. Since 1957, a coalition government has been in power—led by the Malays, and including Chinese, Indians, Ibans, and Dayaks. The coalition was known as the Alliance until 1973 and as the *Barisan Nasional* (National Front) after 1974. The key

portfolios in the cabinet, such as finance, education, defense, home affairs, trade and industry, and foreign affairs, have traditionally been held by Malay ministers. The civil service and diplomatic corps are also largely made up of Malays.

While the vast majority of the Malay population was engaged in agricultural activities and concentrated in rural areas at the time of *merdeka*, economic wealth was mainly in the hands of foreigners, largely British trading houses, and the Chinese. This meant there was considerable economic disparity between the two largest racial groups in Malaysia. This only increased when the British trading houses began divesting their business interests in Malaysia and the Chinese became the greatest beneficiaries.

As Malay participation in business was almost non-existent, there was a sense of frustration among the indigent Malays, arising from the shared, if unconscious, belief that *merdeka* would see all immigrants leave their land—Chinese and Indians as well as the British. While the Malays were defining their community and imagining their homeland as a whole, the Chinese and Indian politicians were relating the claims of the motherland to their local predicament (Harper, 1999). During the negotiations with the British, the Malays learnt that the Chinese and Indians would not only continue to live in Malaya but would also be accorded equal rights and citizenship. "One of its conditions before it would relinquish colonial rule was that there should be first inter-racial cooperation and unity among the various races" (Cheah, 2002). This was a major shock and the Malays resisted it strenuously. Harper (1999, p. 14) noted: "The 'original sovereignty' of the Malays proved hard to reconcile to the new historical reality of the peninsula's plural society. This is the central dilemma of Malay nationalism." Eventually the Malays had reluctantly to accept that they would have to share *Tanah Melayu* with other races. On Independence Day, August 31, 1957, *Tanah Melayu* became a new, inclusive "Malay" nation-state called the Federation of Malaya, to be known as Malaya.

Over the next decade, the economic disparity between the native Malays and Chinese widened and worsened, until dissatisfaction broke out in the May 13 race riots in 1969, which undid almost all the political and economic success achieved by Malaysia since independence (Mahathir, 1970).

Crouch (1996) and Faaland et al. (2003) agree that the economic and social positions of the Malays on the one hand and non-Malays, especially the Chinese, on the other, were the root cause of racial tension and the major threat to future political stability. The riots were a turning point in Malaysian political history. They forced the Malaysian government into a fundamental rethink of its economic policies. Political unity alone would not overcome economic disparities (Andaya and Andaya, 1982). A more egalitarian distribution of income and a reduction of Malay unemployment through economic restructuring had to be introduced (Andaya and Andaya, 1982; Cheah, 2002; Husin Ali, 2008). This led the government to undertake a vigorous new economic initiative through strong government intervention. Known as the New Economic Policy (NEP) and implemented through four 5-year plans

from 1971 to 1990, the NEP had two principal objectives: first, the reduction and eventual eradication of poverty, irrespective of race; and second, a restructuring of society so that the identification of race with economic function would be reduced and ultimately eliminated. The Malays would no longer be excluded from the modern sectors of the economy.

### **The Malays in business**

Since the 1970s, guided by the NEP, the government of Malaysia has made various attempts to create a cadre of successful Malay entrepreneurs and corporate leaders but with only limited success. Various programs have been undertaken by the government to encourage Malay participation in the business and corporate sectors. According to Mahathir Mohammad, the fourth Prime Minister of Malaysia, the Malays (particularly the young) have failed to exploit the opportunities given to them by the government's affirmative action program to develop into business and corporate leaders: "They don't seem to appreciate the opportunities that they get. They become more interested in other things, politics in particular, to the detriment of their studies" (Mahathir, 2002). However, their relative success in politics raises the question of whether Malays have a greater natural inclination for politics than business.

The failure of the Malays to take advantage of the government's affirmative action program is reflected in the government's failure to achieve the economic targets of the NEP:

"Implementing affirmative action was not as easy as planning it. Capital, licenses and permits, premises, etc., were made available and later contracts and shares were given to aspiring Malays to improve their capacity to take advantage of the affirmative actions of the NEP. When the idea of privatization was espoused, it was natural to give many opportunities to the Malays.

In education, quotas and scholarships were created to provide opportunities for them to gain the required knowledge in all fields so as to ensure their upward mobility. It was ensured that the Malays would grab all these opportunities. Initially they did. But today, the attitude has changed." (Mahathir, 2002).

These criticisms from Malay political leaders indicate the depth of the government's frustration at the failure of its attempts to raise the economic status of the Malays. The NEP, which ran for 20 years between 1971 and 1990, did not achieve its targets. When it expired, it was replaced by the National Development Policy (NDP), which aimed to provide continuity with NEP policies. Specifically, the NDP promoted the creation of the Bumiputra Commercial and Industrial Community (BCIC), recognizing the fear among Bumiputra business leaders and the wider community that the little that had been achieved over the past 20 years might be lost (Omar, 2006).

*The Malay Leadership Mystique* is a pioneering and exploratory effort to understand the Malays and their leadership qualities through the clinical lens. The author's multi-method approach draws on cultural studies, focus-groups, expert panel interviews, and theories of large-group psychology to explain how the historical contexts of feudalism and colonialism have shaped Malay leadership qualities in politics and business. This study provides an empathetic assessment of the Malays' lack of success in business and offers some preliminary recommendations for improvement.

## ABOUT THE AUTHOR

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