

Introduction

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INTRODUCTION

The objective of this book is to ascertain how Bumiputera enterprises or Bumiputera agencies have been nurtured and how economic cooperation between the Bumiputera and Chinese (Sino-Malay cooperation) has been developed under the New Economic Policy (NEP), which was implemented between 1970 and 1990, and the present National Development Policy which succeeded the NEP in 1991. 'Chinese' or 'Sino' here refers not only to the Malaysian Chinese but also to the Chinese in general. Among the Chinese outside Malaysia, the Singaporean Chinese have traditionally played the most important role in the Malaysian economy. In the late eighties, Taiwan was the largest foreign direct investor in the Malaysian manufacturing industries. Since 1989, the People's Republic of China (PRC) has also emerged as an investor. Therefore, we decided to examine the joint ventures with these three types of Chinese. On the other hand, in some Bumiputera enterprises, Malaysian Chinese entrepreneurs' or investors' involvement has been discerned in these years. Joint ventures between Bumiputeras and Malaysian Chinese based on equal partnership are also coming forward. It was considered necessary to verify these points, too.

Out of the Bumiputera enterprises and the government agencies, Dr. Mansor Md. Isa chose the Mofaz group of companies which is one of the newly emerged Bumiputera conglomerates. Dr. Pang Teck Wai singled out the Sabah Foundation that is the single largest social and business group in Sabah. Dr. Abdul Aziz picked out Bumiputera small and medium scale industries (SMIs) nurtured under the Proton (Perusahaan Otomobil Nasional Bhd.) Vendor Development Programme, and one of these SMIs, Tracoma Sdn. Bhd. as a case study.

Dr. Rugayah Mohamed investigated two Sino-Bumiputera joint ventures, namely Syarikat Advent (M) Sdn. Bhd. and Syarikat Sepatu Timur Sdn. Bhd., which, according to her, are based on the true "kongsi" spirit.

Among joint ventures with Singapore, Mrs. Irene Sia chose a food and beverage based conglomerate, Yeo Hiap Seng group of companies, that was founded in Singapore and developed various business activities in Malaysia as well.

Dr. Toh Kin Woon's article consists of a macro study of Taiwanese investment in general and a micro study of the four Taiwanese joint ventures.

Hara outlines the present situation of the joint ventures with the PRC.

Chapter 1, written by Dr. Mansor, depicts the precise track record of Kumpulan Mofaz Sdn. Bhd., which was started by Mohamed Fauzy Abdul Hamid some 15 years ago as a distributor of Nestle's products and has become a huge group now comprising four main sectors, that is, trading, aviation, marine activities and tourism. Various factors which have contributed to the success including the able leadership of Fauzy and government policies are scrutinized.

Chapter 2, written by Dr. Abdul Aziz, narrates how the Heavy Industries Corporation of Malaysia (HICOM) succeeded in creating and nurturing independent local SMIs, especially Bumiputera SMIs through the Proton Bumiputera Vendor Scheme. His case study of Tracoma Sdn. Bhd., a supplier of various parts and components to Proton, also shows how the Scheme has been successful in promoting the growth and development of Bumiputera SMIs in this industry.

Chapter 3, written by Dr. Pang, describes how the Sabah Foundation (SF), which was established to develop the economy and eradicate poverty in the state, has stived to achieve its objectives. As far as I know, this is the first ever systematic and comprehensive analysis of this huge institution. The author analyzes SF's various commercial as well as social activities and their transformation. From this article, we can understand that the implication, comprehension and implementatin of the NEP has been slightly different in Sabah where the ethnic composition of the population is different from that of Peninsular Malaysia.

Chapter 4, written by Dr. Rugayah, traces how and why Syarikat Advent Sdn. Bhd. (SASB) and Syarikat Sepatu Timur Sdn. Bhd. (STSB) have successfully developed as a result of genuine cooperation between Bumiputera and Chinese entrepreneurs who have been friends even before inaugurating these companies. At the same time, the author writes that STSB's rapid growth is attributed to procurement of government tenders to supply its products to various government departments. This is interesting too, because, as far as I know again, the contribution of government agencies in a real sense to the development of Sino-Malay joint ventures has not been mentioned before.

Chapter 5, written by Mrs. Irene Sia, begins with a historical analysis of the Yeo family's business which originated from a soy sauce factory established in Fujian, China in 1897. Founder's eldest son and other family members came to Singapore and started a sauce factory in 1938. Yeo Hiap Seng Company (YHS) was incorporated in 1955. In 1957, YHS established its first subsidiary company in Malaysia. Now the group's activities in Malaysia are led by YHS (M) Bhd. which was formed in 1974. Although the Yeo family still remain the largest shareholders of YHS(M), among its major shareholders, there are such Bumiputera agencies as Lembaga Tabun Angkatan Tentera (LTAT) and Pemodalán Nasional Bhd. (PNB). Four of the ten directors of YHS(M) are Bumiputeras. One of the associated companies is majority-owned and managed by Bumiputeras. Thus YHS(M) was one of the first companies to conform to the NEP.

Chapter 6, written by Dr. Toh, analyzes, among others, how and why investment from Taiwan increased in the late eighties and suddenly decreased in the nineties. Specific features of Taiwanese investments are also referred to. Factors that caused an increase as well as a consequent decline in Taiwanese

investments are investigated in detail. Four case studies show that Taiwanese companies are export oriented, that the majority of employees are Bumiputeras and that there is a company in which majority of equity share is held by Bumiputera individuals.

Chapter 7, written by Hara, makes it clear that not only Malaysian Chinese but also many Bumiputeras are participating in joint ventures with China, either as shareholders or as directors. The majority of employees of these joint ventures are also Bumiputeras.

As we did not try to reach a collective or common understanding on the topic, each article reflects the author's personal point of view.

Hara