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***Affirmative Action in Malaysia and South Africa:
Policies and Outcomes in Education and
Employment***

By:

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POLICIES AND OUTCOMES IN EDUCATION AND EMPLOYMENT**

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ABSTRACT

This paper surveys and evaluates affirmative action policies and outcomes in Malaysia and South Africa, two countries with majority-favouring regimes. I outline the historical contingencies and political economy of policy formulation, noting key similarities and differences. Broadly, Malaysia's continuity of Bumiputera political dominance and relatively discretionary policy framework contrasts with South Africa's post-Apartheid transition to democratic majority rule and institutionalization of a more statutory framework. This paper then presents empirical evidence of the progress of affirmative action, focusing on representation of disadvantaged groups in tertiary education and upper-level employment. We consider Malaysia and South Africa separately, followed by analysis of our findings in comparative perspective. On the whole, both countries have made quantitative gains in increasing representation of disadvantaged groups in targeted areas, but qualitative differences persist, especially in terms of the capacities of tertiary graduates from the beneficiary group and dependence on public sector employment. This paper concludes with discussion of policy proposals that emerge out of our analysis, particularly in view of the contrasting institutional frameworks of Malaysia and South Africa.

1. INTRODUCTION

Malaysia and post-apartheid South Africa are almost inevitably paired in studies of affirmative action (AA), sharing a rare trait as upper-middle income countries that implement extensive affirmative action in favor of a politically dominant and economically disadvantaged *majority* racial group (Table 1). Colonial and Apartheid legacies of exclusion, discrimination and repression entrenched systemic and reproducing forms of disadvantage, resulting in severe group under-representation in socially esteemed and economically influential positions. Specifically, the under-representation of Bumiputera¹ in Malaysia and blacks² in South Africa in tertiary education and in upper rungs of the occupational ladder, as well as in capital ownership, have compelled extensive state action to redress racial disparities. In the wake of racial unrest in 1969 in Malaysia, and in the face of uncertainty in South Africa's mid-1990s transition from Apartheid to democracy, both countries expanded or introduced a wide range of affirmative action programs.

Despite the exceptional scope and scale of majority-favoring affirmative action, the socio-political gravity of the programs' success, and the importance of current empirical investigation, there is a dearth of country-specific and comparative study of the forms and outcomes of AA in Malaysia and South Africa, especially in recent years. The bulk of research on both countries is indirectly relevant, focusing on general measures of disparity, with little attention to the dimensions directly relevant to AA – chiefly, tertiary education and upper-level employment. Research on Malaysian is generally sparse,

¹ Bumiputera – meaning 'sons of the soil' – encompasses the Malay and indigenous populations of Malaysia, i.e. non-Malay Bumiputera.

² Following convention, the term 'black' is used in this paper to refer to African, Colored and Indian.

largely due to official data restrictions. Some studies have outlined educational and occupational attainments of race groups over time (Jomo 2004, Khoo 2005, Leete 2007, Faridah 2003, Faaland 1990, Zainal 2006), but much of the work addresses the pre-1990s period or does not adequately account for qualitative differences. South Africa has maintained freer access to information, which has fostered productive output on inequality research. However, affirmative action outcomes and implications are mainly inferred from aggregate inequality (Leite, McKinley and Osorio 2006, Leibbrandt, Levinsohn and McCrary 2005, Hoogeveen and Özler 2005, Seekings and Natrass 2005) or estimates of general discrimination (Allanson, Atkins and Hinks 2002, Burger and Jafta 2006, Rospabé 2002), not directly examined through evaluation of groups representing policy beneficiaries.

Table 1. Malaysia and South Africa: Racial composition and national income

Racial composition (percent total population)			
Malaysia ¹		South Africa ²	
Bumiputera	65.5	African	79.0
Chinese	25.8	White	9.5
Indian	7.6	Colored	9.0
Other	1.2	Indian	2.5
Gross national income per capita (PPP)			
Malaysia ³		South Africa ³	
US\$4,970		US\$4,820	

Notes: ¹ 2000, ² 2001, ³ 2005.

Bumiputera is further comprised of Malay (53.9 percent) and non-Malay Bumiputera (11.6 percent)

Sources: National censuses, <http://data.worldbank.org>.

Malaysia's four decades of extensive affirmative action (since 1971) provide a substantive track record of achievements and shortfalls, the first half of which has been

considerably scrutinized. Progress since the 1990s, however, has been studied less vigorously, even though some shortcomings in Bumiputera economic participation persist or increase, in particular, difficulties among graduates in labor market engagement, continual dependence on public sector employment of professionals and administrators, and persistent under-representation in management and enterprise. These developments raise weighty questions about the efficacy of Malaysia's policies. On the South African side, affirmative action programs, while still nascent, have proceeded for over a decade, long enough for progress to be evaluated, and perhaps early enough for serious problems to be addressed. Its AA programs, especially employment equity and Black economic empowerment, have already become embroiled in contentious debate.

In the early- to mid-1990s, when South Africa sought out other countries' experiences in devising its economic policies, Malaysia stood out as a model of majority-favoring affirmative action in a diversified economy. Much of this attention, it appears, was not substantively informed, prompting Emsley (1996) and Hart (1994) to caution against overestimating the commonalities between Malaysia and South Africa. The fact that South Africa initially adopted little of Malaysia's policies may have been influenced by intellectual realization of some fundamental differences with Malaysia, but was also – if not more – likely compelled by the constraints of negotiating multiple transitions, including democratization, governmental restructuring, and counterbalancing white dominance in every sector. The passage of time since South Africa's transition has allowed for its own policies to take shape – and, interestingly, for some resemblance to grow between both countries. The paucity of recent comparative research adds to the

impetus for this study, although this necessarily entails that we find little in the literature to serve as a model or baseline framework.

This paper proceeds as follows. I lay out the political economic context of intensive majority-favoring AA in Malaysia and South Africa, and provide an overview of specific programs, with a focus on tertiary education and upper-level occupations and some consideration of managerial and enterprise development. I then present evidence of recent outcomes, as case studies and in comparative perspective. This paper concludes with discussion of some policy implications of our findings.

2. POLITICAL ECONOMIC CONTEXT

This section considers some key elements of the political economy and historical circumstance of Malaysia and South Africa that shaped affirmative action, summarized in Table 2. First, provisions for AA are embedded in the constitutions of both countries, with some noteworthy differences. The Malaysian Constitution stipulates Bumiputera “special position” as the basis for specific reservations and quotas, while the South African Constitution provides for measures to protect or advance persons disadvantaged by unfair discrimination. In retrospect, one can debate the wisdom and/or language of these legal articles, but more productive energy will be spent on prosecuting affirmative action effectively and prudently, within the bounds of the founding documents. In both cases, preferential programs are voluntary, not mandatory. Malaysia’s Article 153 stipulates safeguarding Bumiputera “special position” not in absolute terms, but as one to be conditionally exercised, “as may be necessary” (See Appendix 1). South Africa’s legal establishment of disadvantage due to unfair discrimination as the basis for AA is worded

to statutorily limit the scope and duration of policies. Thus, in both countries, the pursuit of AA, but not its perpetuation, is constitutionally legitimated.

Second, contrasts in the transition towards intensive majority-favoring affirmative action must be emphasized. Malaysia sustained a Malay-dominant political order and bureaucracy throughout post-Independence nationhood from 1957, then reinforced Malay political power when it expanded and intensified AA from 1971. South Africa transformed from Apartheid minority rule to democratic majority rule, culminating in the 1994 elections. As affirmative action incrementally unfolded, the Malaysian executive branch of government expanded its powers and reasserted a pro-Malay/Bumiputera agenda, while South Africa democratized and grappled with balancing black advancement against potential backlashes from a white population dominant in every industry and across public and private sectors³. The Malaysian state faced problems of lesser magnitude and was in a stronger position vis-à-vis capital, which allowed for the consolidation of executive power and a largely discretionary, centralized policy regime. South Africa negotiated a transition to democratic rule amidst social instability and fears of capital flight, and had to unify a fragmented public service, integrate separate systems of education, among other challenges which required a more conciliatory posture. In this milieu, compliance with affirmative action was negotiated and the terms of engagement codified. On the other hand, the South African state could engage white economic and governmental entities from the standpoint of directly correcting previous discrimination, whereas in Malaysia, Bumiputera and non-Bumiputera establishments were not historically opposite sides of directly exploitative relationships. Thus, while South Africa

³ Padayachee and Valodia (2002) make a similar general point about the cross-country differences in democratic constraints on executive power.

adopted a more legislative route with more constraints on executive power, the scope of some of its AA institutions, notably employment equity, are broader than in Malaysia.

The extent of domestic inter-racial confrontation and availability of opportunities to be redistributed impacted on AA policy in the initial stages. The command of whites over the South African economy vastly exceeds the command of the non-Bumiputera over the Malaysian economy. Whites owned virtually all productive land and capital, held all senior positions in government and business across all industries, and reserved the best schools and universities, whereas Chinese and Indians held substantial but not entirely dominating positions in education, employment and ownership. Additionally, the dearth of tertiary education in Malaysia allowed for creation of new universities favoring Bumiputera enrolment, whereas South Africa's reputed historically white institutions and backward historically black institutions pre-existed affirmative action.

Third, there was a contrast in economic performance and conditions in the initial stages of affirmative action. The Malaysian economy grew robustly in the 1970s, while the South African economy experienced sluggish growth in the 1990s. The difference between Malaysia's growth outcomes and South Africa's growth prospects were highlighted as key differences during the latter's mid-1990s transition period (Emsley 1996, Padayachee and Valodia 2002). Additionally, global conventions were more accommodating of expansionary policies in the 1970s, and oil prices soared, which funded development spending in Malaysia. Conversely, South Africa adopted, in line with the mainstream but also on its own accord, a deflationary macroeconomic framework, in a period of stable mineral prices. Overall, we can observe rapid economic and employment growth and public sector expansion in Malaysia, and sluggish growth,

employment losses and public sector contraction in South Africa. The 2000s, however, see broadly similar conditions, with both economies growing modestly, and government spending expanding at higher rates. Malaysia recorded annual real GDP growth of 4.9 percent and annual real growth in government consumption of 9.1 percent over 2000-2006. Correspondingly, South Africa registered 4.1 percent real GDP growth and 5.0 percent real government consumption growth⁴.

Table 2. Malaysia and South Africa: Political economy context of affirmative action

Area	Malaysia	South Africa
Constitution	<ul style="list-style-type: none"> ▪ Provisions for affirmative action ▪ Basis: special position of Bumiputera 	<ul style="list-style-type: none"> ▪ Provisions for affirmative action ▪ Basis: disadvantage due to unfair discrimination; equitable representation
Institutional framework	<ul style="list-style-type: none"> ▪ Discretionary executive authority 	<ul style="list-style-type: none"> ▪ Statutory and codified system
Racial dynamics in governance and economic ownership	<ul style="list-style-type: none"> ▪ Continuous Malay/Bumiputera political power and dominance in bureaucracy ▪ Non-Bumiputera presence not dominant in all sectors 	<ul style="list-style-type: none"> ▪ Shift from white minority rule to black majority rule ▪ Dominant white ownership across all sectors
Economic performance	<ul style="list-style-type: none"> ▪ Robust growth and fiscal expansion (except for mid-1980s and late 1990s recession) 	<ul style="list-style-type: none"> ▪ Sluggish growth and fiscal contraction in late 1990s, steadier growth and fiscal expansion in 2000s

⁴ Author's calculations from data accessed at: databank.worldbank.org.

3. AFFIRMATIVE ACTION POLICIES: A BRIEF OVERVIEW

Tertiary education

Malaysia has maintained a centralized administration of affirmative action in tertiary education and, to a lesser extent, in secondary education. The main instruments consist of enrollment quotas in public universities and government scholarships, and Bumiputera-exclusive institutes and scholarships. University admissions and public service scholarships are centrally administered and generally apply racial quotas. MARA (*Majlis Amanah Rakyat*, or “Council of Trust for the People”) residential colleges and matriculation colleges offer alternate routes to degree-level education, while MARA scholarships have funded degree-level enrollment for Bumiputera students, with the top scholars sent abroad. Large numbers of non-Bumiputera have also studied overseas. Private institutions proliferated from the mid-1990s when full degree-granting Malaysian universities were permitted to operate. This measure addressed the growing demand for tertiary education and, importantly, increased opportunities to non-Bumiputera students who do not secure places in public universities due to entry quotas or who opt out of the post-secondary public education system. However, the dynamics of affirmative action in tertiary education lead to a state of fragmentation, in which the vast bulk of Bumiputera enroll in domestic public institutions and a small elite attain overseas degrees, while non-Bumiputera are distributed among domestic public, domestic private and overseas institutions.

South Africa has adopted a more decentralized framework and implemented AA programs only at the tertiary level. Through the democratic transition, universities had their autonomy preserved and were mandated to pursue broadly defined redress agendas,

for which public funds can be accessed. Having inherited vastly unequal historically white institutes (HWIs) and historically black institutes (HBIs), much focus was placed on increasing black representation in HWIs and narrowing disparities between HWIs and HBIs. Very little comparative attention has been paid to educational institutions, with rare exceptions such as van der Westhuizen (2002: 45) who maintains that Malaysia's enrolment quotas are "far more discriminatory" than corresponding programs in post-Apartheid South Africa.

Upper-level occupations

The measures Malaysia adopted to increase Bumiputera representation in managerial, professional and technical positions are relatively narrow in scope, and implemented through a less formalized and codified process. The public sector has abided by *de facto* hiring and promotion quotas or race preference norms, and has desisted from instituting mechanisms for monitoring or inducing equitable group representation within government departments. There is no broad private sector and cross-industry program along the lines of employment equity legislation, although the Industrial Coordination Act (1975) may have had some impact – limited at best – in the manufacturing sector, while some sectors appear to have adopted *ad hoc* targets for increasing Bumiputera representation in management. The guideline for group representation in employment at all levels and in all sectors, as stipulated in the New Economic Policy (NEP) from 1971, is the racial composition of the population⁵.

⁵ The restructuring of employment in Malaysia abided by a mandate that "employment patterns at all levels and in all sectors, particularly modern rural and modern urban, must reflect the racial composition of the population" (Malaysia 1971: 42).

In marked contrast, South Africa passed the Employment Equity Act in 1998 requiring medium- and large-scale firms to increase the proportion of previously disadvantaged individuals and provide training where they are under-represented, chiefly in professional and managerial positions. The legislation, backed by monitoring mechanisms and punitive consequences for non-compliance, covers all industries and encompasses private and public sectors, forming the bedrock of affirmative action in the labor market. South Africa adopts as a baseline that the racial and gender composition of organizations should reflect the economically active population. Employers falling under the EEA are required to submit employment equity reports that record the current composition of their workforce and project future increases in the proportion of blacks, women and disabled persons. In recruitment, promotion and training decisions, the Act requires prioritizing suitably qualified members of the disadvantaged groups. Black economic empowerment (BEE), formalized in 2003 and codified in 2007, sets out a framework for scoring firm performance in advancing black interests across a range of criteria, including ownership, executive representation, employment equity and skills development. Firms' scores are factored into public procurement and licensing decisions. This program supplements employment equity by providing some inducement for firms to increase their efforts in hiring and promoting disadvantaged persons through leveraging state funds and licenses.

Overall, Malaysia's and South Africa's respective approaches to the employment branch of AA serve as contrasting case studies. However, both countries are alike in setting the racial composition of the population as quotas or targets from the start, instead

of an incremental approach in correspondence with growth in the supply of suitably qualified candidates.

Managerial and enterprise development

This area of affirmative action overlaps with occupational representation, but focuses on the production of goods and services, as distinct from public administration.

Malaysia's passage towards cultivating Bumiputera owned and operated enterprises followed a meandering, experimental and heavily state-led path, from emphasis on state-owned enterprises (SOEs) and takeover of foreign-owned companies (1970s to early 1980s), to heavy industries (early to mid-1980s) to massive privatization of SOEs (late-1980s to 1990s). The aftermath of the financial crisis saw the renationalization of previously privatized entities from the late 1990s and their reconstitution as government-linked companies, or government majority-held corporations. Government procurement and licensing have also been structured around affirmative action objectives in managerial and enterprise development, through exclusion of non-Bumiputera in allocation of small contracts and handicaps to Bumiputera bidders in medium to large contracts, and requirement of Bumiputera business partners in awarding licenses.

South Africa's approach has also been incremental, but in contrast to Malaysia's, leans more on statutory and market-based instruments. Formal programs did not take shape until the late 1990s, with the establishment of the Black Economic Commission in 1998 and passage of the BEE Act in 2003. Concomitantly, government procurement and licensing operated within a less codified preferential framework, but became subsumed into the black economic empowerment program with the BEE Act and the expansion of

government procurement in the 2000s. The BEE Codes, promulgated in 2007, lay out an incentive framework for granting preference based on performance in advancing black persons in, *inter alia*, ownership and control, and enterprise development. Although South Africa indicated in the mid-1990s that privatization of parastatals, initiated in the 1980s, would proceed, the policy largely did not materialize, and public enterprises have incorporated the BEE mandate.

Table 3. Malaysia and South Africa: Affirmative action programs and notable features

Area	Malaysia	South Africa
Tertiary education	<ul style="list-style-type: none"> ▪ Racial quotas in public tertiary institutions; creation of Bumiputera-exclusive institutions and scholarships ▪ Centralized administration ▪ Fragmentation by location and type: <ul style="list-style-type: none"> ▪ local public institutions ▪ local private institutions ▪ overseas institutions 	<ul style="list-style-type: none"> ▪ Redress programs within and between institutions ▪ Institutional autonomy ▪ Persistent disparities in student performance overall (black, especially African students lagging), and between HWIs and HBIs
Upper-level occupations	<ul style="list-style-type: none"> ▪ Public sector employment quotas / implicit racial preference 	<ul style="list-style-type: none"> ▪ Employment equity legislation: applies to public sector and medium- to large-scale private companies

Area	Malaysia	South Africa
Management and enterprise development	<ul style="list-style-type: none"> ▪ Phases of policy emphasis: <ul style="list-style-type: none"> ▪ State-owned enterprises (1970s) ▪ Takeover of foreign companies (1970s) ▪ Heavy industries (early- to mid- 1980s) ▪ Privatization of state entities (late-1980s – late-1990s) ▪ Government-linked companies (late-1990s –) ▪ Licensing and public procurement: <ul style="list-style-type: none"> ▪ Ownership and executive representation are predominant criteria 	<ul style="list-style-type: none"> ▪ Public enterprises ▪ Black Economic Empowerment (BEE): <ul style="list-style-type: none"> ▪ codifies award system for public procurement and licensing ▪ reinforces employment equity and skills development ▪ integrates enterprise development through support for vendors/subsidiaries

4. AFFIRMATIVE ACTION OUTCOMES: MALAYSIA

Tertiary education

The evidence on Bumiputera advancement in tertiary education is rather dispersed, unlike occupational representation and other statistics that are tracked consistently through the Malaysia Plans. However, a range of sources paint a picture of substantial quantitative progress on this front. Institutions established for Bumiputera educational advancement grew considerably. MARA increased its junior science college enrollment from 6,311 in 1984 to 9,050 in 1995 and 20,162 in 2005. Notably, however, this select group represents just under one percent of total secondary school enrollment. Public matriculation colleges, exclusively Bumiputera until a 10 percent non-Bumiputera quota introduced in 2002, registered student populations of 5,280 in 1985 and 15,470 in 1995, then burgeoned to 46,509 in 2000. Enrollment continued growing to 55,442 in 2005,

comprising 28 percent of total pre-university public institution enrollment (Malaysia 2001, Malaysia 2006). These institutions play a vital role in facilitating Bumiputera access to universities and colleges. However, the quality and rigour of public matriculation colleges are questionable. Available research has found university students who entered through matriculation colleges to demonstrate less academic ability than those, mainly non-Bumiputera, who passed through the national schooling system (Tan and Santhiram 2009, Haliza 2009).

The racial composition of universities demonstrates the efficacy of race quotas and new institutions with exclusively or predominantly Bumiputera enrollment. In 1970, the university student population consisted of 40.2 percent Bumiputera, 48.9 percent Chinese and 7.3 percent Indian; by 1985, these figures had changed to 63.0 percent Bumiputera, 29.7 percent Chinese and 6.5 percent Indian (Khoo, 2005: 21). In 2003, the proportions were reported to be 62.6 percent Bumiputera, 32.2 percent Chinese and 5.2 percent Indian (Sato, 2005: 86). This composition of student bodies, we should note, varies across universities (Lee 2005). A few universities, notably University of Malaya and Science University Malaysia, account for the bulk of non-Bumiputera enrollment, while many institutions are overwhelmingly Bumiputera.

The effect of tertiary education expansion extends to the labor force (Table 4). The share of Malay and Chinese workers who have attained tertiary education in 2007 were, respectively, 24.1 percent and 22.6 percent. However, differences persist across and within race groups. By 2007, the Indian workforce still lagged in access to formal education, with 18.8 percent reaching the tertiary level, and the non-Malay Bumiputera workforce trailed further behind, with 12.9 percent having tertiary education. In sum,

access to and completion of tertiary education, especially at degree-level, has expanded, but the opportunities available to Indian and especially non-Malay Bumiputera are consistently narrower.

Table 4. Malaysia: Percent of labor force with tertiary education, within race group, 1995-2007.

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

Source: *Labor Force Survey Report*, various years.

Serious questions over the quality of tertiary education have come to the fore in recent years, especially with growing concern over graduate unemployment and its disproportionately greater effects on Bumiputera. In 2007, the unemployment rate of the tertiary qualified workforce was 4.8 percent among Bumiputera, 4.0 percent among Indians and 2.2 percent among Chinese. Surveys of employers and employees add further insight to the under-researched area of graduate unemployment, indicating that graduates of local, public higher education institutions experience greater difficulty in securing employment in occupations commensurate with their qualification⁶. Bumiputera domestic

⁶ In a substantive survey of employers and employees in 902 firms in Peninsular Malaysia, 70 percent of managers responded that insufficient supply of capable university graduates is the most consequential aspect of skills shortage (World Bank 2005: 94-96). Employees' assessment of the most important skill that they lacked in conducting their job competently by far ranked English proficiency first (47 percent), followed by professional and technical skills (14 percent). The problem of deficiency in English language was found to be more acute on the demographically Malay-dominant East Coast. We may deduce from these findings that Malay, as well as non-Malay Bumiputera, graduates are more likely to face difficulty securing employment in skilled jobs. Quah *et al.* (2009) survey employer appraisals of their employees' capacities on the job, principally to test for correlations with university location. They adopt a threefold classification:

university graduates, in particular, are concentrated in public sector positions, where entry requirements are generally less stringent. As a reflection of this pattern, we can note that in 2010, a miniscule 3 percent of overwhelmingly Bumiputera applicants to postgraduate teaching programmes earned a combined grade point average of more than 3.5 out of 4.0 (Malaysia 2010: 206). Graduates of foreign universities enjoy better occupational prospects. Bumiputera foreign degree holders are more mobile across public and private sectors than their counterparts from domestic institutions. However, they constitute a smaller fraction of graduates among Bumiputera⁷, and the practice of sending scholars abroad, largely under affirmative action auspices, diminishes the student pool at Malaysia's public universities (Lee 2010).

Upper-level occupations

We observe a few patterns of change in Bumiputera representation in upper-level occupations over the official NEP timeline (1971-90) and the subsequent period. Tables 5 and 6 present occupational data derived from labour force surveys. It must be noted that the classification system changed in 2000, which likely accounts for discrepancies observed before and after that year. Bumiputera entry into professional and technical positions proceeded steadily in the 1970s and 1980s, but slowed down from the 1990s through the 2000s. Whereas Bumiputera representation increased from 47.2 percent in 1970 to 62.2 percent in 1990, only slight change occurred between 1990 and 2000, and

foreign university, local university, or twinning program, in which a local college partners with foreign degree-granting universities. Employers ranked communication capabilities and confidence as the most important skills, and reported that foreign graduates demonstrate superior levels.

⁷ In 2000, the proportion of foreign university graduates among tertiary qualified workers was around 11 percent for Bumiputera and 22 percent for non-Bumiputera (Author's calculations from the 2000 Population Census).

teachers and nurses continuously comprised a high and slightly growing proportion. Over 2000-2005, the share of Bumiputera among professionals and technicians increased marginally. Table 7 shows how more than half of Bumiputera professionals, compared to about 22 percent of Chinese professionals and 30 percent of Indian professionals, work as teachers and lecturers, primarily in government.

Malaysia's attainment shortfall is greatest in its programme of developing an independent managerial and entrepreneurial class, particularly since the mid-1990s. Prior to that, Bumiputera representation in management had increased gradually from 22.4 percent in 1970 to 30.3 percent in 1990, then more rapidly to 36.8 percent in 1995. However, this remained static at around 37 percent over 1995-2000 and 2000-2005. The development of Bumiputera-owned and operated small and medium scale enterprises remains an area of pronounced shortcoming, particularly in manufacturing activities, where reliance on foreign investment persists (Lee 2007). Licensing and procurement have suffered from poor execution and widespread corruption, while privatisation has largely failed, with the re-nationalisation of a number of major projects in the late 1990s dealing a severe indictment on the conception and implementation of the massive programme (Tan 2008).

Table 7: Malaysia: Teachers and lecturers as a percentage of professionals and technicians within race, 2000 and 2005

	2000	2005
Bumiputera	55.2	56.2
Chinese	22.2	22.2
Indian	30.2	30.2
Other	12.4	11.4

Table 5. Malaysia: Distribution of selected occupations by race (percentage of total), 1970-2000.

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

Notes: Rows do not total 100 due to omitted category termed 'Others'; n.a. = not available.

Sources: Jesudason 1989, Malaysia 1996, Malaysia 2001.

Table 6. Malaysia: Distribution of selected occupations by race (percentage of total), 2000-2005.

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

Notes: Rows do not total 100 due to omitted 'Others' category

Source: Malaysia 2001.

Table 7. Malaysia: Teachers and nurses as percentage of professionals and technicians, within race, 2000 and 2005.

	Lecturers and secondary school teachers per total professionals		Primary school teachers and nurses per total technicians	
	2000	2005	2000	2005
Bumiputera	53.2	52.5	35.6	33.6
Chinese	22.2	22.4	21.0	20.5
Indian	30.2	30.8	20.3	19.5
Overall	41.0	41.0	29.8	28.3

Source: Author's calculations from the *Ninth Malaysia Plan*.

Professional association membership offers another data source on racial composition. Table 8 shows that the combined Bumiputera share of registered professionals – who are mostly in the private sector – increased from 4.9 percent in 1970 to 14.9 percent in 1980, 29.0 percent in 1990, 33.1 percent in 1995, 35.5 percent in 2000 and 38.8 percent in 2005, with some variation across occupations. These data also show the momentum of rising Bumiputera representation in professional organisations dwindling from the 1990s, although in a few categories – in particular, architects, dentists and lawyers – the proportions of Bumiputera have grown more robustly.

Table 8. Malaysia: Registered professionals^a by race, percentage of total, 1970-2005.

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

Notes: ^aArchitects, accountants, dentists, doctors, engineers, lawyers, surveyors, veterinarians;

^bexcludes surveyors and lawyers; ^cExcludes surveyors

Sources: Jomo 2004, Malaysia 1996, Malaysia 2006.

Undoubtedly, the public sector has played an instrumental role in fostering Malay upward mobility and raising a Malay middle class during and beyond the NEP⁸ (Torii, 2003; Abdul Rahman, 1996). Recent employment trends reflect a continuing dependence of affirmative action on government employment. Malay representation rises as we move

⁸ The racial composition of government-linked companies (GLCs), which employed 325,722 personnel (about 3 percent of the employed population) in 2006, are also relevant in view of the important role of these institutions in affirmative action, but unfortunately, such data are unavailable (*The Star*, September 8, 2007).

up the ranks of the civil service, suggesting a greater intensity of racial preference in positions of authority. According to the government employment roll, as of June 2005, Malays comprised 83.9 percent in top management, 81.6 percent at management and professional level, and 75.8 percent of support staff (CPPS 2006). Under-representation of non-Malay Bumiputera further stands out, with members of the group occupying only 1.4 percent of top management positions and 3.2 percent of managers and professionals.

Public sector employment data demonstrate that the importance of the public sector in the early 2000s was not just sustained, but in fact grew on the whole and more expansively in the upper echelons. The share of the public sector in employment increased between 2000 and 2005, from 10.4 percent to 11.3 percent, and by a greater margin among management and professional occupations – from 11.3 percent to 17.0 percent. One of the steps taken to solve the unemployed graduate problem has been to intensify public sector hiring. The Education Ministry contributed massively to the net increase in public sector employment at managerial and professional levels, i.e. 89.5 percent over 1996-2000 and 74.5 percent over 2000-2005. The Health Ministry maintained a consistently large share of net growth in public sector support staff, with 36.0 percent over 1996-2000 and 61.7 percent over 2000-2005⁹. These statistics are consistent with the view that growth in teaching and nursing positions sustained the absorption into the labor market of “unemployable” fresh graduates.

⁹ Author's calculations from the *Personnel List of Government Ministries and Departments in the Federal Budget Estimate*. The author thanks Liew Chin Tong for his help in suggesting and obtaining these data.

5. AFFIRMATIVE ACTION OUTCOMES: SOUTH AFRICA

Tertiary education

Public higher education enrollment figures reflect expansion of access to blacks (Table 9). The number of enrolled blacks increased by 3.1 percent per year over 1995-99 and by 4.7 percent over 1999-2006. Within the black category, the proportion of Africans increased most substantially, from 50.3 percent in 1995 to 61.0 percent in 2006, although they remain considerably under-represented. Private tertiary education has grown to absorb increasing demand from all race groups, and to accommodate the decreased enrollment of whites in historically white institutions. Gross and proportional white enrollment both decline between 1995 and 1999. Total enrollment in public higher education shrank by 0.2 percent per year over 1995-99 – corresponding with the drop in gross white enrollment – but grew by 3.9 percent per year over 1999-2006.

Table 9. South Africa: Public higher education headcount enrollment

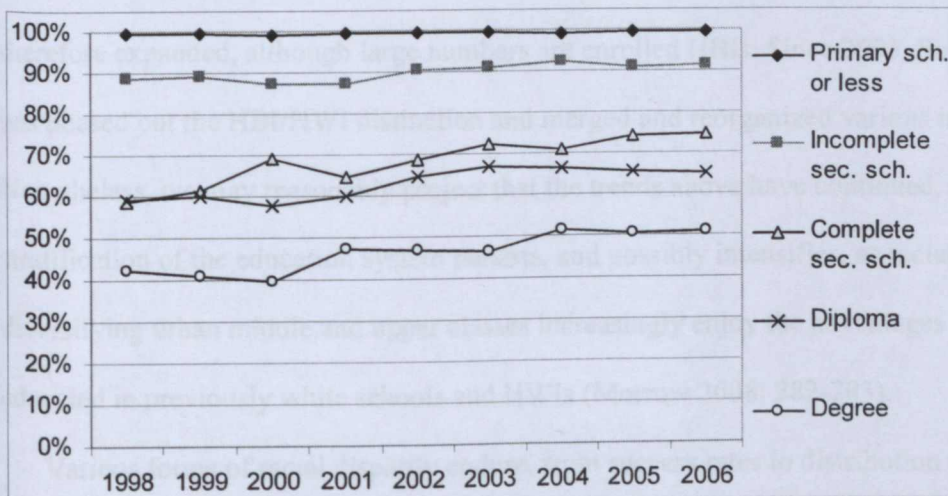
	1995	1999	2002	2006
	<u>Enrollment per year</u>			
African	287,000	332,000	404,000	451,100
Colored	33,000	31,000	39,000	48,500
Indian	37,000	40,000	49,000	54,900
White	<u>214,000</u>	<u>163,000</u>	<u>182,000</u>	<u>184,700</u>
Total	571,000	566,000	674,000	739,200
	<u>Percentage of total</u>			
African	50.3	58.7	59.9	61.0
Colored	5.8	5.5	5.8	6.6
Indian	6.5	7.1	7.3	7.4
White	37.5	28.8	27.0	25.0

Sources: Commission for Higher Education (2004), *Education Statistics at a Glance* (2002 and 2006).

These developments in educational provision translate into increases in the proportion of blacks among employed persons at secondary school level and above

(Figure 1). The most notable difference occurs among employed persons who have completed secondary school, where black representation steadily increased from 58.7 percent in 1998 to 74.6 percent in 2006. Black representation among diploma holders increased over 2000-03, but remained stationary over 2003-06 at around 65.0 percent. At the degree level, the proportion of blacks increased from 39.5 percent of employed persons in 2000 to 51.0 percent in 2006.

Figure 1. South Africa: Proportion of blacks among employed, by highest education attained



Sources: October Household Survey and Labor Force Survey.

The growth in educational attainment and occupational representation, however, does not translate directly into increased numbers of diploma or degree qualified workers of equal standing. Systematic stratification of education required attention not only to increase access and make campuses representative of society, but also to remedy the Apartheid legacy of disparities in quality of education among formerly racially separated institutions. Post-Apartheid education policy pursued twofold objectives of increasing black presence in historically white institutions (HWIs) and narrowing the quality gap

between HWIs and historically black institutions (HBIs). As purposed, a growing proportion of black students have enrolled in HWIs, and a declining proportion in HBIs. In 1993, 49 percent of black students were in HBIs and 13 percent in HWIs; by 1999, 33 percent were in HBIs and 39 percent in HWIs (with the remainder in distance learning). This trend continued, though at a slower pace, such that in 2003, 32 percent enrolled in HBIs and 42 percent in HWIs (Ministry of Education 2001, Department of Education 2003).

The black population's access to the more prestigious and better equipped HWIs has therefore expanded, although large numbers are enrolled HBIs. Since 2003, South Africa has phased out the HBI/HWI distinction and merged and reorganized various institutions. Nonetheless, we may reasonably project that the trends above have continued, and stratification of the education system persists, and possibly intensifies, as racially diversifying urban middle and upper classes increasingly enjoy the advantages of being educated in previously white schools and HWIs (Morrow 2008: 282-283).

Various forms of racial disparity endure, from success rates to distribution across disciplines to completion rates. White-black differentials in undergraduate success rates continue, although they declined between 2002 and 2006 (Table 10). Another point of note pertains to variations in the fields pursued, where again, racial disparities prevail. In 2000, Africans constituted 51 percent of all graduates, but their proportion varied across study area, from 85 percent in education, 74 percent in public administration and 58 percent in social science, to 39 percent in business and commerce and 32 percent in science, engineering and technology (Subotzky 2003: 370). Kraak (2004: 19) reports on engineering student progress rates, from a six-year longitudinal study conducted over

1995-2000. African and white students registered completion rates of, respectively, 55 percent and 75 percent. However, the percentage graduating within the minimal period was just 6 percent among Africans, compared to 51 percent among whites.

Table 10. South Africa: Undergraduate success rate

	2002	2006
African	68	72
Colored	74	76
Indian	80	79
White	85	85
Overall	74	76

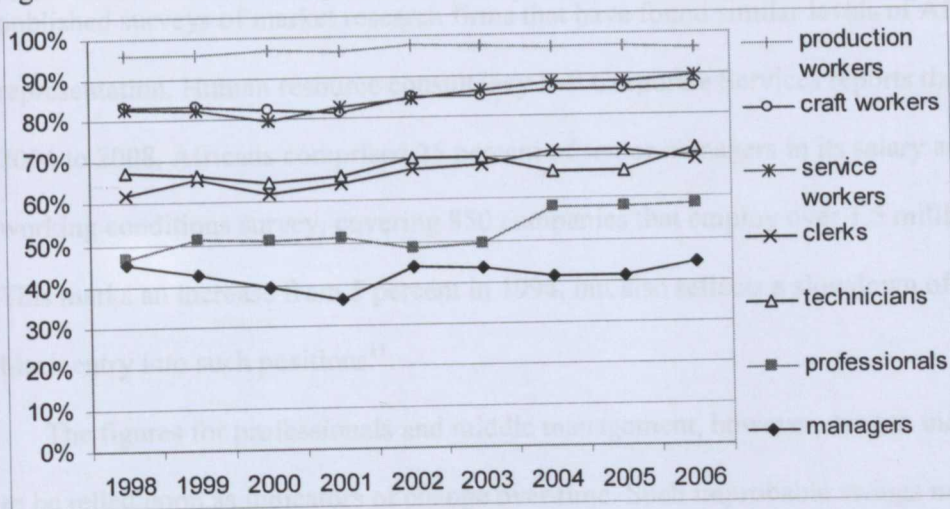
Source: *Education Statistics at a Glance*, 2002 and 2006.

Note: full-time equivalent passes per full-time equivalent enrollment

Upper-level occupations

The proportion of blacks within occupations increased in a few categories (Figure 2). In professional employment, blacks increased their proportion from around 50 percent over 1999-2001 to 58 percent over 2004-2006. However, the relative share of blacks in management positions did not suggest any perceivable trend. These trends are not surprising, given that entry into professional positions follows more sequentially from formal tertiary education, whereas experience, seniority and other factors to a greater extent influence entry into management.

Figure 2. South Africa: Proportion of blacks within occupation group



Sources: October Household Survey and Labor Force Survey.

Employment Equity Reports offer an alternate data source and reference point. The Employment Equity Commission's Annual Report provides summary statistics from the firms' submitted reports. Table 11 exhibits racial composition of management and professionals. The years coincide with the schedule of EE reports for large companies, who are required to submit annually, and for medium-scale companies, which submit every two years. Black representation in top management and senior management increased from 2000 to 2006. Notably, the proportion of blacks in these high-level positions is substantially lower than in middle management and professional positions. These results are not surprising, and comparable with other firm-based surveys¹⁰, but must be also handled cautiously, in view of the non-random sampling – contingent on submission of complete EE reports, in which compliance has declined – and questions

¹⁰ Of note, the Breakwater Monitor survey computes proportions of blacks in management of 7.0 percent in 1994, 12.7 percent in 1998, and 20.3 percent in 2000. However, blacks constituted 35 percent of management recruits in 2000 (Horwitz and Bowmaker-Falconer 2003: 616-622). Two caveats are attached to this survey: first, participation is voluntary, and respondents are disproportionately large firms.

over representativeness of the data. Nonetheless, the EE reports do find support in non-published surveys of market research firms that have found similar levels of African representation. Human resource consultancy P-E Corporate Services reports that, from 2004 to 2008, Africans comprised 25 percent of senior managers in its salary and working conditions survey, covering 850 companies that employ over 1.5 million people. This marks an increase from 5 percent in 1994, but also reflects a slowdown of the rate of black entry into such positions¹¹.

The figures for professionals and middle management, however, are too inconsistent to be relied upon as indicators of change over time. Such improbable swings may be due to the breadth of interpreting which jobs qualify as professional and middle management, or more likely, as a result of variations in the sample of EE reports analyzed (Table 12). In particular, the considerably smaller average firm size in reports analyzed in 2002 and 2006 coincides with lower black representation at professional and middle management positions. As firm size increases, in most cases the number of professional and middle management positions would grow at a higher rate than the number of senior and top management positions. Smaller firms offer lesser opportunity for horizontal expansion of employment at these levels, and hence fewer positions in which preferential selection can be afforded to blacks.

¹¹ "Black women getting top management", *Business Day*, December 8, 2008.

Table 11. South Africa Employment Equity Reports: Racial composition of managerial and professional positions

	2000	2002	2004	2006 ¹
<u>Top management</u>				
African	6.2	10.0	11.8	11.3
Colored	2.7	3.4	3.7	4.7
Indian	3.8	5.0	5.6	6.2
Black	12.7	18.4	21.1	22.2
White	87.5	81.5	78.9	74.9
<u>Senior management</u>				
African	8.7	10.8	13.1	13.4
Colored	4.9	5.1	5.4	5.8
Indian	4.9	6.3	7.2	7.7
Black	18.5	22.2	25.7	26.9
White	81.6	77.9	74.4	70.9
<u>Professionals and middle management</u>				
African	32.8	16.2	38.8	20.2
Colored	5.5	8.2	6.5	8.0
Indian	5.8	7.0	5.9	8.3
Black	44.1	31.4	51.2	36.5
White	56.1	68.5	48.9	62.2

Source: *Employment Equity Report*, various years.

Note: ¹Figures do not sum to 100 due to a fraction of non-South Africans.

Table 12. South Africa: Employment Equity Report samples

	Received	Analyzed	Number of employees covered	Average firm size
2000	12,980	8,250	3,336,784	n.a.
2002	6,990	6,990	2,605,729	373
2004	9,389	5,554	2,534,525	1,088
2006	6,876	4,394	1,641,179	374

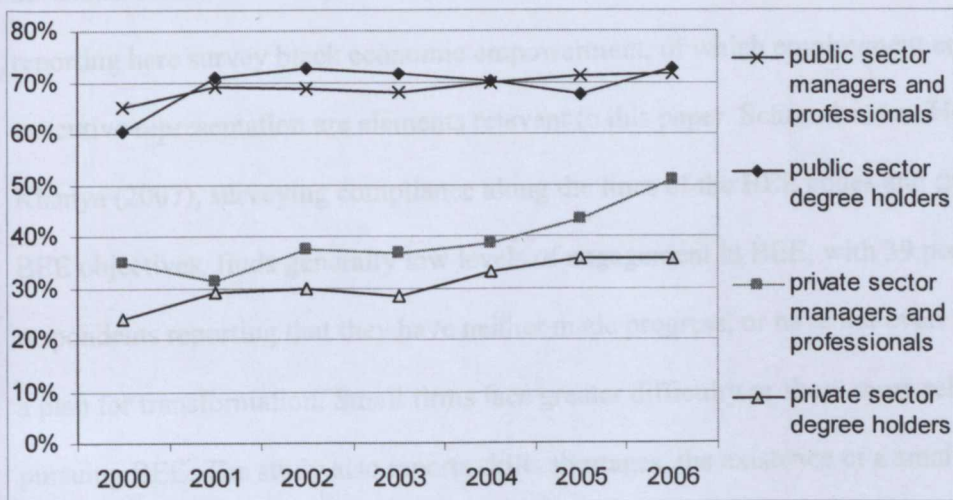
Source: *Employment Equity Report 2006-2007*

The public sector has served as a major employer of disadvantaged persons and, importantly, as a facilitator of blacks into managerial/administrative, professional and technical jobs. Survey reports of graduates have found a high incidence of public sector employment among African graduates¹². Calculations from the Labour Force Surveys

¹² The survey reported by Moleke (2005), based on respondents who worked between 1990 and 1998, finds that 77 percent of black graduates work in the public sector. Among whites, 22.6 percent were managers, 57.2 percent professionals, 4.4 percent supervisors, and 10.4 percent in administrative positions. Among Africans, 10.8 percent were managers, 59.9 percent

reveal high proportions of degree-qualified, managerial and professional blacks working in the public sector (including public enterprises). Over 2000-2006, 60-65 percent of blacks with degrees and 40-50 percent of black managers and professionals were employed in the public sector. At the same time, highly educated and upwardly mobile blacks have also steadily entered private sector employment. Black representation among degree holders and among managers and professionals increased across the board, but by greater margins in the private sector (Figure 3).

Figure 3. South Africa: Proportion of blacks among degree holders, managers and professionals, by sector



Source: Labor Force Survey.

The continual inclination of blacks toward public sector employment is undoubtedly motivated by various factors, including the concentration of tertiary-qualified blacks in

professionals, 7.7 percent supervisors, and 13.1 percent administrators. A considerably larger proportion of white graduates are in managerial positions, and moderately larger proportions of black graduates hold supervisory and administrative jobs. However, a much higher share of African graduates secured their first job in the public sector, i.e. 76.7 percent, compared to 39.0 percent of white graduates. The survey also found major differences between graduates of historically white institutions (HWIs) and historically black institutions (HBIs) in the length of time taken to secure a job after graduation and in the share of unemployed (across all academic disciplines), with HBI graduates registering slower transitions into employment.

services, especially education, and the greater latitude for employment equity enforcement in government departments or government-owned entities. Nonetheless, the increasing proportion of blacks among private sector managers and professionals, rising from 35 percent in 2000 to 51 percent in 2006, and among private sector degree holders (24 percent to 36 percent) is possibly capturing effects of compliance with employment equity.

The efficacy of South Africa's employment equity regime largely hinges on the extent to which firms undertake affirmative action in their hiring, training and promotion decisions. Firm-level analysis can add some insight here. One set of studies worth reporting here survey black economic empowerment, of which employment equity and executive representation are elements relevant to this paper. Schreuder, van Heerden and Khanya (2007), surveying compliance along the lines of the BEE codes and the seven BEE objectives, finds generally low levels of engagement in BEE, with 39 percent of respondents reporting that they have neither made progress, or have not even formulated a plan for transformation. Small firms face greater difficulty or show more reluctance in pursuing BEE. The study also reports skills shortages, the existence of a small black elite, and high turnover as the most cited perceived impediments to BEE.

The survey evaluates firm performance relative to the BEE Code targets. Respondents fall short least of all in the ownership element of the BEE scorecard (60.3 percent of the target level), ahead of skills development (43.8 percent) and employment equity (36.7 percent), demonstrating the primacy of equity transfers in practice within the BEE rubric, but also some degree of involvement in preferential training, hiring and promotion of blacks. At the same time, respondents on average performed poorly in the categories of

preferential procurement and enterprise development, which pertain more to broadening of black ownership and participation in business. Other studies (e.g. Sanchez 2008) confirm the conspicuously slow progress of blacks in establishing and operating small and medium scale enterprises.

Mohamad and Roberts (2008) paint a sobering picture of BEE in their sector-specific survey, covering 25 firms in metals and engineering industries and evaluating progress in three main areas of BEE: procurement, employment equity and skills training. They find limited or absent progress, with blacks continually excluded from decision-making positions, and concentrated in human resource or public relations departments. There is even a decline in black representation in top management in the sample. In addition, surveyed firms procured minimal technical or material products from BEE firms, and a number of transactions involved ambiguous or misleading classification of BEE status. On the whole, firm-level studies find progress of BEE in the private sector to be slow and constrained by a range of factors, especially in technical fields. However, given the high presence of blacks in the public sector by the late 1990s and the more recent promulgation of employment equity and BEE, the private sector offers broader scope for expanding black representation, as indicated by the aggregate labor force statistics.

6. SYNTHESIS OF OUTCOMES IN COMPARATIVE PERSPECTIVE

Some broad outcomes of AA may not be drawn out in comparative perspective (Table 13). Bumiputera in Malaysia and blacks in South Africa have made substantial progress in expanding tertiary education access and in raising the proportion of their workforces that have attained tertiary, especially degree-level, certification. However,

disparities persist within the beneficiary group; the attainments of non-Malay Bumiputera in Malaysia and Africans in South Africa are lagging. Quality disparities also prevail, with different features but common, disproportionately negative effects on the AA beneficiary group in both countries. In Malaysia, graduates of domestic universities – especially public institutions – face less favorable prospects of occupational mobility than overseas graduates. In South Africa, graduates of HBIs remain decidedly less equipped for entry into upper-level positions. Blacks have increasingly entered still reputable HWIs, but racial achievement gaps persist.

Table 13. Malaysia and South Africa: Key findings in comparative perspective

Outcome	Malaysia	South Africa
Tertiary education	<ul style="list-style-type: none"> ▪ Rapid expansion of enrollment; Malay attainment on par with Chinese, but non-Malay Bumiputera lagging ▪ Bumiputera mostly in local public institutions, substantially enrolled in Bumiputera-exclusive programs 	<ul style="list-style-type: none"> ▪ Steady expansion of enrollment; black – especially African – attainment lag remains considerably large, but closing ▪ Increase in black representation in historical white institutions (HWIs)
Facilitation of graduates into upper-level occupations	<ul style="list-style-type: none"> ▪ Bumiputera graduates are more dependent on public sector employment ▪ Differences in quality of degree-level qualifications are consequential ▪ Bumiputera public university graduates fare poorly in attaining upper-level positions in private sector; Bumiputera overseas graduates face better prospects of advancement in the private sector 	<ul style="list-style-type: none"> ▪ Black graduates are more dependent on public sector employment ▪ Differences in quality of degree-level qualifications are consequential ▪ Disparities between graduates of historically white institutions (HWIs) and historically black institutions (HBIs)

Outcome	Malaysia	South Africa
Representation in upper-level positions	<ul style="list-style-type: none"> ▪ Almost no change in Bumiputera representation at management and professional levels ▪ Continual dependence on public sector 	<ul style="list-style-type: none"> ▪ Increasing black representation among professionals, unclear patterns at managerial level ▪ Slightly lessening dependence on public sector
Enterprise development	<ul style="list-style-type: none"> ▪ Substantial Bumiputera participation in operating government-linked companies ▪ Shortage of Bumiputera participation across industries and in SMEs 	<ul style="list-style-type: none"> ▪ Substantial black participation in operating public enterprises ▪ Shortage of broad black participation across industries and in SMEs

Malaysia and South Africa have raised representation of the designated group in targeted occupation groups, more sizably in professional positions than in management. Unsurprisingly, the challenge of cultivating a managerial class proves most difficult. In Malaysia, Bumiputera representation in professional and technical occupations increased considerably over the 1970s and 1980s, but slowed down in the 1990s and registered little change between the mid-1990s and mid-2000s. In managerial positions, the Bumiputera share has consistently been lowest compared to other occupation groups, and only marginally increased between the mid-1990s and mid-2000s. In South Africa, black representation in professional occupations rose steadily from the late-1990s to the mid-2000s. Statistics on the proportion of blacks among managers vary by source, but on the whole indicate slight progress in increasing black representation. Both countries have also relied on the public sector to increase Bumiputera and black proportions at managerial and professional levels. Preferential selection is associated with problems of

declining institutional capacity and public service delivery in Malaysia and South Africa, although these issues are undoubtedly more complex. South Africa's employment equity law encompasses all sectors, and has expectedly been enforced more extensively in the public sector. We observe larger proportionate increases in the black share of degree qualified workers and professionals and managers in the private sector, although firm level surveys suggest that progress on these fronts has been marginal and slow.

These findings imply that selection processes and institutional quality correspond with occupational outcomes. Bumiputera studying abroad – largely on publicly funded scholarships – are presumably assessed more stringently, while many enter domestic universities and colleges through programs exclusive to, or accessible predominantly to, Bumiputera. Along these lines, we note that graduates of public university, especially Bumiputera degree holders, are substantially less likely to attain management or professional positions in the private sector. In South Africa, labor force data do not provide any means for qualitatively disaggregating graduates. Nonetheless, other surveys have found differences between graduates of HWIs and HBIs, with the latter generally faring poorer in the labor market.

We find that Bumiputera and black representation, in Malaysia and South Africa respectively, are lowest at the managerial level, and that a large proportion of these are working in government-linked companies (in Malaysia) and public enterprises (in South Africa), and presumably in large, foreign-owned corporations as well. However, participation remains low on the whole, and especially in small and medium-scale enterprises (SMEs).

7. CONCLUSION: POTENTIAL, LIMITS, AND PITFALLS OF AFFIRMATIVE ACTION

Tertiary education

In the education realm, we have documented substantial quantitative gains made under affirmative action programs in Malaysia and South Africa. We also find indications that qualitative aspects of tertiary education differentiate graduates' prospects of upward mobility, and that affirmative action may have adverse side-effect on its beneficiaries in this regard. The scope for expansion of tertiary enrollment and mechanisms for redistributing opportunities are broader and simpler, and hence potentially more quantitatively attainable, as evidenced by the increases in the proportion of graduates in the Bumiputera and black workforces.

However, while affirmative action programs can increase numerical growth in the degree-qualified labor force, it does not necessarily improve – and may well compromise – education standards. The experience of Malaysia demonstrates the possible adverse effects of preferential treatment on academic outcomes, although the extent this is due to quality of instruction, selection procedures, or student effort remains to be determined. The lesser employment prospects of Bumiputera public university graduates and dependence on the public sector arguably derive from the effects of enrollment quotas and racially exclusive programs, coupled with extensive scholarships to study abroad, on buffering AA beneficiaries from more competitive settings and depriving local public institutions of capable students.

Malaysia needs to seek out solutions to the problems of its public universities, while South Africa should take note to avoid the pitfalls perceptible in the Malaysian education

system, especially the perpetuation of a parallel system for AA beneficiaries. South Africa has reconfigured the tiered structure inherited from Apartheid and formally phased out the HWI/HBI distinction. However, many institutions are overwhelmingly black, and should their quality gap vis-à-vis the leading and more integrated institutions persist or widen, it will be continually difficult to attain the further objective of cultivating self-sufficient black professionals, managers and enterprises.

Unquestionably, disparities among graduates are substantially carried forth from the preceding stages of education. Deficiencies in primary and secondary schooling feed into tertiary institutions, which may raise contentions that countries should close these gaps in schooling standards and eliminate any policies that strive for an equitable racial representation in universities. This paper maintains that narrowing disparities in schooling is a pre-requisite for redress, whether or not there is affirmative action, and hence serves as a complement, not a substitute, to affirmative action in tertiary institutes. Technically, universities can apply simple procedures to make entry contingent on meeting qualifying thresholds. Of course, resistance to such policy, which moderates the pace of promotion of the disadvantaged group, can be immense and politically motivated. Nonetheless, the importance of integrating school-leaving cohorts with university entrants is highly important, especially in South Africa, which has recorded some exceedingly low basic competency among secondary school leavers.

A number of other considerations are worth a brief mention. As mentioned in the previous section, Malaysia and South Africa operate contrasting mechanisms for affirmative action. In light of the higher standing of South African universities, its setup of autonomous universities and devolved affirmative action seems to offer constructive

insights into managing the dual objective of facilitating equitable representation while maintaining academic standards. Another confluence of objectives – targeting the neediest within the designated race group – finds its most potent instrument in tertiary education. The assessment of entry into university can take family background into consideration much more than we can expect of hiring or promotion decisions. The extent to which tertiary education serves to bridge both racial and class divides, of course, depends on the distribution of benefits. The more progressive it is, the more it facilitates vertical mobility. Scholarship and financial aid data, however, indicate that this aspect of redress is not performing as well as desired¹³. A further challenge concerns the lack of Bumiputera and black enrollment in specialized technical and professional fields¹⁴. These outcomes demonstrate the need for the affirmative action policy process to assess specific shortcomings, besides tracking group representation on the whole.

Employment in upper-level occupations

On affirmative action in the labor market, this paper finds, as expected, that the public sector plays a prominent role. In Malaysia, this follows directly from the confinement of affirmative action in employment to the public sector. In South Africa, although employment equity mandates apply to both the public sector and private sector, upward

¹³ In Malaysia, available, albeit dated, research shows a disproportionately small segment of scholars coming from poor families (Mehmet and Yip 1985). South African tuition fees increased 93 percent between 2000 and 2004, while National Student Financial Aid Scheme (NSFAS) allocations increased by just 48 percent. This lag in financial aid attenuates tertiary education opportunities disproportionately for students of low-income families (Breier and Mabuzela 2008: 290).

¹⁴ In South Africa, among accounting majors, 2.2 percent were African, 1.1 percent colored, 5.6 percent Indian, and 88.8 percent white in 1991. By 2001, these shares were 9.0 percent African, 2.7 percent colored, 9.7 percent Indian, and 76.5 percent white. Private sector programs have been initiated to address these racial disparities, but their impact is necessarily limited, while shortfalls in the public higher education and training system persist (van Zyl 2008: 379-383).

occupational mobility for blacks has proceeded further in the former. Malaysia's policy has engendered Bumiputera over-representation, exceedingly little interest in government jobs among non-Bumiputera¹⁵, and continual dependence on government to absorb Bumiputera graduates into technical and professional positions. The case can be made for reorienting public sector employment policy towards a more balanced racial composition, through inducing more interest and hiring of non-Bumiputera and aligning upper-level occupations and administrative positions closer to proportional representation. This can also lay foundations for initiatives to increase Bumiputera representation outside the public sector. Although hiring mandates on a national scale are difficult to envisage in Malaysia, variations of employment equity may be adopted into public procurement and other public-private sector transactions.

The implications of affirmative action in the labor market along the lines of South Africa's employment equity laws warrant critical evaluation. Employment equity is fraught with many difficulties, yet it is harder to pose the counterfactual and to envisage markets more vigorously redressing group disadvantage. At a fundamental level, this endeavor to obligate profit-seeking firms to comply with a social purpose entails real costs, and will be met with some reluctance or indifference. In the late Apartheid period, some companies increased hiring of blacks in supervisory and managerial capacities, due in part to scarcity of white skilled workers and to political pressures, but this amounted to a rising color bar that rarely breached middle management. Given the precedent, it is doubtful that black upward mobility would advance robustly, even under the increased scrutiny and moral suasion of the post-Apartheid milieu.

¹⁵ Applications for jobs by non-Bumiputera have dwindled over time to miniscule proportions; in 2006, 1.8 percent of applications were from Chinese, and 2.5 percent from Indians (Public services department Director-General, cited in *The Star* December 25, 2007).

However, execution of employment equity through a monitoring and punitive system has its limits. Alongside the statistical objective of increasing representation of disadvantaged groups, the program strives for workplace transformation and cross-racial interactions. The law cannot intervene to force meaningful racial integration, and compelling firms to hire more blacks may soften or harden racial perceptions and stereotypes. These dilemmas cannot be resolved simply, but must be acknowledged as part of the package of potential and limits of employment equity.

Employment equity also faces immense practical challenges. Credibility and efficacy of government oversight hinges on informational, monitoring and enforcement capacity.

However, the relevant government departments lack substantive data and analysis to inform target-setting, to adjudicate compliance and to punish non-compliant firms.

Information is most acutely lacking on the crucial issues of labor market discrimination and scarcity of skills and suitable qualifications. South Africa's law stipulates preferential selection of blacks, women and the disabled, contingent on the availability of 'suitably qualified' persons of those designated groups. Much debate surrounds the interpretation of this term, specifically over employers' claims that formal certification does not suffice to reflect actual capabilities and hence to merit being 'suitably qualified'. The evidence we have compiled showing the importance of tertiary education quality substantiates the insufficiency of looking solely at paper qualifications in assessing the availability of persons from the disadvantaged group for entry into upper occupational echelons.

The capacity to increase representation of disadvantaged persons in upper-level occupations hinges on the availability of capable tertiary educated workers, particularly in specialized fields. In the same way that affirmative action in tertiary education is

constrained by the breadth and capacity school-leaving cohorts, affirmative action in employment can only effectively proceed apace with the growth of suitably qualified persons of the designated group. In both our countries, many of the technical and professional fields with severe under-representation are highly specialized.

The above challenges and dilemmas notwithstanding, affirmative action has coincided with increased black entry into positions previously denied to them, and has discernibly played an important part in compelling employers to hire or promote blacks who would otherwise be overlooked, as well as to absorb some training and other transitory costs that would otherwise be avoided. Its implementation, however, can be fine-tuned. As a salient example, the official targets for black representation, notably in public sector management, have been exceedingly ambitious, and often detached from objective assessment of the supply of suitably qualified black candidates. Employment equity targets tend to outpace the supply of capable graduates, leading to hiring or promotion of formally credentialed but practically under-qualified personnel. Pressures to accelerate transformation in South Africa must therefore be tempered with the realities of lagging supply of skilled and experienced labor, and with the realization that effectual and sustainable occupational mobility takes time.

In sum, our findings demonstrate that the potential for increasing the proportion of blacks where they are under-represented, especially outside the public sector, rests more with developments in education than with employment equity legislation. Both countries stand to benefit from shifting the emphasis of affirmative action from representation in occupations and ownership, towards broadening participation and improving the quality of education institutions.

Managerial and enterprise development

The development of a managerial and entrepreneurial class has proven most difficult among affirmative action efforts in both Malaysia and South Africa. Government-linked companies in Malaysia and public enterprises in South Africa continue to be assigned the tasks of employing and training managers and professionals, and of applying racial preference to procurement and contracting decisions. Due to their limited scale and concentration in public monopolies, the capacity for state-owned entities to cultivate an independent and broad entrepreneurial class is quite circumscribed¹⁶.

Allocation of government procurement, licensing and contracting constitutes another instrument for developing entrepreneurial capacity. Malaysia's procurement scheme has operated within an opaque scheme with ownership as the decisive criterion, while South Africa's formalized BEE regime technically provides incentives for firms to compete, with greater transparency, in terms of advancing black interests on a range of fronts. The pitfalls in these schemes can be immense, especially where lucrative contracts and fast windfall profits are at stake, and are compounded by corruption and dearth of regulatory oversight that have come to the fore in both countries. Fronting, *rentier* behavior, political patronage and graft, which are documented or perceived to be rife, demonstrate the checkered track record of these schemes and highlight the imperative of transparency and integrity in governance.

This branch of affirmative action remains a vast and largely under-studied field, one that is also inextricable from the issue of capital and wealth ownership that this paper has

¹⁶ The capacity for South Africa to emulate Malaysia in developing a managerial class through state-owned or state-affiliated companies is also constrained by certain factors, chiefly the existence of a bureaucratic elite in Malaysia that transferred skills acquired in public administration to management in the corporate sector in the 1980s and 1990s, notably in plantation companies, banking, and privatized entities (Southall 1997: 23).

not empirically investigated. Much more information and analyses is required to formulate substantive policy considerations. However, it is patent enough that affirmative action in cultivating enterprise must be pursued with caution and restraint, especially to avert being vitiated by unproductive wealth accumulation and political patronage (Jomo 2004, Southall 2005). The principle of proportional representation is also highly problematic. The adverse consequences of executing preferential policies until the designated group owns a share of wealth proportionate to its share of the population are predictably more severe than the pursuit of group representation in education and employment. In this light, a case can be made for rolling back preferential policies upon attaining a sufficient level of representation of the disadvantaged group – a benchmark subject to debate and compromise – instead of strictly proportionate ownership.

Overall regime of affirmative action

It is worth reemphasizing that historical and country-specific contexts of deep-seated and self-perpetuating inequalities gave rise to the political imperatives driving affirmative action. The initial and continual problems are far more vast and complex than we have managed to address in this paper. The list of such contentious yet under-researched subjects is long, but most saliently includes labor market discrimination, impacts of affirmative action on quality of education, effects of employment equity on migration and alienation of whites and on devaluation of achievements of blacks, benefits of racial diversity in workplaces, multiplicity of barriers to Bumiputera/black enterprise (access to capital, skills shortage, inadequate experience, etc.). More empirical scrutiny of these

topics will broaden and enrich our understanding of affirmative action and its potential, limits and pitfalls.

All in all, however, this paper's conception and findings are adequate to lay out a few principles for undertaking affirmative action, particularly where it favors a majority group:

1. Schedules for advancing representation of the beneficiary group must be gradual and prudent, balancing political imperatives for rapid change against the limits set by prevailing levels of socio-economic development. Allocation or target-setting of positions in tertiary education and upper-level occupations should correspond with the availability of candidates with appropriate qualification or capacity to progress.
2. Distribution of affirmative action benefits must be conducted in an equitable manner, to facilitate inter-generational class mobility and to expand beyond middle- and upper-class households who are best positioned to reap the opportunities.
3. While affirmative action makes quantitative progress, tendencies for declining standards must be mitigated so that differences in capability do not become a source of disadvantage to beneficiaries, notably the potential adverse effects of preferential selection through stifling tertiary education performance or hiring effectively under-qualified persons.
4. Affirmative action must be implemented with a timeline or benchmarks for it to be scaled back, perhaps to be reduced and reconstituted as programs promoting racial, gender and other forms of diversity¹⁷.

¹⁷ The orientation and overarching purpose of affirmative action has generally not occupied a prominent space in public and academic discourses, although it can affect the design of policies and their effects on social relations. One noteworthy approach distinguishes between affirmative action that is primarily concerned with compensation for past discrimination (backward looking),

The fourth principle is undoubtedly the most difficult, yet it is crucial and perhaps pivotal. Institutionalized policies favoring a majority group are seemingly immutable, as demonstrated by Malaysia's near four decades of implementation and continued ambivalence towards dismantling racial preference. However, the perpetuation of programs that this paper finds to have lost momentum also underscores the imperative of executing affirmative action effectively and of laying out plans for eventual reconstitution or removal. This process requires transformations in the political imperatives – and vested interests – driving affirmative action that lie beyond the scope of this paper. More pertinent to our consideration, and to the present context of Malaysia and South Africa, is the onus on affirmative action to sufficiently consolidate the economic security of the disadvantaged group, which is imperative for future political settlements around fundamental change or elimination of group preference.

correction of ongoing discrimination (present looking), or diversification and multiculturalism (future looking) (Tierney 1997, Dupper 2005).

Appendix 1. Constitutional Provisions For Affirmative Action

Federal Constitution of Malaysia

Article 153.

Reservation of quotas in respect of services, permits, etc., for Malays and natives of any of the States of Sabah and Sarawak.

1. It shall be the responsibility of the Yang di-Pertuan Agong to safeguard the special position of the Malays and natives of any of the States of Sabah and Sarawak and the legitimate interests of other communities in accordance with the provisions of this Article.
2. Notwithstanding anything in this Constitution, but subject to the provisions of Article 40 and of this Article, the Yang di-Pertuan Agong shall exercise his functions under this Constitution and federal law in such manner as may be necessary to safeguard the special position of the Malays and natives of any of the States of Sabah and Sarawak and to ensure the reservation for Malays and natives of any of the States of Sabah and Sarawak of such proportion as he may deem reasonable of positions in the public service (other than the public service of a State) and of scholarships, exhibitions and other similar educational or training privileges or special facilities given or accorded by the Federal Government and, when any permit or license for the operation of any trade or business is required by federal law, then, subject to the provisions of that law and this Article, of such permits and licenses.

Constitution of South Africa

Article 9. Equality

1. Everyone is equal before the law and has the right to equal protection and benefit of the law.
2. Equality includes the full and equal enjoyment of all rights and freedoms. To promote the achievement of equality, legislative and other measures designed to protect or advance persons, or categories of persons, disadvantaged by unfair discrimination may be taken.
3. The state may not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.
4. No person may unfairly discriminate directly or indirectly against anyone on one or more grounds in terms of subsection (3). National legislation must be enacted to prevent or prohibit unfair discrimination.
5. Discrimination on one or more of the grounds listed in subsection (3) is unfair unless it is established that the discrimination is fair.

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