# ADVOCACY IN A TIME OF CHANGE

**Business Associations and the Pakatan Harapan Government in Malaysia, 2018–20**

Michael T. Schaper

# TRENDS IN SOUTHEAST ASIA

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# FOREWORD

The economic, political, strategic and cultural dynamism in Southeast Asia has gained added relevance in recent years with the spectacular rise of giant economies in East and South Asia. This has drawn greater attention to the region and to the enhanced role it now plays in international relations and global economics.

The sustained effort made by Southeast Asian nations since 1967 towards a peaceful and gradual integration of their economies has had indubitable success, and perhaps as a consequence of this, most of these countries are undergoing deep political and social changes domestically and are constructing innovative solutions to meet new international challenges. Big Power tensions continue to be played out in the neighbourhood despite the tradition of neutrality exercised by the Association of Southeast Asian Nations (ASEAN).

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# Advocacy in a Time of Change: Business Associations and the Pakatan Harapan Government in Malaysia, 2018–20

By Michael T. Schaper

## EXECUTIVE SUMMARY

- There are at least 80–100 business associations (such as chambers of commerce or industry-specific bodies) in Malaysia today, representing over 600,000 firms. In February–April 2020, a range of chamber leaders and officers were interviewed to record their experiences of the recent Pakatan Harapan (PH) administration, and any future lessons for business associations in post GE-14 Malaysia.
- Few Malaysian chambers have had experience in dealing with changes of government, creating challenges when PH took office. Most associations were able to build effective working relationships with the new administration. Compared to Barisan Nasional (BN) ministers, PH ministers emphasized greater policy rigour, more evidence-based arguments, lower tolerance for corruption, and enhanced public accountability.
- Criticisms of PH include an early focus by some ministers on seemingly trivial issues, an initial distrust of some parts of the public service, and an inability to have all parts of the federal government work cohesively.
- Some future lessons that business associations have adopted are: avoid taking a partisan stance in policy debates; be prepared for some confusion and lack of clarity in the early days of any new government; expect many existing policies to remain; build relationships with both new ministers and with senior public servants; and ensure that policy positions are well researched and evidence-based.

- Most associations feel comfortable in adapting to the March 2020 installation of the new Perikatan Nasional administration.
- Changes in government have also prompted associations to review their own internal policy capacity. Interviewees suggest that chambers may need to enhance their advocacy skills, move away from racially based structures, improve their level of public transparency, become more strategic, and improve their own internal governance and management.

# Advocacy in a Time of Change: Business Associations and the Pakatan Harapan Government in Malaysia, 2018–20

By Michael T. Schaper[1]

## INTRODUCTION

Business groups and governments throughout Southeast Asia have a long history of mutual interaction, joint service delivery and involvement in economic policy. In Malaysia, this has largely developed during several decades of continuous rule by the same governing coalition, who held office from independence in 1957 until May 2018.

When government is stable and long-lasting, business groups, public servants and ministers develop a familiarity and knowledge of each other, and of their respective goals and views. However, when administrations change, these relationships are also up-ended and the relationship can become much more challenging.

What impact did the installation of a new government have on business associations in the country? How were business groups able to adapt and respond to the change? What lessons can be learnt from this when dealing with future changes of government? And how can business associations ensure they maintain their role as effective policy advocates going forward?

This paper details the views of a diverse range of Malaysian association leaders to these questions, based on a series of personal

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interviews held between February to April 2020. It begins with some background on the key characteristics and current status of associations in Malaysia today. A detailed discussion of the change in government, along with other observations and reflections from business chamber office bearers, is then provided. Finally, the report concludes with some suggestions from interviewees for the future enhancement of association advocacy when dealing with future governments.

## UNDERSTANDING THE NATURE OF BUSINESS ASSOCIATIONS

Business associations are a well-established feature of all modern economies, and play an important role in business development, management, trade, entrepreneurship, skills training, public policy, and politics. Also, sometimes referred to as "industry associations", "chambers of commerce", and "professional associations", there are over a hundred of these organizations in Malaysia today, representing at least 600,000 firms across the country.

The functions of business associations typically include lobbying and advocacy; workplace relations and human resources assistance to employers; the provision of training, skills development and education to members; organizing networking and social events; information collection, knowledge sharing and policy development; conducting trade missions; and acting as a public voice on behalf of business to politicians, public servants, ministers, the media and other interested external parties.

Whilst the reasons for joining can be many and varied, a central one is the level of effective advocacy that the organization can provide. Amongst other things, businesses join to ensure that their views are presented to government, that the public sector is encouraged to adopt business-friendly policies, and to protect their interests from adverse policy choices or poor implementation (Battisti and Perry 2015). As a result, a high level of interaction with government is a common characteristic of business associations around the world.

Business groups are more than simply instruments that help their own members; they also play an important role in economic growth, public policy setting and implementation, entrepreneurship development, trade,

quality standards and other fields (Doner and Schneider 2000). The OECD (2018), for example, has documented numerous cases across developing economies in Asia, Africa, and the Middle East where high-performing associations have played a significant catalytic role in fostering regional or national economic growth.

Associations are important intermediaries that channel, influence and moderate the interactions between individual firms and business owners, the business community as a whole, and governments at all levels. They often have a much better knowledge than individual entrepreneurs about how government works, where decisions are made within the public sector, and what arguments might be most effectively employed to achieve a successful or positive decision. When these skills are employed, they help reduce the difficulties of dealing with government, and the informational imbalances that are often present between the public sector and individual firms or entrepreneurs.

At the same time, governments themselves also suffer from information asymmetries. Most politicians, regulators and administrators are unfamiliar with actual business practices and concerns, and rarely have any prior professional experience working in a for-profit business. They are often also unaware of, or sometimes dismissive of, the practicalities and costs of implementing and enforcing public policy, and of the effects it can have on both businesses and consumers (Bennett 2011).

Associations can help individual firms to understand and deal with government more effectively—for example, by providing "gateway" or "concierge" services that identify an individual firm's needs and then directing them to the relevant government agency which can best assist them. This is common in the provision of business start-up support, growth financing, trade and export services, and in employment and workplace relations management. In doing so, they expedite the knowledge transfer process for individual firms, whilst at the same time increasing government's reach (Doner and Schneider 2000).

As Bennett (2011) has noted, associations also allow governments to draw on pre-existing networks to disseminate information, engage with the broader business community, and to publicize existing government support and assistance schemes available to firms. Transaction costs are reduced for all parties, and as a result there is often a virtuous circle of

positive self-reinforcing use of more and more association services over time.

Associations also provide an efficient channel through which individual businesses can give feedback to policymakers and decision-makers. They can collate together the views and feedback of multiple individual firms, reducing the need for government to individually and directly consult with numerous businesses.

As such, associations can serve as an external, independent source of policy ideas, advice and criticism to government. Larger associations, in particular, often have a well-developed internal research and policy function, which they employ to put forward new ideas, to critique existing practices, or to suggest reform. They often also have ready access to media and public communication channels, thus providing a voice for new policy ideas to be heard and debated.

This intermediary function helps legitimize both the role and purpose of the business association. Being seen as "the voice of the business community", for example, in local media and public consciousness confers a degree of credibility that can be hard to find elsewhere. Moreover, it helps legitimize the actions of government. It gives governments deeper, more practical insights into the effects of its decisions on businesses. And by consulting with associations, policymakers can subsequently claim to have a greater mandate for their final decisions. In this way, both parties gain from the intermediary relationship.

Less well recognized, but also worth noting, is that associations play an important beneficial role in promoting political pluralism, fostering openness and accountability in government, and in protecting property rights and due process for the broader community (Doner and Schneider 2000; Jain 2011). They provide another locus of power and influence, and so have the potential to widen the scope of parties involved in public discourse and decision-making. This is especially important for associations representing the needs of SMEs, who might otherwise find themselves without access to policymaking and influence.

Not all aspects of the association-government relationship are seen in a positive light, however. Indeed, as the OECD (2018, p. 7) has noted, business associations "have traditionally been viewed as self-interested organizations in pursuit of rents that do not enhance the broader public

good …" They especially note that some business associations can become captured by rentiers and powerbrokers whose primary interest is to enhance their own profits by limiting competition.

This is a concern frequently raised in the application of competition law, for example, where in a number of jurisdictions, various associations have served as the conduit for price-fixing, cartelization, the misuse of market power, and other anti-competitive behaviour. In recent years, a number of Malaysian business associations have been found responsible for price-fixing and other cartel-like behaviour, including the Sibu confectionary and baking association, the Cameron Highlands floriculturist association, and the Malaysian Indian hairdressing saloon owners' association (Burgess 2016). Such outcomes reinforce the public perception first put forward famously by Adam Smith (1776, p. 145) that "people of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices."

Business associations may also be dominated by incumbent business elites with well-established, mutually supportive relations with the state, and more likely to favour the status quo rather than pro-market reforms (OECD 2018). When this is the case, associations may become advocates for policies which support only their own needs, and seek to exclude other firms from the public-private sector dialogue; the state may be an active or passive in this process.

In many cases, peak business chambers and similar bodies are often given the responsibility of "self-administering" some of the rules and policies established by the state. In return, they receive privileged representational access and financial assistance from government. They become, in effect, intertwined and somewhat interdependent on policymakers, and it may be difficult to maintain their policy independence (Traxler and Huemer 2007).

## AN OVERVIEW OF THE MALAYSIAN BUSINESS ASSOCIATIONS SECTOR

Malaysia has a relatively diverse mix of business groups operating within its borders. Like many other nations in Southeast Asia, membership of

such organizations is voluntary, and there are numerous associations in the country today, taking many different forms. Some are geographic-based bodies which exist at the local, state and/or national level; others operate on the basis of ethnicity; and there are industry-specific sectoral bodies. In addition, there are numerous bilateral or multilateral trade-based chambers.

However, determining exactly how many business associations currently exist in the country is a difficult matter. There appears to be no centralized, comprehensive list of associations available in the public domain from agencies such as the Registrar of Societies or the Department of Statistics, and private databases yield a variety of different results.[2] At least 80 to 100 would appear to be a safe minimal estimate, although this is much lower than in other nations with similar sized business populations.

## National Peak Associations

There are currently six principal national business associations in Malaysia. The peak body amongst these is the National Chamber of Commerce and Industry of Malaysia (NCCIM, also referred to in Bahasa as Dewan Perniagaan dan Perindustrian Kebangsaan Malaysia). Its membership consists of just five other national peak bodies: the Malay Chamber of Commerce, the Associated Chinese Chambers of Commerce and Industry of Malaysia, the Malaysian Associated Indian Chambers of Commerce and Industry, the Malaysian International Chamber of Commerce and Industry, and the Federation of Malaysian Manufacturers (see Table 1).

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[2] The World Chambers Network directory in early 2020 listed fifty-one Malaysian organizations, including national, state and peak bodies. The *Malaysian Yellow Pages* online directory in March 2020 put the figure at thirty-seven chambers and another thirty-nine trade and industry associations (although there appears to be some overlapping of these figures). The national Ministry of International Trade and Industry has identified at least sixty state-based general business organizations in existence, but this list only includes chambers of commerce or similar trade associations; industry-specific bodies are excluded (MITI 2019).

*Table 1: Peak National Business Associations in Malaysia*

| | Year of Formation | Membership Structure |
|---|---|---|
| National Chamber of Commerce and Industry of Malaysia (NCCIM) | Est. 1962 | Membership limited to the five other listed peak associations |
| Malay Chamber of Commerce Malaysia | Est. 1957 | Federation of state/territory peak Malay associations |
| Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) | Est. 1921 | Federation of state/territory peak Chinese associations; other business groups can join as associate members |
| Malaysian Associated Indian Chambers of Commerce and Industry (MAICCI) | Est. 1950 | Mix of state/territory peak Indian business associations and individual trade groups |
| Malaysian International Chamber of Commerce and Industry (MICCI) | Est. 1837 | Open to any registered company |
| Federation of Malaysian Manufacturers (FMM) | Est. 1968 | Open to any business operator regardless of legal structure |

Interestingly, Malaysia differs from most other federal systems by having a peak body which does not include formal state representation. Instead, NCCIM is a "peak body of peak bodies" with a majority being race-based associations.

NCCIM operates as an NGO and according to its website traces its history back to 1962, when the federal Cabinet gave support to the three ethnically-based chambers and MICCI to create a United Chamber of Commerce Malaya. In 1974, membership of the United Chamber was expanded to include the Federation of Malaysian Manufacturers, and it adopted its current name. Political involvement in the early NCCIM is also evident amongst previous office bearers, with two presidents being members of the Dewan Negara (federal Senate) (NCCIM 2019).

Ethnic Malay interests are primarily represented through the Malay Chamber of Commerce Malaysia (Dewan Perniagaan Melayu Malaysia). Formed in 1957 as the Associated Malay Chambers of Commerce of Malaya, today it consists of some fifteen different state and territory branches (only Sarawak is excluded). It traces its ultimate genesis back to the 1938 formation of the first-ever specific state Malay business group, the Kelantan Chamber of Commerce. Membership is state based: businesses and individuals join their local state/territory branch, and it is the branch which in turn is a member of the national entity. It claims that "our opinions are regularly sought by policymakers and parliamentarians" (Malay Chamber of Commerce 2020).

The national level organization of the ethnic Chinese chambers of commerce is the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM), which was founded in 1921 and originally known at the time as the Associated Chinese Chambers of Commerce of British Malaya. Chinese communities have had a long history of organization along ethnic, dialect and clan lines, much of it predating the colonial period. ACCCIM today operates on a federal model. Each state and federal territory peak Chinese chamber (except Labuan) is a constituent member of ACCCIM. Associate members include individuals, companies and smaller trade associations. ACCCIM claims that this gives them a broadly defined direct and indirect membership of "well over 100,000", although it gives no details on how many actual members it has. In addition to the conventional mix of member services,

information sharing and advocacy, ACCCIM's objectives also include the promotion of social welfare amongst its members, arbitration of disputes between them, and promoting better understanding amongst the general population and government of the Malaysian Chinese business community (ACCCIM 2020).

The nation's Indian-based peak association is the Malaysian Associated Indian Chambers of Commerce and Industry (MAICCI). Originally known as the Associated Indian Chambers of Commerce, Malaya, it was formed out of the Indian Chamber of Commerce Singapore in 1950. Its membership includes some fourteen different state and territory Indian chambers, as well as almost twenty different national and regional trade-specific associations, covering industries as diverse as restaurant owners, metal traders and recyclers, hairdressers, tourism operators, contractors, jewellers, builders, textile manufacturers and retailers. Its website promotes its long-term "rapport with relevant ministries and government agencies in the country as the government's Official Dialogue Partner", noting that "this relationship has been built over a solid historical foundation…" (MAICCI 2020).

The Malaysian International Chamber of Commerce and Industry (MICCI) also claims to have an extensive history, with its first predecessor organization being the Penang Chamber of Commerce and Agriculture, which was formed in 1837. It often refers to itself as the oldest continuously operating national chamber in the country. After amalgamations with the Perak and Selangor chambers in the early 1900s, MICCI adopted a new legal structure and its current name in 1974. Direct membership is open to any registered company in Malaysia; other organizations may join as (non-voting) associate members. In addition to its national office, it also has four branches and accompanying offices in Perak, Penang, Johor and Sabah. Although published membership numbers are not publicly available, one source claims that MICCI has "close to 1,000 corporate members with over thirty different nationalities" (US Department of Commerce 2019). The organization also states that part of its mission is to "engage both State and Federal governments to continue to ensure the development and implementation of a robust regulatory framework, which is conducive to a healthy business environment" (MICCI 2020).

The Federation of Malaysian Manufacturers (FMM) was established in 1968, and thus is the youngest of the peak national bodies. It claims to be "the largest private sector organization in Malaysia," and in June 2019 had more than 3,200 direct members. These are drawn from both the manufacturing and the broader industrial services sector, and membership is open to firms of all sizes, including the self-employed and micro-businesses, as well as other industry associations. It operates at both the national and state level, with branches in most (but not all) states and territories (FMM 2020).

*State and Territory Business Associations*

The existence of state-specific chambers is a common characteristic of countries with a federal system of government, and each of the thirteen Malaysian states and three territories has its own array of state-specific business associations. Many of these also form the local branch of one or another of the peak national bodies as discussed above.

However, an interesting variation to the typical federal model is the primary role that race-based state chambers play in Malaysia. In most of the country's states and territories, the peak body role is split along ethnic lines, and there is no secular or non-denominational general state chamber. As Table 2 shows, an exhaustive online search has revealed that there are state-level Chinese, Indian and Malay specific chambers in every jurisdiction, but only two states (Penang and Sarawak) have a peak chamber that represents all businesses on a non-racial basis. Other ethnic groups also occasionally have their own state associations. For example, in Sabah there is a specific state Kadazandusun Chamber of Commerce and Industry representing the Momogun or Mamsok peoples.

*Industry-Specific Associations*

There are also a number of national and state industry bodies which have a sector- or trade-specific focus. They exist to deal with the issues and member concerns of firms within a particular industry segment. These bodies cover a wide number of fields, a sample of which can be seen in Table 3. Membership is generally based on participation on the particular industry. Some are structured as centralized single entities, whilst others

*Table 2: State-based Business Associations in Malaysia*

| | State Generic Chamber? | Peak Malay Chamber? | Peak Chinese Chamber? | Peak Indian Chamber? |
|---|---|---|---|---|
| Johor | NA | Yes | Yes | Yes |
| Kedah | NA | Yes | Yes | Yes |
| Kelantan | NA | Yes | Yes | Yes |
| Kuala Lumpur | NA | Yes | Yes | Yes |
| Labuan | NA | Yes | NA | Yes |
| Melaka | NA | Yes | Yes | Yes |
| Negeri Sembilan | NA | Yes | Yes | Yes |
| Pahang | NA | Yes | Yes | Yes |
| Perak | NA | Yes | Yes | Yes |
| Perlis | NA | Yes | Yes | Yes |
| Pulau Pinang | Penang Joint Chambers of Commerce | Yes | Yes | Yes |
| Putrajaya | NA | Yes | NA | Yes |
| Sabah | NA[a] | Yes | Yes | Yes |
| Sarawak | Sarawak Chamber of Commerce and Industry | NA | Yes | Yes |
| Selangor | NA | Yes | Yes | Yes |
| Terengganu | NA | Yes | Yes | Yes |

*Notes:*

*NA = not shown online or not apparently in existence*

a. In October 2019, the local *Daily Express* newspaper reported that three Sabah chambers—MICCI Sabah, Sabah United Chinese Chamber, and Kadazandusun Chamber—had signed a letter of intent to work together in a strategic alliance.

*Table 3: Some Examples of National Industry-Specific Associations in Malaysia*

| |
|---|
| Association of Consulting Engineers Malaysia |
| Association of Malaysian Medical Industries |
| Association of Private Hospitals of Malaysia |
| Branding Associations of Malaysia |
| Collaborative Research in Engineering, Science and Technology Center |
| Construction Industry Development Board Malaysia |
| Electrical and Electronics Association of Malaysia |
| Malaysian Automotive Association |
| Malaysian Oil and Gas Services Council |
| Malaysia Cable Manufacturers Association |
| Malaysia Software Testing Board |
| Malaysian Association of Bumiputera ICT Industry and Entrepreneur |
| Malaysian Palm Oil Council |
| Malaysian Photovoltaic Industry Association |
| Malaysian Plastics Manufacturers Association |
| Malaysian Textile Manufacturers Association |
| National ICT Association of Malaysia |
| Outsourcing Malaysia |
| SMI Association of Malaysia |
| Tea Trade Association |
| Technopreneurs Association of Malaysia |

*Source*: Based on Malaysia External Trade Development Corporation (2019).

operate in a federated fashion. Many of these organizations are often affiliated to one or another of the peak national bodies described above.

*Local Business Chambers and Associations*

Organizations of businesspeople in the same town, city or municipality typically form the basis of local chambers of commerce. This is perhaps the type of business association most familiar to the layperson,

and membership is usually open to any and all businesses trading in the district. The focus of most local associations is on the immediate region, and will often also involve interaction with local municipal (rather than state or federal) government. Whilst these are sometimes non-ethnic in nature, in many towns there are separate chambers for different races.

### Bilateral Trade Associations

These entities draw their membership from businesses and/or individuals trading between Malaysia and another country. Examples include the Malaysia-Australia Business Council, the Indonesia-Malaysia Business Council, the European Union-Malaysia Chamber, the Malaysia-China Business Council, and so forth. These associations tend to focus on issues relating to trade between two or more particular countries, as well as providing a forum for foreign firms now operating in Malaysia. Whilst no definitive single list exists of these, there appear to be at least 25–30 such organizations (Government of Malaysia 2019).

## BUSINESS-GOVERNMENT RELATIONS IN MALAYSIA

The history of business association and government relations in Malaysia has been one of ongoing interaction, frequent close involvement and sometimes opaque dealings.

The political and regulatory system in the country has largely been stable and predictable over many decades. Since independence in 1957, Malaysia's political and governmental system has largely been dominated by one coalition, the Barisan National (BN), an alliance of parties representing each of the nation's three principal ethnic groups. BN and its predecessors were able to successfully maintain power in an unbroken sequence until the May 2018 national elections. Typical of the long-term nature of this government was Rafidah Aziz, who served as Minister of International Trade from 1987 to 2008 and was variously claimed to have been the world's longest-serving trade minister. Prime Ministers and numerous other ministers also served in their respective posts for many years.

The interaction between business and the previous UMNO-led BN regime since 1957 has been written about extensively by a number of authors (see, for example, Gomez and Jomo 1999; Tan 2015; Gomez and Lafaye De Micheaux 2017; Yacob 2019). Independence-era governments over time became increasingly involved in the private sector, especially after the advent of the New Economic Policy in 1971. This involved not only greater regulatory involvement, but also more direct intrusion into economic activities, a greater role for state-owned enterprises (government-linked companies, or GLCs), and a clearly more political decision-making process which favoured both select bumiputra business operators and supporters of BN (Macintyre 1994). Interestingly, while a substantial amount has been written about these interventionist strategies and of Malaysia's economic policies over the years, very little of this analysis has directly examined the role business associations played in mediating and/or implementing government strategies (Chin and Lee 2012).

By the time of the 2018 general elections, operating conditions for most businesses in Malaysia had been relatively benign for several years. The country had a large and growing population of approximately 32 million, and an economy that had expanded consistently in recent years (GDP grew by 5.7 per cent in 2017, and 4.7 per cent in 2018). By 2018, Malaysia was an established middle-income country with a per capita income of approximately US$10,900, one of the highest in ASEAN (GEM 2019; NESDC 2019). The country had also regularly rated well in several international competitiveness reports, and for over a decade had consistently appeared in the top twenty-five of all nations for the ease of starting and doing business globally (World Bank 2020; Schaper 2020b). The number of businesses in the country had also grown, from 640,000 in 2010 to 920,000 in 2015, the last year for which reliable figures are available (SME Corporation 2018). Levels of self-employment grew markedly during the same period (Schaper 2020a).

The 2018 general elections, held on 9 May, was widely expected to see a return of BN. Despite PH's strong lead in opinion polls, it was generally believed that the sitting government's control of electoral processes, gerrymandering and a number of other steps would allow

BN to retain power with a minority vote. The result, in which PH and its allies won 121 of the 222 seats in the Dewan Rakyat (lower house of Parliament), came as a widespread surprise. Mahathir Mohamad was sworn in as Prime Minister on 10 May and the new cabinet on 21 May.

Upon assuming office, the PH administration undertook a number of major reforms and changes that had an impact on the business community and the economy in general.

The pre-existing Goods and Services Tax (GST), which had been launched by the previous government at the start of the 2015 financial year, was abolished in mid-2018. In its stead the previous Sales and Service Tax (SST) regime was reintroduced, effective from 1 September 2018. This had major administrative, pricing and financial impacts on many firms across the country: sales tax was a levy imposed at the producer or manufacturer's level, whilst the GST was levied on consumers. The SST was also more complex, as it had differential rates (5 per cent or 10 per cent tax, depending on the goods in question, or 6 per cent on services), applied only to firms with a particular turnover, and had many more exemptions (over 5,400 items, compared to just 545 in the GST system) (NESDC 2019).

In November 2018, PH handed down its first proposed national budget. Covering the forthcoming 2019 financial year, it included steps towards the fiscal consolidation of government debt, funding for green technology, incentives for firms to employ older Malaysians, and the promotion of an entrepreneurial culture to recapture Malaysia's "Economic Tiger" status (*The Star*, 2 November 2018).

There were also some modest changes to the range and delivery of business support programmes funded by government, although overall these largely continued many BN era schemes. Traditionally, most of these had been mainly funded by the public sector, and spread across a wide range of government ministries and agencies. Associations were often funded to deliver, promote or assist with the implementation of these various schemes. In 2018, there were some 153 programmes with funding amounting to RM13.7 billion. During its time in office, PH slightly expanded the scope of these, aiming to increase the number of beneficiary firms to more than 550,000. In 2019, funding remained the same, but the number of schemes expanded to 164 (NESD 2019, p. 3).

Other autonomous branches of government also adopted new approaches to dealing with the business community during PH's time in office, including a more rigorous policing of business associations. Most associations in Malaysia are registered under the Societies Act (1966) that regulates non-government, non-profit entities. In July 2019 the Malay Chamber of Commerce was temporarily suspended by the Registrar of Societies in relation to an internal dispute regarding the alleged misuse of RM5 million which had been provided to it by BN during its time in office; the suspension was removed in September after the claims were settled by consent in the High Court (Karim 2019).

In July 2019 the government launched a National Entrepreneurship Policy 2030 (Dasar Keusahawan Nasional, also referred to as DKN 2030), which aimed to produce an "entrepreneurial nation" by 2030. A few months later, the administration's Shared Prosperity Vision 2030 (SPV 2030) was announced, which Prime Minister Mahathir described as aspiring "to propel the nation towards high value-added economic activities in a more inclusive manner and which aims to result in [an] enhanced role of entrepreneurs and small and medium enterprises" (NESDC 2019, p. 2). The SPV also placed an emphasis on so-called "inclusive" business practices, with more social responsibility and a greater focus on empowering individuals from lower socio-economic groups.

By October 2019, the PH administration was able to prepare its second federal budget. Under the theme of the SPV, it proposed new programmes such as Malaysians@Work, to increase job opportunities for graduates, women and other target members of the population; a national transformation into a digital economy; fiscal incentives to stimulate economic growth; and increases in disposable income and more job opportunities. Several of these elements—such as its intention to boost the digital economy, encourage more technopreneurs, improve levels of employment and human capital, and increase levels of foreign and local business investment—were premised on the active participation of the private sector (Yeah 2019).

Pakatan Harapan also came to office with a promise in its election manifesto to undertake a number of institutional changes directly impacting on the business community, such as reforming the governance

and market power of government-linked companies (GLCs). It had argued when in opposition that "the business of government is not to be in business," yet by December 2019 commentators noted that few such initiatives had been implemented. Prime Minister Mahathir was chair of Khazanah, for example, and there were numerous political or other patronage appointments to the boards of various GLCs (*Free Malaysia Today*, 3 December 2019; Zaidi, Azhari, and Todd 2019).

Despite this, the mix of economic reforms undertaken by PH appeared to be assisting the country's long-term rise in global competitiveness rankings. In early 2020, for example, the World Bank's annual *Doing Business* survey showed that Malaysia had made marked gains in its ratings during the two years of the PH government (Schaper 2020b).

However, it was not to be. In February–March 2020 another change of government occurred. PH leader and Prime Minister Mahathir resigned and the Yang di-Pertuan Agong (king) appointed Muhyiddin as the new Prime Minister on 1 March. This brought to office a new coalition of political parties, based around Parti Pribumi Bersatu Malaysia (PPBM), Parti Islam Se-Malaysia (PAS) and UMNO, known as Perikatan Nasional; the Pakatan Harapan administration was no longer in power.

In a retrospective published shortly after the ascension of Muhyiddin, it was noted that Pakatan had come to office with an ambitious manifesto containing many promises that would clearly never be able to be delivered upon, and which would inevitably end up disappointing some of its early supporters. It noted that during its nineteen months in office, PH had often had poor public messaging, undertook several prominent policy U-turns, lost a degree of confidence after a string of by-election defeats, and was sometimes seen to be airing its internal in-fighting publicly. But there were also many achievements, and ultimately it was a matter for all Malaysians to form their own views of PH's performance (Aruna 2020).

So, what were the experiences of business associations during the time of PH government, and what can be learnt from these?

## METHODOLOGY

A series of personal interviews was held with a range of current and former association CEOs, presidents, board members, and external

advisers. These were drawn from across the country, and represented a mix of national chambers, state bodies, bilateral chambers, and industry-specific associations at both national and state level. The sampling frame was collated from both publicly available databases of industry associations, as well as social media outlets (such as LinkedIn), websites and personal referrals from other participants.

A first round of interviews occurred in late February to early March 2020, through phone, in-person meetings and via Skype. More than half of the identified associations in Malaysia were approached in the first place, consisting of fifty-one associations.[3] This resulted in fifteen agreeing to participate in interviews, thirteen of which took place (some did not attend). A second round of interviews occurred in mid-April 2020, when thirty-seven organizations were approached, including both non-respondents from the first round and others approached for the first time. This yielded another two interviews. In all, fifteen personal interviews were held, and form the basis of these results.[4]

These interviews were complemented by content analysis of media releases and stories that touched on the relationship between the new government and the country's various business associations. A detailed examination was made of items published in mainstream English-language publications (including *The Star, New Straits Times*, *The Edge* and others), and of media releases issued by national chambers. This

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[3] Only organizations with publicly available email or online contact points were approached, resulting in a substantial number of exclusions.

[4] This sample size appears to be sufficiently large to adequately address the research question. It is enough to describe phenomena of interest, and to reflect most of the issues, but avoids the issue of saturation (the addition of further interviews which simply repeat previous responses). As Shetty (2020) has noted: "The goal of a qualitative study should be to have a large enough sample size to uncover a variety of opinions, but to limit the sample size at the point of saturation." Boddy (2016) has suggested that a minimum size of twelve is usually sufficient to reach saturation; more responses beyond this point usually become repetitive and do not necessarily provide any additional useful information.

process ensured a triangulation between public and private commentary on the issues raised in the various interviews.

## SETTLING IN: THE EARLY DAYS

Most associations had not expected PH to win the election, and as a result had not prepared or planned for the eventuality. As one noted:

> We were all caught by surprise by the election result. As a Malaysian, I wanted PH to win. But we were still all surprised with the results.

Typical of any group of newcomers, there was also a lack of corporate knowledge amongst the new administration about how many things worked:

> In the beginning of PH, there was some consternation. The previous government just emptied the office. Not a shred of paper. So, there was no history. And there was a layer of public service who thought they worked for the old regime, not the new one. It was hard for the new government to work out if a project or idea was a crony idea, and a 1MDB project, or real.

Not surprisingly, the initial few months were marked by a degree of uncertainty at many levels. Within the new government, for example, it took a little time for new ministers to feel comfortable with the public service they had inherited:

> Relations between government ministers and public servants at the senior level were sometimes now difficult. They didn't always get on. Many ministers were suspicious of departmental heads.

At other times, however, the professionalism of the public service allowed the machinery of government to proceed without too many practical problems emerging from the naivety of ministers:

The government just kept on moving, because the public service is very professional. It understands what it has to do. Of course, there were some senior civil servants who thought they knew better. And some ministers who had absolutely no idea about how government worked, and what it was possible—or not possible—to do.

It also took more time than expected in some cases before new ministers started interacting with business groups, chambers and other associations:

It took a while for the new government to settle in. They had no experience, but they hadn't realized after sixty years of one party, things take root and are hard to change. The first few months were quiet as the new government grappled, then we got lots of engagement as they got comfortable. This is what happens in every democracy, but we were just not used to it.

Other groups, though, had more interaction from very early on:

We found access to officials much easier in the initial period after they [PH] got elected. There was a genuine attempt to reach out and find out what needed to be done. It was very, very clear that there was an attempt to reach out and engage with us.

Initially there was a lot of uncertainty, but I was impressed—we had some major contracts with the old government in place and underway, so naturally we were concerned about whether would be honoured. But we got confirmation of a commitment to them within eight weeks of the election. That's pretty good.

Some associations with strong ties to the previous BN government were more confrontational:

[name of organization withheld] were used to a cosy relationship and getting their way, so they were annoyed now. The old rules don't apply and there's much more accountability. There's less

favouritism or back deals. That's a good thing. We support that. They didn't.

These "old-regime" associations were identified by several respondents, who suggested that there had been a number of business groups who had benefitted improperly from their close relationships with BN, and who had received large amounts of public funding which had (in the respondents' view) subsequently been misused or misappropriated:

Many chambers got government grants as a form of crony support [under BN]. They used to suck up to the minister to get projects and contracts, and even when they got them, subsequently often didn't deliver but still pressured government to keep the money coming anyhow. But now under PH, ministers won't accept this. The gravy train is over.

At a broader level, the new government did make some initial errors in pursuing policies which business groups did not expect to be seriously implemented:

PH also made some naïve mistakes. Like the smoking ban. You get into government after sixty years and one of the first things you do is try to ban smoking. Really? That doesn't create the right impression of your priorities.

So, a few silly decisions early on, such as the Education Minister deciding school uniform shoes should be black, not white.

Other matters were more serious, such as the changes to the GST and SST tax systems:

The PH got rid of the GST, then for a few months there was no tax, and now there is the SST again. That change has made it difficult and confusing, created more paperwork and admin, especially for big businesses with many product lines.

The new government also appointed a number of new agency bureaucrats, which meant that business associations had to understand and develop relationships with a new group of decision-makers:

> There was some change of departmental heads. We had to spend time learning the new people, and they us. It was a new relationship.

These bureaucratic changes, and a new ministry lacking in substantive governance experience, meant that sometimes the machinery of government did not work smoothly for associations:

> But not all administrations/departments in the PH government joined up. Different parts of the new government didn't always talk to each other. The new government was not experienced in running the public sector, or developing a big picture about how everything fits together, so they weren't good at joining up all the different elements.

Overall, though, almost all respondents indicated that the early days of the change of government had been relatively smooth, that relationships with PH ministers had been positive, and that PH leaders had encouraged an environment of greater transparency and policy rigour in government decisions, as well as in the arguments put forward by associations.

## A MATURING RELATIONSHIP

As the new government settled in, most associations noted that policy positions had become more fact-based, and less reliant on personal relationships. Arguments premised on emotion or preferential biases were far less likely to succeed, and there was a much greater debate of ideas and positions. Government ministers usually expected associations to provide more evidence to support a policy position they were advocating:

> They didn't want you to whine. If you complained about things being difficult, they wanted to know facts. 'Give us data.' 'No

bullshit.' I had ministers push back their pen, and debate directly across the table. And they knew their facts. Never happened before.

Many respondents also reported a greater degree of effective decision-making, noting that PH appeared to make decisions in a more timely manner, and with greater reference to input from relevant departments and agencies in the portfolio concerned:

They [PH] didn't do the old Malaysian way of forming a committee and sending it off forever. They'll arrange the next meeting promptly. Bring along the respective experts form Bank Negara or whatever agency. The old regime, they ran on whining and complaints and just dealing with those, shutting those up.

At the same time, not all of PH's moves were considered positive. In some cases, it appeared that departments and their ministers were not always expressing the same view on issues. And as noted previously, not all agencies or ministries appeared to be talking or sharing information with each other.

Associations were also investing more time and effort in cultivating relationships with the new ministers and new senior public servants, which was an ongoing effort. Usually this was still being done by the senior office bearers of different business associations, such as presidents, rather than the full-time professional staff of the organization.

This somewhat ad hoc approach, in which advocacy skills were dependent upon the association president of the day, were a cause for some concern. As one respondent commented:

Many chambers struggle with a professional approach to advocacy, and that certainly became obvious with the new government. People could rely before on cosy deals and personal networks, but not now…they had to recognize advocacy and government dealings are a set of skills and personal abilities, not just cronyism.

Another noted:

> We will see more professionalism of advocacy now in the future.
> We are all going to have to do it. All of our staff. But we will also
> value advocacy as a chamber skill more than before, because now
> we have to deal with changing governments.

When asked about the prospects of dealing with future changes of
government, almost all of the respondents appeared relaxed and at ease
with the notion. There appeared to be a high degree of willingness to
adapt as circumstances changed. Few displayed any concern that they
would be denied access to decision-makers in future.

One national CEO summed up his experiences and those of other
similar bodies in the following statement:

> Business groups were pretty agile in quickly engaging the PH
> government. So, we did that straight away. The standard line for
> us was, we'll work with the government of the day. And now
> there is a change again, Muhyiddin's government is a hybrid that
> will contain bits of BN and PH. We've been very adaptive and
> resilient. We will now again engage with governments to build
> a public-private partnership. It is the only way to move forward.
> Only the private sector can drive change. We will work with the
> institutions; individuals come and go. But Malaysia's policies
> tend to be durable.

Most associations also appeared to have adopted—either consciously
or unconsciously—an approach of "push the policy, not the party"
during the PH era. In other words, they had begun to see themselves far
less as supporters of one or another political party, and much more as
independent policy advocates who had to negotiate with the government
of the day, whomever that might be:

> We took the principle that we would just deal with the government
> of the day, regardless of the party. And the public service did not
> change. Relatively smooth.

> Malaysians are getting used to the fact that, although messy, governments can change and the world continues. That's got to be good.

A common observation was that the level of corruption had declined noticeably, a move which was universally applauded. Almost all respondents stated that institutional corruption had been reduced, and that small-scale, low-level corruption at the person-to-person level was also shrinking. This was put down to a mixture of public leadership by the PH government, a vigorous anti-corruption enforcement agency, and a refusal to tolerate special pleadings or deals. This was seen as especially important to the business community, as it was believed this would build greater public and foreign trust in Malaysia as a place to do business.

Ironically, though, this was not without its downside. As one respondent pointed out:

> There has definitely been much more paperwork now, because the new government insists on probity and documenting things, not understandings or special pleadings … but these are good reasons for doing paperwork.

## MEDIA RELATIONS

As noted earlier, business associations also have the capacity to provide a public voice to the media on behalf of their members and industries. Media commentary plays an important role in advocacy by chambers, and can also impact on the level of engagement with government.

A content analysis of media stories published by mainstream English-language media (including *The Star, New Straits Times*, *The Edge* and others), and of press releases issued by national chambers, revealed a number of interesting trends during the PH era.

Generally speaking, business associations in Malaysia had a low level of public visibility in print and related mainstream media. As Table 4 indicates, the six peak bodies between them issued less than eighty media statements a year, and appeared in even fewer published press stories.

*Table 4: Media Commentary by Peak Business Associations, 2018–20*

| Period | Media Statements Issued[1] | Most Frequent Advocacy-Related Topics |
|---|---|---|
| May–December 2018 | NCCIM: Not available<br>Malay Chamber: 10<br>ACCCIM: 7<br>MAICCI: Not available<br>MICCI: 5<br>FMM: 48<br><br>Of these, 18 advocacy-related | Congratulations to new government<br>Federal budget<br>Transparency of public accounts<br>100 days in office<br>Death tax<br>Meetings with PM and other Ministers<br>GST<br>Wages policy<br>Vocational education |
| 2019 | NCCIM: Not available<br>Malay Chamber: 2<br>ACCCIM: 34<br>MAICCI: Not available<br>MICCI: Not available<br>FMM: 42<br><br>Of these, 15 advocacy-related | TVET reform<br>Meetings with PM and other Ministers<br>Gas tariffs<br>GST reintroduction<br>General business conditions<br>English language in curriculum |
| January–February 2020 | NCCIM: Not available<br>Malay Chamber: Not available<br>ACCCIM: 5<br>MAICCI: Not available<br>MICCI: Nil<br>FMM: 6<br><br>Of these, 6 advocacy-related | Early Covid-19 preparations<br>English language in schools<br>Next federal budget |

*Source*: Business association websites and media content analysis.

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[1] Many chambers do not maintain a public list of their media statements online or elsewhere.

Within that limited number of issued press releases, only a small proportion commented on government strategies and policies. Most media statements were in fact focused on chamber trade missions, chamber general meetings, trade fairs and other member services. Where commentary was made on government performance, it was generally supportive or positive of the new administration, with only a limited number of critical statements. For example, in 2018 early positive statements were made hailing the election of the new government, and then later on its achievement of completing a hundred days in office; there were few criticisms. Very few releases (less than twenty across all groups, over the three years) could be found that were disapproving of the government.[5]

Perhaps this is not surprising—as one respondent from a major national organization noted:

We sort these things out behind doors. Never in front.

Another respondent pointed out a critical media is still evolving in the country, and many Malaysians are not familiar with it as a tool in public debates:

Badawi as PM started the ball rolling when he loosened the controls on the media. That in turn allowed Malaysians to find out more, become more critical. It's a foundation of a free civil society. But we are still learning how to use it.

At the same time, PH was also praised by other interviewees for its capacity to accept public criticism:

We would usually try and resolve things quietly, not publicly. But in the last few months we were also using mass media a bit more. Not due to conflict with government, but just because we wanted to put our message out. They were okay with that.

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[5] Specialist small business groups were more likely to put out publicly critical statements than were peak national associations, as exemplified by Ho (2018).

# STATE GOVERNMENTS STILL RELEVANT

The election results of 2018 also saw a number of changes of government at the state and territory level, with PH taking office in several new regions at the expense of BN. These changes were important to several associations that operated on a federated model.

Centralized associations based in Kuala Lumpur were somewhat dismissive of states during the 2018–20 period, although acknowledging that different political hues sometimes resulted in different treatment of business concerns:

> Really, states are not that important in the so-called federal system that operates in Malaysia. They really are more like a local council, and if you have a problem with them, then just like a council you try and sort it out directly. They don't make the rules; that all happens in KL. They just process the rules and paperwork. Different states are better or worse at the speed of their paperwork, and the approach, sympathy, they have to the business sector.

Interestingly, though, federated chambers pointed out that changes of parties in government in different states had helped them develop an early familiarity in dealing with transitions of power and all of the associated issues. Whilst BN had historically controlled most state parliaments except Kelantan, in 2008 alone four states (Penang, Kedah, Perak and Selangor) voted in a change of government from BN to an opposition grouping, and since then a number of other states had undergone political change from time to time.

Many federated bodies had accordingly become comfortable in working with numerous political parties and policy approaches at the state level. They had developed a recognition that their advocacy work needed to include not only the current government, but also prospective future governments currently sitting on the opposition benches. As a result, they saw themselves as becoming more sophisticated advocates than they might have been ten years ago:

[Changing federal administrations is …] not really a problem, because we have been used to changing governments at the state level. And we are a federal body, so we were already doing this. Since 2008 we have been dealing with changes of state governments.

## SOME SELF-REFLECTION

When asked to comment on whether there were any steps that business groups themselves could have made to improve their interaction with the PH government, several interesting observations emerged.

Some noted a need for Malaysia's peak business bodies to undergo a degree of revitalization and enthusiasm, to adopt new policy ideas, and to be more strategic in their dealings with the federal government, especially when compared to chambers in neighbouring countries:

Singaporean business associations have a clear and well-understood relationship with their government. It is direct and easily understood. In contrast, I have the impression that Malaysian chambers do not have a very clear relationship with their government. They do not understand what government wants them to help achieve.

Another noted the apparent lack of strategic focus amongst association boards, and lack of a vision about what they want to achieve for their members, stating:

Chambers are not very strategic about their future directions. They don't seem to have a clear sense of where they want to go, what they want to do … many Malaysian business groups are still quite inward-looking.

One governing board member pointed out that:

[My] fellow members are businesspeople, not advocates. They're not used to governing for a whole sector, just their individual business.

His views were echoed by one association CEO, who stated:

> We call it advocacy, not lobbying, even though it is exactly that. Sounds better and less self-seeking … Politicians are a different breed of people to businessmen. Associations still need to do more to learn how to relate to government. They are still often concerned just about their own industry needs, not the big picture of national goals and priorities. They act like islands.

One CEO was particularly scornful of some of the approaches to governance and the lack of energy on many association boards in recent years, noting:

> It is more like in a club atmosphere. A club with paying members. They are not actively shaping Malaysia's economy or putting forward ideas. They are just more like lobbyists. Like a playground for retirees. It gives them another business card to have in their pocket and pass around, make themselves feel good about themselves.

Another CEO voiced a similar concern:

> Most of the association executives in Malaysia are ex-businessmen. There is a common assumption in Malaysia that if you are a successful businessman, you can also run an association. That is not the case. It is a different set of skills … The dynamics of governance in business associations is very difficult to manage. It's not easy for professional CEOs to tell successful businessmen how to run and govern their association. Board members often think they have the responsibility to sit on the shoulder and supervise the running of the staff every day. So very often, the association CEO is a lame duck.

Smaller organizations also noted that, contrary to popular opinion, some business groups had little money and so could not afford to employ staff or commission policy research, which seriously hampered their capacity

to be effective advocates. Much work was in fact done voluntarily, which made their interaction with government appear amateurish:

> Many people think that because we are a business organization, we have a lot of resources. They're wrong.

One major association CEO revealed that, although it is not publicly discussed, many peak bodies have only five to ten staff, and as a consequence can rarely do much more than basic services:

> Many positions are voluntary and we have surprisingly few facilities. One or two [associations] are very rich, but they are the exception. So, we are very limited in our capacity.

There were also few opportunities to develop skills and knowledge about associations management. Knowledge about what makes for effective chambers and business groups, and what techniques can be used to gauge and measure their performance, do exist and are used in many other countries. However, it does not appear to be widely disseminated in Malaysia.

Whilst NCCIM provides a forum in which the five biggest peak bodies can meet and work together on a regular basis, and some of the larger bilateral chambers meet informally amongst themselves, there is no forum for other organizations to access information and training about the skills needed to run an effective association. As one respondent put it:

> We probably need a chamber of chambers to do this.

Several respondents pointed out that, since business associations do not make their financial information or membership numbers publicly available, it was difficult to gauge whether or not these groups were truly representative of the sectors they claimed to speak for. This could weaken their legitimacy in the eyes of a new government. It was also difficult to determine if funding was being providing on a political basis by the government of the day.

Others noted that whilst the Malaysian government, under both BN and PH, had promoted several women to prominent key positions in the bureaucracy, most associations were lagging well behind, and this needed to be addressed:

It's still a man's world, Malaysian business. Women don't have a big say in business. So they're not involved a lot in business associations.

Nonetheless, several respondents reported active steps to recruit more women into their organizations and onto their decision-making bodies. This had been spurred on by PH's support of a minimum threshold of 30 per cent of women directors on all boards.

Several noted that the ongoing racial divisions in Malaysian society were reflected in the structure of its business associations. As shown previously in Table 2, there are Malay, Indian and Chinese business associations at local, state and federal level, but few non-ethnic bodies. The principal organizing mechanism for generalist business chambers in the country is by affiliation to one's ethnicity. This is a contrast to most other countries, where membership is primarily based on chambers representing a particular geographic location, or else to an industry-specific association. Although there may be specialist business associations catering for particular ethnic groups, these are limited in number and influence.

As several respondents noted:

Race-based chamber differences have been encouraged. Because there's been positive discrimination. Like the bumiputra policy—minimum shareholdings, tax incentives to bumiputras—so you can imagine if you're Chinese or Indian you start thinking, we also need to stick together and get our own chamber.

I am still surprised in many cases the old ethnic divide applies so rigorously in business associations … It's starting to change, but not much. It's got a long way to go.

There's a danger that politicians use race. On a day-to-day basis, race isn't an issue, until politicians stir the card. At a personal

level, Malaysians are some of the nicest, friendliest people you can meet. It's not Malaysians' second nature to think along these lines, but it's how things have been driven. It's an extremely sensitive subject. It's a tragedy waiting to happen.

However, one CEO of an ethnic-based chamber sounded a cautionary note, even whilst espousing change:

It is time for us to let go of these race-based organizations. In any other country, you go to see the national chamber. But in Malaysia you do not. You go to see the Chinese, Indian, Malaysian chambers. We are talking about fixing that. We need to discuss this … But it will be hard to disentangle or merge these racial chambers together—there is a lot of money, property, etc each of them owns. Status, positions, influence. There is much work ahead.

## WHERE TO FROM HERE?

Malaysia has now had, in the space of two years, two changes of federal government. Even though some commentators may suggest that the new Perikatan Nasional administration is nothing more than the old UMNO-based BN regime in a new guise, the fact remains that Prime Ministers, ministers, coalitions and cabinets have all been turned over by either election or parliamentary mandate during 2018–20. The mechanics of political and administrative change have begun to be used more frequently.

This is likely to presage a period in Malaysian public administration where periodic switches of government are to be expected on a regular or at least occasional basis. It is unlikely the country will ever again keep a government in power for sixty continuous years. As one association leader noted:

Things changed a little with the new government, of course, but that was inevitable. Malaysians and the business community have generally been quite easily adaptable to the process of changing

government, even after so long. That's probably helped the nation cope with the current turmoil [the fall of PH].

This means that business associations will have to be skilled in working with more frequent political and administrative change. They will need to be adept at working not only with new ministers and senior public servants as they are appointed, but also in maintaining links with opposition and cross-bench parliamentarians, the media and other decision-makers. The days in which associations could focus their efforts simply on a comfortable personal relationship with a single powerful long-term minister are likely to be a thing of the past.

There are a number of possible areas where business groups will need to review and, potentially, revise their modus operandi going forward.

Skill development is one area, as several interviewees noted above. Competency in advocacy requires a range of different capacities, including subject matter knowledge, political experience, media engagement and coalition building with other interest groups and civil society, amongst other things. In many countries, the development of these skills is treated as an ongoing professional requirement. However, the staff and board members of most associations in Malaysia still appear to learn their job "as they go." There are few, if any forums in which they can come together to learn from each other and from business groups elsewhere.

Business groups will also have to ensure they are truly representative of their membership base. Without this, their legitimacy as representatives of the business sector is open to question by government. At present, women are substantially under-represented in the ranks of chamber office-bearers and CEOs. Likewise, in many business organizations, the number of young entrepreneurs and businesspeople are fewer than should be the case. Many organizations may also have low overall membership numbers, and represent only a small fraction of all the businesses in their industry.

Much detail about how Malaysian business associations operate is still hidden. This is a common issue in many countries, and has sometimes damaged the credibility of business groups (Doner and Schneider 2000). Few, if any, business groups make their finances or membership data

publicly available either online or in an annual report,[6] yet these are important accountability mechanisms. Publishing annual reports with full disclosure on finances, membership, and levels of support from state and federal governments would go a long way to improving accountability and public governance, and help rebut any claims of political bias.

As several respondents also noted, it may be time for Malaysian businesses to focus on creating more non-racial organizations that are open to all. The division into Malay, Indian or Chinese-specific ethnic business associations already means that there are often three different bodies which state governments must deal with. At the federal level, the number of peak associations is even greater, consisting of three ethnically-based chambers, plus NCCIM, FMM and MICCI. This split approach to representation can create conflicting or confusing policy positions between groups, and allows governments to "divide and conquer" amongst competing bodies. Greater consideration needs to be placed on building unifying associations which emphasize common business needs and concerns, rather than segmenting them into particular ethnic domains. This will also allow the business community to present a more powerful, unified and cohesive voice to government.

## CONCLUSION

The experience of business groups in 2018–20 has indicated that associations were well capable of developing effective working relationships with the new national government, despite more than sixty years of one-party rule.

The lessons and reflections on this transition are well worth bearing in mind. Never assume that an election result is predetermined; always be prepared in case the underdog wins. When it comes to public debates, avoid taking a partisan stance; "push the policy, not the party." If a new

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[6] The Federation of Malaysian Manufacturers is the only peak national body to publish publicly accessible annual reports; its reports provide membership numbers and composition but do not disclose financial returns.

party takes power, be prepared for some confusion and lack of clarity in its early days. Many existing policies will remain in place, but may be tweaked. Double-check that new ministers and their bureaucracies are working in tandem, and not at odds with each other. Build relationships not only with new ministers, but also senior public servants. Ensure that policy positions are well researched and evidence-based.

Perhaps the final lesson for business associations is this: be prepared to change internally as well. As Malaysia's political system continues to evolve, and new administrations come to power more frequently, it will not only be the processes of government itself that have to adapt. Other organizations that are involved in public policy, debates and the contest of ideas will also need to evolve if they are to maintain their legitimacy and relevance. This may be the most difficult lesson.

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