**International Journal of Political and Social Sciences**
Vol.6, Issue 1; January - Febuary 2021;
1252 Columbia Rd NW, Washington DC, United States
https://topjournals.org/index.php/IJPSS; mail: topacademicjournals@gmail.com

# INCOME INEQUALITY IN MALAYSIA: A COMPARATIVE ANALYSIS OF MALAY AND CHINESE MALAY PERSPECTIVES

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**Abstract:** Income inequality in Malaysia, driven by historical colonial policies and preferential ethnic initiatives, continues to persist as a pressing concern. This study examines the enduring consequences of the 1971 Bumiputera policy, which aimed to uplift the ethnic Malay population but inadvertently led to significant emigration among non-Bumiputera citizens due to education and employment restrictions. The policy, with its emphasis on Bumiputera share ownership and employment quotas, left a lasting impact on the ethnic composition of Malaysia's urban and rural areas.

In contemporary Malaysia, ethnic discrimination is most evident in business communities and the middle class, where interethnic business partnerships play a pivotal role. This study highlights instances of Malay partners securing advantages in government-allocated business opportunities while ethnic Chinese partners leverage their access to capital and business expertise. Examining the average growth rates of different ethnic groups reveals disparities, with Bumiputera experiencing the highest growth in real income per adult, followed by Indians, and Chinese facing negative growth. These inequalities have fueled resentment among ethnic communities and prompted a significant outflow of skilled Chinese Malaysians overseas, resulting in a shortage of highly skilled labor in Malaysia.

**Keywords:** Income inequality, Ethnicity, Bumiputera policy, Malaysia, Emigration, Interethnic business partnerships.

## 1. Introduction

Income inequality among the three major ethnicities of Malaysia has been of significant concern till today. This is because Malaysia's colonial rule ended with high inequality and poverty rates among the ethnic majority, the Malay (Bumiputera2) and the other non-Malay people (Chinese and Indian origins). These effects of colonial policies also kept the Bumiputera largely in the countryside, resulting in an urban-rural divide, with the non Bumiputera concentrated in the urban centers, a demographic pattern seen till today.

The 1971 preferential Bumiputera policy was designed to uplift the ethnic Malays, which impacted the non-Bumiputera citizens resulting in a major proportion of them leaving the country as the policy-imposed restrictions on the education and employment of the non-Bumiputera citizens. The policy focused mainly on Bumiputera share ownership and mandatory employment quotas for all but small companies (Drabble, 2000). While this policy lasted for 20 years, its impact continues till today.

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In Malaysia, with interethnic business partnerships becoming important over time, ethnic discrimination could mostly be seen in business communities and the middle class of society. One example is 'Malay partners securing rents for gaining access to governmental determined business opportunities and an ethnic Chinese partner with access to capital and business acumen getting the job done' (Jomo, 2004). According to Khalid and Yang (2019), the average growth rates among the ethnic groups were positive (Bumiputera 4.9%, Indians 4.8% and Chinese 2.7%), and the highest growth of real income per adult was Bumiputera 8.3%, Indians 3.4% and Chinese -0.6%. This resulted in considerable resentment among ethnicities and a large outflow of Chinese Malaysians overseas, leading to a shortage of highly skilled laborers in Malaysia.

With the Malaysian government implementing its 12th Malaysia plan (Shared Prosperity Vision 2030) in 2021, this study aims to investigate the knowledge, attitude, and awareness of Malays and non-Malay ethnicities towards Malaysia's economic policy and income inequality. Understanding citizen's knowledge and attitude toward a policy response to economic inequality can help gauge the policy's effectiveness and develop interventions to improve opportunities for disadvantaged groups. Additionally, according to Bamfield and Horton (2009), it also helps gain a perspective on how different sections of society respond to inequality. Therefore, a description of Malaysia's economic policy from 1960-2020 is presented in the next section. This is followed by the methodology which states the methods used to analyze the data, then the presentation and discussion of the empirical results and conclusion.

## 2. Malaysia's economic policy from 1960-2020

The three main ethnic groups constituting the Malays and Bumiputera (67.4%), Chinese (24.6%), and Indians (7.3%) have their own unique culture and heritage, such as language, belief systems, traditions and religion. The Britishers' economic policies in the 1860s mainly benefitted the Chinese and Indians, leading to a wide income gap between the (Malay) Bumiputera and the (non-Malay) non-Bumiputera. After Malaysia's independence in 1963, the alliance government continued a policy of minimum governmental interference in the economic affairs of the society. While this type of economic policy resulted in the growth of Malaysia's GDP by the end of the 1960s, about half the population still lived in poverty (Mehden, 1975). This provoked politically motivated riots in 1969, which led to the introduction of the New Economic Policy (NEP) from 1971 to 1990.

Table 1: Transition of Malaysian Economic and Development Policy

| | **Malaysia Economic Policy** | **Development Plan** |
|---|---|---|
| **1950-60**<br>(Rahman administration)<br>(1957-70) | Laissez-faire | First Malay Five-Year Plan (1956-60)<br>Second Malay Five-year Plan (1961-65)<br>First Malaysia Plan (1966-70) |
| **1970-80s**<br>(Razak Administration)<br>1970-76<br>(Hussein Administration)<br>1976-81 | NEP: New Economic Policy (1971-1990) | Second Malaysia Plan (1971-75)<br>Third Malaysia Plan (1976-80)<br>Fourth Malaysia Plan (1981-85) |

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| | | |
|---|---|---|
| (Mahathir Administration) 1981-2003 | | Fifth Malaysia Plan (1986-90) |
| **1990-2000s** (Mahathir Administration) 1981-2003 (Abdullah Administration) 2003-09 (Nashib Administration) 2009-18 | **Wawasan 2020 [2020 Vision] (1991-2020)**<br><br>**NDP**: National Development Policy (1991-2000)<br>**NVP**: National Vision Policy (2001-10) | Sixth Malaysia Plan (1991-95)<br><br>Seventh Malaysia Plan (1996-2000)<br><br>Eighth Malaysia Plan (2001-05)<br><br>Ninth Malaysia Plan (2006-10) |
| **2010-20s** (Mahathir Administration) 2018-20 (Mudihin Administration) 2020-21 (Saburi Administration) 2021-Present | NTV: National Transformation Policy (2011-20)<br><br>SPV 2030 (The shared prosperity vision 2030) (2021-30) | Tenth Malaysia Plan (2011-15)<br><br>Eleventh Malaysia Plan (2016-20)<br><br>Twelfth Malaysia Plan (2021-25) |

Source: Authors Compilation from Onozawa (2002) and Council of Local Authorities for International Relations (2018)

To restructure society and improve the economic situation of the Bumiputera, the New Economic Policy was introduced by the Malaysian Government in the 1970s. This policy was ethnicity-based and not deprivationbased[1]. In other words, this policy was associated with a reduction of inter-ethnic economic disparities between the Bumiputera and non-Bumiputera. As a result, by the late 1980s, Malaysia emerged as one of the most successful economies in Southeast Asia. The 1987 statistics indicated that the mean income of the Malays had relatively improved compared to the Chinese and Indian communities (Funston, 2001). This significant reduction in the economic gap in the three decades following the introduction of the policy may have been attained at the cost of ethnic groups, especially the Chinese, according to Hasim (1998). This is further supported by Khalid (2007), who found that the average Chinese household has 1.9 times the same wealth as the Bumiputera.

From the point of view of uplifting the Malays, the NEP achieved considerable success when assessed in 1990. It reduced poverty from 49% in peninsular Malaysia in 1970 to 16% in 1990. Additionally, while Bumiputera share of corporate stick ownership raised from 1.55 in 1969 to 30% in 1990, their ownership rose to about 18% in 1990 and over 20% in 2000. According to Ragayah (2008), government policies played a crucial role during the NEP period in the development of education and human resources with the creation of employment opportunities, mainly due to industrialization. However, income inequality increased in the early 1990s due to the liberalization

[1] This is supported by Jesudason(1989) who reviewed numerous studies following a similar line of reasoning.

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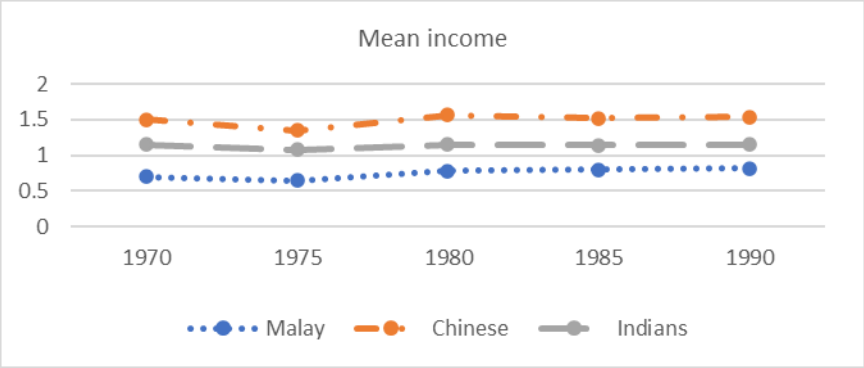
and privatization of the economy. Figure 2 illustrates the mean income of Malaysian households by major ethnicities.

Figure 1: Ratio of the mean income of major ethnicities against all Malaysian households




Source: Hisham, 2012

With the NEP succeeded by the National Development Policy (NDP) 1991-2000 and the National Vision Policy (NVP) 2001-2010, high economic growth was achieved with an average of 6.4% during the three and a half decades following the 1970s, which was mainly attributed to the growth of the manufacturing sector. The NVP was aimed at establishing a progressive and prosperous Malaysian population. According to the Third Outline Perspective Plan (OPP3) document, the principal thrusts of the OPP3 period were creating wealth and promoting new sources of growth in the manufacturing, services, and agricultural sectors. However, the policy, rooted in western capitalist development ideology, ignored the needs of the Malaysian people, who were still struggling with poverty. Moreover, the favoring of Malays which was once essential to improve the least wealthy racial group is now considered to help mostly the well-off within that group while failing the poor and aggravating ethnic tensions (Khalid and Yang, 2019). While both these policies did achieve rapid economic growth, industrialization and significant improvements in the employment ratio of various Malay ethnicities (Table 2), there was a widespread perception that the NEP's interethnic economic policies still dominated the policy.

Table 2: Employment Ratio by Industry and Ethnicity in Peninsular Malaysia (1067) (%)

| **Industry** | **Malay** | **Chinese** | **Indian** |
|---|---|---|---|
| Agriculture | 74.4 | 22.3 | 0.9 |
| Agricultural processing | 52.3 | 27.4 | 19.6 |
| Mining | 21.4 | 67.2 | 10.3 |
| Manufacturing | 28.3 | 64 | 6.9 |
| Electricity & Gas | 22.9 | 32.4 | 10.3 |
| Construction | 26.2 | 62.5 | 9.9 |
| Commercial | 24.4 | 65.9 | 9.1 |
| Services | 47 | 35.9 | 15 |
| Finance | 36.5 | 49.6 | 12.7 |

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| | | | |
|---|---|---|---|
| Transportation & Telecommunications | 37.7 | 40.1 | 20.9 |
| **Total** | 49.8 | 36.4 | 12.6 |

Source: Onozawa (2012)

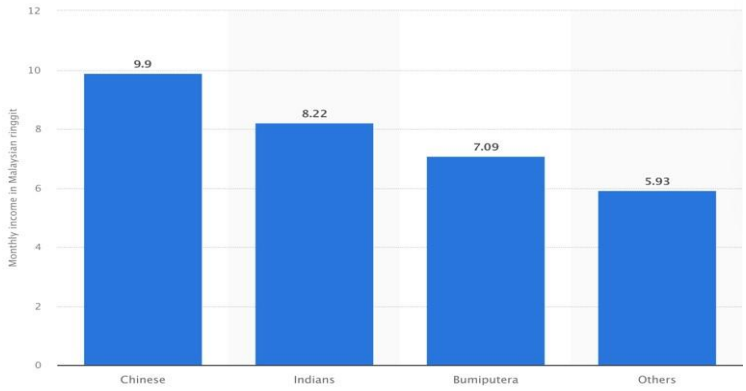
The National Transformation Policy (NTP), 2011-2020, maintained the people-centric focus through the New Economic Model, which set the goal of becoming a high-income economy that was both inclusive and sustainable. A minimum wage was introduced in 2013, which is estimated to have increased the wages of 3.2 million private sector workers (about 30% of the total workforce), however the enforcement was uneven (Nixon et al., 2017). There were considerable differences in income among urban and rural households. This could be attributed to urban wages having to keep up with the higher cost of living (Hirschmann, 2020). Hence by the end of 2019, the Chinese Malay ethnicity held the highest mean monthly household income in Malaysia.

## 3. Methodology

### 3.1 Study Design and Sample

This study was conducted through an online questionnaire survey from December 2021 to January 2022, with the help of a Web research company named GMO Research. Individuals aged 20 to 65 years old living in Malaysia were selected as respondents. In particular, 150 responses were collected from Malay and Chinese Malaysians to investigate the differences in knowledge, attitude and awareness towards Malaysia's economic policy and income inequality. Considering the percentage of ethnic groups in Malaysia, it was judged that it would be difficult to obtain sufficient responses from Indian Malaysians, as their percentage is extremely small. Hence, this study focused on Malay and Chinese Malaysians, Malaysia's top two ethnic groups, with the Malays representing the Bumiputra and the Chinese Malaysians the non-Bumiputra. The questionnaire was prepared in Malay and English, and respondents were asked to choose the language they were most comfortable using.

Figure 2: Mean monthly income per Malaysian household (2019)




Source: Hirschmann, 2022

Note: in 1000 Malaysian ringgit

The questionnaire consisted of four main parts: (1) Basic information about the respondents, (2) survey on knowledge, attitude and awareness towards Malaysia's economic policy and income inequality, (3) survey on the respondents' values, and (4) survey on their views on the correction of income inequality.

*3.2 Independent Variables*

The respondents' ages were 25 and below, 26-35, 36-45 and 46 and above. The data was coded as one and zero, depending on the respondent's category.

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The income of the respondents was recorded based on income groups set by Malaysia's economic policies: B40, M40 and T20, respectively. The data was coded as one and zero, depending on the respondent's income group. For the location variable, East Malaysia was coded as one and zero for Peninsular Malaysia. The respondents' education was divided into Highschool or below, Diploma, Bachelor's Degree and Postgraduate degree and above (reference category). The profession of respondents was also divided into categories: managers, technical and associate, professionals, clerical support workers, services and sales, skilled agricultural, forestry, livestock and fishery, craft and related trades, plant and machine operators and assemblers, elementary workers, students and unemployed (reference category). Ethnicity was captured as a binary; one value was used for Malays and zero for Chinese Malays. The answers to whether the respondents' parents or parent were still working or not were captured as binary, where a value of one meant that both the parents or a parent held an occupation. Information on how the respondent got information on their job was broken down into relatives/families, friends, online websites, social media and other modes. A respondent's involvement in a socio-economic organization was captured as binary, a value of one was used if the respondent was involved and zero if not. The respondent's consideration for the government to be responsible for income inequality was captured as a binary, where a value of one was considered if they held the government or a private company responsible and zero if they did not.

*3.3 Dependent Variables*

Respondents were asked to respond to statements on Malaysia's economic policy to check respondents' knowledge on a Likert scale ranging from 1-3. If 1 was chosen, the respondent had no knowledge regarding the issue and if 3 was chosen, the respondent had complete knowledge of the issue. The total score for knowledge ranged from 3 to 15, with high scores indicating better knowledge regarding income inequality and the economic policies of Malaysia. The scores for knowledge were calculated and the value of Cronbach's alpha coefficient was 0.83, indicating internal reliability. Table 3 records respondents' answers to statements on knowledge of Malaysia's Economic Policy.

As for attitude (Table 4), questions concerning the respondent's attitude towards Malaysia's economic policies were asked. The scores were calculated based on the responses to the following questions: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree. The mean of the responses to the three questions was used as the response variable for each group. The total score ranged from 5 to 25, with higher scores indicating more favorable attitudes toward the policy. The Likert scale was assessed for internal reliability using Cronbach's alpha. The Cronbach's alpha coefficient was 0.79, indicating internal reliability.

In the section on awareness (Table 5), respondents were asked to respond to statements regarding income inequality in Malaysia. The scores were calculated based on responses to the statements: 1=Not all aware, 2=Slightly aware, 3= Somewhat aware, 4=Moderately aware and 5= Extremely Aware. The total awareness score ranged from 5 to 25, with high scores indicating better awareness. The Cronbach's alpha coefficient was 0.87.

Table 3: Statements on Knowledge of Malaysia's Economic Policy

| | Statements | Disagree | Neutral | Agree |
|---|---|---|---|---|
| Q1 | The Malaysian economic policy has an impact on education. | 0.26 | 0.30 | 0.44 |
| Q2 | The Malaysian economic policy has an impact on employment | 0.36 | 0.30 | 0.34 |

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| | | | | |
|---|---|---|---|---|
| Q3 | The government's economic policy plays a major role in the economic growth of Malaysia | 0.08 | 0.2 | 0.72 |

Source: Own Survey (2022)

Table 4: Statements on Attitude towards Malaysia's Economic Policy and Income Inequality

| | Statements | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
|---|---|---|---|---|---|---|
| Q4 | The Malaysian economic policy aims to reduce income inequality. | 0.02 | 0.02 | 0.19 | 0.23 | 0.52 |
| Q5 | The Malaysian economic policy benefits you | 0.18 | 0.12 | 0.18 | 0.19 | 0.31 |
| Q6 | The politicians in Malaysia do care about the income inequality | 0.20 | 0.15 | 0.33 | 0.20 | 0.11 |

Source: Own Survey (2022)

Table 5: Statements on Awareness of Income Inequality in Malaysia

| | Statements | Not at all aware | Slightly aware | Somewhat Aware | Moderately Aware | Extremely Aware |
|---|---|---|---|---|---|---|
| Q7 | There is income inequality among ethnic groups in Malaysia. | 0.02 | 0.04 | 0.19 | 0.27 | 0.47 |
| Q8 | The income inequality among ethnicities is too large | 0.00 | 0.06 | 0.24 | 0.30 | 0.38 |
| Q9 | A smaller gap in income inequality is required for Malaysia's Economic growth | 0.04 | 0.07 | 0.28 | 0.31 | 0.28 |

Source: Own Survey (2022)

### 3.4 Multiple regression analysis

A multiple regression analysis was conducted using STATA as the statistical analysis software. The analysis was performed to identify factors related to the knowledge and attitude of respondents toward income inequality and the economic policies of Malaysia. Tables 5, 6 and 7 show the statements asked to assess respondents' knowledge, attitude, and awareness. Statistical relationships were estimated based on the following equations:

$$Y_n = \beta_{10} + \beta_{11}\,\text{Location} + \beta_{12}\,\text{Education} + \beta_{13}\,\text{Profession} + \beta_{14}\,\text{Respondent Characteristics}.$$

Where (n=>3)

$Y_1$= Knowledge of respondents

$Y_2$= Attitude of respondents

$Y_3$= Awareness of respondents

## 4. Results and Discussion

4.1 Social and Demographic Characteristics

A total of 150 participants completed the questionnaire. As shown in Table 6, the mean knowledge of Malaysia's economic policies among the study participants was 2.26 (SD= 0.59, range: 1-3), and the overall accuracy rate

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for the knowledge test was 75.3% (2.26/3 *100). The mean attitude score of the study participants towards Malaysia's economic policy was 3.46(SD= 0.87, range: 1-5), indicating a moderately positive attitude towards Malaysia's economic policies. In addition, the mean score for awareness of income inequality in Malaysia was 3.94 (SD=0.83, range: 1~5), indicating a good awareness of income inequality.

Most of the sample (91%) resided in Peninsular Malaysia. Of the participants, 82 had at least a bachelor's degree (55%). In addition, 61% of the respondents were over 35. In terms of their professions, 12 of the respondents were unemployed (8%). Respondents were grouped according to their monthly income, with 72 (48%) respondents in the B40 group and 58(38%) respondents in the M40 group. More than 73% of the respondents were part of socio-economic programmes implemented by the Malaysian government to promote development and alleviate poverty. On asking the respondents their perception of who was responsible for the income inequality, 132 of them found the government to be responsible (88%). Tables 2-4 show the responses to the questions related to the knowledge and attitude towards Malaysia's economic policies.

Table 6: Descriptive Statistics of Variables

| Variables | | Description | Average | SD |
|---|---|---|---|---|
| **Dependent Variables** | | | | |
| Knowledge Group 1～3 Policy 2.26 0.59 | | Knowledge about Malaysia's Economic | | |
| Attitude Group 1～5 Policy 3.46 0.92 | | Attitude towards Malaysia's Economic | | |
| Awareness Group 1～5 Awareness towards Income Inequality in Malaysia 3.94 0.83 | | | | |
| **Independent Variables** | | | | |
| Location | | | | |
| Place of residence (East) | Dummy | Take 1, if the respondent lives in East Malaysia | 0.08 | 0.28 |
| Place of residence (Peninsular)* | Dummy | | 0.91 | 0.28 |
| Education | | | | |
| Highschool or below* | Dummy | Take 1, depending on the educational qualification of the respondent | 0.17 | 0.37 |
| Diploma | Dummy | | 0.23 | 0.41 |
| Bachelor's Degree | Dummy | | 0.55 | 0.49 |
| Postgraduate | Dummy | | 0.05 | 0.22 |
| Profession | | | | |
| Self | Dummy | Take 1, depending on the current occupation of respondent | 0.20 | 0.40 |
| Public | Dummy | | 0.60 | 0.49 |
| Private | Dummy | | 0.13 | 0.34 |
| Other* | Dummy | | 0.07 | 0.25 |

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| | | | | |
|---|---|---|---|---|
| **Respondent Characteristics** | Dummy | | 0.15 | 0.36 |
| Age: (Below 25) * | Dummy | Take 1, depending on which age group the respondent falls | 0.46 | 0.50 |
| Age: (25-35) | Dummy | | 0.26 | 0.44 |
| Age: (36-45) | | | | |
| Age: (46 & above) | Dummy | | 0.13 | 0.33 |
| Income: B40 | Dummy | Take1, depending on which income group the respondent falls | 0.48 | 0.50 |
| Income: M40 | Dummy | | 0.38 | 0.48 |
| Income: T20* | Dummy | | 0.13 | 0.34 |
| Ethnicity | Dummy | Take 1, if the respondent is Malay | 0.50 | 0.50 |
| Relatives/Families | Dummy | | 0.13 | 0.34 |
| Friends | Dummy | | 0.19 | 0.40 |
| Website (JobStreet etc.) | Dummy | | 0.44 | 0.49 |
| Social Media(LinkedIn, Facebook, etc.) | Dummy | Take 1, depending on how the respondent received the current job | 0.17 | 0.37 |
| Others* | Dummy | | 0.07 | 0.26 |
| Socio-economic programmes | Dummy | Take 1, if the respondent belongs to any organization | 0.27 | 0.45 |
| Government is responsible | Dummy | Take 1, if the respondent feels that the Government is responsible for the income inequality | 0.12 | 0.33 |

Note- *- Reference Categories

We examined the percentage of respondents' educational level by income group and ethnicity to better understand the income gap between Malay and Chinese respondents (Table 7). A majority of the Malay respondents (56%) belonged to the B40 income group and an equal percentage of 40% of Chinese respondents were in the B40 and M40 income groups. A considerable gap in educational level among the income levels was seen, mainly between Malays and Chinese Malays who had an educational level of a high school or below.

Table 7: Percentage of respondents by ethnicity, income and educational level

| **Ethnicity** | **B40** | | | | | **M40** | | | | | **T20** | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | Total | 1 | 2 | 3 | 4 | Total | 1 | 2 | 3 | 4 | Total |
| Malays | 33.35 | 19.04 | 42.85 | 4.76 | 56 | 14.28 | 21.42 | 60.71 | 3.57 | 37.34 | 0 | 20 | 80 | 0 | 6.66 |
| Chinese Malays | 13.33 | 30 | 53.34 | 3.34 | 40 | 3.34 | 26.67 | 60 | 10 | 40 | 20 | 6.67 | 66.67 | 6.67 | 20 |

Source: Own Survey (2022)

Note: 1- Highschool and below; 2- Diploma; 3- Bachelor's Degree; 4- Post-graduate Degree

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We also assessed respondents' opinions on whether there needs to be a change in Malaysia's economic policy based on 1-5 degree, with a degree of 5 implying that a complete change in the economic policy is required. The results were summarized by ethnicity and income group in Table 8. It was seen that the maximum Malays in the B40 (50%) income group and the Chinese in the T20 (40%) income group felt the requirement of a complete change in Malaysia's economic policies.

Table 8: Percentage of respondent's views on change in Malaysia's economic policy

| Statement: Change in economic policy | | Malay | | | Chinese | | |
|---|---|---|---|---|---|---|---|
| | Total | B40 | M40 | T20 | B40 | M40 | T20 |
| Degree 1 | 4 | 2.4 | 7.1 | 0 | 6.7 | 0 | 6.7 |
| Degree 2 | 8.7 | 4.8 | 7.1 | 0 | 16.7 | 10 | 6.7 |
| Degree3 | 30 | 26.2 | 28.6 | 40 | 30 | 33.3 | 33.3 |
| Degree 4 | 21.3 | 16.7 | 21.4 | 40 | 20 | 30 | 13.3 |
| Degree5 | 36 | 50 | 35.7 | 20 | 26.7 | 26.7 | 40 |

Source: Own survey, 2022

**4**.2 Econometric Results

Table 9 presents the results of the regression analysis. The respective scores were logged for all variables. It was found that for attitude toward Malaysia's economic policy, respondents living in East Malaysia had a positive attitude compared to Peninsular Malaysia. The variable place of residence (t= 3.00, p>0.00) was significant for attitude but not for knowledge and awareness. For awareness regarding income inequality, respondents with at least a bachelor's degree (t=1.43, p> 0.10) were aware of income inequality in Malaysia compared to respondents who held a high school degree.

Regarding profession, the results indicate that for attitudes towards Malaysia's economic policy and awareness towards income inequality, self-employed respondents have higher positive attitudes (t=1.64, p>0.10) and higher awareness (t=1.35, p>0.10) as compared to the unemployed. However, as for the knowledge, none of the professions were statistically significant as compared to the unemployed.

Table 9: Results of Regression Analysis

| | Knowledge (MODEL 1) | | Attitude (MODEL 2) | | Awareness (MODEL 3) | |
|---|---|---|---|---|---|---|
| Variables | t | P>t | t | P>t | t | P>t |
| **Location**<br>Place of residence | 0.69 | 0.49 | 3.00 | 0.00*** | 0.52 | 0.60 |
| **Education**<br>Diploma<br>Bachelor's Degree<br>Postgraduate Degree | <br>0.19<br>0.19<br>0.21 | <br>0.84<br>0.85<br>0.83 | <br>0.63<br>-0.20<br>-1.12 | <br>0.52<br>0.84<br>0.26 | <br>0.46<br>1.43<br>0.81 | <br>0.64<br>0.10*<br>0.42 |

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| | | | | | | |
|---|---|---|---|---|---|---|
| **Profession** | | | | | | |
| Self | 1.27 | 0.20 | 1.35 | 0.18 | 1.64 | 0.10* |
| Public | 0.57 | 0.56 | -0.46 | 0.65 | 1.18 | 0.24 |
| Private | 0.04 | 0.96 | -0.78 | 0.44 | 1.24 | 0.21 |
| **Respondent Characteristics** | | | | | | |
| Age (26-35) | 0.22 | 0.82 | 1.80 | 0.07* | 1.52 | 0.13 |
| Age (36-45) | 0.11 | 0.91 | -0.16 | 0.87 | 0.34 | 0.73 |
| Age (45 & Above) | 0.78 | 0.43 | 0.18 | 0.85 | -0.22 | 0.82 |
| B40 | 0.90 | 0.37 | -0.25 | 0.80 | 0.14 | 0.88 |
| M40 | 0.14 | 0.88 | 0.86 | 0.39 | 0.01 | 0.99 |
| Parents Working | 0.32 | 0.74 | -2.11 | 0.03** | -0.71 | 0.48 |
| Ethnicity | 3.76 | 0.00*** | 10.59 | 0.00*** | 4.51 | 0.00*** |
| Relatives/Families | 0.86 | 0.39 | -0.53 | 0.60 | 0.27 | 0.79 |
| Friends | 1.09 | 0.27 | 0.49 | 0.62 | 1.14 | 0.25 |
| Website(JobStreet etc.) | 1.12 | 0.26 | 0.50 | 0.61 | 0.38 | 0.70 |
| Social Media(LinkedIn, Facebook, etc.) | 1.26 | 0.21 | 0.23 | 0.81 | -0.04 | 0.96 |
| Socio-economic programmes | -0.08 | 0.93 | 0.14 | 0.89 | -2.47 | 0.01** |
| Government is responsible | 1.22 | 0.22 | 1.07 | 0.28 | 1.39 | 0.16 |
| _Cons | 3.66 | 0 | 6.39 | 0 | 5.10 | 0 |

Source: Authors, 2022

Note: *** ,**,* indicate significance levels of 1%, 5% and 10%; n=150

For ethnicity, the knowledge (t=3.76, p>0.00), attitude (t=10.59, p>0.00)) and awareness (t=4.51, p>0.00) of Malays towards Malaysia's economic policy and income inequality were positively significant. Respondents who were a part of any socio-economic organization (t=-2.47, p>0.01) also had lower levels of awareness towards income inequality in Malaysia.

*4.3 Discussion*

Income inequality is an extreme issue that still plagues Malaysia. Given that the Malaysian government has revised its economic policies since its independence through the years to reduce income inequality, it is essential to understand the perception and impact of Malaysia's economic policies on its citizens. This can be evaluated by investigating the knowledge and attitude toward Malaysia's economic policy and awareness of income inequality in Malaysia among Malaysian citizens.

Our findings indicate that 72% of the respondents recorded a mean score of 2 and above regarding knowledge of Malaysia's economic policies. This may be due to the characteristics of the sample, as 40% of the respondents had at least a diploma degree. In addition, the Malay respondents had a higher positive knowledge of Malaysia's economic policies as compared to Chinese Malays. This may be due to the Malay being politically dominant compared to the Chinese Malays.

71% of the respondents recorded a mean score of 3 and above for their attitude towards Malaysia's economic policy. Interestingly, respondents who acquired education above a diploma degree had a lower positive attitude

towards Malaysia's economic policy. Additionally, respondents who strongly felt the need to change Malaysia's economic policy were the Malays in the B40 (50%) income group and the Chinese Malays in the T20 (40%) as in Table 8. This finding was consistent with our analysis which displayed a lower positive attitude of respondents in the B40 as compared to the M40 and T20 towards the Malaysian economic policy. The reaction of Malay under the B40 category could be attributed to the fact that Malays still earn comparatively less than the Chinese. The Malays fear that with the Chinese dominating the corporate sectors, "they will use economic power to wield a political edge at their expense" (Noor, 2009). This attitude can also be attributed to the educational levels of Malays in the B40 income group (33.35%) compared to the Chinese Malays (13.33%). According to Walker et al. (2019), 'governments are capable of taking the cost of a good education, with an immediate impact on the income gap, as the cash benefit is proportionately far greater for families on lower incomes.' On the other hand, the attitude of Chinese Malays in the T20 income group could be attributed to the resentment towards Malay's political dominance, with a critical view towards Malaysia's economic policy as it has a preference for Malays in jobs, education and business. However, the overall positive attitude of the respondents collectively towards Malaysia's economic policy could be the new economic policy (Shared Prosperity Vision 2030) which promises benefits for all Malaysians regardless of race and the increase in income for B40 households specifically. This was also consistent with our findings that showed a positive attitude for respondents in East Malaysia aged 26-35 years.

A lower positive attitude was also seen among Malay respondents with either a parent or both parents working. According to The World Bank (2020), only 60.8% of the Malaysian labor force contributes to an Employees Provident Fund (EPF), of which almost 75% of EPF members have an account balance of below RM250,000 (USD570,025) at the age of 54. Retirement being less of an option for the aged in Malaysia could explain the low positive attitude towards the Malaysian economic policy that does not involve income protection.

92% of the respondents have a mean score of 3 and above for awareness of income inequality, indicating the severity of income inequality issues in Malaysia. Malay respondents with a bachelor's degree and who owned a business compared to other forms of the profession were found to have a higher awareness of income inequality. It is known that income gaps play a role in a child's access to the best educational institutions (Reardon, 2014), this may have been a factor for respondents 'difficulty in access to a postgraduate degree'. This is also consistent with our findings of only 5% of the respondents having a postgraduate degree (Table 6) and the higher positive awareness of Malays compared to Chinese Malays. This finding is also consistent with Koh et al.'s (2016) finding which stated that education is a powerful predictor of perceived inequality. Additionally, considering the fact that the Malays are very cautious of the Chinese Malays having a higher income, the Malay's higher awareness levels towards income inequality can stem from the fact that the Malays are not just aware of their own income but also on how much they receive as compared to the Chinese Malays. A lower awareness level towards income inequality were seen among respondents who were a part of any socio-economic programmes. According to Yusof (2013), the socio-economic programmes have contributed to an increase in the income and business capital of Malaysians and their quality of life and personal qualities such as knowledge, confidence level, and attitude. Hence, this could explain the lower levels of awareness towards income inequalities.

## 5. Conclusion

This study aims to understand the knowledge and attitude of Malaysians and Chinese Malaysians toward Malaysia's economic policy and the awareness of both ethnicities towards income inequality in Malaysia. This survey found that knowledge and attitude regarding the Malaysian Economic Policy and awareness of income

inequality were higher among the Malay respondents than the Chinese Malays. It was found that Malay respondents who had a bachelor's degree and respondents who had a business of their own had a higher awareness level of income inequalities as compared to the Chinese Malays, which stresses the fact that this awareness stems not just from their income but also on how much they receive as compared to the Chinese Malays. Malay respondents who fell in the B40 income group and had a parent or both parents still working had a negative attitude towards Malaysia's income policies. It can be concluded that while the Malays felt economically marginalized, the Chinese Malays felt ethnically marginalized. Hence, Malay's new economic policy (Shared Prosperity Vision 2030) is ideal and aligned with the study's findings. However, an additional recommendation would be given to improved quality education for respondents in the B40 income group.

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