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Special Policy Implementation 1983-2018: Implications on the Economic Growth and People of Malaysia

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Abstract

This article aims to look at the implications of the Privatization Policy introduced by the former Prime Minister of Malaysia, Tun Dr. Mahathir Mohamad in the country from 1983 to 2018 in terms of the positive and negative implications towards the economy and the people of the country. The time taken is to see how effective this policy is in the 35 years of its implementation. The policy was introduced in 1983 and continues to be implemented today as it benefits outweighs the negative impact on the nation and the people. In general, the introduction of the Privatization Policy has also served to reduce the government's financial burden especially when the country is in an economic downturn, improve efficiency and diversification of revenue, encourage economic growth, efficient resource allocation and accelerate the achievement of the New Economic Policy (NEP). This study was conducted primarily using qualitative and chronological methods and was subjective. The information obtained is extracted and analyzed from primary and secondary sources. Primary sources include economic reports, Malaysian plans, Privatization Plans, Dewan Rakyat Statements and relevant government documents. The secondary sources consist of scientific journals, books and information obtained from the web site. The results show that the privatization policy implemented has positive and negative implications on the economy and the people. The privatization process also promotes the growth of the capital market and thus enhances private sector's contribution to GDP growth. Although this policy has negative implications, it is considered one of the policies that continues to play a role in shaping the country's future economic growth and development.

Keywords: Tun Dr. Mahathir, Privatization Policy, Private Company, Economy, People.

Introduction

The privatization policy is essentially a massive agenda introduced by the world capitalists of the United States and Britain. According to Munir (1992), privatization is a government

withdrawal from involvement in the production of goods and the provision of services. Initially, the policy was introduced by two practitioners from the capitalist country, the President of the United States, Ronald Reagan and the Prime Minister of Britain, Margaret Thatcher. With the support of organizations such as the World Bank, the International Monetary Fund (IMF) and the Asian Development Bank. This policy has been of great benefit to Malaysia in implementing it in terms of national income and political integrity. The privatization policy is a political and economic phenomenon implemented as a transfer of a particular government's interest or investment to the private sector (Adnan & Salman, 2015: 549). As such, the decision-making power has now shifted from the public to the private or new owners of public organizations. According to Saari (2002), the concept of 'economic man' is also used to capitalize on private roles such as private property, private enterprise and private profit in the development of a free-market economy. Before Tun Dr. Mahathir assumed the role of Prime Minister, industrial relations in Malaysia largely inherited the system adopted by the British (Harun, 2001: 198).

The privatization policy began to gain a lot of attention in the country beginning in March 1983 when Tun Dr. Mahathir (Prime Minister of Malaysia) launched the Malaysian Policy on Malaysia which also touched on the role of the private sector in the development of the Malaysian economy (*Economic Planning Unit*, 1991: 109). In addition, from the way he worked he was more impressed with the Japanese way and attitude. In this case, Tun Dr. Mahathir wanted to make Japan a model in the management of privatization that he introduced because he felt that the nation was highly valued and motivated in his work (Tukiman, 1994: 58). So, it is not surprising that there is also a Look East Policy. Referring to the policy introduced by Tun Dr. Mahathir, he describes it as a system that promotes conservatism but combines it with technological approaches and economic culture (Ismail, 2011: 69). In view of all this, what came to be called "corporation" or Malaysia Incorporated was born. In the memorandum of Tun Dr. Mahathir to senior officials in August 1983, he explained that the concept of Corporations of Malaysia or Malaysia Inc. meant that Malaysia should be viewed as a large company (Harun, 2001: 199). This was later followed by the implementation of the Privatization Policy (Mohamad & Abdullah, 2009: 46).

Reviewed Issues

In line with the implementation of the Privatization Policy which was introduced in 1983, this policy is seen as having a significant impact especially from the economic and citizens' side of the country. Among the goals of this policy are also to stimulate economic growth and efficiency of workers in the public and private sectors. Therefore, this study aimed to look at the positive and negative implications of the Privatization Policy on the Malaysian economy and people.

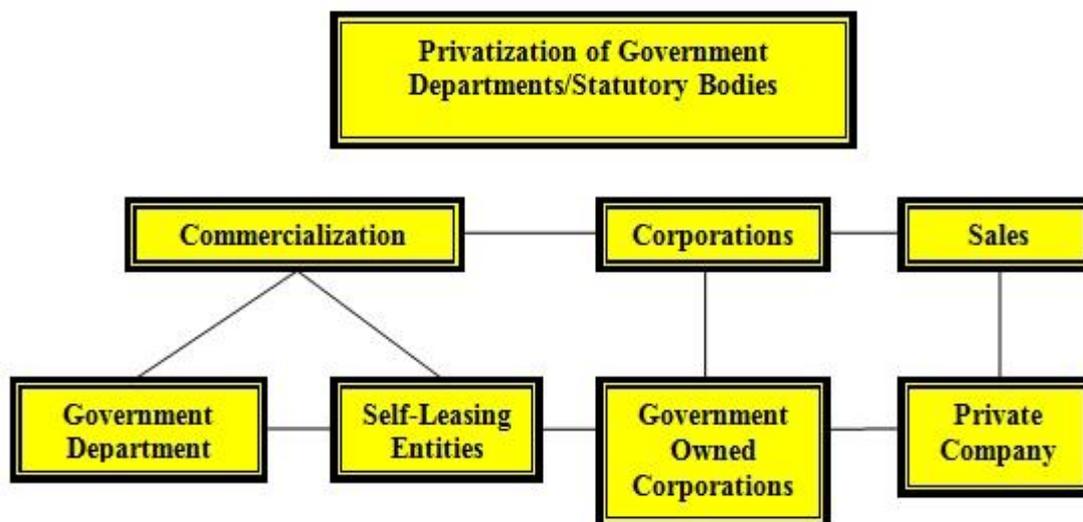
Private Policy

The Privatization Policy was one of the policies introduced during the reign of Tun Dr. Mahathir since 1983 and continues to do so today. This policy is further strengthened by comparing the forms of privatization practiced in other countries that implement the same approach (Halim & Herman, 1997: 100). In addition to the legal aspects, governments formulate clear principles and take action to coordinate and streamline privatization machinery and procedures. Tun Dr. Mahathir argues that the private sector is key to fostering national competitiveness and therefore the government should provide full support and

support to high level economic activities. The Government will continue to be responsible to the people in ensuring that the "profit-motive" is for the purpose of seeking profit while ignoring the public interest (*Statement of the House of Representatives*, 31 October 1983: 11275). Tun Dr. Mahathir's opinion is, if Malaysia can invest capital for more productive use then the economy will thrive. He often pointed out that if companies in the country are making a lot of profit, then the government can also collect a lot of tax and the proceeds from the tax collection can be used to fund various projects that can improve the quality of life of the people (Harun, 2001: 199).

Through the encouragement and development of the economic sector through privatization, Tun Dr. Mahathir hoped that Malaysia would emerge as a modern country equal to Western and other developed countries (Harun & Ahmad, 1996: 4). For example, Japan's success in developing the economy eventually allowed Japan to emerge as the only non-Western country with an advanced economic and industrial sector. Privatization is the most effective way to resolve the inefficiencies and unproductive effects of government-run services. Public outcry over the quality of public service provided by government bodies has prompted governments to privatize this government body. The following diagram is a method of privatization of government departments and statutory bodies.

Figure 1: Privatization of Government Departments and Statutory Bodies



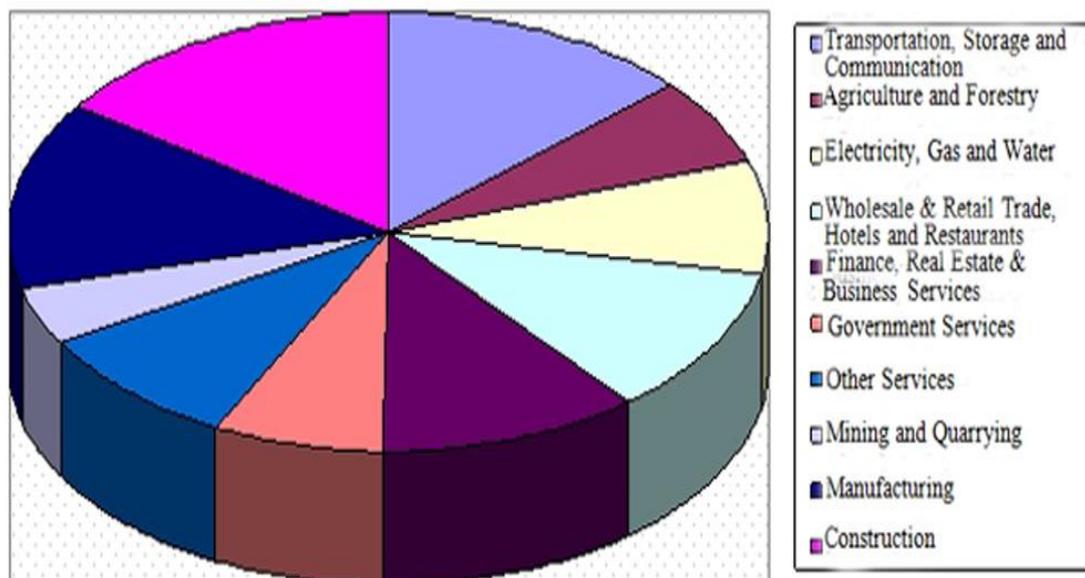
Source: Mohamad & Abdullah (2009). *Privatization and Work Environment*. Kuala Lumpur: Language and Library Council.

In addition, several key sectors affecting civil rights must be examined before privatization, such as the transport, water supply, telecommunications and energy sectors (*Statement of the House of Representatives*, 1989: 8502; *Utusan Online*, 2001). Among the privatized private companies since the 1980s include Malaysia Airlines (MAS), the RMAF Airplane Restoration Depot (AIROD), Sports Toto Sdn. Bhd., Klang Port Container Terminal, International Shipping Corporation of Malaysia (MISC), and Telekom Malaysia (*Dewan Negara Official Declaration*, 1987: 16550). The government also acts to privatize the Selangor state water to the Selangor Water Supply Company (SYABAS). In terms of the privatization of the privatization project sector, since the launch in 1983 a total of 457 projects have been privatized. These include 31 projects in agriculture and forestry, mining and quarrying, manufacturing, construction,

electricity and gas, transportation, telecommunications and multimedia, water and sewerage, wholesale and retail businesses, hotels and restaurants, financial services, real estate and businesses, government services and other services.

However, this privatization has continued to grow and increase over time. As you can see, the majority of privatization projects involve the incorporation of government-owned agencies and the transfer of existing entities to the corporate sector. Other projects include the construction of infrastructure and utility projects such as roads, light rail transit systems, independent power producers (IPPs), water supply and land development projects as at present. Most of these projects are privatized through the Sale of Equity (SPE) method, which accounts for 56.4 percent of the total. The remaining 13.6 percent is through construction, control and transfer, building, tax and transfer (BOT / BLT) while the remaining 13.1 percent is through Asset Sales (SOA). Other privatization methods such as build, control and ownership (BOO), Management purchase (MBO), and Asset Leasing (LOA) are underutilized (*Utusan Online*, 2001).

Figure 2: Distribution of Privatization Projects by Sector 1983-2003 (%)

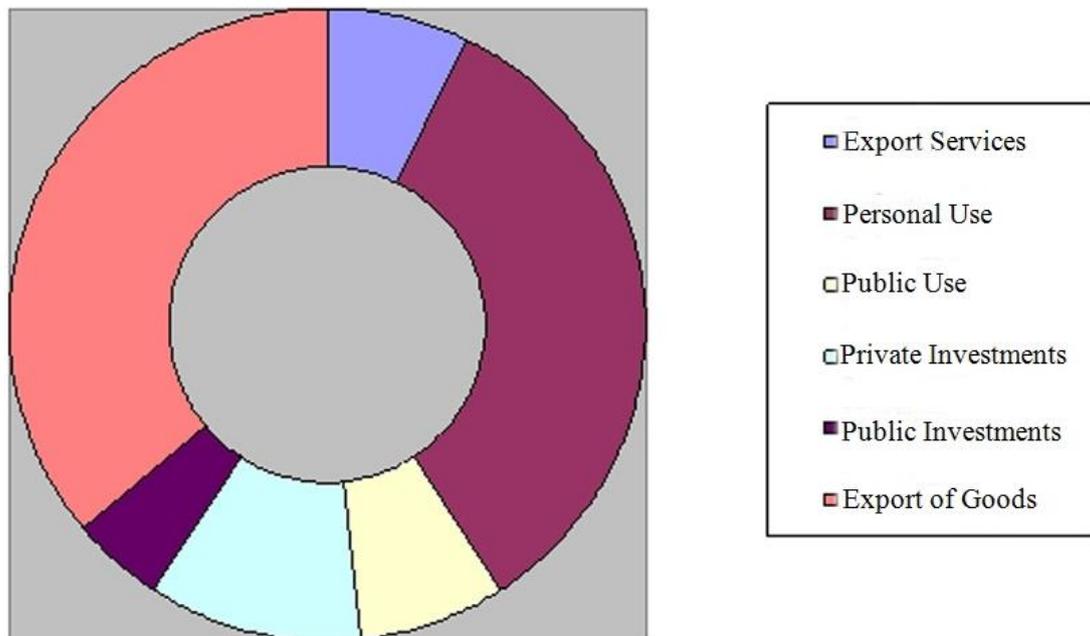


Source: Economic Planning Unit (EPU) Report, Prime Minister's Department.

Based on Fig. 2, from 1983 to 2003 privatization projects showed the highest figures in the construction sector. The construction sector accounted for 15.2 per cent and the sector was at the highest. The huge numbers recorded for the sector show that the government is focused on national development projects. Although in the early 1980s and in 1997 Malaysia was in a state of economic crisis, the situation remained stable. The construction sector was concentrated by the government for privatization projects during that period as the government's goal was to develop the country and move towards developing countries and as a developed nation. Large capital is issued by the government for national development purposes before privatization is implemented to increase domestic spending (Mohamad, 1987).

Thus, Malaysia's GDP growth grew at 4 to 5 per cent in 2016. This growth was driven by investment and private consumption at 6.7 and 6.4 percent (*Budget 2016*, 5). Even the private sector has been a major focus of the government in spending or budget 2018. Emphasis is placed on stimulating private sector investment and trade activities. This shows that the private sector is the catalyst for economic growth in the country. The government's current focus and focus is on developing and promoting trade, sustainable development, infrastructure, investment, industry, education, transportation and health while ignoring the aspects of human capital development (*Budget 2018*, iii-v).

Figure 3: Current Situation of Private Sector Rankings in 2018



Source: Budget 2018, Ministry of Finance Malaysia.

Based on the current state of the private sector position in 2018, private consumption registered the second highest at 33.6 percent. The country's most dominant sector in 2018 was exports of goods with a record 36.0 percent. Exports of goods registered the highest figures for the year. Whereas on the private sector investment, it accounted for 11.1 per cent of RM2, 003, 814 million in demand that year and this figure shows that private companies play an important role in driving the country's economic growth. The lowest performing sector is public sector involvement. The public sector recorded the lowest investment of 4.7 percent. This is in line with the government's desire to reduce the involvement of the public services sector in the economy and business with favorable participation from the private sector. Apart from private sector participation for the year, exports of services also fell by an average of 7.1 percent.

Research and Discussion Analysis

Increase in Domestic GDP Savings

The national savings ratio of GDP increased from 33.3 per cent in 1987 to 41.9 per cent in 1999 and dropped to 36.5 per cent in 2004. This growth was driven by private investment and consumption at 6.7 and 6.4 per cent (*Budget Speeches*, 2016: 4). High savings rates can be explained by several factors such as rapid economic growth, low and stable inflation, good

financial infrastructure development with the provision of diversified private savings products and a wide range of financial institutions nationwide as a result of private sector growth. in this country (Karim et al., 2007: 77). Rapid growth in business and trade enhances the country's GDP and income, creates jobs for locals, and polishes the country's image as a modern and progressive country (Buang, 2005: 48). The government introduced the National Transformation Program (NTP) in 2010 with an emphasis on private sector participation to drive the country out of the medium-income trap towards high-income economies by 2020. After seven years of implementation of the NTP, what can note is that the program has produced positive results. This is evidenced by the reduction in the country's gross national income (GNI) per capita with the World Bank's high income threshold from 33% in 2010 to 20% in 2017.

Whereas for the Economic Transformation Program, through the National Key Economic Area, 111 percent of KPIs, and through the Strategic Reform Initiative, 108 percent of KPIs have been achieved. Some of these successes have been from the Gross Domestic Product or GDP, having recorded an average growth of 5.6 per cent since 2010 (Razak, 2016). In terms of fiscal discipline, it is seen as consistent year after year and has been able to reduce the government's fiscal deficit from 6.7 percent in 2009, to as low as 3.2 percent in 2015. This means that when a country like Malaysia has good fiscal discipline, the cost loans are low. More importantly, market confidence will remain high, relative to Malaysia's credit position. Gross national income can be understood as national accumulated income, as a result of corporate profits and private investment. It is worth noting that, compared with 2010, gross national income per capita of around 28 thousand ringgit, has proven to increase by 30 per cent for 2015, to over 36 thousand dollars. In this regard, from 2010 to 2017, the average was 5.1 percent. In fact, this figure is twice the average growth of the world economy (Razak, 2016).

Growth and Economic Development

The Malaysian government has actively shaped the country's economic development over the past 30 years and implemented policies that could change the structure of the economy. Malaysia's economic structure has gradually changed from relying on the production and export of major commodities to a more modern industrial, skill-intensive and use of advanced technology to produce a variety of products and services, has a better and more competitive design to meet the needs of the global market (Bakar, 2012: 107). The aim of the Privatization Policy is to enhance the role of private investment in economic activities. For example, under the Fourth Malaysia Plan (4MP), private investment played a key role in promoting economic growth by contributing 72.2 per cent of the total investment of RM102, 639 million for the period 1981 to 1985 (*Fourth Malaysia Plan*, 1981: 231). At the end of 1986, there were 736 public corporations with 380 corporations as environmental agencies and 356 at the state government level directly involved in economic activities especially production, services, construction, and agriculture (Pandian, 2005: 102). In addition, the government has established MARA, National Corporation (PERNAS), UDA and 13 State Government Economic Development Corporation (PKEN) and Permodalan Nasional Berhad (PNB) and Khazanah Nasional Bhd (KNB). Provisions from the government have also been added to organizations like these. Equity ownership has increased dramatically since the introduction of the policy. The following table shows the equity ownership of a privately held company:

Table 1: Equity Ownership of 230 Privatized Private Companies Since 1983 Until December 1998 (%)

Equity Ownership	Ownership Currently Privatized	Ownership In December 1998
Government	58.3	43.3
Bumiputera	24.3	28.5
Non Bumiputera	11.4	17.2
Foreign	6.1	12

Source: Malaysia 1999: 150.

Based on the table above, what is noteworthy is the increase in equity ownership for Bumiputera, Non-Bumiputera and Foreigners. If privatized at the beginning of privatization, ownership for Bumiputera was 24.3 per cent and continued to increase to 28.5 per cent in December 1998. This was an increase of 4.2 per cent compared to the beginning of this policy. Whereas for Non-Bumiputera, there was an increase of 11.4 per cent at the initial level and up to 17.2 per cent in December 1998. The increase was 5.8 percent. As for foreign equity ownership, it rose by 5.9 percent, up by 6.1 percent at the beginning and increased to 12 percent in December 1998. The total increase was noted as a result of the privatization of the privatization policy and the potential for a more positive economic growth in the country.

Reducing the Burden of Government Administration and Finance

The paradigm shift for a new millennium of economic change and national development depends on the role and involvement of the private sector (Ismail et al., 2015: 2). The privatization policy implemented has positive implications for the public sector financial management as well as meeting other objectives such as generating efficiency in the economy, enhancing service quality and enhancing the process of equity restructuring. The privatization of viable government activities, among others, contributes to the strengthening of public sector accounts and enables the government to redistribute most of its resources for socioeconomic activities while also reducing taxes. This has allowed the government to introduce fiscal policy to ensure rapid economic growth. This trend is reflected in the public sector account deficit in 1981 as high as 21.8 percent. Nonetheless, domestic investment activity continued to be boosted with a contribution to GDP of 26.7 per cent for 2016. This was driven by private investment increasing by 218.6 billion ringgit and supported by public investment of 112.2 billion ringgit (*Budget Speech*, 2016: 13).

However, with greater privatization and fiscal savings, the deficit rate was reduced to 9.6 percent in 1986 and 2.3 percent in 1993. The situation changed in 1994 when there was a 3.6 percent surplus in GDP and this improved to 6.5 percent 1997. For the period 1983-1999, public sector accounts recorded an excess of RM1.8 billion or 0.01 percent of GDP. If the government did not privatize it instead of financing large projects undertaken during that period, the deficit would have increased fourfold to RM90.8 billion or 3.6 per cent of GDP. Even with private investment growth of 8.1 per cent to € 230 billion in 2017, various initiatives and projects can be implemented with greater participation by the private sector (*Budget Speech*, 2017: 35). Private investment contributions continued to outpace public investment with a ratio of 70:30. Private investment reached 260 billion ringgit in 2018, compared to just 81 billion ringgit in 2009. While public sector investment rose to 109 billion ringgit compared

to just 75 billion ringgit in 2009. This is in line with the ETP's goal of making the private sector an engine of growth (*Budget*, 2018, 13).

New Economic Policy Achievements (NEP)

In order to achieve the goals of restructuring under the New Economic Policy (NEP), privatization helped to increase Bumiputera participation in the corporate sector. Most privatized projects have at least 30 percent of Bumiputera participation. The Bumiputera are seen to play an active role in the privatization of new projects. Privatization is seen as opening up more opportunities to achieve the goals of the NEP. Undeniably, since the introduction of the private sector it has been the largest provider of labor in the country (Yussof & Ismail, 2012: 85). Therefore, attention should be given to the goal of restructuring society in terms of capital ownership, employment and the formation of a trade and industrial society among the Bumiputera. The growth of private investment as a result of various privatization programs is seen to provide more opportunities for restructuring property ownership structures. Factors and employee discipline factors have a significant and significant impact on improving the quality and quality of the private enterprise's goods and services. Thus, in the future program of organizational or company development should focus more on new goals and economics (Tampubolon, 2007: 114).

Since 2009, various major initiatives to strengthen the Bumiputera economy have been implemented. For example, the Carve Out and Compete initiative for Bumiputera, has reached a contract value of over \$ 61 billion. Also, the 1.7 billion ringgit Easy Money Fund has been approved for 515 projects, providing over 44 thousand job opportunities. Interestingly, the program has proven that Bumiputera contractors are more competitive and capable, and are able to complete projects ahead of schedule without compromising on quality. On the other hand, through the Bumiputera Education Leadership Foundation, nearly 17 thousand Bumiputera professional talent have been born into accounting and engineering (*Budget* 2018, 39). Through the encouragement and development of the economic sector through privatization, Tun Dr. Mahathir hoped that Malaysia would emerge as a modern country equal to Western and other developed countries (Harun & Ahmad, 1996: 4).

No Close-tendered Offers

The privatization policy adopted did not result in competition between private companies as the privatized companies were first chosen at their discretion. This situation is considered unfair and should not happen. This includes encouraging the practice of bribery, bribery and so on to get a project or to maintain a tender. For example, Malaysia prefers the concept of '1st come 1st served'. As such, privatization opportunities have been chosen based on political and private relations. This will indirectly encourage the abuse of power and corruption. The attitude and integrity of a leader can be disputed. According to Jomo (1989), UMNO is the party that enjoys the most benefits from the policy. An example is a television network license, a North South highway project. Examples of companies are United Engineers Malaysia (UEM) & Fleet Group. The situation is worsening when the privatization policy is seen to empower individuals who hold political power in the country. Political leaders and their cronies have close ties and interest in all the privatized projects and bodies of government. They may have direct relationships such as being chairmen or members of the board of directors or indirectly through a large shareholding specifically assigned to them.

For example, Tan Sri Khalid Ibrahim once blamed privatization under Tun Dr. Mahathir Mohamad who created a middleman who benefited from wind or rentier. They are powerful enough to determine the rise of a political leader including the Prime Minister. These renters are given projects, tenders or concessions as a result of special relations with the government despite lack of expertise and capital. In return, the 'rentier' class would 'sponsor' or 'donate' the political activities of the government to form a cohesive relationship between the two sides.

Increasing Cost of Living, Burden of Workers and the People

Utusan Melayu (M) Berhad forced into layoffs to reduce costs. Based on the record, the Utusan Group recorded a loss of six consecutive years with a cumulative sum of RM71.4 million. Not only that, the group of companies is also facing a debt of RM328 million. In addition, among the goals of the policy is to provide the best service, private companies will improve the quality of service and the cost of operation will increase and increase tariffs which will burden the people. In other words, the cost of living of the people will increase dramatically. People have to pay for the services provided at a much cheaper rate than before privatization. Most of these problems are faced by low-income rural people. If important sectors such as education and the private sector are fully privatized, then they will not be able to access these services.

For monopolized companies, they can make a profit while providing better service. However, the disadvantage is that this company is more concerned with profit alone with no concern for the lower income group. The policy is also based on the capitalist market system and there is no competition between companies as only one company monopolizes. For the weaker companies will be out of the market. Privatization leads to rising cost of living due to rising prices of goods and services on economic grounds. Theoretically this policy would not be able to eradicate poverty. However, the implementation of the Privatization Policy should focus more on the needs of individuals and the welfare of the people than on the goal of self-interest.

Unemployment Rate Increases

The economic crisis that has impacted the global climate has led many private companies to take steps to save money and reduce costs as a means of saving money in order to sustain and sustain the company's growth through effective and efficient working practices. The success and growth of a private company is not only determined by the success of financial management based solely on capital or financial strength, but also by its success in managing human resources. The human resource meant is that a private company should have a dedicated and efficient workforce while reducing costs in order to achieve the company's goals and benefits (Brahmasari, 2008: 124).

Since privatization was introduced and implemented in 1983, the unemployment rate has increased more than ever before. Private companies will try to reduce the number of employees. In the event of privatization, private companies will undertake remodeling and modification of operations. With this modification the labor surplus will be halted to reduce the company's operating and financial costs. In such cases, it also affects the purchasing power of consumers due to job loss and income. The underlying pattern in the private company sector is that workers are concerned about the performance of tasks, which stresses

the relationship between workers and those who value results or goals. So the main goals for private companies are to maximize productivity, customer and consumer satisfaction, growth and adaptability to all situations (Tampubolon, 2007: 108).

For example, when the National Treasury acquired the Malaysia Airline System (MAS), about 6,000 employees were offered or terminated through the Voluntary Separation Scheme (VSS). Media company Astro Malaysia Holdings Bhd is reportedly taking steps to reduce workers through the VSS scheme. This step must be taken to address the current economic challenges faced by the company. VSS is one of the schemes offered by employers to reduce workers and this VSS scheme is not a compulsion but workers are offered to terminate voluntary employment of the company and in return they will be given a fair compensation (legal) compensation. In fact, VSS is not the only scheme in the country. When employers or companies want to retire, there are other schemes such as the Voluntary Exit Scheme (VES) and Early Retirement Scheme (ERS).

This workers' compensation scheme is actually a normal thing when the country's economy or the company is not doing well. In addition, it is also a step that will be taken in the event of a merger of companies which has resulted in a lot of job overlaps and eventually the number of employees being reduced. For example, when the National Treasury acquired the Malaysia Airlines System (MAS) or is now known as Malaysia Airline Berhad (MAB). About 6,000 staff have been offered or terminated through the VSS scheme to pave the way for the restructuring of the national airline. This is solely for the sake of survival of the company. Not only MAS, Utusan Melayu (M) Bhd. also reportedly offered the VSS to more than half of its staff. A total of 800 workers were laid off through VSS bidding.

Creating Exploitation between Private Parties to Workers and Consumers

In addition, the Privatization Policy may also create private and public exploitation of consumers. The implementation of this policy will also threaten the existing public sector position. This is because for those with high incomes they will be more likely to choose the services offered by the private sector even though the charges are relatively high but they do not have to follow complicated procedures. They are also willing to spend more as long as the services they want are quickly and satisfactorily met. In terms of termination, whether to say something is done fairly or not, must be seen in the steps taken by the employer or company before offering VSS. Under the provisions of the Employment Act 1955 under the Department of Labor (JTK), a company cannot voluntarily hold VSS but must adhere to certain criteria such as limiting overtime and reducing workers' wages. Once all these criteria have been implemented, then the VSS scheme to terminate the workers will be approved by the government. Subsequently, workers will receive compensation based on several factors such as the duration of service involved.

The public will be financially burdened and the rising cost of living due to the exaggerated attitude of some private parties that are too focused on profit. This indicates that the public or consumers will be victims of this company. There is a conflict between the party providing the service with the public or the user. So it is no surprise that private companies are taking advantage of the public for profit. It gives a poor picture. The policy also undermines the existing public sector position. These issues indicate that exploitation and low quality of work nationally in various economic sectors (Tampubolon, 2007: 107).

Regardless of the decisions made by employers and private companies in the country, does this point to the fact that employee welfare is not a priority for the company. Employees are only needed when a company generates profits and is 'dumped' when it is at a disadvantage. Is not the position and economic stability of a country not only based on GDP or currency value but also the welfare of the people is important for the survival of the company. If the retrenchment practice at MAS and Astro took place in the United Kingdom or Australia, there would have been a massive demonstration.

Summary

Based on the implementation of the Privatization Policy in the country, several positive and negative implications can be seen in its role in expanding its position and enhancing the country's economic growth. Through the increase of private investment, for example, Malaysia expects the country's resources or resources to be fully utilized. The bureaucratic barriers that exist in the public sector that do not encourage efficient and optimal use of national resources can be overcome. Through privatization, more firms can be established and through competition between them, the country's economy can grow faster. However, the negative impact of taxes collected by the government would cause these firms or private companies to increase operating costs which would eventually result in service charges.

Several new companies were established with the government as individual ownership. Among the other methods implemented by the government is to form joint ventures with private companies as partners. What is clear here is that privatization shifts some of the government's interests and investment into the private sector and enables the economy to grow more drastically. In fact, through the efficiency and quality of work available to the private sector, this policy also plays a role in contributing to the country's economic performance. In addition to increasing efficiency and promoting economic growth, privatization is seen as opening up more employment opportunities to the people of the country. People also receive more efficient and orderly services through this policy. In addition, the implementation of this policy will give employees the opportunity to own an organization's shares. In terms of employee benefits, employees will have better opportunities for improvement in their careers. In addition, workers are also given more advantages in terms of pay schemes compared to the government sector.

Privatization was one of the alternatives to reducing government spending as Malaysia was facing an economic crisis in the early 1980s and 1990s. In addition, this policy also paves the way for direct private sector participation in the national development process. The negative impact of the rapid growth of the private sector, will indirectly increase the cost of living of the people. For the implementation of the NEP, the government is more concerned with the interests of Bumiputera individuals. However, consideration is also given to government-owned companies and trust agencies to participate in the privatization of privatized companies. Malaysia is now on the right track to achieve the goals of high-income countries in the future, supported by strong planning and cooperation between the government and the private sector. In fact, the impact of the positive implications can be clearly seen through the contribution of these policies to the development and economic interests of the country and creating more new employment opportunities for the people, but on the people or the public there are some negative impacts such as the retrenchment of existing workers, increasing cost of living, exploitation to employees and consumers.

Conclusion

Overall, this policy of privatization is playing a huge role in saving Malaysia from a severe economic downturn. The rapid growth of the private sector at the present demonstrates the success of the Privatization Policy in achieving its objectives. As the privatization of economic position and the standard of living of the people increased. Bumiputera people are increasingly involved in business and entrepreneurship. Malaysia has targeted foreign investors and made it a field for their investments as the country is seen to have economic growth potential. Aside from the negative effects, privatization that was born from the idea of Tun Dr. Mahathir not only improves the quality of service to the people, accelerates the process of achieving national competitive advantage at the national level, but also generates many millionaires, entrepreneurs and corporate and technological figures in the country. In fact, privatization is one of the steps of the government's efforts to increase the country's income. The private sector and the public sector can work together in all areas to achieve and enhance the development and image of the country to a greater degree. The private sector will be the backbone of trade and economic activities while the public sector will provide key policy and direction and provide specific support services to the private sector. This is because privatization is seen as a transfer of monopoly power to the private sector to maximize profits. The policy is an approach for the government to encourage private sector involvement in the national economy, reduce direct government involvement and promote the role of market power.

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