

The 14th General Election and the Changing Business Environment in a “New” Malaysia

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Abstract. Over the past few decades, there has been a growing tendency towards democratic forms of governance and market-based systems. Businesses need to understand the changing marketing environment in a country as the global market needs differ from the local context. Since gaining independence in 1957, Malaysia has been governed by a single political coalition, the Barisan Nasional (BN) which comprises three major race-based parties, and ruled as a hybrid political regime, turning Malaysia into an illiberal democracy. The 14th General Election (GE) witnessed the end of the world’s longest-ruling coalition government. The aim of this paper is (i) to understand how macro-environmental factors influence the business environment (ii) to investigate how various stakeholders can take advantage of the changing business environment to increase profitability (iii) to further examine the macro-environmental forces *vis-à-vis* the recent change in government at the recent 14th General Election.

Keywords: macro-environmental forces, market-based systems, new media, illiberal Asian democracies, Malaysia.

Nothing is more difficult, and therefore more precious than to be able to decide.
Napoléon Bonaparte

1. Introduction

The world economy is moving towards globalization of markets and production. Nonetheless, individual managers need to be aware of national differences in terms of political, economic and regulatory systems that will have implications on the practice of international business. Institutional investors often evaluate the political climate of a country as it impacts the return on investment. In the past, a change in government has not only hampered foreign investment but also affected international trade. This paper argues that the market attractiveness of a country is influenced by various indicators of political, legal or economic autonomy such as the protection of property rights and the free movement of labour, capital and goods.

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The government of a country plays an important role in setting the external boundaries which affect the macro-environment in which businesses operate. The governance of a country is thus closely linked to the marketplace. Good governance ensures free and fair competition among businesses and trade. This case study is chosen as an example of how a country’s political system and governance will influence the marketplace. The business environment is constantly evolving in response to the changing marketplace – providing a source of opportunities and threats. This case study proceeds by providing an overview of the macro-political situation in Malaysia.

2. A “New” Malaysia – The Evidence

Napoleon’s quote above was demonstrated in Malaysia on Wednesday, 9th of May 2018 at the 14th General Election (GE14). Despite the inconvenience of being held mid-week, this GE witnessed the third highest turnout of voters, as Malaysians turned up in full force to vote (as demonstrated in Figure 1 below). The nation, which was previously under the rule of the Barisan National (BN) coalition government for the last 61 years made history with a change of government, as the opposition Pakatan Harapan (PH) coalition won with a simple majority. Also, Malaysia’s previous longest serving Prime Minister Tun Mahathir Mohamad, at the age of 92 returned to partisan politics to lead the opposition PH coalition into victory. Tun Mahathir, previously the fourth Prime Minister of Malaysia, serving from 1981 to 2003, helped by bringing in votes especially from the rural parliamentary seats in the Malay heartland. Many of the Malay rural voters had benefited from his previous state developmental policies such as the 1990 National Development Plan and remembered him as being pivotal in moving the nation from an agriculture-based economy to a production-based one.

In the lead up to the GE14, the ruling government had mounted a number of political-legal barriers, in the form of new laws and policies. The most significant one was the passing of a controversial bill which sought to redraw the electoral constituency borders despite civil society protests against gerrymandering. A legal court case brought on by the Selangor State government to declare the Election Commission (EC) proposal illegal was unsuccessful.¹ The practice of gerrymandering, the unjustified disqualification of candidates, and the announcement of “new” electoral rules post-nomination day were signals that the BN was attempting to rig the election in its favour.² Tun Mahathir’s party, Parti

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1. This exercise saw opposition strongholds with more than 100 000 voters assigned 1 seat in Parliament while ruling government seats could have as few as 17 000 voters.
 2. Khor, Y. L. (2018), Commentary: Pakatan Harapan’s successful campaign strategy, informed by data, powered by people. *Channel NewsAsia*. Retrieved from: <https://www.channelnewsasia.com/news/commentary/malaysia-election-ge14-pakatan-harapan-campaign-strategy-10221738>