

PUBLIC-PRIVATE PARTNERSHIP (PPP) PROJECTS FOR MALAYSIAN TOLLED HIGHWAYS – AN INSIGHT USING A POLITICAL ECONOMY APPROACH

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Abstract

Tolled highways in Malaysia are built under the public-private approach in which the government provides the opportunities for the involvement of the private sector in the construction of these infrastructures. Using a political economy approach, this paper seeks to identify the main concession holders of the Malaysian tolled highways and ascertain in what way the tolled highways influence the political and economic arenas. This paper finds that the tolled highways in Malaysia play a significant role in achieving the country's economic objectives.

Keywords: political economy approach, tolled highways

1. Introduction

In many countries worldwide, the provision of a public infrastructure and related services are undertaken using a Public-Private Partnership (PPP) approach (Olson, Guthrie et al. 1998, English and Guthrie 2003, Newberry and Pallot 2003). Previous studies on PPP focus on issues, such as ex ante decision-making (Utusan Malaysia 24 October 2003, Yaacob and Naidu 1997), the value for money in adopting this approach (Heald 2003), risk transfer (Broadbent and Laughlin 2003), varying interests that developed into tension between the government and the standard setting body (Broadbent and Laughlin 2005), and how PPP serves as the means to achieving the government's political agenda (Broadbent and Laughlin 2005). Broadbent and Laughlin (2003) raise concern that PPP is a growing issue that is not geographically confined only to the UK but also to many countries internationally. In addition, they highlight the importance of conducting research to determine the implementation of PPP across the globe since PPPs are most likely to become the main approach employed in the provision of

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public services. Following this, the paper aims to look at how a PPP approach is undertaken in a country specific context; namely, Malaysia, whose economic objectives are steered towards achieving a socio-economic balance amongst the various ethnic groups.

2. Literature Review

2.1 Privatisation and PPP in the Malaysian Context

The existence of PPP projects in Malaysia can be traced from the 1980s, in particular, when the privatisation and Malaysia incorporated policies were formally promulgated in 1983. These two policies were introduced by the government in an effort to reduce the financial and administrative burden of managing the governmental sectors as well as encourage the involvement of the private sector in the development of the country. The privatisation programme in Malaysia is a broad-based term that encompasses a wide range of activities in the economy, such as the construction of tolled highways, hospitals, vocational training institutes, supply of electricity, gas and water, telecommunications, postal, airlines and airports. Just as the spectrum of activities in the Malaysian privatisation programme is vast, the mechanisms of privatisation also take various forms. Apart from the sale of government assets mode, privatisation in Malaysia also includes other approaches, such as leasing, management buyout, build-operate-transfer (BOT) and build-operate (BO) (Malaysia 1991); the latter two are more commonly utilised for new projects that were traditionally being provided by the public sector, for example, the provision of infrastructure, utilities and energy projects. Of these projects, the transport and communications sector plays a significant role in the country's privatisation programme. Throughout the privatisation period, i.e. from 1983 to 2005, the transport, storage and communications sector accounts for 12% of privatised projects in comparison to the electricity, gas and water sector at 8.4% (obtained from EPU website: <http://www.epu.jpm.my/>).

As mentioned earlier, the construction of tolled highways constitutes that part of the privatisation plan, which utilised the BOT approach. Under this approach, the private sector is responsible for the construction, operation and maintenance of the facility in question using its own funds, and, in return, owns the right to collect a toll from road users during the concession period (Economic Planning Unit (EPU) 2005). The facility will then be transferred at no cost to the government at the end of the concession period, which is normally long enough for the private sector to recoup its investment and pay back the project's debt (Naidu and Lee 1997). There are varying approaches to the PPPs adopted by various countries; therefore, a number of different PPP concepts and forms has been discussed (Broadbent and Laughlin 2003). In essence, PPP constitutes a contractual relationship between the private entities and the public sector to provide services undertaken within the scope of a programme or policy designed by the public entities in the interests of the public (Diogo, Pinho et al. 2005).

Thus, based on the terminology of PPP offered by Diogo, the Malaysian highway projects can be recognized as PPP, particularly as both the public and private sectors, in this instance, are bound by the terms in the concession agreements.

2.2 Socio-economic context of Privatisation in Malaysia

The introduction section highlights the aim of the paper, which is directed towards conducting a study of PPP within a country's socio-economic and political context. In this respect, it is important to note that the Malaysian privatisation programme (of which PPP is one of the mechanisms) has been implemented with the objective of enhancing the participation of the Bumiputera (indigenous people) in the economic sector, which is in line with the New Economic Policy (NEP)² (Malaysia 1991). This objective is clearly expressed by the government in its published privatisation guidelines, Privatisation Masterplan, which also states that in order to meet this objective; privatised projects must meet the requirement that calls for at least 30 per cent equity participation by Bumiputera entrepreneurs. In this way, the government tries to seek a more balanced economic achievement amongst the three major racial groups. In the Ninth Malaysia Plan,³ the government aims to reduce the income gap between the Bumiputera and the Chinese from 1:1.64 in 2004 to 1:1.50 in 2010 and between Bumiputera and Indians from 1:1.27 in 2004 to 1:1.15 in 2010 (Economic Planning Unit (EPU) 2005).

The government's role is not limited to ensuring that the country's wealth is equally distributed amongst the different races. It also extends to other areas, particularly in relation to the privatised projects. For example, the government continues to play a substantial role in the implementation of privatisation programmes. This takes place in the form of providing financial support through various measures, such as giving soft loans, offering directed lending through banks and provident funds (Baietti 2001), as well as acting as the guarantor to loans contracted by the private sector (Naidu and Lee 1997). In addition, the extent of the government's involvement is also apparent in decisions pertaining to pricing. Clearly, price revisions in some sectors, such as telecommunications,

² After Malaysia (known as Malaya at that time) achieved her independence in 1957, the country adopted a laissez-faire approach in its economic activities. However, at the onset of independence, economic disparities were clearly evident amongst the three major racial groups – the indigenous Malays (Bumiputera – 'sons of the soil'), Chinese and Indians. The social and economic imbalances between the three major racial groups – the Malays, Chinese and Indians – created much tension, which later erupted into a racial riot involving the Malays and the Chinese on 13th of May 1969. After this tragedy, the Malaysian government introduced the New Economic Policy (NEP) that sought to eradicate poverty and restructure the society. The basic philosophy underlying this policy is to 'grow with equity and national unity'. Such emphasis is important in the context of a multi-racial country to ensure, and, hence, give assurance to the economically dominant race, the Chinese, that they would not be deprived of any rights and opportunities existing in the country. (Economic Planning Unit web site: <http://www.epu.jpm.my/>).

³ The Ninth Malaysia Plan is a plan devised by the Malaysian government that covers a five-year period, i.e. from 2006-2010.

power and toll roads, require ministerial, and, at times, cabinet approval (Naidu and Lee 1997). Having provided an overview of the PPP approach in Malaysia, this paper will turn its discussion to the theoretical framework. As PPP is one of the vehicles used to achieve the economic objective of encouraging the participation of Bumiputera entrepreneurs in the economic sector, a political economy approach (PEA) is adopted in conducting the study. A review of the literature concerning political economy is reviewed in the following section.

2.3 Political Economy Approach

The political economy approach (PEA) in accounting studies seeks to study accounting practices in a wider context, taking into account the socio-economic and political factors in the studies. This approach is undertaken as a growing number of accounting researchers express their concern that accounting studies need to take into consideration various factors including organizational context, and socio-political and economic factors that could have an influence on the accounting practice (Burchell, Clubb et al. 1980, Hopwood 1983, Hopper and Powell 1985).

Employing this approach, Tinker (1980) uses the financial data provided by Delco, a company that was involved in the iron-ore extraction business in Sierra Leone, to demonstrate how socio-economic and political attributes are reflected in accounting information. Taking this view, Cooper and Sherer (1984), in their conceptual paper, put forth suggestions of how the PEA should be adopted in accounting studies. According to them, accounting research that employs PEA should focus on conflicts in society, which is translated into the accounting field as how the accounting report serves the interests of specific groups in the community, for example, the elite. Next, PEA in accounting studies needs to take into consideration the historical and institutional context of the society in which it operates; noting how big corporations function in oligopolistic and monopolistic markets, and, in particular, how the state manages the economy. Lastly, the view in PEA is that people have the potential to change society apart from reflecting differences in interests and concerns. The last attribute of PEA, as suggested by Cooper and Sherer, indicates that their view is somewhat radical. Laughlin (1995), who proposes a 'middle-range' thinking in accounting studies, suggests that instead of making an absolute stand concerning whether or not a change should be initiated at the beginning of their studies, options should be given to accounting researchers after the empirics have been reviewed.

Nevertheless, the suggestions on conducting accounting studies using a PEA by Cooper and Sherer (1984) provide a useful guideline to other researchers. Selvaraj (1999) uses the first attribute of PEA suggested by Cooper and Sherer, which is the focus on conflict in society, as a basis to conduct a study of interests and accounting standard setting in Malaysia using the political economy framework to view the struggle within the accounting profession in an attempt to dominate the standard setting process; presenting her arguments through an

analysis of the case of Goodwill Accounting Standard. Selvaraj (1999) concludes the paper by noting that although power struggles for the domination of accounting standards seem to exist both within and outside the Malaysian accounting profession, the same interests do not come into play perpetually. In a similar manner, Ali, Haniffa et al. (2006) use this approach to examine the development of the auditing profession in Malaysia. They find that auditing in Malaysia is intertwined with the influence of political and socio-economic factors, in support of the contention put forth by Hopper, Storey et al. (1987) that political struggles in society do play a role in shaping accounting development.

The above papers effectively demonstrate how political and socio-economic determinants play an important role in accounting and auditing studies. This study uses the political economy approach as the theoretical framework in an attempt to establish a clear link between the research objectives, the empirics and the theoretical grounding. The research objectives are explained below.

3. Research Objectives

The research objective of this paper is twofold; firstly, it aims to ascertain the companies that act as concession holders of tolled highways in Malaysia. Secondly, it seeks to explore the ways in which the highways influence (or are influenced by) the socio-political and socioeconomic factors.

4. Research Methodology

The data for this paper is gathered from the information contained in the website of the Malaysian Highway Authority, Ministry of Work and Economic Planning Unit. In addition, further data is gathered from the annual reports of the immediate concession companies in question (in cases where the concession companies are private limited companies), the accounts filed by the companies at the Companies Commission of Malaysia for the year 2005. This reflects a ten-year period of change in the pattern of the provision of public services since the first privatisation for tolled highways occurred in 1995 for the North-South Highway. Because the aim is to determine the concession companies of Malaysian tolled highways, the annual reports and accounts for the year 2005 (or 2004 if the annual reports for the year 2005 are not available)⁴ are examined to determine the details of the immediate and ultimate holding companies.

5. Findings

In this section, the findings of the study are discussed. Using the evidence from the accounts and annual reports published by the companies, this section considers

⁴ This study was undertaken in the year 2006; therefore, the latest annual reports available at the time of the study would be for the year 2005.

the participants of the Malaysian Tolled Highway, in general, and the concession companies, in particular. Further discussion on the findings that attempts to relate the empirics to the political economy framework are provided in the discussion section.

5.1 Concession Companies of Malaysian Tolled Highways

From 1983 – the year the Privatisation Programme and Malaysia Incorporated Policy was implemented – until 2005, a total of 19 tolled highways were constructed. The highways, their respective year of completion, total length and the concession holders are displayed in Table 1 below:

Table 1: Tolled Highways in Malaysia
(source: compiled from Ministry of Works and Malaysian Highway Authority web sites).

	Project	Year Completed	Concession Company	Length (in km)
1	Penang Bridge	1985	PBSB	13.5
2	North-South Highway	1994	PLUS	848.0
3	Shah Alam Expressway	1997	KESAS	35.0
4	Seremban-Port Dickson Highway	1997	PLUS	23.0
5	North-South Expressway Central Link	1997	ELITE	56.8
6	Malaysia-Singapore Second Link	1998	Linkedua	45.7
7	KL-Karak Expressway	1998	MTD	60.0
8	Butterworth-Kulim Expressway	1998	KLBK	16.8
9	Damansara-Puchong Expressway	1999	LITRAK	40.0
10	Sungai Besi Expressway	1999	Besraya	16.0
11	Cheras-Kajang Expressway	2000	Grand Saga	11.7
12	Western KL Traffic Dispersal Scheme	2001	SPRINT	26.0
13	Ampang-KL Elevated Highway	2001	PROLINTAS	7.4
14	Northern Klang Straits Bypass	2002	Shapadu	15.3
15	Kajang Dispersal Link Expressway	2004	SILK	37.0
16	New Pantai Expressway	2004	NPE	19.6
17	Guthrie Corridor Expressway	2005	GCE	25.0
18	Butterworth Outer Ring Road	2005	LLB	12.0

Table 1 above shows that 14 out of the 19 concession holders of these tolled highways are private limited companies, as revealed by their company names ‘Sdn Bhd’. The names of the immediate holding companies are then noted. Next, the annual reports of the immediate holding companies are crosschecked to ensure that the details concerning their respective subsidiaries (who are the concession holders) are accurate, and, thus, are reliable. Table 2 below shows the details of the immediate holding companies and the highways they operate.

Table 2: The Immediate Holding Companies for the Concession Holders

Immediate Holding company for the Concession holders	Highways/Bridge
Plus Expressway Berhad	1. North-South Expressway 2. Seremban-Port Dickson Highway
United Engineers (Malaysia) Berhad (UEM)	1. Penang Bridge 2. North-South Expressway Central Link 3. Malaysia-Singapore Second Link
Road Builder (Malaysia) Holdings Berhad	1. Besraya-Sungai Besi Expressway 2. NPE-New Pantai Expressway
MTD Equity Sdn Bhd	KL-Karak Expressway
Konsortium Expressway Shah Alam Selangor Holdings Berhad (KESAS)	KESAS-Shah Alam Expressway
Malaysia Mining Corporation Berhad	Butterworth-Kulim Expressway
Lingkar Trans Kota Holdings Bhd	Damansara-Puchong Expressway
Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd	Western KL Traffic Dispersal Scheme
Grand Saga Sdn Bhd	Cheras-Kajang Expressway
Projek Lintasan Kota Holdings Sdn Bhd	Ampang-Kuala Lumpur Elevated Highway
Shapadu Corporation Sdn Bhd	Northern Klang Straits Expressway
Sunway Infrastructure Bhd	Kajang Dispersal Link Expressway (SILK)
Guthrie Bhd	Guthrie Corridor Expressway
LLB *Details of the immediate holding companies are not available	Butterworth Outer Ring Road

Table 2 above shows that 8 out of the 13 concession holders are public limited companies, as indicated by the term ‘Bhd’ after the company names. Further examination of the annual reports of the immediate holding companies is then undertaken to determine the ultimate holding companies for the concession holders. This information, as well as the percentage shareholdings of these companies is shown in Figures 1-7, respectively.

Figure 1 above shows that the PLUS Expressway Berhad is an associate company of the UEM group. The group appears to operate and maintain the first five highways built after the implementation of the privatisation programme and Malaysia incorporated policy. It also appears that the government’s main investment arm, Khazanah Malaysia Berhad, has a shareholding of 23.87% of PLUS Expressway Berhad, which operates the North-South Expressway and the Seremban-Port Dickson Expressway.

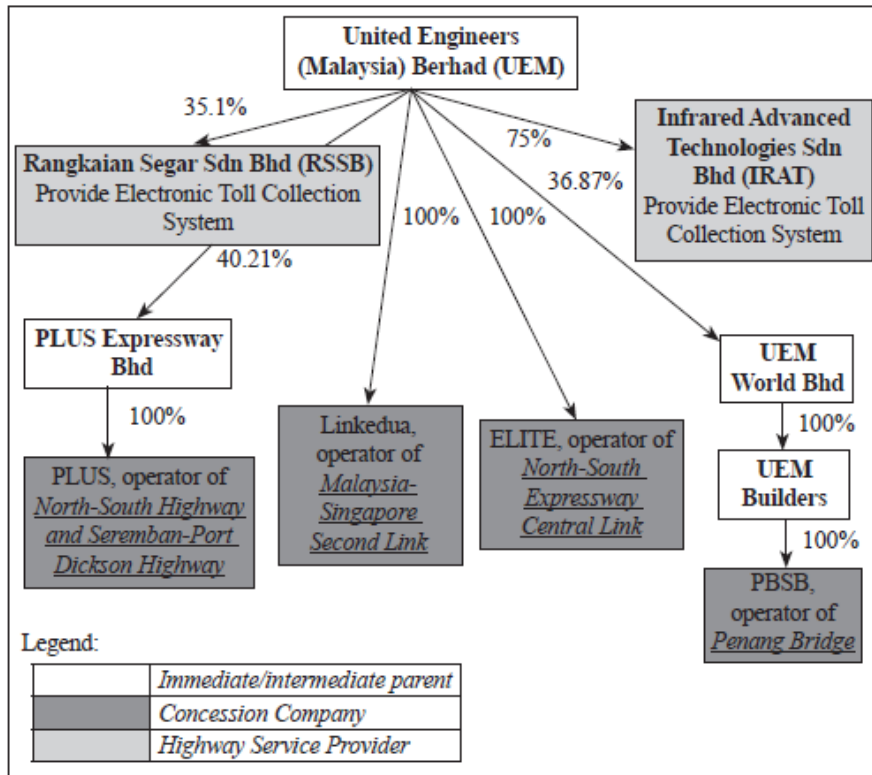


Figure 1: The UEM Group and the highways that the group operates

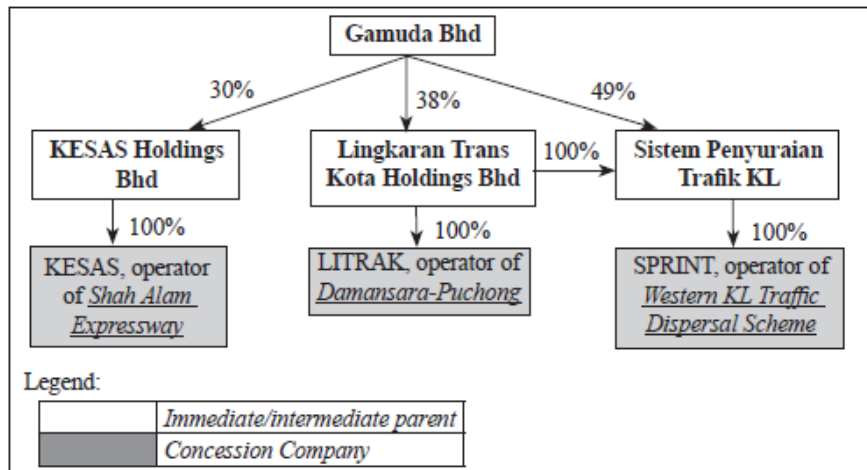


Figure 2: Gamuda Berhad Group, including Pemodal Nasional Berhad

Figure 2 above depicts a rather complex form of ownership of tolled highways. Although each of the five immediate holding companies, namely, Sistem Penyeruaian Trafik KL Barat Holdings Sdn Bhd, Lingkaran Trans Kota Holdings Bhd, (KESAS) Holdings Berhad, Projek Lintasan Kota Holdings Sdn Bhd and Kumpulan Guthrie Berhad has a 100% ownership of the concession companies that operate the respective highways, the ownership of the immediate holding companies themselves appears to be somewhat dispersed with various shareholdings of other companies. Quite notable here is the 100% ownership of Projek Lintasan Kota Holdings Sdn Bhd by Permodalan Nasional Berhad (PNB). PNB is the main investment instrument of the Malaysian Government. The company, which was incorporated in Malaysia on 17th March 1978, was established to meet the objective of the New Economic Policy, which seeks to enhance the participation of the Bumiputera in the economy. This objective is effectively carried out by PNB through the acquisition of shares in major Malaysian corporations from funds provided by the Bumiputera Investment Foundation. The acquired shares are then transferred to trust funds and sold to the Bumiputera in smaller units.

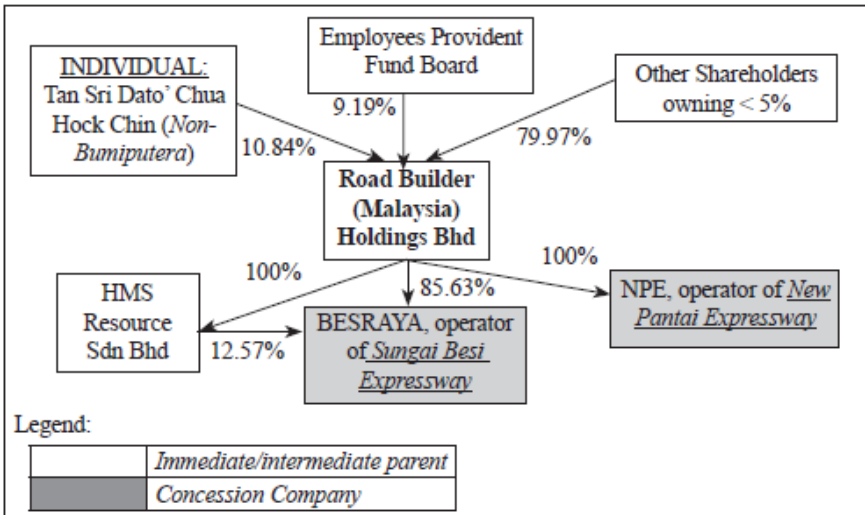


Figure 3: Road Builder Group

As opposed to the two previous group structures, the ownership of tolled highways by the Road Builder group is rather simple and straightforward. It appears that this group owns 85.63% of Besraya Sdn Bhd directly and 12.5% through its wholly owned subsidiary, HMS Resource Sdn Bhd.

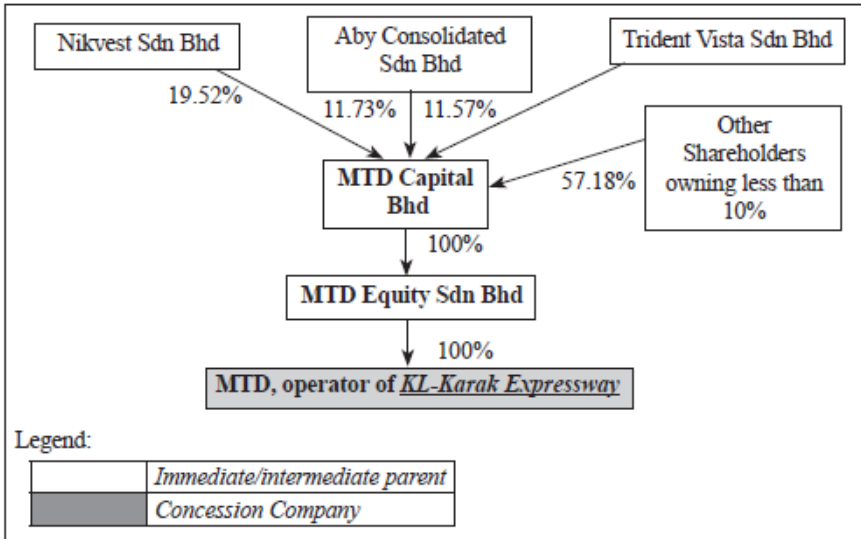


Figure 4: MTD Capital Berhad Group

The ownership structure of the KL-Karak Highway, as shown in Figure 4, above is also simple and straightforward. MTD Capital Berhad has a 100% holding of MTD Construction Sdn Bhd through its wholly owned subsidiary, MTD Equity Sdn Bhd.

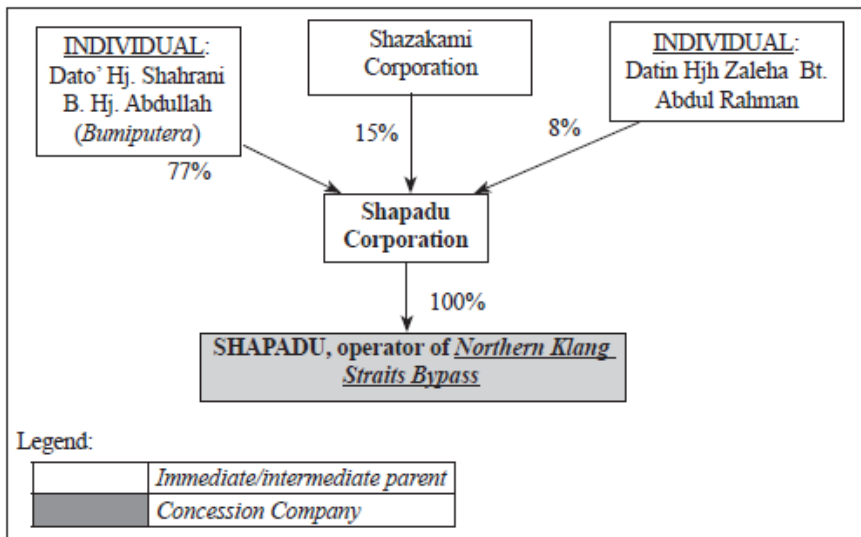


Figure 5: Shapadu and MMC

Figure 5 clearly shows that the ownership of the Butterworth-Kulim Expressway and Northern Klang Straits Bypass is divided into two groups. From this diagram, it can be seen that the ownership of the Butterworth-Kulim Expressway resides with MMC, which has 100% control of the concession holder, KLBK. Similarly, Shapadu Corporation Sdn Bhd effectively owns the Northern Klang Straits Bypass through a 100% ownership of the operator, Shapadu Properties Sdn Bhd. However, MMC differs from Shapadu Corporation in that more than 30% of its shares are owned by the Bumiputera Investment Trust Fund, whilst Shapadu Corporation Sdn Bhd is owned substantially by a Bumiputera individual who has a 77% shareholding of the company.

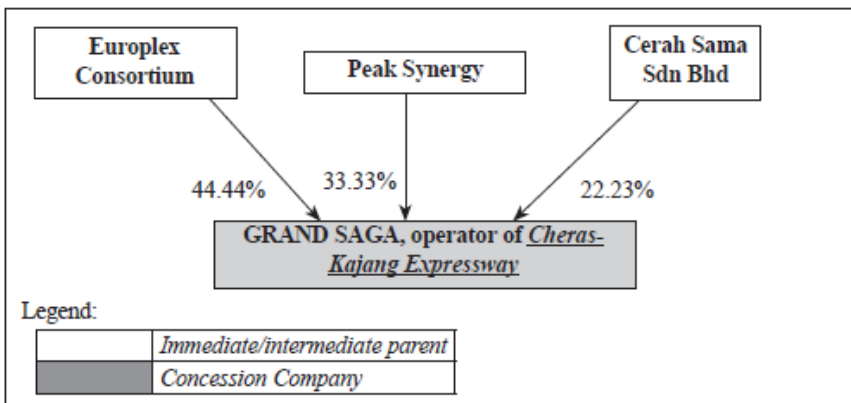


Figure 6: Grand Saga Sdn Bhd

The ownership structure for the Cheras-Kajang Expressway is in marked contrast to the other group structures. This is due to the fact that the operator of the highway, Grand Saga Sdn Bhd, is owned by three other private limited companies; namely, Peak Synergy Sdn Bhd, Europlex Consortium Sdn Bhd and Cerah Sama Sdn Bhd, as shown in Figure 6 above. The first two companies, are, in turn, substantially owned by other private limited companies – 90% by Anekawal Sdn Bhd and 84.34% by L.G.B. Holdings Sdn Bhd, respectively, with slightly more than 15% shareholding owned by Bumiputeras.

The Sunway Infrastructure Company, as shown in Figure 7 above, has a 100% interest in SILK, the concession company that operates the Kajang Dispersal Link Expressway. Sunway Holdings Incorporated Berhad owns one third of the shareholding in Sunway Infrastructure Berhad, whilst Petroforce owns 16% of the shares, LFE Engineering owns 12% and the other shareholders own the remaining 38.37%. Hence, it can be observed that the ownership structure for this highway is not as complex as for the other highways, in particular, the UEM and Gamuda groups.

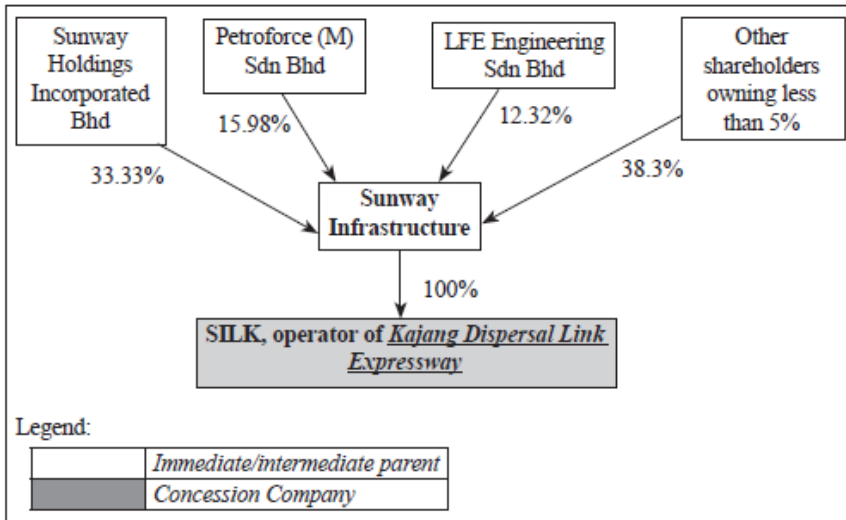


Figure 7: Sunway Infrastructure

6. Discussion

The findings above reveal some interesting facts about the Malaysian tolled highways. As mentioned in the early part of the paper, the privatisation programme is implemented with the objective of encouraging Bumiputera entrepreneurs to participate in the economic sector. Before the introduction of the privatisation programme and Malaysia incorporated policies in 1983, the Malaysian government provided the public infrastructure. The Malaysian government introduced these two policies in an attempt to reduce the burden on the public sector as well as to reduce the government's presence in the country's economic activities. The Penang Bridge was the first tolled highway project undertaken soon after the two policies were introduced. This was later followed by a large number of highway projects, which continues until today. In relation to how the tolled highway projects are interrelated with the economic arena, evidence from the empirics suggests that the government is trying to achieve the objective of the NEP of enhancing the participation of the Bumiputera in the economic sector by awarding a number of contracts to Bumiputera entrepreneurs. The first project, Penang Bridge, was awarded to UEM Builders (a member of UEM Berhad – Please refer to Figure 1). The UEM group is known to have direct political connections with political figures of the ruling party, United Malay National Organization (UMNO) (Gul 2006) Contracts for subsequent projects – North-South Expressway, Seremban-Port Dickson Expressway, North-South Expressway Central Link and Malaysia-Singapore Second Link – were also

awarded to the UEM Group. Although the awarding of contracts to the Malay businessmen and entrepreneurs was contended by some as practicing ‘cronyism’ (Adam and Cavendish 1995), the argument concerning the incompetence of the Malay corporations is rather questionable on two grounds. Firstly, the UEM group managed to secure a number of big projects for constructing highways in other countries, namely, India and Qatar. It was reported that the group was involved in five highway packages in India covering 352.2km and valued at RM1.05 billion (Utusan Malaysia 21 February 2003), as well as securing a deal valued at RM903.7 million to build a 81-km highway in Qatar (Utusan Malaysia 24 October 2003). Secondly, the highways built by the UEM group are safe for usage by the public, which serve as an evidence of the group’s competency in highway construction. However, coming back to the competency issue, it is not clear from the newspaper reports as to how the deals to construct the highways were secured by the UEM Group; particularly as the awarding of the contracts can also be viewed as a ‘government to government’ arrangement. If the projects were secured through open, competitive bidding, to a certain extent, it can be used as a benchmark of the group’s competitiveness internationally.

Although the intention of the Malaysian government is to ‘reduce its presence in the economy’ (Malaysia 1991), its presence in the country’s economic sector still persists through the participation of its main investment instrument, PNB, in three highway projects – Ampang-Kuala Lumpur elevated highway through its wholly-owned subsidiary; Projek Lintasan Kota Holdings Sdn Bhd; Guthrie Corridor Expressway through its subsidiary, Kumpulan Guthrie Berhad; and Shah Alam Expressway through its wholly owned subsidiary; Percon Corporation Sdn Bhd, which invests 20% in its associate company, KESAS Holdings Berhad. However, the ‘government’s dominance’⁵ over tolled highways and bridge projects does not extend to the stage of ‘monopolising’ the infrastructure provision sector. This can be observed from the list of highways and their year of completion (Please refer to Table 1 and 2 as well as Figures 1 to 7). After the Malaysia-Singapore Second Link project, subsequent projects were awarded to companies outside the UEM group. However, this observation is based on the limited information obtained from the company’s annual reports, documents filed at the Companies Commission of Malaysia and the information available on the Malaysian Highway Authority web site.

As the UEM group is now expanding their operations overseas, it can be inferred that the Malaysian government is trying to encourage Bumiputera participation in the country’s economic activities through the provision of

⁵ This term is used in this case since there were five projects in total that were awarded to the UEM group in which the Malay ruling party; UMNO, has interests, and the awarding of three other projects that were directly or indirectly linked to Permodalan Nasional Berhad; which is one of the Malaysian Government’s investment instrument. The Prime Minister of Malaysia is one of the members of the Board of Trustees of the corporation.

infrastructure by awarding major projects in the early phases of the privatization policy implementation to companies that have close ties with the government. The desire to increase involvement of the indigenous people in the economic sector has most probably caused the awarding of contracts to be 'less transparent,' (Yaacob and Naidu 1997). Hence, it could be that the Malaysian government began to award the contracts to other companies outside the UEM group only after it felt confident of the capabilities of the Bumiputera Corporation to compete internationally. It can also be seen from the information gathered that the government's policy to encourage the participation of the Bumiputera in the economy is not coupled with strategies to suppress business opportunities to the non-Bumiputeras, who are still being offered opportunities. This is apparent by the fact that the contract for the Sungai Besi and New Pantai Expressway has been granted to Road Builder (M) Berhad of which a non-Bumiputera has a substantial shareholding. The participation of Bumiputera in the tolled highway in this instance is not only seen as individual participation but also collectively. The existence of the Bumiputera Investment Trust Fund helps to enhance active participation of the Bumiputera in the economy, as shown in Figures 3 and 5; Amanah Raya Nominees (Tempatan) Sdn Bhd (Bumiputera Investment Trust Fund) has 34.43% shareholding in MMC and 22.64% in Kumpulan Guthrie Berhad.

7. Conclusion

The Malaysian tolled highways appear to play a significant role in the country's socioeconomic and socio-political arena. The participation of the Bumiputera in the economy is enhanced and encouraged through two means – the awarding of contracts to Bumiputera entrepreneurs and placing investments from the Bumiputera Investment Trust Fund in concession companies. Although these measures appear to be successful in narrowing the income gap between the Bumiputera and the Chinese, it is questionable whether the approaches will continue to be effective in the long run, particularly because the tolled highways constitute a demand that can be perceived as being 'government induced' rather than being publicly led and created. Nevertheless, the tolled highways have turned into a platform for Bumiputera controlled companies to extend their operations overseas. In this sense, it can be seen that the government has indeed taken the right approach in building the capabilities and competencies of Bumiputera companies to enable them to compete globally. What is apparent from this study is the fact that although the government seeks to reduce its financial and administrative burden through privatisation exercises, the government's involvement and presence continues to play a significant role in Malaysian tolled highway projects.

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