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1. Introduction

Since the 1970's, the Malaysian economy has developed remarkably under the New Economic Policy (NEP) 1971-90 and the National Development Policy (NDP) 1991-2000. In the course of industrialisation under the NEP and NDP which encourage Malays to enter the modern sector, the Malays have moved from the traditional agricultural sector to the manufacturing and service sectors. This move has transformed the ethnic structure in employment. Also, female labour in employment has increased since the 1970's and Malay women in rural areas have entered the labour market as unskilled/semiskilled labour for the labour intensive industries. In the process of industrialisation, the economy has faced labour shortages and utilises foreign labour, especially in the agricultural, construction, manufacturing and domestic service sectors. Therefore, the main changes of labour structure in Malaysia since the 1970's are (1) changes in the ethnic division of labour by Malays' moving to the manufacturing and service sectors, (2) an increase in female labour in the manufacturing sector and (3) an increase in the utilisation of foreign labour (Yoshimura 1995b).

In the 1990's, the NDP succeeded the NEP and the Prime Minister, Dr. Mahathir announced Wawasan 2020 (Vision 2020) which aims to make Malaysia a developed and industrialised nation by 2020. The economy is now on a new stage for employment and human resource development as the government has clearly said that the economy does not need the labour intensive industries any more.

This paper discusses the structural changes in the labour market in Malaysia

from the 1970's to the 1990's, with an examination of segmentation in the labour market by ethnicity, gender and nationality.

2. Structural Changes in Employment and Ethnic Division of Labour

The Malaysian economy has achieved the rapid growth from the Second Malaysia Plan 1971-75 to the Fifth Malaysian Plan 1986-90 under the NEP. The average economic growth rate was 6.7% for 1970-90 under the NEP and 8.7% in the 1990's although the country experienced a serious recession in the mid-80's. In 1995, the GDP was 120.3 billion ringgit.

The manufacturing sector led the economic growth. The proportion of exports accounted for by manufacturing goods' climbed from 11% in 1970 to 80% in 1995, whereas raw material fell from 79% to 20%. The proportion of GDP attributable to the manufacturing sector increased from 13% in 1970 to 33% in 1995, whereas the agricultural sector's proportion declined from 31% to 14%.

During the same time, the manufacturing sector's proportion of the labour force rose from 11% in 1970 to 26% in 1995 whilst the agricultural sector's ratio declined from 56% to 18%. The largest sector of the labour force is the service sector. The share of service sector in the working population rose from 33% in 1970 to 56% in 1995, and the main section is the public sector (11%) (Malaysia 1996, Table 2-7, p. 59; Table 4-2, p. 110).

Malaysia is a multi-ethnic society consisting of Malay 62%, Chinese 27%, Indian 8% and other 3% (Malaysia 1996, Table 4-1, p. 105). This multi-ethnicity was formed though labour immigration of Chinese for the tin mines developed with Chinese capital and though Indians for the rubber plantations developed with British capital during the British colonial period. This created an ethnic division of labour and this employment structure caused an income imbalance by ethnic group. In 1970, the average income of Malay households was 179 ringgit while the average income of Chinese households was 387 ringgit and the Indian's was 310 ringgit (Malaysia 1973, Table 1-2, p. 4). This is caused by the Malay concentration in the traditional agricultural sector with low productivity and low profitability.

The NEP aimed at (1) eradicating poverty and (2) restructuring society and it encouraged Malays to enter the modern sectors such as manufacturing and services to adjust the income imbalance. Under the NEP, the proportion of the primary sector in the Malay labour force declined by two thirds in 1970 to 33% in 1990 (21% in 1995). During the same period, the ratio of the secondary sector in the Malay labour force increased from 12% to 22% (32%) and the ratio of the tertiary sector increased from 22% to 45% (47%). The Malay proportion of employment in the manufacturing sector expanded from 31% in 1970 to 47% in 1990 and 51% in 1995.

The increase of Malays in employment was remarkable in the secondary and tertiary industries. Employment in secondary industry increased four times from 170 thousands to 920 thousands under the NEP and employment in the tertiary sector tripled from 310 thousands to 1,220 thousands whereas non-Bumiputera's growth rate in employment in the secondary and tertiary industry was 56% and 28%. The Malay proportions in the total new employment in these two industries under the NEP are

55% of 13.5 million and 58% of 15.7 million.

The process of the proletarianization of the Malays also went forward since the 1970's. The quota of wage employment among Chinese and Indians was already more than half in the 1970's whilst the ratio for Malays was 36% in 1970. The ratio increased to 55% in 1980 since self-employed and family employed labour in rural areas moved to the category of wage employment with the restructuring of employment.

The employment of Malays developed in the modern sector due to government policy that sought to make the ethnic ratio in employment reflect the ethnic ratios of population. It is not the case that at large the ethnic ratio in each occupation level and job category is the same as population ratio. Historically, administration/management jobs and technical/professional jobs were dominated by non-Malays and the marketing area such as resale and wholesale was dominated by the Chinese. Moreover, the Malays prefer the public sector that offers them better conditions and pensions. The private sector can not obtain enough qualified Malays.

Thus, main changes of the ethnic division in labour since the 1970's are (1) Malays moved from the traditional agricultural sector to the manufacturing and service sectors (including the public sector), (2) proletarianization transformed Malays from self-employed and family-employed to wage employment, (3) Malays were increasingly employed in technical/professional jobs, clerical jobs and production with a balanced ethnic ratio, while the non-Malay ratio in administration/management and sales jobs is still more than the population ratio, and (4) the current unemployment rate is quite low at 2.8% while the Malay unemployment rate is higher than that of other ethnic groups and the Indian rate is also higher than the average.

The NEP brought the inter-industry movement of Malays and advanced Malayisation in each job category and occupational level. Among ethnic groups, it was Malays who experienced the biggest changes in labour structure after the 1970's. During the British colonial days, the ethnic division of labour was simple with Malays as smallholders in kampungs, Chinese as tin mine coolies and merchants, and Indians as rubber tappers and chattiers. Now, the division of labour by ethnicity has been transformed and it is necessary to discuss not only specific sectors and industries, but also specific occupation levels and classes.

3. Female Labour under the New Economic Policy

The increase of women in employment is a major change in labour market after 1970. The rate of female labour force participation was only 31% in 1957. It was still only 36% in 1970 and 39% in 1980, and gradually increased to 47% in 1990 and 48% in 1995. This shows that it increased in the 1980's. The female proportion of the employment of manufacturing sector increased from 17% in 1957, to 29% in 1970 to 40% in 1980, to 46% in 1990 and to 43% in 1995 although the female proportion of whole labour force only changed from 31% to 34% for 1970-95,

The entry of women into the labour market was brought about by changes in the social circumstances of women due to social development and industrialisation/modernisation. These changes include the upgrading of women's education levels, later marriages, fewer children, less domestic work, higher motivation for jobs, more

commercialised culture and urban lifestyle, higher living costs, etc. Changes in society and values have motivated women to enter the labour market as employees and government policy encourages women to work as well.

As women enter the labour force, feminization of labour in several specific industries (i.e. electronics and electrical industry, garment and clothes industries, etc.) has taken place. These industries include labour intensive processes in production where 70-90% of the production workers are women. These industries have played major roles in export expansion and new job creation in the overall economic development.

Multi-national corporations, the main employers in these export-oriented industries prefer female labour because of (1) lower wages, (2) a steady supply of new school leavers, (3) their short working term which allows control of employment, (4) nimble fingers, (5) better eye sight, (6) endurance and patience, and (7) docile character (Yoshimura 1997a pp. 140-141; Grossman 1979, Hancock 1983, Lim 1978, Lim 1990, Ong 1983, Ong 1987). Items 1-3 are characteristics of female labour in labour market whilst items 4-7 are said to be characteristics of women themselves. These characteristics are not, however, biological in nature but are formed as expectations of women from their families and the community. Nimble fingers are also the result of training since childhood for domestic by female family members and/or acquaintances. Factories do not need long-time training for women after employment and do not have to pay for developing ability as their skill is already formed before employment as a part of unpaid domestic work (Elson and Pearson 1986).

In this way, since the female labour is considered the best labour for unskilled work in labour intensive processes, female labour and male labour are utilised in different industries and jobs. Import substitute industries and resource processing industries (i.e. metal, rubber products, automobiles, timber and furniture, port service, etc.) utilise male labour and men account for 70-80% of the total work force. On the other hand, export oriented industries (i.e. electronics and electrical goods, garments, clothing industries, etc.) use female labour and women account for 70-80% of the labour force. Yet, even within such industries, men account for more than 80% of the upper level occupations and jobs and have higher income as from administration/management and technical/professional occupation/jobs whilst women dominate the lower occupational level jobs like clerks and unskilled production workers. Moreover, there are income differentials between women and men even in the same occupation/job and it expands further the income imbalance with the sex division of labour in industries and jobs.

Furthermore, government policy, which encourages Malays to move to the modern sector, has made Malay women in rural areas enter the manufacturing sector. For example, the electronics and electrical industry is the leading exporting industry for the Malaysian economy and 80% of the labour force of this industry is female. And 80-90% of the production operators are young Malay women while the Malay ratio in the whole labour force in the manufacturing sector is 50.3%. Malays are Muslim and Muslim women were supposed to stay in the houses. So, without the government policy that suggested women to enter the labour market to satisfy the labour demand, they might have not moved in the 1970's.

Women employed in the manufacturing sector are mostly young women between 18 and 24 years old. They generally join factories via information and/or intro-

duction from friends and family after graduating from the lower secondary schools or upper secondary schools. It was a quite new and totally different experience for young women to work at modern factories. There were some who left factories on the first day or after only several days/weeks during the first stage of industrialisation in Malaysia, as they often grew up in kampungs in rural areas. Moreover, Malay female factory workers had to face the cultural conflicts with Islamic values and customs by starting working at factories. For instance, factory women wear half-sleeved shirts and skirts for uniforms, work and mingle with men in working places, sometimes leave their kampungs to live by themselves in apartments and dormitories, go to discotheques, cinemas and shopping malls, etc. The mass media showed their commercialised and westernised life style and politicians and religion leaders discussed their attitudes as a social problem in the 1970's and the 80's.

Cases of mass hysteria in factories were often reported in the 1970's. Once mass hysteria happens, the production lines are stopped and it could take hours/days/weeks to restart. It was said that it happened because of ghosts and spirits and they often called Bomoh to pray to settle. Young women from rural areas were working for hours, with strong pressure for high targets and norms, in a closed space with the unnatural and mechanical atmosphere of a modern factory. This must be with a great source of stress and pressure on them. In this case, it is better to discuss this not as a neurotic "hysterical" reaction by women, but as a reaction caused by the unhealthy working conditions, stress and pressure on workers (Fuentes and Ehrenreich 1983).

In general, female factory workers join the factories just after leaving secondary schools, and leave factories before retirement age. Recently, however, women do not leave even after getting married or having children. They ask family and/or neighbours to take care of their babies/children while they work. Still, women are supposed to keep houses, to take care of family and to raise children. This is a double burden for women.

The government has expected more women to participate labour force to satisfy the labour demand. The participation rate of the working age population is 66% overall while the female participation rate for the female working age population is 47% compared to the male rate of 85%. With the serious labour shortages, government programs encourage married women's working and offer higher jobs for women with training for human resource development.

The government expects women to work as long as this does not disturb their traditional roles in family and community and supposes that the whole economic expansion automatically benefits the working status of women by upgrading productivity and living standards. When the government see female labour as a convenient reserve of labour, women problems as workers would not be solved so that working conditions for women are not prepared and that wage differentials also continue to exist.

4. Labour Shortage and Foreign Labour in Malaysia

The economy now faces acute labour shortages in many sectors, especially in the agricultural, construction, domestic service and manufacturing sectors. Because of industrialisation and improved living standards, young people have begun to avoid

work in these sectors.

There are six main reasons that labour shortages are serious in these specific sectors. First, the wage levels are generally low compared to the other sectors. Second, the work is often hard with long hours in difficult environments with poor working conditions. Third, skilled or semi-skilled jobs and professional or technical positions are preferred to unskilled work because of rising levels of education. Fourth, many other job opportunities are available in other sectors because of the general labour shortage in the country. Fifth, there are negative images such as "poor," "dirty," etc. And sixth, the urban lifestyle is favoured and office work is preferred (Yoshimura 1997b p. 110).

Thus, young people avoid manual work because they consider jobs such as labouring on estates, construction sites and factories, domestic helpers, etc. as low-paid and low-status, with limited career prospects. They prefer working in offices or factories with air-conditioning, and with better working conditions in urban area (Yoshimura 1997b, 1997c). Also, they even "wait" for better jobs (Ministry of Labour Malaysia 1987/88 undated p. 2). In these circumstances, it would be difficult to bring young people back to these jobs because of the negative images even if the wages and working conditions were improved.

There were instances of undocumented ("illegal") foreign workers even in the 1970's. In the 1980's, however, the issues emerged as a serious social problem since the foreign workers became more visible.

Although, there had been historically foreign workers in Malaya/Malaysia. Chinese and Indians, who moved in the British Malaya as tin mine coolies, estate labourers, etc. from outside of the Malay world, they are now Malaysian. On the other hand, however, labour movements naturally existed within the region, including Indonesia, the Philippines and Thailand, because those areas were considered as a Malay world, although those countries' nationals are now foreigners who come to Malaysia as illegal workers.

Information on international immigrant flows into Malaysia suffers from lack of a proper statistical base. Azizah Kassim estimates there are about two million foreign workers in Malaysia while the government estimates one and a half million.

The majority of foreign labour in the peninsular Malaysia is made up of Indonesians. Although the Malaysian government signed the Medan Agreement in 1984 to control the labour supply from Indonesia, it did not restrain illegal immigration. Still, as the foreign workers who had worked in jungles and fields gradually came to work in urban areas, the issue of foreign labour has been seen as a social problem beginning in the 1980's.

The government conducted registration of foreign workers after 1988 by the Regularisation of Migrant Indonesian Workers without Travel Documents (Proses Pemutihan Pendatang Tanpa Izin Indonesia) mainly for estate workers and construction workers in 1989, and followed this with the Amnesty Program for domestic helpers. The government permitted the employment of foreign labour in the manufacturing sector in 1991 as well. So the Malaysian economy depends on foreign labour in most sectors. The ministries, employers' associations and workers' groups continue to discuss aspects of the foreign labour situation. The government also studies the current situation and means of controlling the foreign labour.

The main flows of current labour immigration are as follows: (a) from Sumatra

**Table Issuance of Temporary Work Permits by Country of Origin and Job Sector
(July 1992-January 1997)**

Country of Origin	Domestic Help	Plantation	Construction	Services	Manufacturing	Others	Total	%
Indonesia	79,900	109,701	94,777	3,154	30,773	1,347	319,652	62.7
Thailand	3,881	11,536	6,540	1,534	298	848	24,637	4.8
Philippines	28,539	49	1,160	828	1,401	668	32,645	6.4
Bangladesh	56	17,399	27,603	5,866	73,073	416	124,413	24.4
Pakistan	53	183	1,356	435	1,694	3	3,724	0.7
India	54	306	1,347	446	198	27	2,378	0.5
Sri Lanka	5	4	43	39	28	—	119	0.0
Myanmar	17	125	675	282	125	16	1,240	0.2
Nepal	—	25	17	97	262	—	401	0.1
Nigeria	—	—	—	—	—	5	5	—
Others	7	—	137	11	54	526	735	0.2
Total	112,512	139,328	133,655	12,692	107,908	3,856	509,949	100.0
Percentage	(22.1)	(27.2)	(26.3)	(2.5)	(21.1)	(0.8)	(100.0)	
Number of those whose country of origin and job sector not stated							162,603*	
Grand Total							672,552	

Source: Bahagian Sistem Maklumat & Rekod, Ibu Pejabat Imigresen, Kuala Lumpur.

and other nearby Indonesian islands to Peninsular Malaysia, (b) from Kalimantan, Indonesia to Sabah and Sarawak (East Malaysia), (c) from the Philippines to Sabah and Sarawak, (d) from South Thailand to the Northern States of Peninsular Malaysia, and (e) from Bangladesh to Peninsular Malaysia.

The foreign workers are limited to nationals from Indonesia, Bangladesh, Philippines, Pakistan and Thailand (for domestic helpers, only Indonesia, Philippines and Thailand nationals may be employed). The majority of foreign workers in Malaysia are Indonesians. They account for 65% of Temporary Employment Pass (TEP) foreign workers in 1992-95 (see the Table). There are many Indonesians in Malaysia because (1) many Indonesian historically have come to Malaysia as neighbours, (2) Malays and Indonesians are ethnically and culturally similar, (3) the languages are similar and communication is easy, and (4) Indonesians are Muslims like Malays and the culture and customs are similar (Yoshimura 1997c p. 124). The second biggest group is Bangladeshi (21%); they are also Muslims and can share the same values and customs despite language differences.

Indonesians mainly work in the estate (37%), the construction (34%) and the domestic help (23%) sectors and their share of manufacturing employment is only 6%. On the other hand, nearly half of Bangladeshi work in the manufacturing sector (46%), and the construction sector (30%) and the estate sector (18%) are the second and the third most important. Bangladeshi migrant workers are mostly male while Indonesian women often come to Malaysia as migrant workers even though they are Muslim. Moreover, the education level of Bangladeshi migrant workers is generally higher than the education level of Indonesian migrant workers (Yoshimura 1997a, 1997b).

Filipino migrant workers come to the Peninsular Malaysia mainly as domestic helpers (90%). Females are dominant in the Filipino registered workers in Malaysia because of this job structure. The case in Sabah and Sarawak is different and the

Filipinos including men freely move to work in estates in East Malaysia from the area of the Sulu islands. Among the category of domestic helpers, the Indonesian ratio (67%) is almost double the Filipino ratio (29%). Yet, the Filipino domestic helpers have a good reputation as professional maids because of their professional attitudes, English ability, better educational background, etc. The registration levy and wages for Filipino helpers are higher than for Indonesian helpers.

Thus, foreign labour is not homogeneous and there are different characteristics by gender and nationality. Foreign workers are visible in the neighbourhood in both of rural areas and urban areas in Malaysia.

Malaysia has been a multi-ethnic society and it has the potential capacity to accept with outsiders with different culture, religions, languages and customs. But, the local community claims increased social costs like medical expenses and education for foreign workers' children, social conflicts and fears of increasing crime, etc. Indonesians share the same religion and language in the same region. Nevertheless, this similarity might raise a new issue, they could be a potential group categorised as Bumiputera to be added the Bumiputera population if they settle in Malaysia. They cannot always share the ethnic interests of non-Bumiputera.

It is a somewhat ironic situation that Indonesians who could easily integrate into a Malay world are considered as aliens whereas Chinese and Indians who came to Malaya as migrant workers are now Malaysians nationals. Currently, Indonesians, Bangladeshis and other migrant workers are employed in labour intensive industries that need unskilled workers. Yet, they might return home when their home country economies develop. And the sectors that currently depend on foreign labour now might expect labour from other countries or there might be a decline in the size of labour intensive process.

5. Strategy for Industrial Restructuring and Human Resource Development

The Malaysian government announced *Wawasan 2020* (Vision 2020) which envisions Malaysia to become a developed and industrialised nation by 2020. The projected growth rate for 1990-2020 is 7% per annum and this is not impossible if the economy can keep the current economic growth rate of 8%. The government launched the Second Industrial Master Plan 1996-2005 (IMP 2) in 1996. The rapid growth and expansion of the manufacturing sector has, over the last decade, contributed significantly to overall economic growth and the successful implementation of this IMP 2 is one of the key determinants for the realisation of *Wawasan 2020* (Malaysia 1996, pp. 17-18).

The government plans to establish advanced high level technology oriented industries and information-oriented industries to develop the economy. The government launched a plan of Multi-Media Super Corridor in 1996. A National Electrical Goods Project was also announced. This plan centred on the National Car Project, which aimed establish local automobile production, not just the assembly of components from foreign companies. Although the electrical industry has been a major exporter as well as the electronics industry, the production has been the labour-intensive assembly production for export by foreign companies. The government has

often complained of the slow pace of technology transfer and the lack of linkage within the domestic economy. This project shares the same aim to build up the domestic industry and to heighten the self-reliance of the National Car Project.

The economy attracted foreign companies by incentives and good labour and the labour intensive industries lead for the economic growth in the 1970's and 80's although the government recently asserted that Malaysia does not need labour intensive industries any more. Multi-national corporations also do not consider Malaysia a good place to locate labour intensive processes because of wage standards and labour shortages. Instead they look to relocate labour intensive lines to China, Vietnam, Myanmar, etc.

The government seeks high level technology-oriented and information-oriented industries as well as locally owned and manufacturing for existing industries. This requires (1) an increase in administration/management staff and technical/professional staff, (2) an improvement in technology transfer and (3) the promotion of small- and middle-size companies. Human resource development is the essential key and it includes broad human resource such as entrepreneurs and skilled technicians.

Since the current labour shortages are acute, the private sector also has to attempt labour-saving and capital-intensive investment. Malaysia is a nation with a good education standard among the developing countries, but the demand for skilled and trained labour as well as technical/professional staff is increasing and the labour market is limited in its ability to supply enough skilled labour. It is crucial to upgrade the skill of the whole labour force (especially, the bottom level) and the quality of human resources available for the development of the economy.

IMP 2 includes a chapter on the strategic directions and initiatives for development of human resources (Malaysia 1996, Chapter 11). The measures to ensure future human resource development in the chapter includes foreign labour policy and implements measures to bring back highly skilled Malaysians who are currently working overseas, in addition to training and upgrading labour. This mirrors the labour market situation in Malaysia in that they have to consider international labour movement along with the acute shortages of skilled labour in the domestic work force.

The measures to deal with labour shortages in the 1990's are (1) greater automation and mechanisation for labour intensive processes, (2) upgrading the technology level of industries and production processes, (3) developing skilled manpower by training, (4) promoting female labour force participation, (5) bringing back of retired skilled manpower, (6) improving part-time employment and flexible employment, and (7) relocating the labour intensive industries to the ASEAN growth triangles.

It is crucial for points one to three to create the base for human resource development including training. For point four, a support system for women should be further considered especially for married women such as an increase in nursery and kindergartens and the provision of a babysitting service system, and a training system for women to have chances to get high-level skilled jobs. Point five provides more skilled manpower in addition to making for further use of their skill and professional knowledge formed during their former working careers.

Point six encourages more people to participate in economic activities to ease the labour shortages in the market. However, it could bring new problems if employers

consider it as a measure to produce a convenient labour reserve that can be easily employed and fired, and if labour unions do not address their problems. If this happens, it is only casualisation of employment and brings the same problems as the case of part-time employment of housewives in Japan.

For point seven, Malaysia works on several economic growth triangle plans with the neighbouring South East Asian Countries. They are (a) Singapore-Johore-Indonesia Growth Triangle (SIJORI), (b) the Indonesia-Malaysia-Thailand Growth Triangle (IMTGT), and (c) the Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA). As the Singaporean government proposed the SIJORI in 1989 in response to labour shortages and wage increases in its domestic economy, Malaysia hopes to relocate its labour intensive industries and to utilise the cheaper labour in the area by promoting these regional growth area plans. This can be seen as a measure to resolve the situation of illegal foreign labour flow and to regularise the management and control of labour flow within these regions. These regions are areas where people have historically freely moved. The setting up of borders in the modern period and economic gaps in the regions rather re-defined the people movement as "illegal entrants," "illegal stay and over-stayers," "illegal employment and illegal work," etc.

Thus, the Malaysian strategy to restructure the industrial system aims not only to deal with labour shortages, but also to address the human resource development in the economy. However, human resource development needs time. Also, the transformation of whole industries in Malaysia towards the government target is not easy although the government is seeking high-technology-oriented and information-oriented industries. It is essential to consider the base of the socio-economic structure.

6. Segmentation by Ethnicity, Gender and Nationality in the Labour Market

Since the 1970's, the labour structure was transformed and this transformation changed the situation of labour segmentation in Malaysia (Yoshimura 1995b).

Segmentations in the Malaysian labour market is by ethnicity, gender, nationality, age, sector, industry, occupational level, education, skill, and class. Among the many criteria, the major factor is ethnicity. The labour immigration and the colonial government policy formed the segmentation by ethnicity during the British colonial period. The government policy to restructure society also has an ethnicity-oriented element to adjust the income imbalance among ethnic groups created by the ethnic division of labour.

The segmentation in the labour market is due to employers' preferences although the interactions between employers and labour are crucial to the situation in the labour market. Also, the government and the government policies have had an important role in influencing the dynamics of the labour market (i.e. the government guidance makes an employer to prefer more Malays in employment).

Moreover, the increase in female labour and foreign labour brings new segmentation to the labour market.

The Malay entrance to the modern sector that has been encouraged by the

government is different by gender. Capital-intensive industries prefer skilled male labour and labour-intensive industries prefer unskilled female labour. Men have dominated the upper level of occupations/jobs and women dominated the lower level. The sex division of labour is shaped by industry, occupation, occupational level, etc. and this also effects income differentials.

The position of foreign labour in the labour market is different from that of local labour. While a Malaysian worker is considered in terms of personal qualities and background such as education, career, skill, etc., foreign workers are treated as undifferentiated unskilled labour. The social/cultural adaptability such as an Islamic background and the communication ability such as a capability in Malay and English are considered in the case of foreign labour. Moreover, even among the foreign labour that is brought in the unskilled labour category, the gender and nationality also produces some segmentation within the foreign labour.

Many Indonesians and Bangladeshis are registered in Malaysia. They are Muslims and can share the same values and culture. Indonesians are geographical neighbours who speak Malay so the society can accept them without difficulties. Nevertheless, they would not be employed if there was sufficient labour supply in the local market. And there are the cultural and social conflicts as well as the labour control and resistance by the local workers including fears of casualisation of employment.

The labour market is not formed by homogeneous workers, but consists of workers with various attributes and different backgrounds. So the positioning of workers is diverse and it segmented.

7. Conclusion

Since the 1970's, the labour structure has been transformed by the change in the ethnic division of labour, an increase in female labour and the growth of foreign labour.

It is essential for any discussion of the labour structure in Malaysia to consider the segmentation by ethnicity, gender and nationality. Gender and nationality also segment foreign labour.

The labour structure in Malaysia is linked with the problems of ethnic groups, politics (including government policies on ethnicity), its social transformation, policies on foreign labour and immigration, religion, culture and custom, the status of women, education and human resource development, etc. Also, the labour shortages cannot be resolved without discussion of human resource development, the restructuring of domestic industry, technology transfer, the presence of foreign workers, overseas Malaysians, the division of labour within the ASEAN region, etc. At the same time, it is necessary to continue following the change in segmentations by ethnicity, gender and nationality in the Malaysian labour market.

The Malaysian society is becoming an education-oriented society emphasising the importance of education in the future. Segmentation in the Malaysian society and economy are looser than in some other developing countries where segmentation in the society is rigidly embedded in the social system. In contemporary Malaysia, the ethnic division of labour is not fundamental as in the colonial days and the segmen-

tation historically formed by ethnicity could be further loosened as the Malaysian society further develops and as education improves in the future. The middle class in South East Asian countries including Malaysia has recently emerged as a topic of interest (Muhammad Ikmal Said and Zahid Emby eds. 1996). The future transformation of Malaysian society will raise more issues and key words could be ethnicity, gender and nationality as I discuss in this paper.

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