

Chapter 1

COUNTRY OVERVIEW

Malaysia, comprising Peninsular Malaysia, Sabah and Sarawak is undoubtedly one of the most rapidly developing countries in the region. With a population of 19.7 million in 1994, Malaysian society is pluralistic. The main Malaysian groupings for policy discussions are the Bumiputera, literally – “sons of the earth” – who comprise 60.6 percent of the population, people of Chinese origin comprising 29 percent; people of Indian origin consisting of 7.9 percent; and others 3.4 percent. The Bumiputeras are defined as Malay people plus other groups indigenous to Peninsular Malaysia – Sabah and Sarawak. Malays are considered to include those adopting Malay language and customs, and who are Moslem. It is thus an umbrella term covering a number of distinctive ethnic groups: Buginese, Javanese, Malays, Minangkabau and others. The other Bumiputeras consist of a number of groups including the Negrito, Senoi, in Peninsular Malaysia, the Bajau, Dusun, and Kadazan in Sabah, and the Bidayuh, Iban and Melanau in Sarawak. The main Chinese speech groups are Cantonese, Hainanese, Hokkien, Khek and Zeochew. The main Indian subgroups are Tamil, Malayali, Punjabi/Sikh. In addition, there are a number of Indonesians, Thai, Filipinos and other groups. The ethnographic mix of Peninsular Malaysia (West Malaysia) and Sabah and Sarawak (East Malaysia) differs both within each region and between regions with the kaleidoscope of cultural manifestations that it implies.

Malaysia is experiencing an economic boom since 1988. During the Sixth Malaysia Plan period (1990-95) overall GDP growth averaged 8.7 percent per annum and the per capita GNP growth was even higher. The high growth rate of the economy was achieved with price stability and since 1993, with virtual full employment. The structural changes in the economy, which began in the 1980s, have continued and recent developments have further strengthened this process. These features include the declining share of agriculture in the GDP (13.6 percent by the end of the Sixth Malaysia Plan period), and in providing employment, the increasing share of manufacturing in value added (34.5 percent approximately in 1996) and employment. The attainment of full employment in 1995 marked a new milestone in the country’s socioeconomic progress. The unemployment rate decreased from 2.8 percent in 1995 to 2.6 percent in 1996. The average nominal wage increased in the manufacturing sector by 19.6 percent during 1995, 18.4 percent in 1996, and 12.3 percent in 1997.

The savings and investment rates increased substantially in the last five years. By 1995 Malaysia’s gross domestic savings rate, at 37.5 percent of GDP was second only to the People’s Republic of China in developing Asia, and its investment rate, at 40.7 percent of GDP, was the highest in Asia.

The high level of sustained growth over the last five years, together with the impact of Government programs directed at raising incomes of the poorest groups in society have resulted in a reduction in the general incidence of poverty from 16.5 percent in 1990 to 8.9 percent in 1995. Per capita income increased to RM9,786 (about US\$4,027). Rural poverty decreased from 21.1 percent to 15.3 percent over the same period. The level of hard core poverty defined as those with incomes below half the poverty line, declined from 3.9 percent in 1990 to 2.1 percent in 1995, and the number of hard core poor households from 121,600 to 69,200. Access to services also improved during the

Sixth Malaysia Plan period. By 1995, 72 percent of rural poor households had access to electricity, 65 percent had access to safe drinking water, 77 percent were within nine kilometers of a health clinic, and 94 percent were within nine kilometers of a primary school. Life expectancy rates of both women and men increased to 74 years and 68.9 years respectively by 1995, and the infant mortality rate declined from 13 to 10.5 per thousand live births. The sharp decline in poverty and the high attainment levels reflected in the social indicators, show that the benefits of the strong overall economic growth were widely distributed across socioeconomic groups. However regional disparities remain between the eastern corridor of the Peninsula and Kelantan being the states with the highest incidence of poverty, lowest economic growth rates, and the most pronounced gender differentials in education, incomes and health.

The country faces new challenges in the medium and longer term. Important among these are the need to address the increasingly complex issues related to macroeconomic management; upgrading its human resources to meet the demands of greater technological sophistication of the economy; redressing the existing socioeconomic disparity between the Peninsular Malaysia and the rest of the country, particularly Sabah and Sarawak; and managing the vast forest and other natural resources in a sustainable manner. The Seventh Malaysia Plan (7MP) (1996-2000) is the latest phase of an economic strategy envisaged to transform Malaysia into a fully developed country by 2020. Key objectives of the 7MP include among others, sustenance of overall economic growth rate at about 8 percent per annum with price stability, further enhancement of international competitiveness, substantial upgrading of skills, higher levels of technological sophistication. The 7MP also aims at eradicating hard core poverty by 2000, and reducing the existing disparity in socioeconomic development in the less developed regions and states of the country.

In the second half of 1997, Malaysia entered a new and painful economic crisis as compared with the 1980s downturn. There was a 1.8 percent fall in the GDP in the first quarter of 1998, and the worst hit sectors were construction and manufacturing. It is now envisaged that the economic slowdown will persist throughout 1998 and recovery will take longer than anticipated.

An immediate assessment of the immediate impact of the economic downturn on the labor market has been the marked increase in the retrenchment of workers. The slower GDP growth is expected to result in a significant decline in employment growth and loss of jobs. The level of employment is projected to decrease in all sectors except for the export oriented industries.

The official data show that a total of 46,643 workers were retrenched from July 1997 until June 1998, with the manufacturing sector accounting for 60.5 percent of them. Women accounted for 38.4 percent of workers retrenched until May 1998.

The Bank is well placed to provide assistance to Malaysia both for capital requirements and technical assistance for the period of growth after the current crisis is over. The Bank's proposed strategy for Malaysia includes as its objectives, human development including improvement of the gender balance, capacity building in selected areas, mitigation of existing socioeconomic disparities across States and regions of the country, sustainable environment management, and subregional cooperation. In the area of WID, the Bank should address the need to preserve the gains made by women in health and education, employment, and address the needs of women arising out of the current crisis by mainstreaming gender concerns in the areas of strengthening the WID machinery, technical and vocational education and training, labor market

information systems, support for the less developed regions, sub regional cooperation, and capacity building for policy analysis.

Malaysian Women in Society and the Economy

Malaysian women are highly important contributors to the country's economic and social development. Their access to health and education and their participation in the economy have increased rapidly over the years.

Women's health condition is an indicator of women's status, as good health enables their active participation in economic and social development. Maternal mortality rates declined from 0.6 per 1,000 live births in 1980 to 0.2 per 1,000 in 1990. Life expectancy for both males and females improved during the period 1990 to 1995. However women did better than men insofar as the female life expectancy improved from 73.5 years in 1990 to 74 years in 1995, compared to the male life expectancy, which increased from 68.9 years in 1990 to 69.3 years in 1995. The mean age at marriage increased from 22.3 years in 1970 to 24.1 years in 1991, and the proportion of women with seven or more children declined from 22.3 percent in 1970 to 8.3 percent in 1995. Together with decreased family size, the total fertility rate dropped from 4.9 in 1970 to 3.3 in 1990.

The Government of Malaysia reaffirmed its commitment to improve the status of women at the United Nations Fourth World Conference on Women, held in Beijing in September 1995. The Beijing Declaration and the Platform for Action were unanimously endorsed by all participating members of the United Nations. Malaysia has specifically committed itself to strengthen the implementation of the National Policy on Women in order to: (i) involve more women in decision-making; (ii) safeguard their rights to health, education, and social well-being; (iii) remove legal obstacles and discriminatory practices; and (iv) ensure access to and benefits of development particularly in science and technology.

To improve the status of Malaysian women, Government and NGOs in collaboration with universities, and the private sector, work together through a national machinery. The National Advisory Council on the Integration of Women in Development (NACIWID) was set up in 1976 as the coordinating and advisory body on women's affairs. Following this, a Women's Affairs Division was formed in 1983 as the focal point for women's affairs in the country. The implementation of the National Policy for Women started during the 6MP, which expressed an increased awareness of and concern for women's issues. The 7MP will continue to address women's concerns and provide the appropriate enabling environment for women to participate more effectively as partners in social and economic development, as well as allowing them to continue to play a significant role in the development of their families. The Human Development Report (HDR), 1995 ranked Malaysia at 59 based on human development index and ranked it at 38 based on the gender-related development index (GDI), which indicates that it performed better on gender equality than on average achievement alone.

Economic growth has been accompanied by the greater participation of women in the formal workforce and in a range of other activities. Female labor force participation rate has kept pace with population growth and the number of female and male workers doubled between 1970 and 1995, while the labor force participation rate remained relatively unchanged after 1980. The labor force participation rate increased from the upper thirties for women between 1970 and 1980, and has remained between 44 and 46 percent between 1990 and 1995.

Malaysian women have continued to play an increasingly important role in the national development of the country including greater participation in the economy and labor market as well as improved access to education and health. As noted above, these improvements were made possible generally by the rapid growth of the economy which created more and new opportunities for women, but also resulted from the implementation of gender-sensitive programs of the Government and NGOs, including changes in the legal and institutional framework, which further facilitated their involvement in the economy. The major area of achievement has been the significant and rapid increase of the numbers of women participating in the labor force. The expansion of this during the seventies and into the eighties is generally attributed to the pull of the manufacturing industry, due to the growth of electronics and garment industries, and expansion of export processing zones which began in the 1970s. The industrial expansion had a profound effect on the pattern of employment and on rural-to-urban migration, and drew unprecedented numbers of young, unmarried Malay women for the first time from villages into urban factories.

The phenomenon of young female Malay rural-to-urban migration in the seventies and eighties was particularly of note, because it signaled a change in previously established societal norms against the movement of unaccompanied young women. The traditional pattern of female migration was family-based and non-autonomous, while the manufacturing industry-induced migration was on an individual basis. A number of population and migration studies of Malaysian women, including a major study commissioned by HAWA, indicate that the primary reasons for rural women to migrate are to seek employment, obtain independence, and remit money home.⁴ Those that migrated were more likely to come from poorer households. Young women who migrated in the 1970s and 1980s were likely to find husbands and start families in urban settings where there would be few kinship ties. Studies indicate that relatively few of these migrant women workers who married and had children, continued to work, and brought their children back to their home village to be cared for by their families.⁵ While strong rural-to-urban ties were maintained – particularly for work-related information networks, remittances and kinship ties – the urbanization of the family, meant an increase in nuclear family child rearing arrangements increasing the focus of responsibility for day-to-day childcare on both parents, but particularly on the mother.

An important factor contributing to the economic and social advancement of women has been the equal access of women to educational opportunities. Female enrollment at the primary and secondary levels was about half of total enrollment, while at the upper secondary level, female students accounted for about 52.3 percent of total enrollment. Female intake in universities expanded rapidly to 49.5 percent in 1994 from 37.2 percent in 1990. Although female students are still predominantly in the arts stream, with about 65 percent of total enrollment in arts courses, they have recently increased enrollment in science and technical courses. This is evidenced by the doubling of female enrollment in vocational courses from 22.2 percent in 1990 to 45.9 percent of total enrollment in 1992. An ADB-assisted Government program to build girls' dormitories contributed to this.

The health condition of women is also a good indicator of women's status, and their

⁴ Ariffin, Jamilah, *Reviewing Malaysian Women's Status. Country Report in Preparation for the Fourth UN World Conference on Women*. Population Studies Unit, University of Malaysia, Kuala Lumpur, 1994.

⁵ Ariffin, Jamilah, *From Kampung to Urban Factories*, Findings from the HAWA Study. Kuala Lumpur, University of Malaysia Press, 1995.

improved health status as noted above helps in their active participation in economic and social development. However, despite the gains made by Malaysian women as regard education and health, and labor force participation, there are issues related to gender and WID which still need to be addressed. These pertain to women's political participation, their sociolegal status, gender tracking in technical and vocational education, and the need to diversify and improve employment opportunities and working conditions for women workers. This paper attempts to analyze women's situation and make recommendations to further mainstream gender and WID in Bank operations.