

# Jurnal Kinabalu

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# ISSUES IN MALAYSIA-INDONESIA RELATIONS: 2000 – 2010

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## **Abstract**

Malaysia-Indonesia belongs to the Malay kinship or *rumpun Melayu* as they are immediate neighbouring countries. However, being sovereign nation states, they are bound to adhere to their respective national interests as the guiding principles in the relation with one another. This paper examines the ups and downs in Malaysia-Indonesia bilateral relations from 2000 to 2010. Among the issues included in the discussion are the role of ASEAN in Malaysia-Indonesia relations, cooperation in workforce and illegal immigrants, overlapping territorial claims, terrorism, trade and investment, border cooperation as well as issues pertaining to non-diplomatic matters such as tourism, social and cultural issues. The paper is constructed based on the data collected from interviews with diplomat and officers. It concludes that although both countries belong to the same Malay kinship, national interests of both countries are distinctly different from each other because both are independent sovereign states. Accordingly, the ways in which both countries manage contentious issues through diplomatic and non-diplomatic channels are predominantly determined by their own national interests. This is the pre-dominant reason that explains conflicting nature of bilateral relations between of the two countries in the past decade.

**Keywords:** Malaysia-Indonesia relations, Malay kinship.

## **Introduction**

*“We forget that Indonesia and Malaysia are two sovereign nations with their own national interests. We ignore the fact that Indonesia and Malaysia are two separate and distinct entities.” Rizal Sukma, Deputy Executive Director,*

CSIS, “*Relations with Malaysia require a realistic approach*” (*The Jakarta Post*, September 3rd 2007).

Malaysia and Indonesia has always been referred to as belonging to the same kinship or what is more commonly known in Malay as “Rumpun Melayu.” This notion is particularly true by virtue of locations as both nations are situated in Southeast Asia or also known as the Malay Archipelago. Malay is the spoken language of all Malaysians and Indonesians. Islam is the religion practices by many in both Malaysia and Indonesia. Even culturally, both Malaysia and Indonesia practice relatively similar culture. However, due to intervention of colonial powers, both countries went through divergent history of nation-building and hence were separated in many ways. The Malay Peninsular was colonised by the British, while Java, Sumatera, part of Borneo, Celebes and other islands were ruled by the Dutch. Due to colonisation, borders that separated the two countries were marked and it remained so until Indonesia gained independence in 1947 and Malaysia in 1957.

In many aspects, Indonesia has always been looked upon by Malaysia. For instance, early Malay nationalism was inspired by development that took place in Indonesian. Nationalist figures like Ahmad Boestamam, Dr Burhanuddin Al Helmy, Ibrahim Haji Yaacob, Othman Abdullah and Ishak Haji Muhammad were among those radicals. In Firdaus Abdullah’s word, “they were ardent supporters of Greater Indonesia concept, and that their political orientation was Indonesian oriented.<sup>1</sup>” In terms of education, in the 1960’s and 1970’s many Malaysian students were sent to study in Indonesian universities such as Universitas Indonesia, Institut Teknologi Bandung (ITB), Universitas Gajah Mada, Universitas Hassanudin and many others. This venture later produced notable scholars like Emeritus Prof. Asmah Haji Omar. In following the Indonesia’s lead in education sector, the government of Malaysia took the initiative to import Indonesian teachers and lecturers to teach in Malaysian schools and universities during the 1970’s.

Although the two countries belong to the same kinship, after gaining independence, both were somehow guided by their own independent national interest. Malaysia being a secular state is ruled by parliamentary democracy system with the Yang Dipertuan Agung as the head of state. Meanwhile,

Indonesia is a republic with presidential system. Malaysia's first true experience in guarding its national interest was when Indonesia launched confrontation against Malaysia in 1963.<sup>2</sup> On the other hand, Indonesia's survival was first challenged in 1945 when the Dutch try to deny its independence. The Dutch finally recognised Indonesia's independence in 1949. Emerged from the war, the new independent nation secured insurmountable task of managing more than 17,000 islands. To undertake such task, the Indonesian government adopted authoritarian style of leadership coupled with strong military support.

This paper intends to discuss issues in Malaysia-Indonesia relations from 2000 until 2010. Among the issues that will be dealt with in this paper are the role of ASEAN in Malaysia-Indonesia relations, cooperation in workforce and illegal migrants issue, overlapping territorial claims, terrorism, trade and investment, border cooperation and last but not least is issues pertaining to non-diplomatic matters such as tourism, social and cultural issues. Such time frame is chosen in order to compare between three eras of premiership i.e. Dr Mahathir, Pak Lah and Najib. Furthermore during these years, many prominent incidents occurred testing our leaders' credibility in handling of Malaysia's foreign policy. Dr Mahathir was appointed as prime minister on July 16th 1981, and later he was replaced by Pak Lah on October 20th 2003. Najib replaced Pak Lah in April 3rd 2009. It is pertinent to carry out such comparison in order to examine the manner in which our leaders had managed relations between the two countries. During this period, Indonesia also went through changes in Indonesian leadership, from Kiai Haji Abdurrahman Wahid (October 20th 1999); Megawati Sukarnoputri (July, 23rd 2001 – October 20th 2004); Dr Susilo Bambang Yudhoyono. Discussion in this paper will include firstly, a brief account on works done on Malaysia-Indonesia relations, followed by issues that emerged during this period and finally this paper ends with a conclusion.

According to Hartman, a country national interest consists of two types of interest namely vital interests and secondary interests.<sup>3</sup> Beside power and resources, vital interests include territorial integrity and independence (freedom from foreign domination). Hartman also reiterated that vital interest is of paramount importance such that a nation would prepare to go to war in preserving the vital interests. On the other hand, Felix Oppenheim refers to

national interests as welfare goals of national government on the international level, such as preservation of political independence and territorial integrity. There are the internal and external aspects of national interests. While internal aspects refer to public good of national security, external aspects: from this perspectives, foreign policy x is in the national interest of state A means that the policy is in the self-interest of A. This is because it helps to protect nation A's security, and that it promotes the interests of some other country or some cause only as far as it is consistent with A's own national interest.<sup>4</sup> In sum, national interest is the factor that safeguards a country's survival and well-being and to a certain extent it could also be a factor that can drive a country to go to war. It is in this regard that Malaysia's national interest is to preserve democracy as its political system, liberal capitalism as its economic set up, territorial integrity and independence.

## **Work on Malaysia-Indonesia Relations**

Even though Malaysia-Indonesia relation had been established for quite some time, studies on this subject are still relatively limited. Except for a number of studies on confrontation, the rest of the issues on the bilateral relations are yet to be explored. In the past, studies on confrontation for instances were carried out by Hyde (1965),<sup>5</sup> Pluvier (1965),<sup>6</sup> Mohd Noor Yazid (2008),<sup>7</sup> Mackie (1974), Muniady (1996). In the 1990's Firdaus Abdullah (1993),<sup>8</sup> Baroto (1993),<sup>9</sup> Lee Kam Heng (1996), were among the few writers who focused on Malaysia-Indonesia relations.<sup>10</sup> Since the year 2000, works by Joseph Chinyong Liow (2003a,<sup>11</sup> 2003,<sup>12</sup> 2005),<sup>13</sup> Marja Azlima Omar (2005)<sup>14</sup> and, Ramli Dollah and Ahmad Mosfi Mahmud (2007)<sup>15</sup> were also noted.

### **Top level relations**

At present, relation between the heads of state is considerably close. Malaysian Premier, Abdullah Ahmad Badawi and Indonesian president Susilo Bambang Yudhoyono seems to maintain good relations with each other. The chemistry between the two leaders was aptly described by Firdaus Abdullah as "special relations which are strengthen by the hotline". If visits between the two Premiers could be seen as indicator, the relationships of the leaders are

visibly close. This is because Pak Lah had visited Jakarta nine times and Pak Bambang has, in turn visited Kuala Lumpur six times.<sup>16</sup> Both leaders were the key players behind the establishment of the Eminent Persons Group<sup>17</sup> was launched on the July 7th 2008. On the Malaysian side, Tun Musa Hitam was appointed as the leader whereas Tan Sri Try Sutrisno, the former Deputy President leads the Indonesian.

The bond between Pak Lah and Pak Bambang could be categorised as extraordinary such that pertinent issues could be negotiated through personal phone-call between the two leaders. An example of such closeness in their relationships is depicted through Pak Bambang's personal request from Pak Lah to postpone repatriation of Indonesian illegal migrants following the occurrence of tsunami in Aceh in December 2004. During the recent visit to attend the GBC meeting, Pak Bambang managed to take some time to meet Pak Lah in Jakarta while attending a meeting in Bali. Vatikiotis described such gesture as "the new Indonesian-Malaysian relationship was built around a personal chemistry established between President Susilo Bambang Yudhoyono and Prime Minister Datuk Seri Abdullah Ahmad Badawi".<sup>18</sup>

Apart from Pak Lah and Pak Bambang, Najib and Yusuf Kalla also seem to benefit from special bonding between them. Both of them seem to share a number of common traits. Firstly, both are of Bugis origin. Secondly both are the deputy to heads of the state and coincidentally their wives are from Minang origin.<sup>19</sup> Both Najib and Yusuf Kalla have been working together for quite some time and they also seem to be very comfortable with each other. In order to acknowledge each other contributions, varsities from both countries awarded them with Doctorate of Philosophy. In July 2007, Yusuf Kalla received the Honorary Doctor Philosophy (Economic) award from University of Malaya. In September 2007, Najib was in turn awarded Honorary Doctorate Philosophy from Universitas Hassanudin, Makassar.<sup>20</sup> It is interesting to note that despite various conflicts that clouded the relations, both countries still manage to pacify their differences and it is at this juncture that the role of personal touch which involves the top leaders namely Pak Lah and Pak Bambang as well as Najib and Yusuf Kalla comes into play.

The rapport between Indonesian and Malaysia leaders is not something new as the former leaders also shared the same degree of closeness. During their administration, Megawati Soekarnoputri and Mahathir Mohamed visited each other quite often. For instance, in 2003 Megawati made three visits to Malaysia. They also frequently interacted in various international forums such as Non-Aligned Summit and Organisation of the Islamic Conference meet. The most notable visit made by Mahathir to Indonesia is probably when he attended his last ASEAN summit in Bali where Megawati bid him farewell with tears and standing ovation.<sup>21</sup>

However, situations were different during Mahathir and Suharto era. Bilateral relations during Mahathir and Suharto era were relatively lukewarm as the two leaders often had clashes of opinions and approaches. When Malaysia proposed the setting up East Asia Economic Grouping (EAEG) as trading bloc in 1990, Indonesia was strongly against the idea. Due to unwavering opposition from Indonesia, EAEG was later recast as East Asian Economic Caucus (EAEC). It was later revealed that, Indonesia was adamant in rejecting the establishment of EACG because Mahathir's proposal was made without prior consultation with Jakarta.<sup>22</sup> It may seem as if President Suharto were sidelined by Mahathir. In addition, immigration issues were also one of the many causes of bitter spat in Malaysia-Indonesia relations during Mahathir and Suharto era. Mahathir announced short-sighted policy of 'Hire Indonesian Last' and until the policy was renounced, relationships between the two leaders were never at its best.

Another factor that has affected Malaysia-Indonesia relations is the arrest and trial of Anwar Ibrahim also known as the "Anwar Factor". Although the incident took place in 1998, repercussions of Mahathir's action had caused significant impacts on Malaysia-Indonesia bilateral relations particularly during the administrations of B. J. Habibie and Abdurrahman Wahid. President Habibie was probably one of two presidents who had taken the Anwar's arrest as personal matter when he cancelled a planned official trip to Kuala Lumpur.<sup>23</sup> After Abdurrahman Wahid was appointed as Indonesian's president, Indonesian Foreign Minister personally delivered Gus Dur's invitation to Mahathir in February 2000.<sup>24</sup> Mahathir then took the invitation as an opportunity to rectify bilateral relations. In relation to that,

Chandran Jeshurun pointed that since both of them are not going to be in the office for too long, nothing significant were achieved from this relations.

On foreign minister level, both ministers also enjoy close relations. Malaysian ex-foreign minister, Dato Seri Syed Hamid Albar was close to his counterpart, Dr Hassan Wirajuda. When Dr Rais Yatim was appointed as the new Foreign Minister, Syed Hamid made a courtesy visit to Jakarta in May 2008, and his action was reciprocated by Dr Hassan Wirajuda in June 2008. To smoothen bilateral relations, Joint Committee Meeting (JCM) headed by the Foreign Minister, involving senior officials from other ministries were formed in 2004.<sup>25</sup> In addition, official level meeting was held from time to time involving other ministries to discuss matters relating to education, defense, commodities, police, etc. In addition, RTM together with TVRI had initiated a half an hour programme, Warta Serumpun, a once a week news programme highlighting news covering both countries.<sup>26</sup> RTM broadcasted the programme on RTM 1 every Sunday evening from 11.00 pm to 11.30 pm.

### **ASEAN in Malaysia-Indonesia relations**

Both Malaysia and Indonesia were the original members of ASEAN which was established on August 8<sup>th</sup>, 1967. The entity itself is the output of a conflict resolution between the two as a result of the Confrontation launched by Sukarno in 1963 against the so-called Malaysia concept put forward by Tunku Abdul Rahman.<sup>27</sup> Before ASEAN, there were two other proposals i.e. ASA (1961) and MALPHILINDO (1963) but both failed to take off. It was through the meeting of Adam Malik and Thanat Khoman in Bangkok that had resulted in cold relations between Malaysia-Indonesia-the Philippines due to proposal to establish Malaysia. In the words of Estrella Solidum, “Thanat proposed to Malik the idea of another organisation for regional cooperation to include more members”<sup>28</sup>

Since the establishment of ASEAN, member countries have not looked back. By employing the principle of non-interference in the member domestic affairs, conflict has been avoided. However, ASEAN was not without its problems. From time to time, conflicts do arise but it was resolved without resorting to military means. It is interesting to note that since 1967, there has

never been any conflict among member countries. Lately, ASEAN has been urged by big powers to change its non-interference policy. The United States for instance, wanted ASEAN to change its approach to be more in line with current development of world politics. The pressure usurped by the United States on ASEAN was probably caused by issues in East Timor and human rights situation in Myanmar. From their perspectives, ASEAN had failed to initiate positive responses to effectively handle those issues. The spirit of *musyawarah* that has been the bastion of ASEAN was claimed to be the reason for such failure.

At this juncture, it is pertinent to ask: does ASEAN need to change? If change is good, then ASEAN has to change. But, what if change does not lead to better result? In relation to that, Jusuf Wanandi made the following statement in Jakarta Post: “ASEAN has become a successful Southeast Asian diplomatic entity. In addition, to a limited extent, it also has become an economic entity due to increased integration aimed at creating an economic community in 2015.” According to Jusuf Wanandi, Indonesia’s long involvement in ASEAN has led Indonesia to sideline its national interest in order to give propriety to ASEAN’s integration. For that reason, he further suggested that Indonesia should put its national interest as the first priority and regional interest as the second priority in order to forge closer relations with big powers such as China, India and the United States.

Since their involvement in ASEAN, both Malaysia and Indonesia have gained numerous achievements. Firstly, the bilateral relation has significantly improved after both countries became the members of ASEAN. Secondly, both countries are united in their approach to support ASEAN’s one voice in defending the regional interest of ASEAN member states. Finally, the participation in ASEAN also has successfully hinder the members, particularly Malaysia and Indonesia from going into conflict.

### **Cooperation in workforce and illegal migrant**

The presence of Indonesian labour in this country is not a new phenomenon. Migration involving peoples from the islands in the Malay Archipelago has been going on since time immemorial. In the 19<sup>th</sup> century, the Chinese and Indian labours were brought in by the British to work as coolies in the

plantation and mining sectors. The presence of the *Tenaga Kerja Indonesia* (TKI or Indonesian Workforce) started to increase in order to complement the needs of the Malaysian economic sectors.<sup>29</sup> Tremendous transformation in Malaysian economy in 1980's has led to increasing needs for labour. Due to the fact that locals were not eager to work in the 4 'D's' (dirty, dangerous, difficult and demeaning) related work, Malaysia has to heavily rely on foreign labour. Foreign labours from Indonesia were often preferred over the others due to several reasons. The cost for Indonesian labours is cheaper, they also tend to assimilate better with others, and most importantly they are hardworking. As a result, Malaysia has attracted many Indonesians both with and without document to work in various economic sectors. Currently there are approximately one to two million Indonesians workers in the country. Therefore, it is evidently clear that Malaysia's need for labour has always been complemented by Indonesia's surplus of labours.

Medan Agreement which was signed in 1984 is one of the landmark collaboration for both countries pertaining to workforce's recruitment and regulation. In May 2006, a Memorandum of Understandings (MoU) on employing Indonesian domestic workers was signed between the two governments. At the same time, Indonesia has been demanding Malaysia to increase the present salary of domestic maids from Indonesia. Such demand was due to the comparison of salary paid to the Filipino maids whose salaries are higher than their Indonesian counterparts. Although the Medan MoU has its weaknesses, it signifies that both parties acknowledged the need to have such arrangement with regards to enrolment of foreign labours.

On the other hand, the incidents that took place in Pekan Nanas (2001) and in Nilai (2002) has led Dr Mahathir to announce that Malaysia will no longer import workforce from Indonesian.<sup>30</sup> In response to these incidents, the Malaysian government amended the Immigration Act 1959/1963 with immediate effect in August 2002. The main objective of the amendment was to impose heavier punishment. Those workers without permits and those employers who employ workers without permit can be punished with RM10, 000 or five years in jail. The amendment of the law had caused row between the two countries to the extent demonstration condemning Malaysia was held in front of Malaysian Embassy in Jakarta.

Malaysia-Indonesia bilateral relation was also badly affected with the incident of Nirmala Bonat. Bonat who worked as a maid was badly tortured by her Malaysian employer. The matter was highly publicised in the media showing Bonat's severe body injuries. Following that, Kuala Lumpur was heavily criticised by Jakarta. Many parties in Indonesia, were skeptical on the way the Malaysian authorities would handle the incident. It was simply assumed that her employers would be let off the hook. However, contrary to that, on November 26<sup>th</sup>, the Session Court found the employer, Yim Pek Ha guilty and sentenced her to 18 years imprisonment.<sup>31</sup> The decision was hailed by Susilo as justice has been duly served.<sup>32</sup> It should also be noted that Nirmala Bonat's case was not the only case involving bad treatment of Indonesian maids in Malaysia. There are a few other cases waiting for trial and those cases have further strained bilateral relations to a considerable degree.

Although the Indonesians were needed as workers, there were also negative repercussions due to their presence in the country. There were many reports of serious crimes that either linked to or committed by them. This situation has in turn led the locals to perceive the presence of a large number of Indonesians particularly those who reside in illegal settlements as a threat to the security. Such fear is not unfounded as there are large numbers of Indonesians inmates compared to other nationalities in Malaysian prisons from 2005 to 2007. As depicted in Table 1, the numbers of Indonesians inmates in the prison has steadily increased for three consecutive years.

**Table 1** Foreign nationalities in Malaysian prison 2005 – 2007

Nationalities	2005	2006	2007
Indonesia	24,538	38,832	49,370
Thailand	2,550	2,645	2,882
Philippines	7,030	8,317	9,278
Others	13,664	16,498	21,457
Total	47,782	66,292	82,987

Source: Prison Department, Malaysia.

## **Terrorism**

When Suharto replaced Sukarno in 1967, he started a regime which ruled Indonesia for more than 3 decades. Due to strong military support,<sup>33</sup> it later became a significant entity in Indonesian politics. It was such a powerful

regime that any opposition against it will be crushed by the military. It was in this environment that Jemaah Islamiah (JI) emerged in Indonesian politics. JI originated from a group known as Darul Islam (DI) which started in the 1940's by Kartosuwiryo, a charismatic Muslim politician who wanted to establish a Sharia state in West Java. It clashed with Sukarno resulting in the group losing its radicalism. Abdullah Sungkir and Abu Bakar Bashir, the original member of DI later on clashed with other members and they went on to establish another group which was later known as JI. The presence of JI was perceived by Suharto as an internal threat that would create havoc domestically. For that reason, Abdullah Sungkir and Abu Bakar Bashir were high on the wanted list and in order to escape from the Indonesian authorities, both later left Indonesia for Malaysia.

The group led by Abdullah Sungkir and Abu Bakar Bashir emerged and started to spread Islamic teaching in Negri Sembilan. Later, the group shifted their activities to Johor, centering in Kota Tinggi, taking the advantage of the absence of PAS from the state.<sup>34</sup> It was in Johor that JI managed to attract and recruit many Universiti Teknologi Malaysia's staff among others; Dr Azhari Hussein, Wan Min Wan Mat and Dr Abdullah Daud. Noordin Mat Top, an accountant was recruited on a later stage. With a pool of technocrats and its religious background, JI managed to established cadres with high loyalty and willingness to die for Islam. It is believed that they had this vision of establishing a Darul Islam covering Malaysia, Indonesia, Southern Thailand, Singapore and Southern Philippines. When Suharto's regime was toppled in 1998, Abu Bakar Bashir gained the opportunity to return home and set up a *pesantren* in Solo, West Java. It was during this period that the group was involved in a series of terrorist acts in Poso, Moluccan and Northern Celebes.<sup>35</sup> The group started to target Western interest after the American launched a war on terrorist groups after the 9'11 incident in 2001.

At this stage, it is clear that Dr Azhari and the gang were feared for their involvement in the bombing of Bali (2002), Marriott Hotel, Jakarta (2003), Australian Embassy, Jakarta (2004) and Bali (2005). JI Malaysia was weakened with the arrest of Wan Min Wan Mat and company in 2002. Even though Dr Azhari was killed in 2006 and then followed by the death of Noordin Md Top in 2009, JI is still considered as a dangerous threat.

In stopping the spreading of JI activities, the Malaysian and Singaporean authorities has proactively taken the initiatives to arrest the JI members. If not JI-Malaysia would have the chance to launch act of terror in Malaysia to follow the steps of their Indonesian counterparts in Indonesia. Realising the danger that this group could inflate, both Malaysia and Indonesia need to collaborate in combating this group to end their activities. Such move would be more practical than blaming Malaysia for exporting Dr Azhari and Noordin Md Top to become the most dangerous and wanted JI man in Indonesia. In response to Jakarta's accusation, Kuala Lumpur could argue that while it may be said that Malaysia has exported two most wanted fugitives to Indonesia, Dr Azhari and Noordin would not have become terrorists had Abdullah Sungkir and Abu Bakar Bashir fled to Malaysia and recruit cadres<sup>36</sup> It is an open secret that JI cadres are operating in Sabah and Sandakan has been their base for the past few years. However, their presence in Sabah is only to facilitate the transit of JI-Indonesian cadres to get military training with the Abu Sayyaf Group in the southern Philippines. Nevertheless, their movement is under the watchful eyes of the Malaysian authorities.

### **Border cooperation**

There are three types of cooperation involving both countries at the border. The first one is the BIMP-EAGA which includes not only Malaysia, Indonesia but also the Philippines and Brunei. However, BIMP-EAGA has yet to prove its worthiness. The second type is the barter trade between Tawau and Kalimantan Timur. Over the years, this kind of cooperation has become an important source of income to Sabah. For instance in 2007, the value of goods traded amounted to RM150, 718,534.35.

**Table 2** The volume of barter trade between Tawau and Kalimantan Timur (2001 – Nov 2005)

Tahun	Import (RM)	Eksport (RM)	Jumlah (RM)
2001	368,256,085.56	32,846,965.94	401,103,051.50
2002	77,633,531.86	59,726,885.34	137,360,417.20
2003	52,158,309.39	154,337,129.67	206,495,439.06
2004	57,133,753.76	89,699,335.63	146,833,089.39
2005 (Jan-Nov)	58,409,947.29	92,308,587.06	150,718,534.35

Source: Royal Custom & Excise Malaysia, Tawau, Barter Trade Division, December 2005.

As a direct impact of the barter trade between Tawau and Kalimantan Timur, the Tawau Port and Tawau has developed to become towns in the east coast part of Sabah. The Port of Tawau has grown in its importance because it caters many parts of East Kalimantan such as Nunukan and Tarakan. Compared to Samarinda or Balikpapan, the port of Tawau is closer in distance to those places. Among the traded goods from are cooking oil, eggs, Nescafe, sugar, bicarbonate drinks (7-up, Coke and Pepsi) as well as second hand outfits. On the other hand, imported goods consist of cooking utensils, shirts, *sarung* for male and female, cookies and female prayer dress (*telekong*). It is interesting to note that, while the barter trade between Sandakan and southern Philippine is illegal, the barter trade between Tawau and Kalimantan Timur is legal.

Apart from barter trade, another activity that usually take place at the border is the exports of illegal timber from East Kalimantan. These illegal timber ends up in Tawau Port and then later export under the guise of Malaysian timber. Such activities has resulted Indonesia to lose millions of dollars in terms of revenue. The matter is made worst because it is difficult to monitor the areas concerned. Efforts to stop this illegal activity require closer cooperation between both countries authorities. For that purpose, the General Border Agreement (GBC)<sup>37</sup> was initiated to resolve various issues at the border. The GBC's 37th meeting was held on the December 11th 2008 in Jakarta and it was attended by Pak Lah himself in his capacity as the Prime Minister cum Minister of Defense. Among the issues approved in the meeting is the opening of a new post i.e. post Seliku as the first post in Sabah. The other issue is to allow aircraft to enter border without getting approval from either side.

## **Trade Relations**

Both Malaysia and Indonesian have been significant trading partners of each other. In 2007, Indonesia was Malaysia 9th largest trading partner with 3.5 per cent of Malaysia's total trade.<sup>38</sup> In the same year, Malaysia was Indonesia's 5th largest trading partner with almost 6.1 per cent of Indonesia's total trade.<sup>39</sup> Over several years, Indonesia's bilateral trade balance with Malaysia has always been in Indonesia's favour. For example, Indonesia enjoyed a trade surplus of \$540 million in 2000, \$600 million in 2001 and \$992.5 million in 2002.<sup>40</sup> In the year 2007, trade balance was still in favour of Indonesia. Indonesia recorded a trade surplus of \$29.2 million.<sup>41</sup>

On the investment side, Malaysian companies have always been among the largest investor in Indonesia. In 2003, Malaysian investors pumped \$77 million into 23 projects in Indonesia and such investment had placed Malaysia as 11th largest investor in Indonesia.<sup>42</sup> After several years, Malaysia's Foreign Direct Investment (FDI) in Indonesia has increased tremendously. In 2006, the total value of Malaysia's FDI in Indonesia was \$279.4 million. In the following year (2007), Malaysia's FDI in Indonesia had reached \$2.35 billion and such value had ranked Malaysia as the third largest investor in Indonesia after the United States and Singapore.

From the above figures, we could say that trade relations between the countries have been consistently good despite irritations in diplomatic relations. Undoubtedly, it would be in the best interests of both nations to maintain positive trade relations as deteriorations in trade relations could profoundly affect economic performance.

### **Overlapping Territorial Claims**

Over the years, Malaysia and Indonesia has had series of hiccups in their relations pertaining to overlapping territorial claims. The most overwhelming one is the dispute over Ligitan and Sipadan Island. When both parties agreed to submit their conflicting claims to International Court of Justice (ICJ) at The Hague, turmoil in bilateral relations continues to an unprecedented degree. Finally, in the year 2002, both Ligitan and Sipadan islands were awarded to Malaysia based on the effectivities factor.<sup>43</sup> Although Indonesia acceded to ICJ's 16:1 ruling, bilateral relations were marred by parties who were not satisfied with the ruling. Three years after Ligitan and Sipadan row, in 2005, Malaysia and Indonesia once again involved in another conflicting claim i.e. the ND6 & 7 dispute in the Celebes Sea.

The dispute has taken bilateral friction to the next level when it nearly engulfed both countries navies to an armed conflict. This is related to Malaysia giving concession right to Royal Dutch/Shell and Petronas Carigali Sdn Bhd to explore oil at the Ambalat block ND6 and ND7.<sup>44</sup> Indonesia had not only protested Malaysia's action, but also took an extreme measure of sending its navy to the disputed area. However, Indonesia's harsh actions could be

understood since it had permanently lost two of its valuable territories, namely Timur Timor which gained independence and known as Timor Leste in 1999 and the islands of Ligitan & Sipadan in 2002 to Malaysia.<sup>45</sup>

In order to resolve the Ambalat crisis, Malaysia and Indonesia had agreed to resort to diplomatic channel. It seemed like Indonesia had learnt a hard lesson from their experience of losing the islands of Ligitan and Sipadan in 2002. On March 22nd 2005, the Malaysian Foreign Minister Datuk Syed Hamid Albar and his counterpart Dr Hassan Wirajuda had decided that closed door meeting will be held. It seemed that Malaysia and Indonesia had arrived at the same conclusion i.e. diplomacy is the best way to settle the issue. Both parties had also agreed not to refer the disputes to the ICJ. Instead, they will opt for an alternative mechanism in searching for solution.

Previous and ongoing overlapping claims indicate that in years to come there will be many more claims and counter claims as a result of the UNCLOS regime which has been cited as a source of conflict in South East Asia and other parts of the world. Although national interest is undoubtedly the main impetus for countries to go into conflict, the fact that these areas are rich with gas and oil could also be the contributing factor.

### **Non-Diplomatic Issues**

In this section, the writers will discuss several issues that are not related to diplomatic matter but nonetheless affects bilateral relations. Among the related issues are the role of media and culture, issue relating to ‘Rasa Sayang song’ and the usage of the word ‘indon’.

When one talk about Malaysia-Indonesia, one could not isolate oneself from discussing the role of media<sup>46</sup> especially during the post Suharto period.<sup>47</sup> Post Suharto period, the media in Indonesia suddenly experienced wide freedom of press. Hence, media was one of the significant causes in influencing Indonesia’s masses hatred towards Malaysia. This is evidently clear in a number of issues that the media seemed to have overplayed certain issues in order to gain support from the masses.<sup>48</sup> Due to several factors, most of the sensationalised issue have led to demonstrations on the street.

Firstly, Indonesian masses are very patriotic and sensitive to other Indonesians sufferings abroad such as the case of abuse on domestic workers. Secondly, it is easy to hold demonstrations in Indonesia as long as the permit is obtained. Thirdly, there are organisers who seek to host the demonstrations. Fourthly, there are many unemployed living in Jakarta who are always willing to participate in any demonstration if given some money. Fifthly, the political parties also tend to take advantage of the situation for their political mileage.<sup>49</sup> More than often, the highlight of the demonstration is the flag burning of Malaysia. One of the favourite spot for mass demonstration is in front of Malaysian Embassy at Jalan H.R Rasuna Said, South Jakarta.

Unlike their counterpart in Indonesia, media in Malaysia is closely monitored by the responsible government agencies. Therefore, although the media in Malaysia also have the tendency to sensationalise certain issues but the government still retains considerable control. For instance, headlines in media like “Indonesian criminal gunned down by police” or “Indon sent home” were later toned down when the Indonesian Embassy in Kuala Lumpur complained about the matter.<sup>50</sup> Realising the importance of mass media in influencing the masses, the governments of both countries need to advise the media to be prudent in their actions. In order to ensure harmonious bilateral relations, it is of upmost importance to emphasise fair and balance reporting. The practice of bias reporting was clearly visible during the height of the Ambalat issue in 2005. While the Indonesian media was all out tarnishing Malaysia’s image, the media in Malaysia was calm over the issue, as if nothing happen between the two.<sup>51</sup>

Another issue of contention arose in October 2007. At that time, Malaysia announced that *Rasa Sayang*, a popular folk song amongst the people in the region as Malaysia’s own song and promoted it during Tourism Malaysia promotion abroad. Such action had prompted Jakarta to criticise Malaysia’s tourism promotion<sup>52</sup> Malaysian Tourism Minister, Datok Seri Tengku Adnan Mansor stated that *Rasa Sayang* belongs to the Malay Archipelago. On the other hand, Karel Albert Ralahalu, the Maluku Governor reiterated that *Rasa Sayang* belongs to Indonesia because it is a Maluku folk song. Nevertheless, Datuk Seri Tengku Adnan argued that Indonesian could not prove that *Rasa*

*Sayang* is an Indonesian folk song. Later, the Indonesian government came up with evidence that proved *Rasa Sayang* was first recorded in Indonesia in 1962. As a result, on 11th November 2007, Malaysian Minister of Culture, Art and Heritage, Dato' Seri Rais Yatim responded that *Rasa Sayang* does indeed belongs to Indonesia. Interestingly, the *Rasa Sayang* controversy led to several impacts. Firstly, Tourism Malaysia in a related development has dropped two dances that originated from Indonesia from its overseas tourism campaign.<sup>53</sup> Secondly, as a result of this incident, Institut Kajian Malaysia-Indonesia (IKMI) at the Universiti Industri Selangor was established.<sup>54</sup> Thirdly, the Indonesian government has taken the initiatives to obtain intellectual property rights over 62 folk songs from the Maluku region.<sup>55</sup>

Due to ignorance, the usage of the term ‘Indon’ by Malaysians to refer to Indonesians has stirred up dissatisfaction among the Indonesians. Indeed, ignorance is not an excuse and Malaysians including the media practitioners in Malaysia should have taken extra precaution not to use the term ‘indon’ to refer to Indonesians. It is not the same thing with the usage of the word ‘Malays’ to mean Malaysians or to use ‘Aussies’ to refer to Australians. The term ‘indon’ contains derogatory meaning and those who uses such term could be considered as downgrading. In order to pacify the situation, the Malaysian government and the print media in Malaysia has sought to use the term ‘Ina’ to refer to Indonesians. Although the issue may seem petty or trivial, it should not have been overlooked.

## **Conclusion**

Malaysia’s relationship with Indonesia has developed for more than five decades. The bilateral relation has experienced it’s up and down since 1957. However, in the recent years, various contentious issues that tested both countries’ leaderships had cropped up. Among the issues are Indonesians labours, overlapping claims, treatment of Indonesia’s domestic workers, terrorism, socio and cultural issues and border issues pertaining to illegal logging. What is inherent is that, in solving their differences, both nation seeks to uphold their national interest at all times.

What is Malaysia's interests in relations with other countries? Malaysia's national interests are undoubtedly wide-ranging but the most salient interest is to have or to maintain good and peaceful relations with other nations. Such bona fide relations have to be secured from every possible angle namely diplomatically, economically and socially. Indonesia and many other states in the world today also seek to uphold their national interest. Based on what has transpired over the past years, it is clear that national interest was the main reason for the entire outburst in the ups and downs in Malaysia-Indonesia bilateral relations since 1957.

Although both countries belong to the same Malay kinship, they are now two sovereign states with their own national interests that tend to differ with one another. In this sense, the ways in which both countries manage contentious issues whether diplomatic or non-diplomatic are predominantly determined by national interests. This is the underlying causal factor that explains the conflicting nature of bilateral relations of the two countries in the past decade.

## NOTES

- <sup>1</sup> Firdaus Abdullah. 1985. *Radical Malay Politics: Its Origins and Early Development*. Kuala Lumpur: Pelanduk Publications, p. 52.
- <sup>2</sup> J.A.C Mackie. 1974. *Konfrontasi: The Indonesia-Malaysia Dispute 1963 – 1966*. Kuala Lumpur: Oxford University Press.
- <sup>3</sup> Frederick H. Hartman. 1978. *The Relations of Nations*. 5th Ed. New York: Macmillan, p. 76.
- <sup>4</sup> Felix Oppenheim. 1987. National interests, rationality and morality. In *Political Theory*, Vol. 15 (3), pp. 37, 1 – 2.
- <sup>5</sup> Hyde. 1965. *Confrontation in the east*, London: The Boleyl Head.
- <sup>6</sup> Pluvier. 1965. *Confrontation: A study in Indonesian politics*. Kuala Lumpur: Oxford University Press.
- <sup>7</sup> Mohd Noor Yazid. 2008. *Hegemonic Power, Radical Politics and Developmental States: Malaysia-Indonesia Relations during the Cold War*. Kota Kinabalu: Penerbit Universiti Malaysia Sabah.
- <sup>8</sup> Firdaus Abdullah. 1993. "The rumpun concept in Malaysia-Indonesia relations". *Indonesian Quarterly*, 21 (2).
- <sup>9</sup> Baroto. 1993. "Similarities and differences in Malaysia-Indonesia Relations". *Indonesian Quarterly*, 21 (2): 151 – 170.
- <sup>10</sup> G. Poulgrain. 1998. *The Genesis of Konfrontasi: Malaysia, Brunei, Indonesia, 1945 – 1965*. Barthurst, NSW: Crawford House Publishing.
- <sup>11</sup> Joseph Chinyong Liow. 2003. "Malaysia's illegal Indonesian Migrant Labour Problem: In Search of Solution." *Contemporary Southeast Asia*. 25 (1): 44 – 64.

<sup>12</sup> Joseph Chinyong Liow. 2003. “Visions of serumpun”: Tun Razak and the Golden Years Indo-Malay Blood Brotherhood, 1967 – 1975”, *Southeast Asia Research*. 11 (3): 327 – 350.

<sup>13</sup> Joseph Chinyong Liow. 2005. The Politics of Indonesia-Malaysia Relations: One Kin Two Nations. London: Routledge-Curzon.

<sup>14</sup> Marja Azlima Omar. 2005. “Migration of Indonesians into Malaysia: Implications on Bilateral Relations” in Proceedings of Seminar on State Responses to the Presence and Employment of Foreign Workers in Sabah, Kota Kinabalu: Ethnography & Development Unit, Universiti Malaysia Sabah.

<sup>15</sup> Ramli Dollah & Ahmad Mosfi Mahmud. 2007. “Perdagangan Tukar Barang Malaysia-Indonesia: Potensi dan Cabaran” *JATI*, Bil. 12: 83 – 106.

<sup>16</sup> Personal communication with the staff of the Embassy of Republic of Indonesia in Kuala Lumpur, June 10<sup>th</sup> 2008.

<sup>17</sup> The Eminent Persons Group (EPG) comprises 14 figures -- seven from each country -- who were picked by their respective governments to provide inputs on how to deal with non-diplomatic issues in Malaysian-Indonesian relations that could have adverse impacts. “RI-Malaysia EGP to hold first meeting” <http://www.thejakartapost.com/news/2008/08/23/rimalaysia-egp-hold-first-meeting.html>-0 accessed May 20<sup>th</sup> 2010.

<sup>18</sup> Michael Vatikiotis, ‘Prudence remains the key in Sulawesi Sea’ *New Straits Times*, March 10<sup>th</sup> 2005.

<sup>19</sup> Najib’s Doctor of Philosophy acceptance speech.

<sup>20</sup> The writer was present during the event.

<sup>21</sup> *Ibid.*

<sup>22</sup> Joseph Liow. 2005. The Politics of Indonesia-Malaysia, pp. 141 – 142.

<sup>23</sup> Jeshurun. 2008. Malaysia, p. 299.

<sup>24</sup> Jeshurun, 2008. Malaysia, p. 302.

<sup>25</sup> Personal communication with the officer at Wisma Putra on 11<sup>th</sup> December 2008.

<sup>26</sup> Dato’ Ahmad Shaberry Chik initiated the idea and Warta Serumpun was launched on 31<sup>st</sup> August 2008. Telephone communication with RTM staff on December 12<sup>th</sup>, 2008.

<sup>27</sup> Abdullah Ahmad. 1985. Tengku Abdul Rahman and Malaysia’s Foreign Policy. Kuala Lumpur: Berita Publishing Sdn. Bhd., p. 39.

<sup>28</sup> Estrella D. Solidum. 2003. *The Politics of ASEAN: An Introduction to Southeast Asian Regionalism*. Singapore: Eastern Universities Press, p. 21.

<sup>29</sup> Marja Azlima. 2005. “Migration of Indonesians, pp. 115 – 140.

<sup>30</sup> Marja Azlima. 2005. Migration p.120.

<sup>31</sup> “Nirmala Bonat case: Housewife convicted of hurting maid gets 18 years jail” *New Straits Times*, November 27<sup>th</sup> 2008.

<sup>32</sup> “Nirmala Bonat’s case: Susilo hails ruling” *New Straits Times*, November 28<sup>th</sup> 2008.

<sup>33</sup> Salim Said. 1998. “Suharto’s Armed Forces” *Asian Survey*, Vol. 38, No. 6: p. 535 – k 552.

<sup>34</sup> In Johor, PAS could not hold ground due to many Johorean are sole supporters of UMNO. The writers observation during his stay in Johor from 1986 until 1997.

<sup>35</sup> Edward Aspinoll. 2008. “Ethnic and religious violence in Indonesia: A review essay” *Australian Journal of International Affairs*. 62: 4, pp. 558 – k 572.

<sup>36</sup> This was clearly the thinking among Indonesian that Malaysia exported Dr Azhari and Noordin. This thinking was quite obvious during both writers stays in Jakarta for one week in June 2007 and also in Makassar in September 2007.

<sup>37</sup> Established on July 23<sup>rd</sup> 1972, the GBC Malindo is the principal body overseeing the security cooperation along the common border. See 25 *Tahun GBC Malindo*. 1997. Kuala Lumpur: Percetakan Seasons Sdn. Bhd., p. 29.

<sup>38</sup> MITI, 2016, Unpublished primary data.

<sup>39</sup> MITI, 2016, Unpublished primary data.

<sup>40</sup> MITI, 2016, Unpublished primary data.

<sup>41</sup> MITI, 2016, Unpublished primary data.

<sup>42</sup> MITI, 2016, Unpublished primary data.

<sup>43</sup> Abdul Kadir Mohamad. 2008. *Malaysia's Experiences at the International Court of Justice*, Kuala Lumpur: Institute of Diplomacy & Foreign Relations, p.26.

<sup>44</sup> Schofield & Ian Storey, "Energy Security and Southeast Asia: The Impact on Maritime Boundary and Territorial Disputes," *Harvard Asia Quarterly*: p. 36 – 46.

<sup>45</sup> Wan Syawaluddin Wan Hassan & Ramli Dollah. 2010. Isu dan cabaran hubungan Malaysia-Indonesia. Dlm. Kamarulnizam Abdullah (Ed.), *Malaysia dalam Hubungan Antarabangsa Serantau*, Sintok:Penerbit UUM, p. 99.

<sup>46</sup> In this paper media refers to radio, television and newspapers.

<sup>47</sup> Che Mahzan Ahmad provide a good account of mass media in Indonesia. Che Mahzan Ahmad. 2003. "Mass media in Indonesia: A short historical journey through five decades". In Mohd Yusof Hussain. *Mass Media in Selected Muslim Countries*. Kuala Lumpur: IIUM Publishers.

<sup>48</sup> Ambalat was one of the noted issue that was sensationalized by the Indonesia's media such as radio, television and print media.

<sup>49</sup> Personal communication with one of the officer at the Malaysian Embassy in Jakarta on December 11<sup>th</sup> 2008.

<sup>50</sup> Personal communication with the staff of the Embassy of Republic of Indonesia in Kuala Lumpur, June 10<sup>th</sup> 2008.

<sup>51</sup> See Lai Che Ching @ Abd. Latif & Lee Kuok Tiong. 2006. "Kasus/Konflik Ambalat- Reaksi Media Indonesia: Framing dan Komunikasi Antarabangsa" dalam *Jurnal MANU*, XI.

<sup>52</sup> "Malaysia and Indonesia row over ownership of a Malay folk song" <http://www.iht.com/articles/ap/2007/10/03/asia/AS-GEN-Malaysia-Indonesia-Song.php> accessed November 24<sup>th</sup> 2011.

<sup>53</sup> The two dances are barongan and endang. "Malaysia drops Indonesian dances from tourism campaign following protests" <http://www.iht.com/articles/ap/2007/12/04/asia/AS-GEN-Malaysia-Indonesia-Dance.php> accessed May 20th 2010.

<sup>54</sup> "Unisel tubuh IKMI bagi bincang isu Malaysia-Indonesia" Bernama, November 1<sup>st</sup> 2007. accessed May 20<sup>th</sup> 2010.

<sup>55</sup> "62 Lagu Rakyat Maluku Tanpa Nama Pencipta Didaftarkan ke Depkumham" <http://www.antara.co.id/arc/2007/12/17/62-lagu-rakyat-maluku-tanpa-nama-pencipta-didaftarkan-ke-depkumham/> accessed March 3<sup>rd</sup> 2010.

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# KUASA HEGEMONI DAN KESTABILAN EKONOMI POLITIK ANTARABANGSA

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## ***Abstrak***

*Artikel ini membincangkan kepentingan Teori Kestabilan Hegemoni dalam memahami pembentukan kestabilan dan ketidakstabilan ekonomi politik antarabangsa. Mengikut teori ini, peranan yang dimainkan oleh sesebuah kuasa hegemoni sangat penting dalam membentuk kestabilan ekonomi dan politik antarabangsa. Tanpa kewujudan sebuah kuasa hegemoni yang betul-betul kuat dalam sistem antarabangsa, maka kestabilan antarabangsa sukar untuk diwujudkan. Data-data sekunder digunakan dalam kajian ini bagi menganalisis peranan yang dimainkan oleh kuasa hegemoni dan kestabilan antarabangsa. Kajian ini merumuskan bahawa peranan yang dimainkan oleh sesebuah kuasa hegemoni sangat penting dalam membentuk kestabilan dalam ekonomi politik antarabangsa. Ketidakstabilan politik antarabangsa dan kemelesetan ekonomi dalam dekad-dekad sebelum Perang Dunia Kedua 1939 meletus mempunyai hubungan rapat dengan ketiadaan sebuah kuasa hegemoni yang benar-benar kuat dan berupaya memainkan peranan yang berkesan dalam sistem antarabangsa. Great Britain telah berada dalam keadaan terlalu lemah (dalam tempoh 1919–1939) dan Amerika Syarikat pula enggan (atau belum benar-benar mampu) memainkan peranan sebagai kuasa hegemoni baharu menggantikan Great Britain. Sementara itu, Liga Bangsa-Bangsa tidak berfungsi dengan berkesan dalam tahun-tahun 1930-an kerana tidak wujud sebuah kuasa hegemoni yang benar-benar kuat. Keadaan ekonomi dan politik antarabangsa yang lebih baik dan stabil selepas tahun 1945 banyak dipengaruhi oleh peranan yang dimainkan oleh Amerika Syarikat sebagai kuasa hegemoni baharu. Sesebuah institusi antarabangsa tidak mungkin dapat berjalan dengan lancar dan berjaya mencapai matlamatnya tanpa sokongan kuat daripada sebuah kuasa hegemoni.*

**Kata kunci:** *Theori Kestabilan Hegemoni, kuasa hegemoni, Great Britain, Amerika Syarikat, institusi antarabangsa, kestabilan antarabangsa.*

## Abstract

This paper discusses the importance of the Theory of Hegemonic Stability in understanding the stability and instability in the international political economy. According to this theory, the role played by a hegemonic power is very important in creating stability in international politics and economy. Without strong hegemony, the creation of international stability is impossible. The secondary data since early twentieth century was used in analysing the relationship between role of the hegemonic power and international stability. The study concludes that the hegemonic power was very important in creating stability in international political economy. The political instability and economic depression in the decades before Second World War closely related with the absence of strong hegemonic power in the international system. Great Britain was very weak (during the period 1919–1939) and the United States refused to take the role as a new hegemonic power. The League of Nations was not well function in the 1930's because of the lack of hegemonic power. The better and stable situation in international politics and economy after 1945 was strongly influenced by the role played by the United States as a new hegemonic power. The international institution is impossible to run smoothly without strong support by a hegemonic power.

**Keywords:** Theory of Hegemonic Stability, hegemonic power, Great Britain, The United States of America, international institution, international stability.

## Pengenalan

Artikel ini membincangkan peranan kuasa hegemoni dan hubungannya dengan kestabilan ekonomi politik antarabangsa. Sejauh manakah pentingnya pengaruh dan peranan kuasa hegemoni dalam membentuk kestabilan antarabangsa? Apakah kuasa hegemoni ini benar-benar penting dalam mewujudkan kestabilan ekonomi dan politik antarabangsa? Perbincangan dalam artikel ini cuba melihat peranan yang dimainkan oleh kuasa hegemoni dalam separuh pertama dan kedua abad ke-20. Lebih khusus, kenapa berlaku ketidakstabilan dalam

tahun-tahun selepas Perang Dunia Pertama berakhir, 1918 hingga Perang Dunia Kedua berakhir pada September 1945? Kenapa berlaku ketidakstabilan dalam tempoh masa antara dua Perang Dunia ini (*inter-war period*) khususnya dalam tahun-tahun 1919–1939 sehingga Perang Dunia Kedua 1945 tamat. Kenapa pula darjah kestabilan ekonomi dan politik antarabangsa berbeza dalam tahun-tahun selepas Perang Dunia Kedua tamat sehingga beberapa dekad kemudiannya? Adakah kestabilan yang terbentuk selepas Perang Dunia Kedua itu dipengaruhi oleh peranan yang dimainkan oleh kuasa hegemoni Amerika Syarikat atau sebab-sebab lain yang tiada kaitan dengan pengaruh yang dimainkan oleh kuasa hegemoni?

Perbincangan ini dibahagikan kepada beberapa bahagian. Pertamanya, perbincangan ringkas tentang apa itu kuasa hegemoni dan peranannya. Kedua, kenapa berlaku ketidakstabilan ekonomi politik dunia dalam dekad-dekad sebelum Perang Dunia Kedua? Ketiga, kenapa terbentuknya kestabilan ekonomi politik dunia selepas Perang Dunia Kedua? serta hubungannya dengan kuasa hegemoni dan; akhir sekali adalah perbincangan dan rumusan.

## **Kuasa Hegemoni dan Peranannya**

Kuasa hegemoni adalah merujuk kepada sebuah kuasa dominan dalam sesebuah sistem antarabangsa di mana peranan yang dimainkan mempunyai hubungan rapat dengan kestabilan ekonomi dan politik antarabangsa.<sup>1</sup>

Kuasa hegemoni ini berupaya membentuk kestabilan antarabangsa. Kuasa hegemoni inilah yang berupaya membentuk peraturan antarabangsa, memastikan ia berjaya dilaksanakan<sup>2</sup> dan juga menghukum anggota yang melanggar peraturan yang dibentuk dan dipersetujui bersama. Bagi memastikan undang-undang dan peraturan yang dibentuk dihormati dan berperanan, maka mana-mana negara yang melanggar peraturan hendaklah dikenakan hukuman. Hukuman ke atas negara yang melanggar peraturan adalah penting kerana sekiranya tidak dihukum, ia akan membawa ancaman kepada sesebuah kuasa hegemoni serta kepada ketidakstabilan antarabangsa.<sup>3</sup> Kejayaan melaksanakan hukuman ke atas negara yang melanggar peraturan yang ditetapkan juga adalah lambang kekuatan sesebuah kuasa hegemoni. Sesebuah kuasa hegemoni yang lemah tidak akan mampu menghukum jika berlaku perlanggaran hukum

yang telah ditetap dan dipersetujui bersama. Bagaimanakah hukuman kepada penceroboh itu boleh dilakukan? Ia memerlukan sebuah kuasa besar yang benar-benar berpengaruh, iaitu kuasa hegemoni. Sekiranya dalam sistem itu ada kuasa yang boleh menghukum, bermakna wujud kuasa hegemoni yang berkesan dan kuat. Andainya sesebuah kuasa yang dikatakan sebagai kuasa hegemoni, tetapi gagal bertindak ke atas penceroboh atau pelanggar undang-undang, itu menandakan kuasa hegemoni itu lemah atau kedudukannya sebagai sebuah kuasa hegemoni akan berakhir dalam tempoh masa yang singkat. Hal ini berlaku kepada Great Britain dalam tahun-tahun selepas Perang Dunia Pertama di mana negara ini gagal bertindak ke atas negara yang melanggar peraturan yang telah ditetapkan oleh Liga Bangsa-Bangsa. Tindakan Jepun melakukan serangan ke atas Manchuria pada 1931 dan tindakan Itali melanggar Ethiopia pada 1934 adalah melanggar peraturan yang telah ditetapkan oleh Liga Bangsa-Bangsa. Great Britain tidak melakukan tindakan menghukum kedua-dua buah negara penceroboh itu. Perkara ini berlaku kerana Great Britain adalah sebuah kuasa hegemoni yang lemah selepas Perang Dunia Pertama.<sup>4</sup>

Kekuatan sesebuah kuasa hegemoni itu dapat dilihat daripada beberapa aspek. Dua aspek yang paling penting adalah aspek ekonomi dan politik (serta ketenteraan). Sekiranya sesebuah kuasa hegemoni (dan kuasa *counter-hegemony*) itu mempunyai kekuatan dalam dua aspek ini, maka kuasa itu mempunyai pengaruh yang kuat dan berkesan dalam memainkan peranannya.<sup>5</sup> Namun sebaliknya jika kekuatan ekonomi sesebuah kuasa hegemoni itu lemah, ia akan turut memberi kesan terhadap kekuatan politik dan kuasa ketenteraan. Kuasa hegemoni Great Britain mulai lemah dalam tahun-tahun awal selepas Perang Dunia Pertama setelah mengalami kesan ekonomi yang buruk akibat daripada perbelanjaan peperangan yang besar dalam empat tahun (1914 hingga 1918).<sup>6</sup> Selepas mengalami kemelesetan ekonomi selepas Perang Dunia Pertama, Great Britain tidak dapat memainkan peranan yang berkesan dan pengaruhnya mulai lemah. Faktor kelemahan ekonomi ini mempengaruhi kuasa politik dan ketenteraan. Keadaan yang sama juga berlaku kepada kuasa ‘counter-hegemony’ Soviet Union yang mengalami kelemahan ekonomi mulai pertengahan tahun 1980-an. Ia menjadi lemah dan pengaruhnya menurun sehingga runtuh pada tahun 1991. Kekuatan ekonomi mempunyai hubungan yang rapat dengan kuasa ketenteraan dan pengaruh politiknya<sup>7</sup>.

Sesetengah sarjana melihat kekuatan dan kelemahan sesebuah kuasa hegemoni itu tidak memadai dengan hanya meneliti daripada dua aspek ekonomi dan politik sahaja. Sebaliknya ia dipengaruhi oleh empat faktor yang digambarkan sebagai sebuah piramid, iaitu kekuatan daripada aspek ekonomi serta pengeluaran, ketenteraan-keselamatan, kewangan dan aspek tahap ilmu dan teknologi.<sup>8</sup> Keempat-empat faktor ini saling melengkapi dan mempengaruhi antara satu sama lain. Kekuatan ketenteraan akan mempengaruhi kekuatan ekonomi dan pengeluaran. Misalnya, pihak Amerika Syarikat menggunakan kekuatan ketenteraannya bagi mengukuhkan kekuatan ekonominya dengan menguasai negara yang mempunyai sumber ekonomi yang kaya (seperti petroleum misalnya) bagi mengukuhkan ekonominya. Dengan ekonomi yang kuat ini akan mampu membentuk kekuatan ketenteraan. Begitulah juga kekuatan kewangan juga akan menerima kesan yang positif. Faktor pengetahuan dan teknologi juga turut mempengaruhi kekuatan hegemoni. Tahap teknologi akan memberikan kesan yang positif kepada penerokaan sumber yang lebih cekap. Begitu juga dengan tahap teknologi akan memberikan kekuatan dan kecanggihan dalam aspek ketenteraan. Ringkasnya, keempat-empat unsur atau faktor yang dinyatakan oleh Strange sebagai sebuah piramid itu saling mempengaruhi antara satu sama lain dalam menentukan sama ada sesebuah kuasa hegemoni itu menjadi lemah atau bertambah kukuh kedudukannya.

### **Kenapa ketidakstabilan ekonomi politik dunia berlaku dalam dekad sebelum Perang Dunia Kedua?**

Dekad selepas Perang Dunia Pertama, khususnya dalam tahun-tahun 1919 hingga 1939 adalah satu tempoh masa yang tidak stabil dalam ekonomi dan politik dunia. Institusi-institusi yang dibentuk, sama ada bersifat ekonomi dan politik tidak dapat memainkan peranan yang berkesan dalam mengawal dan membentuk kestabilan antarabangsa. Keadaan ini berlaku kerana tidak wujud sebuah kuasa hegemoni yang mampu berperanan mengawal daripada berlakunya konflik dan ketidakstabilan<sup>9</sup>.

Perang Dunia Pertama yang berlaku dalam tahun-tahun 1914 hingga 1918 dilihat sebagai ‘hegemonic wars,’ iaitu perang di antara dua kuasa hegemoni; Great Britain (sebagai kuasa hegemoni) dan Jerman sebagai kuasa

‘counter-hegemoni’ yang mencabar kuasa hegemoni yang sedia ada. Pihak Jerman dan sekutu-sekutunya, iaitu Austria-Hungary dan Turki Uthmaniah gagal mengalahkan kuasa hegemoni Great Britain dan sekutunya dalam perperangan besar (*Great War*) yang berlangsung selama empat tahun. Walaupun kuasa hegemoni Great Britain berjaya mempertahankan kedudukannya, tetapi perperangan selama empat tahun itu telah melibatkan belanja yang sangat besar yang memberi kesan buruk kepada kedudukan ekonomi Great Britain. Pihak Great Britain menanggung hutang yang berat dan mengalami masalah kewangan yang teruk kesan daripada perperangan itu. Akibat daripada Perang Dunia Pertama Great Britain dan Perancis menanggung hutang melebihi 10 billion dollars.<sup>10</sup> Dengan dasar ekonomi Amerika Syarikat serta halangan perdagangan bebas selepas Perang Dunia Pertama telah menekan dan memburukkan lagi ekonomi Great Britain dan Perancis. Great Britain tidak lagi dapat memainkan peranan dan berfungsi sebagai sebuah kuasa hegemoni sebagaimana dalam tahun-tahun sebelum meletusnya perang 1914.

Amerika Syarikat, iaitu sebuah kuasa yang tidak terlibat sepenuhnya daripada awal dalam Perang Dunia Pertama serta tidak mempunyai kesan buruk akibat Perang Dunia Pertama sebagaimana yang dialami oleh Great Britain dan Perancis, tidak mendapat pengesahan senat Amerika Syarikat bagi memainkan peranan yang lebih meluas dalam hal ehwal antarabangsa dalam tahun-tahun 1920-an dan 1930-an. Walaupun terdapat organisasi antarabangsa yang ditubuhkan selepas Perang Dunia Pertama (iaitu *the League of Nations*) bagi menyusun semula ekonomi dan politik serta membentuk kestabilan dan kemakmuran antarabangsa, tanpa sebuah kuasa hegemoni yang benar-benar berkuasa matlamatnya gagal dicapai. Idea-idea Presiden Woodrow Wilson tidak boleh dilaksanakan walaupun *League of Nations* sebenarnya mempunyai peraturan serta matlamat amat murni bagi membentuk kestabilan antarabangsa.

Liga Bangsa-Bangsa adalah sebuah organisasi antarabangsa yang mantap daripada struktur dan peraturan-peraturan yang dibentuk. Misalnya Artikel 10, 11, 12, 15 dan 16 menyentuh secara langsung tentang keselamatan dan kestabilan antarabangsa. Sekiranya artikel-artikel ini berjaya dilaksanakan (ada kuasa hegemoni yang benar-benar berkuasa), maka kestabilan adalah lebih mungkin untuk dicapai. Dalam Artikel 12 dan 15 menyatakan bahawa

negara-negara yang bertelingkah akan menyerahkan kepada pihak arbitrator bagi menyelesaikan pertelingkahan mereka, dan negara yang bertelingkah tidak akan mengambil keputusan melakukan perang selepas tempoh masa tiga bulan proses timbang tara itu gagal. Artikel 16 amat bermanfaat bagi jaminan keselamatan jika ia berjaya dilaksanakan kerana menyatakan bahawa mana-mana perang yang tidak mengendahkan prosedur Liga Bangsa-Bangsa adalah dianggap sebagai perang melawan semua negara anggota Liga Bangsa-Bangsa. Negara yang bertindak memulakan perang akan dikenakan sekatan ekonomi serta-merta dan *Council of the League* seterusnya akan mengesyorkan tindakan ketenteraan ke atas negara itu.<sup>11</sup>

Tanpa kuasa hegemoni, peraturan itu tidak mempunyai sebarang makna dalam struktur politik dunia yang bersifat anarki, iaitu tiada kuasa pusat yang boleh memaksa dan melaksanakan mana-mana aktor untuk menerima dan mengikut peraturan. Itali telah melakukan pencerobohan ke atas Ethiopia dalam tahun 1934 dan 1935. Jepun juga bertindak melakukan serangan ke atas Manchuria dalam tahun 1931 dan 1932. *League of Nations* tidak bertindak sebagaimana yang termaktub dalam peraturan yang ditetapkan dalam Liga Bangsa-Bangsa. Tindakan Jepun dan Itali itu secara jelas bercanggah dengan prinsip Liga Bangsa-Bangsa, khususnya Artikel 15 dan 16, tetapi tanpa kuasa yang kuat (kuasa hegemoni), maka peraturan itu tidak mempunyai sebarang makna. Tindakan Jepun dan Itali tidak dapat dihalang kerana tidak ada kuasa hegemoni yang berpengaruh. Great Britain dan Perancis tidak mampu kerana kedudukan ekonominya yang merosot serta kekuatan ketenteraannya yang lemah.

Dasar isolasi yang diamalkan oleh Amerika Syarikat mempunyai kaitan dan hubungan dengan tindakan yang dilakukan oleh Jerman, Jepun dan Itali. Sekatan perdagangan dilakukan oleh Amerika Syarikat bagi melindungi kepentingan ekonomi mereka tanpa mengambil kira kesan kepada ekonomi politik global.<sup>12</sup> Negara-negara Eropah gagal mengamalkan perdagangan bebas secara meluas akibat daripada sekatan perdagangan oleh Amerika Syarikat. Ekonomi mereka disekat dan tidak berkembang. Akibatnya, negara-negara ini tidak dapat membangunkan ekonomi selepas perang. Tekanan pampasan perang dilakukan ke atas Jerman. Tekanan ekonomi oleh Great Britain dan Perancis ke atas Jerman membawa kepada dasar radikal Jerman

dalam tahun 1930-an dan perang besar kedua 1939. Negara-negara yang tidak mempunyai tanah jajahan yang luas bagi mendapatkan bahan-bahan mentah industri menerima kesan yang lebih buruk. Negara Jepun misalnya tidak mempunyai tanah jajahan yang luas seperti Great Britain dan Perancis. Maka, Jepun terpaksa melakukan perluasan wilayah dengan melakukan serangan ke atas Manchuria dalam awal tahun 1930-an. Taiwan dan Semenanjung Korea tidak mampu menampung keperluan bahan mentah bagi perindustrian Jepun. Tindakan Jepun ke atas Asia Tenggara dalam awal tahun 1940-an yang membawa kepada meletusnya Perang Pasifik mempunyai hubungan dengan keperluan bahan mentah dan kepentingan ekonomi Jepun akibat sekatan yang dikenakan oleh kuasa-kuasa Barat, khususnya Amerika Syarikat.<sup>13</sup>

Keadaan ekonomi dan politik dunia dalam tahun-tahun sebelum Perang Dunia Kedua telah membawa pengajaran dan perubahan besar kepada dasar terbuka Amerika Syarikat selepas Perang Dunia Kedua.<sup>14</sup> Amerika Syarikat menyedari bahawa dasar ekonomi tertutup, khususnya dengan tidak memasukkan Jepun dan Jerman ke dalam lingkungan pengaruh ekonomi global telah menyebabkan negara-negara ini bertindak radikal dan membawa kepada meletusnya Perang Dunia Kedua. Amerika Syarikat perlu berperanan sebagai kuasa hegemoni dan mengatur perjalanan ekonomi dan politik global setelah Great Britain lemah dan tidak mampu berperanan sebagai sebuah kuasa hegemoni seperti sebelum Perang Dunia Pertama.

### **Kenapa kestabilan ekonomi politik dunia terbentuk selepas Perang Dunia Kedua dan apa hubungannya dengan kuasa hegemoni?**

Amerika Syarikat telah mengubah peranannya dalam ekonomi dan politik global selepas Perang Dunia Kedua kerana menyedari bahawa tanpa sebuah kuasa yang berkesan akan membawa kepada keadaan yang tidak stabil. Perang Dunia Kedua meletus adalah ekoran daripada ketiadaan sebuah kuasa yang berkuasa (kuasa hegemoni) memainkan peranan dalam pengurusan ekonomi dan politik global. Sekiranya Amerika Syarikat memainkan peranan dalam pengurusan ekonomi dan politik global sejak tahun-tahun 1920-an, mungkin konflik besar kedua yang mula meletus di Eropah dalam tahun 1939 (tindakan kuasa Jerman) dan di rantau Asia Pasifik (tindakan kuasa Jepun) yang meletus dalam tahun 1941 dapat dielakkan.

Dalam tempoh masa terdekat sebelum berakhirnya Perang Dunia Kedua, Amerika Syarikat dan sekutu kuatnya Great Britain telah mengadakan *Bretton Woods Conference*, di Bretton Woods, New Hampshire pada Julai 1944 dengan tujuan utama menyusun semula ekonomi global selepas Perang Dunia Kedua agar satu pengurusan global yang lebih baik dapat dilakukan.<sup>15</sup> Antara tokoh penting dalam persidangan pada Julai 1944 ini ialah Harry Dexter White dan John Maynard Keynes.

Kesilapan dasar ekonomi kuasa besar utama tidak harus diulang bagi membentuk situasi ekonomi dan politik global yang stabil. Semua negara mesti dimasukkan ke dalam *global economic sphere* dan memainkan peranan, khususnya negara-negara Eropah dan Jepun yang mempunyai asas ekonomi industri dan tahap teknologi yang kuat. Pengasingan atau dasar yang memisahkan mana-mana negara daripada arus pembangunan global akan menimbulkan kesan ekonomi dan politik yang buruk. Falsafah dan pendapat ini telah disuarakan lebih awal ketika Persidangan Versailles oleh Keynes ketika berada dalam persidangan itu dalam tahun 1919. Keynes berpendapat, tekanan ekonomi dan pampasan ganti rugi berat yang diberikan kepada Jerman (sebagai hukuman akibat dikatakan bersalah dalam memulakan Perang Dunia Pertama 1914) adalah suatu yang tidak wajar.<sup>16</sup> Tindakan menekan pihak Jerman ini akan memberikan implikasi ekonomi dan politik masa depan yang buruk. Namun, pandangan Keynes dalam persidangan 1919 itu tidak diterima dan diketepikan begitu sahaja. Tindakan radikal oleh pihak Hitler (Jerman) dan Mussolini (Itali) yang berlaku dalam tahun-tahun 1930-an adalah apa yang telah dijangkakan oleh Keynes dalam tahun 1919.

Hasil daripada *Bretton Woods Conference* 1944 itu tertubuhlah dua buah organisasi ekonomi yang memainkan peranan dalam penyusunan semula ekonomi dunia, iaitu *World Bank* dan *International Monetary Fund* (IMF) dan kemudiannya *General Agreement on Tariff and Trade* (GATT). Ketiga-tiga badan ini bertujuan menyusun semula perjalanan ekonomi global selepas perang agar lebih licin dan teratur. Adakah badan ini mampu melaksanakan tugasnya dengan licin dan berkesan tanpa sebuah kuasa hegemoni? Jawapan yang dapat diberikan adalah tanpa sebuah kuasa hegemoni, maka badan ini tidak akan dapat berfungsi dan memberikan kesan yang positif terhadap kestabilan politik dan kemakmuran ekonomi global. Semua ini mampu

berjalan dengan berkesan kerana adanya kuasa hegemoni yang memastikan aktiviti badan ini berfungsi dengan baik dan matlamatnya tercapai.

Amerika Syarikat telah memainkan peranan penting dalam menstrukturkan semula ekonomi dunia. Bank Dunia atau juga dikenali dengan nama *Bank of Reconstruction and Development* adalah penting dalam menyusun dan membangunkan semula ekonomi negara-negara yang menerima kesan buruk akibat Perang Dunia Kedua. Dalam tahun-tahun awal, negara-negara Eropah yang mendapat bantuan ekonomi daripada Bank Dunia, namun kemudiannya negara sedang membangun juga telah mendapat faedah daripada institusi-institusi di bawah Bank Dunia seperti *International Development Association* (IDA).

*Marshall Plan* dan *Doktrin Yoshida* telah memberikan kesan yang positif kepada pembangunan semula negara-negara terlibat. *Marshall Plan* adalah rancangan yang dikhaskan kepada pembangunan negara-negara Eropah yang terjejas teruk akibat Perang Dunia Kedua. Penyusunan dan pembangunan semula ekonomi Eropah berjalan lancar di bawah *Marshall Plan* ini. Begitulah juga dengan Doktrin Yoshida yang dilancarkan bagi penyusunan dan pembangunan semula ekonomi Jepun selepas perang. Tumpuan khusus pembangunan ekonomi Jepun dilakukan oleh sokongan kuat Amerika Syarikat. Pihak Jepun hanya memberi tumpuan kepada pembangunan ekonomi semata-mata, manakala keselamatan dan ketenteraan Jepun dilindungi oleh Amerika Syarikat. Perubahan struktur politik dunia daripada struktur yang bersifat multipolar sebelum Perang Dunia Kedua kepada struktur baharu yang bersifat bipolar selepas Perang Dunia Kedua telah mempengaruhi pihak Amerika Syarikat dalam penyusunan, bantuan dan sokongan ekonomi terhadap negara-negara yang bersifat demokrasi kapitalis (pro-Amerika Syarikat).

Pembentukan pakatan keselamatan yang disokong kuat oleh Amerika Syarikat seperti *North Atlantic Treaty Organization* (NATO) (1949) di Eropah, *South East Asia Treaty Organization* (SEATO) (1954) di Asia Tenggara dan pakatan-pakatan yang bersifat bilateral seperti Pakatan Pertahanan Amerika Syarikat-Jepun (1951), Amerika Syarikat-Korea Selatan (1953) dan Amerika Syarikat-Taiwan (1954) telah membantu mewujudkan *public international*

*goods* yang amat berkesan kepada kestabilan dan kelincinan pembangunan semula selepas perang khususnya di rantau yang diistilahkan sebagai *American Economic Sphere*.

Penglibatan negara-negara Eropah Barat dan Jepun dalam ekonomi global telah dilihat penting oleh kuasa hegemoni Amerika Syarikat. Keadaan politik dan ekonomi dunia akan menerima kesan buruk sekiranya aktor penting ekonomi dunia tidak dibenarkan berada dalam *sphere of global economy*. Tahun-tahun antara Perang Dunia menjadi tidak stabil dan ia didapati mempunyai hubungan dengan faktor peranan Jerman dan Jepun dalam ekonomi dan politik dunia yang diketepikan. Amerika menyedari bahawa keputusan itu adalah sesuatu yang tidak tepat. Satu daripada pengajaran besar oleh Amerika Syarikat tentang Perang Dunia Kedua adalah kegagalannya mengurus ekonomi dunia dalam tahun-tahun selepas berakhirnya Perang Dunia Pertama. Sekiranya Amerika Syarikat memainkan peranan sebagai sebuah kuasa hegemoni dan menguruskan ekonomi dunia dengan baik dalam tahun-tahun 1920-an dan 1930-an, keadaan ekonomi dan politik antarabangsa yang lebih stabil dapat dibentuk.

Menggantikan Liga Bangsa-Bangsa kepada Pertubuhan Bangsa-Bangsa Bersatu (PBB) dan penglibatan Amerika Syarikat secara aktif juga adalah sesuatu yang perlu dalam membentuk kestabilan antarabangsa. Tindakan Amerika Syarikat tidak menjadi anggota Liga Bangsa-Bangsa selepas senat Amerika Syarikat menolaknya juga adalah satu kesilapan. Dengan ketiadaan Amerika Syarikat sebagai salah sebuah negara anggota dalam Liga Bangsa-Bangsa, organisasi itu menjadi lemah dan tidak berkesan. Bagi menggerakkan sesebuah organisasi antarabangsa dengan berkesan, maka penglibatan semua negara yang berada dalam sistem antarabangsa adalah sesatu yang perlu, khususnya negara kuasa besar utama. Tanpa peranan yang dimainkan oleh negara kuasa besar utama seperti Amerika Syarikat, organisasi itu tidak dapat berjalan dengan berkesan. Amerika Syarikat kemudiannya memainkan peranan yang aktif dalam PBB selepas Perang Dunia Kedua. Tanpa peranan yang dimainkan oleh kuasa hegemoni, organisasi antarabangsa seperti PBB tidak akan mampu berfungsi dengan berkesan.

## Perbincangan dan Rumusan

Sebuah kuasa hegemoni penting dalam menjamin kestabilan ekonomi dan politik antarabangsa. Kuasa hegemoni mampu melaksanakan perancangan dan peraturan serta undang-undang yang dibentuk. Tanpa sebuah kuasa hegemoni, sebaik manapun sebuah organisasi dan peraturan itu dibentuk, ia tidak akan membawa makna kerana tidak dapat diterjemahkan dalam bentuk tindakan yang berkesan. Apa yang berlaku dalam tempoh masa sebelum Perang Dunia Kedua dan selepas perang adalah jelas sebagai satu bukti. Keadaan ekonomi dan politik yang tidak stabil yang berlaku dalam tempoh masa sebelum Perang Dunia Kedua adalah dipengaruhi oleh pihak Amerika Syarikat yang bersifat isolasi dan tidak memainkan peranan dalam hal ehwal global. Ketidakstabilan ini dapat dielak sekiranya sebuah kuasa hegemoni memainkan peranan dengan berkesan. Perang Dunia Kedua yang berlaku dalam tahun-tahun 1939 – 1945 adalah akibat daripada ketidakstabilan yang berlaku dalam 1930-an, khususnya kemelesetan ekonomi yang berlaku dalam akhir tahun 1920-an dan awal 1930-an. Pihak Amerika Syarikat telah memainkan peranan yang lebih aktif dalam tahun-tahun selepas Perang Dunia Kedua dengan mengubah dasar luarnya secara terbuka dan melibatkan diri dalam hal ehwal dan pergolakan global. Institusi-institusi yang dibentuk adalah bagi penyusunan *order* baharu selepas era perang. Keberkesanan peranan kuasa hegemoni itu dapat dilihat dalam keadaan yang sangat berbeza di antara tempoh masa sebelum dan selepas Perang Dunia Kedua. Kestabilan selepas Perang Dunia Kedua adalah berkait rapat dengan peranan yang dimainkan oleh Amerika Syarikat secara berkesan.

## Nota

- <sup>1</sup> Lihat Kindleberger, Charles, P. 1981. 'Dominance and Leadership in the International Economy: Exploitation, Public Goods, and Free Rides,' *International Studies Quarterly*, Vol. 25, June 1981, hlm. 27.
- <sup>2</sup> Gilpin, Robert. 2001. *Global Political Economy: Understanding The International Economic Order*, Princeton & Oxford: Princeton University Press, hlm. 93.
- <sup>3</sup> Kegagalan menghukum tindakan Jepun ke atas Manchuria, 1931–1932 dan pencerobohan Itali ke atas Ethiopia 1934–1935 telah membawa kesan besar kepada kestabilan antarabangsa. Sekiranya pencerobohan ini berjaya disekat oleh kuasa hegemoni, konflik yang lebih besar mungkin dapat dielakkan. Perbincangan lanjut mengenai tindakan Itali, sila lihat John & Stokes, G. 1973. *Europe and Modern World 1870–1970*, London: Longman, hlm. 235–237 dan bagi tindakan Jepun sila lihat Howarth, Tony. 1980. *Twentieth Century History: The World since 1900*, London: Longman, hlm. 108–111.

- <sup>4</sup> Perbincangan lanjut sila lihat Nye, Joseph, S. (jr.), *Understanding International Conflict: An Introduction to Theory and History*, hlm. 90–93.
- <sup>5</sup> Lihat Mohd. Noor Yazid, 2007, *Hegemonic Powers, Radical Politics & Developmental Politics*, Kota Kinabalu: Penerbit Universiti Malaysia Sabah, hlm. 29–30.
- <sup>6</sup> Great Britain mengalami kesan yang sangat buruk akibat daripada Perang Dunia Pertama 1914–1918. Bagi melihat kesan buruk ekonomi Great Britain akibat perang ini sila lihat Hill, C. P., 1975, *British Economy and Social History 1700–1964*. (3rd ed.). London: Edward Arnold, hlm. 238–240 di bawah subtopik ‘The Economic Legacy of the War.’
- <sup>7</sup> Kelemahan Soviet Union mempunyai hubungan rapat dengan faktor kemerosotan ekonomi yang dialaminya dalam pertengahan tahun 1980-an yang membawa kepada berakhirnya Perang Dingin pada 1991. Sila lihat Hsiung, James, C. 1993, ‘Asia Pacific in the Post-Cold War Order. Dlm. Hsiung, James, C. (ed.). *Asia Pacific in The New World Politics*, Boulder & London: Lynne Rienner Publishers, hlm. 2–3.
- <sup>8</sup> Aspek ketenteraan dan keselamatan dilihat daripada aspek ‘the ability to threaten or protect other countries’ physical security by resorting to arms; aspek ekonomi-pengeluaran dilihat daripada aspek keupayaan ‘to control the global system of production of goods and services; aspek kewangan dilihat daripada ‘the ability to shape the international capital market of finance and credit’ dan; aspek ilmu dan teknologi dilihat daripada aspek ‘the ability to direct the development, accumulation and transfer of knowledge.’ Perbincangan lanjut tentang empat aspek yang dikemukakan oleh Strange ini sila lihat, Strange, 1987. ‘The Persistent Myth of Lost Hegemony,’ *International Organization*, Vol. 41, 1987, hlm. 560–575.
- <sup>9</sup> Lihat Mohd. Noor Yazid. 2007. *Hegemonic Powers, Radical Politics & Developmental State*, hlm. 24 dan 25, nota kaki no. 26 dan no. 28.
- <sup>10</sup> Lihat Burk, Kathleen. 1985. *Britain, America and the SineWS War, 1914–1918*, Boston: Allen and Unwin.
- <sup>11</sup> Article 16 League of Nations menyatakan ‘any war disregarding the League of Nations procedures would be regarded as at war against all the members of the League of Nations. The state that started a war would be immediately subject to economic sanctions, and the Council of The League of Nations might recommend further military measures.
- <sup>12</sup> Perbincangan lanjut sila lihat Oatley, Thomas. 2012. *International Political Economy* (5<sup>th</sup> edition), Boston: Longman, hlm. 17 dan 18.
- <sup>13</sup> Perbincangan lanjut mengenai persoalan ini sila lihat Marshall, Jonathan. 1995. *To Have and Have Not: Southeast Asian raw materials and the origins of the Pacific War*, Berkeley & Los Angeles: University of California Press.
- <sup>14</sup> Lihat Oatley, Thomas. 2012. *International Political Economy* (5<sup>th</sup> edition), hlm. 18 dan 19.
- <sup>15</sup> Lihat Balaam, David, N., & Veseth, Michael. 2008. *Introduction to International Political Economy* (4<sup>th</sup> edition), Upper Saddle River, N. J: Pearson Education, hlm. 108.
- <sup>16</sup> Perbincangan lanjut persoalan yang dikemukakan oleh Keynes ini sila lihat, Keynes, John Maynard. 2007. *The Economic Consequences of the Peace* (Introduction by Volcker, Paul, A.), New York: Skyhorse Publishing.

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# SIX EMPLOYMENT RELATIONSHIP PRACTICES FOR SUSTAINING ORGANIZATIONAL PERFORMANCE

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## **Abstract**

Organizations need to develop as well as strengthen their employment relations in order to improve not only their performance, but also their competitiveness. Despite the importance of employment relations to organizations, the literature reveals there is not much information on how companies practice employment relations. The limited information has resulted from lack of emphasis on the important role of employment relations in organizations. This paper specifically attempts to address this issue by providing insights into six important employment relations practices that can help sustain the performance of organizations. The six practices were identified based on the review of the literature and findings of previous studies.

**Keywords:** Employment relationship practices, organizational performance.

## **Abstrak**

*Organisasi perlu membangun dan mengukuhkan hubungan pekerjaan mereka dalam usaha untuk meningkatkan lagi prestasi serta daya saing mereka. Selain daripada kepentingan hubungan pekerjaan kepada organisasi, literatur mendedahkan kekurangan maklumat bagaimana syarikat mengamalkan hubungan pekerjaan. Hal yang demikian terjadi kerana kurangnya penekanan kepada kepentingan peranan hubungan pekerjaan dalam organisasi. Artikel ini secara khusus cuba untuk mengetengahkan isu ini dengan menyediakan pandangan kepada enam amalan penting dalam perhubungan pekerjaan yang boleh membantu mengekalkan prestasi organisasi. Enam amalan ini dikenal pasti berdasarkan sorotan literatur dan dapatan kajian-kajian sebelumnya.*

**Kata kunci:** Amalan hubungan pekerjaan, pencapaian organisasi.

## Introduction

Business environment has become more complex, dynamic and uncertain due to various factors such as increasing in competition, new technologies and changing customer demands. These factors are continuously driving organizations to change the way they manage their business operations. In searching for a more effective and efficient way to change the way they manage their businesses, organizations are recognizing employment relations not only as an important means to support their operations but also as a potential source of competitive advantage that can help to sustain their organizational performance (Aminuddin, 2009; Arthur, 1992).

Employment relations as a field of study and good business practice have gained much acceptance as an important priority for organizations. The acceptance and importance of employment relations and employment relations practices have been emphasized in the literature. The increased interest and attention on employment relations have resulted from increasing evidence that suggest companies that practice employment relations effectively are able to perform better in terms of financial as well as non-financial indicators.

The literature has not only highlighted employment relations as an important area of management but has also provided the evidence that suggests the various positive impacts of employment relations on organizations. Evidence from the literature and past studies indicates that effective employment relations practices enhance the performance of organizations in many different ways. For instance, findings from more recent studies suggest that by adopting effective employment relations practices, organizations are able to encourage the involvement, commitment, and increase the competencies of their employees as well as improve their overall performance (Messersmith & Wales, 2011; Razouk, 2011; Sheehan, 2013).

Moreover, effective employment relations practices are also known to assist organizations in maintaining industrial harmony, in particular, the relationships between employers and employees at the workplace. Effective employment relations maintain industrial harmony by emphasizing on the rights as well as the obligations of employers and employees in organisations.

By focusing on the rights and obligations of both the employers and employees, employment relations help not only to avoid distrusts, conflicts and miscommunication, industrial actions but also prevent high turnover, low productivity, low morale and lack of job satisfaction among employees (Aminuddin, 2007b).

In addition, organizations that adopt effective employment relations practices also have the abilities to motivate and retain competent employees as well as attract talented employees. By implementing employment relations practices that emphasize on motivating and encouraging employees to participate in the decision making process, organizations will improve not only their organizational commitment but also allow them to achieve their organizational objectives (Nadarajah, Kadiresan, Kumar, Kamil & Yusoff, 2012).

However, despite the various benefits of adopting employment relations, there is little information and limited attempts made to identify the employment relations practices that are relevant and applicable to organizations. This article attempts to examine this issue. Based on the evidence documented in the literature, this paper identifies and prescribes six employment relations practices that are useful to organizations. For this purpose, the article is divided into the following sections. Section Two below discusses the concept of employment relations, then followed by Section Three focuses on the discussion of influence of employment relations practices on organizational performance. Next, Section Four explains briefly the six employment relations practices that are helpful to organizations. Lastly, Section Five presents a brief conclusion of the paper.

## **The Concept of Employment Relations**

The review of the literature shows that although the term ‘employment relations’ is widely used, to date, however, there is still no one universally accepted definition of employment relations. Different authors may define employment relations in many ways. In other words, the definition of employment relations may vary not only among authors, but also differs from country to country. As an academic area, employment relations also

involve areas such as employment management, labor management, personnel management and administration, labor relations, employee relations, industrial relations and human resources management (Edwards, 2003; Kaufman, 2010a, 2010b)

Various definitions as well as the terms have been presented in the literature to explain employment relations. For instance, Gardner and Palmer (1997: 2) refer employment relations as:

“Employment relations is about the interactions of employees and employers. Studying employment relations involves understanding the differences and overlapping concerns of human resource management and industrial relations. Although personnel and industrial relations are usually taught separately, this separation is not reflected in practice. Indeed, as human resource management and industrial relations have developed, their overlap has become more pronounced. It is now time to integrate more closely these important subject areas.”

Meanwhile, Kaufman (2001) defines employment relations to all terms which are related to work, employment and also focuses on relationship between employer and their employees at workplace. Others scholars such as Blyton and Turnbull (1994, 2004), Edwards (2003) and Aminuddin (2007) agreed that the discipline of employment relations as the study of the relationship between employer and their employees, either collectively or individually and this relationship is bound by the regulation, law and rules.

According to Abbott (2006), the concept of employment relations is being defined differently in the United States of America (USA) and United Kingdom (UK). In USA, employment relations term used to explain HRM policies and practices as well as any associated interactions that exist between employer and their employees at workplace level.

However, in UK the concept of employment relations has a wider meaning that goes beyond the micro level (the workplace). This employment relations involves the macro level of interactions where the role of the state, employer associations and trade union are involved in the employment relationship. In the UK context, employment relations involve two important characteristics.

Firstly, the terms of employment relations is used to explain HRM functional activities and the relationship between employer/manager and employees, work organisation, non-union organisation and performance issues. This first concept of employment relations has a similarity with the concept of employment relations in the context of USA.

More specifically, the second characteristic of employment relations involves the process and regulation of employment relations that include trade union recognition and the state intervention in the labour issues through employment law and industrial court or tribunal. Unlike in the USA, employment relations in UK recognizes the plurality of group interests and objectives, the possibility of any conflicts at the workplace, the dispute settlement, the importance of collective bargaining process to determine the workplace's rules and regulations and informal customs and practices, which govern the employment relationship.

Boselie et al. (2005) proposes that there are three ways on how employment relations practices were defined and measured:

- a. Employment relations as a set of employee management activities.
- b. Employment relations practices as an organisation 'orientation' towards managing employees.
- c. The effectiveness of the employment relations practices functions.

Recently, Townsend and Wilkinson (2014) suggest that all matters relating to "people management" (either industrial relations or HRM) were seen under one unifying realm namely employment relations. This is because for many organisations, both industrial relations and human resources management are performed by the same department or functions (Gardner & Palmer, 1997; Harpaz & Meshoulam, 2010).

Eventhough, the employment relations literature provides differing views and definitions of employment relations, a comprehensive review of the definitions presented in the literature suggests that most authors tend to agree and view employment relations as a set of employee management activities which is related to work and employment, as well as the relationship between

employee and employer at workplace. This relationship may be mediated by the two important institutions, the trade union (for unionised firms) and the State through related agencies, for instance Labour Department and the discussion on employment relations covers all aspects of the employment relationship including union and non-union workplace as well as private and public sectors.

## **Employment Relations Practices as Identified in Past Studies**

The review of the literature reveals that conceptual and empirical contributions in the area of employment relations have been increasing over the years (Sheehan, 2013; Anyim et al., 2012; Hashim, 2011a; Patel & Cardon, 2010; Paauwe, 2009; Harney & Dundon, 2007; Sels, Winne, Delmotte et al., 2006; Huselid, 1995; and Arthur, 1994). The attention and research interest on employment relations mainly resulted from the increasing evidence that indicate their positive linkage to organizational performance. Numerous previous studies have provided findings that indicate organizations that focus on employment relations and adopt effective practices experienced better performance.

In addition, the review of the evidence from the literature and previous empirical studies also indicate that basically organizations adopt six important employment relations practices. These practices include compensation, training and development, employee participation, safety and health, work-life balance and employment security. Furthermore, according to the literature and findings of past studies, these practices have positive impacts on the financial as well as non-financial aspects of the performance of organizations. Accordingly, the section below explains and discusses briefly each of the six employment relations practices.

### ***Compensation***

Compensation is considered as one of the most important employment relations practices. It is also the most common practice investigated in previous empirical studies. This practice is considered important to organizations because it plays an important role in driving and motivating employees to perform their jobs in organizations.

The literature indicates not only various definitions of compensation but also the term has been defined in various different ways. Different authors tend to use different definitions. For instance, Vlachos (2009) defined compensation as the straight forward practices consists of financial and non-financial elements used by employers to reward their employees in return for their efforts.

However, Bryson and Forth (2008), viewed compensation as the outcome and relatively straightforward, private, economic transaction in which employees receive pay in return for their efforts. More specifically, according to Goergen and Renneboog (2011), a compensation package may consist of base salary/wages, the annual bonus, stock and stock options, insurance, and other benefits as pension benefits. However, studies by Vlachos (2009) and Anyim et al. (2012) further suggested the need for organizations to include others components of compensation such as a mix of commissions, profit sharing and incentives.

As far as compensation is concerned, management theorists have indicated that it is necessary for organizations to plan as well as develop an attractive package for their employees. This is because a good compensation package can help the employers to attract, retain as well as motivate employees to perform well (Chiang & Birtch, 2010; Bryson & Forth, 2008; Carlson, Upton & Seaman, 2006; Rajkumar, 1985).

With regard to the impact of compensation on organizational performance, the analysis of the study conducted by Carlson et al. (2006) indicated that high performing organizations are most likely to offer better compensation to their employees. According to the findings of this study, the difference between low performing organizations and the high performing organizations is that the latter offered cash incentives, non-cash incentives and other benefits to their employees.

Over the years, various other studies have also attempted to examine the linkage between compensation and performance. Findings of these studies further provide the evidence that suggests attractive compensation packages are positively related to performance of employees and organizational

performance. (Sheehan, 2013; Messersmith & Wales, 2011; Chiang & Birtch, 2010; Vlachos, 2009; Baptiste, 2008; Stajkovic & Luthans, 2001; Pfeffer, 1998; Delaney & Huselid, 1996).

## **Training and Development**

Apart from compensation, training and development have been identified as another essential employment relations practice in organizations. More specifically, both scholars and practitioners viewed training and development as the heart of a continuous effort designed to improve employee competency and organizational performance (Harel & Tzafrir, 1999; Hiltrop, 1996; Liu, Combs, Ketchen, & Ireland, 2007; Nadarajah et al., 2012; Pfeffer, 1998).

Organizations need employees with skills, knowledge and abilities to perform effectively, identify and solve problems, focus on quality work and adapt to changes in the working as well as business environments. They can increase the skills, knowledge and capabilities of their employees by adopting effective training and development practices. By emphasizing on training and development practices, organizations will also be able to retain their employees and develop the competitive advantage that they need to increase their productivity as well as profitability (Harel & Tzafrir, 1999; Koch & McGrath, 1996; Kotey & Folker, 2007; Liu et al., 2007; Magableh, Kharabsheh & Al-Zubi, 2011; Messersmith & Wales, 2011; Pfeffer, 1998; Subramaniam, Mohd Shamsudin & Ibrahim, 2011).

In an earlier study that examined the training and development practices in 138 firms, Wong et al. (1997) found two major improvements among these firms. First, within their organizations, these firms experienced better management communication and integration, improved planning and organization, increased ability to manage change in business and enhanced individual performance. Second, these firms also improved their organizational performance in terms of better customer care, quality of product, use of new technology, external image and financial control.

According to Pfeffer (1998) and Liu et al. (2007), previous studies in the field of employment relations tend to view training and development as an

important area of research. In addition, these authors indicated that findings of past studies that investigated this area of research showed significant positive relationships between training and development practices and organizational performance as well as found training and development to be one of the seven practices that can accelerate success in organization.

The literature also reveals that over the years, prior studies have emphasized not only on the importance of training and development practices to organizational performance but also the need for organizations to focus on these practices in order to strengthen the capabilities of their employees in terms of acquiring information, skills, knowledge, and changing their attitudes. Business organizations, in particular, need new talents, information, skills and knowledge to cope as well as survive in the business environment that is becoming very uncertain and competitive (Magableh et al., 2011; Schein, 2005).

## **Employee Participation**

More recent evidence from the literature suggests that employee participation is increasingly being recognized as the other important employment relations practice adopted by organizations. Similarly, researchers and practitioners involved in this area of employment relations have used different terms to describe this practice. Among the other common terms used to describe employee participation include; 'participation' and 'involvement', 'employee voice', 'empowerment', 'engagement' and 'industrial democracy' (Budd, Gollan & Wilkinson, 2010; Wilkinson & Fay, 2011; Wilkinson, Townsend & Burgess, 2013).

Employee participation involves activities that encourage employees to participate in the decision making process in organizations. Findings of previous studies have provided evidence that suggests organizations that adopt employee participation practices tend to perform better than those organizations that do not. The literature also indicates that encouraging employees to participate in organizational decision-making are likely to enhance their motivation and satisfaction. Organizations with motivated and satisfied employees are often able to perform better as well as increase their productivity.

The increasing opportunities for direct communication between owner-managers and employees have also make employee participation as an essential employment relations practice in organizations. With direct communication and through employee participation, owner-managers have better chances as well as ways of dealing with their employees, particularly in terms of determining their interests, strengthening cooperation and increasing commitment (Baptiste, 2008; Bryson, Charlwood & Forth, 2006; Wilkinson & Fay, 2011).

In addition, employee participation not only encouraged direct communication but also upward problem solving and individually as well as face to face interactions between owner-managers and employees. According to findings of past studies, due to open communication, informal approach, flexible employment practices and family atmosphere, owner-managers in organizations were more likely to consult their employees over changes at the workplace (Bryson et al., 2006; Budd et al., 2010; Dundon, Wilkinson, Marchington & Ackers, 2005; Forth, Bewley & Bryson, 2004; Kim, MacDuffie & Pil, 2010).

Furthermore, in organizations such as small and medium-sized enterprises (SMEs), employees usually get to know their owners and managers on a personal basis. If good relationships are established between them, the employees will develop not only a strong feeling of personal loyalty to the owners and manager but also have a stronger sense of responsibility as well as participation. In such cases, owners-managers of SMEs should strongly considered developing effective employee participation practices in their organizations. From the employees' perspective, effective employee participation practices that provide the opportunities for them to contribute ideas and opinions before the owners-managers not only add dignity to their jobs but also encourage them to perform as well as improve the overall organizational performance (Bryson et al., 2006; Rotenberry & Moberg, 2007; Hashim, 2011; Wilkinson & Fay, 2011).

## **Safety and Health**

Safety and health as an important practice in employment relations has been emphasized by scholars and practitioners such as Kongtip, Yoosook and Chantanakul (2008), Arocena and Nunez (2010), Ibrahim et al. (2012), Champoux and Brun (2003), Hasle et al. (2011) Aminuddin (2009) and Danna and Griffin (1999).

Findings of the earlier research by Smallman and John (2001) underscore the importance of safety and health as an employment relations practice. According to the study, organizations with good track record of safety and health management reported having experienced better organizational image and reputation. However, the study suggests that organizations with higher rates accidents faced not only many legal actions but also bad reputation.

In addition, organizations also need to adopt effective safety and health practices for several other important reasons. First, effective safety and health practices can help improve the well being of employers and employees in organizations. Second, effective safety and health practices help to prevent accidents from happening in organizations, particularly among employees who are required to use tools, operate machineries and equipments and also use dangerous chemicals in their work. Third, in the Malaysian context, matters concerning safety and health are also included in the employment contract (MEF, 2010). Fourth, according to the Occupational Safety and Health Act 1994 (Akta Keselamatan dan Kesihatan Pekerjaan, 1994), all organizations are required to comply with the safety and health guidelines as presented in this Act.

According to the Occupational Safety and Health Act 1994, there are several obligations that employers are required to fulfil. According to the act, employers general duties include ensuring that the workplace and systems of works are safe and without any risks to employees' health. They are also required to provide information, instruction, training and supervision to employees in matters regarding safety and health issues. The act also specifies that employers offer a safe work environment that is free from risks as well as furnish adequate facilities to employees such as rest rooms, canteen

and other facilities. In addition, the acts stipulates that employers formulate safety and health policy, employ a Safety and Health officer and establish a Safety and Health Committee at their workplace.

Apart from the important reasons to adopt effective health and safety practices, findings of past studies have also indicated how organizations are affected if they do not follow these practices. For instance, organizations have to incur various financial costs when accidents occurred at their workplace. The costs of accidents include compensation paid to the injured parties and the destruction of properties as well as other valuable fixed assets involved in the accidents. Organizations also faced legal actions when they failed to comply with the safety and health practices as prescribed in the OSHA 1994 (Bakri, Zin, Misnan & Mohammed, 2006; Surienty, Hong, Kee & Hung, 2011).

More importantly, evidence from previous studies indicates organizations that adopt effective health and safety practices are able to gain various benefits from these practices. According to the findings of the past studies, effective safety and health practices at the workplace is very important to improve organizational performance, especially in terms of financial performance and competitiveness (Ali, Abdullah & Subramaniam, 2009; Bakri et al., 2006; Danna & Griffin, 1999; Loepke et al., 2007; Miller & Haslam, 2009; Smallman & John, 2001).

## **Work and Life Balance**

Work and life balance are considered as a more recent employment relations practice. Increasing numbers of employers and employees are regarding work and life balance as another essential aspect of employment relations that need more serious attention. Importantly, work and life balance has been identified and emphasized as an important practice to engage employees meaningfully in organizations (Beauregard & Henry, 2009; Coopers, 2007; Hyman & Summers, 2004; Ko, Hur, & Smith-Walter, 2013; Muhamad Noor & Abdullah, 2012).

According to Perry-Smith and Blum (2000), Coopers (2007) and Guest (2011), in the 21<sup>st</sup> century, increasingly, employees in organizations are seeking

for better quality of life. Based on their own experiences, many employees have discovered that to achieve better quality of life, they need to balance their work and family lives. With regard to this, organizations that carefully manage their employees in a way that allows them to achieve a balance between their work and personal lives are able to maintain a higher degree of job and personal satisfaction among their employees. Employees with higher levels of job and personal satisfaction are more focused and effective. Importantly, by having employees who are more focused and effective, organizations are able to perform better.

Findings from past studies suggests that organizations that do not emphasized on work and life practices faced various kinds of problems that affect their employees as well as their organizational performance. For instance, the studies by Baptiste (2008) and Coopers (2007) found that work pressures in organizations not only affect the health, well-being, job performance of employees but also resulted in lower organizational performance as well as higher costs of doing business. Furthermore, according to the earlier study by Hyman and Summers (2004) organizations that failed to adopt effective work and life balance practices faced various problems related to their employees such as high absenteeism, increase turnover rate, lower job satisfaction and decrease job performance.

The more recent study by Ko et al. (2013) indicated that this particular employment relations practice include; flexible work schedule, telework, job sharing, dependent care services, parental leave and maternity leave arrangement. Earlier on, Forth et al. (2004) found that the work life balance practices adopted by firms in Britain involved activities such as flexible working arrangement (such as flexitime, increased hours, compressed hours, change working pattern, job share etc.) and arrangements to support employees with caring responsibilities (childcare facilities and financial support, maternity leave, paternity leave and other assistance for careers).

With regard to the impact of work and life balance practices on organizations, past studies provide several important findings. These findings suggest that organizations that adopt these practices gained various advantages. For instance, the findings indicated that work and life balance

practices that focus on providing appropriate working condition to employees increase their commitment, reduce level of stress, burnout, turnover intention and improve their involvement as well as participation in various activities in organizations (Eby et al., 2005; Ibrahim, 2013, 2015; Muhamad Noor & Abdullah, 2012).

In addition, findings of other studies suggest that the several other benefits derived from work and life balance practices help to improve organizational performance. Among the benefits that improve organizational performance include; cost effectiveness (Hyman & Summers, 2004), better performance (Hudson, Smart & Bourne, 2001), boost image of organizations (Muhamad Noor & Abdullah, 2012), prevent serious problems related to employees health and well-being, help employees to achieve a better fit between their professional and family lives (Bae, Chuma, Kato, Kim & Ohashi, 2011; Beauregard & Henry, 2009).

## **Employment Security**

The sixth employment relations practice that is useful to organizations involved employment security. Employment security which has been defined as “freedom from the fear dismissal or jobless” is also currently viewed as one of the desirable key features of the employment relations practices (Aminuddin, 2009; Ye, Cardon & Rivera, 2012).

As an essential employment relations practice, there are scholars who viewed employment security beyond the fear of dismissal. For instance, McConnell, Brue and Macpherson (2006) considered this practice as one of the nonwage aspects of jobs as well as a source of compensating wage differentials. According to these authors, employment security should also include other important aspects such as whether the jobs are able to provide regularity of earnings, job advancement and job promotion. In reality, all jobs are not created equal in terms of security. For instance, some jobs in certain types of organizations are able to provide employment security for long periods. However, positions in businesses such as construction, consultancy and sales in general do not offer long term employment security and these jobs are characterized by variability of employment as well as earnings.

The literature reveals that the emphasis on employment security as an important employment relations practice resulted from the increasing evidence that suggest job security provide various benefits to employees as well as organizational performance. Organizations that are able to provide employment security are able to not only create a more secured working environment but also encourage their employees to perform well. Through employment security, organizations are able to build employee's confidence, motivate them, improve their commitment and increased their job satisfaction (Nadarajah et al., 2012; Subramaniam et al. 2011; Yousef, 1998).

Over the years, findings of previous studies indicate organizations that provide jobs with employment security to their employees significantly improve not only the performance of their employees but also enhance their organizational performance (Pfeffer, 1998; Delaney & Huselid, 1996; Ichniowski et al., 1997).

According to the earlier study by Yousef (1998), the more employees perceived the jobs offered by organization as secured, the more they are committed to their organization and at the same time, their performance increased as well. More specifically, the more recent study by Ye et al. (2012) found that employment security has a positive effect on the performance of non managerial employees rather than managerial employees' performance. Past studies by Pfeffer (1998) and Subramaniam et al. (2011) have also suggested employment security as one of the most important predictors of organizational performance as perceived by non-managerial employees.

## **Conclusion**

This paper attempted to explain not only the importance of employment relations to organizations but also highlights the need for organizations to develop as well as manage their employment relations by adopting effective employment relations practices. The paper begins by focusing on the relevance and applicability of employment relations to organizations. Following this, the paper explains the six employment relations practices that are useful for improving organizational performance.

The six employment relations practices presented in the paper were identified from the literature and previous studies. The six practices involve; compensation, training and development, employee participation, safety and health, work and life balance and employment security. This paper prescribed the six practices based on the evidence found in previous studies that indicated the financial and non performance of organizations improved when they embraced these practices.

Organizations would have the ability to attract not only better quality employees but also be able to retain them as well as maintain harmonious relationships between managers and employees through the adoption and implementation of the six employment relations practices. With quality and loyal employees as well as having the ability to maintain harmonious relationships between managers and employees, organizations would become more sustainable. More importantly, by knowing, understanding, learning and adopting the six practices as presented in this paper, organizations would be able to sustain their competencies, competitiveness and performance as well.

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# **ECONOMIC TRANSITION IN LATE NINETEENTH CENTURY MALAYA: MALAY ECONOMY IN MULTIETHNIC PERSPECTIVE**

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## **Abstract**

This article discusses the economic aspect of the Malays in multiethnic perspective in Malaya in the late 19th century. It focuses on the central issue associated with the slow pace of Malay economic development and their reaction to the changing economic orientation from subsistence to capitalism. The main concern here is the assumption based on the general consensus that the involvement of the Malays in commercial activities in the late 19th and early 20th centuries was less eminent compared to other communities. This assumption is referred to the historical development which indicates that the immigrant Chinese community was closely associated with the economic development which had taken place in Malaya during this period. In another respect, the Malay economic activities as a whole were also manifested by the economic integration with the Europeans, the Chinese as well as the Muslim immigrant communities of Indians and Arabs. Nevertheless, it still gave the impression that the pace of economic change of the Malays was considerably slow by comparison to those immigrant communities. Accordingly, they were still unable to adapt themselves to the commercial orientation in their economic activities. This new phenomenon was necessary for them to penetrate into trade and commercial plantation which were dominated by Europeans and Chinese merchants and planters.

**Keywords:** Economic transition, Malay economy, Malaya, Multiethnic, 19th century.

## **Abstrak**

*Makalah ini membincangkan aspek ekonomi masyarakat Melayu dari perspektif kepelbagaiannya di Malaya pada akhir abad ke-19. Ia memfokuskan isu pokok yang dikaitkan dengan kemajuan ekonomi masyarakat Melayu yang perlahan dan reaksi mereka terhadap orientasi ekonomi yang berubah daripada sara diri kepada kapitalisme. Perbincangan di sini berpandukan andaian yang berdasarkan kepada pendapat umum bahawa penglibatan masyarakat Melayu dalam bidang komersial pada akhir abad ke-19 dan awal abad ke-20 adalah kurang menyerlah berbanding dengan komuniti-komuniti lain. Andaian ini adalah berdasarkan kepada perkembangan sejarah yang menunjukkan bahawa komuniti imigran Cina yang mempunyai hubung kait rapat dengan perkembangan pesat ekonomi yang telah berlaku di Malaya dalam tempoh tersebut. Dari sudut yang lain pula, terdapat integrasi ekonomi masyarakat Melayu dengan komuniti Eropah, Cina serta imigran Arab dan India Islam. Namun begitu, ia masih memberikan gambaran bahawa tahap perubahan ekonomi masyarakat Melayu masih terlalu perlahan berbanding dengan komuniti pendatang. Akibatnya, mereka masih tidak dapat menyesuaikan diri dalam orientasi komersial yang perlu untuk membolehkan mereka terlibat dalam sektor perdagangan dan tanaman komersial yang dikuasai oleh golongan saudagar dan peladang Eropah dan Cina.*

**Kata kunci:** *Transisi ekonomi, ekonomi masyarakat Melayu, Tanah Melayu, kepelbagaiannya kaum, abad kesembilan belas.*

## **Introduction**

Most of the phenomena in relations to economic change in the modern period are associated with capitalism. In Malaya,<sup>1</sup> such phenomena are attributed to the economic development during the second half of the 19th century. In fact, most historical sources derived from the British colonial record indicate that the colonial authorities had given a prime concern to the economic activities which were associated with export economy such as tin mining, commercial plantation and trade. Since economic domination had become their imperial aspiration, the export economy sectors were largely dominated by the European and Chinese immigrant communities (Cowan 1961; Chai 1964; Lim 1967; Sinclair 1967; Jackson 1968).

Therefore, it is found that the Malay economy as a whole was not treated as the primary subject by the British colonial administration in Malaya. It appears that the Malays were given less attention compared to those Europeans and Chinese by the British authorities mainly due to the fact that the Malays' involvement in commercial activities in the late 19th and early 20th centuries was less eminent compared to other communities. However, in reality, it is evident that the Malays did respond to the economic change in the 19th century as they also had economic consciousness and were subjected to economic transition during the British colonial rule in Malaya.

Thus, this article will examine the economic transition in Malaya in the late 19th century with particular reference to the economic aspect of the Malays and multiethnic perspective. It will pay specific attention to explain the historical development contributing to the non-Malay economic dominance which reflected the slow pace of the Malay economy during the colonial period. Meanwhile, the article will be preceded by a brief discussion on the term 'Malays' in the historical context of the 19th century.

### **The Concept of Malay Race in the 19th Century Malaya**

It is necessary to emphasize here that the current understanding of the term 'Malay race' was quite anachronistic compared to the historical context of the 19th century. The issue of ethnicity became the concern among the colonial officials as it can be found in their definition and application of the concept of native. Accordingly, the scholars who wrote on this issue are more concerned with the inconsistent definition of the term 'native' in both territories. This dimension is reflected in the writing of Charles Hirschman (1987) on Malay Peninsula and Ueda (2006) on colonial Sabah. Both of them have extensively referred to the census report published by the colonial authorities.

Hence, in this respect, the understanding of the Malay race has to be based on its historical context in the 19th century. Basically, the term 'Malays' is referred to the Malay race. However, the term Malay race should not only be strictly applicable to the Malays who originated from Malaya as it is actually more applicable to sociocultural rather than nationhood that is confined to particularly geographical boundaries. In general, the Malays are identified

with the majority of indigenous people who originally inhabited the Malay Peninsula, Sumatera, Borneo, Sulawesi, Southern Thailand and Southern Philippines (Barnard, 2004). However, in the 19th century Malaya, the Malay race was actually confined to the majority of them who originated from the Malay Peninsula and Sumatera. In addition, even the Banjarese and Buginese were also acknowledged as Malays. Despite the fact that the Banjarese had begun to migrate from Banjarmasin in Borneo to the Malay Peninsula at the end of the 19th century, they were regarded as the Malays due to their similarities in terms of language. It was also applied to the Buginese who had long resided in Johor and Selangor since the ruling dynasties of those states descended from the Buginese origins (Maxwell, 1890: 322; Abdullah, 2011: 5 – 12). Thus, the cases of the Banjarese immigrants and the Buginese who had long been residing in Malay Peninsula in the 19th century were apparently conformed to the legality in the Malay Reservation Land Enactment of 1913. According to the provision in this enactment, it was stipulated that a Malay individual is a person of Malayan race, who habitually speaks Malay language or other Malay languages, and professing Islam as religion.<sup>2</sup>

Accordingly, in this context, the Javanese were excluded from the Malays as there were exclusive communal distinction between the two communities in the classical texts such as *Sejarah Melayu* (A. Samad Ahmad, 1979) and other Malay writings in the 19<sup>th</sup> century notably *Hikayat Abdullah* (Abdullah, 1966: 300 – 1) and *the Voyage of Mohammed Ibrahim Munshi* (Mohd. Fadzil Othman, 1980: 15 – 7). This means that both the Malays and the Javanese were at least regarded as two separate major subethnics under the umbrella term of *nusantara* (Evers, 2016: 5 – 12). This meaning still remained the same in the Malayan context until the early twentieth century.<sup>3</sup> It was in 1931 that the Javanese began to be included into the Malays.<sup>4</sup> Apart from this, until the 1930's, the communities of Indian Muslims and the Arabs by descent were also excluded from the term 'Malay race' (Yegar, 1979: 1 – 15). From the Malays' point of view, it can be observed that there were some reservations to acknowledge the Indian Muslims and the Arabs as Malays.

Although the Indian Muslims and the Arabs had been socially integrated into the Malays through marriage and family ties, most of them actually established their Malay descent based on matrilineage rather than

patrilineage. It appears that the Malays began to acknowledge the Malayness of any particular person through matrilineage at the end of 1930's. The actual circumstance was to allow the so-called Jawi Pekan in Penang and Kedah especially Indian Muslims known as 'Keling' and the Arabs to be considered as Malays based on their genealogy which was from maternal rather than paternal descent.<sup>5</sup>

Additionally, the definition of 'Malays' was also motivated by economic means rather than purely based on ethnicity per se. Due to the economic implication in this issue, it is evident that the ruling authorities in the so-called Unfederated Malay States had applied the term 'Malay' as a purely ethnic one. This can be seen in the Land Enactment of Johor which stipulated that 'Malays' must be the Malays who habitually speak Malay language and believe in Islam.<sup>6</sup> Based on this definition, the Arabs have been excluded from the definition of the Malays since they maintain their Arab genealogies and their titles as *Saiyids*. This is evident when they were excluded from acquiring the Malay Reserved Land in Johor (Abdullah, 2009: 50). It is also found that the similar provision had also been applied in Kelantan and Terengganu (Wong, 1975: 512 – 3). Under this circumstance, it is not surprising to discover that until the end of the 1940's, the Arabs by descent in Malaya were still excluded as a separate community from the Malays.<sup>7</sup>

Thus, based on this perspective and its economic implication, this writing will consider the application of the Malays based on the historical context of the 19th century which means that the Javanese, Indian Muslims and the Arabs communities are excluded from the term 'Malay race'.

### **Economic Change in the 19th Century**

The years between 1850 and 1941 are regarded as the period of transition from traditional to modern orientation in the economic aspects of the Malay society in Malaya. The word 'transition' encompasses the extent of the changes in the economic aspects of the Malays as a whole which was merely a gradual rather than rapid process. In this context, the economic changes from traditional to modern manifestations were perceived as less eminent than the manifestation reflected in the case of the immigrant communities of Chinese, Arabs and

Indians. In fact, it can be observed that the traditional economic features still prevailed in the Malay society in the late 19th century because the changes in the economic pattern and orientation in capitalism and commercialism was relatively slow compared to those immigrant communities. Nevertheless, through association with the economic transition, the Malays eventually became conscious with the changing economic orientation during this period. The word ‘consciousness’ here is referred to the beginning phase of the Malay society’s realization and readiness to adapt to the new phenomena of economic changes.

In the historical context, the fundamental concept of economic change is applied to the change from traditional to modern orientations. It generally refers to the change from self-sufficiency or subsistence to commercialism (North, 2005: 1 – 9). Subsistence refers to the economic condition which is dependent solely on oneself or one family for the means of support or survival. This condition only produces marginal surplus, the quantity that exceeds what is needed or required. Meanwhile, commercialism is referred to the spirit, operation and methods of commerce and business characterized by excessive adherence to the goals of gain and profit. In this respect, commercialism is synonymous to capitalism, an economic system in which the means of production and distribution are privately owned, and prices are chiefly determined by open competition in a free market. The basic characteristics of commercialism and capitalism are manifested by the expansion of capital economy, the adaptation of concept and practice of specialization which involve an intensive usage of labour in the process of production and private ownership of land.

In principle, this historical context could be seen by referring to the Malay peasants who formed the majority of the society. It is evident that the basic change in Malay agricultural orientation was the departure from subsistence or self-sufficiency to capitalism. It is evident that the changing orientation which is based on the principle of capitalism can be seen in business and trade. In fact, the Malays had been involved in those economic sectors even during the pre-colonial period. Nevertheless, those sectors were dominated by the Malay upper class and not the peasants (*rakyat*) (Drabble, 2000: 9 – 20). Thus, it is supposed that under the new situation, the upper-

class Malays continued to enjoy the advantages of economic domination by associating themselves with the immigrant communities and by collaborating with the colonial authorities. This phenomenon reflects the circumstances that the process of transition was more associated with the ruling class rather than the *rakyat*. Consequently, the *rakyat* still remained as peasants and fishermen until the first half of the 20th century. It is even hard to imagine that the *rakyat* would have the opportunity to become petty shopkeepers or peddlers since they lacked financial support especially credit facilities which were normally available to the capitalists and mercantile community. Even in the late nineteenth century, it is hard to imagine that the Malay peasants could possess even \$10 (Gullick, 1991: 184 – 5).

The most relevant and practical means for the Malays to benefit from the economic change in the nineteenth and early twentieth centuries was the adoption of private land ownership. It was achieved through clearing the jungle lands for agricultural activities. However, the economic achievement of the Malays was only restricted to small holdings due to the limited size of land in possession. Another means of change was derived from the conversion of non-monetary labour or forced labour to waged labour under the capitalist orientation. However, the Malays were not keen on engaging themselves as waged labourers especially in commercial plantation and mining due to their preference not to be disintegrated from their village life. In the case of tin mining, it did not attract the interests of the Malays due to its nature as high-energy occupations compared to the farming and trawling. Consequently, this had opened the space for the penetration of the non-Malay coolies in the economic activities in Malaya.

Accordingly, it brought to the circumstances that the issue of Malay economy and its relations with other ethnic community was always associated with the slow pace of Malay economic development and their reaction to the changing economic orientation. On one hand, this particular aspect of discussion is referred to the extent of the Malays in responding to the challenges from the Europeans and the Chinese merchants and planters in agriculture and trade. On the other hand, it is also referred to the economic integration among the Malays and the Europeans, Chinese as well as the Muslim immigrant communities of Indians and Arabs. Generally, it can

be observed that the Malays' involvements in commercial activities in the late 19th and early 20th centuries were less eminent compared to other communities. This general statement is referred to the historical development which indicates that the immigrant Chinese community were closely associated with the economic development which had taken place in Malaya in the second half of the 19th and the first half of the 20th centuries. From such comparison, it has given the impression that the pace of economic change of the Malays was considerably slow.

### **The Collaboration between the Immigrants and the Malay Elite**

It is evident that the historical development in the process of economic transformation in Malaya was associated with the immigrant communities rather than the Malay ruling elites. Even before the advent of colonial administration in Malaya, most of the revenue of the Malay ruling authorities had been dependent on their relations with the Chinese immigrants not only in labour but also capital injection in the economic affairs. The presence of the Chinese farmers and miners in Malaya had generated the income to the Malay authorities in the form of revenue farms. This revenue was generated from the tax imposed on commodities and services such as opium, liquor, tobacco, pawn broking, gambling, land concessions and duties on tin (Trocki, 1975: 1 – 8; Nonini, 1991: 51). Those sources of revenues were not really related to the lower-class Malays except in the case of tin mining in which a small number of the Malays were involved as labourers. Even in this case, the tin mining sector was also dominated by the Chinese immigrants. Their domination began in 1848 when the chief of Larut in Perak, Long Jaafar granted mining concessions to the Chinese to explore and conduct mining activities in the district (Mohd. Fadzil Othman, 1980: 137).

Furthermore, a similar scenario is found in Johor when there were several individuals from the state ruling authorities who had direct interest as partners in the Kangchu concessions in pepper and gambier plantation areas. Among them were Engku Abdul Rahman (d. 1876) and Engku Abdul Majid (d. 1889) who were the younger brothers of Maharaja Abu Bakar and the regents of Johor from the 1860's to 1880's. Jaafar bin Haji Mohammed (d.

1910), the first Chief Minister of Johor was also involved as member of several Chinese enterprises known as Kongsi in the Kangchu concessions (Trocki, 1979: 172 – 174). These personnel were listed as the Council members of the state of Johor in 1874 (SSD, 1874: 3 – 7). The Chinese, especially in Johor under the Kangchu system were associated with the revenue farm operated under the syndicates that were owned by the Chinese mercantile community in Singapore. In fact, almost the entire capital investment in the revenue farm sector in Johor came from them, and most of their capital investments were derived from loans from the European mercantile community in Singapore who were attached to the Singapore Chamber of Commerce.<sup>8</sup> Thus, it is understandable that the Malay authorities continued to be inclined to give economic opportunities to the Chinese especially the mercantile community in the Straits Settlements.

Again, the same phenomenon can be found in the padi cultivation in Kedah in the late 19th century. It can be observed that padi cultivation associated with the Malays in Kedah remained stagnant as subsistence and this situation continued to be the same until the early 20th century. In fact, during this period, it was apparent that the expansion of padi cultivation as one of the commercial products was much more associated with the Chinese rather than the Malays (Sharom Ahmad, 1984: 19 – 45). This phenomenon was connected to the change from subsistence to commercial orientations which is referred to large scale productions in order to produce surplus. Here, it is noticeable that the pace of the Malays to increase their scale of production in order to fulfil the commercial requirement was slower compared to the Chinese. This is because there was no major change in the practice and orientation in order to expand the production. Most of them still remained as smallholders and their labour resources were limited to family members. Undoubtedly, in order to expand the scale of production, the Malays needed the development in technological improvement and the increase of cultivation land for the padi farms ‘sawah’. Those aspects of expansion could only be derived from capital investments in the padi cultivation itself. In the case of Kedah, the resources of capital investment in padi cultivation in the late 19th century was mainly provided by the Chinese merchants who obtained the concessions in the form of revenue farms from Sultan Abdul Hamid Shah.<sup>9</sup>

Certainly, it is always a line of reasoning to assume that the Malay ruling authorities and the British colonial governments were inclined to favour the immigrant communities especially the Chinese in economic affairs. It is generally held that economic progress can only be achieved through hard work. Nevertheless, from the economic perspective, it is essential for the Malays to realize that they also need to embrace the concept and the practice of capitalism and commercialism which was preceded by mercantilism.<sup>10</sup> Mercantilism under the orientation of capitalism did not only require them to be engaged in the activity that could generate income and profit but they also had to be prepared to take the risks which could lead to failure and losses until eventually they would obtain profit. To the immigrant communities, they had been accustomed to mercantilism and very much aware of this view. For instance, it is narrated by Mohammed Ibrahim Munshi that a Chinese miner named Chu Ngo had worked on the tin mining in Padang. Initially, the activity generated losses but he was determined and continued the operation until it eventually generated profit for him (Mohd. Fadzil Othman, 1980: 18). Furthermore, in June 1871, a Chinese named Lim Boon Toh, had borrowed from Engku Abdul Rahman \$3000 in order to sustain the outstanding payment of his revenue farming rent at Padang in Muar. The concession was extended until he managed to obtain profit two years later.<sup>11</sup>

It is understandable that for the same reason, the Malay ruling authorities were predisposed to give economic opportunities to other immigrant mercantile communities such as the Arabs and Indian Muslims. In fact, these immigrant communities also had close relations with the Straits Settlements. It is undeniable that the process of economic transition in the Malay society occurred through economic interaction between the Malays and the Muslim immigrant communities of the Indians and the Arabs. This interaction was established through the emergence of specific Islamic institutions of *waqf* and pilgrimage that were exclusively dominated by those immigrant communities. However, this interaction was limited to the Malay aristocrats due to their intimate relations with those immigrant communities and colonial authorities. For instance, the success of the Saiyid Al-Sagoff family in Johor was due to their close economic association with the ruling dynasty of the state. This can be seen in the close relations between Syed Omar and Syed Mohammed Al-Sagoff with Sultan Abu Bakar in the 1860's which eventually brought

about the establishment of Al-Sagoff Concession at the subdistrict of Kukub (Kukup) in Pontian in 1878. The area of the concession covered the estimated land of between 50,000 and 60,000 acres.<sup>12</sup> The Arabs were also granted the concessions similar to the Kangchu system at Sungai Sekudai and Teberau.<sup>13</sup>

### **The Muslim Immigrants in The Straits Settlements**

Meanwhile, it is evident that the British authorities in the Straits Settlements were also inclined to provide the foundation for the immigrant Muslims to pursue their economic drives. The Al-Sagoff and other Arab Saiyid groups also had close relations with the British authorities in the Straits Settlements especially in Singapore. This position certainly gave them wide economic opportunities and provided them with a strong foundation to become among the professionals such as accountants, lawyers and medical doctors. In general, being the professionals did not only symbolize high social status in the society but it had also become the ground for further economic achievement. Those professional groups would also gain equal opportunities with the capitalist mercantile communities in terms of the opportunities for economic expansion. This achievement would then elevate them from the middle to upper class. This phenomenon is relevant to be applied to the societies which had undergone the process of transition in the modern period. Thus, the emergence of professional groups among the natives should be regarded as an important phenomenon in the development of the society. In fact, it is common in history that the immigrant communities were faster to adapt with the changing circumstances than the natives and the latter who were largely of lower class would find that the economy would continue to be dominated by the immigrant communities. Further examples can be seen in the cases of the Kapitan Keling of the Indian Muslim from the Merican family in Penang and Syed Husain Aidid. With reference to the Kapitan Keling,<sup>14</sup> it was initially in mid-1770 when two brothers, Kader/Cauder Mohideen/Mydin Merican, aged 11 and Muhammad Noordin Merican, aged seven, of Arab-Indian Muslim descent, with their mother, Fatma/Fatimah, migrated together with other immigrants from the Indian continent by a sail boat towards the Malay Archipelago. They came from a village and a port called “Parranggi Pettai”, currently known as “Porto Novo”, situated at the Arcot District in the East coast of India.<sup>15</sup> Their group docked, and lived at Tanjung Pudukarai, a place quite far from the pirates

(sea people).<sup>16</sup> This is where the history of the descendants of Kapitan Keling begins. Although the place was different from their birthplace, from young, the two brothers, together with their mother, Fatimah, worked hard to obtain a better life. Even before they were adults, the two brothers travelled to Kedah Tua (Old Kedah) near Kota Kuala Muda, Aceh and other ports. They bought and sold their merchandise, such as cotton, *kayu gaharu*, beads and jewels of any sorts and colours. Before Captain Francis Light came to Penang, these two brothers had brought development to this area. With their hard work in trading, they became rich and earned the respect of the people of Penang and Kedah. Therefore, it is not surprising when Captain Francis Light came to Penang, they were bestowed their due respect. On 11 August 1786, Captain Francis Light, officially became the British Administrative Authority in Penang ratified under the treaty signed by Sultan Abdullah Mukarram Shah of Kedah and the English East India Company (Allen, Stockwell & Wright, 1981: 132 – 3 ). On 17 August 1786, the forest at Tanjung Penaga was cleared. Subsequently, Penang became more developed and changed from a fishing village into a port. Then, Captain Light managed to develop Penang into a Freeport. There were traders and merchants from India such as the Chulias and Malabarlis, from China, Burma, Aceh, Siam and etc. In fact, Captain Light encouraged more people to reside in Penang by granting them free land titles/deeds.

Then in 1801, Kader Muhiddeen Merican was officially appointed “Kapitan Keling” by the English East India Company and he was given the authority to protect, manage and administer the affairs of the Indian community. Kapitan Keling was also the right-hand leader of the Chulias and they were meant to approach the ‘Kapitan’ for any arising problems concerning their community or even personal life. On 2 November 1801, Lieutenant General Sir George Leith, on behalf of the English East India Company granted a piece of land (367 deeds) to the Muslim community. The west and south borders of the land met Cauder Mydin Merican’s own land. After receiving a letter of authority from Governor Philips, this is where Kader Mydin Merican built the Kapitan Keling Mosque largely from his own money apart from a small contribution from the community. Kader Mydin Merican’s business continued to prosper, and by 1834, he was considered as the richest Indian Muslim in Penang. His wealth, at that time, was estimated

at fifty thousand Spanish dollars. As a British official, Kapitan Keling had the authority to solve any dispute involving the Muslim community that came from “Coromandel Coast”, India. As the richest Indian Muslim merchant, he managed to attract the attention of the Sultan of Kedah. He was invited by the Sultan of Kedah (Sultan Ahmad Tajuddin who was living in exile in Penang) and was granted to marry a princess named Tunku Wan Chik Taiboo or Tunku Maheran.<sup>17</sup>

Another instance is Syed Husain Aidid (Tengku) who is the pioneer of the Arab community and the founder of the Malay Mosque at Acheen Street in Penang.<sup>18</sup> He was the grandson of the Sultan of Aceh and a successful and influential trader. Syed Hussein and his clan moved to Penang in 1792 and he set up his trading post and settlement fronting the sea. The settlement was recognised as the first township in Penang and was referred to as the Malay Town or Malay enclave at Batu Uban. As a seasoned trader with a vast trading network, he influenced others, especially the Arabs in the Malay Archipelago, to migrate to Penang (Bajunid, 1971: 1 – 16). Accordingly, it is evident that both the Indian Muslims and the Arabs had played vital roles in the economic development of Penang before the advent of a large number of Chinese in the second half of the nineteenth century (Salina Haji Zainol, 2005: 111; Mahani Musa & Badriyah Haji Salleh, 2013: 34 – 40).

This circumstance provided the foundation for both the Arabs and the Indian Muslims to represent the Muslims who were involved in business and trading activities in the Straits Settlements and the Malay Peninsula. Clearly, such engagement in those activities had adapted them to the changing economic orientation of commercialism and capitalism. Later, most of them were then engaged in real estate. Truthfully, it is well known that some of its proportions were donated as Islamic endowment known as *waqf*. For instance, the *waqf* associated with the Indian Muslims are Wakaf Kapitan Keling, Wakaf Alimsah Vali and Wakaf Majoodsaw in Penang and Wakaf Sentosa in Alor Setar, Kedah. The Waqf that belonged to the Arabs are the Malay Mosque at Acheen Streets and Wakaf Al-Mashhur in Penang and Madrasah al-Attas in Johor Bahru. Most of the Waqf properties in the Straits Settlements were then registered under Mohamedan and Hindu Endowments Board.<sup>19</sup>

## **The Malays and Commercial Orientation**

On the other hand, in the 19th century, it was apparent that the involvement of the local Malays in the commercial economic sector was very marginal. During this period, most of the economic opportunities could be achieved through the opening up of jungle land for commercial plantation areas. In principle, this particular activity could be regarded as the elementary stage in capital economy. In this respect, the economic progress was associated with the immigrant communities of the Malays. This can be referred to the case of the Javanese who were always regarded as pro-active compared to the local Malays. It was reported by Mohammed Ibrahim Munshi that in 1871, the Javanese had opened up the land at the settlement known as 'Padang' in Muar for the plantation of coconut, betel nuts, bananas and tapioca. Historically, the settlement of Padang had long been known as the main area of the Malays in Muar up to the first half of the 19th century. Its main agricultural products were coconuts and betel nuts as well as Malayan fruits, especially durian. However, in the 1870's, it had been predominantly inhabited by the Javanese. Thus, most of the name of the places which begins with 'Parit' which means 'Trench' notably (for instance Parit Jawa) was associated with the Javanese settlements or villages (Abdullah, 1966: 300 – 1).

It could be construed that the Malays were not keen on becoming involved in the commercial plantation because they were intimately attached to their village life at that time. The sentimental attachment to their way of life at the village had hindered them from making any changes. Certainly, it was not in their mind to be involved in any adventurous pursuit of economic expansion. Thus, it is not surprising to discover that most of the Malays involved in setting up the padi commercial plantation in newly opened areas in Krian in the late 19th and 20th centuries were the Banjari immigrants from Borneo.<sup>20</sup>

Even more, the Malays' involvement as commercial plantation labourers were low and far from significant. In the plantation sectors, the Javanese was associated with the immigrants who migrated to Johor in the 1870's and 1880's (Skinner, 1884: 53). The local Malays' involvement was limited to short term labour in clearing up the jungle lands and building temporary shelters

in the areas. Even more, it was reported that the Europeans were not keen on employing the Malays as short term contract workforce because they were known to be reluctant in cleaning the newly opened land after cutting down the trees.<sup>21</sup> Hence, the European investors tended to employ Indian Tamils as labourers in the plantation of coffee.

Again, the case of the Javanese exemplifies the evidence of their commitment and determination to explore any economic opportunity. Their partiality to become involved as plantation labour force was initially motivated by their intention to perform Hajj (pilgrimage) to Makkah. This can be seen in the terms and conditions stipulated in the plantation concessions of Al-Sagoff at Kukub, Pontian from 1878 to 1907. A contract was drawn between the Javanese immigrants and the Al-Sagoff Concessionaires in which the former would be able to perform the Hajj without any payment for the purpose. All the cost charged for the pilgrimage would be repaid after they had returned from Makkah. The repayment would be done through their promises to work in the plantation areas without any wage or with considerably low wages for a particular duration.<sup>22</sup> The nature of this contract of labour was similar to the indenture system practised by the British in North America in the 17th and 18th centuries before the introduction of slavery in the colonies there (Brogan, 1990: 27, 94, 101, 110). Understandably, it was the hardship faced by the Javanese that caused them to become motivated and progressive in opening the jungle land for cultivation. It is not surprising that in the later phase, most of them were prepared to respond to the economic change under capitalist circumstances. This phenomenon can be seen in their participation in the rubber plantation as smallholders when rubber became the commercial and profitable commodity in the early twentieth century (Lim, 1977: 73 – 78).

### **The Marginal Opportunity in Money Economy**

It is a revealing fact that the Malay ruling authorities notably in Johor also established business joint ventures and granted economic concessions to the European mercantile communities, especially the British. It was well known that the Johor authorities had close business relations with Kerr, Rawson & Co.,<sup>23</sup> Paterson, Simon & Co.<sup>24</sup> and Messers. Rodyk and Davidson (Buckley, 1965: 42 – 5, 200 – 201, 203 – 212). Through these financial associations,

the European merchants provided loans to particular members of the ruling authorities for commercial agricultural activities which required the utilization of a large amount of money for capital investment to finance the cost of operation. The Malay peasants did not enjoy this privilege because they were not exposed to the capitalist economy.

It has been mentioned before that the practice of money economy among the Malays in general was still marginal. In the context of commercial and capitalist economy, their involvement in money economy was limited only as waged labourer. Unfortunately, the mercantile communities were more interested in bringing in the Chinese and Indian Tamil labourers even though those immigrant labourers were not accustomed to the tropical commercial plantation such as pepper, gambier, tapioca, Liberian coffee and cocoa.<sup>25</sup> The Chinese mercantile community was only interested in bringing the Chinese coolies in the Kangchu System in Johor and padi cultivation in Kedah.<sup>26</sup> This is because those coolies also created financial gains under the revenue farm concessions and the revenue was derived from their consumption of liquor and opium as well as their gambling activities. From this revenue, the Chinese concessionaires were then able to offer the payment for the concessions to the Malay authorities.

Consequently, it is notable that the existence of revenue farms created the foundation for Chinese economic dominance in the Malay states. This is due to the dependence of the Malay authorities on the immigrant Chinese who generated revenue to the Malay chiefs. Moreover, their dependence on the Chinese was manifested by the fact that most of the Malay chiefs were involved as associates in their business ventures. This is possibly due to the assumption that it was a safer way to secure their interests and to avoid major risks than to participate directly in the business operation. Even under this circumstance, they could still expect to generate the dividend from the concessions.

The revenue farm also provided new economic platforms for the Malays to strengthen their economic foundation, especially for the Malay chiefs to penetrate into the mercantile economy. In fact, there were few notable Malay chiefs who were not merely the associate members in the joint ventures but they also managed to become the principal concessionaires in

revenue farms in Kedah. This can be referred to the concessions belonging to Wan Mohammed Saman at Kulim and Kuala Muda, Mohammed Jasin at Krian and Mohammed Hassan bin Abdul Rahman at Kuala Kedah in the last decade of the 19th centuries. Most of their revenue farm concessions were related to the main products of animal husbandry especially chicken, the cultivation of tapioca and sugar cane, the collection of *nipah* and the consumption of tobacco and salt. These concessions normally cover the period from two to six years.<sup>27</sup>

The mercantile economic opportunities derived from the revenue farm were normally accessible to the minority upper class Malays and not the majority *rakyat*. Under these circumstances, the Malay economy was fully dominated by the Malay aristocrats and it was doubtful for the Malay *rakyat* to become the concessionaires or even the associate partners in the revenue farm concessions which were the only form of joint business ventures during that period. It is evident that this circumstance is not adequate to address the main objective of the improvement of the economic accomplishment of the Malays as a whole. This objective can only be attained through the incorporation of the majority of the Malays into money economic orientation at elementary level, at the very least. Undeniably, this could only be established by increasing of the numbers of the Malays involved in small scale businesses and trading sectors. In principle, the starting point for the Malay *rakyat* to become involved in mercantile activities was if someone was willing to assume the financial risk of beginning and operating a business or small scale enterprise with them. In fact, it was from such involvements that they could potentially increase the scale of operation which could provide the opportunity for them to generate surplus.

In a broader context, it is important to form a constructive view in order to examine the extent of the failure and success of the Malays in economic achievement. In those days, the Malays of both upper and lower classes were still finding the formula in order to adapt themselves in the new economic orientation of capitalism and commercialism. The Malays in general needed the knowledge and expertise to manage their economic affairs especially in money matters as well as to continuously give their commitment to pursue economic progress. On one hand, it is understandable that the Malay chiefs

did not prefer to establish joint ventures with the Malay *rakyat* who were regarded as inferior in economic achievement and lack the experience of handling money in accordance with the practice of mercantilism which was necessary in managing business activities. This is because commercialism is related to the practices and spirit of commerce or profit-making. However, it was evident that even the Malay aristocrats did not have the skills in managing their money matters although they had been directly involved in commercial economy. They were still dependent on the joint ventures with the Chinese. In fact, it is the common knowledge that the Chinese progress and dynamism in economic affairs were manifested by the fact that they not only formed joint ventures with the Malays and the Europeans, but they also competed with the latter (Brown, 1994: 77 – 172). Moreover, it is found that the main factor for the success of the immigrant Chinese here was their knowledge in handling money in business (Leo, 2007: 29 – 49). Certainly, there is reservation if this view is to be applied to the Malays. However, the question here is that although the Malays realized that and intended to become involved in commercial activities, they were still likely exposed to the risk of failure.

Thus, in order to achieve economic progress, the Malays had to partake in the activities that could generate income but were less exposed to risks. The younger generations were later exposed to other sources of income which was derived from the introduction of modern educational system and the establishment of civil service which generated salary and allowance on continuous and permanent basis. This new opportunity certainly brought major impacts on the peasant community to acquire the potentials for vertical economic mobilization in the colonial period. It led to the emergence of the middle class among the *rakyat* although it was still at an elementary stage and was a gradual process. Those who were classified into middle class in those days were teachers, civil servants, journalists and traders (Milner, 1995: 89 – 113).

In principle, the elementary economic mobilization to middle class was regarded as having an impact on the transformation in the peasant communities in both social and economic perspectives in the early 20th century. The emergence of the middle class certainly reflected the progressive

and dynamic dimension in the society especially the peasant communities in the villages. The higher status for an individual could be accomplished through the higher level of education. With a higher qualification, an individual could attain a higher position because the new system and orientation recognized the position and status based on achievement rather than inheritance or family background. In reality, it was still quite difficult for the individuals from the peasant background to attain a high status. This is because even though the individual improvement could be based on achievement, i.e., education, the Malay aristocrats still had the advantages over the *rakyat* to hold the prestigious posts such as magistrates, district officers and assistant district officers. It can also be observed that there were marginal participations of the Malays in professional occupations such as lawyers, accountants and medical doctors. Most of the Malays who were associated with those occupations were the mixed blood individuals of the Muslim immigrant descendants especially the Arab Saiyids. For instance, the legal profession was referred to Syed Umar al-Sagoff & Co. and Syed Mohamed al-Habshee who became the advocates in Johor. They also had the license as assistant property evaluators in Johor Bahru.<sup>28</sup>

## **Conclusion**

By and large, it can be said that from the 1850's to 1941, The Malay society in Malaya had undergone the process of economic transition rather than change. In this context, the term 'transition' here is applied to the Malays as a whole because the degree of change in the economic aspect and orientation was merely a gradual process of transformation rather than a drastic one. During this period, the economic change is always referred to the transformation from traditional to modern orientation. This phenomenon is manifested by the changes from subsistence to commercialism which were enhanced by the economic system based on capitalism, the adoption of the concept and practice of specialization and the use of intensive labour in economic productivity. Generally, it can also be observed that the Malays' involvement in commercial activities in the late 19th and early 20th centuries was less eminent compared to other communities. This general statement is not merely referred to the Chinese community who were closely associated with the

economic development which had taken place in Malaya in the second half of the 19th and the first half of the 20th centuries. It was also manifested by the achievement of other immigrant communities especially the Indian Muslims and Arabs. Irrefutably, through this comparison, it had given the impression that the pace of economic change of the Malays was considerably slow.

This then raised the question of economic domination by the immigrant communities especially the Chinese. In historical context, they had more advantages over the Malays simply because the Malays, including the aristocrats, were not extensively exposed to mercantilism which became important in the money economy. In fact, mercantilism is the transitional mechanism between subsistence and capitalism. This was established in most of the orientation in agricultural and mining activities in the form of concessions which needed money to be used for initial capital investments and cost of operations.

## Notes

- <sup>1</sup> The concept of Malaya is used by Western writers to be applied to the Malay Peninsula since the end of 18th century. See Swettenham. (1948: 1 – 5); Barnard (2004: 11); Owen. (20053: xix).
- <sup>2</sup> Malay Reservation Land Enactment of 1913 can be found in Federal Council of the Federated Malay States Enactments NO. 15 OF 1913, Kuala Lumpur: National Archive of Malaysia. It had been ratified on 23<sup>rd</sup> December 1913 and gazetted on 1<sup>st</sup> January 1914.
- <sup>3</sup> In fact, based on the contemporary perspective, it is evident that the Javanese in Java do not profess themselves as the Malays as reflected in the conversations with a few academia and laymen during the conference visits at Surakarta, Jakarta and Bogor in 2012 and Semarang in 2016. This view is also consistent with personal conversations the Indonesian students and lecturers in International Islamic University of Malaysia based on observations from 2003 to 2012.
- <sup>4</sup> *Census Report of Malaya*. 1931. Kuala Lumpur: Arkib Negara Malaysia (ANM), p. 32.
- <sup>5</sup> The editorial comment on this issue can be found in “Takrif Melayu dan Siapa Boleh Melayu”, Utusan Melayu, 8 May, 1940, National University of Malaysia Library..
- <sup>6</sup> State of Johor land Enactment, (Amendment) 1936, 1.
- <sup>7</sup> *A Report on the 1947 Census of Population of Malaya*. The Government Printer, Federation of Malaya, Kuala Lumpur, Arkib Negara Malaysia Kuala Lumpur, p. 81.
- <sup>8</sup> Singapore Chamber of Commerce to Governor Cavenagh, 30 Dec. 1865, SSR. W. 25, no. 301, National Archive of Singapore.

<sup>9</sup> See all the concessions related to revenue farms in padi cultivation in Surat-menurat Sultan Abdul Hamid No. 2, 1304 – 1312'H (1884 – 1895 CE.), Arkib Negara Malaysia Cawangan Kedah, Alor Merah, Kedah, Hereafter known as The Kedah Archive.

<sup>10</sup> Historically, Mercantilism is the doctrine, developed in the West after the decline of feudalism, that a nation's economy could be strengthened by governmental protection of home industries, by increased foreign exports, and by accumulating gold and silver. For further explanation see Ekelund and Hebert (2007: 44 – 63).

<sup>11</sup> Surat Hutang Lim Toh Kerana Sewa Rumah Kongsi Candu di Padang, Muar, 9 March, 1873, Johor State Secretary, Surat-Surat Pelbagai, S. 15, Arkib Negara Malaysia Cawangan Johor Bahru hereafter ANMCJB.

<sup>12</sup> Brief History of Alsagoff Concession Kukub, ANMCJB.

<sup>13</sup> Buku Daftar Surat Jual-beli, Pajak Gadai dan Hutang 1284-1301H/1867-1884M, ANMCJB.

<sup>14</sup> The narration of Kapitan Keling is extensively cited from Merican, Haji Mohamed Ismail. 2003. Sejarah Kapitan Keling, Wakaf Masjid Kapitan Keling, Majlis Agama Islam Negeri Pulau Pinang Hereafter AINPP.

<sup>15</sup> According to the Tamil language, the word “Parrangi” means “White Men” (Europeans). Europeans are known as “parranggiar” by the Indians because their faces resemble a round pumpkin. The word “Pettai” means “village” or a place for momentary stopover.

<sup>16</sup> The “Tanjung” that was mentioned is currently located around Kampung Kolam, a part of Lebuh Chelia and Jalan Masjid Kapitan Keling. According to Tamil language, “Pudu” means “new” and “Karai” means “with beach” (berpantai).

<sup>17</sup> She was his third wife. The second wife of Kapitan Keling was Che Aminah who was the niece of his first wife, “Pathni” Fatimah Nachiar.

<sup>18</sup> See Open Minute on Conservation Project of Masjid Melayu at Lebuh Acheh, 11 May 1996, Wakaf Majid Kg Melayu, MAINPP.

<sup>19</sup> See for example, General Report Upon the Moslem Trusts and Foundations in Penang, 1932. *Handbook of the Mohamedan and Hindu Endowments Board*, Penang: Criterion Press.

<sup>20</sup> Memorandum from Lee Warner, enclosed in E. W. Birch to Resident-General, 14 June, 1907, HCO R.G. 3282/07, Kuala Lumpur: Arkib Negara Malaysia (ANM).

<sup>21</sup> *Straits Daily Times*, 23 May, 1879, National University of Singapore (NUS) Library.

<sup>22</sup> Brief History of Alsagoff Concession Kukub.

<sup>23</sup> Kerr to Lord Kimberley, 28 Feb., 1871 and 24 Feb. 1873, CO 273/54, National Archive at Kew, United Kingdom, hereafter NAK.

<sup>24</sup> Abu Bakar to Governor Ord, 21 March, 1873, CO 273/66, NAK.

<sup>25</sup> *Straits Daily Times*, 6 May, 1879, NUS Library.

<sup>26</sup> See Surat-menurat Sultan Abdul Hamid No. 2, 1304-1312'H (1884-1895 CE. Alor Merah: Arkib Negara Malaysia Cawangan Kedah hereafter ANMCK.

<sup>27</sup> See Surat-menurat Sultan Abdul Hamid No. 7, 1315-1317'H (1897-1899 CE. Alor Merah: ANMCK.

<sup>28</sup> *Singapore and Straits Directory (SSD)* 1910, p. 40 and *SSD*, 1912, p. 48.

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## KECEKAPAN FAKTOR MENYELURUH DALAM SEKTOR PEMBUATAN DI NEGERI SABAH

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### Abstrak

Kecekapan Faktor Menyeluruh (TFP) adalah pengukuran kecekapan yang amat penting dan merupakan indikasi utama kepada pembuat dasar. Kajian ini memeriksa pertumbuhan TFP 18 subindustri pembuatan di negeri Sabah untuk tempoh 1985 – 1997 dan 2000 – 2010. Kajian ini menggunakan kaedah ujian *Data Envelopment Analysis* (DEA) Indeks Malmquist untuk menilai produktiviti dan kecekapan secara empirikal. Hasil kajian ini mendapat perubahan kecekapan teknikal adalah penyumbang utama kepada pertumbuhan TFP sektor pembuatan di negeri Sabah. Kerajaan perlu memberikan penekanan kepada TFP khususnya subindustri pembuatan yang berpotensi dalam usaha memaksimumkan kecekapan teknologi dalam pengeluaran.

**Kata kunci:** Perubahan kecekapan, perubahan kecekapan teknikal, produktiviti faktor menyeluruh.

### Abstract

*Total factor productivity (TFP) is a crucial measure of efficiency and thus an important indicator for policymakers. This study examine TFP growth of 18 subindustry of Sabah manufacturing for the period of 1985–1997 and 2000–2010. Output-oriented Malmquist productivity indexes and decomposition using a sequential data envelopment analysis approach (DEA) employed to empirically evaluate the efficiency and productivity. The result indicate that technical change is the main contributor towards TFP growth of Sabah manufacturing sector.*

**Keywords:** Efficiency change, technical efficiency change, total factor productivity.

## Pengenalan

Perindustrian ialah penghasilan barang atau perkhidmatan dan merupakan aktiviti ekonomi yang memproses bahan mentah menjadi barang siap atau menyediakan perkhidmatan. Sektor perindustrian dianggap enjin pertumbuhan pembangunan di kebanyakan negara membangun khususnya dari segi daya pengeluaran dan daya keupayaan penyerapan tenaga buruh. Perindustrian membolehkan pengeluaran secara besar-besaran dilakukan menggunakan peralatan mesin dan teknologi tinggi. Manfaat pengeluaran secara pukal ini membolehkan pengeluar menikmati faedah skel dari segi kecekapan pengeluaran dan penjimatan kos operasi. Hukum Kaldor (1966) dalam A.P. Thirlwall (1983: 345) menyatakan bahawa pertumbuhan pantas dalam sektor pembuatan menyebabkan pertumbuhan pantas kadar pertumbuhan keluaran dalam negara kasar (KDNK). Pertumbuhan pantas dalam output sektor pembuatan turut mempercepatkan kadar pertumbuhan produktiviti buruh.

Sumbangan sektor perindustrian kepada ekonomi Malaysia meningkat dari semasa ke semasa. Pada tahun 1975 sumbangan sektor perindustrian ialah 16.4 peratus meningkat kepada 36.3 peratus pada tahun 2010. Perkembangan baik dalam sektor ini menggalakkan negara untuk terus meningkatkan prestasi sektor industri. Malaysia merancang untuk melangkah dalam kumpulan negara perindustrian menjelang tahun 2020 sepertimana yang termaktub dalam Dasar Perindustrian ke-2 (1995–2005) dengan fokus utama kepada peningkatan dalam faktor produktiviti (TFP) (Mahadevan: 588). Sejajar dengan perkembangan tersebut, negeri Sabah turut tidak ketinggalan untuk meningkatkan prestasi sektor ini. Perancangan strategik perindustrian di Sabah terkandung dalam Rangka Rancangan Jangka Panjang Sabah (1995–2010), Pelan Perindustrian Induk Sabah (SIMP), Pelan Tindakan Perindustrian Sabah (SIAP) dan *Sabah Development Corridor* (SDC) 2008–2025.

Kajian terhadap TFP mendapat perhatian yang meluas dalam kalangan ahli ekonomi. Solow (1956, 1957) mendapati selepas mengira pengumpulan modal fizikal dan modal manusia, terdapat sesuatu selainnya yang dapat menjelaskan pertumbuhan output besar di kebanyakan negara. Ia menyumbang kepada pertumbuhan TFP. TFP diinterpretasi sebagai indeks

semua faktor selain buruh dan modal tidak diambil kira secara terdedah tetapi menyumbang kepada penghasilan output. TFP mengukur hubungan di antara jumlah input dengan jumlah output di mana residual perubahan output tidak diambil kira oleh perubahan total faktor input. Apabila residual, perubahan dalam TFP tidak dipengaruhi oleh perubahan pelbagai faktor yang mempengaruhi perubahan teknologi seperti kualiti faktor pengeluaran, fleksibiliti sumber digunakan, pemaksimuman kapasiti, kualiti pengurusan, kemahiran ekonomi dan lain-lain.

TFP merujuk kepada tambahan output yang disumbang melalui peningkatan kecekapan akibat peningkatan dalam modal manusia, kepakaran dan skil, aplikasi teknik pengurusan efisien, penambahbaikan dalam organisasi, manfaat pengkhususan, pengenalan teknologi baharu, inovasi atau peningkatan teknologi dan peningkatan teknologi maklumat. Menurut Kuznet (1966), satu faktor yang menyumbang kepada pertumbuhan TFP ialah peningkatan dalam ilmu pengetahuan boleh guna. Faktor ini menjelaskan mengapa TFP di negara maju seperti Amerika Syarikat empat kali ganda lebih tinggi berbanding di India. Walaupun ilmu pengetahuan boleh guna turut digunakan di negara kurang maju, penggunaannya tidak dimaksimumkan.

### **Permasalahan Kajian**

Secara bandingan dalam tempoh 2005 sehingga 2013, negeri Sabah terletak di kedudukan keenam dari segi pencapaian KDNK. Perbandingan antara negeri tersebut ditunjukkan dalam Jadual 1. Sabah adalah negeri kedua terbesar selepas Sarawak dan merupakan antara pengeluar sumber asli negara yang utama khususnya dalam pengeluaran pertanian dan petroleum. Sejajar dengan kemajuan negara ke arah status negara maju, negeri Sabah perlu memaksimumkan penggunaan sumber asli supaya dapat meningkatkan keluaran dalam negara kasar negeri pada masa depan. Salah satu strategi berimpak tinggi ialah melalui dasar perindustrian dalam sektor pembuatan. Sektor pembuatan perlu dibangunkan secara holistik agar produktiviti tinggi dalam sektor ini dapat ditingkatkan.

**Jadual 1** KDNK mengikut negeri di Malaysia 2005–2013 (RM juta)

Negeri	2005	2006	2007	2008	2009	2010	2011	2012	2013
Selangor	113,185	118,819	128,169	139,877	139,237	155,739	164,751	176,377	186,548
WPKL	67,017	71,894	78,302	85,414	88,488	97,830	106,615	114,277	122,059
Sarawak	57,700	60,265	65,283	65,470	64,173	66,947	70,849	71,879	74,887
Johor	50,058	52,539	54,685	56,990	55,268	60,679	64,592	68,899	72,275
Pulau Pinang	39,186	43,401	46,226	48,749	43,626	48,161	50,053	52,571	54,968
<b>Sabah</b>	<b>32,427</b>	<b>34,221</b>	<b>35,318</b>	<b>39,114</b>	<b>40,986</b>	<b>42,101</b>	<b>42,680</b>	<b>44,469</b>	<b>45,791</b>
Perak	27,733	29,558	31,048	33,060	32,700	34,576	37,001	39,688	41,787
Pahang	23,061	24,693	25,206	26,465	26,203	27,484	29,201	30,791	32,489
Negeri Sembilan	19,736	21,554	22,680	23,657	23,804	25,177	26,414	27,730	28,691
Kedah	17,829	19,255	21,033	21,209	21,092	21,998	23,837	25,278	26,434
Melaka	15,049	16,333	17,422	18,250	18,472	19,689	20,474	21,944	22,646
Terengganu	15,562	16,867	18,122	18,500	17,720	18,487	18,980	19,642	20,554
Kelantan	9,031	9,658	10,482	11,203	11,436	11,991	12,780	13,476	13,963
Perlis	2,845	2,945	3,157	3,250	3,166	3,318	3,386	3,537	3,648
WP Labuan	2,146	2,551	2,678	2,369	2,486	2,646	3,007	3,217	3,475
Supra	51,013	49,381	50,274	45,990	41,028	39,827	37,139	38,159	37,397

Sumber: Jabatan Perangkaan Malaysia

Jadual 2 menunjukkan KDNK sektor pembuatan mengikut negeri di Malaysia bagi tempoh 2005–2013. Lima negeri teratas yang menyumbang KDNK dalam sektor pembuatan ialah Selangor, diikuti oleh Wilayah Persekutuan Kuala Lumpur, Sarawak, Johor dan Pulau Pinang. Selangor merupakan negeri termaju dalam sektor pembuatan. Sumbangannya kepada KDNK meningkat daripada RM41 bilion pada tahun 2005 kepada RM57 bilion pada tahun 2013. Antara industri perkilangan utama di negeri ini ialah elektrik dan elektronik, pakaian dan tekstil, pembuatan kenderaan, besi dan keluli. Kesemua negeri dan wilayah persekutuan menunjukkan peningkatan dari segi KDNK sektor pembuatan. Sumbangan sektor pembuatan negeri Sabah mengalami peningkatan yang lembab dalam tempoh tersebut. Dalam tempoh lima tahun (2005–2010), kadar peningkatan sumbangan sektor pembuatan Sabah kepada KDNK hanyalah 4 peratus berbanding Selangor 17 peratus, Pulau Pinang 12 peratus dan Johor 8 peratus.

**Jadual 2** KDNK aktiviti sektor pembuatan mengikut negeri di Malaysia 2005 – 2013 (RM juta)

Negeri	2005	2006	2007	2008	2009	2010	2012	2012	2013
Selangor	41,648	42,584	42,880	44,795	41,858	50,189	52,570	55,498	57,388
Pulau Pinang	21,249	24,429	25,374	26,348	21,239	24,264	24,567	25,411	26,301
Johor	19,314	20,066	20,663	20,028	17,650	21,037	21,995	23,336	24,405
Sarawak	15,987	17,375	18,774	18,472	17,490	18,117	19,237	19,400	19,926
Negeri Sembilan	10,528	11,477	11,877	12,038	11,755	12,289	12,895	13,395	13,483
Melaka	7,594	8,313	8,496	8,527	7,992	8,441	8,527	9,030	9,190
Pahang	6,423	7,111	7,053	7,210	6,693	6,899	7,260	7,841	8,261
Perak	5,548	6,255	6,343	6,605	5,800	6,549	7,268	7,658	8,092
Kedah	6,439	6,984	7,718	6,957	6,416	6,638	7,352	7,852	8,045
Terengganu	6,476	7,204	7,758	7,568	6,918	7,215	7,150	7,440	7,670
WPKL	3,908	4,024	3,911	3,672	3,763	3,757	4,191	4,584	5,029
Sabah	3,149	3,308	3,333	3,412	3,149	3,296	3,486	3,496	1,107
WP Labuan	595	894	840	593	568	576	676	718	751
Kelantan	546	511	538	572	570	691	720	739	728
Perlis	352	345	324	349	290	302	341	352	362

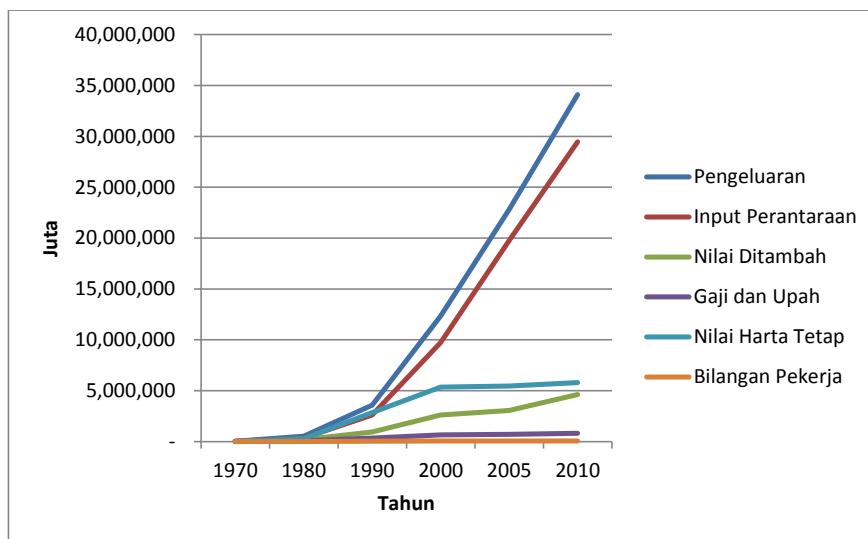
Sumber: Jabatan Perangkaan Malaysia

Jadual 3 dan Jadual 1 menunjukkan pengeluaran sektor pembuatan bagi negeri Sabah dalam tempoh 1970 sehingga 2010. Prestasi output industri di negeri ini mengalami peningkatan secara perlahan semenjak tahun 1970. Pada tahun 1970, jumlah output ialah RM42 juta meningkat kepada RM532 juta (1980), RM3 bilion (1990), RM12 bilion (2000) dan RM34 bilion (2010). Penurunan produktiviti sektor industri berlaku sebanyak dua kali, iaitu pada tahun 1986 dan 2009. Jumlah harta modal tetap terkumpul meningkat secara perlahan dan pencapaian tertinggi direkodkan pada tahun 2007 berjumlah RM6.6 bilion. Bilangan pekerja direkodkan mencapai tahap tertinggi pada tahun 1997 berjumlah 83,244 orang. Input perantaraan mencatatkan jumlah tertinggi pada tahun 2008 berjumlah RM32 bilion daripada hanya RM25 juta pada tahun 1970. Nilai ditambah yang sentiasa berada di bawah tahap nilai harta tetap meningkat secara sederhana, bermula dengan RM18 juta (1970) kepada RM4.6 bilion pada tahun 2010.

**Jadual 3** Pengeluaran sektor pembuatan Sabah 1970 – 2010 ('000)

	Tahun					
	1970	1980	1990	2000	2005	2010
Pengeluaran	42,028	532,488	3,570,415	12,345,646	22,810,286	34,090,225
Input Perantaraan	25,144	350,340	2,622,127	9,738,314	19,745,944	29,460,917
%	34	38	39	53	68	72
Nilai Ditambah	18,193	182,148	948,288	2,607,332	3,064,342	4,629,308
%	25	20	14	14	11	11
Gaji dan Upah	9,322	82,047	344,858	651,177	706,085	816,455
%	13	9	5	4	2	2
Nilai Harta Tetap	20,725	295,486	2,838,451	5,362,218	5,454,191	5,796,757
	28	32	42	29	19	14
Bilangan Pekerja	4,201	16,111	40,065	69,518	64,629	60,424

Sumber: Jabatan Perangkaan Malaysia



**Rajah 1** Pengeluaran sektor pembuatan Sabah 1970–2010 ('000)

Prestasi output yang perlana sepanjang tempoh 34 tahun bagi negeri Sabah menarik minat penyelidik untuk melakukan kajian secara empirikal bagi mengetahui tahap pencapaian produktiviti faktor (TFP), perubahan kecekapan,

perubahan kecekapan teknikal, perubahan kecekapan teknikal murni dan perubahan kecekapan skala. Hal ini disebabkan kecekapan yang tinggi amat penting untuk menjamin kelestarian sektor pembuatan di negeri ini.

## **Objektif Kajian**

Objektif utama kajian ini adalah untuk memeriksa faktor pertumbuhan TFP bagi negeri Sabah yang disumbangkan oleh perubahan kecekapan dan perubahan kecekapan teknikal dalam sektor industri pembuatan.

## **Skop Kajian**

Skop kajian ini ialah sektor pembuatan di negeri Sabah. Bagi penganggaran TFP, pemboleh ubah bersandar ialah nilai ditambah, manakala pemboleh ubah tidak bersandar ialah bilangan pekerja dan harta tetap. Jumlah subindustri yang dikaji ialah sebanyak 18 seperti berikut:

**Jadual 4** Jumlah subindustri

<b>Bil</b>	<b>Industri</b>
1	Makanan
2	Minuman
3	Tekstil
4	Pakaian
5	Kayu
6	Percetakan dan Penerbitan
7	Penapisan Petroleum
8	Kimia dan Produk Kimia
9	Getah dan Plastik
10	Mineral Bukan Logam
11	Produk Logam
12	Perabot
13	Peralatan Elektrik
14	Mesin
15	Kenderaan motokar, Treler, Semi Treler
16	Peralatan Pengangkutan Lain
17	Perabot
18	Lain-lain Pembuatan

## **Kepentingan Hasil Kajian**

Syarikat dalam sektor industri berkecenderungan melakukan pengumpulan harta modal fizikal untuk digunakan dalam proses pengembangan saiz pengeluaran. Syarikat akan berkembang daripada skala kecil kepada pengeluaran skala besar bagi menikmati peningkatan pulangan sut. Pengkhususan dalam satu bidang pengeluaran akan meningkatkan kecekapan pekerja. Hasilnya, dengan input modal manusia yang sama akan menghasilkan produktiviti lebih tinggi. Hal ini dijelaskan secara panjang lebar oleh Keynes (1956). Pengumpulan modal ada kaitannya dengan penggunaan teknologi lebih tinggi melalui proses inovasi. Perkara ini ditekankan oleh Schumpeter (1958) yang mana beliau menekankan kepentingan perubahan teknologi dan inovasi untuk meningkatkan produktiviti.

Hasil daripada kajian ini mendapati bahawa tahap perubahan kecekapan dan perubahan kecekapan teknikal boleh digunakan oleh pembuat dasar untuk merangka dasar strategik bagi merancang dan meningkatkan lagi pertumbuhan pengeluaran pada masa depan dalam sektor industri pembuatan di negeri ini. Ia membantu negeri ini untuk mempercepatkan lagi proses perindustrian agar Sabah setanding dengan negeri-negeri lain di Semenanjung Malaysia dan Sarawak.

## **Kajian-kajian Lepas**

TFP ialah komponen output yang tidak dijelaskan oleh input yang digunakan dalam pengeluaran. Parasnya ditentukan oleh berapa cekap dan intensifnya input dimaksimumkan penggunaannya dalam pengeluaran. Pertumbuhan TFP biasanya diukur menggunakan residual Solow (1956). Residual yang diperoleh daripada model Solow diukur dengan tepat jika fungsi pengeluaran adalah neoklasikal, wujud persaingan sempurna dalam pasaran faktor dan kadar pertumbuhan input diukur dengan tepat. TFP memainkan peranan penting dalam turun naik ekonomi, pertumbuhan ekonomi dan perbezaan pendapatan per kapita antara negara. Satu faktor yang menyumbang kepada pertumbuhan TFP ialah peningkatan pengetahuan boleh guna sebagaimana diketengahkan oleh Kuznets (1966). Faktor ini menjelaskan mengapa TFP di Amerika Syarikat empat kali ganda lebih besar berbanding tahun 1950. Pengetahuan

boleh guna menyebabkan berlaku perbezaan produktiviti di antara negara maju dengan negara mundur kerana ia tidak sepenuhnya dimaksimumkan.

Kajian-kajian terdahulu berkaitan TFP dilakukan secara meluas di seluruh dunia. Menggunakan pendekatan *stochastic frontier*, Heru Margono dan Subhash C. Sharma (2006) mendapati pertumbuhan dipandu secara positif oleh perubahan kecekapan teknikal dan secara negatif oleh kemajuan teknologi dalam industri makanan, tekstil, kimia dan produk besi di Indonesia. Sementara itu, Kene K. Kwon (1986) melakukan kajian terhadap sektor pembuatan Korea Selatan bagi tempoh 1961–1980. Hasil kajiannya membuktikan bahawa bagi negara sedang dan kurang membangun, kadar pertumbuhan pemaksimuman modal adalah sumber pertumbuhan TFP. Selanjutnya ialah oleh William L. Weber, Bruce R. Domazlicky (1999). Beliau menggunakan kaedah pengaturcaraan linear bukan parameter bagi menguji pertumbuhan TFP dalam sektor pembuatan di 48 buah negeri di Amerika Syarikat dalam tempoh 1977–1989. Hasil penemuan kajian mendapati kelembapan dalam pertumbuhan produktiviti pembuatan negara berkemungkinan berakhir semasa tempoh 1983–1989 dengan semua wilayah di Amerika Syarikat mengalami pertumbuhan produktiviti dan kemajuan teknologi.

Kemajuan teknologi dalam sektor pembuatan negara menunjukkan menyebelahi penggunaan buruh semasa pertumbuhan perlahan dalam tempoh 1977–1983 dan menyebelahi penggunaan modal semasa tempoh pemulihian 1983–1989. Gaofang Han, Kaliappa Kalijaran dan Nirvikar Sing (2002) menggunakan pendekatan *stochastic frontier* untuk menguji sumber pertumbuhan ekonomi Asia Timur, iaitu Hong Kong, Singapura, Jepun dan Korea Selatan bagi tempoh 1987 sehingga 1993. Kajian ini menggunakan data 20 sektor pembuatan pada aras tiga digit SIC. Ujian dilakukan ke atas sektor tradisi, pertengahan dan moden bagi keempat-empat negara. Teknik ujian mengaplikasikan pengasingan perubahan kecekapan teknikal (TECs) daripada kemajuan teknologi (TP). Hasil kajian mendapati pentingnya peningkatan input dalam pertumbuhan bagi semua negara. Beberapa bukti menyokong kepada kewujudan perubahan kecekapan teknikal atau ‘cathing up’ dalam tempoh ini. Hasil ujian juga mendapati bukti lemah peranan kemajuan teknologi yang diukur oleh pergerakan anggaran pengeluaran *frontier* terhadap pertumbuhan.

Kajian K. Hitomi (2004) dilakukan ke atas industri pembuatan Jepun dalam tempoh 1955–2000. Analisis empat ukuran iaitu kadar hasil, indeks kecekapan, produktiviti relatif dan produktiviti buruh. Hasil ujian mendapatkan kecekapan pembuatan adalah tinggi dari segi indeks kecekapan, produktiviti relatif dan produktiviti buruh. Walau bagaimanapun, sektor pembuatan Jepun mengalami kadar hasil yang rendah. Indeks kecekapan barang ketara dihasilkan oleh sektor pertama dan kedua. Industri yang mempunyai bilangan pekerja kurang 300 orang rendah produktiviti berbanding syarikat skil besar. David Dollar dan Kenneth Sokoloff (1990) melakukan ujian ke atas 25 industri pembuatan di Korea dalam tempoh 1963–1979. Hasil kajian mendapatkan pertumbuhan TFP dalam sektor pembuatan di Korea adalah luar biasa tinggi. Penekanan kepada modal adalah sumber prinsipal pertumbuhan produktiviti buruh dalam subsektor industri berat, iaitu mencatat 70 peratus kelebihan, manakala dalam industri ringan dan sederhana pertumbuhan TFP mencatatkan 60 peratus pertambahan dalam produktiviti buruh.

Mans Soderbom dan Francis Teal (2004) mengkaji punca yang menyebabkan prestasi lemah terhadap pengeluar di Afrika. Antaranya ialah kekurangan skil dan skala, teknikal dan ketidakcekapan alokatif. Menggunakan peringkat kedua logaritma (translog) fungsi pengeluaran (Christensen *et al.*, 1971, Berndt dan Christensen 1972) atau sempadan stokastik, hasil kajian mendapatkan tiada bukti firma pembuatan di Afrika adalah tidak cekap. Kajian ini mendapatkan firma besar menghadapi kos buruh secara relatif tinggi berbanding firma kecil. Firma besar menggunakan lebih intensif modal-teknologi dan beroperasi dengan kos lebih tinggi 20–25 peratus. Seterusnya ialah Ching Cheng Chang dan Yir Hueih Luh (2000). Kajian ini mengenal pasti punca pertumbuhan produktiviti di sepuluh negara Asia termasuklah China, Jepun, NIE dan ASEAN-4. Ia menggunakan kaedah fungsi jarak berdasarkan *Malmquist Productivity Indexes*. Hasil kajian ini mendapatkan Hong Kong dan Singapura mempunyai kemampuan menggerakkan sempadan besar terhadap ekonomi APEC. Pelaburan langsung didapati menyumbang kepada pertumbuhan Asia sama ada melalui ‘catching up’ atau inovasi teknologi semasa kapasiti pembelajaran mencukupi di negara ekonomi utama. Chia Hung Sun (2004) menggunakan model pekali sempadan berbeza. Hasil kajian mendapatkan paras TFP sektor pembuatan Taiwan meningkat 0.2 peratus setahun dalam tempoh 1981–1999. Ia berpunca daripada kemajuan teknologi 0.4

peratus dan penurunan kecekapan teknikal -0.2 peratus. Vikram Nehru dan Ashok Dhareshwar (1994) melakukan ujian ke atas 83 negara industri dan negara sedang membangun bagi tempoh 1960–1990 menggunakan model pembetulan ralat. Kajian ini mendapati pengumpulan modal manusia jauh lebih penting dalam menjelaskan pertumbuhan. TFP di negara berpendapatan tinggi adalah setanding dengan negara ekonomi rendah dan sederhana. Negara membangun cepat berkembang pesat berdasarkan pengumpulan fizikal dan modal manusia berbanding pertumbuhan TFP tinggi. Sangho Kim dan Gwangho Han (2001) mengaplikasikan model pengeluaran sempadan stokastik bagi 508 firma pembuatan yang disenaraikan dalam stok pertukaran Korea bagi tempoh 1980–1994. Hasil kajiannya mendapati pertumbuhan produktiviti dipimpin sebahagian besarnya oleh kemajuan teknikal di mana perubahan dalam kemajuan teknikal adalah signifikan kesan positif, manakala kecekapan alokatif mempunyai kesan negatif.

Rolf Fare, Shawna Grosskopf dan Mary Norris (2004) melakukan kajian ke atas 17 negara OECD bagi tempoh 1979 sehingga 1988 menggunakan kaedah pengaturcaraan bukan parameter (analisis aktiviti) untuk pengiraan Indeks Pengeluaran Malmquist. Hasil kajiannya mendapati pertumbuhan produktiviti Amerika Syarikat adalah lebih tinggi daripada negara-negara OECD lain disebabkan oleh perubahan teknikal, manakala pertumbuhan produktiviti Jepun adalah yang tertinggi dalam sampel kajian disebabkan sebahagian besar oleh perubahan kecekapan. Michal Jerzmanowski (2007) menggunakan *Data Enveloped Analysis* (DEA) mendapati bukti konsisten bahawa dengan pandangan teknologi bersesuaian, negara yang ketidakcukupan campuran input tidak dapat mengakses teknologi paling produktif. Seterusnya, didapati teknologi dunia terhadapan menunjukkan anjakan keluar lebih cepat pada kombinasi input yang hampir dengan pemimpin penyelidikan dan pembangunan (R&D). Walau bagaimanapun, ketidakcekapan ditunjukkan sebagai penjelasan utama bagi negara berpendapatan rendah di seluruh dunia di mana ia menjelaskan 43 peratus perbezaan output dalam tahun 1995 dan kepentingannya meningkat dari semasa ke semasa.

Kajian terdahulu di Malaysia memberi fokus kepada industri pembuatan negara. Kajian ke atas pembuatan di peringkat negeri masih kurang dilakukan. Ia adalah cubaan pertama yang menganalisis secara empirikal industri

pembuatan di negeri Sabah. Kajian di peringkat negara antaranya ialah Mahadevan (2001) menggunakan panel data 28 sektor industri pembuatan bagi tempoh 1981–1996 menggunakan aplikasi pendekatan *stochastic frontier*. Hasil ujian mendapat pertumbuhan sektor pembuatan di Malaysia bagi aspek kecekapan teknikal dan kemajuan teknologi positif bagi tempoh 1981–1984, menunjukkan kecekapan teknikal negatif dan kemajuan teknologi positif bagi tempoh 1987–1990. Sementara itu, kecekapan teknikal adalah negatif dan kemajuan teknologi positif bagi tempoh 1991–1996. Seterusnya kajian Mahadevan (2002) ke atas industri pembuatan di Malaysia bagi tempoh tahun 1981–1996 menggunakan penganggaran *Malmquist Index*. Hasil kajiannya mendapat 18 daripada 28 industri menunjukkan hampir semua pertumbuhan TFP datangnya daripada perubahan kecekapan teknikal berbanding perubahan teknikal. Ia bermaksud, manfaat belajar secara praktikal atau penyebaran sebenar dalam penggunaan pengetahuan teknologi amat penting melebihi kepentingan penggunaan teknologi dan peralatan modal. Kajian ini mendapat 16 daripada 18 industri ini adalah industri teknologi rendah. Oleh itu, perubahan teknologi adalah kecil. Berdasarkan perubahan kecekapan skil menunjukkan bahawa industri beroperasi pada skil optimum dan mengalami pulangan tetap skil.

Norfadila Fadzil (2011) mengkaji pertumbuhan TFP sektor pembuatan Malaysia bagi tempoh 2000 sehingga 2005 dan sumbangan penggunaan input menggunakan kaedah kerangka input-output yang digunakan oleh Ten Raa *et al.* (1994) dan Wolf (1985b, 1994). Output industri diukur berdasarkan kepada komoditi kasar, manakala input industri terdiri daripada input pertengahan, buruh dan modal. Hasil ujian mendapat purata wajaran tahunan bagi input pertengahan domestik dalam sektor pembuatan ialah sebanyak 0.1 peratus. Industri tertinggi menyumbang dalam input pertengahan domestik ialah industri kulit, iaitu sebanyak 6.65 peratus diikuti oleh industri pembuatan kelengkapan pengangkutan lain 4.17 peratus dan industri memproses getah 3.69 peratus. Sumbangan terhadap TFP yang rendah ialah industri pembuatan perkakas elektrik dan sebagainya, iaitu 18.98 peratus. Secara bandingan, berdasarkan purata wajaran dalam input pertengahan industri, sektor pembuatan masih kekal sebagai penyumbang utama dengan 91.8 peratus (2005) dan 91.3 peratus (2000) daripada jumlah nilai yang direkodkan oleh industri sekunder. Seterusnya, purata wajaran tahunan bagi input pertengahan

import dalam sektor pembuatan ialah 0.1 peratus. Industri penyumbang tertinggi ialah industri kulit sebanyak 7.73 peratus dan industri pembuatan kelengkapan pengangkutan lain 4.29 peratus. Penyumbang terendah ialah industri pembuatan perkakas elektrik dan sebagainya iaitu sebanyak 17.59 peratus. Berdasarkan jadual input output 2005, input pertengahan import tertinggi dicatatkan oleh sektor pembuatan 6.53 peratus, diikuti oleh sektor perkhidmatan perniagaan dan persendirian iaitu 1.26 peratus. Purata wajaran bagi buruh dan modal dalam sektor pembuatan masing-masing mencatatkan 0.0001 peratus dan 0.00001 peratus. Sumbangan buruh tertinggi ialah industri pembuatan kelengkapan pengangkutan lain 0.001 peratus, diikuti industri pembuatan dadah dan ubat-ubatan lain 0.0003 peratus. Sumbangan pertumbuhan modal tertinggi pula ialah industri pembuatan kasut 0.0008 peratus, diikuti oleh industri pembuatan dadah dan ubat-ubatan, sebanyak 0.0007 peratus. Berdasarkan penemuan kajian, didapati pertumbuhan TFP dalam negara adalah disebabkan oleh sumbangan dalam input pertengahan. Penemuan ini adalah selari dengan kajian oleh Tsoa (1982) di Singapura, Nishimiza dan Robinson (1984) di Jepun, Korea, Turki dan Yugoslavia dan Gan *et al.* (1993) di Singapura.

Rahmah dan Chai Nyet Fung (2002) telah melakukan kajian ke atas Industri Skel Kecil dan Sederhana (IKS) di Malaysia. Menggunakan kaedah perbatasan stokastik atau sempadan stokastik untuk mengukur TFP, enam jenis industri yang berasaskan sumber iaitu makanan, minuman, berasaskan kayu, kimia berasaskan getah dan galian bukan logam dipilih untuk tempoh 1981–1994. Hasil kajian mereka mendapati industri kecil sederhana (IKS) bagi produk makanan dan minuman menunjukkan tahap kecekapan teknikal yang lebih tinggi daripada produk yang sama dalam Industri Saiz Sederhana (ISS). Bermakna, ISS tidak semestinya lebih cekap berbanding IKS. Ujian ke atas 12 buah subindustri mendapati sepuluh daripadanya mencatatkan pertumbuhan TFP yang positif, manakala ISS minuman dan ISK kimia mengalami pertumbuhan negatif. TFP bagi IKS dan ISS masing-masing mencatatkan 4.97 peratus dan 5.26 peratus lebih tinggi berbanding sasaran dalam RMK7 iaitu sebanyak 3.3 peratus. Input buruh secara amnya menunjukkan sumbangan yang lebih tinggi berbanding input modal kecuali dalam IKS minuman dan IKS/ISS industri kmia.

Seterusnya, Noorashah Sulaiman dan Norfadila Fadzil (2013) melakukan kajian ke atas industri berasaskan sumber dan industri bukan sumber dalam sektor pembuatan di Malaysia dalam tempoh 2000 hingga 2005. Kelainan kajian ini ialah menggunakan data dari dua sumber, iaitu Jadual Input-Output Malaysia dan sumber data dari Banci Industri Pembuatan Malaysia. Kaedah yang digunakan ialah kerangka input-output. Hasil kajian mereka mendapati TFP bagi industri berasaskan sumber dan bukan sumber secara relatif adalah rendah. Selanjutnya, kajian ini mendapati perubahan dalam TFP di kedua-dua industri adalah disumbangkan oleh input pertengahan, manakala sumbangan input buruh dan modal adalah rendah.

## **Metodologi**

Kaedah DEA merupakan kaedah pemprograman matematik non-parametrik untuk menganggar persempadan. Kaedah ini pada awalnya diperkenalkan oleh Farrel (1957). Menurut Boles (1966) dan Afriat (1972), kaedah pemprograman matematik boleh menyelesaikan tugas menganggar persempadan. Walau bagaimanapun, kaedah ini hanya mendapat perhatian secara meluas selepas kertas kerja dihasilkan oleh Charnes, Cooper dan Rhodes (1978) yang mencipta terma DEA. Kaedah DEA ini kemudiannya digunakan secara meluas oleh untuk menganalisis perubahan kecekapan teknikal, perubahan teknologi dan pertumbuhan TFP. DEA merupakan satu model pemprograman matematik linear untuk menilai kecekapan dan produktiviti. Kaedah DEA ini membenarkan pengkaji menggunakan panel data untuk menganggarkan pertumbuhan TFP dan membahagikannya kepada dua komponen, iaitu perubahan kecekapan teknikal dan perubahan teknologi.

Pertumbuhan TFP mengukur peningkatan atau penurunan produktiviti mengikut masa. TFP akan mengalami peningkatan apabila industri menggunakan penemuan baharu seperti reka cipta atau kaedah pemprosesan yang lebih baik. Perubahan tersebut dinamakan sebagai perubahan teknologi. TFP juga boleh meningkat apabila industri menggunakan teknologi dan input sedia ada dengan lebih cekap. Contohnya apabila industri menggunakan input buruh, modal dan teknologi yang sama tetapi menghasilkan output yang lebih banyak. Dalam situasi ini, industri akan mengalami peningkatan kecekapan teknikal. Oleh itu, perubahan TFP dari tahun ke tahun adalah disebabkan oleh perubahan teknologi dan perubahan kecekapan teknikal.

Kajian ini akan menggunakan kaedah Indeks Malmquist untuk membuat penganggaran TFP bagi sektor perindustrian di negeri Sabah. Indeks Malmquist merupakan satu cara untuk menganalisis perubahan jumlah produktiviti faktor (TFPC), perubahan teknologi (TC), perubahan kecekapan teknikal (TEC), perubahan kecekapan teknikal murni (TE), dan perubahan kecekapan skala (SE) (Fare, Grosskopf, Norris & Zhang, 1994: 75). Dalam kaedah Indeks Malmquist, pulangan berubah ikut skel (VRS) dan pulangan malar ikut bidangan (CRS) tidak mempengaruhi keputusan kajian. Hal ini disebabkan VRS dan CRS masing-masing telah digunakan untuk menganalisis dalam pembentukan kaedah Malmquist. Teknologi CRS berhubung kait dengan TEC, manakala teknologi VRS berhubung kait dengan TE.

Perubahan jumlah produktiviti faktor (TFPC) berhubung kait dengan jumlah output dengan input. Konsep ini adalah daripada idea-idea Malmquist (1953). Kaedah tidak berparameter digunakan dalam kajian ini. Indeks Malmquist TFPC banyak digunakan dalam jumlah perubahan produktiviti. Mengikut Shephard (1970) dan Fare *et al.* (1994), fungsi jarak pengeluaran ditakrifkan sebagai;

$$D^t_0 (x^t, y^t) = \inf \{ \theta : (x^t, y^t / \theta) \in S^t \} = (\sup \{ \theta : (x^t, \theta y^t) \in S^t \})^{-1} \quad (1)$$

Perubahan kecekapan di antara tahun t dan t + 1 ditulis dalam:

$$E^{t+1}_0 (x^{t+1}, y^{t+1}, x^t, y^t) = \frac{d^{t+1}_0 (x^{t+1} - y^{t+1})}{d^t_0 (x^t, y^t)}$$

Menurut Farrell (1957), pengeluaran kecekapan teknikal diukur dengan mengira “berapa jauh” pengamatan daripada sempadan teknologi. Bagi mentakrifkan Indeks Malmquist, ia memerlukan tempoh dua masa yang berbeza iaitu;

$$D^t_0 (x^{t+1}, y^{t+1}) = \inf \{ \theta : (x^{t+1}, y^{t+1} / \theta) \in S^t \} \quad (2)$$

Dan

$$D^{t+1}_0 (x^t, y^t) = \inf \{ \theta : (x^t, y^t / \theta) \in S^{t+1} \} \quad (3)$$

Fungsi jarak dalam pengeluaran diperlukan untuk menjadi  $(X^{t+1}, Y^{t+1})$  yang saling berkaitan dengan teknologi t. Mengikut Fare *et al.* (1994), Malmquist TFPC (berorientasikan pengeluaran) mengubah tempoh masa di antara S (tempoh asas) dengan tempoh t.

$$M_0(y_s, x_s, y_t, x_t) = \left[ \frac{d^s_0(y_t x_t)}{d^s_0(y_s, x_s)} \times \frac{d^t_0(y_t x_t)}{d^t_0(y_s, x_s)} \right]^{1/2} \quad (4)$$

Sama dengan fungsi jarak dalam persamaan (3) di atas, perubahan berkadar dalam output diperlukan dalam  $(x^t, y^t)$ . Ia berkaitan dengan teknologi pada masa t+1. Perubahan teknologi boleh diukur berdasarkan persamaan (2) selepas ketidakcekapan teknikal  $(x^{t+1}, y^{t+1})$  mengubah untuk membahagikan kecekapan teknikal pada masa t+1 untuk mendapatkan keputusan  $d^t_0(x^{t+1}, y^{t+1})$  dan  $d^{t+1}_0(x^{t+1}, y^{t+1})$ . Sementara itu, perubahan teknologi diukur berdasarkan persamaan (3) selepas ketidakcekapan teknikal pada masa t diubah untuk mendapatkan keputusan  $d^t_0(x^{t+1}, y^{t+1})$  dan  $d^{t+1}_0(x^{t+1}, y^{t+1})$ . Ukuran yang berbeza dalam perubahan teknikal di antara tahun t dan t+1 adalah seperti di bawah:

$$T^{t+1}_0(y^{t+1}, x^{t+1}, y^t, x^t) = \left[ \frac{d^t_0(x^{t+1}, y^{t+1})}{d^{t+1}_0(x^{t+1}, y^{t+1})} \times \frac{[d^t_0(x^{t+1}, y^{t+1})]}{d^{t+1}_0(x^{t+1}, y^{t+1})} \right]^{1/2} \quad (5)$$

Perubahan produktiviti Malmquist sama dengan perubahan kecekapan dan perubahan teknikal iaitu  $M^{t+1}_0(.) = E^{t+1}_0(.) * T^{t+1}_0(.)$

Nilai  $M_0$  yang lebih besar daripada satu akan menunjukkan pertumbuhan TFPC yang positif dari tempoh s ke tempoh t, manakala nilai  $M_0$  yang kurang daripada satu akan menunjukkan pertumbuhan TFPC yang merosot. Memerhatikan kaedah (4), min geometri dari TFPC menilai dua tempoh. Pertamanya, menilai tempoh s dalam teknologi dan kedua adalah menilai tempoh t teknologi.

Cara indeks tersebut ditulis adalah seperti berikut:

$$M_0(y_s, x_s, y_t, x_t) = \frac{d^t_0(y_t x_t)}{d^s_0(y_s, x_s)} \times \left[ \frac{d^s_0(y_t x_t)}{d^t_0(y_t, x_t)} \times \frac{d^s_0(y_s x_s)}{d^t_0(y_s, x_s)} \right]^{1/2} \quad (6)$$

di mana nisbah dalam kurungan luar dari segi perubahan yang berorientasikan pengeluaran adalah mengukur tentang kecekapan teknikal dalam tempoh  $t$  dengan kecekapan dalam tempoh  $s$ . Mengikut kaedah (5), ia merupakan satu ukuran perubahan teknikal. Ia adalah min geometri anjakan dalam teknologi antara dua jangka masa yang dinilai pada  $X_t$  dan  $X_s$ . Maka,

$$M_0(y_s, x_s | y_t, x_t) = \frac{d^{t_0}(y_t, x_t)}{d^{s_0}(y_s, x_s)} \quad (\text{Perubahan Kecekapan})$$

$$X \left[ \frac{d^{s_0}(y_t, x_t)}{d^{t_0}(y_t, x_t)} \times \frac{d^{s_0}(y_s, x_s)}{d^{t_0}(y_s, x_s)} \right]^{1/2} \quad (\text{Perubahan Teknologi}) \quad (7)$$

Perubahan dalam produktiviti ( $M_0$ ) dibahagikan kepada perubahan teknologi (TC) yang membayangkan pemberian ataupun kemerosotan dalam kejayaan unit membuat keputusan (DMUs). Bagi perubahan kecekapan teknikal (TEC) menunjukkan pemusatan ataupun penyimpangan dalam DMUs. Taksiran ini adalah untuk memberi maklumat secara keseluruhannya dalam perubahan produktiviti. Terdapat pelbagai cara yang digunakan untuk mengira jarak pengeluaran dalam Indeks Malmquist, iaitu dalam tempoh masa (Fare *et al.*, 1994).

Perubahan kecekapan tetap berhubung kait dengan CRS teknologi, manakala bagi perubahan kecekapan murni tetap berhubung kait dengan VRS teknologi. Perubahan kecekapan skala mempunyai sisihan di antara VRS dan CRS teknologi.

Penguraian di atas adalah seperti berikut:

$$M_0(y_s, x_s | y_t, x_t) = TC \times TE \times SE$$

di mana TC adalah perubahan kecekapan teknikal, TE adalah perubahan kecekapan teknikal murni dan SE adalah perubahan kecekapan teknikal skala. Penguraian komponen bagi TE dan SE adalah seperti berikut:

$$TEC = TE \times SE \quad (9)$$

## Data Kajian

Data output yang digunakan dalam kajian ini ialah nilai ditambah dan data input ialah buruh dan modal. Data buruh menggunakan bilangan pekerja kerana kekurangan data jam bekerja, manakala harta tetap digunakan kerana perbelanjaan modal tidak diterbitkan. Nilai ditambah dan modal adalah dalam ribu ringgit Malaysia (RMribu). Jumlah subindustri pembuatan keseluruhan yang dikaji ialah sebanyak 18 bagi tempoh kajian 1985–1997 dan 2000–2010. Tempoh kajian dibahagikan kepada dua kerana ketidaksediaan data bagi tahun 1998. Data kajian diperoleh dari laporan perangkaan tahunan Jabatan Statistik Malaysia.

## Keputusan Kajian

Industri yang berada di sempadan pengeluaran dikenali “best practice” dan memperlihatkan kecekapan maksimum dalam penggunaan sumber-sumber. Nilai indeks pada 1.000 menunjukkan sesuatu industri tersebut terletak pada sempadan yang terbaik (*best practice*). Nilai indeks yang kurang dari 1.000 pula menunjukkan ketidakcekapan dalam penggunaan sumber-sumber dibandingkan dengan industri yang berada di sempadan yang terbaik. Keputusan kajian bagi kedua-dua tempoh dijelaskan seperti berikut.

### ***Tempoh 1985–1997***

Dalam tempoh 1985–1997, produktiviti pembuatan negeri Sabah beroperasi di bawah potensi kecekapan maksimum (garis pengeluaran optimum) faktor menyeluruh (TFP) sebanyak -6.1 peratus dengan min indeks pengeluaran 0.839. Ia disebabkan oleh kemerosotan dalam perubahan teknikal (*tech*) sebanyak -4.1 peratus dan perubahan kecekapan (*effch*) sebanyak -2.5 peratus. Walaupun perubahan kecekapan skel (*sech*) mengalami kemajuan sebanyak 2.8 peratus, ia dikesani oleh kemerosotan perubahan kecekapan murni (*pech*) sebanyak -4.9 peratus yang menyumbang kepada kemerosotan dalam perubahan kecekapan. Produktiviti secara individu menunjukkan kemajuan dalam empat kumpulan pengeluaran pembuatan. Pengeluaran makanan mencatatkan kemajuan tertinggi sebanyak 14.4 peratus, diikuti oleh mineral non-metalik 11.5 peratus, percetakan dan penerbitan sebanyak 8.0 peratus

dan getah dan plastik sebanyak 7.3 peratus. Kecekapan dalam pengeluaran makanan dan mineral bukan logam disumbangkan oleh kemajuan kedua-dua perubahan kecekapan dan kecekapan teknikal. Sementara itu, percetakan dan penerbitan disumbangkan oleh kemajuan perubahan teknikal. Lain-lain kumpulan pengeluaran pembuatan, iaitu penapisan petroleum, tekstil, pembuatan lain, kayu, produk logam, minuman, kimia dan produk kimia, perabot dan pakaian beroperasi di bawah potensi kecekapan maksimum.

**Jadual 5** Produktiviti pembuatan negeri Sabah 1985–1997

Kumpulan	Perubahan Kecekapan	Kecekapan Teknikal	Perubahan Kecekapan Murni	Perubahan Kecekapan Skala	Jumlah Faktor Produktiviti
Makanan	1.053	1.087	1.000	1.053	1.144
Minuman	0.769	0.812	0.785	0.980	0.624
Tekstil	0.726	0.848	0.721	1.007	0.616
Pakaian	0.993	0.928	1.000	0.993	0.921
Kayu	0.727	0.907	0.668	1.089	0.659
Percetakan dan penerbitan	0.923	1.171	0.866	1.065	1.080
Penapisan Petroleum	0.636	0.896	0.650	0.978	0.570
Kimia dan produk kimia	1.000	0.934	1.000	1.000	0.934
Getah dan plastik	0.991	1.083	0.948	1.046	1.073
Mineral bukan logam	1.089	1.024	1.019	1.069	1.115
Produk logam	0.966	0.953	0.936	1.031	0.920
Perabot	0.915	1.022	0.872	1.049	0.935
Lain-lain pembuatan	0.745	0.864	0.732	1.017	0.644
Min	0.875	0.959	0.851	1.028	0.839

Nota: Semua purata Indeks Malmquist adalah min geometrik

### **Tempoh 2000–2010**

Dalam tempoh 2000–2010, pengeluaran pembuatan negeri Sabah merekodkan kemajuan sebanyak 0.5 peratus dengan min indeks pengeluaran 1.005. Ia disumbangkan oleh perubahan kecekapan teknikal (*techch*) sebanyak 3.3 peratus. Perubahan kecekapan (*effch*) berada di bawah garis pengeluaran optimum sebanyak -2.7 peratus. Pengeluaran sektor pembuatan menunjukkan peningkatan dengan 8 daripada 16 kumpulan pengeluaran pembuatan mencatatkan kemajuan berbanding hanya 4 daripada 13 dalam tempoh

1985–1997. Tiga kumpulan pengeluaran pembuatan mencatatkan kecekapan pengeluaran tertinggi (TFP), iaitu percetakan dan penerbitan, mineral bukan logam dan kenderaan, treler dan semi treler dengan kemajuan 5.4 peratus. Seterusnya, diikuti oleh pembuatan kayu dengan kemajuan (2.2 peratus), minuman (2.1 peratus), produk logam (1.4 peratus), makanan (1.2 peratus) dan tekstil (1.0 peratus). Secara perbandingan, berlaku penurunan kecekapan bagi pembuatan getah dan plastik daripada kemajuan 7.3 peratus dalam tempoh 1985–1997 kepada kemerosotan sebanyak -2.7 peratus pada 2000–2010.

**Jadual 6** Produktiviti pembuatan negeri Sabah 2000–2010

Kumpulan	Perubahan Kecekapan	Kecekapan Teknikal	Perubahan Kecekapan Murni	Perubahan Kecekapan Skala	Jumlah Faktor Produktiviti
Makanan	0.943	1.073	1.000	0.943	1.012
Minuman	0.977	1.045	0.979	0.998	1.021
Tekstil	1.004	1.007	1.000	1.004	1.010
Pakaian	0.926	0.996	0.915	1.012	0.922
Kayu	1.056	1.062	1.000	1.056	1.122
Percetakan dan Penerbitan	1.024	1.029	1.000	1.024	1.054
Kimia dan Produk Kimia	1.000	0.981	1.000	1.000	0.981
Getah dan Plastik	0.914	1.064	0.918	0.996	0.973
Mineral Bukan Logam	0.997	1.057	1.005	0.992	1.054
Produk Logam	0.960	1.056	0.960	1.000	1.014
Peralatan Elektrik	0.933	1.030	0.906	1.030	0.961
Mesin	0.980	1.000	0.949	1.034	0.980
Kenderaan Motokar, Treler, Semi treler	0.992	1.062	0.995	0.998	1.054
Peralatan Pengangkutan lain	0.915	1.064	0.916	0.999	0.973
Perabot	1.009	0.975	0.957	1.055	0.984
Lain-lain Pembuatan	0.955	1.033	0.981	0.973	0.986
Min	0.973	1.033	0.967	1.007	1.005

Nota: Semua purata Indeks Malmquist adalah geometrik means

## **Rumusan dan Cadangan**

Hasil ujian Indeks Malmquist menunjukkan sektor pembuatan di negeri Sabah mengalami pertumbuhan TFP di bawah sempadan pengeluaran yang dipanggil ‘best practice’ bagi tempoh 1985–1997, kecuali empat subindustri. Selanjutnya, prestasi pembuatan mengalami peningkatan bagi tempoh 2000–2010. Sebanyak lapan subindustri beroperasi di atas sempadan pengeluaran. Dapat disimpulkan bahawa dalam dua tempoh kajian ini, sektor pembuatan Sabah menunjukkan peningkatan pertumbuhan TFP yang disumbangkan oleh kecekapan teknikal. Penemuan ini selari dengan hasil kajian Rahmah dan Chai (2002) bagi industri kecil dan sederhana di Malaysia dan Jajri dan Ismail (2006) bagi sektor pembuatan di Malaysia. Hasil kajian ini juga menunjukkan pada umumnya sektor pembuatan di Sabah beroperasi pada tahap potensi output yang maksimum.

Jelas sekali, pihak pembuat dasar di peringkat negeri dan negara perlu memberikan tumpuan kepada pembangunan sektor pembuatan di negeri Sabah, khususnya dalam industri di mana kecekapan adalah tinggi. Mencontohi ekonomi negara China dan Korea yang semakin berkembang dipacu oleh sektor pembuatan, negeri Sabah memerlukan lonjakan besar dalam mengembangkan industri berpotensi dan bernilai tinggi. Tumpuan perlu diberikan kepada industri pembuatan produk berteknologi tinggi berasaskan sumber yang dapat melipatgandakan sumber pendapatan negeri dan mampu menyerap guna tenaga. Kerajaan negeri juga perlu memanfaatkan kedudukan strategik negeri ini sebagai hab pengeluaran dan pengagihan produk pembuatan khususnya di di rantau Asia.

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# **UNDERSTANDING THE UTILIZATION OF NATURAL RESOURCES FOR LIVELIHOOD IN LIWAGU WATER CATCHMENT AREA**

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## **Abstract**

This paper is proposed to overview the livelihood pattern and the utilization trend of natural resources by the local community in the Liwagu water catchment, Tambunan, Sabah. It will be a basic contention to understand how human being managing their resources for livelihood, especially to obtained needs as well as to maximize satisfaction of want. This is one of the key process in doing water conservation plan for the area managed by the community. Preliminary study has been conducted to understand the dependence on natural resource as a life support system. Collected data was analyzed descriptively as well as SWOT analysis. Principal Component Analysis (PCA) has been used to identify the attitudinal pattern of local community towards their livelihood. Results presented will serve as baseline documentation to enhance natural resources management towards sustainable living without affecting the freshwater resources. In overall, the livelihood pattern of local community relatively depended on natural resources. Whereas, the uses of those resources is likely to meet the domestic needs. In terms of attitude, they are classified into five groups, where the majority of is Pro-infrastructure. While SWOT analysis indicate that the use of natural resources in Liwagu catchment areas is under control.

**Keywords:** Livelihood, utilization, water catchment, local community, natural resources.

## **Abstrak**

*Kertas kerja ini diketengahkan untuk memberi gambaran keseluruhan tentang corak kehidupan dan trend penggunaan sumber asli oleh masyarakat setempat di kawasan tадahan air Liwagu, Tambunan, Sabah. Ia akan menjadi satu perbincangan asas untuk memahami bagaimana manusia menguruskan sumber-sumber mereka untuk kehidupan, terutama dengan keperluan yang diperoleh serta untuk memaksimumkan kepuasan keperluan. Ia merupakan salah satu proses utama dalam pelan pemuliharaan air yang dilakukan untuk kawasan yang diuruskan oleh masyarakat. Kajian awal telah dijalankan untuk memahami pergantungan kepada sumber asli sebagai sistem sokongan hidup. Data yang diperoleh dianalisis secara deskriptif serta analisis SWOT. Principal Component Analysis (PCA) telah digunakan untuk mengenal pasti pola sikap masyarakat tempatan terhadap kehidupan mereka. Hasil kajian yang dibentangkan akan menjadi garis dasar dokumentasi bagi meningkatkan pengurusan sumber semula jadi ke arah kehidupan lestari tanpa menjaskan sumber air tawar. Secara keseluruhannya, corak mata pencarian masyarakat tempatan memang bergantung kepada sumber asli. Sementara itu, penggunaan sumber-sumber mungkin untuk memenuhi keperluan domestik. Dari segi sikap, ia dikelaskan kepada lima kumpulan, di mana majoriti adalah Pro-infrastruktur. Analisis SWOT menunjukkan penggunaan sumber asli di kawasan tадahan Liwagu adalah terkawal.*

**Kata kunci:** Kehidupan, penggunaan, tадahan air, komuniti setempat, sumber asli.

## **Introduction**

Liwagu water catchment in Tambunan is an important source for water supply in Sabah. It also has long been established as a native settlement for the Dusun community. For many years, this local community has fully optimized the natural resources for several purposes in living. The concerns on water supply and restoration in recent years led to the study on understanding the community livelihood patterns in the water catchment area. Understanding

on how the community managing the resources to obtained needs as well as to maximize satisfaction of want has to be reveal, as is one of the key process in the preparation of better water conservation plan for the area that managed by the local community. Hence, focus on the study is to looks in to (1) livelihood pattern, (2) Utilitarian or natural resources and (3) attitudinal pattern of community towards livelihood. Human being relies on natural resources for livelihood. Natural resources such as land, forest, rivers and wildlife are sources of livelihood (Felix, 2007). As a life support system, natural resources are subject to fluctuations in value and the changes that being related to the predictable function of resource. Basically livelihood is all about life management that refers to what, why and how human want to be for living. Those questions deal with their perspective (thinking), behavior (action) and motivation (intention) that forms the way of utilization.

The identification of livelihood is related to sustainability. The Brundtland Commission in 1987 has first introduced sustainable livelihood (SL) as a concern on resource ownership and also access to basic needs and livelihood security. Livelihoods not only provide food and income, but also contribute significantly to identity, social capital, and personal and social fulfillment (Goldman & Young, 2015). As for The International Institute for Sustainable Development (IISD), SL refers to: “concerned with people’s capacities to generate and maintain their means of living, enhance their well-being, and that of future generations”. Chambers and Conway (1992 in Elasha et al., 2011) concluded that “Livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base”. Elasha et al. (2011) further made their point that “livelihood is something to do with activities, entitlements and assets by which people make a living. Those are referred as natural or biological, social aspect and physical aspect <sup>1</sup>.”

Basically, livelihood assessment would define individual, household, or a community behavior under specific frame conditions, as well as to understand livelihood system. Those definition and thought concluded livelihood as a process of perception (thinking), believes and action that framing a human interaction among them and also the physical environment.

## Materials and Methods

Data collection took place in the vicinity of Crocker Range Park. The Liwagu water catchment area is composed of two main tributaries, Nukakatan River and Mensangoh River. The nine villages involved for the survey are Kampung Nukakatan, Kampung Libang Laut, Kampung Garas, Kampung Pahu, Kampung Tuhan, Kampung Kumawan, Kampung Kiporing and Kampung Sintuong-tuong (see Figure 1.). These villages resided by the local community from the Dusun ethnic. Geographically, the average elevation of the site is 744 meters above sea level. In 1984, part of the area has been included in Crocker Range Park gazette as protected area (Fera et al., 2013). The hilly land covered by dipterocarp forest, while the flat land is cultivated with wet paddy (Julius, 1996). Data was collected via field work, interviews and questionnaire. Principal Component Analysis (PCA) was performed to identify the behavioral pattern as SWOT conducted for analysis.



**Figure 1** Study site

Source: Modified from WWF Malaysia (2011); Googlemap (2016)

## **Livelihood Pattern**

Tambunan is well known as a Dusun community land as they are the earliest group resided Tambunan before 1960's. Most of them came along from various areas outside Tambunan, such as Ranau and Keningau, mainly for farming and for new settlements. Most of the household are resided in Kampung Garas (24.5%), Kampung Kumawanan (18.9%), Kampung Kiporing (15.1%) and Kampung Pahu (13.2%). This is because the villages are the main spots for earliest settlements. This is also due to topographical factors that cause them to prefer lowland for better accessibility. As population growth, demands for agricultural and settlement land drive them to extend and exploring new ground in adjacent.

Educational background shows that the eldest community members of the study site have relatively lack of formal education. Anyhow, the raising of awareness on the importance of education, as well as the existence of schools has encouraged them to send their children for better education. This has increased the number of literacy that has successfully completed their studies at the tertiary level with diploma, degrees and masters. New emerging groups of employment are formed as a result of the development in formal education. A higher level of education and knowledge may increase people's awareness on future benefits of complying natural resources management toward better management (Amode et al., 2006).

Rural households often pursue diverse livelihood strategies including farming, hunting, fishing and gathering. Education enhancement and the opportunities to access global formations via the globalization communication technology have affected the employment pattern of the community. They are now keen to serve for public and private sectors, rather the inherited the traditional work as farmers and collector for wild products. Women are now not only act as full time housewives and do farming, but they are also involves in decisions making for any community programs. They are also pursuing small scale business, such as selling of wild products collected from the forest and producing traditional food for local market. The changing of employment pattern has also contributed to various sources of income. In average 58.5% of them in estimate earned RM700 per month,

which is below the poverty line; 22.6% have no income; while only 18.9% are above the poverty line. This clearly exhibits that most of them are still within poverty level, taking household income as the indication.

The community of Tambunan catchment area has experienced better infrastructure in recent year. The most current basic facilities provided are electricity supply and road access. The electricity supply has replaced mini hydropower plants<sup>2</sup> and diesel generator which is the result of innovation by local community. It has helped them to reduce the cost for fuel; while the upgrading of the road has assisted more convenient mobility and access. The only service they are less satisfied with is the health service, which they perceive as still lacking of medicines supplies and appropriate treatment. They are expecting better service to avoid having them traveling all the way to the public hospitals in the urban centre.

So far, they have not experienced any difficulty in food supply as agriculture remains as their most prioritized activity. But they believe the use of rivers as for domestic (e.g. water supply, fish, etc) has been declined. This is mainly caused by the decreasing of water quality that has been polluted by pesticides and fertilizer. As for domestic purposes<sup>3</sup>, they consume gravity water from the Sabah Parks.

Food sources are being consumed from their livestock, as well as from crops, such as wet paddy, fruits and vegetables. Fish and red meat are still the most important sources for protein, but they do no longer rely on wild supplies from the forest and rivers. In fact they are now rearing their own fishes in man-made ponds. It means that the natural environment is capable to support living, as the community tend resilience.

## **Utilization of Natural Resources**

Land, forest and water are highly valuable natural resources for the local community in Liwagu catchment area. The level of livelihood dependence on natural capital, given the natural resource use involved in all activities undertaken by the households (Harrison, 2015). Utilization of natural resources can be classified base in to either domestically use or commercial purposes.

Based on the local community, natural resources are mainly used for food, medicine and health, handicraft, grazing for livestock, building and also for settlement. The esthetical value of rivers and springs, as well as the hilly land which is covered by green forest provides a potential for commercialization.

### ***Land***

Land is an important asset to the community due to their dependence on it. “*Land is very important. It is easier to earn if we owned one*”<sup>4</sup>, said a man who has resigned in almost two years from public service department to work on his land. He is now ventures into fish farming and also fruits planting. He is happier and satisfied with his live. The most important land-use is for farming and settlement; followed by grazing, harvesting and hunting. Farming has been closely associated with the survival of the community, while settlement is of course the very basic needs for the household livelihood.

Higher agricultural potential increases the benefit of using land in a degrading way since the short-term benefits may be high (Amede et al., 2006). The agricultural pattern for Liwagu land is dynamic. Some traditional agriculture lands have been converted into grazing land due to the decline of crop yields. Agricultural activities have also shifted into commercial farming, which is focus on rubber plantation<sup>5</sup> and moving forward to palm oil plantations. Selection of plants will continue to change depends on the current value of the species. Local community are now more interested in rubber plantation. This is due to economical benefits<sup>6</sup> and also encouraged by the low productivity of other crops, such as vegetables and tobacco.

Land is sensitive to local community. Declined of their land ownership is a controversial issue that has ruined their moral. Kampung Kiporing, Kampung Sintuong-tuong and Kampung Kolombuong had once known as farming project site for vegetables, ginger and tobacco. The hilly land area in the east of the catchment area is currently being claimed as a dry land by the farmers because of the depleting of water supply and river’s flows. As a result, farming was declined and it is now turned to a grazing land and small vegetables farm for domestic use. The poor water supply not only influences

land fertility, but also agricultural productivity and the function of the mini hydro in Kampung Kolombuong.

### **Forest**

Forest is the home for biodiversity. It has become a major food store, as well as the source for wood and non-wood products. Wildlife including plants is important for food and to be sold in the local market. Forest hunting is no longer popular due to the depletion of wild animal and increasing of farming activities. Wild plants have played important role in food supply. The increasing demand for wild plant-based material such as *tuhau* has changed the pattern of its uses. *Tuhau* has now become an important commodity for variety food and other purposes: such as pickles, flavor additives and also an important ingredient in ‘*tuhau* floss’. High distribution of *tuhau* in the Liwagu catchment has turned the forest role as a main supplier to fulfill the demand of the species. Some of the shrub species such as *tawawoh* and *gembirang* were often being used for medication purposes.

Timber and several kinds of woods remain as important raw material for house buildings and other uses in providing traditional equipment for local uses such as firewood (Figure 2) and tobacco drying process (Figure 3). They use bamboo and rattan to produce basket so called ‘*barait*’ and ‘*ginalogalo*’ (Figure 4).



**Figure 2** Bamboo house



**Figure 3** Firewood store



**Figure 4** Traditional product  
(a) *Barait* and *Ginalogalo*; (b) *Siud*

Despite of the harvest of trees and bamboo are only permitted from private-owned land, permission from both the head village and the Village Development and Security Committee (JKKK) is compulsory. Used of those resources from *sogindai*<sup>7</sup> can be apply depend on the consideration from village authority.

### **Rivers**

Rivers are significantly related to livelihood, especially as source of food for the rural community (Spencer et al., 2016). It is also highly important for water supply. The water quality of rivers may degrade due to the changes in the land cover patterns within the watershed as human activities increase

(Juan Huang et al., 2013). For the case of the study site, the Nungkakatan river and Mensangoh rivers merged with the Melaut river to supply water to the entire vicinity. Rivers has once become an important source of protein to the local community's food system. It is the habitat for fishes and other aquatic life.

The change of land activities may increase the source of pollution load in the river system (Rahmah et al., 2011). Agricultural activities are the main source of water pollution in Liwagu water catchment. It was mentioned that only smaller size fishes can be found due to the overused of fertilizer and pesticide in the nearby farms. It cause long term habitat loss on aquatic life and threaten fish population. As the result, most of the rivers are currently being used for farming and to run the mini hydropower plant, especially in Kampung Nungkakatan and Kampung Kolombueng. Anyway, the function of the plants has been decline lately due to the decreased of water level which directly reduces the water flows. This is meant that quantity and quality of water has the potential to change human lives and livelihoods, even may affect societies and economies.

### **Community Attitude Towards Livelihood**

Environmental status can be influenced by human's attitude (Shamsuddin, 2015). Human society is responsible for the management of ecosystems and water resources. Understanding the utilization behaviour can lead for better management on particular resources. Factor analysis via PCA indicates the local community behavioral pattern towards livelihood, which is classified into five groups based on their characteristics (see Table 1). Table 1 shows the category of community's attitude. Majority of them clustered as pro-infrastructure (12%), following by potential entrepreneur (11%), pro-utilitarian (4%), pro-administration (3 %) and pro-environmental change (2%).

Pro-infrastructure believes in physical support and infrastructure to achieve a better livelihood. For this group, input of physical facilities to their settlement may bring to better livelihood. Whereas, lacking of infrastructure may limit their abilities on resource management.

Potential entrepreneur are self-reliant in life management. They take their own initiatives to deal with environmental changes. The potential of entrepreneurship in tourism industry is shown by their ability to indentify key tourism products and high willingness to participate in this sector.

Pro-utilitarian actively uses natural resources for domestic and commercial purposes. They optimised forest and river to survive. This behaviour drive them to preserve and conserve resources for survival purposes.

Pro-development is actively involved in administration. These group show their interest in local planning and take higher responsible in the community-based management.

Pro-environment exhibits high concern on environmental changes. This group are sensitive with environmental disturbance such as pollution, degradation, as well as the impact from climate change.

**Table 1** Community attitude pattern toward livelihood

Attitudinal Pattern	Variance Explained (%)	Distinctive Attitudes Towards Livelihood
Pro-Infrastructure	12	Much concern in physical support (e.g. infrastructure)
Potential Entrepreneur	11	Having concern and awareness for both utilitarian and conservation aspects in managing natural resources
Pro-Utilitarian	4	Active user of natural resources
Pro-Development	3	Actively involved in the administrative work
Pro-Environment	2	High concern on environment quality
Total	32	

The importance of identifying attitudinal patterns is to understand local community's views, needs, ability and willingness concerning activities which is significantly related to their livelihood. This is essential because they would take the role as the main actor in sustaining and managing their surrounding environment.

## The SWOT Analysis

SWOT is a situation analysis generated information from actual scenario via case study. In SWOT analysis, strengths and weaknesses are considered as internal factors, while opportunities and threats are the external influences. It is helpful to match the goals, programs and capacities of operations such as environmental management. The analysis revealed strengths, weaknesses, opportunities and threats of utilization of natural resources in Tambunan catchment area (see Table 2).

**Table 2** SWOT Analysis

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
Abundant of natural resources Willingness to participate Willingness to improve Opportunity Awareness Ability	Overused of fertilizer and pesticide Financial constraints Lack of experiences
<b>OPPORTUNITIES</b>	<b>THREATS</b>
Capacity building Business initiative Formal Education Authoritative concern NGO's support	The market price of the crop Lack of infrastructure Lack guidance from the experts

Strength is internal factor refers to a positive attribute within the control of person involved. There are six matter that has been listed as strength factors in utilizing of natural resources for the study area. There are including the abundant of natural resources, community's willingness to participate, the willingness to improve, opportunity, awareness and ability. These are the basic potentials that will drive them to improve their livelihood internally.

Weakness factor are negative influence within the control of the party in charged. The overused of fertilizer and pesticide, financial constraints, lack of experiences and the lack guidance from the experts are believed to be the inherent limitations of the local community in managing their natural resources.

Within the study of livelihoods it is well recognised that external factors play a role in the sustainability of livelihoods (Harrison, 2015). Various external attractive factors offered to the local community to continuously exist and develop their natural resources. Propel opportunities such as capacity building, business initiative, formal education, authoritative concern and NGO's support are available to be chosen.

Threat is mainly concerning to the external negative factors, which is beyond the control of organization. This disturbance may hinder the organization's goals and contribute to the operational risk. Only three issues being listed as external threats to the use of natural resources for the catchment areas studied, namely the market price of the crops, the lack of infrastructure and lack guidance from the experts.

In overall, SWOT assessments has described that the issues inherent in the use of natural resources in Liwagu catchment areas is under control. List of internal and external positive factors are equally balanced. This shows the ability of local community to control their attitude towards natural resources and freely to choose the opportunities that has been served by several parties. As for negative factors, only the market price is beyond the control of local community. Lack of infrastructure and guidance are just can be handle by negotiation with the authorities and stakeholders who offers opportunity.

## **Conclusion**

Tambunan catchment area is important to be manage sustainably both by the local community and the government, as well as other stakeholders. Thus the livelihood pattern, attitude and the internal and external factor of situation in environmental management must be first reveal. This is the first step to plan a better management design.

Analysis on basic livelihood pattern shows the changes in employment pattern, from the conventional traditional activities into multi-occupational involvement in both government and private sector. Housewives group remains doing unpaid work such as farming and gathering of wild sources

for their family. Even though they did express themselves ‘unemployed’, but they had played very important role in a family. By the way, the transformation of employment pattern does not release them from the poverty line.

As for the awareness of the importance in education development started to obtain their formal education in several levels. The rapid development in infrastructure has improved their livelihood. They are now having better access to information, education opportunity and more services provided by the authority, as welfare for the community has been highlight as priority.

Analysis on utilitarian is related to how the community optimizes natural resources and operating land-use. Land is the most important resource for survival as most of them are farmers. Farming, building, settlement and grazing are the main purposes that shape the pattern of their current land-use. The increasing demand and better market price of rubber and oil palm is the main factor to land-use change.

Utilitarian scenario shows high dependency on natural resource by local community due to the abundant of natural resources, especially wild plant from the forest. The belief that this natural resource is limitless makes some of them ignore to conserve.

SWOT analysis has summarised the strengths, weaknesses, opportunities and threats the environmental management of the study site. List of internal and external positive factors shows the ability of local community to control the ability of local community to control their environment.

Findings of this study have successfully provided a general overview of livelihood and related issues in the targeted site including attitudinal patterns toward livelihood and the SWOT interpretations. A more in-depth research is needed for a better outlook of the explored issues.

## Notes

- <sup>1</sup> Natural or biological resources; social aspect that looking on community, family, participation, empowerment, social networks and physical aspect (Clinic, schools etc.).
- <sup>2</sup> In Kampung Kolombueng.
- <sup>3</sup> Cooking and drinking.
- <sup>4</sup> “*Tanah sangat penting. Kalau ada tanah, apa pun kita boleh usaha untuk cari pendapatan,*” a respondent from Kampung Kumawanan.
- <sup>5</sup> Especially in Kampung Kumawanan.
- <sup>6</sup> Good price.
- <sup>7</sup> Village gazette forest.

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# **MANAGEMENT STYLES IN SMALL AND MEDIUM-SIZED ENTERPRISES IN MALAYSIA: A RECENT SURVEY**

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## **Abstract**

Management styles have received much attention as a field of study as well as practice. However, as an area of research, the literature review reveals that limited studies have attempted to investigate the management styles embraced by small and medium-sized enterprises (SMEs), especially in the Malaysian context. This study attempted to address this research issue. Data for the study was collected from 186 SMEs operating in the manufacturing sector by using structured questionnaires. The analyzed data gathered from the SMEs suggest that these firms adopted five styles of management. Among the management styles identified in the study includes; autocratic, participative, nurturance task, paternalistic and laissez-faire.

**Keywords:** Management styles, SMEs, Malaysia.

## ***Abstrak***

*Gaya pengurusan telah menerima banyak perhatian sebagai satu bidang kajian dan amalan. Walau bagaimanapun, sebagai suatu bidang penyelidikan, kajian literatur mendedahkan bahawa kajian tentang gaya pengurusan industri kecil dan sederhana (IKS), terutamanya dalam konteks Malaysia adalah amat terhad. Kajian ini bertujuan untuk menangani isu tersebut. Data untuk kajian telah dikumpulkan daripada 186 IKS yang beroperasi dalam sektor pembuatan dengan menggunakan soal selidik berstruktur. Data yang dianalisis mencadangkan bahawa firma-firma ini menerima pakai lima gaya pengurusan. Antara gaya pengurusan yang dikenal pasti dalam kajian ini termasuk; autokratik, partisipatif, tugas pemupukan, 'paternalistic' dan 'laissez-faire.'*

**Kata kunci:** Gaya pengurusan, IKS, Malaysia.

## Introduction

The performance of organizations depends very much on how well they are being managed. With regard to the performance of organizations, some continue to sustain their success while others appear to be less successful. Most often, the successful organizations are able to perform and sustain their operations due to effective management styles. With regard to the unsuccessful organizations, in many cases, they fail because of mismanagement.

Management style as an area of research and practice has long attracted the attention of practitioners, consultants and scholars. In addition, the review of the literature indicates that the research emphasis on management styles continue to grow over the years. The theoretical as well as research contributions on management styles resulted from the notion that the styles of management can influence the effectiveness, efficiency and productivity of organizations.

Over the years, various management styles have been introduced, presented as well as promoted in the literature. At the same time, numerous studies have also attempted to investigate the management styles that can help companies to improve their performance and help to sustain their competitive advantage. Previous studies have primarily concentrated on examining the management styles used by successful as well as excellent companies. These studies have attempted to not only scrutinize the way these companies are being managed but also strived to identify as well as learn the styles of management that make them successful (Meggeneder, 2007; Ogbeide & Harrington, 2011; Uche & Timinepere, 2012).

Findings of past studies reveal several specific styles of management adopted by different organizations. Apart from being able to identify several types of management styles, these studies have also promoted the styles that are able to influence the performance of successful companies. Interestingly, each of these studies further claims to have found a specific management style

that can contribute to the growth as well as continued success of companies (Cassell, Nadin, Gray, & Clegg, 2002; Champoux & Brun, 2003; Dimmock, 1999; Harney & Dundon, 2006, 2007; Harvey & Turnbull, 2006; Matlay, 1999, 2002a, 2002b; Rainnie, 1989).

Notwithstanding the enormous amount of literature and increasing research attention on management style in recent years, empirical studies in this area seemed to be not only limited but also neglected in the Malaysian context. One particular important area of research would be to investigate the management styles adopted by small and SMEs in Malaysia. The purpose of this study is to examine the management styles adopted by SMEs. By doing so, the study attempts to not only identify the different styles of management adopted by these firms but also to provide some insights into the scope and focus of each style of management.

## **Literature Review**

Earlier studies that examined management styles began in the 1960's and 1970's. However, past studies on management styles mainly investigated the styles of management in unionized organizations. These studies found that management of these organizations emphasized on consultation and negotiation styles when dealing with their employees and unions. However, following the decline of the number of the unions in the 1980's, organizations began to search for new forms of management styles to help them maintain the relationships between employees and employers (Bacon, 2008; Dundon & Rollinson, 2011).

With regard to the definition of management style, findings of prior studies indicate that various definitions have been used in previous research. Different authors have defined management styles in many different ways. For instance, in a more recent study, Dundon and Rollinson (2011) referred to management styles as not only a manager's preferred approach to handling matters concerning employees and employment relations but also the styles reflect the way that the manager exercises his or her authority as well as makes decisions.

In an earlier study conducted in the 1980's, Poole (1986) specifically defined management style as "a coherent approach to the problem of motivating and controlling employees, of handling grievance and conducting relationships with organized labour." Following this definition, another study by Purcell, (1987) regarded management style as "a distinctive set of guiding principles, written or otherwise, which set parameters to and signpost for management action in the way employees are treated and particular events handled."

In the 1990's, the study by Syed Abdullah(1991; 6) viewed management styles as specific patterns of managerial practices that involved management's philosophy, core values and the way things are done in organizations. In the same period, Blyton and Turnbull (1994) described management style as "the general control and direction of labour exercised by management on a day to day basis." However, the subsequent study by Khandwalla (1995; 18), considered management styles as the distinctive manner in which various business functions such as goal setting, strategy formulation and implementation, organizing, staffing, control, coordination, leadership and image building are being performed in organizations.

Various factors influence management styles. The factors that shaped management styles in organizations involve not only external factors such as the government, labour market, economics and competition but also internal factors that include; core values, purpose, management philosophies of the owners and founders, managers and business strategies of the organizations. Management styles are considered important because they play a key role in determining how organizations are managed and controlled (Bray, Waring & Cooper, 2011).

In an earlier study, Dimmock (1999) pointed out that organizations need to adopt effective management style to help them direct their businesses effectively. The management style practiced by owners-managers influenced the direction of their organizations through various organizational competencies. In addition, according to Baptiste (2008), management style that provided strong support, developed trust, promoted employee well-being at the workplace are known to increase organizational performance as well.

The more recent study by Trask, Rice, Anchors and Lilieholm (2009), further indicated that information and knowledge concerning management style used by owner-managers in SMEs are also useful in understanding how decisions are made in their organizations. According to the study, the decisions made in SMEs are influenced by the management style adopted by their managers and that the decisions have implications on the success as well as failure of these firms.

Over the years, in realizing the importance of management styles to organizations, numerous attempts have been made to investigate the types of management styles adopted by organizations. The review of the findings of past studies indicate that organizations not only adopt different types of management styles but also the styles of management vary between different organizations due to various external environmental factors as well as internal organizational factors (Dimmock, 1999).

Likert (1967) developed and proposed the Likert's System 4 as one of the earliest work on management style. The Likert's System 4 developed by the author consisted of four specific types of management styles. The four specific management styles include; System 1 (exploitative authoritative style), System 2 (benevolent authoritative style), System 3 (consultative style) and System 4 (participative style).

In another study, Poole (1986) identified another four types of management styles based on the unitary and pluralist perspectives. The four types of management styles introduced in the study include; authoritarian, paternal, constitutional and participative management styles. According to the study, the unitary framework is represented by the authoritarian and paternal management styles. On the hand, the constitutional and participative management styles are closely associated to the pluralist framework.

Purcell (1987) was able to single out the following two additional management styles; individualism and collectivism management styles. The individualism style focused on the extent to which personnel policies emphasized on the rights and capabilities of individual employees. While, the collectivism style underscored the extent to which management policies

are directed toward inhibiting or encouraging the development of collective representation by employees as well as allowing employees to participate in management decision making.

Dundon and Rollinson (2011) claimed that the earlier works on management styles can be traced to the Fox's scheme which emphasized on the unitary and pluralism management styles. With regard to the unitary and pluralism management styles, the study by Syed Abdullah (1991) indicated that the unitary management style postulated one source of authority and stressed on employees' loyalty. In contrast, the pluralism management style considered many separate and competitive interests of stakeholders in the organizations and also featured on the role of management in ensuring harmony at the workplace.

In an analysis of previous studies on employment relations, Blyton and Turnbull (1994) were able to identify five types management styles adopted by organizations. Among the five management styles identified in the study involved; the traditional style, the sophisticated paternalists/human relation style, the consultative (sophisticated modern) style, the constitutional (sophisticated modern) style and the standard modern style.

Khandwala (1995) proposed two main groups of management styles, namely the best and worst management styles. The author indicated that the best management style group consists of the following four styles; participative style, altruistic style, professional style and organic style. Meanwhile, the worst management style group includes; the defective intuitive style, the defective conservative style, the defective authoritarian and the defective professional style. In the study, the author further highlighted two fundamental reasons why styles of management vary from one organization to the other. First, each organization differs in term of their characteristics such as types of organization, purpose, size, environment and history. Second, there are many different ways to manage the various managerial functions in organizations. In addition, as a result of their different characteristics and the availability of various ways to manage, organizations have to make a choice in establishing their goals as well as developing their strategies. With regard to this, each organization needs to adopt a distinctive management style that specifically suits its business requirements and environment.

The study by Menkhoff and Kay (2000), attempted to investigate the management styles adopted by small firms in the Southeast Asia region. According to the findings of the study, the small firms in the Southeast Asia countries, especially among the Chinese owned small firms, tend to exercise the benevolent autocratic management style, emphasized on paternalism to ensure employees loyalty and at the same time stressed on centralized decision making.

At the same time, Matlay (2002a) investigated the management styles among SMEs in Britain. Findings of the study indicated that the SMEs in Britain adopted five types of management styles. Among the five types of management styles include; the formal style, the informal style, the mixed formal and informal style, the professional style and the external or agency. According to the study, the SMEs used these five styles to manage as well as control the employees in their organizations.

The subsequent study by Deery and Jago (2001) examined management styles adopted in medium-sized hotels. In the study, the authors focused on four types of management styles. Evidence from the study suggests that the management of the medium-sized hotels used the following management styles; autocratic style, decisive style, consultative style and the democratic management style.

According to Scase (2003), the two common management styles found in small organizations involved the egalitarian style and the autocratic management style. Owners and managers of small firms that followed the egalitarian style or also known as participative management style (Kennedy, 2002), tend to work alongside their employees. This style established the duties and responsibilities of employees based on mutual adjustment, emphasis on commitment, teamwork and profit sharing. On the other hand, the autocratic management style has an inclination to exploit their employees, particularly in SMEs where their employees are unskilled and have no union to represent them. Employers that used this style are more likely to offer low rates of pay, poor working environment and unfavourable terms and conditions of employment.

The study by Ansari, Ahmad and Aafaqi (2004) suggested a new management style as a future runner for participative management style. The new management style is known as nurturant-task (NT) management style. The emphasis of this style is on the balance between work as well as the relationships between employees and their superiors. This management style was first introduced in the context of organizations in India. According to Jayasingam and Cheng (2009) and Ansari et al. (2004), this management style is also relevant and applicable to firms in Malaysia due to certain similarities in the working environment of organizations in both countries.

In another study, Ahmad (2005) examined the management styles among SMEs in Malaysia. Findings of the study suggest that not only majority of the Malay employees perceived paternalistic management style as important to them but also reveals that the Chinese and Indian employees viewed paternalistic management style as crucial, particularly in terms of fulfilling their needs and protecting their rights.

The subsequent study on SMEs conducted by Edwards, Ram, Gupta and Tsai (2006) used two types of management styles that include the authoritarian and participative management styles. At the same, however, the study by Edwards et al. (2006) indicated that SMEs may not necessary adopt the two management styles but use other styles. According to the study, the paternalistic style of management may also be useful to manage employees in SMEs.

Interestingly, the study by Mikhailichenko and Lundstrom (2006) made an attempt to survey the management styles followed by SMEs in the United States of America, China and Russia. According to the evidence from the study, the SMEs in the three countries adopted four types of management styles. The four types of management styles identified the three countries include; the supervision style, the decision making style, the information sharing style and finally, the paternalistic orientation style. Trask et al. (2009) found almost similar types of management styles adopted by small firms. The study discovered that the firms adopted management styles that consist of the autocratic style, the authoritarian style, the bureaucratic style, the democratic style and the participative style. Following this,

Jain and Premkumar (2010) in their study uncovered the following four types of management styles; the participative style, the altruistic style, the professional style and the organic style.

Using the four management styles identified earlier by Likert (1967), the study by Nassar, Abdou and Mohmoud (2011) attempted to determine the relationships between the four management styles and retention among nurses in a private hospital in Egypt. Findings of the study show that the four management styles that include; the consultative style, the exploitative/authoritative style, the benevolent/authoritative style and the participative management style are related to the retention of the nurses at the private hospital.

In a more recent study, Uche and Timinepere (2012) examined the management styles of organizations in the private sector in Nigeria. This study adopted six management styles in their study that consist of participative, paternalistic, authoritarian, entrepreneurial, conservative and bureaucratic management styles. At the same time, findings of the study by Mansor, Wai, Mohamed and Shah (2012) found that the management in the Malaysian International Bank practiced found four specific management styles that involve; the autocratic style, the democratic style, the paternalistic style and the laissez-faire management style.

## **Research Methodology**

### ***Sampling Frame and Procedure***

This study was based on data collected from SMEs that operated in the manufacturing sector in Malaysia. The SMEs in the study was defined as those firms that employed 10 to 300 employees. Using this definition, the study identified and selected 1, 867 firms from the 2014 Federation of Malaysian Manufacturers (FFM) Directory of Malaysian Manufacturers. The primary data for the study was collected by using structured questionnaire. The structured questionnaires were posted to the senior managers of the 1, 867 selected SMEs. Of the total of 1, 867 questionnaires mailed, 186 usable questionnaires were returned, yielding a response rate of 9.96 per cent.

### ***Questionnaire***

The structured questionnaire used in the study was divided into three sections. The first and second sections of the questionnaire contain 34 items that were used to gather the general information concerning the background of the respondents (12 items) and the characteristics of the SMEs (22 items). The 30 items in the third section were adapted from past research to measure the five management styles (autocratic, participative, nurturant task, paternalistic and laissez-faire) adopted by the SMEs. The respondents were asked to rate the management styles by using a five-point scale that ranged from Least like you (1) to Most like you (5). The questionnaire was tested prior to posting to the respondents. The coefficient alpha scores of the five management styles range from 0.79 to 0.88.

### **The Results**

#### ***Profile of the Respondents***

Table 1 exhibits the profile of the respondents that were involved in this study. Of the 186 respondents, 94 respondents (50.5 per cent) were managers, 60 respondents (32.3 per cent) were owners cum managers, 18 respondents (9.7 per cent) were owners as well as Chief Executive Officers, six (3.2 per cent) were owners and the remaining eight respondents (4.3 per cent) were executives.

In terms of race, the Chinese constituted 77.4 per cent of the respondents, followed by the Malays (15.1 per cent), the Indians (3.8 per cent) and other races such as Eurasian and Japanese (3.8 per cent). Most of the respondents were male and married. The age of the respondents ranged from 26 years old to more than 40 years old.

With regard to their education, 155 (83.3 per cent) of the respondents had a bachelor degree, five (2.7 per cent) had a master's degree, one (5 per cent) had a PhD degree, 18 (9.7 per cent) had a diploma, and seven (3.8 per cent) had only a secondary school certificate. Most of the respondents had been with their companies for more than a year. As for prior work experience, majority of the respondents (87.1 per cent) have less than ten years of experience.

**Table 1** The profile of the respondents

	<b>Frequency</b>	<b>Percentage</b>
<b>Position</b>		
Owner and CEO (Managing Director)	18	9.7
Owner and a manager	60	32.3
Manager, but not an owner	94	50.5
Owner, but not a manager	6	3.2
Others	8	4.3
<b>Ethnic</b>		
Malay	28	15.1
Chinese	144	77.4
Indian	7	3.8
Other	7	3.8
<b>Gender</b>		
Male	153	82.3
Female	32	17.7
<b>Marital Status</b>		
Married	122	65.6
Remarried	5	2.7
Never married or single	51	27.4
Divorced or separated	5	2.7
Widowed	3	1.6
<b>Level of Education</b>		
School certificate	7	3.8
Diploma	18	9.7
Bachelor's Degree	155	83.3
Master's Degree	5	2.7
PhD Degree	1	0.5
<b>Year of Experience</b>		
1 – 5 years	84	45.2
6 – 10 years	78	41.9
11 – 15 years	12	6.5
16 – 20 years	9	4.8
More than 30 years	3	1.6

### ***Characteristics of the Sample Firms***

Table 2 displays the characteristics of the sample firms that participated in the study. Out of the total number of 186 companies, 46 were private limited companies, 67 companies were partnerships and the remaining 73 companies were sole proprietors. In terms of employment, 73 companies (39.0 per cent) employed between 10 to 50 employees, 57 companies (30.5 per cent) employed between 51 to 100 employees, 25 companies (13.4 per cent) employed between 151 to 200 employees, 10 companies employed (5.3 per cent) and the remaining 4 companies (2.1 per cent) employed between 251 to 300 employees.

The 186 companies in the study operated in various different industries. Of the total 186 companies, 30 companies (16.1 per cent) were involved in metal products industry, 22 companies (11.8 per cent) operated in the plastic product industries, 19 companies (10.2 per cent) represented the food and beverage industry, 19 companies (10.2 per cent) were involved in motor vehicles industries, 16 companies (8.6 per cent) operated in the chemical industry, 15 companies involved in electrical industries and the remaining 65 companies represented the other industries such as ceramic, concrete, customer products, fertilizer, furniture and fixtures, hardware and machinery, textile, motor vehicles, non-metal products, paper products, printing, pharmaceuticals, wood, vegetable and animal oils and fat products, and rubber products. Most of the companies had been in operations for more than ten years. Of the 186 companies, 88 companies (47.1 per cent) had been in business for more than 20 years.

**Table 2** The characteristics of the sample firm

	<b>Frequency</b>	<b>Percentage</b>
<b>Legal Form of Business</b>		
Sole proprietorship	73	39.2
Partnership	67	36.0
Private limited company	46	24.7
<b>Number of Employees</b>		
10 to 50 employees	73	39.0
51 to 100 employees	57	30.5
101 to 150 employees	25	13.4
151 to 200 employees	18	9.6
201 to 250 employees	10	5.3
251 to 300 employees	4	2.1
<b>Industry</b>		
Ceramic	2	1.1
Chemicals	16	8.6
Concrete	1	.5
Customer Product	1	.5
Electrical	15	8.1
Fertilizer	2	1.1
Food and Beverage	19	10.2
Furniture	4	2.2
Machinery	10	5.4
Pharmaceuticals	5	2.7
Metal Product	30	16.1
Motor Vehicles	19	10.2
Non-Metal Products	6	3.2
Paper Products	5	2.7
Plastic Products	22	11.8
Printing	11	5.9
Rubber	7	3.8
Textile	2	1.1
Communication Product	3	1.6
Vegetable and Animal Oil and Fats	4	2.2
Wood	2	1.1
<b>Age of Firms</b>		
3 to 5 years	2	1.1
6 to 10 years	5	2.7
11 to 15 years	41	21.9
16 to 20 years	51	27.3
More than 20 years	88	47.1

### ***Management Styles Adopted by SMEs***

As far as the management styles of the SMEs are concerned, the information obtained from the responding firms in general suggest that these firms emphasized on five management styles as documented in the literature. The five management styles include autocratic style, participative, nurturance task, paternalistic and laissez-faire.

The means and standard deviation scores of the 30 items that were used to measure the five types of management styles investigated in the study are summarized in the following Table 3 through Table 7. The results presented in Table 3 through Table 7 indicate that the five management styles adopted by the responding firms.

#### ***Autocratic Management Style***

As shown in Table 3, the mean scores for the five items used to measure autocratic style of management ranged from 3.62 to 3.81. The highest mean (3.81) in this autocratic management style is the task to force the employees to increase their current performance. The high mean values suggest that the SMEs in the study adopted autocratic management style as presented in the literature.

**Table 3** Mean and standard deviation scores of autocratic management style

<b>Dimensions of Autocratic Management Style</b>	<b>Mean</b>	<b>Std. Deviation</b>
Often makes a decision without consulting others	3.6183	.85708
Gives direction about how to do things	3.6237	.81093
Talk to other into doing thing based on manager's preference	3.6935	.74809
Needs to push the employees to work harder	3.7742	.85903
Forces the employees to increase their current performance	3.8118	.78642

#### ***Participative Management Style***

Following Table 3, Table 4 presents the means and standard deviation scores of the seven items that were used in the study to measure participative management style. According to the figures shown in Table 4, the mean

values of participative management style ranged from 3.68 to 3.87. The highest mean (3.87) in this participative management style is the task to treat all group members as equal.

**Table 4** Mean and standard deviation scores of participative management style

Dimensions of Participative Management Style	Mean	Std. Deviation
Treats all group members as equal	3.8710	.82168
Grants full freedom to the employees, so that they can work best	3.6774	.87810
Grants autonomy to the employees, so that they can work best	3.7903	.90888
Provides all information to the employees	3.7849	.85550
Lets the employees jointly find the solution to a problem	3.8118	.82663
Decisions made by the manager are always by a voting system	3.8226	.75389
Allow employees to share their ideas and strategies because they are welcome to do so	3.8441	.87758

### ***Nurturance Task Management Style***

The means and standard deviation scores of the six items used to measure nurturance task management style are summarized in Table 5. As shown in Table 5, the figures show that the means scores of employee participation ranged from 3.76 to 3.83. The highest mean (3.83) in this nurturance task management style is the task to give specific directions to the employees when necessary.

**Table 5** Mean and standard deviation scores of nurturance task management style

Dimensions of Nurturant Task Management Style	Mean	Std. Deviation
Take special care that work gets top priority	3.7688	.78863
Expects the employees to increase their knowledge related to their job	3.7581	.82565
Always keeps track of the progress of work	3.7796	.80526
Believes that one can really grow up by learning to do a job well	3.8011	.73389
As and when necessary, gives specific directions to the employees	3.8333	.79128
Sees that employees work to their capacity	3.8118	.86498

### ***Paternalistic Management Style***

The means and standard deviation scores of the six items used to measure paternalistic management style are displayed in Table 6. The figures in Table 7 indicates that the means scores of paternalistic management style ranged from 3.43 to 3.84. The highest mean (3.83) in this paternalistic management style is the task to generously give advice and support when the employees seek for the opinion.

**Table 6** Mean and standard deviation scores of paternalistic management style

Dimensions of Paternalistic Management Style	Mean	Std. Deviation
Generously gives advice and support when the employees seek for the opinion	3.8387	.83557
Consults the employees when making decisions, but for final decision, the manager tends to remain with his/her original idea anyway	3.4355	.96905
Feels responsible in looking after their employees	3.5699	.86865
Often involved in family matters of employees	3.6828	.83273
Often helps employees with non-related matters	3.7688	.82874
The atmosphere in this company is family-like	3.8280	.75156

### ***Laissez-Faire Management Style***

Table 7 provides the means and standard deviation scores of the six items that were used in the study to laissez-faire management style. The figures in Table 8 shows that the mean values of laissez-faire management style ranged from 3.71 to 3.87. The highest mean (3.86) in this laissez-faire management style is the task to frequently allow the employees to decide on how to do their tasks.

**Table 7** Mean and standard deviation scores of laissez faire management style

Dimensions of Laissez-Faire Management Style	Mean	Std. Deviation
Believes that employees in this organization will come up with the best working methods when given minimal instruction	3.7097	.76520
Often consult with employees	3.8118	.80005
Often let the employees to make their decision, but the manager is responsible for the decision they make	3.8548	.86080
Often let the employee to analyze the situation	3.8226	.80251
Often allow the employees to determine what needs to be done	3.8011	.81087
Often allow the employees to decide on how to do their tasks	3.8656	.84354

## **Discussion and Conclusion**

A research attempt has been made in this study to investigate the styles of management adopted by SMEs in the manufacturing sector in Malaysia. The results of the study shows that in general the 186 SMEs adopted five management styles that have been emphasized in the literature as well as past studies.

More specifically, the empirical evidence obtained from the study indicates that the SMEs involved in this study appeared to adopt five styles of management that include; autocratic, participative, nurturance task, paternalistic and laissez-faire. In addition, of these five management styles, the results seem to suggest that participative management style is most dominant among the SMEs.

As a whole, the results of the study seem to show that in general the SMEs in the study emphasized different styles of management. More importantly, the relatively high mean scores of the management styles suggest that these firms may not necessarily adopt the same style of management. These findings appear to support previous studies that have also suggested the relevance and applicability of management style to SMEs (Alkahtani, Abu-Jarad, Sulaiman, & Nikbin, 2011; Awan & Mahmood, 2010; Jain & Premkumar, 2010; Ogbeide & Harrington, 2011).

As mentioned previously, despite the importance of management styles to organizations, research in this area remains limited, particularly in the local context. This suggests opportunities for researchers interested to further explore the management styles of SMEs. Although the results of this study suggest that SMEs adopt five types of management styles, this conclusion should be regarded as only suggestive since it is based on one study. Therefore, more empirical research is needed and will be particularly useful in providing more empirical evidence to support the findings of this study as well as to identify other management style that is not included in this study which may also be useful to the SMEs.

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# **EFFECTS OF A PRONUNCIATION LEARNING MANAGEMENT SYSTEM AMONG STUDENTS OF DIFFERENT LANGUAGE ANXIETY LEVELS**

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## **Abstract**

The purpose of this study was to investigate the effects of three presentation modes of ‘epronounce’ in learning correct pronunciation with phonetic symbols among non-native English speakers with different language anxiety levels. The ‘epronounce’ which is an interactive multimedia pronunciation learning management system, was designed and developed with three presentation modes (Text + Sound + Phonetic Symbols[TSP], Text + Sound + Phonetic Symbols + Mouth Movements[TSPM], Text + Sound + Phonetic Symbols + Face Gestures[TSPF]) to address the needs of non-native English speakers with low, medium and high language anxiety in improving their pronunciation. The nature of pronunciation learning is a source of language anxiety. Non-native English speakers in particular, are very self-conscious when interacting with others in second/foreign language that might expose their inadequacies. The presentation modes acted as independent variable, while the dependent variable was the mean score of posttest. The moderator variable was the different language anxiety levels. The sample of the study was 329 Primary Five Malaysian students from three different schools. Descriptive statistics and inferential statistics were carried out to analyse the research data. Analyses of Covariance (ANCOVA) were used to study the main effects and the interaction effect of independent variables against the dependent variables. The findings of this study showed that there are no significant interaction effects between language anxiety levels and presentation modes of

‘epronounce’. Seemingly ‘epronounce’ is able to bring the students to medium language anxiety level and hence optimizing pronunciation learning, which is in line with the curvilinear relationship between anxiety and performance.

**Keywords:** Pronunciation, epronounce, language anxiety, phonetic symbols, curvilinear.

## Introduction

Non-native English speakers with influence of the cultural backgrounds and phonological processes of their mother tongue commonly experience difficulties in pronouncing English words correctly, and fundamentally in segmental aspects with the focus on consonants, vowels and diphthongs (Por & Fong, 2011). For instance, Chinese speaking people encounter problem in pronouncing /r/. They may instead produce the sound as /l/, thus leading to ‘flied lice’ rather than ‘fried rice’ (Carson, 2009). In Malaysia, for example, due to the national language is a phonetic language in which there is a direct link between the spelling and the sound, the non-native English speakers particularly tend to pronounce English words based on their spellings. The word ‘isle’ is often mispronounced as /'ɪslə/ which is supposed to be pronounced as /aɪl/. Hence, it is to say there is still bottom billion that forms the majority of the community are yet to be ready to pronounce correctly.

Mispronunciation is the obvious element distorting effective communication. Incorrect pronunciation makes comprehension difficult and it is frustrating to listeners. More seriously, mispronunciation leads to misunderstanding and embarrassment. The globalised educational networks and commercial industries particularly require people to communicate with their counterparts across borders. Miscommunication may thus cause unpleasant social relationships and the loss of opportunities.

To address the issues of mispronunciation across all cultures, this study designed and developed ‘epronounce’ by optimizing the universally agreed system of phonetic symbols, the International Phonetic Alphabet (IPA) throughout the whole repository to support personalized one-to-one

learner-centred learning of correct pronunciation among non-native English speakers. It serves as a complementary learning aid by extending the physical reach of real-time pronunciation resources, particularly where onsite English teacher is not available or there is a shortage of qualified English teachers.

The ‘epronounce’ in this study is an interactive multimedia pronunciation learning management system, specially designed and developed for non-native English speakers to improve their pronunciation accuracy. The ‘epronounce’ is a dynamic website with database management system and web applications. The data can be edited, customized and upgraded easily and unlimitedly according to the current needs without the demand of having expertise in programming. Learners will always have real-time up-to-date information. The home page of ‘epronounce’ is illustrated in Figure 1.



Figure 1 The home page of ‘epronounce’

## Background

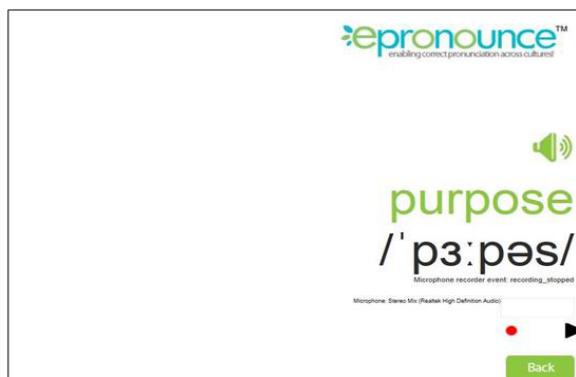
To establish foundation for the study, a preliminary survey was conducted on 18 teachers from 11 different schools on the teaching and learning of English pronunciation in schools in Malaysia.

The findings of the preliminary survey demonstrated 88.9 per cent of the teachers agreed that students have problems in pronouncing English words correctly, and 88.9 per cent agreed that phonetic symbols are useful in learning English pronunciation. Fraser (2000) observed that many students still encounter major hurdles with English pronunciation even after years of learning the language. This is mainly due to most of them pronounce English words by referring to their spellings, which is also found by 94.4 per cent of the teachers in the preliminary survey. English is a non-phonetic language in which there is no direct relationship between the spelling and the sound. Only a small number of letters are used to represent the basic sounds or phonemes of the spoken language as the rules governing grapheme-phoneme correspondence in English orthography are irregular (Lee, Stigler & Stevenson, 1986). For example, ‘ch’ for the word ‘chore’ is pronounced as /tʃ/, but the same letters ‘ch’ for the word ‘choral’ is pronounced as /k/. The inconsistencies between written letters and spoken sounds in English often result in mispronunciation. However, this approach of using spelling to pronounce English words is still repeated in the new Malaysian Primary School Standard Curriculum though phonetic symbols have been added on.

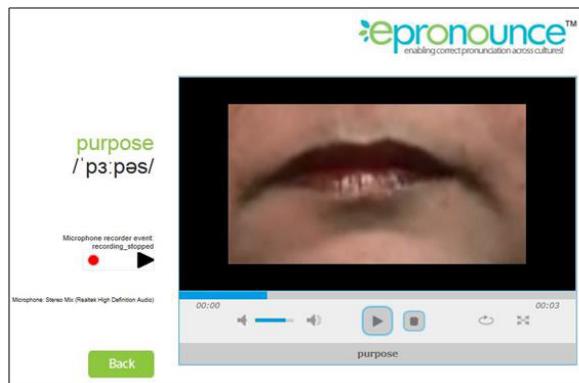
The chief principle of the IPA is providing one unique symbol for one discrete sound and the symbol is used consistently for all languages (The International Phonetic Association, 2003). As there is no overlapping of sounds, the phonetic symbols reduce the ambiguities and it is easier for non-native English speakers to understand and to perceive sounds correctly. Therefore, phonetic symbols are essentially needed for phoneme representation in order to learn correct pronunciation.

Close to 90 per cent of the teachers in the preliminary survey indicated that students do not know how to use phonetic symbols though they have widely seen phonetic symbols in dictionaries whether in printed or digital forms, or smartphone apps. They are aware of the existence of phonetic symbols but are unclear of its usage.

The issues of correct pronunciation have long been the concern in English language teaching and learning, especially in non-native English speaking countries. Therefore, this study investigated innovative solution to this problem with 'epronounce' by optimizing the capacity of phonetic symbols, mouth movements and face gestures without mere reliance on ear, as presented in Figure 2, 3 and 4. In order to demonstrate the articulation manner for correct pronunciation with phonetic symbols, the visual demonstration of mouth movements and face gestures enhances the learners' speech production by visually and verbally guiding the learners through the pronunciation learning process in supplementing the phonetic symbols. There are 83.3 per cent of the teachers in the preliminary survey agreed that observing visual demonstration, such as mouth movements and face gestures is useful in learning pronunciation. The areas of auditory cortex of human brains are activated in hearing when the learners follow the mouth movements or face gestures of a sound production (Calvert et al., 1997).



**Figure 2** Text + Sound + Phonetic Symbols (TSP)



**Figure 3** Text + Sound + Phonetic Symbols + Mouth Movements (TSPM)



**Figure 4** Text + Sound + Phonetic Symbols + Face Gestures (TSPF)

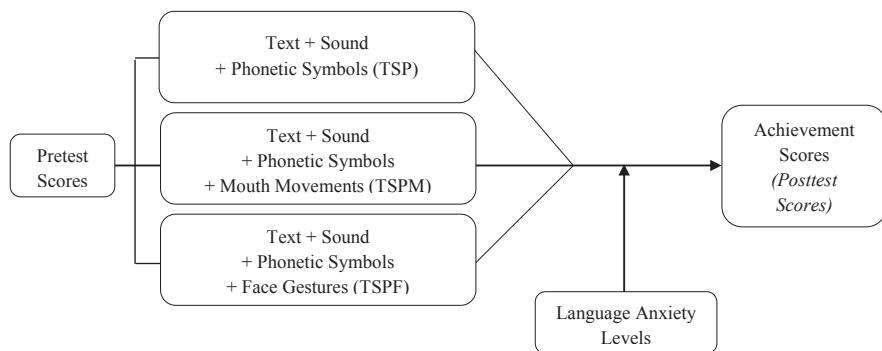
To design and develop the feasible and enticing 'epronounce', factors affecting pronunciation acquisition are studied to determine the effectiveness of the multimedia instructional design. In the study of Gömleksiz (2001), it is noted that non-native speakers encounter problems in the learning of new language owing to some contributory factors, for instance, the level of cognitive development, psychological profiles and cultural background. According to Baker (2008), individual differences influence learners to perceive and produce non-native language accurately. Factors affecting

pronunciation acquisition lie primarily in the learners themselves. Hence, specifically in this study, factor within the students which is language anxiety is brought exclusively into focus. Studies conducted by Shute and Gawlick-Grendell (1994), Fong (2000), Li (2008) and Aldalalah (2010) showed that the learning outcomes of students are considerably improved when the modes of instruction are adapted to their psychological profiles. The matching and mismatching of instructional design features have significant effects upon learning outcomes.

Clinical experience, empirical findings and personal reports attest to the existence of anxiety reactions with respect to language learning in individuals (Horwitz, 2001). Language anxiety is an individual's likelihood of becoming anxious in the language classroom, particularly for second/foreign language. When anxiety is limited to the language-learning situation, it falls into the category of situation-specific anxiety (Horwitz, Horwitz & Cope, 1986). Language anxiety generally has a debilitating effect on the oral performance of non-native speakers, and it is one of the most highly examined variables in psychology and education (Horwitz, 2001). Specifically, pronunciation is more anxiety-provoking because learners are very self-conscious when they are required to interact with others that might expose their inadequacies. Learners have the self-perception of being incapable to demonstrate competency in second/foreign language skills. They were anxious as to whether they could pronounce correctly, speak fluently and produce language grammatically correctly in public. Young (1991) argued that when learners are asked to deliver their thoughts or idea with second/foreign language in which they have limited competence, their performance can be very threatening to their self-image. In such an environment, learners' affective filters screen out many meaningful language messages, and thus reducing learners' learning performance, which is explained in the affective filter of Krashen's Second Language Acquisition Theory (Krashen, 1985, 1999, 2005). In the Affective Filter principle, Krashen claimed that there exists a 'filter' or 'mental block' that impedes input from reaching the learners' language acquisition device. When the anxiety level is high, the affective filter is high. The study of Price (1991) found that participants rated speaking in the target language in front of the class was the most anxiety-provoking. They expressed fears of being laughed at and embarrassing themselves. The students also cited frustration

over not being able to express themselves properly in the target language. Many said that they worked harder in their oral class than in any other class but the results were not as well. In fact, the nature of pronunciation learning is a source of language anxiety. Finding a more efficient and less anxiety-producing means to learn pronunciation may, in turn, improve learners' confidence. Creating a secure learning atmosphere and providing opportunities for the learners to make choices about their learning pace are feasible alternative to help reduce language anxiety.

In respond to the research area of this study, language anxiety is included to investigate its moderating effect in the achievement scores among learners with different levels of language anxiety in using TSP, TSPM and TSPF modes of 'epronounce'. The research framework of this study is illustrated in Figure 5.



**Figure 5** Research framework

The purpose of the study was to determine whether there is any significant difference in achievement scores among learners with different levels of language anxiety in using TSP, TSPM and TSPF modes. To that end, the following questions were addressed:

1. By using 'epronounce', will the students with different levels of language anxiety attain significantly different achievement scores in the three presentation modes?
2. Will students with medium language anxiety attain significantly higher achievement scores than students with low language anxiety in the three presentation modes?

3. Will students with medium language anxiety attain significantly higher achievement scores than students with high language anxiety in the three presentation modes?
4. Will students with low language anxiety attain significantly higher achievement scores than students with high language anxiety in the three presentation modes?

## Method

### *Research Design*

To investigate the effects of TSP, TSPM and TSPF on students with different levels of language anxiety, this study employed 3x3 quasi-experimental factorial design. The factorial design of the study is schematically depicted in Figure 6.

Language Anxiety	Low		
	Medium		
	High		
	TSP	TSPM	TSPF

**Figure 6** Presentation Modes × Language Anxiety  
– A  $3 \times 3$  Quasi-Experimental Factorial Design

The variables of this study are presented in Figure 7 below:

Covariate	Independent Variable	Moderator Variable	Dependent Variable
• Pretest Scores	• TSP • TSPM • TSPF	• Language Anxiety Levels	• Achievement Scores (Posttest Scores)

**Figure 7** Research variables

### *Research Samples and Sampling*

This study was conducted on 373 Primary Five non-native English speaking students (aged 11) from three different schools equipped with computer laboratories, but 44 students from the overall number did not manage to complete the experiment and tests required in the study. Therefore, the final total sample size calculated for analysis purposes in the study was 329. All the samples were taken from their normal intact classes, and there were a total of eleven classes involved in the study. They were randomly assigned to one of the three modes of 'epronounce' (TSP, TSPM and TSPF).

Stratified random sampling was employed in this study to ensure each cell had sufficient samples. A random distribution of treatment groups from each strata was performed. These subsets of the strata were then pooled to form a random sample. The samples were sorted according to their language anxiety levels based on their scores on Foreign Language Class Anxiety Scale (FLCAS). After filtering and labelling the samples to respective strata, the samples were randomly distributed to either one of the presentation modes using 'epronounce' backend system. For instance, No.1 was for TSP mode, No.2 was for TSPM mode, and No. 3 was for TSPF mode. Every individual could only access to his/her own assigned mode throughout the experiment.

### *Instruments*

There were two instruments used in collecting data which were Pronunciation Competence Test (Pretest and Posttest) and Foreign Language Classroom Anxiety Scale (FLCAS).

(i) PRONUNCIATION COMPETENCE TEST (PRETEST AND POSTTEST)

For the purpose of this study, the Pronunciation Competence Test was used as pretest and posttest to evaluate the improvement of participants' pronunciation performance. The posttest achievement scores were used to gauge participants' understanding and application of phonetic symbols while evaluating the effectiveness of using the three presentation modes of 'epronounce' in the learning of pronunciation.

The pretest scores were used as covariate to confirm the participants were at the same starting point to control pre-existing differences between the groups.

(ii) FOREIGN LANGUAGE CLASSROOM ANXIETY SCALE (FLCAS)

The Foreign Language Classroom Anxiety Scale (FLCAS) was employed to assess the participants' language anxiety degree (Horwitz, Horwitz & Cope, 1986). Foreign language classroom anxiety. *The Modern Language Journal, 70(2), 125-132.*) in using 'epronounce' for English pronunciation learning. In this study, participants with FLCAS scores 1 standard deviation ( $SD=0.72$ ) below the sample mean ( $\bar{x}=2.77$ ) were categorised as low language anxiety, while participants with FLCAS scores in between 1 standard deviation ( $SD=0.72$ ) above or equal to the sample mean ( $\bar{x}=2.77$ ) and 1 standard deviation below or equal to the sample mean were categorised as medium language anxiety. For participants with FLCAS scores 1 standard deviation ( $SD=0.72$ ) above the sample mean ( $\bar{x}=2.77$ ) were categorised as high language anxiety.

## Results

The research data was analyzed using analysis of covariance (ANCOVA) to determine main effects and interaction effects between independent variable and moderator variables towards dependent variable while controlling the covariate and to test the hypotheses. Procedures of one-way ANCOVA and two-way ANCOVA were computed only after the assumptions of ANCOVA were conformed.

### *Presentation Mode and Language Anxiety Level*

The two-way ANCOVA was conducted to examine the effects of language anxiety levels on the achievement scores of posttest according to presentation modes using pretest as covariate. Referring to Table 1, there was no significant interaction effect between language anxiety level and presentation mode (FLCAS\*Mode),  $F_{(4, 319)}=1.261$  at  $p=0.285$ . The p-value is greater than the 0.05 statistical significance cut-off level. When p-value is greater than

the significance cut-off level ( $p>0.05$ ), the interaction is considered not statistically significant (Agresti, 2007; Aschengrau & Seage, 2008; Boyd et al., 2008; Chumney & Simpson, 2006; Riegelman, 2005; Weisberg, 2005). This indicated that students' language anxiety levels did not affect the posttest achievement scores among the three presentation modes. In other words, the effect of presentation modes on the achievement scores did not depend on the language anxiety levels. Due to the between-subjects effect was not significant, the follow-up analysis of pairwise comparisons was not needed to be conducted.

**Table 1** Two-Way ANCOVA for posttest scores by presentation mode and language anxiety level with pretest as covariate

*Dependent Variable: Posttest*

Source	Type III Squares	Df	Mean Square	F	Sig.	Partial Eta Squared	Observed Power <sup>b</sup>
Corrected Model	16731.667 <sup>a</sup>	9	1859.074	31.944	.000	.474	1.000
Intercept	13228.556	1	13228.556	227.301	.000	.416	1.000
Pretest	13010.026	1	13010.026	223.546	.000	.412	1.000
FLCAS	7715.003	2	3857.502	66.282	.000	.294	1.000
Mode	461.973	2	230.987	3.969	.020	.024	.710
<b>FLCAS * Mode</b>	<b>293.571</b>	<b>4</b>	<b>73.393</b>	<b>1.261</b>	<b>.285</b>	<b>.016</b>	<b>.394</b>
Error	18565.312	319	58.198				
Total	1392755.000	329					
Corrected Total	35296.979	328					

a.  $R^2 = .474$  (Adjusted  $R^2 = .459$ )

b. Computed using alpha = .05

Table 2 presented the estimated marginal means and standard errors of the dependent variable by language anxiety levels in the three presentation modes. Estimated marginal means are the adjusted means with the effect of the covariate has been statistically removed. The findings demonstrated that students with medium language anxiety attained the highest achievement scores (adjusted  $M=67.500$ ), followed by students with low language anxiety (adjusted  $M=60.333$ ), and students with high language anxiety attained the lowest achievement scores (adjusted  $M=52.802$ ). The achievement scores for medium language anxiety level were higher than the achievement

scores for low language anxiety level in the three presentation modes, but  $p=0.285$  ( $p>0.05$ ) as shown in Table 6. This indicated the differences were not significant among the achievement scores. Similarly, the achievement scores for medium language anxiety level were higher than the achievement scores for high language anxiety level in the three presentation modes, but  $p=0.285$  ( $p>0.05$ ) indicating the differences were not significant among the achievement scores.

**Table 2** Estimated marginal means by language anxiety level

*Dependent Variable: Posttest*

Language Anxiety Level	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Low	60.333 <sup>a</sup>	1.060	58.247	62.418
Medium	67.500 <sup>a</sup>	.518	66.480	68.520
High	52.802 <sup>a</sup>	1.202	50.438	55.167

a. Covariates appearing in the model are evaluated at the following values: Pretest = 44.48.

The results of the two-way ANCOVA shown in Table 3 provided the adjusted means on the dependent variable for each group, split according to the level of language anxiety separately. Adjusted means refers to the fact that the effect of the covariate has been statistically removed. The findings demonstrated the adjusted means for the three presentation modes by low, medium and high language anxiety levels. For low language anxiety level, the adjusted means were reported as 58.832 for TSP mode, 60.712 for TSPM mode, and 61.454 for TSPF mode; while for medium language anxiety level, the adjusted means were reported as 64.820 for TSP mode, 66.672 for TSPM mode, 71.007 for TSPF mode. The achievement scores for low language anxiety level were higher than the achievement scores for high language anxiety level in the three presentation modes, but  $p=0.285$  ( $p>0.05$ ) indicating the differences were not significant among the achievement scores.

**Table 3** Estimated marginal means by language anxiety level and presentation mode*Dependent Variable: Posttest*

Language Anxiety Level	Presentation Mode	Mean	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
Low	TSP	58.832 <sup>a</sup>	1.805	55.280	62.384
	TSPM	60.712 <sup>a</sup>	1.923	56.928	64.496
	TSPF	61.454 <sup>a</sup>	1.688	58.134	64.775
Medium	TSP	64.820 <sup>a</sup>	.881	63.087	66.554
	TSPM	66.672 <sup>a</sup>	.852	64.996	68.348
	TSPF	71.007 <sup>a</sup>	.930	69.177	72.837
High	TSP	53.528 <sup>a</sup>	2.345	48.914	58.142
	TSPM	50.522 <sup>a</sup>	2.049	46.491	54.552
	TSPF	54.358 <sup>a</sup>	1.680	51.052	57.663

a. Covariates appearing in the model are evaluated at the following values: Pretest = 44.48.

## Discussion

### *Effects of Language Anxiety Levels With Presentation Modes on Pronunciation Learning*

The results of this study showed that there are no significant interaction effects between language anxiety levels and presentation modes of 'epronounce'. Seemingly 'epronounce' is able to bring the students to medium language anxiety level and hence optimising pronunciation learning, which is in line with the curvilinear relationship between anxiety and performance as described in the Yerkes-Dodson law (Yerkes & Dodson, 1908; Keeley, Zayac & Correia, 2008).

These findings are inline with research by Beauvois (1997, 1998) involving fourth-semester French students who were engaged in multimedia learning performed significantly better on oral exams than the students who discussed the contents face-to-face in traditional formal class. Beauvois (1997, 1998) suggested the results are due to the fact that in multimedia learning students can and usually do participate more actively because of the low threatening atmosphere. This is in line with the Affective Filter principle of Krashen's Second Language Acquisition Theory (Krashen, 1985, 1999, 2005). Krashen claimed that the best language acquisition takes place in an

environment where anxiety level is low and defensiveness absent, or in another term where the affective filter is low. A low filter is associated with relaxation, confidence to take risks and a conducive learning environment which has been created by ‘epronounce’ in this study. Krashen showed that students whose anxiety level is low are much more likely to be successful language acquirers. Learning with ‘epronounce’, the students are more willing to practise their pronunciation because the mistakes made would not cause them to feel embarrassed in front of others. This situation motivates the students to practise more and improve gradually. For instance, students with low pronunciation abilities may not feel intimidated to practise the sounds orally. Besides, shy or introverted students manage to overcome the barrier of having to pronounce the sounds out publicly. Therefore, ‘epronounce’ enables students to acquire pronunciation competence without suffering embarrassment in front of others. On the contrary, when students sitting in traditional formal class, the high anxiety students tend to be very anxious about the possibility of being called on, they may not pay attention to what the teacher is saying and will benefit very little from being in class. In their comprehensive studies, for example, Warschauer (1996), Beauvois (1998) and Meunier (1998) reported that multimedia learning caused little to no stress. As a result, even reticent students who tend not to participate in oral classroom discourse often become active contributors in the multimedia learning setting (Kelm, 1992; Kern, 1995; Warschauer, 1996; Beauvois, 1998; Meunier, 1998). It appears that multimedia learning setting provides enough practice and positive experiences for students to become generally more engaged in second/foreign language learning (Payne & Whitney, 2002; Roed, 2003; Arnold, 2007; Rahimi & Yadollahi, 2011; Huang & Hwang, 2013). By giving students a chance to learn privately, ‘epronounce’ provides students with meaningful inputs and encourages them to actively practise pronunciation. Findings of this study suggest that ‘epronounce’ functions as a practice platform for pronunciation learning not only in terms of pronunciation competence but also with regard to students’ affective state in which students are seemingly more confident and engaged during learning sessions with ‘epronounce’.

The ‘epronounce’ has also shown promise in bringing students to medium language anxiety level for optimised learning by providing them student-centred learning approach. By clicking on the links of every screen, the

students are able to select the lessons they want to explore. The ‘epronounce’ encourages self-paced, self-accessed, self-controlled, self-enhanced and self-directed learning. It guides the students systematically but at the same time gives the students freedom to learn at their own pace. They can start and stop the lessons at a pace efficient to them as well as review the lessons when they misunderstand certain speech sounds or miss the details. In a controlled multimedia learning environment, the students are likely to be more engaged. This also provides opportunities for autonomous practice. The students make the decisions about when, where, what and how quickly to learn. Control of the learning process encourages active learning and is highly beneficial to the students (Sullivan, 2001). The students will also learn to be more independent in creating their own learning steps. This has definitely helped the high language anxiety students from being frustrated and the low language anxiety students from getting bored. The ‘epronounce’ provides students with the means to control their own learning, to construct meaning and to evaluate and monitor their own performance. As a result, the students have more time to plan and monitor their own progress as well as process input, thereby compensating for the cognitive interference of anxiety at the input, processing and output stages (Fong, Por & Tang, 2012). Furthermore, ‘epronounce’ is designed by allowing the students to interact with the contents, such as associative animations and enhancement quizzes. This makes pronunciation learning effective and the students are full of interest to improve their pronunciation. The ‘epronounce’ has redefined the functions of technology from teacher-centred to student-centred by placing the power of learning more in the hands of the students.

The students also feel more at ease with ‘epronounce’ because it is a forgiving and patient tutor (Lai, 2006) of willingly repeating the sounds for the students ad infinitum with reliable quality in the sense of being the same every time (Pennington, 1999). Contrary, in traditional formal class setting, the students experience fear when attempting to ask the human teachers to repeat the sounds many times because teachers may become impatient and other students may also get irritated. In the context of this study, with ‘epronounce’, the language anxiety of the students is addressed as the students get more chance to immerse themselves in a second/foreign language environment without fear and their pronunciation competence is enhanced. Torgesen

(1995) and Levis (2007) affirmed that pronunciation competence can be improved with multimedia learning. By increasing the frequency of listening to correct pronunciation with phonetic symbols, watching the videos of mouth movements or face gestures as many times as the students desire, the students are trained to be active, independent and critical in sound discrimination and sound production during the information processing procedures.

The efficacy of ‘epronounce’ with multichannels of media to transmit information has also tremendously enhanced comprehension, and thus brings the students’ language anxiety to medium level which optimises their learning. The ‘epronounce’ with the innovative use of texts, graphics, animations, videos and audios, and interactivity gives the impetus to students to be more attracted to learning and therefore pay more attention to pronunciation learning. This in fact stimulates the verbal and visual channels of the students. The various inputs increase students’ interest, and help establish connections between the abstract and the concrete (Boyd & Murphrey, 2002; Wald, 2008). The ‘epronounce’ makes the invisible sound become visible, and concrete graphics appear in front of the students. The students learn to pronounce the sound not only by listening, imitating and repeating, but also seeing the phonetic symbols and the mouth movements as well as the face gestures. In fact, according to Baddeley’s Model of Working Memory (2000), there are two independent processors, the phonological loop and the visuospatial sketchpad for verbal and visual contents respectively. When the contents are presented in more than one sensory modality, the working memory capacity increases which helps increase students’ language comprehension. These two channels reinforce each other and enhance both recall and comprehension. Tsou, Wang and Tzeng (2006) contended that students using multimedia learning can recall more content of second/foreign language learning and demonstrate better language proficiency. In accordance with the Second Language Acquisition Theory (Krashen, 1985, 1999, 2005), Krashen proposed that students can learn a large amount of language unconsciously where there is ample comprehensible input. In other words, language acquisition only takes place when comprehensible input is delivered sufficiently. Following Mayer’s Cognitive Theory of Multimedia Learning (2001), humans are dual-channel processors, that is, people have separate channels for processing auditory/verbal information and visual/pictorial information. For example, the sounds of the phonetic symbols

are processed in the auditory/verbal channel and the associative animations are processed in the visual/pictorial channel. Humans are knowledge constructing processor, so meaningful learning occurs when people attend to relevant incoming information, mentally organise the information in coherent structures, and mentally integrate it with other knowledge. In this respect, the ‘epronounce’ is designed and developed in light of how the human mind works which leads to meaningful learning. With the combination of various digital media types, such as texts, graphics, animations, videos and audios, into an integrated multisensory interactive application or presentation, ‘epronounce’ helps students to learn pronunciation in more an interesting way and engage in the pronunciation learning environment which makes them enjoy the learning process and brings them to medium language anxiety level which optimises their learning. Moreover, the interactive real-time record-play function which allows the students to record their own pronunciation and play back for listening to compare with the model pronunciation helps the students immerse in the world of pronunciation learning. Immersion has been said to have a positive impact in students’ learning (Warburton, 2009). Immersion encourages the students to engage with ‘epronounce’ and changes the role of the students from passive contemplation to active participation (Pholke, 2007) which is, in turn, an essential factor for successful pronunciation learning.

Hence, pronunciation learning involves not only a cognitive process, but also a psychological process. The ‘epronounce’ has seemingly brought the students to medium language anxiety level which optimises their pronunciation competence. In regard to the private learning environment provided by ‘epronounce’, the high language anxiety students manage to reduce their anxiety level. Moreover, the student-centred learning approach in ‘epronounce’ helps the high language anxiety students from being frustrated and the low language anxiety students from getting bored. The efficacy of ‘epronounce’ with multi channels of media also engages the students in pronunciation learning which in turn changes the role of the students from passive contemplation to active participation. Therefore, ‘epronounce’ functions as a positive platform not only in terms of pronunciation competence but also with regard to students’ affective state.

## **Limitations of The Study**

This study has a limitation of age range as it only focuses on Primary Five students whose pronunciation skills are at the beginning level. The amount of time for the students to participate in this study is limited to five sessions with 30 minutes each. The learning modules are specific to English pronunciation at segmental level. Therefore, wider generalisation to suprasegmental level and other aspects of language acquisition cannot be applied.

## **Conclusion**

The statistical results showed no significant difference among achievement scores attained by students with different levels of language anxiety in the three presentation modes. This implies that 'epronounce' provided equivalent benefits to students irrespective of their different language anxiety levels.

With the innovative use of texts, graphics, animations, videos and audios, and interactivity gives the impetus to students to be more attracted to learning and therefore pay more attention to pronunciation learning. The various inputs increase students' interest and motivation, and help establish connections between the abstract and the concrete (Boyd & Murphrey, 2002; Wald, 2008). The 'epronounce' makes the invisible sound become visible, and concrete graphics of face gestures appear in front of the students. In accordance with the Second Language Acquisition Theory (Krashen, 1985, 1999, 2005), Krashen proposed that students can learn a large amount of language unconsciously where there is ample comprehensible input. In other words, language acquisition only takes place when comprehensible input is delivered sufficiently. This is another important theoretical implication of this study denotes the combination of various digital media types into an integrated multisensory interactive application ease students' understanding and engaging in non-anxiety-provoking learning environments helps students to enjoy the learning process and lowers the inhibition.

With the complexity of human psychological profiles and the proliferation of technology, this study emphasizes on using pedagogy in

technology. The students perform better when they receive instruction that responds to their needs. It is not the nature of technology that determines the successful learning outcomes, but pedagogy which is well employed. Therefore, the empirically-supported instructional strategy provided in this study is the essential step in any innovative process, particularly in promoting meaningful pronunciation learning among learners from non-native English speaking background.

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## **LOGO**

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