

Innovations in Trade Union Approaches in Malaysia's Garment Industry

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Abstract

Women workers employed in the export-oriented manufacturing sector in Malaysia have traditionally had poor access to representation by trade unions for two reasons. Firstly, government rules and regulations have prevented sectoral trade unions from representing large sections of the workforce, and secondly, unions themselves have not considered women their primary constituency. As a result, non-governmental organisations (NGO), rather than trade unions, have played an important role in educating women workers about their rights since the 1980s. In the garment industry in recent years, NGO activism has precipitated a change in the trade unions' focus towards women workers in general, and towards female overseas migrant workers in particular. Where once unions viewed migrant workers as undermining the wages and conditions of Malaysian workers, they now assert their right to equality in the workplace. This paper explores the context in which NGOs became involved in union-like activities and unions' responses to that involvement.

Introduction

Most Malaysian workers have the formal right to engage in trade union activity, and in the year 2000, there were 351 trade unions in the private sector and 127 in the public sector (Ministry of Human Resources, Malaysia 2002). However, not all workers have a choice about what sort of

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trade union they may join, especially since Mahathir's in-house union policy, which he promoted as part of his 'Look East' strategy, was implemented in the early 1980s (Wad 1997: 94; Arudsothy & Littler 1993: 128).

For migrant workers in particular, trade unionism has offered little. Although there are no legal impediments imposed by the Ministry of Human Resources on the unionisation of migrant workers, their right to organise is effectively curtailed by conditions placed on their work permits by the Department of Immigration (United States Department of State 2000: 27). This paper examines the impact that changes in the garment and textile industries have had on women workers, and how non-governmental organisations (NGO) activities with workers in Malaysia's textile and garment industries have affected trade union approaches to women workers.

Changes in the Garment and Textile Industries

For many Malaysian manufacturers in the garment and textile industries, the trade liberalisation of recent years has meant increasing levels of pressure to cut the cost of production without increasing their level of technology. So, while wages have risen in some parts of the industry (Interview with workers, Johor 2000), the majority of garment and textile workers continue to earn low wages in labour-intensive factories. This invisible sector of the garment and textile industries consists of poorly paid workers, married working class women with young children and foreign workers. Unskilled workers in the textile and garment industries must work overtime, because the minimum wage is not enough to meet living expenses (Interview S, Selangor 1999). The government will neither set a minimum wage for workers in the manufacturing sector nor permit the state textile trade unions to form a national textile trade union. Both these restrictions prevent migrant and local workers alike from attaining a decent wage (Interview P, Penang 1999).

Three major strategies have been adopted in an attempt to maintain Malaysia's presence in the low-cost end of garment and textile manufacturing. The first of these has been a geographical shift to the lesser-developed states of Malaysia in the textile and garment sectors. The core of the Malaysian garment manufacturing industry is located in urban areas of Selangor, Johor and Penang, while the periphery is located the rural areas in Johor and Kedah. In the late 1990s, new government strategies initiated a shift from the core to the periphery within Malaysia in an attempt to prevent capital flight to other low wage countries (Malaysian Government 1998: 225). The garment industry in the rural town

of Batu Pahat in Johor, for example, has expanded into the largest producer of textiles and garments in Malaysia over the last five years. Batu Pahat now produces 40 per cent of Malaysia's textiles (MTMA Report 1999). Likewise, Kedah (in the north) has increased its production of garments and textiles. This process, which is part of the government's plan to develop the Eastern Corridor, has enabled garment manufacturers to find a suitably-priced labour force, and, at the same time has encouraged development in the peripheral states in Malaysia. It has been made possible by the supply of young educated rural women who will accept low wages and are capable of developing the skills necessary for work in the garment industry (Interview P, Penang 1999).

In addition to geographical relocation, garment producers have relied increasingly on contractors and homeworkers in traditional garment and textile manufacturing regions. In Selangor, in particular, local Malaysian firms are cutting costs by moving from factory operations to home work. The move from factories to sub-contracting and homework has meant that a dual labour regime has emerged, where a small number of skilled workers and a large casualised workforce now co-exist. According to trade unionists, married women and foreign workers dominate the backyard, sub-contracting and homework sub-sectors of the industry (Interview S: Selangor 1999). Manufacturers acknowledge that subcontracting is a key factor in meeting the demands of international competition (Loh-Ludher 1998: 15). Homeworkers are paid on a piece rate system at lower rates, and receive no allowances for electricity, holidays or fringe benefits (Loh-Ludher 1998: 22). Yet while there are negative aspects of home work, women workers themselves find homework more suitable than going out to work (Loh-Ludher 1998: 15). Although they often work late at night or in the early hours of the morning, they are not subjected to employer demands on their time and space in the same ways they would be in the factory. These women use homework as a strategy to cope with rearing children and earning money to support their family. Often, they are single parents who find it difficult to cope with factory work and care for small children, who are more comfortable organising their own work hours to suit the family.

The third major strategy in maintaining the cost-effectiveness of light manufacturing in Malaysia is the employment of foreign workers. Malaysia has long been a net importer of migrant workers as shown in Table 1. In 1998, documented migrant workers numbered some 1.14 million, or thirteen per cent of the entire Malaysian workforce (Pillai 1998: 264). In the garment and textile industries, workers are recruited from Indonesia, Bangladesh, Cambodia and Thailand. Local and multinational companies exploit these foreign workers in their efforts to compete on a

Table 1. Percentage Division of Employed Persons by Sex and Citizenship, 1997

INDUSTRY	FEMALE			MALE			% Total Citizen	% Total Non-Citizen	% Total Population
	% Citizen	% Non-Citizen	% Total Female	% Citizen	% Non-Citizen	% Total Male			
Agriculture, forestry, livestock and fishing	14.0	16.8	14.2	17.0	31.5	18.9	16.0	28.1	17.3
Mining and quarrying	0.2	0.1	0.2	0.6	0.8	0.6	0.4	0.6	0.4
Manufacturing	27.7	27.7	27.7	19.7	30.6	21.1	22.6	29.9	23.4
Electricity, gas and water	0.2	0.0	0.2	0.9	0.2	0.8	0.7	0.1	0.6
Construction	1.7	1.0	1.7	12.1	20.4	13.1	8.4	15.9	9.3
Wholesale and retail trade, restaurants and hotels	21.7	15.3	21.7	17.9	8.7	16.7	19.4	10.3	18.4
Transport, storage and communication	1.9	0.4	1.9	7.2	1.9	6.5	5.4	1.5	4.9
Financing, insurance, real estate and business services	6.5	0.4	6.5	5.0	1.3	4.6	5.7	1.1	5.2
Community, social and personal services	25.8	38.2	25.8	19.7	4.6	17.7	21.5	12.4	20.5

Source: Malaysia 1998: 62-64

global level. Foreign workers are not given any fringe benefits, social security or health benefits. Female overseas migrants have no access to maternity leave or medical benefits. US companies often promise to train workers in computer skills but there is very little training. They can be dismissed for any reasons including pregnancy and treated as a 'throwaway workforce' when the economy is depressed. Furthermore, foreign workers sign a contract outlining working conditions and wages, and are not allowed to ask for higher wages, which in turn lowers the wages of the local workers. This causes a dilemma for both migrants and locals (Rasiah 1993: 13). In Penang, the average wage of a female worker is approximately 600 Malaysian Ringgit without overtime per

month (Interview P, Penang 1999; Interview A, Johor 2000). The wages paid in Selangor are 380 Malaysian Ringgit per month, while in the rural areas of Selangor and in Batu Pahat in Johor the wages can be as low as 280 Malaysian Ringgit per month (Interview A, Johor 1999). The wages paid to migrant workers after a three-month probation period in the garment industry in Johor is approximately 380 Malaysian Ringgit per month.

The Garment and Textile Unions

Since Independence, industrial relations have been regulated under the Trade Unions Act of 1959 and the Industrial Act of 1969. There are heavy restrictions on unions' operation on the shop floor. Even if a union's application to register is accepted, it can only negotiate at workplaces where it represents more than 50 per cent of the workforce (Ariffin 1997). Furthermore, under amendments to the Trades Unions Act, the Registrar has power to de-register and investigate unions, search premises and seize records if unions are involved in actions considered disruptive to the development of the country. Under the Internal Securities Act, the Minister for Labour and Manpower has the right to interfere in the Arbitration and Conciliation courts and in the state courts (where individual workers may file complaints against their employer).

Levels of union activity vary from sub-sector to sub-sector in the garment and textile industries. In order to gain a more complete understanding of the relevant trade unions, it is necessary to separate the backyard industries operating in Selangor from the factory operations established in Penang and Johor as outlined in Table 2. In some garment factories in Johor, for example, female union membership is quite high. In Penang, Selangor, and Batu Pahat there are no garment workers in the trade union, even though large numbers of garment companies are registered with the Malaysian Textiles Manufacturers Association and the Malaysian Knitting Manufacturers Association in these areas.

In the state of Johor, there is a significant difference in the numbers of unionised workers, between Johor Baru (the capital city), and the rural town of Batu Pahat. In Johor Baru, there are twenty-one factories in the union. Five factories have women union representatives, and, by industry standards, wages are satisfactory. Factories in Johor Baru, like those in Penang, manufacture for the higher end of the market and workers receive a basic wage of around 600 Malaysian Ringgit excluding overtime. According to union sources, however, there are a considerable number of foreign workers in the textile factories in Johor Baru who, as a condition of their employment contract, are not unionised (Interview A, Johor 2000).

Table 2. General Outline of Textile and Garment Industries

State	Industrial Area	Profile of workers	Basic Monthly Wage	Profile of Factories in Union
Johor	Johor Baru Batu Pahat*	Factory workers	M\$600	Textile & Garment Textile only (2)
		Factory workers	M\$380	
		Foreign workers	Contract	
Penang	Penang	Factory workers including Foreign workers	M\$600 Contract	Textile only
Selangor	Kuala Lumpur	Factory workers Contract workers Homeworkers	M\$380 Depending on Contract	Textile only N/A**
Selangor	Rural Area***	Factory workers	M\$280–380	No Unionised Factories

Source: Interviews with Union Secretaries in Johor, Penang and Selangor.

Note: Garment factories with in-house unions have not been included. The wages cited are the basic, average monthly rate of pay. Wages depend on the worker's level of skill and the length of employment.

* Batu Pahat is a rural (industrial) area.

** Homeworkers and contract workers are not in a union.

*** Some factories employ very young workers hence the low wage.

In Batu Pahat, only two textile factories are unionised. Workers in Batu Pahat are predominantly young women from rural areas, who have moved from the eastern states to Johor. The wages paid to these young workers can be as low as 280 Malaysian Ringgit per month without overtime. The situation in Batu Pahat reflects not only government's favouring of capital over labour and the strategies of garment manufacturers to cut costs, but the inability of the trade union to organise workers in Batu Pahat (Interview A, Johor 2000).

In Penang, 14 per cent of workers in the textile industry are unionised, but there are no garment workers in the trade union. The factories owned by the Chinese Malaysians or Chinese East Asians in Penang rely on a skilled urban workforce to manufacture for the high end of the market. Unions find it difficult to organise labour in the garment industry because many factories in the industrial zones have government limitations on unionism. Furthermore, workers are remunerated on a piecework basis, and the ethnic network of predominantly Chinese owners, managers and supervisors leaves little space for union initiatives. According to union sources, there are no home-workers in Penang 'because the buyers require quality standards so the companies can't farm out these jobs' (Interview P, Penang 1999). There are, however, foreign workers from Indonesia and Bangladesh employed in the industry, the numbers of which fluctuates depending on the demand for 'unskilled' labour.

In Selangor, there are six textile factories in the union. Although there are a significant number of garment factories, they are not unionised, because manufacturers outsource to homeworkers and backyard factories. The garments produced for both the local and the export industry are sub-contracted on a piece-rate basis, then final finishing, such as labelling, is completed in the factory. According to trade union sources 'this ugly kind of thing is the greatest concern for us. We find it very difficult to organise. In a sense it's very closely knitted and it is under the eyes of people. To break through into this kind of circle is quite a difficult process' (Interview S, Selangor 1999). The factory owners are mostly Chinese, and the sub-contractors are largely Chinese families who employ substantial numbers of foreign workers in backyard industries. According to union sources in Selangor, factory owners and contractors use the piece rate sub-contracting system because it improves profit margins and makes it more difficult for unions to operate. Married women homeworkers and migrant women workers in the backyard factories are excluded from a minimum wage structure and receive around 380 Malaysian Ringgit per month.

Homework is increasing for two reasons in Selangor: foreign workers and homeworkers lower the costs of production for the manufacturer; and, as discussed earlier, married women prefer to work at home so they can balance their family commitments and paid work. Another reason underlying the utilisation of foreign labour in the garment and textile industries in the cities in Selangor is that the cost of living is quite high and local workers refuse to work in these low paying jobs if they have a choice (Interview M, Selangor 1999). In the rural areas of Selangor, as in Batu Pahat, employers have access to a large rural workforce, and employ young female workers. These workers are not unionised both because there are considerable difficulties in attracting young women to the union and because some factories promote in-house or enterprise unions in order to prevent the workers from joining the state textile union (Ariffin 1997b: 50).

Overall, then, in pre-crisis Malaysia, garment industry workers were not organised in any real sense as an industry-wide workforce. In many areas, this has remained true post-crisis. Judging from the situation in Selangor, it seems unlikely that the trade union will be able to effectively represent these workers in the future. In Penang, trade unions organise textile workers but not garment workers. In Johor Baru the union had more garment workers than textile workers, but elsewhere in these three states – especially in Batu Pahat – as a result of government restrictions, workers' lack of interest and limited union funds, unions have failed to effectively organise workers in the industry. For the large numbers of home workers and migrant workers, NGOs have been the

bers of home workers and migrant workers, NGOs have been the only avenue from which women could seek help to understand their rights as workers.

Labour Relations and NGOs

NGOs cannot effectively perform all the functions of trade unions because they cannot organise large numbers of workers within the workplace or bargain through the official channels. However, they are often the only organisations that report on the exploitation of workers, especially those employed by multinational companies. NGOs have played an increasingly significant role providing women workers with an alternative source of information about their working lives in Malaysia. They have provided advocacy services, raised workers' understanding of their rights under existing labour legislation, highlighted labour abuses and encouraged outworkers to organise.

Tenaganita, one of two women's NGOs closely associated with labour issues (Ariffin 1997a: 78), deals with the concerns of migrant workers and sex workers, two of the groups traditionally ignored by trade unions. Tenaganita was established in 1991. It has five programs dealing with women and the law, women's potential and rights as workers; developing leadership; resources and documentation; and research (Tenaganita n.d.). Irene Fernandez of Tenaganita was charged with 'maliciously publishing false news' when she criticised conditions for foreign migrant workers in immigration detention centres in Malaysia. (Jones 2000). She is also outspoken about the conditions of foreign workers in multinational factories.

Persatuan Sahabat Wanita Selangor (Sahabat Wanita), the other NGO associated with female labour, deals primarily with industrial workers, although it also assists Malaysian citizens employed as domestic workers and homeworkers. Sahabat Wanita grew out of students' efforts to organise female electronics workers in Sungaywang in factories with pioneer status. It tries to give women workers the skills to form and lead their own trade unions (Balleza 1999). Sahabat Wanita has brought the plight of workers in the EPZs to the attention at both the national and international levels, and has lobbied for legislation protecting contract workers, including homeworkers living in the squatter locations near the Free Trade Zones. Irene Xavier, its president, identifies government policy and trade union inadequacies as reasons for NGO intervention in labour issues. According to Xavier, Sahabat Wanita's work promoting women's unions is 'an uphill battle', because the government does not allow free unionism. In addition, she notes, 'it's difficult because the so-

called progressive trade unionists fear that by forming a women's union, we are dividing workers. So we have to struggle with them as well as with the government' (Xavier quoted in Balleza 1999).

Unionists interviewed about the role of NGOs in the organisation of women workers were ambivalent about that role. They believe NGOs' attempt to deal with too many issues rather than concentrating on core, work-related concerns (Interview S, Selangor 2000). However, NGOs' involvement with female factory workers from countries such as Indonesia has forced trade unions to recognise migrant labour – a group that falls outside traditional union constituencies. A union in Johor, for example, has tried to help migrant workers; in one case, bringing back three workers from Indonesia to attend court for unfair dismissal (Interview A, Johor 2000). More generally, also – according to one activist involved in both the MTUC and a third women's NGO – feminist NGOs forced unions to consider issues such as sexual harassment, which have traditionally been ignored by unionists in Malaysia (Interview T, Selangor 2000). NGOs, she said 'keep trade unions on their toes' (Interview T, Selangor 2000). As a result, many male union organisers in the Garment and Textile union have begun to take proactive steps to deal with issues. An organiser in Penang, for example, initiated workshops for shop stewards on sexual harassment (Interview P, Penang 1999).

Conclusion

Trade unions have enjoyed something of a renaissance in recent years. In an interview in September 2000, an official in the Johor Textile Trade Union said that increases of some 30 per cent in union memberships outstripped anything he had seen in his fifteen years of union organising (Interview A, Johor 2000). Yet despite the general resurgence in unionism and the ongoing involvement of feminist NGOs in the organisation of women workers, there are few signs of real cooperation between trade unions and feminist labour NGOs. Nevertheless, unions' reactions to NGO initiatives are a positive sign. Hopefully the small innovations in trade union policy made in reaction to NGOs' involvement with labour signal a new awareness amongst trade unionists of the heterogeneous constituency they represent.

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