CHAPTER 7

WOMEN IN INDUSTRIAL HOME-BASED SUBCONTRACTING : NEITHER VALUED NOR COSTED

7.1 Introduction

This Chapter will focus on the analysis, conclusion and policy proposal for the future. It synthesizes the findings of manufacturers and the garment industry in Malaysia and the home-based subcontractors with reference to the existing theories, researches and studies. It discusses the concerns and issue of the future of these home-based subcontractors and suggests policy changes and proposals for future research.

7.2 The Garment Industry and Feminization of the Labour Force in Malaysia

From the study, it was apparent that most of the Chinese women home-based subcontractors interviewed entered formal labour force along with large numbers rural-urban migrants, mainly as unskilled labour in the garment industry, while they were single and young. They, however, withdrew from the formal labour force to enter the home-based subcontracting after marriage and childbearing due to the disabling work environment for married women.
7.2.1 Rapid Growth of the Garment Industry

The opportunities for employment available to young Chinese girls during the 1970s increased when the government of Malaysia launched aggressive promotion for foreign direct investments. These women were presented by the government investment brochures as unskilled and therefore cheap labour with the manual dexterity suitable for labour intensive work such as sewing. This attracted investors from the industrialized and newly industrialized countries like Japan, Hong Kong, Taiwan and Singapore to Malaysia in search of lower cost labour. What began as import-substitution efforts quickly developed into export-oriented strategies. The influx of capital movement from these countries facilitated by the changing social and economic factors was part and parcel of the new international division of labour where the capital intensive, high technology and knowledge-based industries remained in the developed and newly industrialized countries and the labour intensive industries moved to developing countries like Malaysia. The garment manufacturers from Singapore, Japan, Taiwan and Hong Kong relocated to Malaysia and concentrated primarily in predominantly Chinese areas in Johor, Penang, the North Perak region and the Klang Valley.

The garment industry grew rapidly and by the 1990s, it experienced double digit growth. The five-year period between 1985-1990 saw a 245% rise in export earnings. The industry, however, remained labour-intensive and employed almost 120,000 workers, 85% of whom were female. It could be said the
industry's success premised on the backs of these women workers who constituted the cheap labour on which the industry depended.

The garment industry has drawn on a pool of industrial reserve army of girls especially from Chinese girls from the New Villages and rural areas. These girls, had experienced changing social conditions of the post Merdeka (Independence) years which offered greater opportunities for education to them especially in the 1960s. These conditions had created in them the desire to be gainfully employed. They formed a readily available pool of workers. Because they were readily available, they were made relatively cheap. This pool of industrial reserve army was activated to serve in the newly created secondary labour market of unskilled workers for the assembly lines. The men continued to dominate in the primary labour market and were paid a higher wage.

The garment industry was able to attract a phenomenal number of Chinese young women from the industrial reserve army into the garment manufacturing establishments due to three main reasons. Firstly, these girls, who studied in Chinese-medium schools, had little alternative employment due to the increasing emphasis on the use of Bahasa Malaysia in the preferred teaching, administrative and sales jobs. Secondly, these girls were attracted to the opportunity of skill learning, which may enable them to improve their future e.g. with the opening of a tailor shop. Thirdly, they preferred piece-rate payment since it offered them the possibility of higher earnings through improved skills and greater diligence. The number of workers in the garment industry grew from
31,094 in 1985 to 120,000 in 1993. This represented ten percent of the total workforce of the manufacturing sector. The Chinese workers comprised 79% of the total number of garment workers. Women workers were eighty-five percent of the total employed. This meant that there were 11 times more Chinese than Malays in the garment industry. There appeared to be a mutual preference for Chinese both by the employers, mainly foreign investors from Taiwan, Hong Kong and Singapore, and the employees. The ethnicity factor appeared to be more by choice and mutual preference than by design of the political or social institutions. The rapid growth of the garment industry combined with the ‘Chinese’ characteristics of the industry presented its own culture-related issues and problems to the working relationships.

7.2.2 *The Greening of Women Workers into Cheap Labour*

The rapid growth of the garment industry exerted a heavy demand on labour especially sewing machinists who were primarily women workers. Sewing constituted a major part of the total production cycle time and is the principal component, up to 75% of its production. The garment manufacturers classified sewing machinists as ‘unskilled’ workers so that they could pay them a low wage. In reality, sewing is a skilled job and the quality of the finished garment depends significantly on the skills of sewing machinists. Smooth, even, straight stitches on the delicate fabric enhance the quality of the finished garment while stretched or cramped, uneven and crooked stitching decrease its value.
From the study it appeared that the garment industry was extractive and exploitative resulting in the suppression and subordination of women workers. Salary was kept very low. The daily pay could be a mere RM5-RM8 for production workers. The workers might be paid as little as 7sen to 10sen per piece. The compensation was so low that if a worker had to send two or more children to a babysitter (RM120 – RM200 per child), she was likely to have a negative salary. Obviously, she could not ‘afford’ to be employed outside the house.

Wages, it could be argued, were kept deliberately, rather than naturally, low. With no minimum wage legislation and the investment promotion emphasizing the availability of ‘cheap’ labour, it could be perceived that this exploitation of female labour was allowed by the government to attract foreign direct investments. Thus it was not that the labour was intrinsically cheap but was actually suppressed and these women were ‘greened’ into ‘unskilled’ low-wage workers.

It was evident from the study that garment makers were reluctant to train women workers. The factories regarded the female workers as transient and secondary workers. In boom times, they were reluctant to release the workers for training due to pressure of demand and shortage of labour. In lean times, they regarded training these ‘transient’ workers as a unwise business decision.

These workers were perceived as disposable. The factories dismissed them without penalty during lean times. While it was true that many resigned after
marriage and childbirth, there were also those loyal long-term workers in the factories. Little was, thus, done by the industry as well as the government to encourage the training of these women workers. MATAC, for example, though set up to train workers, was only able to conduct 42 courses for 1273 participants in the 3 years of its existence. The trainees represented a mere 1% of the total employees of the garment industry. The RM1.45 million start-up grant allocated by the government for the establishment of MATAC was a very small fraction of the huge revenue the industry had contributed to the economy. Thus it was apparent that both the government and the garment makers were reluctant to invest in the training of these women workers. As there was very little training given to the workers, much of the sewing skills were gained hands on while working. These skills were instead classified as natural capacities and accumulated experience. This gave rise to the great demand for experienced workers. Garment makers resorted to 'pinching' workers from each other by offering higher wages.

The government proposed that the garment manufacturers should automate to reduce their dependence on labour. While the garment manufacturers acknowledged that this was the best long-term solution, they were unwilling to invest. Most of the machines were acquired during the period of expansion between five to ten years ago. Hence, the manufacturers were reluctant to replace them. They preferred to relocate to areas of cheaper labour whether domestically or even internationally. They tried to combat the shortage of labour
by employing foreign labourers. They imported Bangladeshi men and Indonesian women to work in their factories. However, foreign workers brought with them numerous social problems causing constant changes in public policy related to hiring of foreign labour. The instability of this solution caused it to be perceived as a short-term measure. To most garment makers, a more viable alternative was to subcontract especially to women home-based subcontractors.

7.2.3 Home-based Subcontracting: A Viable Alternative

It was evident from the study that the nature of the garment industry allowed its production process to be put out vertically and horizontally. Vertical subcontracting could occur at various points, normally at designing, cutting of the fabric, stitching, finishing and packing. Horizontal subcontracting, on the other hand, was employed when a type of work was put out to several production units and home-based workers.

The factory as the production unit (parent firm), instead of doing the work itself, put out parts or the whole of its split-up process of production to a subcontractor which might be an enterprise or an individual to undertake, while the production unit continued to assume full responsibility for the work in relation to the client.

It was obvious from this study that garment makers derived many benefits from subcontracting. It enabled a garment maker to better respond to changing demands and seasonal preferences by offering it capacity flexibility. It could
access specialized skills and equipment without heavy outlay. It had access to specialization without employing labour or investing in equipment. The parent firm was not solely dependent on its own production capacity. When the demand arose, it put out the excess needs to subcontractors. It paid only for the work done without retainer payment or penalty for idle time. Home-based subcontractors received no basic pay, paid vacation, maternity or sick leave. The garment maker was also free from responsibility to maintain or protect labour in periods of slackened market demand. Home-based subcontractors were not entitled to lay-off or retrenchment benefits. They could be disposed of without compensation. Thus, by sub-contracting, a garment maker achieved numerical and capacity flexibility by casualizing labour. Labour was converted from a fixed cost to a variable one.

The garment makers also benefited from externalizing their cost/ risk on to the subcontractors. They did not have to pay rent for the use of machines or premises owned by the home-based subcontractors. It was the home-based subcontractors who paid for the costs of utilities as well as threads and other raw materials used for production. In addition, the garment makers achieved lower costs because the home-based subcontractor preferred legal and tax avoidance and thus there was less cost of formality. The garment makers were not obligated to contribute to the Employees Provident Fund or Social Security, as the home-based subcontractors were not legally regarded as their ‘employees’.
The home-based subcontractors suited the high cost-sensitivity necessitated by the competitive and seasonal nature of the garment industry. They provided an industrial reserve army that was truly disposable, flexible and cheap. They created an informal sector within the formal structure giving the best of both worlds for the extraction of surplus by the garment makers.

7.3 Neither Valued Nor Costed

Central to this research is the question of how much and to what extent the garment industry and the families of these women home-based subcontractors value the work and contribution of the women home-based subcontractors. There is no doubt home-based subcontracting is vital to the survival and growth of the garment industry by giving it the elements that contribute to its success. But, is this home-based subcontracting work valued and costed by the garment makers, their husbands and children and the home-based subcontractors themselves? Is this importance reflected in the compensation and benefits given by the garment makers? Do the family members in speech and in action give importance to the work of these subcontractors? Do they estimate the cost or the value of these contributions? Do they consider these work to be of great worth and importance to the industry and their family well-being?
7.3.1 Home-based Subcontractors in the Garment Industry: Not Valued, Not Costed

Home-based subcontractors offer tremendous advantages to the garment industry to ensure its competitiveness and flexibility. They offer chameleon-like adaptability to the industry to respond to the seasonal nature with its changing style and fashion. They offer their skills gained from experiences without the industry having to invest in training them. They purchase their own equipment or allow machinery to be placed in their homes, providing space and utilities, giving the industry nil fixed cost or low overheads. By being casual, the home-subcontractors are paid on piece rate basis. They provide the industry with numerical and capacity flexibility. By working from home, these subcontractors remain isolated, atomized and unorganized and are thus, politically weak. As a result, they do not possess a unionized voice to champion their cause and demand rights and welfare measures. They receive no social or medical benefits and protective measures neither for themselves nor their family members. The industry threatens them with withdrawal from work and subjects them to exploitation. The garment makers utilize ‘gan qing’ (consanguinity) and common cultural descent to softens the harsh reality of the exploitative conditions of work and the power imbalance. The antagonistic relationship between garment makers and the home-based subcontractors is well hidden by the Chinese traditional and customary practices. On the contrary the subcontractors are made to feel obligated to the garment makers for the
opportunity to be gainfully employed. The industry has made little attempts and efforts to empower and improve the work arrangements of the home-based subcontractors. The industry, evidently, does not value these home-based subcontractors.

In presenting these advantages, the home-based subcontractors become preys to the exploitative and extractive nature of the garment industry. They prefer informality due to the cost of formality. With this informality, its presence and prevalence receives little or no acknowledgement and / or recognition. While the garment industry subscribes to the integral role and vital contribution sub-contracting presents to the industry, it does not acknowledge and recognize the role of home-based subcontractors. There is no official record or register of home-based sub-contracting. Associations of the industry do not accept them as members. There is total absence of official statistics on home-based subcontractors. Whatever is available is also highly contradictory and grossly inaccurate. It normally underestimates the number of home-based subcontractors because of non-recognition of its existence. As a result, though their role remains vital to the industry, the contribution of the home-based subcontractors is not costed.
7.3.2 Home-based Subcontractors in the Family: Not Valued, Not Costed

Home-based subcontractors live in homes of sharply defined gender division of work. The power sustained by patriarchy and the male head of household decreased the value of the productive labour of these women. By carrying out their productive work at home interspersed with their domestic work, what they do, is often not regarded as 'work' and they do not identify themselves as workers, unlike those working outside of home. Outside workers assume primary identity as 'workers' while home-based workers identify not as 'workers' but as 'housewives'. They continue to assume almost sole responsibility for their domestic duties, even though they may spend six to eight hours on their sub-contracting work. They carry an enormous physical and mental burden, sacrificing rest or leisure time in favour of productive work.

They offer to the garment industry their skills without training, in return for low compensation, without benefits or protection. They accept the low piece rate compensation but pay high penalty when they make mistakes. They are not paid when ill or during or after childbirth. When they receive their compensation for their toil, they hardly spend it on themselves but supplement the family income to uplift the quality of life. They expose themselves to exploitation. They remain unaware of how vital they are to the survival of the garment industry. They allow themselves to be exploited without knowing their own value.
The home-based subcontractors adapt themselves to the demands of the industry. They pay for their own equipment and provide space for machines and subsidize overheads. Because they are isolated and unorganized, they have no union to fight their cause. They accept low piece rate payment with neither benefits nor protection, not knowing the value of their work.

Family conditions the home-based subcontractors in their childhood to subscribe to a ‘good wife and good mother first’ ideology. The family prescribes for them the reproductive role with domestic responsibility as their duty, yet pushes them into the labour force only to be aligned with the ever-pervasive forces of increasing materialism. They have to struggle to improve conditions of living and to bring in a second income without which survival is almost impossible. They experience role conflicts and suffer conflicting demands of productive work and domestic responsibility. They creatively adapt and ‘choose’ to work from home and integrate productive work with domestic responsibility. Husbands perceive their choice as subsidiary and unnecessary, fail to realistically assess the quantum and worth of their wives’ incomes. They regard their wives’ earnings as ‘kuih’ money, just icing on the cake. The husbands do not accept their wives need or right to work. The women were underemployed in their role for reproduction of the current and future labour force. The husbands fail to value these women’s contribution to the family’s well being.
7.4 Future Women Workers in the Garment Industry

The pattern of female labour participation in the garment industry can be seen from the changes that has taken place in the Asian Newly Industrialized Countries (NIEs). Countries like Japan, Taiwan and South Korea moved from labour intensive low-waged industries to technology intensive manufacturing, and the garment industry was rapidly being marginalized. In the process of industrialization, manufacturers in labour intensive industries relocated to countries like Malaysia, typical of the new international division of labour. Back in the NIEs, the composition of the labour force shifted away from female employment towards male employment indicative of the increasing technological and knowledge-based economy. Countries like Malaysia on the receiving end saw the increasing feminization of the labour. Women moved generally into this lower end of manufacturing, engendering the international division of labour into one, which also involved the gender division of labour. Women became secondary workers taking lower paid jobs, which required their manual dexterity seen to be their ‘natural’ skill. Thus their skills were dismissed and not perceived as one for which they should be rewarded.

As Malaysia industrializes and joins the NIEs, it is probable and even inevitable that the garment industry will move towards automation and higher technology. The industry is aware of the wisdom not to rely on mass production capacity but to convert to the middle and upper segments of the export market. It has come to grips that it needs new strategies. The garment industry has to
continue to focus on high quality and innovative products, moving to the higher end market. The industry also needs greater market knowledge and distribution services, shorter response time and better production flexibility to penetrate export markets necessitated by increased competition. High quality customer services including fluency in foreign languages like French and Italian will improve non-price factors of competitiveness. There is a need to attract international buying and servicing centres of international fashion houses. But is the industry willing to invest into these strategies?

Currently the one operator/one machine pattern is still very much prevalent in the industry. That would mean that labour intensity and dependency remained high, almost 80% of production. With the reluctance to automate, the female labour component in the Malaysian garment industry remained stable and at times even increased. In the long perspective, however, change is inevitable and this labour intensive pattern will have to undergo a fundamental change.

With full employment, labour shortage and rising labour costs, it is also inevitable that the garment manufacturers will relocate to lower cost countries like Laos, Cambodia, Vietnam and even East European countries. East European countries are attractive alternatives because of their close proximity to the European market and their high level of education. The only worry of the Asian manufacturers is the strict labour laws and protection with which they are unfamiliar.
As for Malaysia, our concern is for female workers and home-based subcontractors. With these developments, what will happen to them? Will they lose their jobs?

With the continued growth in the garment industry, job losses may not be the main concern. Home-based subcontractors have to become visible, valued and costed. Attention has to be given to identify and compute the value of home-based subcontractors’ worth. Their contributions to family well being, not only economically but also holistically, have to be acknowledged and recognized. Without its recognition, it will remain invisible in conceptual framework of researches and studies as well as national data collection systems.

There is a need for policy oriented data collection to serve policy formulation to give the home-based subcontractors the visibility they deserve. It is necessary to protect them with welfare measures and social and medical protection benefits. Regulations should enable them to be formal without the high cost of formality, with the hope that this formality will not restrict or choke them with regulations and bureaucracy but empower them. The essence of this aspect of empowerment for the home-based subcontractors has to be a power, which is creative and enabling. They have to know and understand their circumstances, processes and how things work, to learn and acquire skills and resources to solve their own problems and meet their own challenges. They need to acquire a power within, the mental and spiritual strength to be aware of the uniqueness that resides in each of them. They have to be given power over

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resources to realize their potential. Home-based work is expected to be on the rise because the economic alternative in the formal sector is narrow and limited for married women.

The concern, therefore, centers around the possibility of the ability of the women workers, especially those of the older age group, to translate their traditional skills of manual dexterity into the new skills required by automation, computer-aided design (CAD) and computer-aided manufacturing (CAM). Currently the number of married women workers and home-based subcontractors trained is severely underrepresented. With the unwillingness of the industry to invest in the training of the home-based subcontractors, it is likely these women will be marginalized again. The power imbalance must shift. Skills accumulated by the women over these years of experience should be given due acknowledgement. There must be intervention programs to ensure the upgrading of skills of the women workers and home-based subcontractors in the industry. These women have to be given access to specialized technical training and even non-technical training.

Gender bias institutionalized in the social environment not conducive to participation of women in the labour force has to give way to allow greater integration of women. The effects of patriarchal social norms, public policies and legal frameworks have to be reduced to enhance a more enabling environment. The inclusion of women into work should not be just for material gains but to provide the opportunities to reassert their rights to work. While the
home continued to be the site for struggle between reproductive and productive work, measures should be taken so that women need not continue to have to choose between home and work but to have both or one without having to sacrifice the other. These measures will ensure the Chinese women home-based subcontractors can continue to contribute significantly to the development of the garment industry.