

CHAPTER 4 THE INCOME FACTOR

Income is the third indicator of the Chinese social mobility in Sabah. The previous two chapters have shown that the Chinese have experienced upward mobility in educational and occupational aspects. Since income is closely related to education and occupation, it is predicted that there would be a comparable upward mobility in the income variable.

This chapter begins by examining the general income distribution of Sabah. It is followed by comparing the income changes of the Chinese from 1976 to 1990. A comparison between Chinese gender as intended was not permissible with the absence of government

data. So, the discussion is followed by comparing the income of Chinese and Bumiputras.

4.1 General Income Distribution Of Sabahan

1977 Agricultural Census suggested that the income inequality in Sabah in 1976 was high. The top 20% of households earned about 60% of the total income, the middle 40% of households earned 31%, while the remaining 40% earned only 9% of total income (Chong & Gontusan, 1988, p.17). The government did not conduct income survey before 1976. Therefore, it is impossible to compare the Chinese income between 1970 and 1980. The alternative is to compare their income in 1976 and 1990.

4.2 Changes Of Income Of The Sabahan Chinese

The Chinese average monthly household income in Sabah has increased from RM 1,191.00 in 1976 to RM

2,242.00 in 1990 (Table 4.1). The growth rate is about 88.2%. Such high growth rate of monthly income is due to several factors, that is, higher participation of Chinese in non manual occupations, self-employed status, and higher education.

Table 4.1
Chinese Mean Monthly Household Income in Sabah
(in current prices)

	1976 (RM)	1990 (RM)	Growth rate (%)
Chinese	1,191	2,242	88.2

Source: Malaysian Government, 1991, p.45

With regards to the participation of Chinese in non-manual occupations, it is observed that their percentage has increased from 43.29% in 1970 to 51.07% in 1980 (Table 4.2). The increase of percentage in non-

manual occupations has led to the increase of average monthly income. It is because the income of most non-manual occupations is generally higher than manual occupations as shown in construction sector. Table 4.3 shows that the monthly income of non-manual jobs ranges from RM 861.00 to RM 2,275.00; whereas the income of manual jobs ranges from RM 398.00 to RM 1,081.00.

Table 4.2
Distribution of Occupation of Chinese in Sabah
1970-1980

	1970	1980
N.Manual	43.29	51.07
Manual	56.71	48.93
Total %	100.00	100.00
N	38,344	49,129

Source: Data of 1970 are adapted from Chander, 1976, p.301-311. Data of 1980 are adapted from Khoo, 1983b, p.354-358.

Table 4.3
Average Monthly Wages of Selected Occupations
in Construction Industry in 1986

Occupation	Monthly Income (RM)
<u>Non-manual jobs</u>	
Engineer	2,275
Quantity Surveyor	1,640
Project Manager	3,216
Accountant	2,087
Supervisor	1,087
Clerk of workers	861
<u>Manual jobs</u>	
Technician	700
Wireman/Electrician	810
Bar Bender	1,081
Carpenter	587
Plumber	639
Painter	664
Plasterer	831
Tile Fixer	821
Brick Layer	633
Concreter	552
Mason	725
Lorry Driver	714
Lorry Attendant	441
Steel Worker	603
Machine/Plant Operator	740
Crane Driver/Operator	928
General Workers	398

Source: Ministry Of Labour, 1988, p.90

For the participation of Chinese in self-employed categories, its percentage has also shown improvement from 1970 to 1980 (see Table 4.4). In terms of numbers, the number of Chinese employers has increased from 9,838 to 20,797; in terms of percentage in total labour force, their percentage has increased from 23.2% in 1970 to 34.5% in 1980. The increase of Chinese employers inevitably increase their average monthly income since the income of self-employment is many times higher than salaried jobs.

In the area of educational attainment as explained in Chapter Three, the Chinese has increased their average education level from 1970 to 1980. Table 4.5 shows the increased percentage of the educated. From 1970 to 1980, the percentage of Chinese in primary

Table 4.4
 Chinese Employment Status of Population aged
 10 years and above, 1970 and 1980, Sabah

Employment Status	1970	1980
Employer	1,847	4,490
Own Account Worker	7,991	16,307
Employee	26,522	34,871
Family Worker	5,315	3,646
Looking For First Job	720	1,081
Total	42,398	60,350

Source: Data for 1970 are from Chander, 1976, p. 272; data for 1980 are from Khoo, 1983b, p.397.

Note: Percentage of employer (employers and own account workers) in total Chinese labour force population:

$$1970 = \frac{9838}{42398} \times 100\% = 23.2\%$$

$$1980 = \frac{20797}{60350} \times 100\% = 34.5\%$$

education level has increased 10.92%, lower secondary education level 6.64%, upper secondary education level 7.16% and Form Six and above education level 0.45%. By improving educational attainment, chances of them getting higher paid jobs are higher than before. The Report of the Ministry of Labour in 1988 (Table 4.3) shows that higher educated persons such as engineers, quantity surveyors, project managers, and accountants earned higher income than lower educated persons such as carpenters, tile fixers, masons and so on.

4.3 Comparison Of The Average Income Of Sabahan Chinese And Bumiputras

The average income of the Chinese and Bumiputras is also measured in terms of mean monthly household income. In both 1970 and 1980, it is found that the average income of Chinese is higher than Bumiputras. In

1976, the average income of Chinese is \$ 847.00 higher than Bumiputras while in 1990, the average income of Chinese is \$ 1,347.00 higher than Bumiputras (Table 4.6). The difference in the average income of Chinese and Bumiputras can be partly attributed to the differences of educational attainment, occupational patterns, economic activities and business participation.

Table 4.5
Percentage Distribution of Education Level of the Chinese in Sabah, 1970 and 1980

Education Level	1970	1980
None educated	31.3	28.0
Primary or less	44.9	34.0
Lower Secondary	15.5	22.2
Upper Secondary	6.0	13.1
Form Six and above	2.3	2.7
Total %	100.00	100.00
N	138,512	153,733

Source: Data for 1970 are from Chander, 1972, p.149-152; data for 1980 are from Khoo, 1984, p.256-259.

Table 4.6
 Mean Monthly Household Income in Sabah by Ethnic
 Groups (in current prices)

	1976 (\$)	1990 (\$)	Growth rate (%)
Sabah Overall	513	1,148	123.8
Bumiputra	344	895	160.2
Chinese	1,191	2,242	88.2
Others *	1,415	2,262	60.0

Source: Malaysian Government, 1991, p.45

Note: * Others: mostly foreigners who consist of Vietnamese, other Asians, Eurasians, Europeans and others.

The different educational attainment of Chinese and Bumiputras has caused the average monthly income of the Chinese to be higher than that of the Bumiputras (see Table 2.7 of Chapter 2). This causes the Chinese to be able to get more higher-paid jobs. In 1980, 72%

Table 4.7
 Educational Attainment of Chinese and Bumiputras
 in Sabah 1980

Educational	Bumiputra		Chinese	
	N	%	N	%
No Education	435,638	55.3	43,026	28.0
Primary or less	223,802	28.4	52,270	34.0
Lower Secondary	94,588	12.0	34,067	22.1
Upper Secondary	29,263	3.7	20,208	13.1
Form Six and above	4,952	0.6	4,162	2.7
Total	788,243	100.0	153,733	100.0

Source: Khoo, 1984, p.244-247 & 256-259

of Chinese are educated; whereas only 44.7% of Bumiputras are in the similar category (Khoo, 1984, p. 244-247 & 256-259) (see Table 4.7).

The different economic activities involvement is another reason for the average monthly income differences between Chinese and Bumiputras (Table 4.8). It is observed that more Chinese are involved in higher income economic activities such as 'Wholesale and Retail Trade, Restaurants And Hotels' (34.7%), 'transport, storage and communication' (7.3%), 'Financing, insurance, real estate and Business service' (6.3%), and 'Manufacturing' (10.0%) in 1988. On the other hand, more Bumiputras are concentrated in "lower income" industries such as 'Agriculture, forestry, hunting and fishing' (53%), 'Mining and quarrying' (1.7%) and 'Electricity, gas and water' (0.7%) at the same year.

Table 4.8
 Distribution of Employed Persons by Industry and
 Ethnic Groups 1988

Industry	Bumiputra	Chinese
Agriculture, Forestry, Hunting and Fishing	53.0	12.2
Mining And Quarrying	1.7	0.7
Manufacturing	6.0	10.1
Electricity, Gas and Water	0.7	0.4
Construction	4.1	7.2
Wholesale and Retail Trade, Restaurants and Hotels	10.1	34.7
Transport, Storage and Communication	3.8	7.3
Financing, Insurance, Real Estate and Busi- ness Service	1.9	6.3
Community, Social and Personal Services	19.7	21.1
Total	100.0	100.0

Source: Department Of Statistics, 1990, p.159

The different business participation is another reason for the average income differences between Chinese and Bumiputras. More Chinese participated in larger scale business than Bumiputra. It is evident by the type of licences issued to non-Bumiputras in 1984, such as car dealers (73.7%), spare parts shops (93.0%), hotel/rest houses (88.2%), building materials (72.6%), pharmacy store (89.3%) and electrical shops (88.9%). On the other hand, Bumiputras are concentrated in smaller scale businesses which generate lower income such as canteen owners (81.3%), fish-mongers (68.5%), butchers (65.4%) and vegetable sellers (48.0%) (Table 4.9).

Furthermore, it is found that among the holder of business licences (Table 4.9), the number of Chinese is almost two times more than Bumiputras. The number of business licence holders is 7,904. Of the 7,904

Table 4.9

Types of Entrepreneurs as Indicated by Types of Business Licences, 1984 (in percentages)

Types Of Business	Bumiputras Non-Bumiputras		Total	
			%	N
Canteen Owners	81.3	18.7	100.00	192
Fish-Mongers	68.5	31.5	100.00	533
Butchers	55.4	44.6	100.00	184
Petrol Kiosk	52.1	47.9	100.00	144
Textile	51.0	49.0	100.00	210
Vegetable Sellers	48.2	51.8	100.00	1,221
Coffee Shop	42.8	57.2	100.00	540
Restaurant	33.3	66.7	100.00	111
Grocery	31.6	68.4	100.00	2,544
Building Materials	27.4	72.6	100.00	124
Fertilizer and Chemical	26.7	73.3	100.00	15
Car Dealers	26.3	73.7	100.00	99
Food Store	24.0	76.0	100.00	515
Fruit Store	19.0	81.0	100.00	48
Workshop	16.2	83.8	100.00	340
Hair Saloon	13.3	86.7	100.00	255
Hotel/ Rest House	11.8	88.2	100.00	85
Electrical	11.1	88.9	100.00	343
Studio	10.9	89.1	100.00	46
Pharmacy	10.7	89.3	100.00	28
Store				
Spare Parts store	7.0	93.0	100.00	327
Total: N	2,833	5,071		7,904

Source: Ongkili, 1989, p.104,

business licence holders, 5,071 are Chinese and 2,833 are Bumiputras. Higher participation of Chinese in businesses inevitably resulted in a higher average income since business is usually a lucrative activity.

4.4 The Income's Growth rate of Chinese and Bumiputras

The income's growth rate of Chinese and Bumiputras is listed in Table 4.10. Earlier on, it has been shown that the average monthly income of the Chinese is higher than the Bumiputras in both 1976 and 1990. However, Table 4.6 shows that the income growth rate of Bumiputras is higher than the Chinese. From 1976 to 1990, the income growth rate of Bumiputras is 160.2% while the Chinese is 88.2%. In other words, the growth rate of Bumiputra's average income has improved two times faster than the Chinese.

Table 4.10

The Estimated Income of Chinese and Bumiputras in the year of 2004, 2018 and 2032 (the mean household monthly income growth rate for Chinese is 80.2% and Bumiputras is 160.2%) (in Malaysian ringgit)

	1976	1990	2004	2018	2032
Bumiputras	344	895	2,329	6,060	15,741
Chinese	1,191	2,242	4,239	7,979	15,016

If the growth rate remain unchanged, the income of Bumiputras would be higher than the Chinese in time to come. With an unchanged income's growth rate, the income of the Chinese would be \$ 15,015.31 and Bumiputras would be \$ 15,740.80 in the year 2032 (see Table 4.10).

The reason for the higher income growth rate of Bumiputras over the Chinese is the assistance extended by the government to Bumiputras in education, non-manual occupations and business. As a result of this, in the field of formal education, the growth rate of Bumiputras in lower secondary, upper secondary and Form Six and above is 7.5, 3.5, and 2.5 times higher than the Chinese; in non-manual occupations, the growth rate of Bumiputras is 2 times higher than the Chinese; in business participation, the growth rate of Bumiputras is 3 times higher than the Chinese (see Table 4.11).

4.5 Summary

From the above discussion, it is found that the third social mobility indicator of the Chinese, that is income, have also shown positive relationship. Their average monthly income has proved to have increased from 1976 to 1990. During the same period, it is also

Table 4.11
The Growth rate of Chinese and Bumiputras in Education,
Non-Manual Occupation, and Business Participation from
1970 to 1980 (%)

	Bumiputras	Chinese
<u>Education*</u>		
Lower Secondary	450.0	58.0
Upper Secondary	481.0	143.0
Form Six and above	83.0	33.0
<u>Occupation#</u>		
N.Manual	69.4	33.8
Manual	42.4	9.5
<u>Industry@</u>		
Agriculture	80.5	42.2
Industry	135.2	4.9
Service	201.0	59.0
Commercial ^	319.2	107.6

Source: The data for Agriculture, Industry and Service Industry are from * Chander, 1976, p. 167-168; Khoo, 1984, p. 244-247 & 256-259; # Pang, T.W., 1989, p. 125; @ Pang, T.W., 1989, p.123; data for Commercial Industry are from Chander, 1976, p.341-342; Khoo, 1983b, p.374-375.

Note: ^ = Commercial sector includes the industry of 'wholesale and retail trade, restaurants and hotels' and 'finance, insurance, real estate and business services'. The 1970 census combined both industry in commercial sector, but the following census separate them.

found that the average monthly income of the Chinese is higher than Bumiputras. However, the effort of the government in eradicating ethnic disparity has made the income growth rate of the Bumiputra's monthly income surpassed the Chinese.