

**THE UNIVERSITY OF HULL**

**CONSTRAINTS AND POTENTIAL IN THE DEVELOPMENT OF RURAL  
INDUSTRIES: A CASE STUDY OF SILVERWARE AND BATIK  
PRODUCTION IN KELANTAN, PENINSULAR MALAYSIA**

**being a thesis submitted for the degree of Ph.D.  
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**by**

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# MAP OF PENINSULAR MALAYSIA



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## CHAPTER 1

### INTRODUCTION

#### 1.1. Introductory Statements

It is widely recognised that rural development in most developing countries is unlikely to be achieved by the development of one sector alone, such as agriculture. Although the agricultural sector is of prime importance in the development of rural areas, other fields of social and economic development must be included in a truly integrated approach.<sup>1</sup> It has been postulated that industrialisation can make a significant contribution to rural development through increased rural production and productivity, the provision of employment opportunities and the satisfaction of basic needs, and the establishment of linkages with other sectors of the economy.<sup>2</sup> In relation to this, interest in rural non-agricultural development has been growing in many developing countries as a result, *inter alia*, of severe limitations on the capacity of the agricultural sector to absorb the existing supply of rural labour and to satisfy even minimum subsistence requirements for a large proportion of the rural population.<sup>3</sup> Moreover, some of the widely adopted agricultural programmes such as the "Green Revolution" are no longer seen to be widely tenable not least because of the failure to deal with problems of production, employment and poverty simultaneously.<sup>4</sup> This realisation comes in part because of the rapid growth in the rural population which has greatly increased the number of people that needs to be absorbed, and in part because of the growing evidence that the direction of government policies and the flow of likely innovations is likely to strengthen the current trends towards low labour absorption in agriculture.<sup>5</sup> Given agriculture's limited capacity to absorb labour, rural

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1 Vincent Austin, *Rural Industrial Development*, Cassel, London, 1981, p. 1.

2 M. V. Hogg, "Industrialisation and Rural Development: An Analysis of the Basic Needs Issues," in UNIDO, *Industrialisation and Rural Development*, UNIDO, New York, 1978, p. 19.

3 R.T. Shand, "The Role of Off-Farm Employment in the Development of Rural Asia: Issues", in R.T. Shand (ed.), *Off-Farm Employment in the Development of Rural Asia*, Australian National University: National Centre for Development Studies. 1983, p. 1.

4 Samuel P.S. Ho, "Rural Non-agricultural Development in Asia: Experiences and Issues," in Yang-Boo Choe and Fu-Chen Lo (eds.), *Rural Industrialisation and Non-farm Activities of Asian Farmers*, Asian and Pacific Development Centre, Kuala Lumpur, 1986, p.43.

non-farm activity assumes increased importance as an alternative or supplementary source of rural employment and income.

Thus, the promotion of the small enterprise sector (e.g. handicrafts, cottage industries, small-scale rural industries) could play an important role in the implementation of a development strategy. Moreover, the development plans of most Developing Countries indicate that their strategies tend to favour employment generation and a more equitable income distribution, expansion of rural industrialisation and the improvement of rural incomes, and the local production of consumer goods in accordance with the needs, tastes, and purchasing power of low-income groups.<sup>6</sup>

However, there has been a postulation that the power of survival of many small industries is limited while the majority of those that survive remain small.<sup>7</sup> This implies that although small industries have a significant contribution to make, they are facing several constraints in their development. In relation to this, the question raised is whether small-scale rural industries have the potential to expand and play a more significant role than hitherto or whether they are up against constraints which will continue to restrict their growth. This question of potential and constraints in the development of small-scale rural industries provides the main focus of the present study.

This chapter attempts to provide a conceptual backdrop to a study of handicraft industries which was carried out in the state of Kelantan, Peninsular Malaysia.

## 1.2. Rural Industrialisation and Rural Industry: Definitions

I present in this section some definitions of rural industrialisation and rural industry. Islam defines rural industrialisation as essentially the diversification of the rural

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5 S.K. Jayasuriya and R.T. Shand, "Technical Changes and Labour Absorption in Asian Agriculture: An Assessment," R.T. Shand (ed.), *Off-Farm Employment in the Development of Rural Asia*, National Centre for Development Studies, Australian National University, 1983, p. 24

6 M. Allal and E. Chuta, *Cottage Industries and Handicrafts: Some Guidelines for Employment Promotion*, International Labour Office, Geneva, 1982, p.1.

7 Deputy Prime Minister of Malaysia, Opening Speech for *The Workshop On Entrepreneurship Development For Small Scale Enterprise*, 22-27 February 1988, The Government of Malaysia, Kuala Lumpur, 1988, p. 10.

economy through the introduction and promotion of small-scale manufacturing enterprises.<sup>8</sup> Meanwhile, in a broader context Parnwell defines it as:

"... a process involving the growth, development and modernisation of various forms of industrial production within the rural sector generally and rural villages specifically."<sup>9</sup>

Nevertheless, according to him the process can take a variety of forms depending on the definition of rural industries, and the underlying objectives of the rural industrialisation strategy. In relation to this, rural industrialisation could be viewed from two perspectives: (i) industrialisation in rural areas, and (ii) industrialisation of rural areas. The first perspective focuses on how and what type of industries can be located in or dispersed to rural areas given the extant availability of factor inputs and markets. Most developing countries have evolved three types of programmes in pursuit of their policies aimed at industrialisation in rural areas. These are:

- a. establishment of large factories which use bulky and perishable agricultural products as raw material. Examples are sugar and fruit canning factories, etc.;
- b. protection and promotion of traditional handicrafts and artisanal products; and
- c. encouragement and promotion of small-scale units processing agricultural products or providing agricultural inputs of various kinds.

This perspective lays emphasis on industrialisation and is often simultaneously moulded and straightjacketed by national economic development programmes.<sup>10</sup> In this process of rural industrialisation the rural population becomes involved in, and benefits from the growth of the industries located or found in rural areas.

The second perspective looks at rural industrialisation as a process thereby laying greater emphasis on industrialisation of rural areas. Rural industrialisation is treated as a

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<sup>8</sup> Rizwanul Islam (a), "Rural Industrialisation and Employment in Asia: Issues and Evidence", in Rizwanul Islam (ed.), *Rural Industrialisation and Employment in Asia*. ILO-ARTEP, New Delhi, 1987., p.3.

<sup>9</sup> Michael J.G. Parnwell, *Rural Industrialisation in Thailand*, Hull Papers in Developing Areas, No. 1, February 1990, Centre of Developing Area Studies, The University of Hull, p. 2.

<sup>10</sup> See Yang-Boo Choe and Fu-Chen Lo, *op cit.*, p.243-4.

Figure 1.1

Manufacturing classified by systems of organisation

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- A. Family Use
    - (1) Own-use manufacture
  - B. Artisan System
    - (2) Artisan homework
    - (3) Artisan workshop
  - C. Putting Out or Dispersed Factory System
    - (4) Industrial homework (wage paid)
    - (5) Dependent or quasi-independent small shops
  - D. Factory System
    - (6) Small factory
    - (7) Medium factory
    - (8) Large factory
- 

Use of terms:

Small industry	=	1,2,3,4,5,6.
Non-factory industry	=	1,2,3,4,5.
Small factory	=	6.
Artisan industry	=	2,3, overlapping with 4,5.
Household industry	=	1,2,4, sometimes 5.

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Source: Eugene Stanley and Richard Morse, Modern Small Industry for Developing Countries, McGraw-Hill, New York, 1965, p. 5.



sub-process as well as a means to diversify and modernise the rural economy. In this perspective rural industrialisation is a means to develop rural areas. The emphasis is therefore on the modernisation needs of the society and the identification of the specific role that rural industrialisation can play to meet those needs. Flexibility and a development needs-oriented strategy are the hallmarks of this perspective. The perspective is based on the notion of a dynamic transitional economy (for example from "traditional/backward" to "industrialised"). When applied to a given developing country, it offers a set of very particular contextual structures which demand a systematic intervention to promote rural industrialisation.<sup>11</sup> These structures differ not only from country to country but also from region to region within a country. For instance, the backward regions having a less skilled population need a different approach in rural industrialisation than more advanced regions having a more skilled population.

Meanwhile we should define those industries found in rural areas carefully, not least for the operational purposes of the present study; not all industries located in the countryside are "rural industries" as defined by the present research study. There are various kinds of industries found in rural areas which could be differentiated according to definitions employed for policy and other purposes. Parnwell identifies at least seven kinds of industries which are found in rural areas, including (a) small- and medium-scale industries; (b) rural non-agricultural activities; (c) community industries; (d) cottage and handicraft industries; (e) industries in rural areas; (f) industries away from major urban centres; and (g) industries involving a rural-urban division of labour.<sup>12</sup> Meanwhile, Sanjay Sinha offers a more general definition of rural industry:

"...all manufacturing or machinery servicing activity located in villages or small towns (excepting those which are centres of national or provincial administration)."<sup>13</sup>

This definition is based on the observation that small towns act primarily as marketing and service centres for the surrounding hinterland and are, thus, inextricably

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11 *Ibid*, p. 244.

12 For details see Michael J.G. Parnwell, *op cit.*, p. 3-4.

13 Sanjay Sinha, *Planning For Rural Industrialisation: a Review of Developing Country Programmes*, Intermediate Technology Development Group, London, 1983, p.3.

linked with the rural economy. It is sensible that the geographical horizon of rural industry need not to be confined strictly to villages and should include intermediate-sized settlements away from the metropolitan centres, where opportunities either exist or could be promoted at minimal costs.<sup>14</sup> The definition excludes modern large-scale industries located in rural areas since such industries usually have tenuous links with the rural economy.

In terms of classification, there are several ways to classify rural industries. The most often used classification is based on the final product and size. However, Stanley and Morse have classified industries by systems of technology and organisation as shown below (Figure 1.1).<sup>15</sup>

It is suggested that the number 7 and 8 types of industries should not be included from the perspective of rural industrialisation. Such industries become established in rural areas because of locational, market and other advantages. Medium and large industries can also be located in rural areas as a result of government policy to decongest urban centres or decentralise urban functions. Thus, it is conceded that rural areas in the developing countries are characterised by small settlements, small-scale raw material outputs, small markets and low technological bases. If the rural industrialisation process must directly involve the rural people, not only as labourers but also as entrepreneurs and managers, then the scale of operation must remain small. Therefore rural industrialisation in essence means diversification of the rural economy through the introduction and promotion of small-scale manufacturing enterprises.

### **1.3. Rural industrial activities: some issues**

There are two crucial questions that need to be asked in the context of policies to promote the growth of rural industries: (i) whether the industries are productive enough to provide the rural poor with a decent income and level of living, or are low productivity

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<sup>14</sup> Yang-Boo Choe and Fu-Chen Lo, *Op cit.*, p. 211.

<sup>15</sup> For the illustration of each type of industry see Eugene Stanley and Richard Morse, *Modern Small Industry for Developing Countries*, McGraw-Hill, New York, 1965, p. 2-16.

activities of a residual nature to which people turn merely as a last resort; and (ii) whether they provide a sufficiently promising means of engendering egalitarian growth in rural areas.<sup>16</sup> The question of productivity, in turn, is related to technology and hence to the employment generating capacity of the industries. The second question arises from concern both about the spatial pattern of rural industrialisation and the social distribution of its benefits.

Besides these two major questions there are several other issues related to the questions on which this section intends to focus - although it is imperative to note that we can only highlight each issue briefly since the main purpose is to give a general picture of the issues and problems. The first major issue concerns whether or not rural small-scale industries could become a vehicle for the generation of employment and income for the rural poor and as a means of productively absorbing a part of the addition to the rural labour force that takes place. The available evidence indicates that rural non-farm activities are quantitatively very important with from 30 to 50 percent of the rural labour force in most developing countries either primarily or secondarily engaged in some form of rural non-farm activity.<sup>17</sup> Some of the evidence also indicates that women have a higher level of participation in these activities than is the case in the labour force more generally.

The second issue is related to the question of how small-scale rural industrial activities evolve as development proceeds. Hymer and Resnick, for example,

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<sup>16</sup> Rizwanul Islam, "Productivity and Equity Consideration Policies for Rural Industrialization: An Analysis Based On Some Asian Experience," in Yang-Boo Choe and Fu-Chen Lo (ed.), *op cit.*, p 73-4.

<sup>17</sup> Evidence of the contributions of small-scale rural industries towards employment and income generation can be derived from several sources, among others, Enyinna Chuta and Carl Liedholm, *Rural Non-Farm Employment: a Review of the State of the Art*, MSU Rural Development Papers, Paper No. 4., Michigan State University, 1979; R.T. Shand (ed.), *Off-Farm Employment in the Development of Rural Asia*, Vol. I and II, National Centre For Development Studies, Australian National University, 1986; Swapna Mukhopadhyay and Chee Peng Lim (ed.), *The Rural Non-Farm Sector in Asia*, Asian and Pacific Development Centre, Kuala Lumpur, 1985; Swapna Mukhopadhyay and Chee Peng Lim (ed.), *Development and Diversification of Rural Industries in Asia*, Asian and Pacific Development Centre, Kuala Lumpur, 1985; M. Allal and E. Chuta, *Cottage Industries and Handicraft: Some Guidelines for Employment promotion*, International Labour Office, Geneva, 1982; Rizwanul Islam (ed.), *Rural Industrialization and Employment in Asia*, International Labour Organization, New Delhi, 1987(b) and Enyinna Chuta and S.V. Sethuraman, *Rural Small-Scale Industries and Employment in Africa and Asia*, International Labour Office, Geneva, 1984. The writing of this section is mainly based on these sources.

hypothesised that rural non-farm activities have declined and will continue to decline as rural incomes rise and opportunities of trade increase.<sup>18</sup> Although some specific types of rural non-farm activities appear to have declined over the recent past, the empirical evidence indicates that, overall, rural non-farm activities and employment have been increasing in most developing countries.<sup>19</sup>

The third issue, which has implications for future growth of the sector, relates to the nature of the demand for the goods and services produced by rural non-farm activities. The issue is whether or not the demand for these activities increases. Hymer and Resnick (1969) have argued that rural non-farm goods and services, (referred to as "Z goods"), are "inferior" goods and thus the demand for these goods will decline as rural incomes rise.<sup>20</sup> Meanwhile, Pack, in his review of the report of the 1972 ILO mission to Kenya, also contends that increasing the incomes of the poor may have, at best, only a limited effect on the demand for the goods and services of the "informal sector," which includes rural non-farm activities.<sup>21</sup> On the other hand, various studies have contended that there is a strong, positive relationship between income and the demand for these activities.<sup>22</sup>

The fourth issue is whether or not there are strong backward and forward linkages between rural non-farm activities and other sectors of the economy, particularly

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18 Stephen Hymer and Stephen Resnick, "A Model of an Agrarian Economy With Nonagricultural Activities," in *The American Economic Review*, Vol. 50, 1969, p. 493-506. In a subsequent article, Hymer provided empirical evidence for the contention by tracing the decline of rural industry in Burma, Philippines and Thailand from 1870 to 1938; see Stephen Hymer, "The Decline of Rural Industry Under Export Expansion: A Comparison Among Burma, Philippines, and Thailand, 1870-1938," in *Journal of Economic History*, Vol. 30, 1970, p. 51-73. The model has also been applied in explaining the growth and impact of modernisation on rural industries in The Philippines, see Raul V. Fabella, "Rural industry and modernization," in Swapna Mukhopadhyay and Chee Peng Lim (ed.), *The Rural Non-Farm Sector in Asia*, Asian and Pacific Development Centre, Kuala Lumpur, 1985, p. 119-141.

19 For the sources of some of the empirical evidence see, Enyinna Chuta and Carl Liedholm, *op cit.*, p.16-21

20 Stephen Hymer and Stephen Resnick, "A Model of an Agrarian Economy with Non-Agricultural Activities," *The American Economic Review*, Vo. 50, 1969, p. 493-506.

21 Howard Pack, "Unemployment and Income Distribution in Kenya," in *Economic Development and Cultural Change*, Vol. 26, 1977, p. 157-168.

22 For the sources of some of the empirical evidence see, Enyinna Chuta and Carl Liedholm, *op cit.*, p. 22-3.

agriculture.<sup>23</sup> There is diverging opinion and varying empirical evidence on the production linkage issue. A.E. Hirschman, in his classic book,<sup>24</sup> contends, without detailed empirical evidence, that the linkages between agriculture and other sectors are weak. Yet, numerous studies indicate that the forward and backward production linkages from this sector to agriculture are quite important.<sup>25</sup> The evidence on linkages with large-scale industry is sparse, but that which is available indicates that they are somewhat limited. Finally, there is also some evidence that the international market is an important component of demand for certain types of rural non-farm products.<sup>26</sup>

With respect to supply, the fifth issue is whether or not rural non-farm activities are more labour-intensive and thus generate more employment per unit of capital than other segments of the economy. The available evidence is generally quite consistent in indicating that small-scale, rural enterprises are labour-intensive.<sup>27</sup>

Finally, the sixth issue is whether or not these labour-intensive rural non-farm enterprises use the most scarce factor input, capital, efficiently. There are instances where small, rural non-farm enterprises appear to possess a higher capital productivity although there is an argument that the capital productivity (i.e. the output-capital ratio) of small, rural enterprises is lower than that of their larger-scale counterparts. There is also evidence which indicates that profit rates per unit of capital in many rural non-farm enterprises are also higher than those of urban, larger-scale firms. Meanwhile, limited evidences show that, on average, the income of rural non-farm households is somewhat higher than that of farming households, but is nonetheless substantially below urban incomes. Rural non-farm activities are generally undertaken within very small-scale,

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23 Samuel P.S. Ho, *op cit.*, p.49-53.

24 A.E. Hirschman, *The Strategy of Economic Development*, Yale University Press, New Haven, 1958.

25 See among others, Enyinna Chuta and Carl Liedholm, *op cit.*, p. 24-9; Dennis Anderson and Mark W. Leiserson, *Rural Enterprises and Non-Farm Employment*, World Bank, Washington, D.C. 1978, p. 236-40; T. Raghupati and N.R. Prasad Reddy, "Case Study on Rural Non-Farm Activities in India," in Swapna Mukhopadhyay and Chee Peng Lim (eds.), *The Rural Non-Farm Sector in Asia*, Asian and Pacific Development Centre, Kuala Lumpur, 1985, p.5-74.

26 See among others, Michael J.G. Parnwell and Suranart Khamanarong, "Rural Industrialisation and Development Planning in Thailand," *Southeast Asian Journal of Social Science*, Vol. 18, No. 2, 1990, p.1-26

27 Please refer to footnote 18 for some references on the matter.

artisan and informal enterprises, which employ on the average fewer than five individuals. These activities are particularly important for those rural households with little or no land. Thus, the equity implications of rural non-farm activities are attracting increasing attention.

#### 1.4. Rural industries and development theories

It seems that most of the social scientists involved in "peasant studies", as well as specialising in rural economic development, have tended to "agrarianise" their approach to the Third World countryside.<sup>28</sup> Rural peoples in these countries have been studied and written about as if they were exclusively agriculturalists. There have been many studies of the "agrarian question", but only a handful dealing with the question of rural industries.<sup>29</sup> This is understandable, given the dominance of this sector in employment and wealth creation. As a result, the possibility of industrial commodity production being more important than agriculture in rural households was not discerned empirically nor posited theoretically.

In the neo-classical "modernisation" paradigm (i.e. as one of the components of the equilibrium school of thought) that underlay Western interpretations of development up to the early 1970s, the rural non-farm sector, which includes rural industries, was not given special consideration. The rural non-farm sector, when it was considered at all, was regarded as a form of disguised unemployment,<sup>30</sup> and, being seen as part of the traditional sector, it was expected to be subsumed by modern urban firms. Influential later models of the "dual economy" saw the traditional sector, including the rural non-farm sector, as essentially static and isolated, contributing virtually nothing to the development of the modern economy in Third World countries. This interpretation led to calls for a "big push" by foreign aid agencies to eliminate these traditional "bottlenecks."<sup>31</sup> In short,

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28 Scott Cook (a), *Peasant Capitalist Industry: Piecework and Enterprises in Southern Mexican Brickyards*, University Press of America, Lanham, 1984, p. 2.

29 Scott Cook (b), "Peasant Economy, Rural Industry, and Capitalist Development in the Oaxaca Valley, Mexico," in *Journal of Peasant Studies*, Vol. 12, No. 1, October, 1984, p. 4.

30 Benjamin Higgins, *Economic Development*, W.W. Norton, New York, 1968, p. 318-324.

31 *Ibid*, p. 265-6.

the prevailing view was that the traditional non-agricultural sector had value only as a labour pool, to be drawn on as needed by modern industry.<sup>32</sup>

The rural non-farm sector also had no real place in the modernisation paradigm of development. This paradigm contended that innovation diffusion from the West was a desirable and even inevitable mechanism for Third World development and would naturally utilise the urban system of the host country for the transmission of modern technology and innovation ideas.<sup>33</sup> The rural areas were considered to be the recipients of development, where the economic benefits of growth could "filter down" to the areas from urban "cores". However, there was no real discussion of the non-farm sector by these models.

Meanwhile, the modernisation paradigm had been criticised for its drawbacks. Among the disadvantages of the paradigm is that it ignores the realities of the political, social, and economic environments in underdeveloped countries. The resultant problems of modernisation, among others, were that the rural poor in the Third World were relatively worse off than before; and debt service burdens mounted as the international loans used for industrialisation came due for repayment. From the space-economy perspective, there has been a growing spatial polarity and urban primacy in Third World countries, as innovation, capital, and technology have become concentrated in the metropolitan urban core. This has adversely affected rural areas, exacerbating the out-migration of rural skilled labour, the sub-marginalisation of small farmers, and the rise of large land-owners in areas well-connected to the urban core. There have been increasing regional inequalities in incomes, productivity and the provision of services. These have left their mark on the character of the rural non-farm sector.

Meanwhile, the early populist socialism (i.e. represented by Robert Owen in Britain, Proudhon in France, and Herzen in Russia) argued strongly in favour of small

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<sup>32</sup> Gunnar Myrdal, *Asian Drama: An Inquiry Into the Poverty of Nations*, Vol. 2, Parthenon Press, New York, 1968, p. 1156-7.

<sup>33</sup> For discussions see for example David Harrison, *Sociology of Modernization and Development*, Routledge, London, 1991, p. 33-61.

scale industrial enterprises sited in rural communities under the communal control of "free and equal" workers. They believed that "development" could then occur, under the control of village artisans and farmers rather than through the anarchy and horrors of rampant industrial capitalism or through the bureaucratic excesses of central government. In this context populist socialism meant the development of small-scale enterprises under the control of (primarily rural) people who worked them.<sup>34</sup> A.V. Chayanov, the leading populist theoretician, on the other hand posited an inverse relationship between the amount of land held and the size of income from crafts and trades (that is, the smaller the area of arable land, the greater the value of industrial output);<sup>35</sup> and he discerned a trend reflecting the maximisation of marginal returns to labour at the interior of the Russian peasant household which he proffered as an explanation for significant involvement in industrial commodity production among households which had under- or un-utilised arable land.<sup>36</sup> However, on the important issue of the relationship between agriculture and industry, the populists went no further than considering it to be a complementary one, with agriculture predominating in the annual cycle of household production. In other words, industrial commodity production was considered as a subsidiary activity engaged in to meet the needs of agriculture or pursued during the "off-season" to supplement household income. The possibility of industrial commodity production being more important than agriculture in rural households was not discerned empirically nor posited theoretically.

Nevertheless, it is worth noting further that there are some incompatibilities between the populists (represented by A.V. Chayanov) and Marxists (represented by V.I. Lenin) in their views on rural industrial commodity production. The incompatibilities are, first, where the populists saw an expanding "people's" handicraft production (that is, where labour owned both the instruments and materials of production as well as all of the product, and in which family labour predominated) counterpoised to capitalist production,

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34 See Andrew Webster, *Introduction to the Sociology of Development*, MacMillan Publishers Ltd., London, 1984, p. 170

35 Daniel Thorner, Basile Kerblay, and R.E.F. Smith (ed.) *A.V. Chayanov, The Theory of Peasant Economy*, Richard D. Irwin, Homewood Illinois, 1966, p. 40.

36 *Ibid.*, p. 108-9.



Lenin demonstrated that many of the handicraft producers were wage workers in the employ of putting-out or buying-up merchants; or that they were:

“family workers...who employ wage workers’ and who ‘own the “fruits” of other labour in addition to their own.”<sup>37</sup>

Second, in contrast to the populists who viewed wage labour in handicraft production as merely supplemental to family labour, and considered the latter to be the foundation of a non-capitalist people's production, Lenin interpreted census data<sup>38</sup> to show that wage labour represented a capitalist subversion of people's production (a process which he viewed as progressive) and, in fact, demonstrated that the industrial households with the largest number of family workers were not only the wealthiest but were also the most likely to employ larger numbers of wage workers. For Lenin, then, "family co-operation" was the "foundation of capitalist co-operation".<sup>39</sup>

Thirdly, Lenin's approach was incompatible with the Chayanovian assumption that the principal dynamic in the countryside is the achievement of equilibrium in peasant household budgets.<sup>40</sup> Lenin recognised that industrial commodity production could play an important role in determining the socio-economic trajectories of rural households. In essence, he probed more deeply than Chayanov into the different forms of combination of industry and agriculture in the Russian countryside, each form having different implications for rural social life.<sup>41</sup>

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37 V.I. Lenin, "The Handicraft Census of 1894-95 in Perm Gubernia and General Problems of 'Handicraft' Industry", *Collected Works of V.I. Lenin, Vol. 2, 1895-7*, Lawrence & Wishart, 1963, London, p. 366.

38 Lenin's work on rural industry resulted from his analysis of a huge corpus of household census data collected through the zemstvo organisation. For the detail of the census data please refer to *Ibid.*

39 *Ibid.*, p. 374.

40 This equilibrium is shown where according to Chayanov the fact that in the peasant economy the unit of production was the family, which served at the same time as the unit of consumption, meant that labour allocation processes were determined not by the wage labour relation but by the consumer-worker ratio (that is, more output per worker would be forthcoming should there be more mouths to feed). Reproduced from Diana Wong, *Peasants in the Making: Malaysia's Green Revolution*, Institute of Southeast Asian Studies, Singapore, 1987, p.16.

41 The forms of the combination of industry with agriculture observed by Lenin are: (1) patriarchal (natural) agriculture is combined with domestic industries; (2) patriarchal agriculture is combined with industry in the form of artisan production; (3) patriarchal agriculture is combined with the small-scale production of industrial products for market; (4) patriarchal agriculture is combined with work for hire in industry (and also agriculture); (5) petty-bourgeois (commercial) agriculture

The rural non-farm sector is given short shrift in the writings of many dependency perspective advocates. Those who adopted this dependency perspective claimed that the Third World was being actively underdeveloped by the process of capital penetration of the newly independent countries, and by their dependence on the West for markets, technology, and financial aid for modernisation programmes.<sup>42</sup> In each country the advocates point out that what the informal sector does is to provide the formal sector with goods and services at a very low price, which makes possible the high profits of the formal sector. This view of the informal or traditional sectors as being marginal, exploited by and supportive of the modern capitalist sector and worthy only of dissolution, so widely held among dependency advocates, is not really any different from the viewpoint of the neo-classical economists mentioned earlier.

Meanwhile, a more radical orthodox Marxist approach assumes that political-structural reorientation at the state level will "take care of" problems of rural development as part of a general reshaping of society. The expectation is that the overthrow of existing regimes in the Third World and removal of ties with the West will bring about rapid material and social improvement for the rural masses. However, it is not enough to suggest, as some have done, that replacement of the political apparatus to eliminate the capitalist mode of production will in itself solve problems of inequality and rural deprivation.

Within developing countries themselves, meanwhile, there is much that can be (and is being) done to influence decision-makers and planners and to bring about meaningful change toward lasting improvement without destructive confrontation and conflict. These initiatives include the adoption of less radical solutions, such as basic needs approaches, rural reformism, and the "small is beautiful" approach. One of the first

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is combined with petty-bourgeois industries (small commodity production in industry, petty trade, etc.); and (6) wage-labour in agriculture is combined with wage-labour in industry. For detail of these forms see V.I. Lenin, *The Development of Capitalism in Russia*, Progress Publisher, Moscow, 1974, p.383-5.

<sup>42</sup> For details see the writings of the advocates of the perspective/model such as A.G. Frank, *Capitalism and Underdevelopment in Latin America*, Penguin, Harmondsworth, 1971; and F.H. Cardoso and E.Fletto, *Dependency and Development in Latin America*, University of California Press, Berkeley, 1979.

researchers to outline the features of a basic needs approach to development was Paul Streeten.<sup>43</sup> The relevance of this approach for the rural non-farm sector in the Third World countries is direct and immediate. First, the strategy would aim to achieve its goals largely through contact with rural masses via channels where non-farm activities have a major role to play, as in small rural market centres. Second, public services such as health, education, and family planning aids need to be combined with other, privately-provided services such as transport, clothing, tools, and food supply (which are mostly obtained through the rural non-farm sector). The theory is that through their various linkages, the public and informal sectors are the most likely sectors to provide powerful impulses to pervasive industrialisation, construction, agriculture, and services. Stimulation of these key sectors will induce "a new dynamism in the economy" that should lead to removal of the most persistent forms of poverty in rural areas.

"Basic needs activities" must share at least some of the following characteristics: (i) raise incomes of the poor through creation of employment, and increasing productivity of those now employed; (ii) contribute to the satisfaction of "core" needs such as nutrition, health, education, housing, and water; (iii) increase production of other basic goods and services (what we shall term "household needs") such as food, textiles, utensils, furniture, and personal effects bought in the small markets by low-income groups; and (iv) enhance decentralisation, participation and self reliance.<sup>44</sup> Given the objectives and underlying concepts of the basic needs approach, it is not surprising that the rural non-farm sector, as a major element of the informal sector, is regarded as a central and crucial part of this development paradigm.

Other approaches to the development of the Third World which display varying degrees of concern for rural reorganisation and development of the non-farm sector include the "redistribution from growth" concept of the World Bank which has led to the

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<sup>43</sup> Paul Streeten, "The Distinctive Features of a Basic Needs Approach to Development," in *International Development Review*, Vol. 19, 1977, p. 8-16.

<sup>44</sup> M.V. Hogg, "Industrialization and Rural Development: An Analysis of the Basic Need Issues," in UNIDO, *Industrialization and Rural Development*, UNIDO, New York, 1978, p. 22.

work on rural development by Rondinelli and Ruddle,<sup>45</sup> and specifically on rural industrialisation by Anderson and Lieserson.<sup>46</sup> These approaches retain the notion of growth in the economy as a goal in itself, and do not see an incompatibility between urban growth and rural welfare, but rather a mutually supportive relationship in Third World countries. One of the proponents of the rural reorganisation approach, Akin Mabogunje notes that the restructuring of rural settlements has strong implications for rural non-farm activities also, and this, in turn, has bearing on the question of societal behaviour and decision-making in rural communities.<sup>47</sup> The approach addresses two critical issues with profound bearing on the development of the rural non-farm and farm sectors,

"...first, it [would] ensure meaningful participation of all citizens in productive activities; and second, it [would] keep the population in the rural areas until industrial development in the urban centers has grown to such a level as to be able to provide alternative employment without compromising the capacity of the rural areas to supply food and industrial raw materials."<sup>48</sup>

As part of this approach, Mabogunje favours locating small-scale processing industries in small rural towns, after the pattern followed in nineteenth century Japan.<sup>49</sup>

Meanwhile, there are other development approaches being suggested, especially to redress the rural-urban disparities, namely "ruralisation" and "regional self-reliance". These approaches are believed to be in line with the definition of development forwarded by Seers in which the definition should also include reduction of regional disparities and dependency of the peripheral regions on the urban centres.<sup>50</sup> The essence of these self-reliance or "partial regional closure" models is to reduce the backwash-inducing effects of linkages to the metropolis of the Third World countries. These models are somewhat

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45 Dennis A. Rondinelli and K. Ruddle, *Urbanization and Rural Development: a Spatial Policy for Equitable Growth*, Praeger, New York, 1978.

46 D. Anderson and M.W. Lieserson, *Rural Enterprise and Non-farm Employment*, World Bank, Washington D.C., 1978.

47 Akin Mabogunje, *The Development Process: A Spatial Perspective*, Hutchinson, London, 1980.

48 *Ibid*, p.116.

49 *Ibid*, p. 212.

50 Dudley Seers, "The New Meaning of Development," *International Development Review*, Vol. 19, 1977, p. 9.

incompatible with the "core-periphery" (top-down) model and the "redistribution from growth" (growth pole or top-down decentralisation)<sup>51</sup> ideas of the modernisation paradigm, the latter of which basically relies on government-sponsored income transfers and filtering-down effects. However, these core-periphery models and "redistribution from growth" are disfavoured and believed to be no more effective because of their backwash effects.

Meanwhile Friedmann and Douglass<sup>52</sup> put forward a model of regional self-reliance. The model has also been named "cities in the fields" since it envisages that urban-style services can be delivered in a system of dispersed facilities located in rural areas (agropolitan districts) in order to serve a peasant hinterland without long distance travel by the consumer of the services. Agropolitan districts are, in Friedmann's model, the smallest spatial units that can provide the basic needs of the community without inordinate resource transfers from outside regions. Essential features of these agropolitan districts include:<sup>53</sup> (i) a relatively small geographical scale; (ii) a high degree of self-sufficiency and self-reliance in decision-making and planning, based on popular participation and co-operative action at the local level; (iii) diversification of rural employment to include both agricultural and non-agricultural activities, emphasising the growth of small-scale rural industries; (iv) urban-rural industrial functions and their linkages to local resources and economic structures; and (v) utilisation and evaluation of local resources and technologies.

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51 Fu-Chen Lo and Kamal Salih have criticised the growth pole strategy or the top-down decentralisation, where they note that "... we suggest that the growth pole strategy is partial, and is inappropriate for the development of underdeveloped, peripheral regions. For the strategy represents an approach to regional development from outside, when in fact the source should be internal, at least in the early stages until an overall initial evenness is achieved." (p. 133). In relation to this they have pointed out at least eight drawbacks of this strategy (p. 132-4). See Fu-Chen Lo and Kamal Salih, "Growth Poles, Agropolitan Development, and Polarization Reversal: the Debate and Search for Alternatives", in Walter B. Stohr and D.R. Fraser Taylor (ed.), *Development From Above or Below? The Dialectics of Regional Planning in Developing Countries*, John Wiley and Sons, New York, 1981.

52 John Friedmann and M. Douglass, "Agropolitan Development: Towards a New Strategy for Regional Planning in Asia," in UNCRD, *Growth Pole Strategy and Regional Development Planning in Asia*, Proceeding of the Seminar, UNCRD, Nagoya, 1978, p. 333-387.

53 Fu-Chen Lo and Kamal Salih, *op cit.* p.135.

Friedmann's model is but one of a number of recent strategies which might be termed "ruralisation" approaches since their objective is to replace the present trends toward urbanisation and industrial concentration in the Third World with alternative frameworks that restore and reinforce rural economies, rural lifestyles, and rural values.<sup>54</sup> The idea is also found in the work of Schumacher<sup>55</sup> in which he proposes a technology of production by the masses, (instead of technology of mass production) which is, as he says:

"...conducive to decentralisation, compatible with laws of ecology, gentle in its use of scarce resources, and designed to serve human person instead of making him the servant of machines. I have named it intermediate technology, to signify that it is vastly superior to the primitive technology of bygone ages but at the same time much simpler, cheaper and freer than the super-technology of the rich."<sup>56</sup>

Accordingly, he urges the development of small-scale industrial enterprises which have four features: (i) workplaces should be created in areas where people live; (ii) workplaces should need neither large capital investment nor costly imports to operate; (iii) production techniques should be fairly simple so demands for high skills are kept low; and (iv) production should try to use local materials and be for local use. In other words, he favours decentralised small-scale enterprise, location in rural areas, under local control and non-destructive use of the environment.<sup>57</sup> The technology should be low cost and labour-intensive in character which will allow a system of production that is affordable and geared to high employment and local needs, suggesting the possibility of self-reliant (dependency-free) "development".

In this section we have attempted to ascertain whether the rural non-farm sector has a place in future development theory and strategy. The review of the theories reveals that there is no single agreed answer if one keeps to the precise interpretations of the

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54 Donald B. Freeman and Glen V. Norcliffe, *Rural Enterprise in Kenya*, Department of Geography, University of Chicago, Research Paper No. 214, 1985, p.14.

55 E.F. Schumacher, *Small Is Beautiful: Economics As If People Mattered*, Prentice Hall, New York, 1975.

56 *Ibid*, p. 143.

57 For some discussions on this perspective see Michael J.G. Parnwell, "Rural Industrialisation and Sustainable Development in Thailand", *Quarterly Environment Journal*, Vol. 1, No. 2, 1994.

terms "rural development" and "rural non-farm sector" in these paradigms. Strategies of government-imposed development (termed "top-down" strategies) have been mixed with grass-roots programmes (known as "bottom-up" approaches) in various versions of all broad schools of thought.<sup>58</sup> Particularly in low income countries, it is believed that advancement will only occur if incentives and resources are given for local participation in regional/rural development. However, this action is not always appropriate where to develop the rural areas or to solve rural poverty one must take into consideration the richness and the validity of rural people's knowledge (which could be utilised), or the hidden nature of the problem (i.e. of poverty).<sup>59</sup>

On the other hand, freedom from overwhelming outside pressures, such as are sometimes generated by transnational or large-scale urban capitalist enterprises that penetrate rural areas, is another condition for rural development on which a general consensus seems to be developing. The importance of regional integrity and the worth of appropriate technologies applied to agroprocessing, to small-scale manufacturing, and to rural service industries is also broadly acknowledged. These areas of growing consensus are exactly the areas that embrace the rural non-farm sector; hence our belief that the non-farm sector has a positive role to play in rural development.

### **1.5. Constraints of the development of rural industries**

In this section we attempt to present an overview of the literature dealing with the constraints of the development of rural industries. These can be grouped into two categories: non-cultural and cultural factors. The literature provides the basis of understanding of the nature and kind of constraints faced by the industries.

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<sup>58</sup> Walter B. Stohr and D.R. Fraser Taylor (eds.), *Development From Above or Below? The Dialectics of Regional Planning in Developing Countries*, John Wiley and Sons Ltd., New York, 1981.

<sup>59</sup> See for example the discussion by Robert Chambers, *Rural Development: Putting the Last First*, Longman Scientific and Technical, Essex, 1983.

### 1.5.1. Non-cultural constraints

Generally, the literature on the non-cultural or physical constraints of rural industry focus on factors such as capital, market, technology, management, premises, and labour/workers. Here, we attempt to summarise some of the findings of the literature that deals with these factors. According to Schmitz the physical (or what he calls external) factors that contribute to the underdevelopment of small industry fall into two broad categories: first, the small industries are exploited by large firms through various mechanisms and thus contribute to the accumulation of capital in those large enterprises; second, the development and expansion of the small industries is blocked by difficulties in access to product markets, technology, raw materials or credit; government policies are seen as reinforcing these blockages.<sup>60</sup>

In a more systematic way Rizwanul Islam groups the constraints into the following categories: (a) the demand for products and linkage with agriculture; (b) infrastructure such as the availability of electricity, transport, skills (education); and (c) other constraints, such as finance, supply of inputs, marketing, and the availability of information and extension.<sup>61</sup> Elwood Pye also points to the same factors such as the traditional organisation of production, availability of skilled labour, raw material supplies, traditional technology, capital and credit, design, and problems of extension workers.<sup>62</sup> Parnwell and Khamanarong also point out some of the constraints which include demand, design and technology, marketing, finance (capital), supply of raw materials, and competition with the urban and international industries.<sup>63</sup> As has been indicated these writers are in general agreement as to the kinds of physical, external or non-cultural constraints which impinge on the development of rural industry.

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60 Hurbert Schmitz, "Growth Constraints on Small-scale Manufacturing in Developing Countries: A Critical Review," in *World Development*, 1982, Vol. 10, No. 6, p. 430-441.

61 Rizwanul Islam (a), *op cit.* p. 11-14.

62 Elwood A. Pye (ed.), *Artisans in Economic Development: Evidence From Asia*, International Development Research Centre, Ottawa, 1988, p. 14-25.

63 Michael J.G. Parnwell and Suranart Khamanarong, *op cit.*, p. 22-4.



In the Malaysian experience, a study by the Task Force points out some of the constraints of the development of *Bumiputra* enterprises. Among the constraints are weak financial resources and a low level of saving; an absence of professional guidance and counselling; restricted access to loan facilities and commercial premises, especially among small business; an acute shortage in the supply of trained *Bumiputra* managers; and sole reliance on the government to promote *Bumiputra* participation in business and industry, neglecting the role of the private sector.<sup>64</sup> Meanwhile a study in Kelantan by the Malaysian Centre For Development Studies (MCDS) has identified several problems faced by *Bumiputra* entrepreneurs which include: problems arising from bureaucracy, including access to officials and poor government planning towards business and industry; problems arising from the system itself, including those related to capital, business location, marketing, raw materials and transport; and problems due to the entrepreneurs themselves, such as failure to organise and limited experience knowledge and skills.<sup>65</sup> In fact the study reveals that the main problem faced by the entrepreneurs was that they themselves were unaware of their own business problems.

A study by Abdul Aziz Mahmud showed that Malay entrepreneurs faced the following business problems, listed in their order of importance: capital/credit, competition/sales, slow payments on sales, supplies/suppliers, labour/staff, difficulties with the government, and finally, lack of experience.<sup>66</sup> Meanwhile, Chee Peng Lim in his survey of *Bumiputra* rural non-farm activities entrepreneurs also indicates the same findings: finance, market, labour, management, technical, and building premises.<sup>67</sup>

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64 Socio-Economic Research and General Planning Unit (SERGPU), *Report of the Task Force on Bumiputra Participation in Business and Industry*, Prime Minister's Department, Kuala Lumpur, 1975.

65 Malaysian Centre For Development Studies (MCDS), *Laporan Akhir Kajian Penyertaan Bumiputra Dalam Bidang Perniagaan Di Kelantan*, Pusat Pengajian Pembangunan Kota Bharu, Kelantan, Malaysia, 1976.

66 Abdul Aziz Mahmud, *Malay Entrepreneurship: Problems in Development*, Unpublished Ph.D Dissertation, University of Southern California, 1977.

67 Chee Peng Lim, "A Survey of Bumiputra RNA Entrepreneurs in Peninsular Malaysia," in Swapna Mukhopadhyay and Chee Peng Lim (ed.), *The Rural Non-farm Sector in Asia*, Asian and Pacific Development Centre, Kuala Lumpur, 1985,(a) p. 337.

Furthermore, the existing government policies and fiscal incentives tend to discriminate against small industry, albeit unintentionally (this will be discussed in Chapters 2 and 3). These policies and incentives offer substantially more encouragement to larger and capital-intensive enterprises which are generally urban-based.<sup>68</sup> Despite the existence of numerous small industry-oriented agencies, it is widely recognised that most small enterprises in Malaysia do not receive any or adequate assistance. This is further hampered by the problems arising from bureaucracy including access to officials and poor government planning towards business and industry. Furthermore, the proliferation of public agencies concerned with small industry development is an obstacle for a more integrated approach to small industrial development. In the absence of a single authority, small entrepreneurs currently have to negotiate with many different agencies to gain access to basic assistance such as finance, training, infrastructure support, advisory and marketing services.

Financially, small businesses experience difficulty in raising finance for working capital and modernisation of their plants mainly because most lack collateral. This problem is exacerbated by the general, poor level of financial management skills among the small business owner and managers. A high level of business failure among small enterprises and the problem of bad debts are partly responsible for the reluctance of the banking industry to lend to small enterprises without collateral. On the labour constraint, issue most of the small enterprises experience difficulty in recruiting and retaining skilled labour because of the better working conditions, higher pay and greater job security offered by large firms. Many employees in small firms view their work experience in those firms as a form of on-the-job training and, having gained some experience and new skills, are able to move on to more highly paid jobs with relatively better conditions in the larger firms. On marketing, there is strong competition in the domestic market for the sale of products that small-scale enterprises seek to produce. Thus, the profit margins of these

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<sup>68</sup> For further discussions see Chee Peng Lim, "A Review of Rural Non-Farm Activities in Malaysia," in Swapna Mukhopadhyay and Chee Peng Lim (ed.), *Development and Diversification of Rural Industries in Asia*, Asian and Pacific Development Centre, Kuala Lumpur, 1985(b), p. 476-8.

enterprises are low, and their mortality rates are high. The net benefit to society of these new, tiny and small scale enterprises is low because as new firms enter the market, other less efficient or less subsidised firms are forced out. It is widely recognised that the creation of further new businesses in such low technology, easy entry industries as food processing and handicraft production generally does not lead to a net increase in employment because demand for their product is income elastic and grows slowly. Meanwhile, the high cost of production is partly due to their small size, which limits the opportunity for them to gain many of the scale economies available to larger firms. Individual small firms operating in isolation often have too high a cost structure for them to compete successfully in highly competitive domestic and export markets. Furthermore, small enterprises tend to purchase their inputs in small quantities, thus failing to gain the price discounts available for large quantity orders. Meanwhile the problem of premises is partly related to the high cost of industrial land and factory space. Many small enterprises are located illegally in residential areas as backyard factories, contravening zoning regulations, and most of these are unable to relocate to the industrial zones because of the high costs of industrial land and rented factory space. As backyard factories, most small enterprises are often cramped in small spaces under cluttered conditions and with poor plant layout which together contribute to inefficiency, higher costs and low quality products.

The "aggressive" involvement of the Malays in business is comparatively recent when compared to their Chinese counterparts. Until the early 1980s, Chinese Malaysians accounted for up to 80 per cent of small-scale enterprises, reflecting the traditional dominance of this ethnic community in trade and commerce and their earlier transition to manufacturing activities.<sup>69</sup> Meanwhile, there was still a lack of the relevant economic and social institutions in the Malay society that could help foster and sustain the *Bumiputra* in business and industry. Their relatively rural background implies that the *Bumiputra*

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<sup>69</sup> Asian Development Bank, *Malaysia: Study on Small and Medium Enterprises With Special Reference to Technology Development*, Staff Working Paper, ADB Programs Department (East), April, 1990, p. 13.

entrepreneurs have very little exposure to the process of modernisation which could modify or change their enterprises.

However, we must bear in mind that the physical or structural constraints as have been pointed out above are partly related to the general lack of entrepreneurial culture and managerial skills among the entrepreneurs. Among the *Bumiputra* entrepreneurs in particular, the relatively low standard of education attained by the entrepreneurs implies that their level of managerial and technical know-how could be low. This is hampered by the fact that the majority of the entrepreneurs are unwilling to attend business training courses, as Aminuddin Sulaiman et. al. pointed out:

"...our findings indicated that the *Bumiputra* sample as a whole did not express keen interest in business training even if offered free."<sup>70</sup>

This unwillingness might be appropriate if it is discussed in the context of the Malay culture. In other words, cultural factors (social and psychological too) are crucial in the explanation of the structural or physical constraints faced by the enterprises. These factors will be discussed in the following section.

### 1.5.2. Cultural factors

Whilst rural industry should be analysed on its own terms, it is also shown to be embedded within a socio-cultural matrix. However, it appears that, at present, we know much less about the cultural, social and psychological aspects of development than about the purely physical and technological. It is accepted that development is much more than the overt acceptance of material and technical improvements. It is a cultural, social, and psychological process as well. For instance, associated with every technical and material change is a corresponding change in the attitudes, the thoughts, the values, the beliefs, and the behaviour of the people who are affected by material change.<sup>71</sup> These non-

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<sup>70</sup> Aminuddin Sulaiman et al., *Commercial Study for Pahang Tenggara*, Lembaga Kemajuan Pahang Tenggara, 1977, p. 129.

<sup>71</sup> George M. Foster, *Traditional Cultures and the Impact of Technological Change*, Harper & Brothers, Publishers, New York, 1962, p. 2-3.

material changes are more subtle. Often they are overlooked or their significance is underestimated.

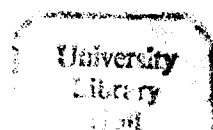
Resistance to change by peasants for instance has long been interpreted and explained as 'irrational' behaviour, and the peasant 'subculture' has been described in terms of mutual distrust in personal relations, perceived limited goods, familism, lack of innovativeness, fatalism, limited aspirations, and a belief in luck rather than knowledge.<sup>72</sup> Meanwhile, Jonathan Lemco, quoting from Monte Palmer, presents a number of social and cultural factors that impair development such as the shortage of entrepreneurs and innovators; the family orientations of most private firms; the antipathy displayed by the masses towards savings institutions; the propensity of the masses to squander their meagre resources on feasts, celebrations, and other levelling devices rather than to improve their land; the increasing fragmentation of land and wealth; the propensity of the masses to seek immediate gratification and to relax once their immediate needs have been met; and a general reluctance on the part of most individuals to take the initiative.<sup>73</sup> These factors could become obstacles to someone getting involved in a new vocation or setting up a business/industry.

Meanwhile, aversion to risk, dependency and vulnerability may explain why most of the peasants have chosen to stay out of the development "brought" to them. Risk and uncertainty - and peasant perception of these - are viewed by many researchers as the key to an understanding of peasant behaviour. These three concepts need a special discussion here. We begin with Wharton Jr who makes a distinction between two cases relevant to peasant decision-making: (i) those future events to which he can assign probabilities based on experience or personal knowledge (risk); and (ii) those which cannot be assigned probabilities or where the probabilities offered are derived not from personal experience but external knowledge offered by others, the agents of change

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<sup>72</sup> For detail see E. M. Rogers, *Modernization Among Peasants: the Impact of Communication*, Holt, Rinehart and Winston, Inc., New York, 1969; and Norman Long, *An Introduction to the Sociology of Rural Development*, Tavistock Publications, London, 1984, (see particularly Chapter 3: "Social and Cultural Obstacles and Pre-requisites to Development"), p. 41-70.

<sup>73</sup> Jonathan Lemco, "Economic and Political Development in Modernizing States," in Cal Clark and Jonathan Lemco (ed.), *State and Development*, E.J. Brill, Leiden, 1988, p. 12.



(uncertainty).<sup>74</sup> However, risks and uncertainties are related to different degrees of lack of knowledge about natural conditions.<sup>75</sup>

Traditionally, it has been thought that those who are willing to take risks will get a higher payoff and will be rewarded once they have succeeded. According to this view the wealthier peasants are those with a high propensity to innovate and take risks. Inherent in the market system is a tendency for development benefits systematically to be distributed in favour of the wealthier groups. Poor peasants cannot afford to take risks and will therefore be unable to achieve a high payoff.<sup>76</sup> If poor peasants take a risk, they are gambling with the lives of their families, and this explains their risk aversion. As Samuel L. Popkin notes:

"...peasants have an aversion to risk when evaluating economic strategies - they prefer strategies with low but certain returns to strategies that may produce higher returns but also may have a higher risk of a disastrous drop in output...whenever a small loss would be disastrous, peasants will be extremely risk averse."<sup>77</sup>

Moreover, given the social reality of subsistence crisis level for most peasant cultivators, it makes eminent sense for them to follow what James Roumasset calls the "safety first" principle.<sup>78</sup>

However, there are still many occasions when peasants do have some surplus and make risky investments; the fact that they are poor and risk averse does not imply, either logically or factually, that they do not make investments.<sup>79</sup> Thus the view of an introverted and traditionalistic peasantry has been challenged.<sup>80</sup> Schultz, for example, pointed out

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74 C.R. Wharton Jr., "Risk, Uncertainty and the Subsistence Farmer," in G. Dalton (ed.), *Economic Development and Social Change : The Modernization of Village Community*, The Natural History Press, New York, 1971, p. 566-574.

75 Oscar Amarasinghe, "Technical Change, Transformation of Risks and Patronage Relations in a Fishing Community of South Sri Lanka," in *Development and Change*, Vol. 20, 1989, p. 703.

76 J. Weeks, "Uncertainty, Risk and Wealth and Income Distribution in Peasant Agriculture," *The Journal of Development Studies*, Vol. 7, No. 1, 1970, p. 28.

77 Samuel L. Popkin, *The Rational Peasant: The Political Economy of Rural Society in Vietnam*, University of California Press, Berkeley, 1979, p.18.

78 For detail see James C. Scott, *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia*, Yale University Press, New Haven, 1976, p. 15-26. cf. Chapter 1 "The economic and sociology of the subsistence ethic."

79 For detail on this matter see Samuel L. Popkin, *op cit.*, p. 18-22.

80 cf. L.S. Yapa and R.L. Mayfield, "Non-adoption of Innovations: Evidence From Discriminant Analysis." *Economic Geography*, Vol. 54, No. 2, (1978) p. 145-156.

already in 1964 that peasants are economic people who respond to economic incentives.<sup>81</sup> They are also willing to adopt new practices, provided that resources and services are available. They maximise the utilisation of resources within the given technological limits. Despite the number and variety of empirical analytical measures used, the results point in one direction: there is overwhelming evidence that peasants do respond to economic incentive.<sup>82</sup> But how they respond and to what degree varies greatly.

Meanwhile, the transformation and development of a peasant society implies greater dependency on external institutions and consequently additional risk to the peasant. At the same time he loses his autonomy. His dependency on the environment decreases. In relation to this two questions are crucial: (i) are the peasants willing to surrender their autonomy and increase their vulnerability to other social classes; (ii) are they willing to barter their dependency on the environment for dependency on institutions and other social classes?<sup>83</sup> Mors, *et al.* point out:

"...They [blandishments of modern agricultural science] also expose the farmer, if he adopts them, to a state of utter 'vulnerability'; he becomes dependent on alien institutions controlled by non-farmers who, furthermore, are not held accountable for failing to provide the resources and services required to enable new innovations to be profitable."<sup>84</sup>

Thus, the new sources of risk, dependency and vulnerability connected with 'modern' agriculture or small-scale industry stem from the need for inputs such as farm implements, raw materials and machines which cannot be supplied by the producer himself or from within his group. Thus he comes to depend on external suppliers. These inputs demand cash payments, which the peasant normally cannot obtain from domestic sources. He must use banks or private money-lenders. Due to some circumstances such as the small size of land etc., it is difficult for the peasant to borrow money from a bank, since he cannot offer his land as collateral. Thus the private money lender is the remaining

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81 T.W. Schultz, *Transforming Traditional Agriculture*, Yale University Press, New Haven, 1964.

82 C.R. Wharton, Jr., *Op cit.*

83 Jan Rudengren, *Peasants and Preference?*, The Economic Research Institute, Stockholm, 1981, p. 199.

84 E.R. Mors et al., *Strategies For Small Farmer Development*, Vol. 1, Westview Press, Boulder Colorado, 1976, p. 48, reproduced from *Ibid* p. 199.

alternative for the poor peasant, and he costs more than the bank, which the wealthier peasant can use.

Additionally, involvement in a new type of production means that the peasant produces a surplus which he markets, and he thus becomes part of the macro-economy. Normally he has no control over price policy and becomes dependent on national and international price standards. In certain cases the product that he sells must be collected and transported to the markets; external institutions sometimes decide when to collect and what price to pay. To sum up, aversion to risk, dependency and vulnerability may influence decision-making and may also explain why some peasants have chosen to stay in their 'traditional' agricultural production.

With the above background of socio-cultural and psychological constraints we now focus on the Malaysian experience. Some writers, as we will discuss below, have pointed out that Malays have certain social values which are not conducive to entrepreneurship, and government intervention alone will not ensure the success of the policy sponsoring the growth of Malay entrepreneurs. At one point in time in Malay culture, perhaps there are values which hinder economic growth, development and trading. The Malays have been generally described by western Orientalists as being lazy and lacking in values and attitudes which are conducive to economic development. They like relaxation and ceremonies and fear hard work. They still adhere to traditional methods of production and irrational agricultural practices which thereby result in low productivity.<sup>85</sup> However attitudes and values are ever-changing and continuously reinforced by society at large.<sup>86</sup>

In the following paragraphs we attempt to point to some of the literature on these factors/constraints in the development of business tradition, particularly among the Malay

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85 For further discussions see Syed Hussein Alatas, *The Myth of the Lazy Native*, Frank Cass, London, 1977, passim.

86 Abdul Maulud Yusof, "Culture Change in Malay Society: From Peasantry to Entrepreneurship," in *Akademika*, Vol. 29, July, 1986, p.42.



(or *Bumiputra*).<sup>87</sup> There are writers who presume that the Malay economic and social behaviour is governed by their attitude and value system. In relation to this, they believed that the underdevelopment of the Malays was due to the problems of their values, beliefs and attitudes. This for instance has been expressed by M.G. Swift who in 1965 wrote:

"The most important way in which the character of Malay society affects the economy is the field of values and attitudes. This cannot be treated as an impact of "society" on economy, for these attitudes colour the social system throughout and cannot be identified with any specific area, as can the process of concentration of wealth with the economy. Value-attitudes such as fatalism, the short run orientation, the reluctance to alter an arrangement which is satisfactorily meeting minimum consumption needs, the contingent character of economic bargains, together with the factors which impede organisations such as the lack of legitimate leadership roles within the village, are of great importance in understanding the people's economic activity; above all its lack of dynamism and weakness in the face of outside competition."<sup>88</sup>

The same idea was also expressed by R.J. Wilkinson who wrote that the Malays are afraid of change:

"The Malay cares nothing for consistency; he does not exchange old customs for new; he keeps both the old and the new. He is indeed afraid to give up the old."<sup>89</sup>

Parkinson on the other hand postulated that Islamic Messianism may well have had a profound effect on the Malays' economic ambition and aspiration where he wrote:

"...there is a tendency to sit and wait passively for change to occur rather than to become active vehicles of change. In short, there is a tendency to adopt an attitude of resignation rather than innovation."<sup>90</sup>

Furthermore, Parkinson believes that the Malays do not have the urge to improve, excel or succeed materially if their success affects their traditions adversely.<sup>91</sup> In terms of dealing with risk, M. G. Swift has shown that the Malays still prefer to hold their wealth in the form of cattle, land and jewellery.<sup>92</sup> Meanwhile some writers believed that these

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87 It is apparent to note here that since my focus of study is on the Malays thus I selected only the literature on the factors that related to the Malay community.

88 M.G. Swift, *Malay Peasant Society in Jelebu*, Athlone Press, London, 1965, 169-170.

89 R.J. Wilkinson, "Malay Beliefs," in *Journal of Malaya Branch Royal Asiatic Society*, Vol. 30, Pt. 4, November, 1957.

90 Brien K. Parkinson, "Non-Economic Factors in the Economic Retardation of the Rural Malays," in *Modern Asian Studies*, Vol. 1, No. 1, 1967, p. 41.

91 *Ibid*, p. 42.

92 *Ibid*, p. 35, Parkinson, op.cit., citing Swift 1957 [...&c]

cultural aspects are inculcated through child rearing and daily activities. For instance, Popenoe mentioned that self-reliance and need to achieve were not instilled in the children in the typical Malay family; and the concept of *malu* (shame) seems to direct the Malays into unproductive pursuits required by *adat* (customs).<sup>93</sup> Thus, these writers attempt to point out that the Malay lacks "modernisation values", the kind of values as advocated by modernists such as Parsons, Eisenstadt, Lerner, McClelland and Buer<sup>94</sup> by which they view that modernisation is primarily a cultural process which involves the adoption of values and attitudes suited to entrepreneurial ambition, innovation, rationality, and achievement orientation in place of the contrary values and lifestyle of "traditional" society.

Specifically in Kelantan, Milne argues that because Kelantan has been controlled by the Pan-Malayan Islamic Party (PMIP or PAS) where the supporters are conservative Malay Muslims largely drawn from religious school, these people distrust progress, and they set a low value on material prosperity.<sup>95</sup> The same idea was forwarded by Kessler where he wrote:

"...being isolated and overwhelmingly Malay and also because of the retarding influence of an ingrained and narrow version of Islam which the people have long and devoutly adhered to; (they) therefore support the politically backward and ideologically obscurantist PMIP to resist modernisation and development which the Alliance ... stand for and promote."<sup>96</sup>

However, to conclude that the attitudes and values of the Malay hinder change and progress, without understanding other variables such as factors of production, is just

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93 Oliver Popenoe, *Malay Entrepreneurship: An Analysis of the Social Backgrounds, Careers and Attitudes of the Leading Malay Businessmen in West Malaysia*, a Ph.D thesis, London School of Economics, University of London, 1970, p. 240.

94 Talcott Parsons, *Societies*, Prentice-Hall, Englewood Cliffs, New Jersey, 1966; S.N. Eisenstadt, *Modernisation: Protest and Change*, Prentice-Hall, Englewood Cliffs, New Jersey, 1966; Daniel Lerner, *The Passing of Traditional Society*, Free Press, New York, 1964; David C. McClelland, *The Achieving Society*, Van Nostrand, New York, 1961; and P.T. Bauer, *Equality, the Third World and Economic Delusion*, Weidenfeld and Nicolson, London, 1981,

95 R.S. Milne, *Government and Politics in Malaya*, Houghton Mifflin Co., Boston, 1967, p. 93.

96 C.S. Kessler, "Islam, Society and Political Behaviour: Some Comparative Implication of the Malay case," *The British Journal of Sociology*, Vol. 23, No. 1, March, 1972. It is imperative to add that during the recent General Election (1990), not a single candidate from the Malaysian ruling party (National Front) has gained any parliamentary seat in the State. It raises a question why the Kelantanese have not voted for the National Front candidates (particularly from UMNO) even though they realise that the Party have brought development to the State; instead they voted for PMIP candidates.

putting the cart before the horse.<sup>97</sup> Furthermore, it is inappropriate to blame Islam as a factor of underdevelopment. As Ghazali Basri and Mohd. Puad Zarkhasi argue:

"...the teaching of Islam emphasises the responsibility of man to earn his living so that he will perform his duty to God... Religion and satisfaction of material needs are of equal importance; the procurement of them is necessarily religious obligation."<sup>98</sup>

However, we must bear in mind that the Malay attitudes and values are not altogether as described in the above. Without empirical studies, even Popenoe and Parkinson, for instance, acknowledged that much of what they wrote was based on hearsay and may be true of only a small group of Malays. Parkinson writes there has been:

"... little or no specific research undertaken to determine whether or not the rural Malays are generally resistant to change."<sup>99</sup>

Furthermore we should also emphasise that the above illustration of the negative characteristics might be true of only certain sections of the Malay population. There are also writers who advocate that the Malays are hard working, and do not resist change.<sup>100</sup>

Meanwhile, in relation to the involvement of the Malays in business, Charlesworth postulates that the constraints of development of the Malay entrepreneurial potential is impeded by the conflict between their social and economic roles, i.e. the conflict between their attitudes and values and the norms of the business world. Charlesworth claims that in the Malay social structure economic security is extremely important but not change and innovation.<sup>101</sup> Meanwhile, lack of interest in business is said to be related to the occupational preference. Alatas postulates that the Malays prefer

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97 Abdullah Taib, "Modernisation in a Malay Peasant Society," in *Akademika*, No. 3, July, 1973, p. 20.

98 Ghazali Basri and Mohd Puad Zarkhasi, "Islam and Rural Development in Malaysia with Special Reference to Malaysian Fishermen," in Victor T. King and Nazaruddin Mohd Jali (ed.), *Issues in Rural Development in Malaysia*, Centre for South-East Asian Studies, University of Hull, Hull, 1991, p. 263.

99 Brien Parkinson, *op cit*, p. 33.

100 See for instance, Tham Seong Chee, *Malays and Modernisation: A Sociological Interpretation*, University of Singapore Press, Singapore, 1977; and Mohd Aris Hj. Othman, "Non-Economic Factors Which Effect Economic Development of Rural Malays," *Akademika*, No. 13, July, 1978, p. 1-9.

101 H.K. Charlesworth, *Increasing the Number of Bumiputera Entrepreneurs*, Report presented to the Director, Institute Technology MARA, Kuala Lumpur, 1974 (Unpublished).

government service rather than to be involved in business, because they believe that economically and socially the civil service provides the only opportunity for comfortable life and rapid upward mobility for the aspiring educated Malays.<sup>102</sup> This has also been stressed by Mohd. Fauzi Yaakub:

"... they are individuals who have a high need for achievement... Basically they venture into business in search of wealth and status... but truly they had a choice between a business venture and other forms of occupation because of their educational qualifications."<sup>103</sup>

However, Abdul Aziz Mahmud in his study found that there were some elements of achievement motivation among the *Bumiputra* entrepreneurs. He stressed that there was no empirical evidence of Malay businessmen being low on individualism, activism, trust and risk taking, and high on conservatism.<sup>104</sup> However, we must accept the fact that compared to their counterparts of Chinese businessmen, the *Bumiputra* were handicapped by their rural background, which might have denied them exposure to the processes of modernisation, and their low level of education, managerial and technical know-how. To summarise, Milne writes:

"The obstacles in the way of achieving the NEP's economic targets... derive largely from the value systems of the Malays, their lack of educations [sic] in the "modern" subjects, their small experience in general and of specific know-how, as well as from impediments in the environment: lack of premises or of credit, lack of business contacts, connections and suppliers."<sup>105</sup>

## 1.6. Towards a study of rural industry

From the above illustrations and discussions we could summarise that rural industry has potential to make some important contributions to the development process. However, the industry still faces some constraints that hinder its growth and

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102 Syed Hussein Alatas, "The Grading of Occupational Prestige Amongst the Malays in Malaysia," in *Journal of Malaysian Branch Royal Asiatic Society*, Vol. XLI, Pt. I, Kuala Lumpur, 1968, p. 149-150; and Syed Hussein Alatas, *Modernisation and Social Change*, Angus and Robertson Publishers, London, 1972, p. 90.

103 Mohd. Fauzi Yaakub, *Peniaga-Peniaga dan Perniagaan Melayu di Kota Bharu, Kelantan*, Ph.D thesis, Jabatan Antropologi dan Sosiologi, Universiti Malaya, Kuala Lumpur, 1978, 375.

104 Abdul Aziz Mahmud, *op cit.*, p. 292.

105 R.S. Milne, "The Politics of Malaysia's New Economic Policy," in *Pacific Affairs*, Vol., 49, 2, 1976, p. 242.

development. Thus, the present study of handicraft industry in the state of Kelantan, Malaysia, attempts to identify the constraints and potential which faces the development of rural industry in the state. The findings of the study might provide some indication as to whether it is desirable and feasible to encourage the future development of the industry. The study includes those who are involved as well as those not involved in the industries: the government, entrepreneurs, workers and villagers.

### 1.6.1. Research questions

In relation to this study several questions have been identified to guide the inquiry. The major question is: **what constraints and potential exist for the development of handicraft industries in rural parts of Kelantan, Malaysia?** Meanwhile, the specific questions are categorised into background questions, research questions and an outcome/policy question. The background questions inquire about the place of rural industry and rural industrialisation in government policy and in the community. The questions are: (i) what are the Malaysian government's objectives and efforts in regard to rural industrialisation? and (ii) what is the social, economic and cultural context within which rural industries operate? These questions examine the seriousness of the involvement of the government and the study communities in the development of the handicraft industry. Meanwhile, the research questions provide the catalyst for and guide the present study. The questions are: (iii) why do some small-scale rural industries flourish while others decline over time? and (iv) why do some people get involved in small-scale rural industrial activities and others not? Our clearer understanding of development constraints and potential might enable us to answer the third question; meanwhile the fourth question asks for the reasons behind people's involvement and non-involvement in industrial activities. Meanwhile the outcome/policy question is concerned with the future status and "destiny" of the industry. The questions is: (v) should small-scale rural industries be developed as a primary occupation or as a supplement to agriculture? These five questions are designed to help to direct the discussions and analyses of the study.

### 1.6.2. Research hypotheses

In relation to the above questions, I have also formulated a number of hypotheses to guide the study. These hypotheses are based partly on the discussion of the literature presented in the above sections, particularly the developmental constraints of the handicraft industry. The general hypothesis is that the development of 'human resources' (such as work skills, entrepreneurship values, motivation and attitude) is an important pre-requisite for the development and modernisation of small-scale rural industries in the study area. This general hypothesis is further operationalised and specified into the following sub-hypotheses. The first hypothesis is: small-scale rural industries in the study area are 'underdeveloped' because they are treated as a secondary or supplementary activity to agriculture. The handicraft industry in the study area is underdeveloped because they are not seen as attractive enough (for instance, in terms of income and the nature of work) for the rural people to get involved on a primary or exclusive basis. The second hypothesis is: small-scale rural industries are "underdeveloped" because they are "underdeveloped": their limited rates of economic return make them unattractive to innovation and investment, which prolongs their underdevelopment. The third hypothesis is: development of small-scale rural industries will necessitate some disruption and sacrifices: some people will be unwilling to accept these changes. The fourth hypothesis is: there is a relationship between the characteristics of the individual (such as age, gender, education, income level, and entrepreneurial qualities) who is involved in small-scale rural industries and the level of development and modernisation of the enterprise. The hypothesis emphasises the relations between the entrepreneurs' characteristics and the development of the industries. This is to ascertain whether personal characteristics such as age, gender, education, entrepreneurial qualities (including high degrees of motivation and achievement) could influence the development of the industry. The fifth hypothesis is: there is a relationship between the characteristics (such as age, income, education etc.) of the individual and his ability to 'change' in a way which is necessary to modernise small-scale rural industries. The hypothesis stresses the relationship between the entrepreneurs' characteristics and

their ability to develop/modernise their industries. It is understood that, for instance, those who have more resources or assets (land and savings) are more able to modernise their industries; however human factors such as attitude, values and level of education might act as obstacles to the industries' modernisation. The sixth hypothesis is an interface sub-hypothesis: 'human resources' influence the level of uptake and the successful utilisation of the 'physical ingredients' of rural industries (labour, credit, designs, marketing, raw materials, etc.). This final hypothesis suggests that one's attitude, values, knowledge, education, age and sex could influence one's ability to take advantage of the resources in order to develop the industries.

Thus, our study of silverware and batik handicraft industries in Kelantan, Malaysia attempts to test these hypotheses. Most of the hypotheses deal with the people's differential responses to change.

### **1.7. Organisation of the thesis**

This thesis is organised into nine chapters. The present chapter has presented a conceptual backdrop to the study. Chapter 2 focuses on the place of rural industrialisation policy in rural development planning in Malaysia, and the role of the Government in promoting the development of rural industries. Chapter 3 presents a background profile of the study area, and the methodology which is applied in the study. Chapter 4 provides background on the three principal sets of "actors" who provide the main focus of this study: the entrepreneurs, the workers and the non-participants (the villagers). Chapter 5 analyses and presents the findings of the study on the factors that contribute to the development of the industry viewed from the entrepreneurs' perspective. Chapter 6 deals with the involvement of the workers (craftworkers) in the development of the industry, and Chapter 7 discusses the willingness and the ability of people (i.e. villagers) who are not presently involved in the industry to take on a more active level of participation in the future. Finally, the eighth Chapter concludes the findings of the study and presents some recommendations for policy and further research.

Research and policy interest in rural industrialisation is a recent development in rural studies. Traditionally, the rural problem has been often identified as the agricultural problem, rural development as agricultural development, rural people as farmers, and rural economy as agricultural economy. We hope that the present study of constraints and potential in the development of the handicraft industry will make some contribution particularly toward the understanding of the rural industrialisation process in general. Meanwhile, in Malaysia, the Government has included rural industrialisation as one of the strategies for rural development. Seeing that the development of rural industrialisation is a relatively recent phenomenon in rural Malaysia, the present study will hopefully contribute to the overall development discourse and development policy related to rural industrialisation in the broader context of rural development in Malaysia.



## CHAPTER 2

### RURAL DEVELOPMENT AND RURAL INDUSTRIALISATION IN MALAYSIA

#### 2.1. Introduction

In Malaysia, rural (and agricultural) development, particularly in the 1990s, will continue to be dominated by productivity and output increasing strategies complemented by infrastructural and technological improvements along with the provision of socio-economic services and amenities. Although the development of the rural economy will still be largely determined by the development of the rural-agricultural sector, however, the development of the non-agricultural sector, particularly small-scale industries is of equally crucial importance in leading towards a more effective and significantly integrated rural development. Rural industries may be expected to absorb part of the underemployed rural population and to divert the rural work-force away from the existing and overcrowded agricultural sector. Thus, for the present rural development effort, two general strategies have been established: first, human resource development and, second, physical development.<sup>1</sup> The human resource development strategy includes the imparting of commercial and entrepreneurial values, and new skills; meanwhile the physical development strategy includes infrastructural upgrading, agricultural modernisation, and rural industrialisation. Thus, rural industrialisation is seen as an important strategy in the programme of integrated rural development designed to remedy the problems of the rural sector.

This chapter attempts to elucidate the rural development strategy in Malaysia, to disclose the role of rural industrialisation in this context, and to illustrate the role of the government in the development of handicraft industry. However, before furthering our discussion of rural development and rural industrialisation, it is appropriate first to

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<sup>1</sup> Ministry of National and Rural Development (MNRD), *Strategies for Rural Development in Increasing the Income and Improving the Socioeconomic Status of the Rural Population*. MNRD, Kuala Lumpur (mimeograph), (no date).

highlight Malaysian development policy and programmes in order to identify the place of rural development within the framework of national development policy and programmes.

## 2.2. National Development Policies and Programmes

The development experience in Malaysia can be divided into three main phases. The phase first covers the period of 1957-1969 (or the pre-NEP period). Within the essentially free enterprise framework, rapid economic growth and economic stability were the main objectives of development policy. It is said that the Government took a pro-growth, laissez-faire approach which stressed the efficiency of development. The second phase covers the period of 1970-1990 (or the period of the New Economic Policy (discussed more fully below) and the First Outline Perspective Plan); and the third phase covers the period 1991-2000 (which is marked by the New Development Policy (NDP) and Second Outline Perspective Plan (OPP2)). During these second and third phases the main objective of Malaysian national development policy has been to attain "balanced development" i.e. in order to create a more united and just society. The emphasis of policy is on "growth with equity", i.e. to enable all Malaysians to participate in the mainstream of economic activities, thereby ensuring political stability and national unity. The strategy for balanced development encompasses policies to diversify the industrial base, enhance human resource development, promote technological upgrading, and reduce structural imbalances among sectors and regions.<sup>2</sup> These latter two phases highlight the redistribution objectives of Government intervention in pursuit of equity in development.

The change in the government's economic behaviour marked a turning point in the switch from the colonial laissez-faire tradition towards an interventionist philosophy which rationalised the State's active role in the promotion of economic (re)distribution.<sup>3</sup> In other words, it is clear that the Government has taken a "pro-distribution" or "inter-

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<sup>2</sup> Malaysia, *The Second Outline Perspective Plan, 1991-2000*, National Printing Department, Kuala Lumpur, 1991, p. 3.

<sup>3</sup> Tan Loong-Hoe, *The State and Economic Distribution in Peninsular Malaysia*, Institute of Southeast Asian Studies, Research Notes and Discussions Paper No. 31, 1982, p. 19.

ventionist" approach<sup>4</sup> in development in which the Government has intervened in those parts of the economy traditionally dominated by Chinese and foreign interests, ranging from ethnic employment quotas to training programmes, the reservation of stock issues for the Malays, the creation of Malay entrepreneurs, Malay-foreign joint ventures and public sector ownership. There is a notable change in the overall structure of ownership and associative rights in which the importance of Government ownership and control of productive assets is growing rapidly. Apparently, Government ownership is a temporary measure which will eventually be distributed to individuals from the *Bumiputra* community capable of acquiring these assets. The objective is to ensure that Malays and other indigenous people will become full partners in all aspects of the economic life of the nation.<sup>5</sup>

However this redistribution approach has been criticised particularly by the proponents of the "pro-growth" schools. Among the criticisms are that the approach would dampen entrepreneurial activities among the *bumiputra*;<sup>6</sup> that it will involve some violation of economic criteria, and is thus inefficient. However, in a country such as Malaysia the rational goals of the market system have to compete on unequal terms with the goal of political viability and the needs of subjective justice upon which it is considered to depend.<sup>7</sup>

In terms of planning approaches, it is found that the introduction of the 1970 NEP - especially its prong of "restructuring society" - to correct racial economic imbalances has caused a notable shift away from decentralised economic decision-making.<sup>8</sup> In Malaysia,

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4 Ozay Mehmet terms this approach as "managed industrialisation" to designate an active and expanding state participation in the economy. The public enterprises have been designed to facilitate and regulate the process of managed industrialisation. See, Ozay Mehmet, "Managed Industrialisation and Poverty Redressal Policies in Malaysia," in *The South East Asian Economic Review*, Vol. 1, No. 3, December, 1980, p. 220 and 228.

5 Malaysia, *Mid-Term Review of Second Malaysia Plan*, Government Printers, Kuala Lumpur, 1973, p. 1.

6 Alasdair Bowie, "Redistribution With Growth? The Dilemmas of State-Sponsored Economic Development in Malaysia," in Cal Clark and Jonathan Lemco (ed.), *State and Development*, E.J. Brill, Leiden, 1988, p. 52-66.

7 J.H. Beaglehole, "Malay Participation in Commerce and Industry: The Role of RIDA and MARA," in *Journal of Commonwealth Political Studies*, Vol. 7, 1969, p. 218-9.

8 Prior to the incident of May 13, 1969 development planning in Malaysia was largely indirect, macro-scale, and based on the assumption that whatever gains accrued in the development process

the political appeal of the top-down model of development remains strong, especially when rationalised in terms of the economic benefits of "trickle-down" over time.<sup>9</sup> The model is justified by the view that, in order to achieve the twin targets of the NEP, the State must come in more strongly and pervasively to guide the competitive market operations with the sets of short-term targets and long-term objectives.<sup>10</sup> The five year plans have included specific policies that have enforced positive discrimination (i.e. state intervention) in favour of *Bumiputra* interests in education, employment, and the economy generally. Planning has assumed that capital-intensive industries and infrastructural projects concentrated in the major metropolitan areas would lead to economic development that would ultimately "trickle-down" and spread throughout the economy so as to alleviate poverty and generate more income and savings.<sup>11</sup> The bias in favour of large-scale projects was encouraged by the availability of cheap energy and labour. These development strategies required strong interventions in investment and production processes by national government and called for centrally-conceived, comprehensive plans for national development.<sup>12</sup>

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would permeate the economic system and benefit disadvantaged groups of Malaysian society. However, development did not take place as anticipated. Dilution of development benefits and the slow-paced delivery through sectors that were dominated by non-*bumiputra* presaged the demise of such a strategy in favour of one that was more positive and direct, i.e. state intervention. Following the racial riots in 1969, the Malaysian government sought to redress the balance between the different ethnic groups in the economic sphere by pursuing redistributive policies enunciated in the 1970 New Economic Policy (NEP). The two principal objectives of the NEP were the eradication of poverty and the restructuring of society so that the identification of race with economic function would be eliminated.

- <sup>9</sup> George Cho, *The Malaysian Economy: A Spatial Perspective*, Routledge, London, 1990, p. 94.
- <sup>10</sup> Tan Loong Hoe, "The State and the Distribution of Wealth Within the Malay Society in Peninsular Malaysia," in *Southeast Asian Affairs*, Institute of Southeast Asian Affairs, Singapore, 1981, p. 206.
- <sup>11</sup> Although the Malaysian development plans have never explicitly stated their theoretical orientations, nonetheless some writers postulate that their objectives, aims and strategies seem to infer that the plans are essentially based on the Integration-Equilibrium-Diffusionist model. For this discussion see among others, Shamsul Amri Baharuddin, "Theoretical orientations of the Second Malaysia Plan," in Cheong Kee Cheok, *Malaysia: Some Contemporary Issues in Socioeconomic Development*, Persatuan Ekonomi Malaysia, Kuala Lumpur, 1979, p. 3-9.
- <sup>12</sup> For some discussion on theoretical issues of centralised planning, see among others, Niles M. Hansen, "Development From Above: The Centre-Down Development Paradigm," in Walter B. Stohr and D.R. Fraser Taylor (ed.), *Development From Above or Below? The Dialectics of Regional Planning in Developing Countries*, John Wiley and Sons, New York, 1981, p. 15-38.

As there were several shortcomings inherent in centralised, top-down planning,<sup>13</sup> the development approach in Malaysia shifted in the late 1970s from modernisation to the concept of "basic needs". The preference for large-scale and capital-intensive projects was changed in favour of small-scale and people-centred projects. The emphasis on people-centred development projects and basic needs also demanded the shift in administration from centralisation to decentralisation.<sup>14</sup> The premise is that, to be meaningful, development must be not only be for the people but has also to be carried out by them. Thus, a variation of the centralised, top-down planning model is one which is based on the building of strength from within, using local skills and resources. The notion is one of "basic needs", of "self-reliance", and "development from below."<sup>15</sup> These are relatively recent experiences which focus on local-level initiatives for development. Thus, in Malaysia the shift from the pursuit of economic growth (i.e. in the first phase period of development) to a strategy of "growth-with-equity" (i.e. second and third phase periods of development), implied fundamental changes in the management of the political and administrative system. Growth-with-equity policies demanded a larger scope for the involvement of people in their development.

However, in Malaysia the persistent underdevelopment in the poverty regions requires direct anti-poverty programmes, based on the large-scale infusion of public expenditure to undertake *in situ* income-generating, labour-intensive projects of immediate benefit to the inhabitants of these regions. The idea is not simply to provide

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<sup>13</sup> George Cho has pointed to several shortcomings of central planning where state involvement will effect private investment because of uncertainty, fear, the possible displacement of non-Malay interest; the concentration of economic power in the hands of a small group of bureaucrats can be economically inefficient. See George Cho, *op cit.*, p. 249-250.

<sup>14</sup> From an administrative perspective decentralisation is defined as the transfer of responsibility for planning, management, and the raising and allocation of resources from the central government and its agencies, to subordinate units or levels of government, semi-autonomous public authorities or corporations, area-wide, regional or functional authorities, or non-governmental private or voluntary organisations. See Dennis A. Rondinelli et al., "Analysing Decentralization Policies in Developing Countries: A Political-Economy Framework," in *Development and Change*, Vol. 20, 1989, p. 58. Rondinelli has identified fourteen potential advantages or benefits of decentralisation. For details see Dennis A. Rondinelli, "Government Decentralization in Comparative Perspective: Theory and Practice in Developing Countries," *International Review of Administrative Science*, Vol. 47, 1981, p. 135-6.

<sup>15</sup> For theoretical discussions of the approaches see among others Walter B. Stohr, "Development From Below: The Bottom-up and periphery-inward Development Paradigm," p. 39-72; and Eddy Lee, "Basic-needs Strategies: A Frustrated Response to Development From Below?" p. 107-122 in Walter B. Stohr and D.R. Fraser Taylor (ed.), *op cit.*

welfare payments, but to stimulate the productive participation of regions and inhabitants left out of past development processes. The emphasis should be on income-generation and productive job-creation in the poverty regions themselves, relying on local labour and inputs, in an effort to maximise local value added.

In view of this, rural industrialisation is believed to be one of the alternatives, and provides grounds for the mobilisation of rural labour and inputs, and to enhance the participation of the rural population in development. Thus, in the context of our present study, the identification of constraints (particularly the socio-cultural factors) and potential in the development of rural industries will provide a useful test as to the appropriateness and feasibility of this particular development approach.

### 2.3. The Rural Development Programme in Malaysia

Ungku Aziz defines rural development as a planned process using any form of action or communication designed to change the environment, techniques, institutions and attitudes of the rural people in such a way as to eliminate their poverty and improve their way of life.<sup>16</sup> Thus, in Malaysia rural development indicates both direct productivity-raising programmes and efforts to improve infrastructure and social services for consumption as well as the production purposes.<sup>17</sup> These definitions convey that rural development is a strategy designed to improve the economic and social life of a particular group of people - the rural poor. It is an instrument to stimulate growth and facilitate the process of change in the rural economy; to enhance the welfare of the rural populace; and to promote changes in attitudes and behaviour among rural communities.<sup>18</sup>

In Malaysia the evolution of rural development stems from the varied problems of rural poverty, low productivity, low incomes, lack of proper and adequate rural

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16 Ungku A. Aziz, "Poverty and Rural Development in Malaysia," in *Kajian Ekonomi Malaysia*, Vol. 1, No. 1, June 1964, p. 91.

17 Donald R. Snodgrass, *Inequality and Economic Development in Malaysia*, Oxford University Press, Kuala Lumpur, 1980, p.166.

18 Zulkifly Hj. Mustapha, "In situ Rural Development in Sabah," in Victor T. King and Nazaruddin Mohd. Jali (ed.), *Issues in Rural Development in Malaysia*, University of Hull, Hull, 1991, p. 104.

infrastructure, and rural-urban disparity that existed prior to its independence. Following the attainment of independence in 1957, rural development became an important priority as the broad goals of government changed from custodial goals to developmental goals. To achieve these goals the Government felt that the rural producers needed a more modern and scientifically based mode of production and a more extensive control of all stages and factors of production.<sup>19</sup> Thus, a "technocratic approach" (a combination of technique and bureaucracy) of rural development was adopted - an approach which sees rural and agricultural development in the context of the provision of new and modern technology and reorganisation of government bureaucracy for the achievement of development.<sup>20</sup> The approach is based on the neo-classical theory of development which relates underdevelopment in rural areas with factors such as traditional agricultural techniques and practices, lack of production infrastructure, fluctuation of production factors, and the traditional attitudes and values of the rural people that operate against the needs of modern agriculture.

In terms of rural development planning, it is characterised by a strong centralising tendency in policy-making and funding, and was dominated by the idea of "top-down"<sup>21</sup> (central planning) and government intervention. Central planning is adopted because it is claimed that international and bilateral aid-giving agencies insisted that grants and loans should be in conformance with coherent plans for national development.<sup>22</sup>

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19 Gayl D. Ness, *Bureaucracy and Rural Development in Malaysia*, University of California Press, Berkeley, 1967, p. 125.

20 The proponents of this approach are development economists, sociologists and psychologists such as A.T. Mosher, John Mellor, G.T. Brown, Everett Rogers, E.E. Hagen, A. Inkeles and D. Smith and D. McClelland.

21 Gloria Leong, "Decentralization for Rural Development in Malaysia," in Anil Bhatt et. al. (eds.), *Building From Below: Local Initiatives for Decentralized Development in Asia and Pacific*, Vol. 3. Asian and Pacific Development Centre, Kuala Lumpur, 1988, p.156-183.

22 Heinrich Siedentopf, "Decentralization for Rural Development: Government approaches and people's initiatives in Asia and the Pacific," in Anil Bhat et al., (ed.), *Building From Below: Local Initiatives for Decentralized Development in Asia and Pacific*, Asian and Pacific Development Centre, Kuala Lumpur, 1987, p. 8. Central planning was introduced in most developing countries in the 1950s as a means of providing rational and coherent policies for using scarce resources effectively to promote rapid growth in industrial output. Central planning was described by the international assistance agencies, such as the World Bank, as a way of promoting "modernisation," accelerating social and political change, generating employment and mobilising capital for further investment. It would allow the state to initiate, spur and steer economic development. It was also contended that central planning and administration were considered necessary to guide and control the economy and to integrate and unify nations that

Rural development (and agricultural development) has consistently been assigned high priority in the allocation of public expenditure until the present day;<sup>23</sup> and has been spelt out clearly in all Government five-year development plans. The First and Second Five-Year Malaya Plans periods between 1956-65 were characterised by intensive socio-economic and physical infrastructural development, especially the construction of roads, bridges, irrigation facilities and the provision of public utilities such as water and electricity. The development plans sought to improve the economic and social well-being of the rural population through the provision of facilities. During the Plans there were two rural development strategies emphasised by the government: the "community development programme" and the "green revolution." In the case of the former,<sup>24</sup> the primary focus was on the provision of various physical and socio-economic facilities<sup>25</sup> and the inculcation of the self-help spirit (*Semangat Jayadiri*) and Operation Progress (*Gerakan Maju*) among the rural communities as a first step towards self-sustaining development at the village level.<sup>26</sup> The next five-year plan, that is, the First Malaysia Plan

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were emerging from long periods of colonial rule. See, Dennis A. Rondinelli and G. Shabbir Chema, "Implementing Decentralization Policies: An Introduction," in G. Shabbir Chema and Dennis A. Rondinelli (ed.), *Decentralization and Development Policy Implementation in Developing Countries*, Sage Publications, Beverly Hill, 1983, p. 9-34.

23 For instance, in the Sixth Malaysia Plan (1991-1995) agricultural and rural development is allocated \$9,019 million or 16.4 percent of the Federal Government allocation (\$104,000 million). See Malaysia, *Sixth Malaysia Plan 1991-1995*, National Printing Department, Kuala Lumpur, 1991, p. 75.

24 Shamsul Amri Baharuddin has described in detail this strategy, especially its administration and implementation aspects. See Shamsul Amri Baharuddin, "Development and Change in Rural Malaysia: the Role of the Village Development committee," in *Southeast Asian Studies*, Vol. 26, No. 2, September 1988, p.218-228.

25 The rural development projects listed in the Rural Economic Development (RED) Book Plan include the following: the construction of minor roads and bridges; land development; water supplies; processing and marketing facilities for rural producers; rural industries; school; health centres and playing fields; irrigation work; river clearing; electricity and telecommunications; mosques and *surau* (small prayer houses); bus and bicycle stands; co-operative development; and other minor projects (Malaysia, *The RED Book 1961*). However, it was alleged that this infrastructural approach to development through the provision of basic socio-economic amenities and infrastructure had only touched marginally the problems of rural poverty and underemployment.

26 A review of development experiences under both programmes shows, disquietingly, that a sizeable proportion of the benefits of the programmes have been gained by a small group of landowners and richer villagers. In retrospect, this is understandable, since the design of the community development programme, for instance, did not take into account the pre-existing inequality in the distribution of economic and political resources at the local level. It was further fortified by top-down directives that overlooked the genuine needs and problems of the community at large. See Mohd. Shukri Abdullah, *Rural Development in Peninsular Malaysia 1950-1980: A Critique of the Technocratic Approach to Development*, unpublished Ph.D thesis, University of Essex, 1987. The green revolution which was implemented through the Green Book Plan has also been criticised, for example, by Martin Rudner, "...the Plan was criticised as



(1966-1970), had among others the objective of increasing the well-being of Malaysia's rural population and other low income groups, primarily through raising their productivity and thus their income-earning capacity.

However, as a consequence of the ethnic unrest, subsequent five-year plans marked a significant phase in rural development in Malaysia in which efforts were more focused, specific targets were identified and strategies were drawn for both economic and social development. The Second Malaysia Plan 1971-1975 signified an important milestone in Malaysia's development with the enunciation of the New Economic Policy (NEP) and the Outline Perspective Plan 1971-1990. The subsequent five-year plans: the Third Malaysia Plan 1976-1980, the Fourth Malaysia Plan 1981-1985 and the Fifth Malaysia Plan 1986-1990 upheld the NEP as the major policy of the government. Meanwhile, the Sixth Malaysia Plan 1991-1995, even though it is in the post-NEP era, still upholds the principles of the NEP. However, the general thrust of the rural and agricultural programmes is towards improving efficiency, increasing productivity as well as revitalising the agricultural sector, so as to maximise income and eradicate poverty among the rural community.

Due to the shortcomings of the previous rural development programmes, Integrated Rural Development (IRD) was introduced in Malaysia in the early 1970s to bring about a more effective and comprehensive rural development strategy, especially in terms of poverty eradication. Basically, the IRD strategy is designed to attack the causes and consequences of rural poverty in an integrated and comprehensive manner.<sup>27</sup> IRD is believed to be based on a "target group approach" where the elements of a "basic needs approach" have also been absorbed. The underlying idea is that, since a general and indiscriminate strategy had failed to reduce poverty in rural areas, there is a need to aim

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lacking in direction and absence of a definite agricultural development programme." Martin Rudner, "The Malaysian Quandary: rural development policy under the First and Second Five Year Plans," in David Lim (ed.), *Readings in Malaysian Economic Development*, Oxford University Press, Kuala Lumpur, p. 80. There was also wide criticism from within the Government ruling party itself (UMNO) about the lack of institutional reforms to spearhead effective rural development.

<sup>27</sup> See J.M. Cohen, "Integrated Rural Development: Clearing the Underbush," in *Sociologia Ruralis*, Vol. 20, No. 3, 1980, p. 197.

more directly at the poor. This strategy focuses on a more integrated and comprehensive programme of agricultural, socio-economic and institutional development. Basic physical and economic infrastructure and social amenities such as irrigation and drainage, rural roads, health, schools, water and rural electrification, and agricultural-supporting services such as credit, marketing, input supplies, research and extension are provided in a co-ordinated and integrated manner by various development agencies. In Malaysia, IRD has the following objectives:

- a. modernising the rural sector through better techniques of production;
- b. providing agricultural support services such as extension, credit and improved marketing arrangements; and
- c. encouraging the participation of the farming community in the establishment and running of rural industries and commercial enterprises and the expansion of urban services in rural areas.

In relation to our study, the third objective is of particular interest. In IRD the strategy of rural industrialisation is being refined as a means of employment creation and also to supplement rural incomes through the diversification of rural economy.

The core of the IRD strategy lies in "area development" or *in situ* development. The *in situ* thrust to redevelop existing villages and farms through the provision of infrastructure and replanting facilities as well as greater commercial orientation is aimed at raising the productivity of existing farms. In the Sixth Malaysia Plan (1991-95), it is stated that the *in situ* thrust will concentrate on existing farm lands and villages to upgrade the necessary infrastructural facilities, organise production and provide extension services to farmers and advice on the appropriate technology to be adopted.<sup>28</sup> Meanwhile, *in situ* development is identified as one of the key strategies under the NEP and New Development Policy (NDP) to reduce poverty and restructure society. Within this context of *in situ* development, the development of rural industries (such as agricultural resource-

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<sup>28</sup> *Sixth Malaysia Plan, 1991-1995*, p. 115.

based and handicraft industries) has become an important strategy, and is strongly emphasised in order to reach the objective of IRD.

A major *in situ* component was the Integrated Agricultural Development Programme (IADP) which was designed to provide an integrated package of infrastructural and support facilities.<sup>29</sup> The IADP approach was first introduced during the Third Malaysia Plan (1976-80) period. In Malaysia IADP occurs mainly in the padi-producing areas. Besides the development of infrastructure in the project areas, other efforts of development focus on increasing productivity and decreasing the cost of production by the transfer of new technology.<sup>30</sup> The programme also includes the provision of drainage and irrigation systems, flood control, farm roads as well as agricultural support services to existing areas.

Land development is also the major *in situ* programme in rural/agricultural development. This programme includes replanting with commercial crops such as rubber and oil palm; programmes for the consolidation and rehabilitation of idle and uneconomic farms; and programmes of new land development. The programmes of land development have involved such agencies as the Federal Land Development Authority (FELDA), the Federal Land Consolidation and Rehabilitation Authority (FELCRA), the Rubber Industries Smallholders Development Authority (RISDA) and the Regional Development Authorities (RDAs).<sup>31</sup> Although the cost is expensive, land development programmes are

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29 Maimunah Ismail and Bahaman Abu Samah, "Integrated agricultural development projects: the Malaysian experience," in Victor T. King and Nazaruddin Mohd Jali (ed.), *Issues in Rural Development in Malaysia*, Centre for South-East Asian Studies, University of Hull., 1991, 51-72.

30 D.S. Gibbons, "Pembangunan Luar Bandar dan Proses Politik di Semenanjung Malaysia Semenjak Merdeka," in Chamhuri Siwar and Mohd. Hafiah Piei, *Dasar dan Strategi Pembasmian Kemiskinan*, Dewan Bahasa dan Pustaka, Kuala Lumpur, 1988, 28.

31 There are various Regional Development Authorities in Malaysia, but the following are those authorities which are responsible for new land development: Pahang Tenggara Regional development Authority (DARA), Jengka Regional Development Authority (JENGKA), Johor Tenggara Regional Development Authority (KEJORA), South Kelantan Regional Development Authority (KESEDAR), and Terengganu Tengah Regional Development Authority (KETENGAH). Meanwhile the other Regional Development Authorities focus on *in situ* development on existing agricultural land. Among the authorities are Kemubu Agricultural Development Project (KEMUBU), Muda Agricultural Development scheme (MUDA), West Johor Project, North Kelantan Project, and North-West Selangor Project. For the details on the Regional Development Authorities see Mohd. Nasir Ismail and Ahmad Fuad Muhammad, "Regional Development in Malaysia", in Victor T. King and Nazaruddin Mohd Jali (ed.), *Issues*

considered part of the infrastructural approach to rural development, and have had a significant impact on poverty eradication and rising the socio-economic well-being of the rural population. However, the strategy is often criticised for being too costly and with a low absorptive capacity leaving many of the rural poor unaffected by its success.<sup>32</sup>

Meanwhile, the regional development strategy is aimed at redressing economic and structural imbalances between regions in order to slow rural-urban migration and to promote agricultural and industrial development. The strategy focuses among other things on creating new growth centres with the aim of rural urbanisation intertwined with strategies of rural industrialisation and industrial dispersion.<sup>33</sup> The fundamental goal of the rural urbanisation strategy is to restructure the indigenous rural communities; to free them from the inhibitive "tradition-cum-poverty" vicious circle, so as to move them into a more modern productive and competitive life.<sup>34</sup>

To briefly assess the success of IRD, it is seen that the IRD programmes have definitely alleviated some of the burdens of the rural poor as reflected in their performance over the last decade. Huge tracts of forest and jungle have been cleared for land development and settlement schemes, highways and road networks laid out, water and electricity supplies connected, telecommunication lines installed, new townships and settlement centres built, educational and health facilities constructed and other social amenities provided for. Consequently, the quality of life in the countryside has been vastly improved, particularly in terms of accessibility to social and infrastructural

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*in Rural Development in Malaysia*, Centra for South-East Asian Studies, University of Hull, Hull, 1991, p. 73-103.

32 Chamhuri Siwar and Nik Hashim Nik Mustapha, *Integrated Rural Development in Malaysia: An Assessment*, Monograph 4, The Faculty of Economics, Universiti Kebangsaan Malaysia, Bangi, 1988.

33 For details on regional development see Mohd. Yusof Kasim, "Ketidakseimbangan Wilayah: Satu Penilaian Terhadap Dasar dan Strategi Pembangunan Wilayah Dalam Tempoh Dasar Ekonomi Baru (1970-1990)," in Chamhuri Siwar and Mohd Hafilah Piei (ed.), *Dasar dan Strategi Pembasmian Kemiskinan*, Dewan Bahasa dan Pustaka, Kuala Lumpur, 1988, p. 205-241.

34 Mohd. Nasir Ismail and Ahmad Fuad Muhammad, *op cit.*, p. 78. A discussion on the role of RDA in promotion of rural non-farm activities (which include rural industrial activity) is given by Chee Peng Lim, "The Role of Regional Development Authorities and Rural Non-Farm Activities in Malaysia," in Swapna Mukhopadhyay and Chee Peng Lim (ed.), *The Rural Non-Farm Sector in Asia*, Asian and Pacific Development Centre, Kuala Lumpur, 1985(c), p.179-226.

facilities. The improvement in mortality rates and nutrition intake on the one hand and occupational and social mobility on the other are testimony to the physical development success of regional development programmes in Malaysia. As Young et al. state:

"...it would be inappropriate to judge government policies only on the basis of incomes of the poor, incomes which generally did not show much improvement until 1970. Instead, the improvements made in raising production level, diversifying output, and improving social services deserve emphasis. If there had not been a poor external environment, the effect on rural incomes would have been greater. If there had not been significant government intervention, Malaysia's rural poor would have been much worse off."<sup>35</sup>

However, despite these achievements of rural development, there is still a range of weakness and problems which have not yet been solved. Briefly the problems are: first, the phenomenon of poverty in certain areas is still significant.<sup>36</sup> The incidence of poverty<sup>37</sup> in rural areas remains a major problem. The significance of the poverty problem could be assessed by the number of poor households in the rural sector. The overall incidence of poverty in Peninsular Malaysia (rural and urban), that is, the total number of households whose incomes fell below the poverty line, declined from 20.7 percent in 1985 to 17.1 percent in 1990 and will be 11.1 percent in 1995. This represents a reduction from 649,400 households in 1985 to 485,400 households in 1995. In rural areas where poverty is overwhelmingly concentrated, the number of rural poor households decreased from 556,400 in 1985 to 401,200 in 1995.<sup>38</sup> A major factor

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35 K. Young et al., *Malaysia: Growth and Equity in a Multiracial Economy*, Johns Hopkins, Baltimore, 1980, p. 5.

36 For instance, although IADPs had considerable impact on poverty reduction, a substantial proportion of the agricultural households in completed IADPs remained below the poverty line as of 1980. For example, the incidence of poverty in the Muda region, one of the earliest and more successful IADPs, was at 63 percent and 69 percent in Perlis and Kedah, respectively. In the remaining completed IADPs, the incidence of poverty remained high, 70 percent in North Kelantan, 74 percent in Kemubu, 70 percent in Besut, 64 percent in North-West Selangor, and 46 percent in West Johor (United Nations Interagency Committee on Integrated Rural Development for Asia and the Pacific, *Integrated Rural Development in Asia and the Pacific: A Framework for Action in the 1990's*, 1989, UNICIRD, Bangkok).

37 The official estimation of poverty in Malaysia is usually based on a poverty line income (PLI) defined in absolute terms, calculated as a cut-off point demarcating the poor and the non-poor. The PLI essentially consists of three major components that include food, clothing and footwear, and non-food items such as rent, fuel and power, transport and communications, health, education and recreation. The PLI is updated annually using the Consumer Price Index to reflect changes in price levels. In 1990, the poverty line was \$370 per month for a household size of 5.1 in Peninsular Malaysia, \$544 for a household size of 5.4 in Sabah and \$452 for a household size of 5.2 in Sarawak. See *The Second Outline Perspective Plan 1991-2000*, p. 100.

38 Malaysia, *Fifth Malaysia Plan*, p. 32.

contributing to the improvement in the poverty situation is the greater opportunities available for the poor to increase their incomes and their standard of living.

Despite a significant reduction in rural poverty in general, the incidence of poverty among the hard-core poverty groups of smallholders and peasant farmers has remained high. In 1987 for instance, the incidence of poverty among these groups was: rubber smallholders 40.0 percent, padi farmers 50.2 percent, coconut smallholders 39.2 percent, estate workers 15.0 percent and fishermen 24.5 percent.<sup>39</sup> In my study area, two of these groups of people, padi farmers and fishermen, are among the highest poverty groups. Thus, it is imperative to note that almost all the identified poverty groups, are to be found in the rural areas and in the agricultural sectors. The main economic problems in this sector (agriculture) are closely related to problems of land, credit, marketing, productivity, agricultural inputs and environmental pollution.<sup>40</sup>

Second, the stage of development in the rural area is neither uniform nor consistent. While Peninsular Malaysia has reached a high state of physical development, Sabah/Sarawak have achieved less than the national average. Even within Peninsular Malaysia itself development is uneven.<sup>41</sup> Meanwhile uneven development between urban and rural areas has caused the "problem" of rural-urban migration, particularly during the post-1970 period, as the urbanisation and industrialisation processes have demanded more labour from the rural sector. Despite the inability of the agricultural sector to provide more employment opportunities, ironically rural-urban migration is seen as creating problems in some rural areas, such as a shortage of manpower for agricultural development which may lead to low productivity and, subsequently, poverty. It might be true since the majority of the migrants are members of the younger generations who are generally the most productive element of the workforce. However, there are several other

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39 Malaysia, *Laporan Majlis Perundangan Ekonomi Negara*, Jabatan Percetakan Negara, Kuala Lumpur, 1991, p. 47.

40 See *Ibid*, p. 41-8 for detailed discussion on these problems that contribute to poverty in rural areas.

41 For further details see *Laporan Majlis Perundangan Ekonomi Negara*, *op cit.*, p. 49-55.

factors involved, such as a lack of job opportunities in the rural sector;<sup>42</sup> and a large number of better qualified secondary school leavers<sup>43</sup> who are looking for the better-income jobs found in the urban centres.<sup>44</sup>

Third, in terms of economic progress certain sectors are more developed than others. For instance, in agricultural development, the estate sector is more developed than the organised smallholder sector (such as FELDA) and unorganised smallholder sector (in traditional villages). Fourth, some rural areas are better planned than other. For instance, the areas covered by the Regional Development Authorities (RDAs), under land developments (i.e. by FELDA or FELCRA), and under IADPs are better planned and development is better organised than in traditional villages in the unplanned areas. Fifth, the models of development are conflicting. For instance, the model of village development which visualises prosperous villages where smallholder farmers own farms of economic size with perennial crops providing a steady income (i.e. self-sufficiency) is in conflict with the second model (the new model adopted by FELDA) which has as its feature the estate type organised smallholder, where farms are centrally run on an estate basis but collectively owned.<sup>45</sup> Sixth, despite the vast improvements in rural infrastructure, these have not resulted in the economic improvement of the traditional village. Attempts to exploit the provision of infrastructure for economic activities has in

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42 The inability and problems of the agricultural sector to provide more job opportunities are due to many factors, among others the mechanisation of agriculture, land fragmentation and small-size of farm, seasons and weather, low productivity, and fluctuations in the prices of agricultural produce. Thus, an attempt to absorb more labour in the agricultural sector is considered to be increasingly difficult since it would worsen the problem of poverty in this sector.

43 Malaysia continues to have a young population. In 1988 the median age of the population was about 21 years. Most of them are secondary school leavers. See Malaysia, *Mid-term Review of the Fifth Malaysia Plan 1986-1990*, National Printing Department, Kuala Lumpur, 1989, p. 82.

44 The image of agriculture being related to poverty in the traditional village has also made agriculture unattractive to rural youths. Neither do parents want their children to be farmers. As such the drift to the urban area is compounded by the traditional village environment itself. Developing the traditional system without modernisation is therefore not likely to retain rural youth, especially the brighter ones.

45 It seems that the introduction of a new estate-like model has added confusion to the previous model of development as these two models express opposing values: the traditional versus the modern, in terms of economic and land values, collective versus individual in terms of farm management and land utilisation. This conflict affects villagers, government officers and planners alike.

some cases failed.<sup>46</sup> Finally, there are still weakness in the rural development programmes. For instance, IRD still suffers a range of problems such as lack of trained manpower which results in some projects being poorly or unrealistically identified and delayed in implementation.

The existence of the poverty problem, and other problems faced by the rural sector, implies that there is a need for additional strategies for rural development besides the existing ones relating to agricultural development. In relation to this, as has been discussed in Chapter 1, small-scale rural industry has gained a new emphasis as a valuable source of income and as a supplement to agricultural development in rural areas. Meanwhile, rural industrialisation has been included as one of the cornerstone strategies of rural development.

#### **2.4. Rural Industrialisation in Malaysia**

In Malaysia, industrialisation, especially manufacturing, was chosen as the "leading sector" of the big development push. Furthermore, rapid industrialisation was viewed by the Government as a major vehicle for achieving the New Economic Policy (NEP), i.e. to eradicate poverty and to restructure socio-economic conditions in order to reduce and eventually eliminate the identification of race with economic activity. In relation to this, the Government (through its various public enterprises) became a major direct investor in large industrial projects in its effort to promote the development of industries, particularly heavy industries.

Beginning in 1983 the government initiated major reviews of its industrial policies and strategies. The first of these is the Malaysian Industrial Policy and the second is the Industrial Master Plan (IMP). The Industrial Policy is designed to achieve the objectives

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<sup>46</sup> For instance, electricity is provided to give basic lighting to rural areas and improve the villagers' social but not necessarily their economic well being. For example, the benefits of rural electrification in generating more small-scale industries and employment opportunities are less apparent to most rural households. For this discussion see for example Chee Peng Lim (b), "A review of rural non-farm activities in Malaysia," in Swapna Mukhopadhyay and Chee Peng Lim (eds.), *Development and Diversification of Rural Industries in Asia*, Asian and Pacific Development Centre, Kuala Lumpur, 1985, p.471-5.



of encouraging greater *Bumiputra* participation in industry; dispersing industries away from urban centres to less developed areas; promoting high technology industries in order to up-grade the technical skills of Malaysian workers; intensifying efforts to stimulate the growth of small-scale industries; and establishing heavy industries.<sup>47</sup> However, industrialisation in Malaysia has emphasised more an "outward-oriented industrialisation" strategy, i.e. one based on the export of manufactured goods, to concentrate more towards "industrial deepening", primarily in heavy and resource-based industries which require investment and sophisticated technology. The Government's emphasis on the heavy industry programme is encapsulated, for example, by the following statement:

"The government has been promoting the development of heavy industries in order to strengthen the foundation of the manufacturing sector. Heavy industries are needed to create new engines of growth and to provide strong forward and backward linkages for the development of the industries."<sup>48</sup>

The contribution of heavy industries in national and industrial development is widely acknowledged as being important, and needs no further illustration here. However, Malaysia's pattern of industrialisation, which concentrates more on the development of heavy capital-intensive industries, has a number of structural problems and weaknesses. Among others, the greater tendency towards capital and import intensity has hindered the development of a more diversified and balanced industrial base; the relocation of industries to less developed states seems unsuccessful where industrial development remains a west coast developed-states phenomenon; the large foreign enterprises, which dominate the modern, export-oriented manufacturing sector, undertake insignificant research and development (R&D) activities and have few links with small industries; the capital-intensive heavy industries provide fewer employment opportunities, where the rate of labour absorption is low when compared with the rate of new additions to the labour force; and the heavy industries transferred few skills, introduced limited technology and contributed little to the deepening and widening of Malaysia's domestic

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47 Chee Peng Lim, *Industrial Development: An Introduction to the Malaysian Industrial Master Plan*, Pelanduk Publication, Petaling Jaya, 1987, p. 9-10.

48 Malaysia, *Mid-term Review of the Fourth Malaysia Plan 1981-1985*, Government Printers, Kuala Lumpur, 1984, p. 271.

industrial structure. Due to the above problems and structural weakness, the Government felt that there was a need to achieve an optimum configuration between the large, mainly foreign-owned industries and the small and medium scale, mainly locally-owned industries to enhance inter-sectoral and inter-industry linkages. Presently, the importance and the contributions of small-scale industries are receiving greater recognition than hitherto. The recognition of the potential significance of small and rural industries begun during the Second Malaysia Plan (1971-75), in the light of the objectives of the NEP. In the Plan it was stated that:

"An important area of attention in the manufacturing sector during the Plan period will be the promotion of small-scale industries... Because of the relatively small demand they make on infrastructure facilities, such small-scale industries can be established in rural areas and thus help in the modernisation of the rural environment. They can also be a vehicle for the development of traditional crafts and skills in the country."<sup>49</sup>

The Government's commitment to develop the small-scale industries was confirmed in the subsequent Third, Fourth, Fifth and Sixth Malaysia Plans which pledged the government to develop small-scale industries as an integral part of Malaysia's industrial development, in which the industries were recognised as having a potential role to play in the development of entrepreneurship, creation of employment, mobilisation of individual savings for investment, broadening the industrial base of *Bumiputra* and providing inputs and supportive services for larger scale industries.<sup>50</sup> Presently, growing recognition is being given to the need for a more outward-looking, export-oriented development of small-scale industries: i.e. for their expansion and modernisation through the provision of financial assistance, improvement of the incentive system, promotion of research and development (R & D) activities, and the strengthening of institutions responsible for small-scale industries.<sup>51</sup>

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<sup>49</sup> Malaysia, *Second Malaysia Plan, 1971-1975*, Government Printers, Kuala Lumpur, 1971, p. 154.

<sup>50</sup> See, Malaysia, *Third Malaysia Plan, 1976-1980*, Government Printers, Kuala Lumpur, 1976, p. 315 and Malaysia, *Fourth Malaysia Plan, 1981-1985*, Government Printers, Kuala Lumpur, 1981, p. 247.

<sup>51</sup> *Sixth Malaysia Plan, 1991-1995, op cit.*, p. 143-5.

Before we proceed with our discussion, we must bear in mind that there are three important concepts which need to be differentiated: small industry, rural industry and non-farm activity (RNA). The concepts of small industry and rural industry have been defined in Chapter 1. Meanwhile, in Malaysia "non-farm activity" is defined to include not only manufacturing (which includes rural industry) and maintenance, but also all sorts of production facilitating activities such as commerce, transportation, and public utilities, and all branches of non-agricultural production activities which are carried out in rural areas.<sup>52</sup> Due to limited materials and information on rural industry in Malaysia, the following discussion in this section will become rather more general to include small industry and non-farm activity. Although the concept of small industry and non-farm activity are not synonymous with rural industry, the inclusion of both concepts in the following discussion will hopefully help to depict the significance of rural industry and rural industrialisation.

Looking at government policy, the government seemingly recognises the importance of small-scale industries in generating employment opportunities, in strengthening industrial linkages, in penetrating markets and generating export exchange.<sup>53</sup> The recognition is apparent since like that of many other countries the manufacturing sector in Malaysia is largely made up of small firms. Table 2.1 shows that in 1981, small-scale industries employing less than 50 workers accounted for nearly 90 percent of all manufacturing establishments and employing 26 percent of total paid manufacturing employees.<sup>54</sup>

Besides the creation of substantial employment opportunities, in Malaysia small-scale industries have other potential roles. The small-scale industries are favoured because of labour absorption, savings mobilisation, income generation and distribution, their

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52 Chee Peng Lim, ((b), "A Review of Rural Non-Farm Activities in Malaysia," in Swapna Mukhopadhyay and Chee Peng Lim (ed.), *Development and Diversification of Rural Industries in Asia*, Asian and Pacific Development Centre, Kuala Lumpur, 1985, p. 385.

53 Prime Minister, *Malaysia: The Way Forward (Vision 2020)*, National Printing Department, Kuala Lumpur, 1991, p. 19.

**Table 2.1**  
**Size of Manufacturing Establishment By**  
**Number of Employees, Malaysia 1981**

Establishment Size Based on Number of Employees	Number of Establishments	%	Total Number of Workers
Below 5	8,816	43.2	20,846
5 - 9	4,140	20.3	27,009
10 - 19	2,770	13.5	38,025
Sub-total (5-19)	6,910	33.8	65,034
20 - 29	1,350	6.6	32,203
30 - 49	1,202	5.9	45,494
Sub-total (20-49)	2,552	12.5	77,697
50 - 99	1,065	5.2	74,921
100 - 199	615	3.0	84,789
Sub-total (50-199)	1,680	8.2	159,710
200 - 499	306	1.5	91,655
500 - 999	107	0.5	71,931
1,000 and above	51	0.3	91,809
Sub-total (200 & >)	464	2.3	255,395
<b>Total</b>	<b>20,422</b>	<b>100.0</b>	<b>578,682</b>

**Source:** Malaysia, *Industrial Survey*, Department of Statistics, Kuala Lumpur, 1981 (Reproduced from Chee Peng Lim 1987: 78).

complementarity with large firms, their function as training grounds for developing skills and entrepreneurship, poverty alleviation, and more balanced economic growth. Small-scale industries are also seen as a major outlet for the absorption of the unskilled and low income segments of the population and as a key mechanism for ensuring that the benefits of economic growth reach the poor. Moreover, small-scale industries use underutilised resources and furthermore are important in promoting forward and backward linkages in geographically and economically diverse sectors of the economy. They are seen also as providing better opportunities for the use of relatively labour intensive production

techniques (they employ more workers per unit of capital), and help to increase total savings in the economy.<sup>55</sup> To summarise the significance and benefits of small-scale industries to the Malaysian economy, the report from the World Bank Mission states:

"Small scale enterprises provide productive outlets for the talents and energies of enterprising, independent people, many of whom would not fulfill their potential in large organisations. Small firms often flourish by serving limited or specialised markets that are not attractive to large companies. They provide a seedbed for entrepreneurial talent and a testing place for new industries. They supply dynamism and contribute to competition within the economy. They enhance community stability, do less harm to the physical environment than large factories, stimulate personal savings, promote agro-industrial linkages, small firms furnish parts and sub-assemblies to large firms at lower unit cost than if the latter were to produce these themselves."<sup>56</sup>

There was a increasing trend towards the involvement of rural people in non-farm activities (which include rural industrial activities). For instance, the proportion involved in the non-farm sector rose from 32.3 percent in 1970 to 46.2 percent in 1980.<sup>57</sup>

Non-farm activities have also performed the function of reducing rural inequality and rural poverty. The decline of the latter from 58.7 percent in 1970 to 24.7 percent in 1984 was due partly to a redistribution of the rural population from groups which had a high incidence of poverty (such as small-holders, estate workers, fishermen, and padi farmers) in favour of groups which had a low rate of poverty (such as rural sector industries).<sup>58</sup> Moreover, the poverty alleviating role of the rural industries group was very powerful. In 1970, the incidence of poverty in this group was the lowest at 35.2 percent, and by 1984 it had fallen to 10 percent. Furthermore, during the same period, the proportion of the rural workforce which had some involvement in the rural industrial

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55 For the details of the discussion on the significant role of small-scale industries in Malaysia see: Ismail Salleh, "Small and Medium Scale Industrialisation: Problem and Prospects," (p. 9-11), and Chee Peng Lim, "The Promotion of Small Industries: The Malaysian Experience," (p. 29-32) in Friedrich Ebert (ed.) *Promotion of Small-Scale Industries and Strategies for Rural Industrialisation: The Malaysia Experience*, FES /ISIS, Kuala Lumpur, 1990; and Fong Chan Onn, "Small and Medium Industries in Malaysia: Economic Efficiency and Entrepreneurship," in *The Developing Economies*, Vol. 28, June, 1990, p. 152-179.

56 Wan Abdul Rahaman Wan Ali, "Building Blocks of the Malaysian Economy," in FAMD, *Management Development of Small and Medium Enterprises in Asia*, Proceedings of the Tokyo Conference, The Foundation for Asian Management Development, Tokyo, 1984, p. 68.

57 Ashwani Saith, "Location, Linkage and Leakage: Malaysian Rural Industrialisation Strategies in National Perspective," in Friedrich Ebert (ed.), *op. cit.*, p. 74.

58 *Ibid.*, p. 75

sector (including part-time and occasional work) had increased dramatically from 29.1 percent to 46.9 percent.<sup>59</sup> Meanwhile, in terms of income, a study by Shand et al. in the KEMUBU area, in Kelantan, indicates that non-farm income was making an increasing contribution to total household income.<sup>60</sup>

Thus, the process of rural industrialisation, which has been operative in the rural sector in Malaysia, has contributed in both ways towards the overall reduction in poverty. In other words rural industry has a potential for development. It is expected that the *Bumiputra* who are involved in rural industrial activities would become agents of rural industrialisation and thus this process of rural industrialisation would make a contribution to the objective of the NEP and NDP in terms of restructuring society and eradicating poverty. For instance, a study by Chee Peng Lim on 387 rural *Bumiputra* entrepreneurs operating in non-farm activities indicates that the majority of the entrepreneurs are genuinely rural, and the study reveals that there was a considerable occupational mobility among them.<sup>61</sup>

Despite the continuing recognition of small-scale industries in general, the place of rural industries and rural industrialisation specifically in the context of national industrial development is quite unclear. The Industrial Master Plan (IMP) did not outline a specific policy and strategy on rural industrialisation. Moreover, the Plan did not pay adequate attention to the problems and potential contribution of the small industry sector even though the Plan recognises its potential.<sup>62</sup> As Zainal Aznam has commented:

"... despite their important contribution small industries, with some rare exceptions, have not been treated very well when compared to large industries ... little explicit attention, however, has been given to the position

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59 *Ibid*, p. 78.

60 See R. T. Shand, "Rural Development, Non-Farm Employment and Rural Income Distribution: A Case Study in Kelantan Malaysia," in Yang-Boo Choe and Fu-Chen Lo, *Rural Industrialization and Non-Farm Activities of Asian Farmers*, Asian and Pacific Development Centre, and Kuala Lumpur, 1986, p. 171-137.

61 Chee Peng Lim (c), "A Survey of Bumiputra RNA Entrepreneurs in Peninsular Malaysia," in Swapna Mukhopadhyay and Chee Peng Lim (ed.), *The Rural Non-Farm Sector in Asia*, Asian and Pacific Development Centre, Kuala Lumpur, 1985, p. 307-355.

62 Chee Peng Lim, *op cit.*, p. 90.

of small scale industries in rural areas ... rural industries and rural industrialisation tend to excite little attention."<sup>63</sup>

It is also stated by Sanjay Sinha that Malaysia is one of the countries besides the Philippines, Thailand and Mexico that:

"...provide considerable support for small-scale rural industries for reasons of employment generation and income distribution; but the emphasis stated in their plans is on sub-contracting and export oriented industries rather than on creating specific links with the rural economy."<sup>64</sup>

However, only recently, the strategy of rural industrialisation is being refined as a means of employment creation and also to supplement rural incomes. For instance, agricultural resource-based and handicraft industries are anticipated to offer much potential to meet the above objectives. Meanwhile, rural industrialisation and agricultural strategies supplement the social development programmes in improving the socio-economic well-being of the rural population.

Rural industrialisation has been incorporated into the strategies of integrated rural development with the aim to:

- a. change rural society from a peasant to an industrial society;
- b. develop an alternative source of income and employment;
- c. improve income and help to alleviate the rate of rural poverty;
- d. bring small-scale industries into rural areas, particularly industries which have potentials to exploit local resources, and which are also labour intensive for the purpose of creating new employment opportunities for the rural population; and
- e. enhance the participation of *Bumiputra* in industry and commerce.<sup>65</sup>

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63 Zainal Aznam Yusof, "Small-scale Industries and Rural Development: An Overview of Policy Issues," Paper presented at The seminar on Small-Scale Industries and Rural Development, Hilton Hotel, Kuala Lumpur, July, 1989, p. 1.

64 Sanjay Sinha, *Planning for Rural Industrialisation: A Review of Developing Country Programmes*, Occasional paper No. 8, , Intermediate Technology Development Group, London, 1983, p. 14.

65 Chamhuri Siwar et al., "Peranan Industri Desa Dalam Pembangunan Industri," in Mohd. Fauzi Mohd. Jani et al. (ed.), *Malaysia: Development Towards An Industrialized Economy*, Jurnal Fakulti Ekonomi, Universiti Kebangsaan Malaysia, Bangi, 1990, 274-5.

Meanwhile the overall objectives of rural industrialisation in relation to rural development would include the generation of: employment, higher productivity, wages, worker welfare and participation, internal accumulation, skill formation, agricultural development and positive spin-offs for agricultural population not directly engaged in rural industry.<sup>66</sup> The significance of the rural industries is further stressed in the Sixth Malaysia Plan 1991-95:

"The development of rural industries will continue to be an important vehicle towards increasing the living standards of the rural population. Their development will also provide opportunities for entrepreneurial resources of the rural Bumiputra community to interface with the modern manufacturing sector."<sup>67</sup>

Furthermore with the need of the government to create a strong and viable Bumiputra Commercial and Industrial Community (BCIC), rural industries could thus become a "spawning ground for the birth of tomorrow's entrepreneurs."<sup>68</sup> Meanwhile, in the Plan the scope of rural industrialisation programmes is extended beyond the cottage and handicraft industries. These programmes will involve the large and small-scale industries in industrial processing and business and commercial services.<sup>69</sup>

Meanwhile, the setting up of a Village Industry Division in the Ministry of National and Rural Development (now Ministry of Rural Development) in 1982 opened a new era for the rural industries (and village industries). Rural industry programmes as promoted by some of the government agencies aim, among other objectives, to:

- a. raise the rural population's income via the utilisation of their free time;
- b. raise the understanding of the village community in business and assist them to grasp business opportunities;
- c. alleviate rural-urban migration that causes a lack of labour force in rural areas;
- d. develop rural entrepreneurs in economic activities and potential industries;

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<sup>66</sup> Ashwani Saith, in Friedrich Ebert, *op cit.*, p. 70-1.

<sup>67</sup> *The Sixth Malaysia Plan*, p. 148.

<sup>68</sup> Prime Minister, *op cit.*, p. 19.

<sup>69</sup> *The Sixth Malaysia Plan*, p. 148.



- e. create job opportunities in rural areas;
- f. raise productivity and skills; and
- g. sustain and elevate cultural heritage.<sup>70</sup>

The development of rural industries and rural industrialisation became more significant beginning in 1984 with the rural development programme introduced under a new programme of *Halacara Baru* (New Direction) which stressed the strategy of rural urbanisation. The strategy focuses on the development of socio-economic infrastructure aiming to increase productivity and income for peasants and rural labourers. The approach stressed the regrouping of villages to foster the development of rural growth centres as well as the promotion of village and small-scale industries and other non-agricultural economic activities to complement the agricultural development efforts.<sup>71</sup>

Due to the significant contribution of the small-scale industries towards the achievement of the objectives of the NEP, as has been indicated above, there has occurred a gradual change in the Malaysian Government's policy towards small and rural industries, from one of neglect to one of promoting small-scale industries in recognition of their important role in overall economic development. In the following paragraphs we attempt to illustrate briefly the government's assistance for small-scale industries as a whole.

The importance of promoting rural industry was realised by the government as early as the 1950s with the establishment of an agency called the Rural Industry Development Authority (RIDA) in 1951, which was later renamed as MARA (or the Council of Trust for Indigenous People) in 1966. The primary objective of this agency was to promote and develop small industry in the rural areas. However, the ethnic violence of 1969 (the May 13 incident) led to a critical evaluation of past policies and

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<sup>70</sup> KPNLB, *Program Pembangunan Industri Kampung*, Bahagian Industri kampung, KPNLB, Kuala Lumpur, 1986, p.2.

<sup>71</sup> Lin Lean Lim, "The Rural Non-Farm Sector In The Process of The Economic Growth in Malaysia," in Reza H. Syed (ed.), *The Rural Non-farm Sector and Process of Economic Development*, ADIPA, Kuala Lumpur, 1987, p. 129.

approaches, out of which the NEP was formulated. In the light of the objectives of the NEP, the Malaysian Government recognised the potential significance of rural industry. Thus beginning from the Second Malaysia Plan (1971-75), institutions were established to assist the development of small industries.

In 1982 a Village Industry Division (VID) was established in the Ministry of National and Rural Development (MNRD) in an attempt to activate and up-date small industry programmes in rural areas. In the larger context rural industry programmes were incorporated in the "rural urbanisation" approach which aims to accelerate rural development through the strengthening of small industries. Currently various agencies are involved in small and rural industry development in Malaysia. In 1984, Wan Abdul Rahman reported that ten ministries and 19 government agencies were involved.<sup>72</sup> He provided a review in some detail concerning the activities of these institutions. It is of interest to note that, according to the Economic Report 1988/89 published by the Ministry of Finance, Malaysia, it was stated that there were 12 ministries and 30 government agencies each guided by slightly different objectives in their attempts to render various types of support services directly to small industries.<sup>73</sup> Thus in five years from 1984, the number of ministries that are providing assistance for small industries development has increased by 20 percent and the number of government agencies by about 58 percent. Some of these new agencies are associated with the promotion and development of the rural handicraft industry in Malaysia.

Generally there are four types of assistance offered by the major government, quasi-government and government-sponsored organisations to small industry: financial assistance, project development, advisory services and technical assistance. Due to limitations of space we attempt only to point out the types of assistance by some of the "significant" agencies, as summarised in the Table 2.2 (the specific assistance given by

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<sup>72</sup> Wan Abdul Rahman, *op cit.*, p. 97.

<sup>73</sup> Gregory Thong Tin Sin et al, "Malaysia - country paper" in FAMD, *Management Development of Small and Medium-Sized Enterprises in Asia*, Proceedings of the Second Tokyo Conference, FAMD, Tokyo, 1989, p. 118.

the agencies involved in the development of handicraft industry will be illustrated in the next section). The agencies are:

- a. The Development Bank of Malaysia (DMB);
- b. The Credit Guarantee Corporation (CGC);
- c. The Council of Trust for Indigenous People (MARA);
- d. The Ministry of Culture, Youth and Sport (MCYS)
- e. The Malaysian Entrepreneurship Development Centre (MEDEC)
- f. The Malaysian Industrial Development Authority (MIDA);
- g. The Malaysian Industrial Development Finance (MIDF);
- h. The Ministry of National and Rural Development (MNRD);
- i. The Ministry of Trade and Industry's Small Enterprise Division (MTISED);
- j. The National Productivity Centre (NPC);
- k. Perbadanan Nasional Edar (PERNAS);
- l. The Prime Minister's Department (PMD);
- m. The Standard and Industrial Research Institute of Malaysia (SIRIM).

As has been indicated in the summary above, the government has taken various steps to encourage the development of small-scale and rural industries. One of the major strategies is issuing and supplying funds with low interest rates, to help in the setting-up of more small enterprises that are involved in industrial, tourism and agricultural activities. Meanwhile, several incentives have been introduced. For instance, in the presentation of the National Budget by the Minister of Finance in October, 1988, new incentives were introduced to encourage the development of small local manufacture. These include the granting of pioneer status to small industry which fulfil criteria concerning residence and incorporation in Malaysia; increase of the reinvestment allowance from 40 percent to 50 percent; and full exemption from payment of import duties on raw materials, components, machinery and equipment.<sup>74</sup>

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<sup>74</sup> *Ibid*, p. 119.

Table 2.2

Types of Assistance Provided by Some Public Agencies to Small-Scale Industry in Malaysia

Organisations	Financial Assistance	Group Training	Advice/ Consultation	Studies		
				Project Feasibility	Premises Facilities Sector Market	Technical Assistance
DBM	xxx	xx	xx	xx		
CGC	xxx					
MARA	xxx	xxx	xxx	xxx	x	
MCYS	x	xxx	xxx	x		
MEDEC		x				
MIDA				xx		
MIDF	xxx	xx	x	xx		x
MNRD		xx	xxx			x
MTISED			xx	xx	xx	x
NPC		xxx	xx	xx		
PERNAS		x	xxx	x		
PMD	xx		xx	xx		
SIRIM				x		xxx

Note: x = Minor factor  
 xx = Factor  
 xxx = Major factor

Sources: Ministry of Trade and Industry, *Implementation of Government Policies and Plans for the Development of Small Business*, Small Scale Enterprise Division, Mimeograph, Kuala Lumpur, 1984.

Although small industries have traditionally been viewed by the Government as one of the key mechanisms through which to achieve its poverty alleviation and societal restructuring objectives under the NEP, and despite the proliferation of supply-side public programmes promoting their development, small industries have remained essentially peripheral to the buoyant, large-scale, export-oriented foreign investment-dominated industries. It seems that the rapid growth of these large industries has eclipsed the importance of small industry. The industrialisation policy is biased against the small-scale sector.<sup>75</sup> Furthermore, there are still policy constraints that hamper the process of their

<sup>75</sup> Anuwar Ali, "Fiscal Incentives and Technological Dependence: An Aspect of Industrialisation in Malaysia," in *Jurnal Ekonomi Malaysia*, No. 7, June, 1983, p. 30-1; and Anuwar Ali, "Industrialisation and Employment Policies in Malaysia: A Critical Review And An

development. Among the constraints are the following: (a) due to the proliferation of agencies there is a lack of co-ordination between and among implementing agencies at various levels. There are cases where the functions of the agencies are duplicated;<sup>76</sup> (b) there is still a strong bias in favour of large scale industries. For instance, subsidies and fiscal and tax incentives still favour large scale industry;<sup>77</sup> (c) the majority of the institutional delivery systems is concentrated in the metropolis, i.e. far from the rural areas where the majority of the small industries are located. Generally, as has been indicated, in Malaysia there exists a strong bias for the development of large industry as a strategy to industrialise and absorb the additional labour force that otherwise cannot be absorbed by the agricultural sector. Thus, if the desired generation of employment is to be achieved, a major shift in the industrial policy orientation of this type has to be carried out. Additionally, there is a need for a consistent government policy and for government to give more attention to the effective implementation of existing policies.

Meanwhile, the small and rural industries themselves face several problems that constrain their growth and development. The internal and external problems could be summarised as: inadequate technical and managerial know-how; inadequate finance and credit; inadequate linkage with large industry; lack of market and export penetration; application of obsolete methods of production and poor access to modern technology; narrower choice of sites and premises; and inability to attract and retain skilled labour.<sup>78</sup>

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Alternative," in Lim Lean Lim and Chee Peng Lim, (ed.) *The Malaysian Economy at the Crossroads: Policy Adjustment or Structural Transformation*, Malaysian Economic Association, Kuala Lumpur, 1984(a), p. 420-2.

76 Asian Development Bank, *Malaysia: Study on Small and Medium Enterprises With Special Reference To Technology Development*, ADB, Programs Department (EAST), Staff Working Paper, 1990, p. 53.

77 Chee Peng Lim (c), *op cit.*, p. 37.

78 The problems faced by the small industry have been discussed by several writers. See among others, Mohd. Ghazali et al., *Small and Medium Scale Enterprises in Malaysia: Technological and Managerial Capacity*, Small Business Development Centre, Universiti Pertanian Malaysia, Serdang, 1988, p. 30-32; Ronald Clapham, *Small and Medium Entrepreneurs in South East Asia*, Institute of Southeast Asian Studies, Singapore, 1985, p. 69-118; Fong Chan Onn, *Plan of Action for Development of Small and Medium Industries*, Paper prepared for The Small Enterprise Division, Ministry of Trade and Industry, March 1989, p. 31-4; Ismail Salleh, *op cit.*, p. 13-6; Chee Peng Lim (c), *op cit.*; p. 33-8; Gregory Thong Tin Sin et al., *op cit.* p. 133-4; Mathias Bruch and Ulrich Hiemenz, *Small and Medium-Scale Industries in the Asean Countries: Agents or Victims of Economic Development?*, Westview Press, Boulder, 1984, p. 97-104; and Mohd. Sheriff Mohd. Kassim, "Financial Implications of Policies and Plans for The Development of Small Business," a paper presented at Persidangan Kebangsaan Mengenai Dasar

For the purpose of giving empirical evidence of the problems, we present below findings of a study by A. Ghani et al.:

**Table 2.3**  
**Malaysia: Major Problems Facing Small *Bumiputra* Enterprises**

Problems	Number of Enterprises	Percent
Capital / finance	357	60.5
Marketing	91	15.4
Management/administration	48	8.1
Land/building	11	1.9
Raw materials	4	0.7
Labour	4	0.7
Competition	2	0.3
Other	2	2.7
No problem	57	9.7
<b>Total</b>	<b>590</b>	<b>100.0</b>

**Source:** A. Ghani, et al., *A Study of Small Bumiputra Enterprises in Kuala Lumpur and Johore Bahru*, Mimeograph, Faculty of Economics and Administration, University of Malaya, Kuala Lumpur, 1980, p. 82.

In view of the diverse problems faced by the industries, the development of small and rural industries requires a concerted effort among the small industry support agencies. In other words, the efforts of agencies should be co-ordinated in order to redress the problems faced by this sector. Furthermore, the strategy and programme of rural industrialisation should take into account existing resources and materials, skills, participation of the rural people, low investment and the marketable products. Meanwhile, it is clear that the location of types of rural industries is strongly influenced by the cultural attributes of the local community, local raw materials and the existing traditional skills.<sup>79</sup> These variations determine the type of rural industry to be carried out in certain areas or states. Based on these variations, we find for instance the concentration of batik and

dan Strategi Untuk Pembangunan Perniagaan Kecil, Universiti Pertanian Malaysia, Serdang, 1983, p. 2.

<sup>79</sup> Chamhuri Siwar et al. (1990), *op cit.*, p. 278.

silverware industry in Kota Bharu, plaiting, batik, brassware and weaving in Kuala Terengganu, woodcraft in Temerluh, bamboo and rattan crafts in Kuala Pilah, pottery in Kuala Kangsar, and horn craft in Alor Setar.

## 2.5. The Government and handicraft industry

As far as crafts development is concerned, Malaysia has provided more than sufficient government authorities or machineries. The formal effort to develop handicraft industry began with the establishment of the Rural and Industrial Development Authority (RIDA) in 1951, an institute which supports on a substantial scale, the development of small scale and cottage industries in rural areas.<sup>80</sup> Nowadays there are at least 13 government support agencies which provide promotion and development assistance for the industry.<sup>81</sup> However, to what extent have the government agencies been effective? And what are the constraints faced by the industry? In the following paragraphs we attempt further to discuss these questions.

However, it is imperative to point out first the reasons why the Malaysian Government puts a "serious" effort in the development of the industry. It is understood that, besides other contributions such as preserving the cultural identity of the society, two main economic contributions are significant: first is its contribution towards employment; and second, its contributions towards the generation of foreign exchange.

A World Bank Report indicated that in 1970 about 32 per cent of the rural labour force in Peninsular Malaysia was primarily engaged in handicraft and cottage industries.<sup>82</sup> Meanwhile, in 1980, there were about 128,600 craft-related workers in Malaysia, i.e. among the 9 million labour force.<sup>83</sup> Since handicraft-making in Malaysia is also undertaken as a secondary or part-time activity by certain people whose occupation is

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80 Gayl D. Ness, *Bureaucracy and Rural Development in Malaysia: a Study of Complex Organisations in Stimulating Economic Development in New States*, University of California Press, Berkeley, 1967, p. 125-133

81 Elwood A. Pye (ed.), *Artisans in Economic Development: Evidence From Asia*, International Development Research Centre, Ottawa, 1988, p. 82.

82 M. Allal and E. Chuta, *Cottage Industries and Handicrafts: Some Guidelines for Employment Promotion*, International Labour Office, Geneva, 1982, p. 9.

83 *Ibid*, p. 83. The statistics are for full-timer workers only.

classified as agricultural-related, then the actual number involved would obviously be more than the estimated number.<sup>84</sup> (See Table 2.4 below).

**Table 2.4**  
**Population ('000), aged 10 years and over, by craft-related work and area of Malaysia, 1980 Census**

Kind of work	West Malaysia	Sabah	Sarawak	Total Malaysia
Metal workers	9.45	---	---	9.45
Spinner, weavers, related workers	25.56	---	---	25.56
Tailors, sewers related workers	55.46	1.19	2.20	58.85
Stone cutters, carvers	1.07	---	---	1.07
Jewellery and precious metal workers	4.84	0.11	0.18	5.13
Glassformers, potters related workers	11.72	0.39	0.81	12.92
Basket weavers, musical instrument makers, non- metallic mineral workers	14.40	0.19	1.04	15.63
Total craft-related workers	122.50	1.88	4.23	128.61
Total employed (Malaysia)	7638.41	613.55	848.24	9100.20

**Source:** Elwood A. Pye (ed.), *Artisans in Economic Development: Evidence from Asia*, International Development Research Centre, Ottawa, 1988, p. 84.

Furthermore, total crafts production has risen at a fast pace. For instance, there were significant increases in the export of handicrafts, i.e. US\$87.9 million in 1980 to US\$113.0 million in 1984 (a 28.6 percent increase).<sup>85</sup> Meanwhile, there was also an increase in the revenues from craft exports. For instance, the revenues grew from only M\$4.2 million in 1970 to M\$83.4 million in 1983. The major growth period was between

<sup>84</sup> In certain crafts, particularly plaiting and songket weaving for example, the entire production process is frequently undertaken by women, largely housewives who do not fall within any occupational group and thus were not accounted for within the labour force total.

<sup>85</sup> Sanjay Kathuria, et al. (ed.), *Artisans Industries in Asia: Four Case Studies*, IDRC, Ottawa, 1988, p. 5.



1980 and 1983, when there was an enormous increase in batik textiles sales.<sup>86</sup> The main foreign markets are West Germany and the Netherlands.

Nonetheless, as has been indicated earlier, we must bear in mind that the handicraft industry owes its development to the government's effort. The effort to develop the handicraft industry involves a large number of agencies and ministries. The main attention given in the development of the industry has been focused on technology, credit, marketing, quality and skills development. Below we will briefly illustrate the Government's role in the development of the handicraft industry.<sup>87</sup>

Especially after 1970, the Government has introduced a wide range of programmes to assist handicraft entrepreneurs/artisans overcome the constraints they face. However, only in the Fourth Malaysia Plan (1981-85), were handicrafts given proper recognition as a sector, in the context of the overall objective to eradicate poverty, especially among the rural population. The plan was to revitalise cottage industry; a sector which all the while was outside the mainstream of economic development.<sup>88</sup> The Ministry of National and Rural Development (MNRD) is the main body to take the function of developing the industry, where under its various programmes, agencies and organisations were established.

Among the most significant government agencies in promoting the development of handicraft industry are: the Village Industries Division (VID),<sup>89</sup> the Community Development Department (KEMAS - *Jabatan Pembangunan Masyarakat*), the Malaysian

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86 Elwood A. Pye, *op cit.*, p. 84.

87 The role of Government in the development of small and rural industries in general has been pointed out in the previous section. Thus, in this section we only focus our discussion on the handicraft industry.

88 Various programmes were undertaken by government agencies during the Fourth Plan period to promote the industry. For instance the Handicraft Development Corporation (MHDC) assisted 289 craft entrepreneurs during 1981-85 and provided similar assistance to 35 craft villages in the states of Kelantan, Pahang, Perak, Sabah, Sarawak, and Terengganu. In the same period 521 persons received basic crafts skills training, while 434 persons received short-term training in crafts ranging from batik making, weaving and rattan plaiting, woodcraft and earthenware. See, Malaysia, *Fifth Malaysia Plan 1986-1990*, Government Printers, Kuala Lumpur, 1986, p. 343.

89 The details of the development programme of village industries in Malaysia are condensed in a small book title *Program Pembangunan Industri Kampung* published in 1986 by Bahagian Industri Kampung, Kementerian Pembangunan Negara dan Luar Bandar. (MNRD).

Handicraft Development Corporation (MHDC), the Karyaneka Marketing Sendirian Berhad (KARYANEKA), the Batik Malaysia Berhad (BMB), and the Council of Trust for Indigenous People (MARA).<sup>90</sup> (Some of the other agencies have been pointed out and discussed above). The general objective of the agencies is to develop, promote and intensify handicraft production activities, besides facilitating their growth for expansion into small-scale enterprise. In summary, the functions of these agencies in relation to the development of handicraft industry include, to:

- a. encourage the participation of villagers in village industry/handicraft project;
- b. give training to the prospective craftsmen;
- c. supply raw materials to the producers of handicrafts;
- d. provide facilities such as plant, machinery and equipment;
- e. disseminate information, new ideas, innovations etc. to the producers;
- f. market the handicraft products;
- g. provide advisory services; and
- h. provide credit facilities.<sup>91</sup>

Besides the above agencies there are other bodies which are directly and indirectly involved in the development of the handicraft industry. Such bodies or agencies are the semi-government agencies such as Kedah Regional Development Authority (KEDA), Kemubu Agricultural Development Authority (KADA), Federal Land Development Authority (FELDA), Rubber Industry Smallholders Authority (RISDA), and Federal Land Consolidation and Rehabilitation Authority (FELCRA). Even the non-government organisations (NGO's) like the Women's Institute also play the role in providing training, advice and financial assistance to small business operators. One particular ministry, the

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<sup>90</sup> For some illustrations on the agencies see, Chee Peng Lim, "A Review of Rural Non-Farm Activities in Malaysia," in Swapna Mukhopadhyay and Chee Peng Lim (ed.), *Development and Diversification of Rural Industries in Asia*, Asian and Pacific Development Centre, Kuala Lumpur, 1985, p. 390-476; and Raja Fauziah Raja Tun Uda et. al, *Handicraft Industries in National Development*, Malaysian Handicraft Development Corporation, Kuala Lumpur, 1985, p. 54-89.

<sup>91</sup> For further discussion of the role of the Government and its agencies in relation to handicraft development see for instance Sulaiman Othman, "Kraftangan dan Peranan Kerajaan," A paper presented at the Seminar Kebangsaan Industri Kraftangan, Universiti Utara Malaysia, 20-21 August, 1990.

Ministry of Culture and Tourism, is also indirectly implicated within the entire framework of the organisational support system surrounding the handicraft industry.

However, despite the various kinds of agencies and assistance they provide, there are many problems concerning the effectiveness of the organisational support system. The main problem is that these agencies' efforts are not co-ordinated by a long-range plan, and their functions are overlapping.<sup>92</sup> The involvement of several agencies in a single activity may be justified in certain cases (for example giving advisory service and disseminating new product technologies at the village grassroots level). However, responsibility over other prime functions like organisation of production units, product innovation and development, overall research and development, and raw materials procurement should be strictly limited.

Malaysia has more agencies than its neighbouring ASEAN countries such as Thailand, Indonesia and Philippines in assisting the development of the handicraft industry, however Malaysian craft goods still are unable to compete with those produced by these countries.<sup>93</sup> This implies that the handicraft industry in this country still faces many constraints in its development. Besides the organisational problems of the government agencies as indicated above, there might be other constraints of development faced by the handicraft industry. In relation to this, in the following section we attempt to point out briefly some possible constraints faced by the handicraft industry which serve as a backdrop of the present study.

## 2.6. Constraints faced by handicraft industry

In Malaysia, the constraints of growth and development<sup>94</sup> of handicraft industry can be grouped into two: the demand constraints and the supply constraints. Demand

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92 Elwood A. Pye (ed.), *Artisans in Economic Development: Evidence From Asia*, IDRC, Ottawa, 1988, p. 86.

93 Ahmad Tajuddin Ali and Hassan A. Rahman, "Teknologi Untuk Industri Kraftangan: Masalah dan Cabaran," A paper presented at the Seminar Kebangsaan Industri Kraftangan, Universiti Utara Malaysia, 20-21 August, 1990, p. 10.

94 The concept of development and growth even though they have a different meaning cannot be separated in studying the handicraft industry. It has often been said that there can be no development without growth, but one can also decisively argue that there can be no consistent

constraints are those factors that are related to the restrictions of the size and pattern of the markets that the crafts cater for. They include factors that account for the lack of demand, or the fall in demand for the craft products within a particular market. Meanwhile the supply constraints on the other hand are those factors that impede production and the availability of the products of the various crafts. They include the unavailability of skilled labour, the difficulty in obtaining raw materials, the reluctance to adopt modern methods of production or technology, the lack of credit facilities, the inadequacy of quality control measures in the production process and other supply-related constraints.

There are three types of market for handicraft goods: the local and national market; the tourist market; and the export market. Market type constraints are those that influence the size and demand pattern of these kinds of markets. They exert a tremendous influence over the development of the crafts in that they limit the support that a market can provide the development of its craft by limiting the size and demand pattern of the market.

In terms of local and national markets, the constraints come where the majority of Malaysian crafts are produced in rural areas and sold locally and nationally (90 percent of the total sales of the products),<sup>95</sup> where the majority of the buyers are Malays. However the demand by these Malays is constrained due to the low income that is the characteristic of this segment of Malaysia's population and the priority they place on the decision to purchase. Products of a utilitarian nature would presumably be higher on the priority list of purchases by Malays than would ornamental products. Meanwhile, because of high price, some craft products such as silverware and *songket* are generally beyond the reach of the average Malaysian wage-earner. These products are mostly used by royalty and favoured noblemen. Furthermore for certain craft goods, such as *songket*, the demand is ethnic-specific; apart from the Malays, other races do not go for *songket* in a big way. Meanwhile, certain craft activities have always followed traditional lines. Designs as well as shapes are almost preordained for the products. The introduction of new items is not

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growth without development. Growth signifies increases in actual physical production or greater output; development on the other hand, signifies the capability within the society.

95 Raja Fauziah Raja Tun Uda et. al., *op cit.*, p. 192.

common; the artisans being more comfortable with familiar items. This constraint may be termed a lack of creativity.

The lack of demand from local and national markets could also be due to inconsistency of the production of the specific craft. The demand constraint of plaiting products (such as mats and baskets), for instance, is because the products are produced seasonally. Normally the artisans involved in plaiting are part-timers with other professions to pursue. They produce when there is time to sit and work. Some crafts goods are not appealing to the buyers. In other words the availability of the products could become a restrictive factor in terms of demand. For instance, though some handicraft goods may be found throughout Malaysia, the best types of crafts are only found in certain areas/states where they are produced: for instance *songket*, batik, and silverware in Kelantan and Terengganu; and pottery in Perak. In other words, the poor accessibility to the products as well as the lack of promotion for the products have caused the restriction in demand.

In terms of tourist market constraints, there is a postulation that Malaysia does not have a distinct reputation for crafts in the way that, say, India has for its silver products and brassware, or Thailand for its silk products and hardwood carvings.<sup>96</sup> The tourists that visit Malaysia are not overtly aware of the variety and quality of the handicrafts that Malaysia has to offer.<sup>97</sup> This factor is further compounded by the fact that an average stay of 4.5 days<sup>98</sup> in Malaysia by each tourist is hardly adequate for them to explore the beauty and quality of Malaysian handicrafts that are more often than not found on the fringes of the city and in rural *kampungs*. Meanwhile, certain craft items are only intended for local customers and tastes, which in terms of size, designs, durability, etc. do not accord to the foreign tourists' demand. As Nolten and Tempelman write:

"...Malaysia's handicraft produce cannot compete with the products offered by neighbouring countries like Indonesia or Thailand. In general,

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96 *Ibid*, p. 200.

97 Ahmad Sarkawi Mohd Hassan, "Kepentingan Industri Kraftangan dan Implikasinya Kepada Industri Pelancongan Malaysia," A paper presented at the Seminar Kebangsaan Industri Kraftangan, Universiti Utara Malaysia, 20-21 August, 1990.

98 Raja Fauziah Raja Tun Uda, *op cit.*, p. 200.

Malaysia's products are more expensive and certainly not superior in quality, whereas some of the items (baskets, pottery) are rather bulky or breakable, and this is not a positive factor with travellers."<sup>99</sup>

However, the main constraint is that there has been no real effort on the part of the artisans and the dealers effectively to promote their products to foreign buyers. This might be related to the problem of communication (i.e. language barriers) between the artisans and the dealers with the tourists.

Meanwhile, the export market constraints are related to the lack of knowledge as how to export the products; and the passive, hesitant attitude of those involved to try for relatively unfamiliar, new markets. On the other hand these are related to the inadequacy and/or inefficiency of channels that communicate market information to all involved in craft production and sales. The one main constraint as far as this channel is concerned is the inaccessibility of the artisans to information (i.e. regarding customer requirements) due to transport and road linkage problems. As has been mentioned the majority of the artisans live in rural areas.

Thus, as has been pointed out above the demand constraints could impede the growth and development of the industry. In relation to this, efforts should be taken to widen the markets of the craft products as well as to increase their market competitiveness. This means that the quality and quantity of the products themselves should be improved. However, the industry is still facing several supply constraints which hinder the production of quality craft products. The following paragraphs will focus on these constraints.

The production of handicraft is dependent on a number of factors: easy availability of raw materials, the adequacy of skilled labour, the levels of technology employed, and the financial strength (capital and credit facilities), organisational skills of the

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<sup>99</sup> Marleen Nolten and Gert-Jan Tempelman, "Handicraft as a Means for Rural Development - a Case Study From Pahang, Peninsular Malaysia," in *Malaysian Journal of Tropical Geography*, Vol. 13, June 1986, p. 44.

entrepreneurs and the ability and/or the willingness of the artisans to adapt and accept changes. These factors help determine the amount of the products supplied on the market.

In terms of labour constraints, the major problem is that there has been a decline in the number of skilled craftsmen currently involved in handicrafts production. The main reason is economic. This includes the need of better wages in other professions, the slowly declining demand for the products that they produce, inadequate job security in handicraft production, and an unstable income. Meanwhile, certain labour supply exists seasonally, particularly among the part-timers such as housewives who help the menfolk in the fields during the padi planting season. Yet another labour constraint is that a vast majority of the skilled artisans (master craftsmen) are of an old age (normally above 40 years of age).<sup>100</sup> Though the perfection comes with practice, there is a lack of interest among the younger generation to follow this line of profession. One of the reasons is that, for instance in the silverware industry, apprenticeship involves a very long period, and one would normally have to start young; and a full-time silversmith requires ardent interest in order to be proficient in his craft. The government has tried to compensate for the loss of skilled manpower by setting up training centres. Unfortunately, many of the training centres are in the urban areas. Thus, a shortage of skilled manpower and a lack of training facilities restrict skill formation and the spread of technical knowledge, which in turn impede the development of the industry.

The raw material constraints are related to the difficulty in obtaining raw materials for production. This includes poor accessibility to raw material as well as the lack of raw materials themselves. One of the major problems is that there is an inconsistent supply of raw materials for artisans to shape into finished goods. Furthermore, some raw materials used (for instance in silverware and batik industries) have to be imported from abroad. As such, their availability is dependent on the forces of demand and supply in the international market of the related materials. Another related problem is the rising price of the raw materials which adds to the increase in cost of production. The high cost of raw

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100 Elwood A. Pye, *op cit.*, p.

materials is also influenced by the distance between the sources of supply of raw materials and the production premises. In conclusion, these constraints become a serious threat to supply because they limit production capacity.

As with other industries, the handicraft industry relies very heavily on capital and credit facilities to obtain tools as well as raw materials used in production. Normally, the economic status of many handicraft entrepreneurs is generally rather low. Unfortunately, finance houses and banks do not place very high priorities on handicraft endeavours and credit facilities from them become very difficult to obtain. Alternatively many entrepreneurs have to depend on the informal capital market comprising money-lenders, pawnshops and other unorganised financial intermediaries. In this kind of capital market, the credit policy of the government is often of little or no direct influence so interest rates are relatively high and borrowing terms more stringent. There are a number of reasons why the handicraft industry fails to receive any loan from the organised financial sector. Apart from a lack of creditworthiness, the main reason appears to be a lack of collateral.<sup>101</sup> However, there are also cases where some of the entrepreneurs, being rural Malays and pious Muslims, do not seek financing through credit.

One common characteristic that is found in the majority of handicraft industries is that their production techniques are labour intensive, make use of simple tools and equipment, and are not very different from the production modes of their forebears. Meanwhile, the majority of the entrepreneurs of handicraft in this country have a low level of education, and thus have less exposure to technical knowledge and are still using obsolete technology in the production of their crafts.<sup>102</sup> As a result, production is slow, and the quality of product is low, inconsistent, and unattractive. In general there are several factors that contribute to the low quality and productivity, which include not being sensitive to changes or technological innovation among the entrepreneurs; no automation and mechanisation available; lack of innovativeness and creativity towards the application

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101 Chee Peng Lim, *op cit.* p. 480.

102 Ahmad Tajuddin Ali and Hassan Abdul Rahman, *op cit.*, p. 9-14.



of new designs and development of new products and processes; lack of understanding of product and process; shortage of skilled workers; and lack of the exercise of quality control. There is no standard method of producing each craft product; artisans use various methods to produce finished goods. While most of the steps taken by artisans in the same industry are similar, inconsistency with regard to the quality of raw materials used, the skill levels employed, the kind of machines used, and the corners cut in order to reduce costs, add up to finished goods of differing qualities. In silver for instance, the adulteration of the metal with certain less expensive metals will produce an alloy that resembles silver, but is cheaper and of a lower quality.

There are other supply constraints. One of them is the inability of craftsmen to quickly receive changes in design information, which is a relatively common constraint to supply. Once a craftsman has become skilled in a particular design, it may be extremely difficult to change due to production techniques and the skills factor. The possibility to innovate patterns and designs is restricted to the knowledge that the craftsman has acquired. Furthermore, one must also accept the fact that some craftsmen do not desire to conform to market requirements. They are more comfortable producing traditional motifs and designs because such motifs signify what their crafts essentially stand for. As such products as demanded by the market are not produced. Meanwhile, the putting-out system which has been used by some entrepreneurs in the industry has the disadvantage that the entrepreneur loses control over his products. The lack of managerial ability to handle complexities of such a system has led to loss of orders.

Thus, the quality and quantity of the craft products could be hampered by the supply constraints as have been discussed above. Together with the demand constraints, the supply constraints could also contribute to the limited growth and development of the industry. The main factors that contribute towards the constraints come from the inefficiency of government policies and assistance, and from the entrepreneurs themselves. However, one aspect of constraints needs further study and analysis, i.e. the

human and social factors. The present study will specifically emphasise this kind of constraint.

## **2.7. Conclusion**

To summarise, in Malaysia the promotion of industrial development is seen as one of the principal means whereby the government seeks to achieve the objectives of the New Economic Policy (NEP). The importance of agriculture in providing occupation alternatives is becoming less significant despite considerable government effort and expenditure which is directed to this sector. Due to the continuing problems faced by the rural areas, particularly the problem of poverty, rural industry and rural industrialisation are recognised by the Government as having the potential to help achieve the objectives of the NEP. In relation to this, various agencies have been created to assist the industry.

Despite the importance of rural industries, however, we recognise that the country does not yet have a co-ordinated rural industrialisation programme which features strong linkages with urban industries and the agricultural sector in rural areas. Thus, to promote rural industries and rural industrialisation there is a need for a multi-sectoral approach, where rural industrialisation should be viewed in the overall context of the national economy and should not be compartmentalised. In other words, the expansion of rural industry can only be brought about by a combination of policies and approaches: industrial policy, agricultural policy, regional planning for infrastructure and institutional arrangements in rural areas. This implies that efforts for better co-ordination among government agencies of different branches and at different levels should be made in the planning stages as well as during implementation. In relation to rural development, rural industrialisation should go side-by-side with, and form an important component of, the strategy of rural development..

Although government assistance is crucial to the development of the industry, it has so far not been fully effective. The constraints faced by the industry have hampered its growth and development. Thus, in order to develop the industry, there is a need for a

specific plan of development for the handicraft industry (beside the industrial master plan), and there should be concerted action and policy between agencies (government and non-government) that assist the growth and development of the industry, particularly in eliminating the above mentioned constraints,

## CHAPTER 3

### THE STUDY AREA AND RESEARCH METHODOLOGY

#### 3.1 Introduction

In this chapter I attempt to give a picture of the study area and the methodology applied in the research. The aim of the study was generally to gather materials relating to the development and underdevelopment of the target handicraft industries. However, the study has as its primary goals, among others (i) to derive a knowledge and understanding of the area of study and the societies they contain; (ii) to gain an insight into the structure and operation of the handicraft industries in the study area, and to look for signs of potential for future development; and (iii) to obtain an understanding of the producers and workers of the handicraft industries, and other villagers (i.e. those who were not involved in the industries).

The study was carried out in the state of Kelantan, Malaysia, where two Districts, Kota Bharu and Tumpat, were chosen as study locations based on the existence of the batik and silverware handicraft industries. In Kelantan, and even in Malaysia more generally, the District of Tumpat is famous for its silverware industry; meanwhile the District of Kota Bharu is famous for its batik industry. The state of Kelantan itself is always recognised as the "home of Malaysian batik", and most of the batik industries are found in the District of Kota Bharu.

These two industries were chosen based on the following criteria: (i) comparatively they involved a quite large number of people, and contributed significantly to the livelihood of the people; (ii) they are relatively long-established handicraft industries, and are technologically underdeveloped although with early signs of technological and organisational change; (iii) they are among the more popular crafts and thus have a certain amount of development potential; and (iv) in terms of location the industries tend to be clustered in certain areas where they are easily reachable.

Although the state of Kelantan is located far away from the researcher's place of residence (near Kuala Lumpur), and place of origin (Johore), and thus I had little previous familiarity with the study location, it was nonetheless chosen as a location of study for several reasons. In the state of Kelantan handicraft industries, or more generally cottage industries, flourish. There are a higher number of Kelantanese involved in cottage industries compared with their counterparts in other Malaysian states. Additionally, Kelantan is the poorest state in Malaysia, and thus provided an appropriate setting for a study which aimed to examine the potential role of cottage industries as an alternative means of ameliorating the economic difficulties of the people, particularly in the rural areas. In this sense it would be possible to examine not only the nature of development of rural industries, but also to assess the juxtapositioning of rural industrialisation and rural poverty. Thus, from the study conducted in Kelantan I hoped to offer some policy recommendations regarding the development of the industries for the benefit of the rural people in particular.

### 3.2. The State of Kelantan

The illustration of Kelantan by William R. Roff below, gives us a general picture of the state:

"...Kelantan has come for many Malaysians and others to symbolize remoteness and beauty (of women, arts and crafts, and casuarina fringed beaches) in about equal proportion, allied with what is regarded as economic backwardness and religious puritanism..."<sup>1</sup>

The state of Kelantan is located in the northern part of the east coast of Peninsular Malaysia, and covers an areas of 14,943 square kilometres.<sup>2</sup> The state is divided into ten Districts (or *Jajahans*),<sup>3</sup> namely, Bachok, Kota Bharu, Machang, Pasir Mas, Pasir Putih, Tanah Merah, Tumpat, Ulu Kelantan, Kuala Krai and Jeli. Its state capital, Kota Bharu is located in the District of Kota Bharu (see Map 3.1).

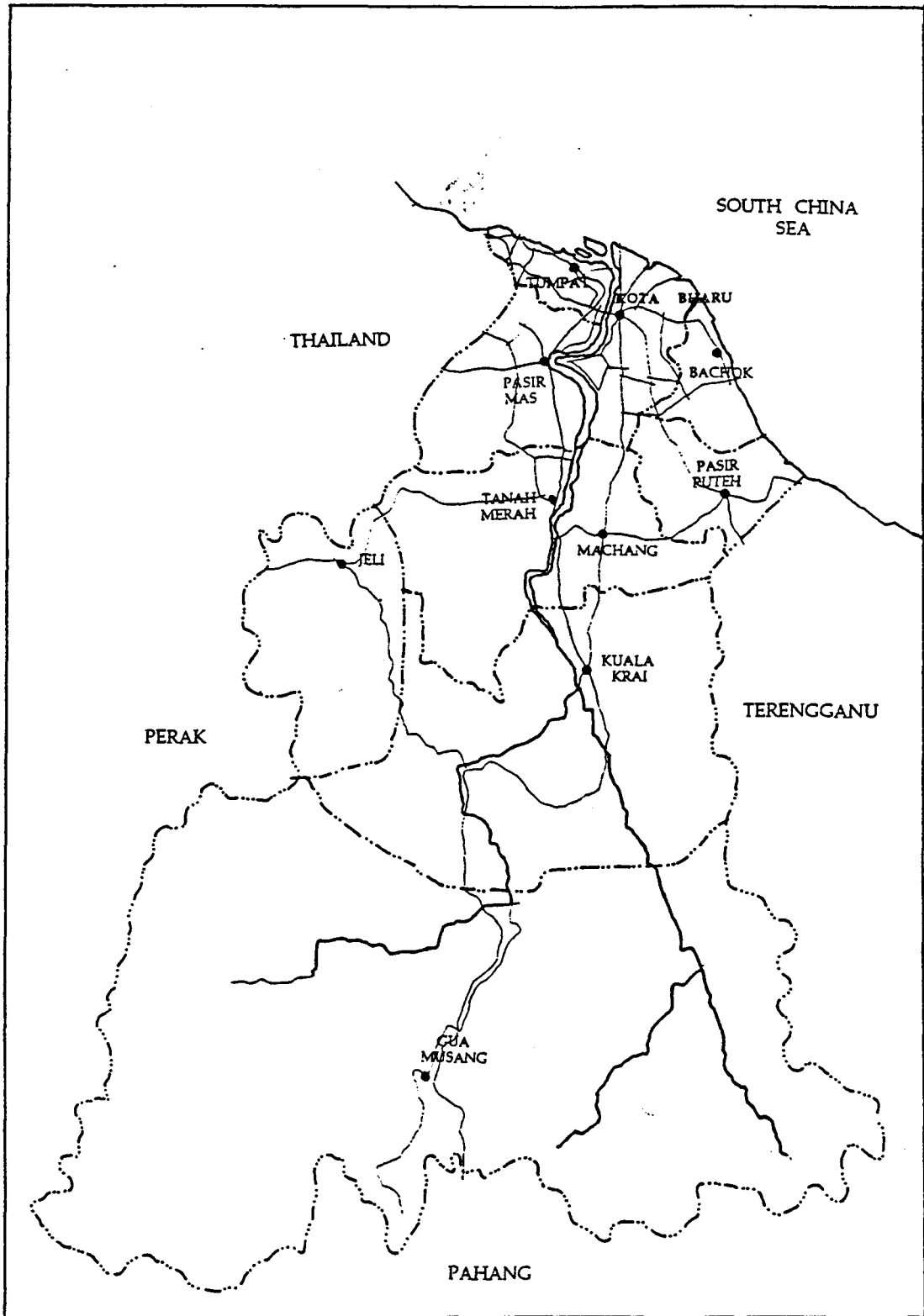
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1 William R. Roff (ed.), *Kelantan: Religion, Society and Politics in a Malay State*, Oxford University Press, Kuala Lumpur, 1974, p. v - vi.

2 The total area of Malaysia is 329,757 square kilometres, and Kelantan is the sixth largest state.

3 The term *Jajahan* in Kelantan is synonymous with District in other states of Malaysia.

**MAP 3.1**  
**The State of Kelantan**



Kelantan is the poorest and most underdeveloped state in Malaysia. Its Gross Domestic Product (GDP) was only 40 percent of the national average in 1985 and 1990, and is projected to fall to only 39 percent by 1995. Compared to all the Peninsular Malaysia States, and Sarawak and Sabah, Kelantan's GDPs of M\$1,426 in 1985, M\$1,739 in 1990, and M\$2,207 in 1995 are the lowest, and its mean monthly household income of M\$625 in 1985 and M\$726 in 1995 were also the lowest in the country.<sup>4</sup> The problem of poverty is more serious in the rural areas. For instance, the available data show that in 1976, 63.4 percent of households in the rural areas lived below the poverty line. This is the average for the whole state, but taken separately there must be many villages which would reach 100 per cent or very near to it.<sup>5</sup> The *Jajahans* which had the higher rate of poverty (i.e. more than 60 percent) in that year were Bachok, Pasir Putih, Tumpat and Pasir Mas.<sup>6</sup>

Thus, in the following paragraphs the focus will be on the discussion of factors that might have contributed to the state's underdevelopment, and the strategies taken to ameliorate this situation. As we shall see, most of the factors are interrelated.

The population of Kelantan was 1,082,660 in 1986, and 93.5 were Malays.<sup>7</sup> Although, the density of population is comparatively low, i.e. 79.4 per square kilometre in 1989, nonetheless the population is not evenly distributed. North Kelantan is the most densely populated, i.e. 205 people per square kilometre in 1980; in fact the area of the Kelantan Delta (or North Kelantan Plain) which consists of the Districts of Tumpat, Kota Bharu, Pasir Mas, and Pasir Puteh, is one of the most densely populated parts of the whole country.<sup>8</sup> Meanwhile, in 1989, 60.3 percent of Kelantan (9,017.6 square

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4 Malaysia, *Sixth Malaysia Plan, 1991-1995*, Government Printing Department, Kuala Lumpur, 1991, p. 38.

5 Syed Husin Ali, *Poverty and Landlessness in Kelantan, Malaysia*, Verlag Breitenbach Publishers, Saarbrücken, 1983, p. 117.

6 Ishak Shaari, *Pembangunan Dan Kemunduran: Perubahan Ekonomi Luar Bandar Di Kelantan*, Dewan Bahasa dan Pustaka, Kuala Lumpur, 1988 p. 14. and the data presented on page 200.

7 This is the latest information/data on the of population of the state.

8 Syed Husin Ali, *op. cit.*, p. 27.

kilometres), particularly the area in the District of Ulu Kelantan (Gua Musang), was still covered with forest.

The concentration of the majority of the population in the Kelantan Delta has resulted, among other factors, from the uneven development of the state. Kelantan is a predominantly agricultural state, where the majority of the population depend on the land for their livelihood. The state continues to depend primarily on progress within the smallholder agricultural sector, in which the *in situ* form of development was introduced with the aim of raising productivity on existing farm land, such as through the provision of drainage and irrigation infrastructure and the introduction of modern high-yielding varieties of rice.<sup>9</sup> However, the concentration of the population on the only flat land which covers 21 percent of the state (i.e. the North-east Kelantan Plain), has made the area a place of intensive agricultural activity. With the second highest rate of natural increase of population in the country, the need of land as a source of livelihood is thus becoming increasingly pressing in this area. Although there are five main irrigation projects in the area, namely the Kemubu, Lemal, Pasir Mas, Alor Pasir and Salor irrigation projects,<sup>10</sup> which have contributed significantly to agricultural development, the incidence of poverty remains high, and the majority of the households remain below the poverty line.<sup>11</sup>

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<sup>9</sup> Richard W.A. Vokes, "Agricultural Development and Poverty Eradication in Peripheral Areas of Malaysia," in Victor T. King and Michael J. G. Parnwell, (ed.) *Margins and Minorities: The Peripheral Areas and Peoples of Malaysia*, Hull University Press, Hull, 1990., p. 29 and 34.

<sup>10</sup> The Kemubu Irrigation Scheme which cost M\$75 million had the aim of providing irrigation infrastructure for double-cropping to about 47,000 acres of padi land worked by about 25,000 peasant households. The five projects are under the management of the Kemubu Agricultural Development Authority (KADA). In 1980 the amount of land handled by KADA was 142,040 acres, (133,396 acres of agricultural land). The number of households was about 45,000 (254,000 people), i.e. 22.6 percent of the population of the State. A study by Shand et al. found that the average income for every piece of padi land in the Kemubu area increased from M\$685.00 per year in 1967/68 to M\$1,884.00 per year in 1979/80. However, it is important to note that the government's subsidy schemes, in the form of inputs and minimum price guarantees, played an important role in the increase of gross income of padi farmers. Besides that the percentage of farmers in the areas who were in poverty remained high. See, R.T. Shand et al., *Socio-Economic Study of the Impact on the Kemubu Irrigation Project in Kelantan*, Universiti Pertanian Malaysia, Serdang, 1982, p. 330.

<sup>11</sup> Although the average incomes increased following the adoption of modern technologies in padi planting, the income of the farmers remained low by national standards. There are several factors that contributed to this, among others being the small farm size and low yields. The numbers of poor farmers who rented part or the whole of the land they cultivated remained high, for example, in 1979/80, 71 percent of the peasants in the Kemubu areas carried out their farming activities



Furthermore Kelantan is a peripheral state which is isolated from the west of the peninsula. The state is known for its lack of infrastructural development, although nowadays new highways and air transport have lessened the state's isolation. As is the case with agriculture, development is concentrated in the Kelantan Plain area, leaving the vast area of Ulu Kelantan (Gua Musang) lagging. Due to a lack of infrastructural development the state is unable to attract national and foreign investment. There are no major industrial estates, except those small ones located in Pengkalan Chepa and Lundang which accommodate a few large-sized industries. As a result, those who seek factory employment have to go to Johore, Selangor or Penang, or even to Singapore. In general, the State is unable to create much-needed employment, and accordingly depends largely on smallholder agriculture and public services for the employment of its population. Generally, Kelantan does not have any natural resources which could be developed as economic resources. Meanwhile, due to its location on the northeast of the Peninsula and its exposure to the South China Sea, Kelantan is affected by the northeast monsoon (mid-October-March), which normally brings heavy rain, resulting in localised inundation and occasionally widespread floods. This monsoon affects the socio-economic activities of the people, particularly in agriculture and fishing.<sup>12</sup>

Kelantan is not only physically peripheral but also politically so. Since 1959, the state has been controlled by the Pan-Malayan Islamic Party (PMIP or PAS), which is challenging the position of UMNO; thus the central Government is known to have obstructed the flow of capital and restricted allocations for development into the state. So, it is not surprising that all these factors have resulted in development being slow,

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on land holdings of less than 3 acres. Meanwhile, the low yields are believed to result from the ineffectiveness of the irrigation schemes. This problem is coupled with other factors such as agronomic factors and socio-economic factors which include pest damage and the failure of the farmers to follow the recommendations due to the weakness of extension services, and also their reluctance to use credit facilities. Besides these factors, the introduction of technologies (such as new machines, and new fertilisers etc.) made the cost of production high, even with the government's subsidy. See Richard W.A. Vokes, *op cit.* p. 36.

12 In the 1967 flood, for example, about 84 percent of the population of Kelantan was affected, and at least 12.0 percent or 125,000 people during the time had to be moved to safer grounds. Damage was estimated to be in the region of MR30,000,000. See, Sham Sani, "The 1967 Flood in Kelantan, West Malaysia", in *Akademika*, No. 3, July, 1973, p. 1-14.

industries remaining small in scale without using much technology and capital, while the gross output and per capita incomes continue to be low.

The driving force behind the Party comes from religion. Kelantanese are reputed to be the most devout and fanatical Muslims of the country.<sup>13</sup> As most of the supporters of the party are "conservative" Malay Muslims, some writers, such as Milne and Kessler, fault them for distrusting progress, and setting a low value on material prosperity.<sup>14</sup> Although the number of Malays involved in business in Kelantan is large, economically they cannot be considered as advanced. Their backwardness has been explained in terms of their isolation and their political government.<sup>15</sup>

The pattern of development in Kelantan basically is the same as in other states in Malaysia. In order to alleviate the problem of underdevelopment and poverty in rural areas several federal and state agencies have been set up. In land development there are several agencies involved. The federal agencies are the Federal Land Development Authority (FELDA), the Federal Land Consolidation and Rehabilitation Authority (FELCRA) and the Rubber Industry and Smallholders Authority (RISDA). The state agencies are the Kelantan Land Development Authority (LKTNK), the South Kelantan Development Authority (KESEDAR), and the Kelantan Land Rehabilitation and Development Authority (TAKDIR). In general, up to 1980 the amount of land opened by these agencies was 167,328 acres which was planted to rubber and oil palm, and about 16,700 households have been placed in the land schemes.<sup>16</sup> However, the amount of land opened by these agencies is still small when compared to the size of the population in need of land and the rate of increase in the number of peasant farmers in the State.<sup>17</sup> Thus it is believed that without structural changes the people of Kelantan will remain in poverty.

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13 Abdullah Taib, "Modernization in a Malay Peasant Society", in *Akademika*, Universiti Kebangsaan Malaysia, Bangi, No. 3, July 1973, p. 18.

14 cf. *Ibid*, p. 18.

15 C.S. Kessler, "Islam, Society and Political Behaviour: Some Comparative Implication of the Malay Case' in *The British Journal of Sociology*, Vol. 23 No 1, March, 1972.

16 Ishak Shaari, *Op.cit.*, p. 228.

The inability of the agricultural sector to provide enough employment has caused some rural people to change their status from peasant farmers to waged-labourers. Many of them have migrated to other states or places and work as waged-labourers in various industries and sectors.<sup>18</sup> Meanwhile, most of the farmers who are still cultivating their land also depend increasingly on the income derived from non-farm activities, since the income received from the land is comparatively small and insufficient. It is stressed by R.T. Shand that the income from non-farm activities is the most important component (compared to the income from the land) in terms of its contribution towards the net income of farm households. In their study in the Kemubu area in 1981, Shand et al found that 66 percent of the farmers were involved in non-farm employment.<sup>19</sup> This involvement was reflected in total household incomes, to which it contributed 62 percent. The significant contribution was largely because of a poor paddy harvest that year, thus underlining the importance of non-farm income sources in maintaining total incomes and income security under these circumstances.<sup>20</sup> The study also reveals that 80 percent of those who were involved in non-farm employment earned their extra income as paid workers, whereas the other 20 percent ran their own businesses, such as craft industries.

Thus it seems that non-farm employment plays an important role in the survival of peripheral rural states such as Kelantan. Included in the category of "non-farm employment" we include employment in handicraft industries. The state of Kelantan is famous for its handicrafts, and the industries contribute significantly to the economy of the rural areas. There are various kinds of craft industries such as kite-making, woodcarving, silverwork, batik, *songket*, bamboo weaving, found in most part of the state, (see Map 3.2). Realising the potential of the industries and the need to preserve its

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17 *Ibid.*, p. 228.

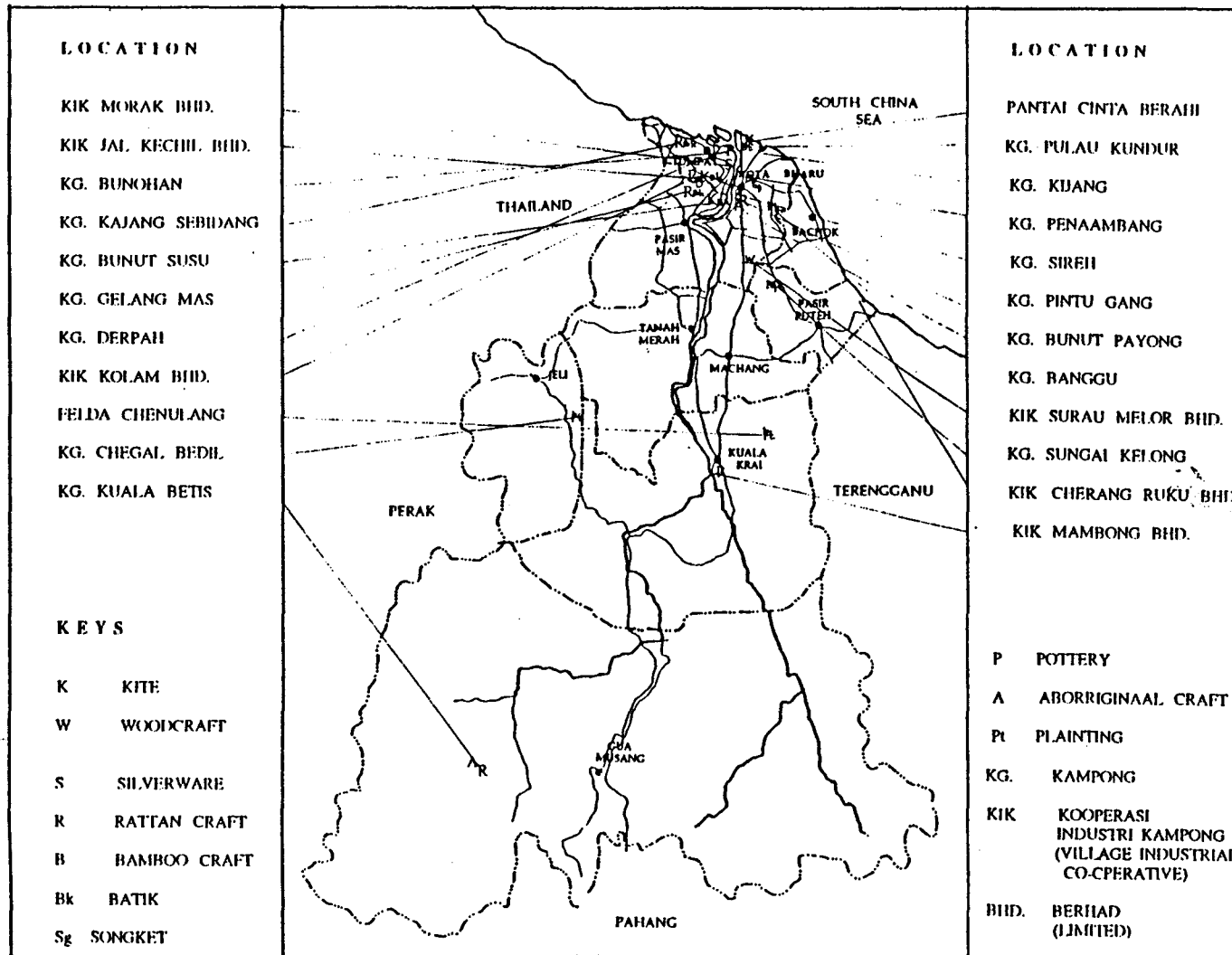
18 Most of the young male migrants have moved to Singapore to work as construction workers, and most of the young women have migrated to other states to work in factories.

19 Information on the involvement of farmers in the Kemubu Project in non-farm employment can be found in R.T. Shand, et. al. "Rural Development, Non-Farm Employment and Rural Income Distribution: A Case Study in Kelantan Malaysia," in Yang-Boo Choe and Fu-Chen Lo (ed.), *Rural Industrialisation and Non-Farm Activities of Asian Farmers*, Asian and Pacific Development Centre, Kuala Lumpur, 1986, p. 121-140.

20 *Ibid.*, p. 123.

MAP 3.2

The State of Kelantan:  
The Location of the Handicraft Industries



traditional arts and heritage, the state government built a Handicraft Village, or *Kampung Kraftangan*, in 1991 in Kota Bharu. The Village functions as a one-stop centre for the exhibition, sale and demonstration of production of a variety of local handicrafts. Additionally, there is future potential for the handicraft industries of the State. Besides the State having many kinds of handicrafts, there is an abundant supply of quite heavily underutilised labour (many people are unemployed or underemployed, particularly those who are involved in seasonal agriculture and fishing).

Furthermore, some Kelantanese have already become involved in various activities which could be termed as business and industrial activities. These activities are part of their traditional socio-economic patterns, besides other economic activities, such as padi growing, rubber tapping, fishing and other occupations. The involvement of Kelantanese Malays industry and business had led to Kelantan being described as the centre of industrial and business activities of the Malays or as an economic stronghold of the Malay.<sup>21</sup> In the handicraft industries, for instance, batik printing, silverware and goldsmithing, and *songket* weaving are such industries that are monopolised by the Malays, i.e. industries which have been recognised as the domain of the Malays for several centuries, and which are part of their cultural heritage.<sup>22</sup> All these factors underpin the potential for the future growth of small-scale rural industries in Kelantan, and their potential role as a source of employment alternatives, particularly for the rural people.

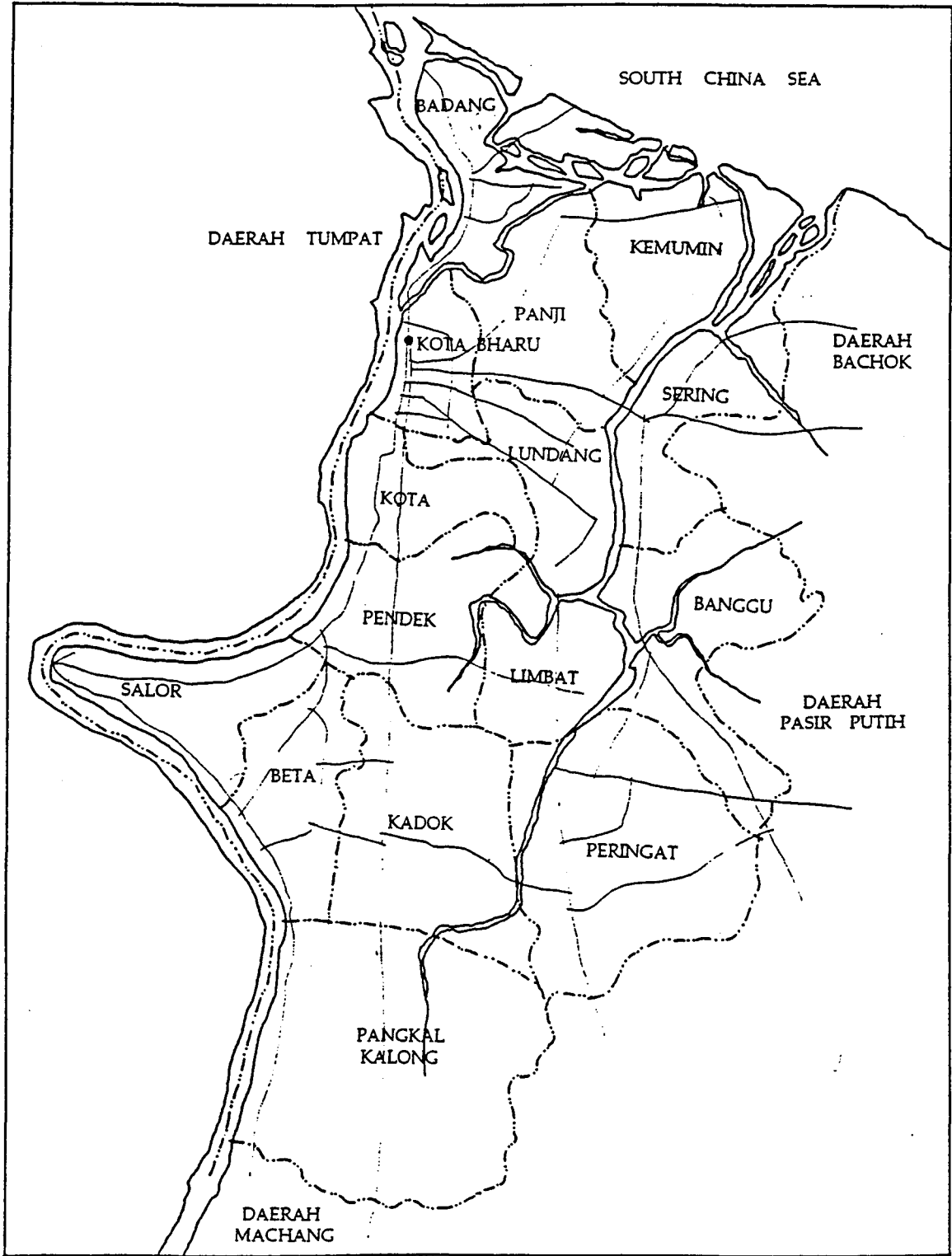
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21 The fact that business and industrial activities were important to the socio-economic life of the Kelantanese in the past is shown by certain records. The notes taken by early travellers who had been to Kelantan such as Munshi Abdullah, Norman, Clifford, Skeat, Laidlaw and Waterstradt, for instance, illustrate more or less socio-economic life which includes business activities. For example, as Norman had observed in a village, named Kampong Lalat: "...it was more inclined to cottage industries. The most notable was an earthenware industry, where pots and vessels of singular shape were made." See H. Norman, *The Peoples and Politics of the Far East*, London, 1894. However, today as a study by Mohd. Fauzi Haji Yaacob reveals, as elsewhere in Malaysia generally the non-Malays, particularly the Chinese, still are the majority who dominate the main business and industries in Kelantan. See Mohd. Fauzi Haji Yaacob, "Pemesatan dan motivasi perdagangan dan perusahaan melayu Kelantan," in Nik Safiah Karim, et al (ed.), *Kelantan Dalam Perspektif Sosio-Budaya*, Jabatan Pengajian Melayu, Universiti Malaya, 1985, p. 174-191.

22 *Ibid*, p. 181.

MAP 3.3

The District of Kota Bharu, Kelantan



#### 4.3. Background to the study areas: Kota Bharu and Tumpat Districts.

To serve the purpose of providing context to the thesis and a picture of the study areas, in this section we attempt to provide a brief background illustration of the Districts of Kota Bharu and Tumpat. Both Districts are located in the Kelantan Plain, facing the South China Sea (see Map 3.3.).

The District of Kota Bharu covers an area of 388.4 sq. kilometres, and is the most developed district in Kelantan. It is the centre of administration of the state (state capital). The population was 376,900 in 1990 (i.e. nearly 40 percent of the total population of Kelantan), with a population density of 919 per square kilometre and a rate of natural increase of 2.3 percent per year. The District is one of the more densely populated in Malaysia. The majority of the labour force is involved in agricultural activities (including fishing and forestry). Table 3.1. below illustrates the main forms of land use in Kota Bharu District.

**Table 3.1**

**Land utilisation in the District of Kota Bharu, Kelantan**

Land use	Hectares	Percentage
Agricultural land	36,239.7	95.0
Idle land	1,273.2	3.3
Industrial land	69.4	0.2
Housing	564.4	1.5
Total	38,146.7	100

**Source:** District and Land Office, Kota Bharu, 1989.

The data also reveal that the agricultural sector is the main source of employment (28.7 percent). The main crops grown are padi, rubber and coconut. On the other hand, the industrial sector is insignificant as a source of employment. Some 64 percent of manufacturing activity is dominated by small-scale industries, in which the batik and

*songket* industries are the second most important.<sup>23</sup> Unfortunately, there are no data on income available to indicate the incidence of poverty in the area.

Meanwhile, the District of Tumpat covers an area of 169.5 sq. kilometres, the smallest district in Kelantan (Map 3.4). In 1990 the population was 117,400 of which the majority were Malays. Agriculture appears to be the main employment activity and padi the main crop. Table 3.2. below shows the distribution of the labour force of the District of Tumpat in 1987. The data indicate that the majority of the labour force (56.6 percent) was involved in agriculture (including fishing). There is no industrial estate in the District.

**Table 3.2**

**The distribution of labour force in the District of Tumpat, 1987**

Occupational activities	Percentage
Padi farming	19.5
Fishing	8.9
Other farming	28.2
Business	8.0
Government service	3.1
Other occupations	32.3

**Source:** Pejabat Tanah Dan Jajahan Tumpat, *Taklimat Kepada Menteri Besar Kelantan*, Tumpat, 1991.

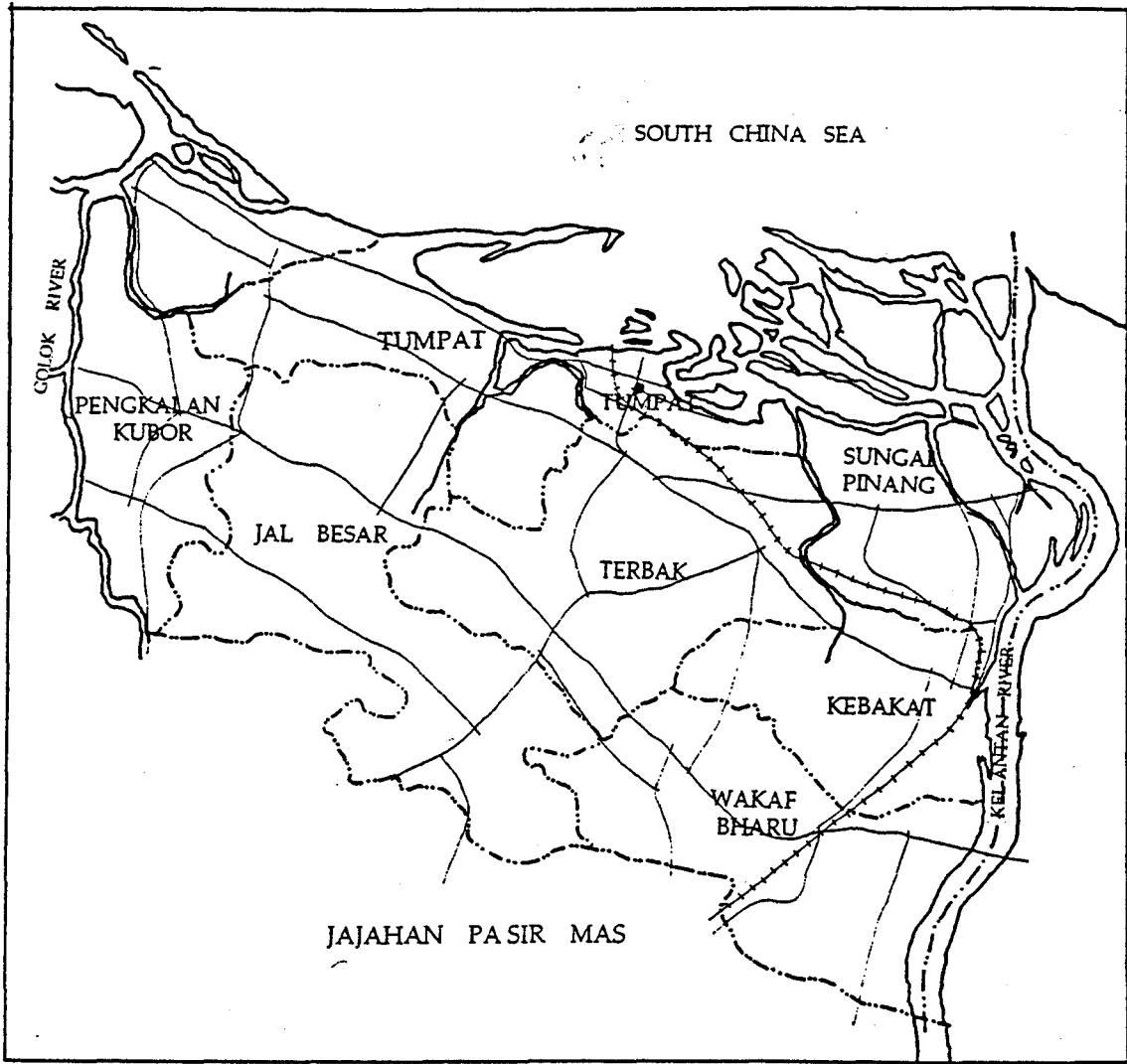
Meanwhile, according to a 1987 survey the distribution of income according to households is presented in Table 4.3 below. The data indicate that the majority of the households (77.5 percent) received an income below \$350 per month (below the poverty line); they were mostly those who were involved in agricultural and fishing activities. Tumpat District is one of the poorest districts in Kelantan, and thus also Malaysia. Even with the availability of the Kemubu irrigation project, the data indicate that agricultural and fishing activities are not able to provide a good livelihood for the people.

<sup>23</sup> Kota Bharu Urban Development Study, *Kajian Sosioekonomi*, Kota Bharu, 1980.



MAP 3.4

The District of Tumpat, Kelantan



**Table 3.3**

**The distribution of households according to income level in 1987, District of Tumpat**

Income level	Households	Percentage
Less than \$175.00	5,733	30.5
\$175-\$349	8,838	47.0
\$350-\$499	2,167	11.5
\$500 and above	2,058	11.0
<b>Total</b>	<b>18,796</b>	<b>100.0</b>

**Source:** Pejabat Tanah Dan Jajahan Tumpat, *Taklimat Kepada Menteri Besar Kelantan*, Tumpat, 1991.

Meanwhile, there are programmes that are aimed at improving the living standard of the population in the two districts. Among the development programmes are the following: the programme for the rehabilitation/development of poor people (*Program Pemulihan Rakyat Termiskin*); the relocation of traditional fisherman programme, in the Mek Mas area; the programme of integrated village development of Mulong-Lating and Padang Durian; and the village industry programme. However, with the exception of the latter, the majority of these programmes focus mainly on the development of the agricultural sector.

The need for other non-farm activities is crucial as a source of development, economic diversification and poverty alleviation. In other words, other economic activities such as handicrafts production should be promoted and encouraged. Efforts have been made by the District Office to develop rural industries, which is seen as one of the alternative means of encouraging rural development and ameliorating rural poverty. For instance, there are three co-operatives which have been set up in order to develop the cottage industries in Tumpat District, including several kinds of food and non-food cottage industries. They are:

- a. The Co-operative of Rural Industry of Kampong Morak which concentrates on the silverware industry;
- b. The Co-operative of Rural Industry of Kampong Jal which concentrates on basket-making and pottery; and
- c. The Co-operative of Rural Industry of Kampong Laut which concentrates on the production of such foodstuffs as *dodol*, *sambal daging* and crackers.

It is interesting to note that the development of handicraft industries might also be encouraged in conjunction with the development of the tourist industry in the districts. For instance, the revival of the batik industry in Kelantan in the 1970s was very closely related to the developing tourist trade which contributed to the spawning of new batik producers located primarily on the tourist track, i.e. Jalan Cinta Berahi.

The existence of handicraft industries such as batik and silverware in the districts should be exploited and developed into a more promising basis for rural industrial development. In Kota Bharu batik producers are scattered in many localities/villages around the capital town of Kota Bharu. The localities recognised as batik-producing areas include Kampung Kubur Kuda, Kampung Sireh, Kampung Cina, Kampung Laut, Pintu Geng, and Jalan Wakaf Mek Zainab. There is often a cluster of small cottage industries in each area. Most of these localities are found on the road to the beach of Pantai Cinta Berahi (which literally means Beach of Passionate Love), a popular destination for Malaysian and international tourists. The area is a strategic location for handicraft industries, and we can find, along the road (locally known as Jalan PCB), a number of batik shops which offer a wide selection of batik cloths; and some shops also offer other handicrafts famous in Kelantan, including kites, spinning tops (*gasing*), shadow-puppets (*wayang kulit*), and silverware. Meanwhile, employment in handicrafts production holds future promise, particularly as the Kelantanese Government has embarked on a "craft village" project with the co-operation of the Malaysian Handicraft Corporation (MHDC) with the aim to train local youths in local handicrafts techniques. Meanwhile in Tumpat,

silversmiths, like batik producers, have a habit of living and working in clusters, and have chosen several localities especially in Kampong Morak and Kampong Ulu Pauh. In Kota Bharu, silversmiths are concentrated in Kampung Sireh and Kampung Badang.

In the following section I attempt to illustrate the research which was carried out in these two districts in which the focus was on the silverware and batik industries.

#### **4.4. The research methodology**

In order to achieve the goals of the study I utilised a combination of research methods, and in doing so I believed that we could gather an insightful, meaningful and holistic understanding of the subjects studied. As postulated by Patrick McNeill:

"...nearly every study uses more than one method, though there is often a strong preference for either survey-style research or participant observation."<sup>24</sup>

Thus, my study included a variety of methods: interviews with government officials; library research (universities and government or public libraries); interviews with key informants (e.g. the managers of the rural co-operative of handicraft industries, master craftsmen and headmen); and fieldwork in the Districts of Tumpat and Kota Bharu in the state of Kelantan.

The fieldwork consisted of observation activities and informant interviews in the initial months at the primary research site; a preliminary survey of silverware and batik industrial activities in the research site; intensive interviewing of samples of producers/entrepreneurs and workers of the silverware and batik industries, and non-participants (i.e. people without a direct involvement in the study industries); and intensive interviewing of key informants/selected 'cases'.

The initial research began before the present researcher's arrival at his place of study for his postgraduate work. This initial period took about three months from July

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<sup>24</sup> Patrick McNeill, *Research Methods*, (second edition), Routledge, London, 1991, p. 13.

to September 1990.<sup>25</sup> The gathering of materials began with the interviewing of officials from several government agencies involved in the development of the handicraft industries, such as the Malaysian Handicraft Development Corporation headquarters (MHDC), the Ministry of National and Rural Development (MNRD), MARA, the Ministry of Trade and Industry, the *Syarikat Perniagaan Dan Pembangunan Industri Kampung* (SPPIK) (or The Business and Development of Village Industry Holding/Company (a subsidiary of MARA)), and KARYANEKA. The main information gathered concerned the roles of the agencies in the development of handicrafts, and the policies of the government in rural development and rural industrialisation. Meanwhile, we also collected information and literature related to the handicraft industries, rural industries, rural industrialisation and rural development, particularly in Malaysia, from several libraries located in and nearby Kuala Lumpur.<sup>26</sup>

After spending about a year in Hull I embarked on the fieldwork stage of the research, which took a period of seven months from October 1991 to December 1991 (first phase), and from March 1992 to June 1992 (second phase). One of the key objectives of the field study was to gain insight into the subjective features of social behaviour, and was oriented towards allowing us to see people in the context of their lives and livelihoods, to study the meanings and consequences of their social reality.<sup>27</sup> The first period or phase of field study provided the opportunity to (i) establish contacts with the officials of the agencies and the producers within the industries, (ii) identify the locations and background information concerning the study areas, and (iii) enhance the knowledge of the study industries, such as relating to technology, production, marketing, background of producers and workers, etc.

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25 We had the opportunity to discuss the tentative research project during the visit of Dr. M.J.G. Parnwell and Professor V.T. King of the Centre for South-East Asian Studies, University of Hull to the Universiti Pertanian Malaysia in July, 1990. As a result of the discussions we attempted to gather as much information, documentation and data as possible related to the handicraft industries and small scale rural industries prior to arrival in Hull. We anticipated that such information would be needed for the initial understanding of the nature of the study.

26 Such libraries are those of the University of Malaya, the National University of Malaysia, the Agricultural University of Malaysia, the Socio-Economic Planning Unit and the Asian and Pacific Development Centre.

In these initial months of fieldwork I engaged in observation activities and in gaining an orientation to the industries, the producers, the workers and the villages. Through unstructured interviews with the producers and workers of both crafts we became familiar with the industries. To gain information on and insight into the industries and the communities I visited several production sites, particularly in Kampong Morak for the silverware industry and Daerah Badang (i.e. along Jalan Cinta Berahi) for information on the batik industry . I also visited several villages both with and without handicraft industries. Through several villagers and *penghulus* (the headmen) I ascertained their opinions and attitudes towards the industries, the role played by the industries in the community and the reasons for some people's lack of involvement in the industries. We also observed the socio-economic activities of the villages, in terms of their occupations and social life. I visited the *Pejabat Tanah dan Jajahan* (the Land and District Offices) of Tumpat and Kota Bharu to obtain basic statistical and qualitative information and materials concerning the population, economy, geography and rural development of the Districts. Also I visited *balai penggawa* (office of the head of a collection of villages) of Daerah Kebakat in Tumpat, and Daerah Badang, Daerah Kota and Daerah Panji in Kota Bharu to meet the *penggawa* to obtain information on the *daerah-daerah* (or sub-districts) and also on some villages in the daerahs where I would later embark on our study, and also to obtain approval to conduct the study in the areas. In one of the visits I had the opportunity to attend a committee meeting, whereby I gained information on the development of the villages and also met the headmen of the villages where our study was to be located.

In order to gain insight into the marketing of the handicraft products I visited several handicraft shops around Kota Bharu, and several batik shops, particularly located in the Bazar Buluh Kubu (a market place/bazaar) where some of the batik producers market their products.

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27 H.W. Smith, *Strategies of Social Research: The Methodological Imagination*, Prentice-Hall, Inc, New Jersey, 1981, p. 76.

Based on the information from our pilot or initial study we decided to involve three categories of people from our study areas in our study: the entrepreneurs, the workers, and the non-participants of the handicraft industries. The main reason was to study the development of the industries in the context of the community. In the study, we refer to the entrepreneurs, workers and non-participants as my respondents.

I designed my research framework and constructed research questionnaires in Hull. The questionnaires were my main means of obtaining or gathering primary/quantitative data. The main reasons for employing questionnaires in gathering information were that the quantitative data derived from the questionnaires would be broadly comparable, and amenable to quantitative analysis (in order to test the research hypotheses statistically). Furthermore, through questionnaire I could involve many cases (respondents), and it is a quick and relatively cheap method. Although, we realised that there are several limitations to using questionnaires, such as the sincerity of the answers given by the respondents, I nonetheless believed that we could limit the problem through our fieldwork, i.e. through observations and informal interviews with some case persons or key informants. Thus in our study, the qualitative information gathered through the fieldwork contributed immensely in the explanation of the findings. The combination of qualitative and quantitative information was aimed at achieving a better, clearer and balanced explanation of the phenomena under study. In fact these qualitative and quantitative data are supportive of each other.

Seeing that three categories of subjects were involved in the study I constructed three set of questionnaires separately: (i) the Entrepreneurs Questionnaire, (ii) the Workers Questionnaire, and (iii) the Non-Participants Questionnaire (see Appendix 2).

The hypotheses and objectives of the study were used to structure the research and became the main foundations of the construction upon which the questionnaires was built. In other words, structurally, I attempted to link the questionnaires to the research hypotheses. Generally, the questionnaires comprised questions or statements which demanded information regarding the attributes, beliefs, attitudes and behaviour of the

respondents. They consisted of a collection of background information of the respondents and the industries, their attitudes, their willingness, and their personal characteristics.

I also constructed unstructured questionnaires which were utilised for in-depth informal interviews with respondents whom I selected as representatives of certain groups of villages, and to trap information which was not captured by the structured questionnaires.

Based on the objectives of the thesis, the nature of information gathered, and the need to avoid monotony, the types of questions used in the questionnaires were a combination of closed, open, likert-style and semantic differential formats. The likert-style format provide respondents with statements and asks them to indicate how strongly they agree or disagree, are willing or unwilling, etc. Meanwhile the semantic differential format consists of choosing adjectives to represent the two extremes of a continuum and asking the respondent to put a mark between the two extremes.<sup>28</sup>

The questionnaires were tested in the initial month of the second phase of fieldwork, i.e. early March 1992, among the villagers and shopkeepers of Kampong Jenderam Hulu, Selangor where I lived.<sup>29</sup> The particular concern of the testing at this stage was on the wording, comprehension, understanding, and toleration threshold of the respondents. After some corrections were made, particularly to language, length of questionnaire/interview, multiple questions, and ambiguously worded questions, the questionnaires were then re-tested at the areas of study, among ten entrepreneurs, ten workers, and ten non-participants. The main focus at this stage was on the content of the questionnaires, and I found that only minor corrections needed to be done, particularly on the layout (arrangement of the questions) of the questionnaires, and the techniques of the interviews. However, there were some difficulties in interviewing respondents with questions which used the likert-style and semantic differential formats. In order to

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28 See D. A. de Vaus, *Survey in Social Research* (second edition), Unwin Hyman, London, 1990, p. 85-7.

29 We were unable to test the wording of the questions among the prospective respondents since it took around four hundred miles of travel to reach the study areas.



accelerate the interviewing process, in the study we constructed flash-cards indicating the answers of the statements (such as strongly agree, agree, disagree, and strongly disagree) which the respondents could select.

I embarked on our second phase of field work in the middle of March, and completed it in late June 1992 (about three and half months). Upon arriving in Kota Bharu, with the help of some officials at the MHDC, Kota Bharu, I designed a sampling procedure, taking into consideration representativeness, time and cost factors. We had to apply different sampling techniques in selecting the three categories of respondents seeing that the total numbers of prospective respondents of each category varied.

We first identified the areas of study, i.e. the two Districts of Tumpat and Kota Bharu. Bearing in mind that our main concern was related to the study of small-scale rural industries (i.e. handicraft industries), rural industrialisation and rural development, only the industries located in the rural areas of the two Districts could become our prospective subjects. This included those industries located in the semi-urban or peri-urban villages.

In selecting the entrepreneurs we utilised the latest (March 1992) list of names of the batik and silverware entrepreneurs<sup>30</sup> provided by MHDC, Kota Bharu.<sup>31</sup> Through the list we selected all the 86 batik and 58 silverware entrepreneurs located in the rural areas, isolating the 'urban' producers. However, due to the demise of a number of industries and the migration of several entrepreneurs to other places, only 84 and 56 of batik and silverware enterprises respectively become the subjects of the study. This sample, however, had covered all the rural entrepreneurs of the batik and silverware industries in rural Kota Bharu and Tumpat. Thus, I decided to include virtually all the entrepreneurs due to the fact that they were our "main" cases or respondents and due to our

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30 We defined entrepreneurs as those who owned the means of productions such as tools and premises, but not necessarily raw materials, for the purpose of producing handicrafts. They were normally skilled craftsmen, involved in the decision making of their enterprises, but due to the large scale of their enterprise some of them were not necessarily working with their workers, but as supervisors or managers. In the case of self-employed entrepreneurs in the silverware industries, they worked alone, without workers.

31 Every year the MHDC provides a 'Directory of Artisans', a compilation of names of producers of handicrafts in the country to be distributed to the agencies, in order to expose to the public the artisans speciality on handicrafts whom the public could contact if they wish to make an order.

manageability in terms of time and effort to conduct the interviews. Moreover, by including all of them expected to have a representative cross-section of the respondents which hopefully would lead to a better understanding and picture of the entrepreneurs and their industries.

However, I decided to limit the number of respondent workers<sup>32</sup> in our study to just 100 people (40 workers from the silverware industry and 60 workers from the batik industry)<sup>33</sup> and non-participants<sup>34</sup> to only 100 respondents, comprising 50 from the villages with handicraft industries and a further 50 from villages without industries. The reasons were that I attempted to put more emphasis on the entrepreneurs, and were also constrained by limited time and finance. However, by using certain kinds of random sampling, as described below, I believed that the number of workers and non-participants would represent the groups, whilst from our pilot study we found that they were broadly typical in terms of socio-economic background.

For the purpose of our study we selected as non-participants those who were the heads of households. I purposely selected non-participants from both kinds of villages in order to identify any variabilities/differences which might be influenced by the kinds of villages in which the respondents lived. I used quota sampling<sup>35</sup> to arrive at the prescribed number of non-participant respondents. With this number of non-participants we believed that I had obtained enough information and representation to judge whether more of them were required to be included in the sample.

I decided to employ the personal interviewing method in gathering the data via questionnaires. Although it was time-consuming, I believed that personal interviews were

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32 By the "workers of handicraft industries" we referred to those persons who either get paid or who provide labour to a family enterprise, whether full-time or part-time, and whether skilled or unskilled.

33 Since the number of batik workers was bigger than the silverware workers, we purposely allocated 60 workers for batik industries and 40 workers for silverware industries.

34 The term "non-participant" referred to those respondents who were not involved at all in the handicraft industries, and who derived their incomes from other activities, except handicraft industries.

35 D.A. de Vaus, *op.cit.*, 78.

preferred as they maximised interviewer reliability. Additionally, first-hand experience and insight into the circumstances surrounding the handicraft industries were gained. Moreover, to accelerate the interviewing process I employed and trained five enumerators<sup>36</sup> to help us in interviewing the workers and non-participant respondents. Before the interviewing section the enumerators were given training in how to approach the respondents, to conduct the interview and to overcome any problem which might arise during the interview.

I myself carried out the intensive interviewing of the entrepreneurs. I only interviewed those entrepreneurs whose names were on the name lists, and disregarded those who might be the entrepreneurs' partners, wives or husbands. On average each formal interview took around one and a quarter hours. However, I felt that there was a limitation on the scope of formal interview where the respondent was unable freely to provide some kinds of information which were not asked for in the questionnaire. Thus, beyond the interviewing time, i.e. the rest of the meeting, I spent time chatting about the respondent's idea, opinions, etc. on their industries. This information was vital in order to have an insightful understanding of the entrepreneurs and their industries. These were taped and the conversations have been used in anecdotes, quotations and case studies.

I faced little problem in locating the entrepreneurs and their industries since we were provided with their name lists and addresses. Nonetheless, occasionally it was quite a problem in finding the entrepreneurs' houses, since some of the entrepreneurs located their workshops in or under their houses, and were hard to identify and differentiate from other houses. To solve the problem I sought help from the villagers or the headmen to find the entrepreneurs' houses or industries.<sup>37</sup> Furthermore, in the village, some

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36 The research was partly funded by the Research Grant provided by the Universiti Pertanian Malaysia (Malaysian Agricultural University). With the grant amounts to M\$10,000.00 the employment of enumerators from the local community became possible. Two of the enumerators were our former students of the Universiti Pertanian Malaysia who hold a Diploma of Agriculture. Through them we employed the other three local enumerators, and exploited their relationships with the community.

37 The difficulty arose when the houses of the entrepreneurs had no numbers. Even if the houses have numbers, due to the unsystematic arrangement of the houses in the village it was quite difficult to locate a house based on the number. Moreover, the villagers seldom used the number of their houses for the address.

producers were not identified by their given names but by their social names, making it difficult to locate them.<sup>38</sup> Moreover, since some entrepreneurs were scattered all over Jajahans Kota Bharu and Tumpat, it was time-consuming to travel from place to place.<sup>39</sup> Another problem was that, since some entrepreneurs use the industries as a secondary source of income (i.e. as a part-time economic activity) I sometimes found them not at their homes during our visits, and I have to go to their working sites (e.g. rice-fields) to carry out the interview, or else had to return the next day.

Generally, there were no major problems in the interviewing process, since all of the respondents understood the standard *Bahasa Malaysia* (the Malaysian national language). Furthermore, dealing with the likert-style format and semantic-differential format questions I used the "flash-card" to accelerate the interviewing process. Meanwhile, I attempted to put into practice some of the suggestions postulated by some writers, particularly de Vaus on how to conduct the interviews.<sup>40</sup> The main aim was to increase the response rate and to ensure the quality of personal interviews. However, there were events where entrepreneurs mistrusted the researcher, thinking him to be an officer from the Inland Revenue Department (i.e. an income-tax officer), or a member of another political party (UMNO). But the mistrust was overcome by giving them the confidence that he was only a student who was conducting the study for academic purposes. Generally, the respondents were receptive to the study.

Meanwhile, we faced some problems in gaining the required and accurate information particularly on the amount of money involved such as their income from the industries, the amount of money invested, the cost of raw materials, the returns from sales etc. One of the characteristics of these cottage industries was that, particularly for

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38 For instance, we had difficulty in locating a silverware producer by the name of Encik Jusoh b. Mamat since in the village he was identified with the social name of Pak Leh. Only his family or close friend knew his given/real name.

39 It took time to travel from one kampung to another. In certain kampung we found only one or two entrepreneurs, whereas in other kampungs where the entrepreneurs have congregated, such as *Kampung Morak* and *Kampung Pauh* in Tumpat (for the silverware industries) and along Jalan Cinta Berahi (for batik industries), we found many entrepreneurs. In terms of the number of *kampung* there were about 25 *kampungs* involved in the study.

40 See D. A. de Vaus, *op cit.*, p. 106-8; and Judith Bell, *Doing Your Research Project*, Open University Press, Milton Keynes, 1989, p. 77-9.

the tiny producers, they normally did not keep any formal records on the industries.<sup>41</sup> The information given was likely based on their memory and conjecture. It was understood that since some of the entrepreneurs were not involved in the industries full-time, it was not worthwhile to do accounting work. Several of them performed handicrafting only when there was an order, and when the raw materials were provided by those who made the order. For these entrepreneurs, the income they received from the industries was not regular. However, to get the estimated values, we cross-checked the estimated incomes, capital etc. given by comparing them with other enterprises with the same characteristics and sizes. Meanwhile, we did not experience this problem when dealing with the larger enterprises, where their entrepreneurs normally kept records of their business activities.

Concurrently, the interviewing of the workers and non-participants was carried out mostly by the enumerators, but still under our supervision.<sup>42</sup> For the workers, I allocated around 20 percent of the workers of each industry (i.e. those industries with workers) to become our respondents. Then I utilised purposive sampling in selecting respondents who could generally represent their age, sex, income, and work-skill groups.<sup>43</sup> We sought the entrepreneurs' consent to allow their workers to be interviewed.

Generally, there was little complaint from the workers about becoming our respondents, and thus there were not many problems experienced by the enumerators during the interviews. However, one common problem reported was to persuade some

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<sup>41</sup> Normally in a tiny business, such as cottage enterprise, it is sometimes difficult to isolate the incomes from the enterprise and those from other sources; and where the incomes received were not always constant or regular for every month, it is difficult to indicate or calculate the total amount of income per month.

<sup>42</sup> The enumerators were given some instructions and 'tips' of how to conduct an interview with the workers and non-participants. We also provided them with a rough written guidance of interviewing techniques (postulated by de Vaus in his book *Survey in Social Research*, see *ibid.* page 106-8). We also have instructed the enumerators to consult us if they experienced any problem in the field. Occasionally, we organised an informal meeting to discuss any problem encountered from the previous fieldwork, and to share our field work experience. We also utilised the meeting to check the information gathered, and would re-interview any respondents for the second time if the information they gave during the first interview was uncompleted.

<sup>43</sup> However, I did not systematically employ stratified sampling for selecting the worker respondents. For, the workers of silverware industries we could not obtain any female workers since no women were involved in the industries, and older workers (i.e. above 35 years old).

workers to spend part of their working-time in the interviewing session. It is understood that for some workers who were paid by the piece-rate system they normally would concentrate during their working-time on the work in order to produce more and get more pay. We overcame the problem by instructing the enumerators to interview these respondents during break-time or after working time.

Meanwhile, in the selection of non-participant respondents, first I purposely selected the villages which had the required characteristics, such as villages with industries and villages without industries (whether it was a fishing village or farming village).<sup>44</sup> In the designation of the respondents we employed a simple random sampling procedure by which we believed that every head of the household of the identified villages had an equal opportunity to be selected as a respondent.<sup>45</sup> Based on the number of houses in each village provided by the *penghulu* (headman), I used a table of random numbers<sup>46</sup> to select the required number of houses/heads of households. I replaced those vacant houses or those heads of the household who were away sometimes with others next to them.

The major problem experienced during the fieldwork in the non-participants' areas was that the respondents were difficult to locate at their homes during the day, because they normally spend their time at their work place. Thus most of the interviewing took place in the afternoon or evening. However, there were instances where the interviews were carried out at their working sites (at the fields, or even at sea). Via this I came to understand the nature of their occupations closely, which gave me rewarding experiences and vital information.

In addition to the detailed data collection via the structured or standardised questionnaires, in the last session of my fieldwork I arranged informal and in-depth interviews with several respondents whom I identified for convenience, as representing

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44 In reality the fishing village is not only populated by the fishermen but also by other population involved in various kinds of occupation.

45 H.W. Smith, *op cit.* p. 281.

46 We employed the table of random numbers provided by H.W. Smith. See *Ibid.*

'progressive' and 'conservative' respondent entrepreneurs, workers and non-participants. The identification of these categories of people was done during the formal and informal interviews, in which their attitude, opinion, willingness and so on became the bases of selection. Moreover, I also used their answers given in the questionnaires to help in the process of selection. After the particular respondents were identified, they were then once again approached. The informal interviews were guided by unstructured questionnaires and with the help of a tape-recorder. As has been indicated earlier, the main objective of the in-depth interviews was to gain insightful knowledge and qualitative information which in turn would support our qualitative materials.

Occasionally, when there was no interviewing activity, I spent our time on the site to gain knowledge on the running of the industries, or visiting several kampungs to observe the life of the villagers. Their economic and social activities, and the relationship between the community and the industries were among the particular areas of interest in our observations. I had two foster parents who always welcomed us during our visits. Through them I also gained information and insight into the industries and the community.

The fieldwork in the study areas ended in late June 1992. I judged that the information gathered from our study was relevant and sufficient to answer the research questions and objectives, and to test the research hypotheses.

Finally, the analysis of the data. There were two kinds of data requiring analysis: the quantitative data from the structured questionnaires, and the qualitative data from the unstructured interviews (most were recorded on audio tapes). The analysis of data was done in Hull. For the quantitative data analysis, the Statistical Package of the Social Sciences (SPSS) Programme available at the Computer Centre of the University was used. Meanwhile, the qualitative information was analysed selectively, i.e. only that information (particularly in the form of "quotations") which were relevant to support or to explain the findings were utilised.

In view of the fact that there were three sets of data from three different questionnaires (i.e. the entrepreneurs, workers and non-participants questionnaires), which needed different methods of analysis, I attempt to discuss the statistical analysis in the respective chapters that deal with each group of respondents.

However, for the data from the structured questionnaires, here I present the data processing and analysis in general. The analysis began by coding and recoding the answers. The open-ended answers were recoded into more structured answers for the purpose of statistical analyses.<sup>47</sup> Based on the research questions, objectives and hypotheses I identified several main variables which I categorised generally as antecedent variables, independent variables, dependent variables, intervening variables, and consequent variables.<sup>48</sup> The categorisations of variables was of particular importance for the statistical analyses.

I identified the main variables of the analyses such as the level of development of the industries, the level of willingness to participate in the development of the industries, willingness to get involved in the handicraft industries, the attitude towards the industries, the attitude towards technology, the attitude towards work, the attitude towards the development of the industries, the level of entrepreneurship, and ownership of resources and so on. Particularly for the psychological variables such as attitudes, willingness and entrepreneurship reliability tests were conducted to each composite variable to determine the reliability coefficients (alpha).

Each of these variables is a composite variable, consisting of several variables. The composite variables are used to form indices which hopefully could represent the general attributes (such as attitude, willingness etc.) of the respondents.<sup>49</sup> Besides those

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47 The coding was done in Malaysia. The researcher had done some of the coding initially, and it was continued by someone qualified with our guidance and instruction. Due to the large amount of questionnaires it was difficult to bring them to Hull. However we brought along only those questionnaires of our case respondents.

48 See the details of the variables in Herman J. Loether and Donald G. McTavish, *Descriptive and Inferential Statistics: An Introduction*, Allyn and Bacon Inc., Boston, 1976, p. 274-5.

49 However we realised that each composite variable (i.e. comprising of several variables) was only able to give a general indicator of a particular attribute (such as attitude), where all the variables are totalled up to form a score of composite variable. Thus, in reality the composite variable



variables, the background variables (antecedent variables) such as age, sex, education etc. were also identified.

In presenting the findings of the study I applied descriptive and inferential statistics in which statistical methods that deal with univariate, bivariate and multivariate analyses were employed. Such statistical methods were frequency distributions, chi-squares, correlation-coefficient and path-analysis. Frequency distributions are mostly applied in the descriptive analysis, particularly in the description of the background of the entrepreneurs, workers and non-participants. Whereas chi-square is used to identify any differences between categories in respect of certain things. For instance, is there any difference between older and younger entrepreneurs in terms of their attitude towards the industries? The correlation coefficient is employed to determine the relationship between two variables. For instance, is the relationship between age and attitude negative or positive? And finally, the path-analysis using the multi-regression analysis is employed to determine the contribution of a group of variables in the explanation of the "dependent" variable. For instance, what is the contribution of age, income, education, and attitude when analysed together in explaining variation in the willingness of the entrepreneurs to participate in the development of the industries?

However, in the explanation and discussion of the findings, where necessary, a combination of several of the statistical methods mentioned above is employed. Besides the quantitative data, the qualitative data are also introduced where appropriate and necessary in order to support and to give insight into research findings. Thus, in the presentation of the findings I attempt to integrate both quantitative and qualitative data. In the following chapters, we present the findings of our study.

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does not give a real picture of the respondent. However we felt that by employing the composite variables we could give the general attribute of the respondent, and it is normally used, for instance, to indicate the general attitude or other psychological variables such as perception and willingness.

## CHAPTER 4

### BACKGROUND TO THE SILVERWARE AND BATIK INDUSTRIES, THE ENTREPRENEURS, THE WORKERS AND THE NON-PARTICIPANTS

#### 4.1. Introduction

This chapter presents the initial analyses of the study which focus, firstly, on the general background of the silverware and batik industries in Malaysia, particularly in the state of Kelantan. Awareness of this background information will help us to understand some of the constraints and potential which underlie both the development and underdevelopment of these industries. Secondly, the focus will be on the principal attributes of the subjects of our study: i.e. the industries, the entrepreneurs, the workers and the non-participants. This information will help to provide us with an initial understanding of the principal "actors" before we further our specific analyses in the respective chapters. Because of limitations of space and for the sake of brevity, we constrain ourselves by looking only at a few selected variables from our questionnaires in the discussion which follows. A number of other variables which are not referred to here will be employed to support the statistical findings of the study in the following chapters. Specific analyses and discussions on the entrepreneurs, workers and non-participants are presented in Chapters 5,6 and 7 respectively.

This initial analysis is set against the central focus of our study of constraints and potential of the development of the handicraft industries, and will hopefully help us partly to address one of our research questions; namely "why do some small-scale rural industries flourish while others decline over time?"

#### 4.2. The silverware industry

Mubin Sheppard, a well known Malaysian historian, in his book writes:

"If you stand in the centre of Awang's village, whichever way you turn you will hear the sharp blows of hammers, the hiss of molten silver plunged into water, the murmur of winches, and the gentle tapping of light hammers on chisels or punches. It is the background music of Kampong Morak, saluting

a craft which nearly perished, but has been restored to life - a precarious life, but one that holds out promise of continuing progress."<sup>1</sup>

Historically, the development of the silver industry seems to have depended on and been associated with the royal palaces. Historical evidence indicated that there was once a Region/District of 'Pattani' in Southern Thailand (once a part of the state of Kelantan) which was famous as a centre of silverware and brassware handicrafts.<sup>2</sup> The kingship or feudal system found in the Malay states indirectly became a catalyst to the production of silverware handicrafts. Weapons and ornaments such as kris, sword, and mace (*cokmar*), symbols of Malay kingship were made and decorated with silver and gold.<sup>3</sup> Furthermore silverware in the form of presents/souvenirs was valued as a symbol of good relationships between Malay people. For instance, the sending of *bunga emas* (golden flowers) every year as *ufti* (tribute) to the King of Siam in the sixteenth and seventeenth century by some Malay rulers, particularly from Kelantan, was a symbol of the relationship between both states.<sup>4</sup>

However, the age of the palace silversmiths came to an end during the first two decades of the twentieth century, and in most parts of the peninsula, notably Perak. Malay silversmiths had by then abandoned their hereditary craft and sought other means

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1 Mubin Sheppard, *Living Crafts of Malaysia*, Times Books International, Singapore, 1978, p. 28. Note: Awang's village, Kampong Morak is one of the villages where our present study took place.

2 A report written in 1950 delineates that in Thailand/Siam the industry flourished in the hands of expert silversmiths and the Thai government ran courses for apprentices at its two art schools at Bangkok and at Nakon Sri Thamarat. The latter was in the province of Ligor (Pattani), south of the Kra Isthmus and the reputed capital of old Langkasuka. The designs used resemble those found in ruined cities and temples in many parts of Siam, relics of a kingdom which once held sway over Kedah and north Malaya. See A.H. Hill, "Kelantan Silverwork", in *Journal of the Malayan Branch Royal of the Asiatic Society*, Vol. XXIV, Pt. I, 1951, p.99.

3 The earliest surviving example of Malay silver made for royalty is preserved in the old palace in Johor Bahru. It is a four-piece betel set which belonged to Tengku Kamariah, the sister of Sultan Sulaiman of Johor, and is dated 1717.

4 Although the gift/tribute was named 'golden flower' (*bunga emas*) however according to a story the flower was not all made of gold; only the leaves and flower were made of gold whereas the other parts such as its stems and branches were made of silver. It is also believed that the pioneers of the silverware industry in Kelantan were once the master craftsmen who had worked for the palace. These mastercraftsmen had worked in the courtyards of royalty or of major chiefs who supplied them with silver, as well as tools, clothing, food, but no salary. In the eighteenth century, there were several famous master craftsmen in Kelantan such as Che Lah and Hj. Yaakub of Kampong Sireh, and Hj. Nik Mat of Kampung Banggol, Kota Bharu. See Perbadanan Kemajuan Kraftangan Malaysia, *Serian Perak: Warisan senitangan tradisional*, PKKM, Kuala Lumpur (no date), p. 4.

of livelihood.<sup>5</sup> However, only in Kelantan, British rule contributed to the 'redevelopment' of the industry; in about 1930 a special body was set up for the purpose of protecting the interests of the silverware craftsmen. This body was named 'Kelantan Malay Arts and Crafts'.<sup>6</sup>

The main aims of the body were to assist the local producers/craftsmen and to organise their energy for managing the large volume of orders. To penetrate into the larger market the body encouraged a few of the more enterprising silversmiths to experiment by applying traditional Malay decorative designs to European models such as butter dishes, flower rings, powder bowls, rice servers, coffee spoons, and small brooches.<sup>7</sup> Another innovation was the payment of cash, by the Arts and Crafts Society, for silverware of approved quality. Such payments encouraged the producers to produce larger volumes of better quality silverware. In turn this has also encouraged the development of the industry, and it has spread progressively from centralised production (in the palaces) to become an albeit localised cottage industry. Meanwhile, it has encouraged the involvement of people in remote rural areas of Kelantan to become involved in the industry. Some have come to depend solely on the industry, and no longer rely on agriculture as their main source of income.

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5 H. Ling Roth believes that the decline of the industry was caused by the following reasons, as he notes: "In so far as the Peninsula is concerned, the art is a dead one. It seems the work was not originally made for sale. The old Rajah and Sultans had considerable retinues, which included silversmith and goldsmiths who worked for their masters and not for the merchants. But with the introduction of order into the country, the lawlessness and robbery on the part of the rulers was curtailed, and they were unable to support large numbers of adherents. In course of time the silversmiths gradually found themselves without work and allowed themselves to be elbowed out by the more enterprising Chinese, and so the art died a natural death." See H. Ling Roth, *Oriental Silverwork: Malay and Chinese*, University of Malaya Press, Kuala Lumpur, 1966, p.14.

6 A.H. Hill, *Op. cit.*, p.99.

7 Many varieties of traditional silverware were obsolete and some cannot be seen anywhere. Sir Frank Swettenham, who first came to Perak in 1874 and was British Resident of the State in the early 1890's, acquired a collection of the best pieces which were then available. Swettenham took his collection back to England when he retired in 1904, and it was bequeathed to the National Museum by his widow after his death at the age of 96 in 1946. See *Ibid*, p. 25. Some information on traditional Malay silver were documented by Ling Roth in a book named *Oriental Silverwork*, first published in London in 1910. The book illustrates the silverwork with photographs of more than two hundred pieces of Malay silver. Most of the pieces had been acquired by Europeans in the State of Perak at the beginning of the century, though they may have been manufactured fifty years ago.

There are two basic techniques in silver making: filigree and foil. Filigree is silver that has been melted and poured into special machines to be ground out as wires of various thickness. It is then twisted and shaped into delicate tracteries to form attractive jewellery. Filigree silver is generally more expensive than foil silver, particularly if it is a bigger piece. Foil or sheet silver are paper-thin wafers shaped like leaves which are carved and etched with traditional designs inspired by such diverse muses as *wayang kulit* (shadow play) characters, the hibiscus flower and other time-honoured patterns.

Although, the industry has developed since the setting up of Kelantan Malay Arts and Crafts, it still faces several constraints. The method of manufacturing has not changed much during the past two centuries. The majority of producers have never utilised any modern equipment. Traditional equipment such as small chisels, punches, hammers, little files, tiny saws, rivet scissors, and small pliers and tweezers are utilised in the production of silverware. The modern equipment is mainly confined to rolling mills and modern bellows. The use of traditional equipment and the nature of the craft itself (i.e. handicraft) demands several years before someone can become a skilled craftsman. Thus, this might be one of the factors that has discouraged those who have no interest or 'talent' from becoming involved in the industry.

Since Kelantan produces no silver, supplies of raw materials are purchased in ingots from the goldsmiths in Kota Bharu, Kuala Lumpur and Singapore. The materials normally are imported from Hong Kong, Thailand and China, and accordingly the price of the raw materials is expensive. For instance, the price of silver in 1992 was M\$40.00 per *bungkal* (approximately 54 grammes): the manufacture of an ornamental tea set would require between twenty and twenty-five *bungkal*. These figures are, however, only indicative: the price of silver fluctuates according to its availability and also world market conditions. Normally, entrepreneurs have to pay higher price (roughly ten to fifteen per cent higher than on the open market) if they obtain the raw materials through middlemen.

Malay silver seems to have a limited variety of patterns, which traditionally limit the designer to the use of flower petals, foliage, and coiling branches, and excludes all human and animal forms since the engraving of human and animal figures is prohibited in Islam. These limitations have created an indigenous style which can be distinguished from that of Indian, Thai, or Chinese craftsmen.<sup>8</sup> However, Hill believes that

"the Malay craftsman does not lack originality. But he is conservative in his choice of motifs, preferring to ring the changes on old and tried patterns rather than experiment with entirely new ones."<sup>9</sup>

Meanwhile the high price of the products seems to have become one of the market constraints in which only those who can afford the items will spend their money on them. This clearly restricts the potential domestic market, in a country (and especially a state) where disposable incomes for the majority of the population is low. Furthermore, since these products lack a utilitarian function,<sup>10</sup> being used mainly for ornamentation, their demand is also limited. In such circumstances, it is hardly surprising that works of silver are fast becoming collectors' items, which is further pushing up the price at a rate faster than that of inflation. For instance in the 1950s and 1960s, a 12-inch diameter tray cost M\$120, but now it is about M\$1200. The increasing price is due to several factors such as the increasing price of raw materials (mentioned above), labour costs (*upah*), and the quality, size and type of the product. The palaces and government agencies in particular are still the industry's main customers.

Silversmiths, like many other craftsmen and women, cannot function without the co-operation of the middleman.<sup>11</sup> They may acquire their own supplies of silver, but regardless of their skill, they have no regular contact with prospective patrons, and therefore have difficulty in selling an article of quality unless they have first obtained an order. The middlemen are their only link with their customers.

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8 Mubin Sheppard, *op.cit.*, p. 27

9 A.H. Hill, *op. cit.*, p. 104.

10 It is forbidden in Islam to use any material such as tea sets which is made of silver (and also gold). See Idris Ahmad S.H. *Fiqh Syafii*, (Jilid II), Penerbitan Pustaka Antara, Kuala Lumpur, 1991, p. 409..

Today the industry has spread to other states, particularly to Kuala Lumpur and Selangor;<sup>12</sup> and the introduction of the relatively modern technology in the manufacturing of silverware provides us with some clues as to the potential path towards the development of the industry in the future. Furthermore, the government, through its agencies such as the Ministry of National and Rural Development, KARYANEKA, MARA etc. has provided the industry with facilities in marketing, training and technology. However, despite the availability of such facilities our study indicates that the industry still has a problem in attracting the younger generation to become producers or artisans. Moreover, there were a number of enterprises which were on the brink of decline. Thus, given the relative dynamism of the industry elsewhere, it is believed that there must be other factors which need to be considered in assessing the relative underdevelopment of the industry in the study area, particularly a wide array of human factors.

#### 4.3. The batik industry

The word "batik" is originally a Javanese term, denoting a resist technique for producing designs on fabrics.<sup>13</sup> The exact origin of batik is uncertain. It is so old a craft that its true origin has never been determined, but it can safely be presumed to be 2,000 years old. It is in Java,<sup>14</sup> Indonesia, that batik was most extensively developed and has

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11 In Kampong Morak it seems that the co-operative plays an important role in marketing the silverware, i.e. acts as a middleman in receiving and delivering orders. However, some producers do market their products by themselves where they have contact with their customers.

12 It is interesting to note that the entrepreneurs in these states were originally from Kelantan, but that they have introduced a relatively "modern" technology to the industries compared with technology employed by their counterparts in Kelantan. However, the Kelantanese producers believe that the technology /machines utilised are unable to produce detailed and unique items such as those produced through traditional technology. The former industries focus their production on standardised items such as trophies, medals and other souvenirs.

13 Nik Krevitsky, *Batik, Art and Craft*, Van Nostrand Reinhold Company, 1964, p. 7. It is believed that the word "batik" is derived from *ambatik*, meaning a cloth of little dots. Others claim that it is an Indonesian word, appropriately meaning, "wax writing". See, Joanifer Gibbs, *Batik Contemporary*, Watson-Guptill Publications, New York, 1974, p. 9 and Dona Z. Meilach, *Contemporary Batik and Tie-Dye*, Crown Publishers, Inc., New York, 1973, p. 3. The process of batik in simplified form, follows these general steps: selected areas of the fabric are blocked out by brushing melted wax or a special paste over them. After the wax is applied, the fabric is dyed by brushing dye over it or by dipping it into a dye bath. The waxed areas, repelling the dye, remain the original colour of the fabric. To achieve more intricate designs with further combination and overlays of colour, the waxing and dyeing process is repeated.

14 The use of batik cloth and dress was then limited only to princes, princesses and court officials.

been continually practised on a large scale. From Java batik was introduced to Europe by Dutch traders, who first imported it to the Netherlands in the middle of the seventeenth century.<sup>15</sup> Today, batik is still identified throughout the world with Java or Indonesia.

The development of batik-making in Malaysia can be traced from the making of traditional *pelangi batik*,<sup>16</sup> in which the *pelangi* technique preceded efforts to adopt batik locally. This method (tie-resist) of decorating cloth was practised by Malays during the eighteenth and nineteenth centuries.<sup>17</sup> It is believed that *pelangi batik* was available during the reign of the third ruler of Trengganu, Sultan Zainal Abidin II (1773-1808), where Minah Pelangi was the most famous producer of batik during the time.<sup>18</sup>

The "modern" way of batik making began with the *canting* method,<sup>19</sup> believed to be a Javanese invention which dates back to the seventeenth century. A rather new method of batik making which was introduced in the middle of the nineteenth century was called the *chop* (or *cap*) or "printing block",<sup>20</sup> which was also invented by the Javanese. The invention rapidly enabled the far-sighted batik manufacturers to place their production on a semi-industrial basis. For example, the method can produce up to twenty sarongs a day (per person) in comparison with the *canting* method which takes between fourteen days to a month to produce a piece of "Javanese" batik.

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15 Nik Krevitsky, *op. cit.*, p. 7. See also, Michael Hitchcock, *Indonesian Textiles*, British Museum Press, London, 1991, p. 23-6.

16 The word *pelangi* means 'rainbow' where the motif produced appears in the shape of rainbow.

17 The process of tie-dye has been described by R.O. Winstedt in his writing, "Malay Industries, Part I, Arts and Crafts," in *Papers on the Malay Subjects*, edited by R.J. Wilkinson, 1909, Federated Malay States Government Press, Kuala Lumpur.

18 Perbadanan Kemajuan Kraftangan Malaysia (PKKM), *Serian Batik*, PKKM, Kuala Lumpur, (no date), p. 2.

19 *Canting* is a metal cup with a spout; this cup is attached to a handle. Wax is held in the cup, much as ink is held in a pen. By tipping the spout slightly forward, wax will flow onto the work area. Minute details as well as bold lines can be achieved by using spouts of different sizes. For details see Joanifer Gibbs, *op. cit.*, p. 13.

20 A *cap* is a metal printing block. It works on the same principle as a wood or linoleum printing block. Designs are first moulded in metal and later affixed to a wooden block. These metal designs form a raised surface that actually "prints" the wax. The block is dipped in hot wax and pressed hard against the fabric, leaving an impression of the wax on the fabric. When the fabric is dipped in dye, the colour takes only in the area not covered by the wax design. See, *Ibid.*, p. 13-4. It has been suggested that the resultant fabrics of block printing is not batik in the original sense of the word but a cloth decorated with batik-line motifs. It is believed that the printed batik produced using this method has little or no artistic value and has done much to destroy hand made batik as a traditional craft. See B.R.G. Anderson, *Batik: pattern and motif*, Gita Karya, Indonesia, 1966, p.15. However, in Malaysia, the general public regard it as a batik, differentiating 'written-batik' (*batik tulis*) or hand-painted batik from that of 'block-batik'.



Quite the latest invention is the screen method (sometimes known as the stencil or silk-screen method). The method is much faster when compared with the block method,<sup>21</sup> and is suitable for producing a large quantity of sarongs and yardage batik. However, nowadays even the screen method is gradually being replaced by modern machinery. Other materials such as dyes and commercial dyes are taking over where vegetable dyes were once used. Additionally, the availability of better quality machine woven cloth has also contributed to the development of the industry.

The pioneer of the batik industry in Malaysia is Haji Che Su bin Ishak of Kelantan. He first designed batik in 1911, in the form of the *pelangi batik*. From a humble origin using only family labour to work in his cottage industry, Haji Che Su then employed non-relatives to become his full-time workers. He was an innovative and progressive producer in his time. Beginning in 1922, he experimented with using wooden blocks to print designs. In 1933, he sent his son, Mohd. Yussoff to Bangkok to learn in depth the commercialisation of the batik industry. As a result, the production of batik using the stencil/screen method was first introduced to Kelantan. It was in the 1930s that new batik entrepreneurs emerged, all of whom were former workers of Haji Che Su, such as Haji Che Sulaiman bin Che Ha, Che Mahmood and Ibrahim. Presumably, it was their workers who, after acquiring the necessary skills and capital, subsequently opened up their own batik workshops/businesses, not only in Kelantan but also in Trengganu and other places in Malaysia.

There were several factors that contributed to the development of the industry during the time. Among others were (i) the importation of raw materials such as dye stuff from Germany, and cotton cloth from India; (ii) the availability of a market; (iii) the small amount of capital needed for the establishment of the industry; and (iv) the many workers who had obtained experience and had opened their own businesses. For example, during

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<sup>21</sup> The stencil process requires several large frames the exact size of the sarong (slightly less than two metres). A separate screen is prepared for each colour to be printed; the design is applied to the screen with a resist material such as lacquer. Although the set-up procedure is elaborate, the actual printing is fast.

the time Mohd. Yussoff and Company<sup>22</sup> was the largest batik industry, employing around 200 workers, and with a total production of 150 *kodi*<sup>23</sup> per day. The number of batik enterprises in the form of cottage industry has increased; but as the numbers have increased so each unit has become smaller.

In spite of this apparent growth, since 1953 the batik industry in Kelantan and elsewhere in the country has been struggling to survive. Many small or tiny enterprises have closed down. At one time, the number of enterprises reached 500 but has now dropped to around 200. A number of factors have contributed to the decline of the industry. Among the constraints on the development of the industry is the competitive nature of the market for the product. Competition exists not only among the local producers but also from the imported batiks. Competition among the small batik producers in Kelantan is very intense; and competition also comes from the West Coast producers who not only produce a larger volume but also a better quality material with up-to-date designs and motifs in line with the current tastes and fashion. These modern factories are well equipped with up-to-date technology, professional designers and researchers in market behaviour and in the latest style and fashion overseas.<sup>24</sup> Moreover, some of the relatively large local producers have increased their volume of production and have thus flooded the market with their products. This will naturally push the small-scale cottage producers towards the margins of economic viability, and, ultimately, out of business.

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22 This company was owned by the children of Haji Che Su, the pioneer of the batik industry in Kelantan. Today the company is known as SAMASA Batik.

23 There are 20 pieces in a *kodi*, and 2 yards to a piece.

24 For instance Aran Associates (M) Sdn. Bhd., established in 1973 and located in Shah Alam near Kuala Lumpur, is comparatively a large batik factory which produces batik for the world market and is managed by experienced and qualified executives, using modern technology in production. Its working capital was one million ringgit in 1974 with an annual turnover value of 2.6 million ringgit and a growth rate of 20 percent per annum. Even this company has spent about M\$250,000 on market research, and spent hundred thousand ringgit more on upgrading the technologies, such as on dryers, printing tables, hand painting machine, modification of canting, etc. See *Malaysian Business*, (No writer's name), "traditional batikers struggle while modern and creative newcomers talk of success," in *Malaysian Business*, November, 1974, p. 8-10.

Competition also comes from outside. The imported Japanese and Russian machine-printed batiks (imitations) which are available in the country are much cheaper;<sup>25</sup> and the industry had also to compete with textile products exported by Britain and India.<sup>26</sup> As a result, in 1972, the government introduced some measure of protection, in which an import duty (50 per cent) was imposed on any material bearing a pattern resembling batik. However, the small producers still have to compete with at least three large textile mills in the country which began printing with batik designs. Their batik was sold locally as well as abroad, and very cheaply.

The problem of competition was aggravated by the presence of "smuggled" foreign batik, especially batik sarongs from Thailand and Indonesia.<sup>27</sup> Since nearly 80 percent of batik produced in Kelantan is in the form of sarongs, the presence of the 'smuggled' sarongs could upset the demand for local batik.

Even the demand for sarongs itself is also declining. For instance, the market for *sarong batik* is traditionally limited to Malay women. Changes in fashion and the introduction of new types of materials have further eroded this traditional market. It seems that sarongs are only for the old, and normally to be worn only at home.

The high cost of production, and the associated need for larger amounts of working capital, has also formed one of the constraints on the potential expansion of the industry. The costs of materials such as cloths, dyestuffs, wax and resins are the major elements of cost in the manufacture of batik (other than labour). The high and increasing

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25 Even in 1968 there was a proposal forwarded by the Japanese to build a batik factory in Malaysia. However the proposal was rejected on the grounds that the factory would destroy the existing cottage-type batik industries found mostly in Kelantan and Trengganu. See Felix Abisheganaden, "Malaysia" in *Asian Textile Survey 1967-1968*, Far Eastern Economic Review Ltd., Hong Kong, 1968, p.130. According to some, it is quite easy to differentiate between "real" and "imitation" batik. The designs on imitation batik are too regular, too neat, and only one side of the material is printed, whereas every piece of hand-printed batik is different. And there is a difference between cloth with printed batik designs and cloth made with the genuine batik process. The definition of batik in Malaysia given by MARA (Majlis Amanah Rakyat) is "...the cloth is subjected to 100% wax printing using block wax or wax writing after which the piece of cloth is 100% dyed with various colours..." *The Report of Task Force 1972*, p.2.

26 For instance in 1971 about 2.3 million square yards of batik was imported from Russia and 1.4 million square yards from Japan. See *Malaysian Business op.cit.*, p. 15.

27 It is believed that Indonesian sarong batik is much better in quality compared to the local sarong, in terms of its design and kind of cloth; however, they are much more expensive.

cost of the raw materials is due to import duties, surcharges and sales tax. The batikers, like silverware producers, are unfortunate because most of the raw materials necessary for batik production have to be imported. Furthermore, the lack of capital in the industry has given birth to the middlemen. They have been helping the batikers to establish their businesses, they supply the raw materials on credit, and even buy the batik from them. This phenomenon has brought about the emergence of a putting-out system in the batik industry, which has placed some of the batikers in the position of mere producers.

Limitations on the future development of the traditional batik industry are said to be closely related to its structure. Most of the enterprises are in the form of tiny and small cottage units and are family affairs. It is sometimes difficult to call the batik-making premises "factories";<sup>28</sup> most of them are merely dilapidated sheds hastily constructed. Compared to the West Coast batikers, the Kelantanese cottage batikers are still confined to traditional methods of production; using traditional technology and practising rule-of-thumb-management.

Meanwhile, their ability to produce better quality and quantity is limited by several factors. As the manager of Batik Malaysia Berhad says

"... most producers are slow to adapt to change in design and colour ... Besides, because most of the producers are still printing on cotton, the batik is suitable only for summer wear."<sup>29</sup>

It was also found that the East Coast batik producers did not get market and design information as quickly as those West Coast producers.

The shortage of workers appears to be the other main problem. Many workers have moved to the West Coast to work for the new producers.<sup>30</sup> The situation is worst during the planting and harvest seasons during which batik work traditionally would be temporarily put aside, except by those who are too old or too young to work in the fields.

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28 Most Malaysians would refer to the batik premises as batik factories (*kilang batik*), even though the premise itself does not resemble a true factory.

29 cf *Malaysian Business, op cit.*, p. 17.

30 Besides Craftsmen Enterprise, there are quite a number of well-developed batik industries (i.e. in terms of their technology and organisation) found on the West Coast.

The monsoon season also interrupts batik-making work. The industry needs sunshine to dry the cloths; and as the premises are flooded with water no batiking activities can be done.

Nonetheless, there are at least three major factors that could potentially contribute to the development of the industry: (i) the role of agencies in promoting the development of the industry; (ii) the development of new technology, design, and raw materials of batik (i.e. innovations); and (iii) the increasing demand for batik. These factors have given the industry some potential for future development.

The Government through its agencies - first RIDA (Rural and Industrial Development Authority), and then MARA (*Majlis Amanah Rakyat*), an evolution of RIDA - has aimed to assist the Malays, especially in the rural areas, in promoting the development of small-scale industries, which include batik-making. Particularly in the context of the batik industry, MARA has established *Perbadanan Pemasaran Batek Bumiputra Berhad* (Bumiputra Batek Marketing Co-operation) to assist the East Coast batik producers in marketing their products on a wholesale basis and also giving training to young Malaysians. Meanwhile, through MHDC the Government has provided prospective artisans with training; and also technical assistance and marketing advice for the established craftsmen and artisans. The specific training in batik-making takes place at the MHDC branch in Kelantan, located in Kota Bharu. Quite recently the government has also formed Batek Malaysia Berhad which is serving the industry in marketing and distribution as well as product development. Meanwhile, particularly in Kelantan, the producers have formed the Kelantan Malay Batik Manufacturers Association which fulfils functions such as supplying raw materials, controlling the price and market, and so on.

In short there are several agencies that in one way or another are contributing to the development of the industry. However, in reality it is often the case that these organisations are also competing with each other and even with the producers. For instance, MARA has set up its own batik factory in Kuala Lumpur, and Batek Malaysia

Berhad has set up a factory in Selayang, Selangor which today is to some degree in competition with the older, small producers.

The development of batik in terms of its design, quality, volume of production and market has in turn contributed to the development of the industry. Graduates from MARA and MHDC, for example, have experimented and introduced innovations to the industry (particularly in terms of designs). Meanwhile, the emergence of new batik factories in the West Coast, such as Kutang Kraft and Aran Novabatika near Kuala Lumpur, has quickly established their reputation for innovations in style, design and technology. New types of fabric, such as voile, terylene, brocade, silk, cotton lawn, and duck cloth among others, have helped further to improve the quality of Malaysian batik. On the other hand, new products have begun to appear such as cosmetic bags, coin purses, pot holders, toaster covers, wall panels, bed sheets, pillow-cases, cushion covers, table-cloths, hand-bags, and scarves.

The demand for batik products is increasing. Some of the Malaysian batiks have been exported to the overseas market, among others to the United States, Japan, Europe, Australia and Africa. In the country the wearing of batiks has been encouraged by the government in order to preserve a national identity. Batik shirts (especially hand-drawn) are considered an appropriate formal attire for Malaysian men. In women's attire, batik provides a Malaysian flavour for high fashion western style dresses. Batik has been recognised as a national dress, worn by all ethnic groups and is no longer associated with the Malays.<sup>31</sup>

However those producers who have improved their production in terms of efficiency, and quality, as well as diversifying the products produced, would appear to be in a stronger competitive position than those who have not, i.e. the small-scale producers in Kelantan. Moreover, the new modern technologies are very expensive, and thus beyond the means of even the largest batik producers in the state. Meanwhile, even though there has been an increase in demand for batik locally and abroad, the real

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<sup>31</sup> Sarah Arney, *Malaysian Batik*, Kraftangan Malaysia, Kuala Lumpur, 1987, p.109.

beneficiaries have not been the cottage industry producers who are mostly found in the East Coast, but the modern capital intensive producers of the West Coast. For instance, orders, especially from government or private agencies,<sup>32</sup> are mostly given to the West Coast entrepreneurs as they are near the markets. This opportunity is seldom available to the East Coast traditional batik makers. This phenomenon suggests that even if development occurs in the industry, the prosperity associated with this development is likely only to be enjoyed by the large-modern West Coast enterprises.

#### 4.4. The study entrepreneurs and their silverware and batik enterprises

There were 140 entrepreneurs (and 140 enterprises) covered by our study. Based on the kind of entrepreneurs postulated by Scase and Goffee, we could categorise our entrepreneurs into three broad groups: self-employed (or "one person enterprise"), small-employer and owner controller.<sup>33</sup> The self-employed entrepreneurs are those who employ no labour. They are, however, generally dependent upon the unpaid services of their family members and the utilisation of domestic assets (e.g. buildings) for business purposes. The small-employers work alongside their employees and, in addition, perform administrative and managerial tasks. They both provide labour and own their means of production and yet, at the same time, employ waged labour. They are directly involved in the production of goods. Small employers are often skilled workers who began their business careers as self-operatives. Finally, owner-controllers do not work alongside their employees but, instead, they are singularly and solely responsible for the administration and management of their businesses. Table 4.1 below reveals the breakdown of the study industries according to our broad schema, and also identifies a simple age profile of the entrepreneurs.

The data show that the majority of the study entrepreneurs fall into the "small employer" category, and that only the silverware industry contains "one person

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32 For instance, batik is used for flight uniforms for Malaysian Airline System's (MAS) and the National Railway System's (KTM) interior design.

33 Richard Scase and Robert Goffee, *The Entrepreneurial Middle Class*, Croom Helm, London, 1984, p. 23-5.

enterprises" whereas only the batik industry includes the larger "owner controller" type of firms. Thus the silverware firms tend to be smaller in size, many constituting micro-enterprises, whereas the batik-producing enterprises quite clearly rely on the availability of a local labour force. Such a general difference in the make-up of the batik and silverware industries is significant in terms of their respective requirements and future prospects. This point will be returned to a little later in the discussion.

**Table 4.1**

**Categories of Entrepreneurs by Age and Type of Industry (N=140)**

Entrepreneurs Age:-	Silverware		Batik		Total
	≤40yr	>40yrs	≤40yr	>40yrs	
Self-employed	17	15	--	--	32
Small-employer	1	23	23	16	63
Owner controller	--	--	6	39	45
<b>Total</b>	<b>18</b>	<b>38</b>	<b>29</b>	<b>55</b>	<b>140</b>

The following sections detail a few of the more salient features of the study entrepreneurs and their enterprises.

#### **4.4.1. Sex and age of the entrepreneurs**

The first significant point to note was that the majority of the entrepreneurs were males. Only three were females, and all were engaged in the batik industry. Although handicraft industries throughout South East Asia are generally associated with women, in our study area they were dominated by men due largely to the nature of the silverware and batik industries. None of the silverware entrepreneurs were women, since it was believed that silvercrafting, due to its need for strength and persistence, is suitable for men. Although this is not a particularly convincing reason, being based rather more on tradition than reality, it has deprived women the chance of involvement in the industry as



entrepreneurs. Meanwhile, the batik industry is more open to both sexes. The predominance of male entrepreneurs in our study was principally an indication that, since most of the enterprises were family businesses, it was likely that the head of the household (the man) would notionally be seen to be the head of the business.

The average age of the entrepreneurs was 44 years, with ages ranging from 29 to 57 years, and with the majority (66 percent) being 41 years old and above. Using 40 years of age as an arbitrary boundary between "young" and "old", most of the entrepreneurs were therefore in the older age group.<sup>34</sup> The presence of many older entrepreneurs might reflect the following: (i) the many years needed to acquire craft skills before becoming an entrepreneur;<sup>35</sup> (ii) the fact that no other, better job opportunities are available for the older entrepreneurs (due to their age), (iii) the lack of interest among the younger potential producers (who might prefer to stay as workers for the enterprises or get other better jobs), and (iv) the inability of the younger prospective entrepreneurs to get involved due to their lack of physical resources (such as capital, property, equipment, and so on) and skills.

#### 4.4.2. Education and training

The presence of more educated younger entrepreneurs in the industries is a good sign for the future development of the industries.<sup>36</sup> It is interesting to note that there were three young batik entrepreneurs who have either a diploma or a degree,<sup>37</sup> which indicates that there were members of the younger generation with better qualifications and training who were getting interested in the industries. We presumed that these younger

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<sup>34</sup> Age is an important variable in our study. It is assumed that being in the older group, the entrepreneurs are likely to be bound more by tradition; that is, they are fairly insensitive to change, for instance in practices of modern business. Their decisions are mainly based on past experiences and they will be reluctant to incorporate new techniques in production and management. This belief underlies our discussion in the following chapters.

<sup>35</sup> In certain cases, for instance in the silverware industries, to really become a skilful craftsman normally takes about 10 to 15 years; only then he would open his own enterprise and be able to train his apprentices. The large amount of time spent in acquiring skills is unbearable for someone who has no deep interest in the craft.

<sup>36</sup> Nonetheless, all entrepreneurs were literate and have some form of education; but the younger entrepreneurs have higher education than the older entrepreneurs.

<sup>37</sup> One of the entrepreneurs was graduated from MARA Institute of Technology with a diploma in fashion and design.

entrepreneurs, by the virtue of their better qualifications, have the prospect to become successful entrepreneurs.

All entrepreneurs have skills in their own fields, which were acquired through training. We categorised the training into two: i.e. formal training and traditional training. From our study, only 18 entrepreneurs have undergone formal training (all were batik entrepreneurs), while the rest acquired their skills through traditional training,<sup>38</sup> such as from previous work in the industries or from family (i.e. "inheritance training"). The question is, why did these entrepreneurs not undergo any formal training? The reasons given were that (i) they were not given the opportunity (34 entrepreneurs); (ii) the training was not considered useful and suitable (29); (iii) they did not need the training (25); and (iv) they refused to go for training. We justify that these reasons (although mostly based on the entrepreneurs' perception) should be given particular consideration by those training agencies in order to give effective training to the entrepreneurs.

The majority who have received formal training were younger entrepreneurs. Thus with better education and formal training these entrepreneurs were expected to become successful producers in the future. Although the traditional or "inheritance" training no doubt is important in providing the entrepreneurs with skills, for the development of the industries it is contended that the entrepreneurs should undergo formal training by which they will be exposed not only to technical skills but also skills of management, the use of modern technology, and also some of the problems which the industries routinely face.<sup>39</sup>

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38 By formal training we mean that the training given by the government agencies such as MARA, MHDC, etc which consisted of work skills and management. The training normally takes 2 to 3 years. By traditional training, we mean any training acquired through working in the industries, i.e. through apprenticeship. Normally, those who have the formal training have to work in the industries as workers before becoming entrepreneurs.

39 However, there were cases where the entrepreneurs claimed that the modern and formal training was not helpful in gaining the required skills, since the focus of the training was more on the "theoretical", but not on the "practical" aspects. (Refer also to the reasons of not undergoing formal training) The shorter time taken was believed as not enough in order for someone to gain the skills. However, we believe that this problem could be overcome when the trainees have to work in the industry as ordinary workers before becoming entrepreneurs. By doing this, they would gain much experience and skills needed.

#### 4.4.3. Reasons for involvement as entrepreneurs

It is interesting to note that good income was not the prime motivator for involvement (as is typically assumed),<sup>40</sup> but that the need for achievement and independence, the acquisition of skills and experience<sup>41</sup> and the importance of interest in the industries, appear to have become major motivating factors. As Encik Ibrahim Ahmad, one batik entrepreneur, mentioned:

"...actually there are many reasons for my involvement in batik-making. I would rather stay as a worker than work as an entrepreneur (*pengusaha*). But when my family and friends encouraged and supported me, I made an effort. It was not for money, actually, but I felt that to stay just as a worker, we can go no where (*kita tak akan ke mana*). I was getting old, and I felt that I should elevate myself to a better position. I decided to invest in this batik-making enterprise. Luckily I am interested in this craft."

An awareness of the motivating factors is important in helping us to look at the potential and constraints which face these two industries in the future.

#### 4.4.4. The set-up of the industries

All the 140 industries (56 silverware and 84 batik) in our study were still in the form of cottage industries, although not in the strictest definition.<sup>42</sup> Generally, the workshops were built nearby the producers' house, sometimes by renovating their houses to provide the necessary space for production. For instance, the batik workshops

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<sup>40</sup> As our data on the attitude towards the industries reveal, (will be discussed later in this section) the majority of the entrepreneurs did not agree that the industries could contribute a good income and have a good future; but the perceived low income from the industries did not put them off the industries either. Thus, to gain good income from the industries might not be the main reason to get involved as an entrepreneur. (However, as our data indicated, generally the entrepreneurs of the industries were much better off in terms of their income when compared to the income earned by members of the community).

<sup>41</sup> As has been indicated earlier, normally the main reason for a person to get involved as workers in the handicraft industries, particularly silverware industries, is to gain some required skills, which could be utilised to manage his own enterprise. Thus, it was not surprising that having skills and experiences was one of the main reasons for the involvement as entrepreneurs.

<sup>42</sup> The definitions of cottage, household and small-scale industries were developed by M.C. Shetty. See M.C. Shetty, *Small-scale and household industries in a developing economy: A study of their rationale, structure and operative conditions*, Asia Publishing House, London, 1963, p. 4-11.

were generally located either under, beside, or in the backyard of the entrepreneurs' houses.<sup>43</sup>

In the silverware industries, a more formalised arrangement such as a factory or co-operative where artisans can assemble together for collective productive is uncommon. The workshops were normally either in a hut close to the house, or a store at the back of the house (normally situated besides the kitchen). The location of the workshops near or in the house was functional. As well as the workshop being cheaper to build due to capital constraints, the entrepreneur could get access to his work at any time he wished, even at night.

Our study reveals that the majority of the entrepreneurs (50 in each of the industries) indicated the low cost as being the main advantage of cottage industry. This is also an implication of the capital constraint. Other reasons given were ease of management, greater flexibility or informality, nearness to home, nearness to labour market, and profitability. On the other hand, constraints cited by respondents, such as the untidiness and uncomfortableness created by the industries to the household if the industry was in the house, smallness and uneconomic size, low profitability, difficulty to expand, informality and lesser control over the workers were disadvantages which could also become constraints of their development of the industries. Again the lower cost is given as the main source of satisfaction with the cottage system of production (34 persons), as one producer indicated:

"Although I have been involved in the industry for so long, I think I would never dream to turn this workshop into a factory. How much money do we need to develop it into a factory? Even if we can afford to do so, there are still many things to take care of: management, the workers, the machines and many more! Do you know that it really needs a lot of money to set up a factory! I am satisfied with the kind of workshop I have now."

The general degree of satisfaction towards the workshop system of production implies that the system was preferred (due to the reasons given above) to any other

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<sup>43</sup> However, there were some entrepreneurs whose workshops were away from the house, the reason being that the house was not big enough to accommodate their workshop. With employees numbering on an average from five to twenty, few entrepreneurs of batik industries claimed the term "factory" to their workshop.

system, such as the factory system. The workshop system of production could be used as a model for the future development of the industries.

Meanwhile, due to the above reasons and personal preferences some individual silverware entrepreneurs preferred to work at the co-operative workshop, built in the compound of the Village Industry Co-operative building in Kampong Morak. In the workshop the producers were allowed access to various facilities. For some trainees it was at the workshop that they got their first experience of crafting silverware.<sup>44</sup> This co-operative workshop<sup>45</sup> served the purpose for those who were faced by capital constraints which prevented them from establishing their own workshop, or who had just started to get involved in silvercrafting. Furthermore, for some silversmiths, working in the co-operative workshop was convenient, even if the workshop was far from their houses.<sup>46</sup>

#### 4,4.5. The process of development of the industries

Our study also provides data that illustrate the dynamic aspects of the industries, in terms of whether they have improved, have declined within the past ten years, or have experienced no change ("stagnation"). The development of the aspects or elements of the industries could indicate the process of their development: for instance, where an enterprise has started well but is now gradually shrinking, while others are developing and enlarging. Table 4.2 below reveals the development process of the study enterprises within the last ten years.

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44 The Co-operative, under the Division of Social Welfare of the Ministry of National and Rural Development, has provided a trainer, Encik Jaffar Mahmood, a 50-year old local silversmith to train the trainees/apprentices.

45 The co-operative workshop could accommodate around 15 individual producers at a time. However, those who expanded their business and employed some workers would have to build their own workshops. Each producer was provided with one table; but the tools used belonged to the producer. The Co-operative charged no fees or payment from the producers. The Co-operative had a vital role in the development of the industry. It not only organised the producers in an organisation but also as an intermediate body utilised by the government agencies to channel the technology (such as the machines), other innovations (such as designs etc. ), and orders.

46 A case of Encik Faisal Abdullah, a producer, who preferred to work in the Co-operative workshop. He lived in a neighbouring village, five miles away from Kampong Morak, where nobody in his village was involved in the silverware industry. He placed his equipment in the workshop. He gave the reason that it was convenient to work in the Kampong, where the industry flourished, and furthermore it was near the Co-operative by which he could gain access to the raw materials, market, and equipment easily.

**Table 4.2**

**The development of aspects of the silverware and batik industries during the past ten years (N=140)**

Aspects of Industries	Improved		Stagnant		Declined	
	Silver	Batik	Silver	Batik	Silver	Batik
Design	50	84	6	--	--	--
Quality	54	63	2	21	--	--
Productivity	22	51	14	24	20	9
Size	--	42	28	24	28	18
Number of workers	--	36	38	21	18	27
Quantity of product	22	18	14	57	20	9
Market	10	12	34	60	12	12
Technology	18	3	38	75	--	6

Generally the majority of the industries have developed in terms of quality and design within the past ten years, while the majority experienced no changes in respect to the quantity of product, productivity, size, market, technology and number of workers (these factors are in fact interrelated and affect each other). Quite a number of industries have experienced a shrinking in terms of size and number of workers (aspects which are also interrelated).

There were several factors that contributed to the phenomenon of underdevelopment in the industries, among others (which will be discussed more fully in the course of the analyses): (i) inability to handle the business due to old age, (ii) competition among the producers, (iii) limited demand or market, (iv) limited capital, and (v) lack of interest, which in turn may have been due to the availability of other, better job opportunities. However, these factors are not exhaustive. The following sections will explain some of the other problems faced by the industries such as technology, capital, marketing, and design.

#### 4.4.6. The technology of the industries

The employment of modern equipment among the establishments under study was very limited in extent. The production of both handicrafts was mainly by hand, with the help of simple technology.<sup>47</sup> In fact most of the workshops were equipped with traditional, labour extensive gadgets (as has been illustrated in the previous sections). This equipment differed little between the small and the "big" establishments. The only point of distinction was in the scale of operation. As our study has indicated, several reasons have contributed to this situation, among others: (i) inability to acquire machinery due to its expensiveness; (ii) a negative attitude towards the use of machines; (iii) overproduction caused by the use of machines relative to the limited size of the market; and (iv) the limited availability of the machines.

Generally the industries were lacking in adaptability, i.e. could not and did not respond to externally induced changes. In fact 91 percent of the producers had no intention to apply machines in the production of their handicrafts, either because they could not afford to buy new machines, preferred the old technology, or because they wished to preserve the hand-made tradition. These obstacles to adopting new machines were also manifested in their attitude towards the effects of the using of machines (see Table 4.3).

The attitudes towards the use of machines were computed to form a single, composite variable.<sup>48</sup> The score of the attitudes among the entrepreneurs ranged between 17 and 41, with the mean of 30.1 and standard deviation of 5.1. This finding indicates that generally the entrepreneurs felt marginally in favour of the application of machines in the industries. However, the majority of the entrepreneurs disagreed (sometimes strongly disagreed) that the machines increased quality, did not harm the traditional cultural and

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<sup>47</sup> In the silverware industries, if machines were used, they were only confined in the initial stage of production, i.e. in using roller machine to make silver sheets. Most of the machines were provided by the government through the Ministry of National and Rural Development. Meanwhile, in the batik industries not even a single machine was employed. We should also bear in mind that "hand-made" is likely to be an important marketing angle.

<sup>48</sup> There were 12 statements indicating the entrepreneurs' attitude to the effect of machines (with score from 1 to 4 for each statement). The range is 12 to 48.

aesthetic value of the product, could increase the price of the product, did not increase the cost of production, did not need investment, could increase the profit, did not harm handskills, and obviated the need to train workers. Meanwhile the majority of them agreed that the machine would save time and energy, and would not be resisted by the workers. In general, the new technology is not widely accepted by the entrepreneurs. These negative attitudes could have an important effect on the kind of models for the future development of the industries which might be considered by government planners (this is discussed further in the following chapters).

**Table 4.3**  
**Entrepreneurs' Attitude Towards The Effect**  
**of Using Machines (N=140)**

Statements	Strongly Disagree	Disagree	Agree	Strongly Agree
Save time and energy	--	4	109	27
Need time to train workers	--	55	77	8
Increase productivity	--	16	106	18
Increase quality	22	70	40	8
Lose traditional culture	--	16	90	34
Lose handskills	--	--	74	66
Resisted by workers	3	87	50	--
Decrease aesthetic value	--	22	102	16
Increase price of product	44	66	30	--
Increase cost	--	3	109	28
Need investment	--	3	111	26
Increase profit	10	78	46	6

The data in Table 4.3 indicate that the majority of the entrepreneurs perceived the use of machines in their enterprises as generally likely to lead to negative effects, and it implies the perceived negative attitude represents one of the obstacles to introducing machine into the industries.<sup>49</sup> It also reflects the entrepreneurs' reasons for not using machines. However, we need to ask why those who were receptive towards the use of machines had not in fact adopted them in their productive enterprise? In general this was

<sup>49</sup> However, we must bear in mind that there were entrepreneurs, although the number was small, who were very receptive to the new machines



determined by their ability to afford the purchase of machinery. Thus, the availability of capital remains one of the major constraints in the adoption of new machines, and thus the development of the industries.

#### 4.4.7. Capital and production

In the initial establishment of the industries, the majority of the entrepreneurs (59 percent) used their own capital out lay, 26 percent were financed by the family, 7 percent were financed either by the co-operative or middlemen (particularly those who were involved in the putting-out system), and 8 percent had inherited the business. These findings indicated that generally the entrepreneurs have to depend on themselves and their family as sources of initial capital. However, we must bear in mind that some or part of their "own capital" was actually acquired through other sources, such as moneylenders and statutory bodies.<sup>50</sup>

The data from our study reveal that the majority of the entrepreneurs have indicated that capital was the main problem in the initial establishment of the industries. From Table 4.4 below it is found that working capital, getting loans, finding skilled workers and obtaining designs were the main problems faced by the majority of the entrepreneurs during the initial establishment of the industries.<sup>51</sup> These data are potentially valuable when looking at possible policy options for the future development of both industries.

Meanwhile, the fixed assets or means of production for the industries, such as land, building, technology/equipment and vehicles were either rented, bought or inherited.

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<sup>50</sup> None of the entrepreneurs have indicated that they have made any loan from banks. It is understood that any loan application need collateral and have to abide to stringent conditions. Although there are quite a number of financial agencies which offer such services, however the agencies give low priority to the handicraft industries. The majority of the entrepreneurs indicated that the lack of knowledge/awareness, the difficulty to get access, much paper works and high interest were some of the reasons of no intention to apply for bank loan.

<sup>51</sup> However, there is a clear difference in terms of the initial costs for the establishment of silverware workshop and batik workshop. According to our calculation a self-employed silverware producer only needs around M\$300.00 to set up a small workshop (i.e. the cost for table, tools, small burner and other equipment). On the other hand a new batik maker of batik tulis would need around M\$6,000.00 for the cost of a small workshop and equipment.

**Table 4.4**

**The distribution of entrepreneurs according to the problems faced during the initial establishment of the enterprises (N=140)**

Kind of Problems	No		Yes	
	Silver	Batik	Silver	Batik
Working capital	16	15	40	69
Raw material	50	57	6	27
Getting loans	26	15	30	69
Getting skilled workers	2	30	54	54
Family resistance	56	81	-	3
Land	56	63	-	21
Technology	40	60	16	24
Management	56	69	-	15
Design	14	36	42	48

**Note:** The number of silverware and batik entrepreneurs are 56 and 84 respectively.

For the working capital the majority of the entrepreneurs utilised their "own capital" (which included savings, and/or profits from previous sales). However, there were some entrepreneurs (i.e. for those who were in the putting-out system) who have to depend on other sources such as loans from moneylenders or middlemen. Most of the entrepreneurs were unhappy because of the limited working capital they have. Since the larger part of the income from the industries was spent on family expenditure, thus little was left for working capital. As a consequence not much was also left for saving. Thus, limited savings for investment due to limited economic returns and limited capital availability could become potential constraints facing the industries in the future.

In terms of production, our study reveals that the majority of the entrepreneurs did not generally utilise their means of production efficiently, i.e. the inputs employed (such as energy, time, raw materials and labour) were not maximised in order to gain the most profitable output. This inefficiency was reflected by the lack of formal structures governing the organisation of the firm, employee regulation, and so on. This might be related to the inefficient management of the industries (which will be discussed next).

However, we must bear in mind that we could not directly compare the efficiency of these cottage industries with that of large scale industries since they have a markedly different nature. Meanwhile, when the entrepreneurs were asked about their willingness to make certain "sacrifices"<sup>52</sup> in order to increase production, it was found that the majority were unwilling to do so in terms of borrowing money for investment and to buy new machines. The details are presented in Table 4.5.

**Table 4.5**

**The willingness to make certain sacrifices in order to increase production among the silverware and batik entrepreneurs (N=140)**

Statements	Very Unwilling	Unwilling	Willing	Very Willing
Willing to:				
Increase workforce	-	69	56	15
Train workers	-	40	91	9
Borrow money	17	89	31	3
Increase size of enterprise	10	48	76	6
Increase working time	8	52	53	27
Increase amount of work	4	28	81	27
Search out new markets	10	57	64	9
Buy new machines	25	107	8	-

The degree of willingness to make certain sacrifices in order to increase production among the entrepreneurs was also computed as a single composite variable. The scores of this variable range from 10 to 32 with the mean of 20.4 and a standard deviation of 4.2.<sup>53</sup> The findings indicate that entrepreneurs were generally willing to make these "sacrifices". The findings in Table 4.5 above also imply that there is potential among the majority of the entrepreneurs to develop their industries in the future. The majority of them, for instance, were willing to increase the size of the workforce, to train workers, to increase their working time, increase amount of work, and so on. Working harder (spending more time at work, increasing the amount of work, and so on) is not a

<sup>52</sup> The term "sacrifices" used in this study is strictly referred to a surrender of something of value as a means of gaining something more desirable.

<sup>53</sup> There were 8 statements as indicators of the willingness to make certain sacrifices in order to increase production (with score for each statement 1 to 4). The range of score is 8 to 32.

major obstacle to these entrepreneurs since their daily life is full of hard work. Incidentally, this in itself goes some way towards refuting the stereotype of the rural peasant producer as "lazy". Furthermore, their unwillingness to borrow money and to buy new machines for production might be related just as much to the unavailability of financial resources as to the inherent conservativeness which is said to typify rural producers. We have seen that their negative attitude towards machines is very closely related to their desire to preserve the aesthetic and hand-made character of their product. These issues will be discussed further in later chapters.

#### 4.4.8. Income from the enterprise

The mean monthly total income (from all sources) of both kinds of entrepreneurs was about M\$1,000. The range of total income was quite wide, i.e. between M\$200 to M\$2,000 (see Table 4.6). The mean total income of batik entrepreneurs was also much higher than those of silverware entrepreneurs. With the amount they earned, the majority of the entrepreneurs' households were above the poverty line.<sup>54</sup> Generally, and not unexpectedly, the entrepreneurs' have a better income compared to the rural population in general in the study areas. However, in terms of the incomes derived directly from the handicraft enterprises, the batik entrepreneurs enjoy comparatively higher incomes than the silverware producers, due to reasons such as the larger size and greater volume of sales in the batik industry.

The entrepreneurs' total incomes were obtained from several sources, such as from the land, the children or spouse, and from other occupations (particularly for those who were part-time entrepreneurs). However, our study reveals that the handicraft enterprises seemed to contribute the largest proportion of total household income, even among those entrepreneurs who were involved on a part-time basis. Furthermore, the limited access to land, limited non-farm job opportunities and the absence of other income

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<sup>54</sup> For the year of 1987, the poverty line income was about M\$350.00 per month of 5.14 persons in Peninsular Malaysia, M\$429.00 per month for a household of 5.24 in Sarawak, and M\$533.00 per month for a household of 5.36 in Sabah. See, Malaysia, *Mid-Term Review of The Malaysia Plan*, Government Printer, Kuala Lumpur, 1989, p.45.

earners in the households have also made the industries an important source of income for some of the study households.

**Table 4.6**

**The distribution of entrepreneurs by total income, and income from their handicraft enterprises, in Malaysian Ringgit (N=140)**

Level of income	Number of Entrepreneurs	
	Total income	Income from industry
>\$2001	3	2
\$1801-\$2000	3	2
\$1601-\$1800	6	5
\$1401-\$1600	7	4
\$1201-\$1400	10	8
\$1001-\$1200	24	10
\$801-\$1000	13	20
\$601-\$800	24	21
\$401-\$600	30	30
\$200-\$400	20	38
Total	140	140

However, despite their relatively better income, it was found that only a few of the entrepreneurs saved money for the purpose of investment in order to enlarge their enterprises. For the majority, if savings were made, it was generally for other purposes, such as for pilgrimage to Mecca and/or enlarging the house. There were cases where the entrepreneurs have to depend on loans for working capital rather than the incomes they receive from their enterprises. There were also instances where the entrepreneurs were reluctant to save part of their income from their enterprises for investment because they believed that the industries were uncertain in terms of the demand for their products, and thus the profit they would obtain (this will be discussed further in Chapter 5).

#### **4.4.9. The organisation and management of the enterprises**

Evidence from our study suggested that the majority (73 percent) of handicraft business enterprises were organised informally. The informality of organisation was seen

in terms of their management, and the use and control of labour (i.e. limited or without structured organisational bureaucracy, formal rules, and so on). The informality of the industries was partly associated with the fact that the majority of the industries (94 percent) were family-affair business. Although the involvement of family members in the business contributes in terms of providing "free" labour, capital and other inputs,<sup>55</sup> it could also become an obstacle to the enterprises' development in that it may create difficulties for the entrepreneurs to exercise stringent rules, objective decision-making, and systematic accounting. However, in certain cases the informality of the organisation was actually desired by the entrepreneurs and also the workers. Although formality of organisation is normally associated with efficiency, informality is often preferred by the entrepreneurs and workers because of the small size of the enterprises, and as a means of maintaining good relationships between the entrepreneurs and workers (many of whom are in fact neighbours).

Division of labour or specialisation was rare in the silverware enterprises. Each worker or artisan is expected to produce an item from start to finish. Furthermore, since silvercraft is typically a male craft there was no division of labour according to gender.<sup>56</sup> However, in the batik industries, the division of labour is quite clear. All the batik entrepreneurs revealed that there was a certain degree of division of labour in their industries. The division of labour was not only found in the kind of task or the production work but also according to gender.<sup>57</sup> Moreover, the minimal division of

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55 The contribution of family members was considerable whereby it enabled the entrepreneurs to concentrate on the industries. For instance, our study reveals that the family members were responsible in undertaking various domestic chores - tending the home and the rice fields (or other activities). In the batik industries, for instance, there were wives of the entrepreneurs who were involved directly in the business, i.e. running the shops, doing the book-keeping, and in certain cases worked on an occasional basis as workers. The involvement of the family members is understood since most of the industries studied were organised in the form of sole-proprietorship, i.e. mostly family businesses.

56 Accordingly, silvercrafting tended to demand relatively heavy manual labour (strength and persistence). Due to this, there is a belief that the work is only suitable for men, and traditionally has been associated as a male job. If there is a work in the industries for women it is limited only to lighter tasks such as cleaning and polishing finished items.

57 The production of batik normally takes seven different sub-types or phases: (i) the *canting* or drawing of the motif on the cloths are normally done by skilled male or female artists (normally, an employer prefers female artist); (ii) brushing the colour or *menconteng* is normally done by females since the work is light and does not require a special skill; (iii) stamping the block on the cloths (for block batik) is exclusively reserved for males since it requires physical strength; (iv) dyeing is normally done by males and females in which the work is light and does not

labour based on gender has given female workers job opportunities which at least could begin to ameliorate the socio-economic conditions which are typically faced by rural women.

Meanwhile, most of the entrepreneurs were unaware of the modern techniques of management (such as human resource management, financial, marketing and manufacturing management, and so on). This resulted from the fact that the majority of them have no formal training. For instance, the majority of the industries did not have any systematic form of record keeping (such as an accounting system). Furthermore, most of the entrepreneurs seemed to have no intention to expand their business, in that they viewed the bigger size of business as a source of more and greater problems. Since the cottage business was part of their way of life, so they felt that it was not necessary to implement any of the formal or impersonal rules that are found in larger and more formal organisations. However, we should remain mindful that these traditional/informal management practices might represent potential constraints on the future performance of these industries.

#### 4.4.10. The market for the products

The availability of a market is one of the external forces of change in the handicraft industries.<sup>58</sup> Seventy nine percent of the industries produced their products for a local market, while the rest marketed their product nationally and internationally. Meanwhile the majority of them have to depend on middlemen (such as retailers, wholesalers or the co-operative). This dependency is understood since in certain cases these middlemen were the ones who provided capital for the entrepreneurs, as well as

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require a special skill; (v) boiling the *cambric*/cloths to melt away the wax after the cloths have been dyed is mostly done by males since it is a heavy task; (vi) washing the cloths which have been dyed and boiled is normally done by females; and (vii) drying the batik materials in the sun is normally done both by males and females.

58 It is apparent to note that different from silverware the customers of batik were widely distributed both in towns and rural areas; but quality, design and expensive batiks are normally for sophisticated middle-class Malays, tourists and foreign consumers which are mostly produced by industries with intensive technology mostly found in the West Coast. It is clear that most of the batik produced in Kelantan, due to its quality and price, is only to cater for the demand of local "lower class" Malaysians. On the other hand, the market of the silverware is quite limited due to its limited utilitarian characteristics. As has been indicated previously most of the customers are from the government's agencies and royal palaces.

market intelligence. Thus, the findings imply that the ability of the entrepreneurs to market their products directly to the consumers was very limited, which in turn means that they have little bargaining power regarding the price of the items they produce. Only a few of the entrepreneurs marketed their product through their own shops (all were batik entrepreneurs).

It is quite surprising that only about 13 percent of the entrepreneurs have the intention to seek to enlarge their market, whereas the majority (79 percent) have no intention to do so. Again, it is understood that these entrepreneurs were mostly tied to middlemen,<sup>59</sup> which made them uninterested in enlarging the market. However, there are other reasons given, such as being unable to produce more, being uninterested in enlarging their enterprises, and the low quality of the product. Meanwhile it is important to note that our study indicates, at least from the point of view of the entrepreneurs, that they were unable to "exploit" the market for their benefit due to the fact that they have limited knowledge and little direct access to the market, and are dependent upon the middlemen to market their products. This explains why some entrepreneurs appeared not to be concerned about the market for their products. Conversely, there were cases where the entrepreneurs preferred the middlemen to market their products (although some of them were not satisfied with this system of marketing), as one silverware entrepreneur claimed:

"...when we work alone (i.e. as a one-person enterprise/self employed), it is better to have someone else (i.e. the middlemen) handle the marketing of our products. We only produce a little, thus it is not worth an effort to market the products ourselves. I think for producers like me it is worthwhile to just concentrate on making the items rather than looking for a market. Unless our business is large, then it is essential to market the products ourselves, and to search for new markets."

Thus, the limited quantity of items produced might explain partly why some entrepreneurs were less concerned about marketing the product by themselves.

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<sup>59</sup> However, some of the entrepreneurs were unsatisfied with their marketing channel, particularly through middlemen. Among the problems mentioned were that they were not profitable, late payment, not dependable, and market by limited quantity.



Meanwhile when they were asked to identify their willingness to make certain sacrifices when there is a market for their products, it was found that the range of the score of their willingness was between 19 to 32 with the mean of 25.2 and standard deviation of 3.7 (see Table 4.7. below).<sup>60</sup>

By examining the mean score, it could be concluded that generally the entrepreneurs were willing to make certain sacrifices provided that there is an increasing market or demand. However, specifically, the majority of the entrepreneurs were

**Table 4.7**

**Willingness of the silverware and batik entrepreneurs to make certain sacrifices if there is a market for products (N=140)**

Statements	Very Unwilling	Unwilling	Willing	Very Willing
<u>Willing to:-</u>				
Increase workforce	-	28	77	35
Train workers	-	-	95	45
Borrow money	-	102	38	-
Get new designs	4	18	87	31
Increase costs	11	74	55	-
Increase working time	-	20	90	30
Do more work	3	6	89	42
Get more raw materials	-	19	79	42
Promote the product	12	122	6	-

unwilling to make certain sacrifices in terms of (i) borrowing money for investment, (ii) increasing costs, and (iii) promoting their product. Again the findings were consistent in that they were generally unwilling to make sacrifices involving "money", even if the demand for their product were certain. Thus, risk-averse behaviour alone is not enough to explain their unwillingness to make sacrifices involving money or investment. What might explain this behaviour is that the entrepreneurs themselves did not have any or enough money to invest, or they were unwilling to endure difficulties in borrowing

<sup>60</sup> There are 9 statements to indicate willingness (each statement has the score of 1 to 4). The total range of score is between 9 and 36.

money from other sources. Meanwhile, their unwillingness to promote their products was indicated by the fact that none of them advertised their products and many were reluctant to invest in advertisements, even though promotion or advertising is one of the basic means of achieving sound and stable sales.<sup>61</sup> Instead they believed that the promotion should be done by the middleman or other agencies, since they were more responsible for marketing their products.

#### **4.4.11. The design of the products**

Even though the majority of the entrepreneurs were not receptive to new technology, our study found that all the entrepreneurs were receptive to new designs. This is shown by the adoption of new designs among all the enterprises studied. The discrepancy between attitude towards new machines and attitude towards new designs is understood. While the new machines were believed to be "harmful" to the products and so on, the new designs were always welcome and pursued since the demand for the products was largely dependent upon the tastes of the customers. On certain occasions, where the products were produced to order, the designs of the products were normally dictated by the customers. Although customers, agencies and middlemen were often the sources of new designs, the majority of the entrepreneurs used personal ideas in coming up with new designs.

Our question is to what extent were the entrepreneurs willing to make certain sacrifices in order to develop a new design? Eight statements were introduced to identify their willingness. The range of total score is between 14 and 26 with the mean of 18.8 and standard deviation of 2.7 (see Table 4.8 below).<sup>62</sup>

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<sup>61</sup> The main reasons given for not advertising their products were: costly (21 percent), did not need advertisement (44 percent), not beneficial (33 percent), and already done by others (3 percent). Meanwhile, the government through its agencies, such as KAREYANEKA, MHDC, INFOKRAF etc has advertised or promoted batik and silverware products in the form of pamphlets, fashion shows and exhibitions. It seems that the small producers are somewhat benefited from these promotions. However, the reluctance to promote their products was partly related to the nature of the products such as quality, limited size of market and so on. If these aspects were improved we anticipate that the entrepreneurs would be willing to promote their products. (We will discuss this further in the next Chapter).

<sup>62</sup> There are 8 statements indicating the willingness (with the score between 1 to 4 for each statement). The total range of score is from 8 to 32.

Generally, (based on the mean score) the entrepreneurs were unwilling to make certain sacrifices in order to adopt new designs. This appears to contradict the entrepreneurs' "positive" acceptance of new designs. However, we must bear in mind that for such small-scale handicraft industries, investment in new designs was rare or non-existent. They could adopt relatively new designs from various sources for free. Thus, our study found that the majority of the entrepreneurs found it unnecessary to spend money (i.e. for research etc.) on new designs.<sup>63</sup> As one batik entrepreneur explained:

"We realise that the demand of batik products is highly dependable on their attractive designs. That is why we always experiment with new designs ... (But) we have no problems in getting designs. We never attempt to spend much money on designs; it is better to use the money for working capital (*modal*) rather than spending it on designs."

**Table 4.8**

**Willingness of the silverware and batik entrepreneurs to make certain sacrifices in order to develop new designs (N=140)**

Statements	Very Unwilling	Unwilling	Willing	Very Willing
<u>Willing to:-</u>				
Learn new designs	-	-	116	24
Train workers in the new design	-	-	128	12
Invest for new designs	56	72	12	-
Increase costs	82	52	6	-
Increase amount of work	-	31	101	8
Seek advice for new designs	-	28	108	4
Seek new markets	8	97	35	-
Lose aesthetic value	49	77	14	-

Again the limited capital might explain this unwillingness even though they realise the importance of attractive designs. Thus, the general unwillingness among the entrepreneurs was due to the fact that they were unwilling to make an investment and

<sup>63</sup> In the silverware industry, the skilled craftsmen are normally knowledgeable in designing new designs; whereas in the batik industry the designing of *batik tulis tulis* (written batik) is done by the *tukang canting* himself. Meanwhile, in *batik cap* (block batik), the designs are created by the block makers.

increase cost. Meanwhile, one particular finding is that the majority of them were also unwilling to lose the aesthetic value of the product in order to adopt the new designs.<sup>64</sup> This latter point again explains their reluctance to accept new machines that "damage" the cultural significance of the products.

#### 4.4.12. The priority given to the industry

Although the industries have contributed significantly in the livelihood of the entrepreneurs, we need to ask to what extent are the entrepreneurs committed (or give priority) to their industries? Eighty percent of the entrepreneurs indicated that their job in the industries was their only full-time employment. The rest worked part-time (all were silverware entrepreneurs), i.e. 8 entrepreneurs worked as farmers and 12 did "odd jobs" such as labouring and hawking. A full-time entrepreneur would spend almost a full-day's work attending to his craft, and has no other employment on a formal basis besides the craft he is working on. Most of them (86 percent) spent at least 8 hours per day on their work.<sup>65</sup>

On the other hand, a part-time entrepreneur would normally have a stable job which he would work on full-time. Since batik-making demands quite considerable attention, and is more profitable, none of the batik entrepreneurs worked part-time. In relation to agriculture, normally the full-time entrepreneurs gave greater priority to their business than their land. However, during the harvest or planting seasons we could find some entrepreneurs helping their family in the fields.

Meanwhile, 81 percent of the entrepreneurs have the intention to make the job in the industries their only occupation, giving reasons such as "interested", "good future" and "dependable", "too old to switch to other jobs" and "no choice". Moreover, 94

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<sup>64</sup> It is important to bear in mind that the adoption of new designs would not necessarily affect or harm the aesthetic value of the products; but in certain cases the designer would normally enhance the products' aesthetic and cultural values in their new designs. Normally, as most entrepreneurs believed, the aesthetic value is ruined when the production is done by machine in which the machine is unable to put the "details" and the "cultural or aesthetic meaning" into the products.

<sup>65</sup> Some self-employed silverware entrepreneurs normally would also work at night.

percent have no intention to leave or dissolve the industries, giving reasons such as “have spent so much money on the industries” (13 entrepreneurs), “no other better jobs available” (33), “interested” (17), “good future and dependable” (47), “have got accustomed to the industries” (10), and “too old to switch to another job” (12).

Moreover, the majority of the entrepreneurs (60 percent) were optimistic about the industries, due to the fact that the demand for their crafts was increasing (20 entrepreneurs), more attention was being given by the government (23), the growing potential to apply new technology (19), and because more people are getting involved (22). Thus, the relatively high degree of priority which is afforded the industries, and the many entrepreneurs who express confidence in the industries, provide an indication of the potential importance of the industries in the livelihoods of the entrepreneurs.

However, a job in the industries was often not the entrepreneurs' main choice for their children; instead they preferred their children to hold relatively stable and better jobs (particularly white collar office jobs) rather than work in the industries. Thus, despite their optimism, their unwillingness to pass the industries on to their children as well as their unwillingness to encourage their children to become involved in the industries could become significant constraints in the longer-term expansion and viability of the industries.

#### 4.4.13. "Entrepreneurship"<sup>66</sup>

Our study reveals that all entrepreneurs have pursued new ideas with the aim of developing their enterprises. The specific aspects that entrepreneurs have sought are outlined in Table 4.9.

It seems that the majority of the entrepreneurs were only sensitive to the design, market and sources of capital. The reason was that these aspects were closely related to the volume of production and demand for their products, which in turn lead to more short

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<sup>66</sup> The use of the term “entrepreneurship” in this study is very simplistic and loosely defined. It is not intended to explore in detail the voluminous literature which exists on this subject. Instead, it is used simply to denote the motivational, organisational, innovativeness, receptiveness and risk-taking attributes of the respondent businesspeople.

term profit. The findings also imply that the capital sought was not for the purpose of investment on new machines but rather to be spent as working capital. Moreover, their lack of sensitivity towards new products, new machines and new management techniques would imply that most of the entrepreneurs in fact give little emphasis to the long term development of their industries. As will be discussed in Chapter 5, there are various

**Table 4.9**

**The distribution of entrepreneurs based on the likelihood of their pursuing certain sources for the potential development of their industries (N=140)**

Aspects pursued	Never	Seldom	Sometimes	Always
New products	31	78	29	-
New designs	2	49	62	27
New markets	25	52	53	10
New machines	58	72	10	-
New methods of management	74	55	11	-
New sources of capital	3	63	60	14

reasons that underpin the entrepreneurs' reluctance to search for certain elements which might help in the development of their enterprises. In particular, the nature of the handicraft industry itself is believed to be uncertain, especially in terms of the demand for the product, and this appears to be one of the main reasons why the entrepreneurs appeared conservative or less motivated to search for further developmental inputs for their enterprises. It also appears that the older entrepreneurs were less interested to develop their enterprises. There are several reasons behind this which will be discussed more fully in the following chapter. Furthermore, the majority were generally unwilling to make investment where they perceived the industry was shrouded by uncertainties (see Table 4.10).

The entrepreneurs' apparent unwillingness suggests various scenarios: either the entrepreneurs were calculative in their investment decisions, or they were disinclined to face risk, or both. However, it is understood that since capital was scarce and limited, any mistaken investment decision would cause considerable proportional loss to the

enterprise (and thus also family). Thus, in this case the apparent risk-averse behaviour among the entrepreneurs is seen as an entirely sensible and pragmatic action.

**Table 4.10**

**The distribution of entrepreneurs on the basis of their level of willingness to face risk in investment (N=140)**

Statements of risk	Very Unwilling	Unwilling	Willing
Uncertainty of market	21	82	37
Low profit	4	74	62
Unpredictable return	33	104	3
Uncertainty of demand	27	110	3

#### 5.4.14. Attitude towards the industries and development

Our study found that the majority of the entrepreneurs have a positive attitude towards their respective industries. This is based on the total score of the entrepreneurs' attitudes (another composite variable) which ranges between 36 to 52<sup>67</sup> with a mean of 42.6 and standard deviation of 3.5. Generally the entrepreneurs had positive attitudes towards 11 out of the 15 statements which related to their perceptions of the industry (see Table 4.11).

It is interesting to note that the majority of the entrepreneurs have a negative attitude towards those statements that related to economic aspects, i.e. most of them believed that the industries have no good future, the industries do not provide a good economic return, the industries were risky, and the industries could not improve the artisan economy. This implies that the entrepreneurs have little confidence in the ability of the industries to uplift their economy. However, we should interpret these attitudes with caution, i.e. with the assumption that the respondent is an "economic-man" who is not generally satisfied with his economic well-being. They usually want more than they

<sup>67</sup> There are 15 statements to indicate attitude (with score 1 to 4). The range of total score of each entrepreneur is between 15 to 60.

already have, especially when they feel that the amount of income is not enough to support their family. Furthermore, as our analysis shows (discussed further in the next chapter), it was generally the younger entrepreneurs (who also, incidentally, have a lower average income) who had a negative attitude towards the industry.

**Table 4.11**

**Attitude of the silverware and batik entrepreneurs towards their respective industries (N=140)**

Statements	Strongly Disagree	Disagree	Agree	Strongly Agree
Good economic return	-	74	66	-
High cost of establishment	-	82	58	-
High risk	-	67	73	-
Good future	-	75	63	2
Lessen out-migration	-	7	118	15
Contribute to rural development	-	15	116	9
Preserve skilled craftsmen	-	9	100	31
Preserve traditional skills	-	9	106	25
Preserve aesthetic value	-	11	115	14
Preserve cultural identity	-	24	102	14
Improve artisan economy	-	71	66	3
Skill difficult to acquire	12	73	47	8
Work is boring	21	109	6	4
Difficult to manage	11	100	29	-
Should encourage its development	-	2	117	21

It is interesting to note that, my case studies revealed cases where entrepreneurs (especially the younger ones) tended to change their attitude (from negative to positive) towards the "economic aspects" of the industry only if they believed that the industries were "economically reliable". In informal interviews, they were presented with an hypothetical question which asked: "If the profit were good and the industry economically dependable, would you consider the industry as a good source of income?" A part-time silverware entrepreneur expressed his view:

"...actually what we need is a more reliable job for us to support our family... If the present condition/situation of the industry (i.e. he meant risky, no future and so on) does not change I think we will need to find other more stable jobs... But, if the industry were economically reliable I would prefer to stay... I believe that the industry can be developed and can become a more reliable source of income if the Government is serious about assisting its development."



From the above expression we could imply that the entrepreneurs would still prefer to stay with the industry if it were economically reliable. Nonetheless, the present attitudes towards the industry would seem to be discouraging the entrepreneurs from investing (time and energy, as well as capital) in the future development of their enterprises.

Meanwhile, in terms of their attitude towards the development of the industries (see Table 4.12), the range of scores from the composite variable was between 48 and 72,<sup>68</sup> with a mean of 58.9 and standard deviation of 5.4. Generally, the entrepreneurs appear to have a positive attitude towards the development of the industries.

**Table 4.12**

**Attitudes of the silverware and batik entrepreneurs towards the development of the industries (N=140)**

Statements	Degrees									
	01	02	03	04	05	06	07	08	09	10
Increase productivity	-	-	-	-	4	36	52	48	-	-
Increase size	-	-	-	-	20	30	64	26	-	-
Change in design	-	-	-	-	-	54	53	27	6	-
Increase involvement in market	-	-	-	-	4	35	82	19	-	-
More intention to industry and less to agriculture	-	8	30	30	15	45	12	-	-	-
Increase various products	-	-	-	-	4	45	82	9	-	-
More reliance on borrowing money	-	23	51	62	4	-	-	-	-	-
Replacement of people by machines	18	41	62	15	4					-
More involvement by government	-	-	-	-	9	39	44	44	4	-
Increase in training	-	-	-	-	-	9	90	30	5	6

<sup>68</sup> There are 10 statements to indicate the attitude towards development (with score of 1 to 10). The total score ranges between 10 and 100, with the mean of 55.

There are several points that can be discussed from the information/data presented above. However, one particular point is that the majority of the entrepreneurs have generally demonstrated a positive attitude towards 7 out of the 10 statements.<sup>69</sup> These are generally related to the "evolutionary development" of the industries, such as increasing productivity, changing design, increasing training, increasing the size of enterprise, increasing the degree of involvement in the market, increasing the range of products, and encouraging more involvement by the government. On the other hand, the majority of them did not agree that they should give more attention to the industries and less to other economic activities (e.g agriculture), nor did they agree that artisans should be replaced by machines, or that they should rely more on borrowing money for the development of the industries. These different attitudes towards aspects associated with the development of the industries imply that the majority of entrepreneurs preferred the development of their industries to take a form of "evolutionary development" rather than a "transformational development". By evolutionary development we mean that a kind of gradual development where the change is not drastic and where "traditional" characteristics and functions of the industry are maintained. Meanwhile, transformational development refers to a more radical change of the industry towards a capital-intensive, mechanised and factory-type form. There are several reasons that could be used in explaining these different attitudes towards development, all of which will be discussed more elaborately in the following chapters.

To encapsulate the above illustrations on the industries and entrepreneurs: first, the handicraft industries studied still face several problems that hamper their development. The physical constraints are related to market, capital, organisation and technology; and the "human resource" constraints are related to a lack of skills (particularly management skills), motivation, willingness and attitudes. Second, there were signs of potential, in that there were younger entrepreneurs with better education and formal training entering the industries. The significant contribution of the industries towards household income,

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<sup>69</sup> For the scale for the attitude towards development we used semantic differential format (from 1 to 10). Meanwhile, for the purpose of this analysis we consider those scores 5 and below as negative attitude, whereas 6 and above as positive attitude.

and the relatively high priority afforded the industries were other sources of optimism. Third, there was a clear preference for an evolutionary form of enterprise development rather than their rapid, more fundamental transformation. However, these are only highly generalised findings, i.e. treating the entrepreneurs and enterprises as collectivities. In reality there are significant differences between the entrepreneurs and firms (such as on the basis of age, education and so on) in relation to the above physical and attitudinal constraints, potential and preferred models of development. These differences will become the main focus of our analysis and discussion in Chapter 6.

#### 4.5. The handicraft workers

Encik Fauzi Ahmad, a skilled full-time batik worker describes his involvement in the industry:

"...this is the only occupation I have, and my future depends on it; I depend on this craft for my livelihood (*untuk hidup*); I can't imagine it if there were no batik factory in Kelantan; if so, I will have to go to Kuala Lumpur to work in a batik factory over there."

This opening statement shows that craftwork is significant in the livelihood of the artisans. In the following paragraphs we will provide some general background information on the workers as a precursor to the more detailed and penetrative analysis which will be attempted in Chapter 6.

There were 100 workers involved as respondents in our study of which 40 were engaged in silvercraft and 60 in batik manufacture. Only 20 percent of the respondents were females and all were from batik enterprises. As has been indicated earlier, the silverware industry is male dominated, whereas the batik industries are more open to both sexes, although there is a quite clear division of labour according to gender in the batik industry. Normally, the females would leave the industry after getting married,<sup>70</sup> except for those skilled women who were particularly expert in batik-drawing (*menconteng*).

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<sup>70</sup> However there were cases where the women worked at their homes in which the entrepreneurs provided them with the already drawn cloths for them to colour/brush. In this case it gives them some income. Although the majority of the females believed that woman's place is at home,

The craft activities were not age selective. However the majority of the workers in the silverware industry were in the young age group. The age range was between 17 and 55 years, with the mean of 26.6. years. The many young people involved as workers indicated that workers tend to leave the industry when they begin to get old for reasons such as (i) to open their own enterprise and (ii) due to health problems.<sup>71</sup> The majority of the older workers still in the industry were *batik cap* workers.<sup>72</sup>

All of the workers have obtained some formal education. According to our data, 36 percent have primary education, 44 percent lower secondary, and 20 percent have attained education at the upper secondary level. It is interesting to note the quite high number of young people with a relatively good education who are involved in the industries: this must be seen as a good sign for the industries' future development potential. However, we must bear in mind that it is also a sign of (i) the more general trend of better educational attainment among younger people, due to improvements in the spread of higher education opportunities for the rural people, and (ii) the limited number of non-farm activities or white collar jobs which exist in the village and elsewhere in the vicinity. There were cases where the craftworkers opined that craftwork was the only job available to them at present. Thus, entry into craftwork and a fairly high level of out-migration are indicative of the generally poor economic conditions of the study area and the scarcity of other forms of employment and sources of income therein.

The significance of craftwork was also indicated by the fact that 66 percent of the craftworkers previously had other occupations (such as contract labouring, farming and odd-jobbing). They had turned to craftwork in order to earn a better income. Meanwhile, the data indicate that 73 percent considered their work in the craft industries

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however, in Kelantan I found a large number of women actively involved in business activities, such as petty-traders.

71 It is understood that the majority of younger workers who got involved in the industries (particularly in the silverware industries) was to gain skills for opening their own business. Furthermore, since the craftwork requires a good eye-sight, many older workers complained that they could not perform well due to eye problems.

72 In the making of *batik cap* a stamper (*tukang cap*) needs physical strength, dexterity and skill; thus the job is always allocated for men at their middle-age (around forty years old). The *cap* work is tiring. The stamps themselves are heavy. In a day the worker normally stands for more than seven hour and lifts the *cap* (stamp) from wax to cloth hundreds of times.

to be their only full-time occupation, and/or had the intention to make the work their only occupation in the future. Furthermore, the majority of them lacked land to cultivate (due to a shortage of land or because they came from poor families). Even the work in the padi-field has changed, as one craftworker indicates:

"...there are no more buffalo in the fields; only metal buffalo (*kerbau besi*) do the job; before I used to help my family to do the farm work, but not any more. So, I can now concentrate on my work in the batik factory, where I can earn more income."

Thus, the lack of better alternative may underpin their greater commitment to the industries. However, the majority (54 percent), particularly the younger workers, indicated that they would leave the industries if they found a better occupation elsewhere, the better income being the main reason. Those who prefer to stick with craftwork indicated that their perception that it offered a good future, would enable them to carry on the family tradition, stay near home, or that they considered themselves to be too old to switch to other jobs as the principal reasons. This may indicate that the handicraft industries play an important welfare function in the communities where they are located.

The majority of the workers were either unskilled and semiskilled, and only 36 percent considered themselves to be skilled workers. Since income is very closely related to the level of skill, those who have fewer skills were prone to leave the industries for other better-paying jobs. This implies that there is labour force competition between the industries and other occupations found elsewhere. Although there was a relative abundance of "underexploited" labour in the rural areas, they were mostly unskilled, and not all preferred craftwork as their main career choice. Furthermore, to acquire technical skills in silvercraft and batikcraft takes years. For instance to become a mastercraftsman of silverware takes around 10 to 15 years, while it takes from several months to master rudimentary skills to 10 or more years to accomplish the control necessary to make the finest *halus batik* (fine batik) in *canting* (hand-drawn) batik manufacture.<sup>73</sup> Thus only

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<sup>73</sup> In the silverware industries all workers should have at least a certain degree of skill since they are responsible in making the silverware; however in the batik industry, since there are several separated tasks (division of labour), only certain tasks need particular skills such as drawing using *canting* and stamping in the *batik cap*.

those who really have talent and interest would join and remain in the industries. Otherwise, particularly in the batik industry, they would simply become general workers (doing general work such as drying and washing cloths). Only a few of them (22 percent of all batik workers) have formal training (particularly from the Malaysian Handicraft Development Centre, Kota Bharu), while the other skilled workers acquired their skills from previous experience and from other family members. Ninety six percent of the workers indicated that their work in the industries gave them experiences and certain technical skills.

To earn income and to acquire skills were the main reasons cited for the workers' involvement in the industries. The mean income the workers received from the industries was M\$440.00, while the mean of total income was M\$480.00 (see Table 4.13 below). Although, some of the craftworkers have other sources of income such as from the land (in the form of rent), agriculture, other part-time work and from their children, craftwork contributed the major proportion of their total income.

**Table 4.13**

**The distribution of craftworkers by total income and income from the handicraft industry (N=100)**

Level of income	Total Income	Income from the industry
\$901-\$1000	2	-
\$801-\$900	6	-
\$701-\$800	1	-
\$601-\$700	11	13
\$501-\$600	13	20
\$401-\$500	22	17
\$301-\$400	15	13
\$201-\$300	21	18
\$101-\$200	9	19
<b>Total</b>	<b>100</b>	<b>100</b>

Generally, the mean income was relatively high by local/rural standards in Malaysia. However, this is the highest income they would get in a month. Meanwhile, the income level varied according to skills, the amount of product produced (normally paid on piece-rate basis), the level and stability of demand for the products, the season, and so on. Some of these factors contributed to the variability or unpredictability of the craftworkers' income. There was no indication that female workers were paid less than male workers for the same job. Thus, the equal opportunities among male and female workers (in the batik industry) in relation to income represents a possible incentive for the future development of the industry, in particular providing the motivation for more women to become involved. However, 50 percent indicated that their income from the industries was not enough for them and their families, and that they had to supplement their income from other sources.

Generally, the majority of the workers indicated that the work in the handicraft industries is unstable. The employment is rarely secure and income never reliable. The demand for the handicrafts was seasonal. For instance batik cloth was in heavy demand before Hari Raya. When the demand is low the entrepreneurs decrease production, and workers will receive less work and thus less pay. Viewed against this backdrop, the introduction of labour-saving technology was seen as being unwelcome (as our findings on the attitude towards development show). Whilst undeniably helping to produce more, the new technology would flood the markets with cheap products. This in turn would adversely affect the smaller producers and their workers. Furthermore, the introduction of new technology has resulted in labour displacement within the industries, as the modern batik industries in the west coast clearly show. These problems might explain why some prospective workers in the study industries in fact turned to other occupations. However, we postulate that if income, level of production and so on could be improved, their greater involvement and commitment might be assured.

In addition to income it was quite clear from the study that the craftworkers derived benefits other than income from their involvement in the industry. Nine

statements were presented to indicate the effects of their work in the industries; it was found that generally work in the industries contributed such positive intangible benefits as giving them more experience, skill, freedom, self-esteem, satisfaction, opportunity to socialise and so on (see Table 4.14).<sup>74</sup> These generally positive attitudes towards the industries imply that they have the potential to provide better employment opportunities for the rural people in the longer term. Accordingly, the growth of the industries should be encouraged.

**Table 4.14**

**The attitudes of the silverware and batik workers towards their work in the industries (N=100)**

Statements	Strongly Disagree	Disagree	Agree	Strongly Agree
Provides more experience	-	4	31	65
Provides more skills	-	4	64	32
Provides enough income	-	50	50	-
Provides more freedom	-	27	73	-
Provides satisfaction	-	43	57	-
Provides self-esteem	-	4	36	60
Provides opportunity to socialise	-	27	73	-
Provides good social status	4	54	42	-
Affects health	-	95	5	-

The craftworkers were asked the same question about their general attitudes towards the industries that was posed to the entrepreneurs (Table 4.11). It was found that the range of total score is between 40 to 50, with a mean of 44.1 and a standard deviation of 2.8 (see Table 4.15 below). Again, the positive attitude towards the industries among the workers might be a good sign for the future growth and development of the industries. Meanwhile, it is worth noting that the craftworkers' general attitude towards the industry was rather more positive than was the case with the entrepreneurs. The differences might be explained by the fact that most entrepreneurs have a rather negative perception of their own work and believed that their prospects are

<sup>74</sup> There were 9 statements to indicate craftworkers' attitude towards the effect of the work in the industries on their life. Each statement has a score between 1 to 4; and the total score ranges between 9 to 36. Our study indicates that the mean of total score of craftworkers' attitude was 25.3.



not bright. Furthermore, the entrepreneurs assumed all financial risks and, therefore, perceived themselves to be more vulnerable.

**Table 4.15**

**The attitudes of the silverware and batik workers towards their respective industries (N=100)**

Statements	Strongly Disagree	Disagree	Agree	Strongly Agree
Good economic return	-	53	47	-
High cost of establishment	-	45	55	-
High risk	-	87	13	-
Good future prospects	-	16	84	-
Lessen out-migration	-	5	90	5
Contribute to rural development	-	10	85	5
Preserve skilled craftsmen	-	-	51	49
Preserve traditional skills	-	9	80	11
Preserve aesthetic values	-	8	68	24
Preserve cultural identity	-	-	66	34
Improve the artisan economy	-	52	45	3
Skills difficult to acquire	-	71	20	9
Work is boring	-	92	4	4
Difficult to manage	-	85	4	11
Should encourage its development	-	-	90	10

The craftworkers also generally have a positive attitude towards the development of the industries. The same 10 statements as were presented to the entrepreneurs were utilised for the craftworkers, where it was found that the total range of score was between 61 to 75, with a mean of 68.6 and a standard deviation of 3.6 (see Table 4.16). Thus it appears that the craftworkers also have a more positive attitude towards development than the entrepreneurs. This may be explained by the fact that the majority of the craftworkers were in the younger age group, and thus were more receptive to change. However, as has been mentioned above, the workers do not have to take many of the business risks directly, unlike the entrepreneurs.

The majority of the craftworkers were opposed to the idea of giving more attention to industry and less to agriculture, and to replace people with machines. This could be explained by the fact that the introduction of machines in the industries would

replace labour, thus they might lose their jobs. The workers, too, preferred the evolutionary model of development of the industries.

**Table 4.16**

**The attitudes of the silverware and batik workers towards the development of the industries (N=100)**

Statements	Degrees									
	01	02	03	04	05	06	07	08	09	10
Increase productivity	-	-	-	-	-	8	20	59	13	-
Increase size	-	-	-	-	-	-	8	61	31	-
Change in design	-	-	-	-	-	21	54	25	-	-
Increase involvement in market	-	-	-	-	-	-	4	66	26	4
More intention to industry and less to agriculture	-	3	9	11	43	21	13	-	-	-
Increase various products	-	-	-	-	-	-	34	66	-	-
More reliance on borrowing money	-	-	-	4	19	57	20	-	-	-
Replacement of people by machines	17	24	8	18	25	8	-	-	-	-
More involvement by government	-	-	-	-	4	13	3	60	20	-
Increase in training	-	-	-	-	-	-	4	59	33	4

I next asked to what extent the workers are willing to participate in the future development of the industries? Nine statements were presented to indicate their willingness, and the survey found that the range of total scores for the resultant composite variable was between 15 to 32, with a mean of 24.1 and a standard deviation of 4.5 (see Table 4.17). Thus it is revealed that generally the workers were willing to make certain sacrifices in the interest of the development of the industries, although there were three particular aspects where the majority of the workers were unwilling to make such sacrifices: (i) to become more specialised, (ii) to work in a factory-type system, and (iii) to work according to the employers' rules. In general the workers rejected the idea of

transforming the present system of production into a factory system. One interesting point to note here is that although the workers would not accept the idea that the workers should be replaced by machines, the data in Table 4.17 show that they were willing to use machines in the production process. Thus, machinery is actually acceptable to the workers provided it does not jeopardise their jobs.

**Table 4.17**

**The willingness of the workers to participate in the development of the industries (N=100)**

Statements	Very Unwilling	Unwilling	Willing	Very Willing
<u>Willing to:-</u>				
Upgrade skills	-	9	19	72
Become specialised	49	27	24	-
Use machines	12	20	35	33
Work as in a factory	42	38	8	12
Do more work	-	13	60	27
Spend more time	-	6	74	20
Work according to a time schedule	-	60	36	4
Give more attention to quality	-	-	27	73
Work according to the employer's rules	27	37	21	15

These attitudes and degrees of willingness, to a certain degree, indicate the craftworkers' commitment towards the development of the industries. In general they believed that this process would eliminate the instability of their work, so they could have more stable jobs and a more dependable source of income. In other words, the workers would benefit directly from the development and furthermore they have fewer alternative options open to them. A detailed discussion of this issue will be presented in Chapter 6.

Lastly, to what extent have the craftworkers indicated their potential as future entrepreneurs? Fifty three percent of the workers indicated that they have the intention to quit the industries and open their own enterprises, while 15 percent have no intention so to do and 32 percent are undecided on this matter. The main reasons given were "interested in the business", "to seek independence", "self-achievement" and "encouraged

to do so by their family". This is a good sign for the industries' future expansion. Moreover, those expressing the intention to cease being workers and become entrepreneurs themselves generally were those who have skills, were younger and with a better education, and who possessed a positive attitude toward development and a high degree of willingness to participate in development.

However, one obvious constraint is that the workers have limited physical resources which they could use to become independent producers. The majority of them (74 percent) have no land, while the rest (36 percent) have between 1 to 4 acres of land. Meanwhile, most older workers have no interest in becoming involved as entrepreneurs due to their old age.<sup>75</sup> Moreover, only a few could manage to save enough from their income to enable them to raise the requisite capital. Thus, regardless of their positive attitude and intention, their limited physical resources would hinder them, particularly the batik workers,<sup>76</sup> from venturing into the business as entrepreneurs.

Although a detailed analysis of the workers will be presented in Chapter 7, our initial analysis concludes that the industries have an important role to play in uplifting the economy and giving job opportunities to the rural people. Those who were involved were not only able to gain tangible benefits (such as income) but also intangible ones. Although the majority of them have demonstrated a high degree of commitment towards the development of the industries, such as a willingness to participate in the development process, showing a positive attitude, having skills and other positive attributes (human resources), and have the intention to establish their own enterprises, particularly among the young, however the majority of them have limited physical resources (capital) to enable them to invest in establishing their own enterprises. Thus, external capital sources, such as subsidies or loans from the government or other financial agencies may be seen as playing an essential role in helping these potential entrepreneurs of the future.

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75 Land is one of the important assets, normally used as collateral. In credit or loan schemes, the borrower must be a landholder, thus it excludes large numbers of landless workers.

76 As has been indicated earlier, a larger amount of capital is needed to establish a batik factory.

#### 4.6. Non-participants in the handicraft industries

There were a number of “non-participants” who expressed an interest in the handicraft industries, either as workers or as entrepreneurs, but who have been denied involvement for several reasons. On the other hand, there are others who have little or no such interest, even though they live in villages where handicraft enterprises are present, from which they could potentially benefit. The inclusion of non-participants in our study thus might help us to answer one of our research questions which asks: “why do some people get involved in small-scale industries and others not?” The same question will be presented in Chapter 7 and will provide the basis for a more detailed analysis of the issue. Thus, in the following paragraphs we simply illuminate some of the background information to provide an initial profile and understanding of the non-participants.

100 non-participants (heads of the household) were included in our study, 50 percent of whom were from the “non-industrialised” villages and the rest were from batik (25 percent) and silverware (25 percent) villages. Only 3 percent of the non-participants were females. Thus we consider gender differentiation not to represent a significant variable in our study. The age range was between 20 to 55 years, with the mean age of 38.5 years. Fifty-six percent have attained primary education, while 30 percent have lower secondary education and 14 percent have upper secondary education. There was a negative relationship between education and age, in which generally the younger non-participants have a higher education than the older non-participants.

Although there were quite a number of non-participants with better education, none of them has indicated a white-collar occupation as their main occupations. Sixty-eight percent were farmers, 18 percent fishermen and 14 percent have other non-agricultural jobs (such as hawkers, trishaw-peddlers, petty-businessmen and labourers). This shows that non-farm occupational activities were an important source of income for some of the rural people. Meanwhile, 31 percent of the non-participants have indicated their present job as a part-time job, which indicates that there were non-participants who have no stable or permanent jobs. This implies that the handicraft industries could become

an occupational alternative in providing a stable occupation for these people. Furthermore, non-participants generally have shown a positive attitude towards the industries. From the 15 statements presented to them, the range of total scores is 31 to 54, with a mean score of 43.2 and a standard deviation of 6.6 (see Table 5.18 below).

**Table 4.18**  
**Attitude of the non-participants towards the industries (N=100)**

Statements	Strongly Disagree	Disagree	Agree	Strongly Agree
Good economic return	-	35	28	37
High cost of establishment	11	57	32	-
High risk	7	48	45	-
Good future	-	23	57	20
Lessens out-migration	-	10	65	25
Contributes to rural development	-	54	46	5
Preserves skilled craftsmen	-	-	85	15
Preserves traditional skills	-	-	80	20
Preserves aesthetic values	-	-	68	32
Preserves cultural identity	-	-	66	34
Improves the artisan economy	6	29	42	43
Skills difficult to acquire	2	47	45	6
Work is boring	33	16	51	-
Difficult to manage	25	38	35	2
Should encourage development	-	2	61	37

The mean score of attitudes is a little lower than that of the workers but a little higher than the mean of entrepreneurs' attitudes.

In terms of income, the data reveal that there was not much difference between the mean of income of the non-participants and that of the workers. This implies that there is little income incentive for the non-participants to become involved in the industries. On the other hand, many expressed dissatisfaction or a negative attitude towards their present occupations. Eight statements were presented to them in this connection, and the total scores from the resultant composite variable lies in a range between 9 to 24, with a mean of 18.3 and a standard deviation of 4.4 (see Table 4.19 below). The negative attitude towards their present occupations might be closely related to the nature of these

occupations. Being a farmer or fisherman, for instance, demands much energy and exposes them to a relatively "uncomfortable" physical environment. Socially, these kinds of occupations also carry a low social status. Thus this might explain their positive attitude towards the industry which was generally seen by them to represent a much better employment alternative.

**Table 4.19**

**The attitudes of the non-participants towards their present occupations (N=100)**

Statements	Strongly Disagree	Disagree	Agree	Strongly Agree
Provides good income	40	60	-	-
Provides good future	35	9	56	-
Provides satisfaction	17	49	34	-
Provides self-esteem	35	47	18	-
Pleasurable	24	76	-	-
Can be successful	9	27	41	23
Does not effect health	2	24	70	4
Feel free	-	12	88	-

Even though the majority have a positive attitude towards the industry, it is surprising that only 33 percent of the non-participants have the intention to get involved in the industry in the future (especially those non-participants who live in the "industrialised villages"). Meanwhile 38 percent have no intention and 29 percent have no firm idea. These data might imply that there were other obstacles which are preventing the non-participants from becoming involved, such as the availability of better employment alternatives, the absence of enterprises within their community, personal factors such as old age, lack of skills, and so on. Furthermore, there was a perception that involvement in the industry would interrupt or affect their daily activities (94 percent). Moreover, our data reveal that none of the non-participants' predecessors and members of their family have ever been involved in the handicraft industries.

Meanwhile, the unwillingness of the non-participants to encourage their children to get involved in handicraft industry could represent a significant constraint on the future

development of the industry. These children have the potential to constitute the future labour force for the industry (as workers and entrepreneurs). Our data indicate that 42 percent of the non-participants would not encourage their children to get involved; meanwhile 58 percent were in a neutral position. Despite their positive attitude towards the industry, they lack confidence in the industry, and thus preferred their children to have a white collar job, which they perceived in much more favourable terms.

On the other hand, to what extent were the non-participants “progressive” in relation to their interest towards the industries? The majority of them (77 percent) were aware of government programmes for the development of the handicraft industries. Since Kelantan is famous for its handicrafts, it is unremarkable that there were a large number of non-participants who were well-informed about the programmes through the mass-media, friends and agencies. Meanwhile 42 percent of the non-participants had actually searched out information relating to the industries; however, only 23 percent sought advice on how to get involved through friend-artisans, entrepreneurs and agency officials. These findings imply that the government development agencies should play a more important role in creating awareness about the potential of handicraft industries in rural development, and also in supporting the prospective artisans in establishing their businesses.

Capital support by the development agencies is primarily important to encourage people’s involvement, since our findings show that the majority of the non-participants were unwilling to make certain sacrifices “economically”<sup>77</sup> in order to get involved in the industries (this will be discussed in Chapter 7). Thirteen statements regarding their willingness to make certain sacrifices were included in the questionnaire, and the analysis revealed a range between 14 and 48, with a mean of 33.1 and standard deviations of 10.1 (see Table 7.4 in Chapter 7). Meanwhile, they were generally willing to make certain

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<sup>77</sup> This is referred to the willingness to borrow money, face investment risk, face business risk, face business challenges, and spend little time on agriculture. As our data indicate generally the non-participants have a limited access to loan sources (bank, co-operative, statutory body and money lender), due to no collateral, no contact, no knowledge and so on. (See further discussion on Chapter 8).



sacrifices in terms of learning skills, developing abilities in management and marketing, devoting more time to this work, and working alongside other persons.

A detailed discussion on the non-participants will be presented in Chapter 7 of this thesis. However, from the above general illustrations of the non-participants we could at least point out some main general points (bearing in mind that they have at this stage only been seen and treated as a collectivity). First, the positive attitude towards the industry and the negative attitude towards their occupations might become motivators for the non-participants to get involved in the industries in the future. Second, there were, however, several obstacles that might hinder involvement of the non-participants in the industries: the lack of a tradition of handicraft production in certain communities, the lack of appropriate skills, an unwillingness to make certain sacrifices, a lack of physical resources (capital and land), and so on. Third, there was an awareness among the non-participants about government programmes for handicraft industries. Thus, our initial analysis concludes that the development agencies should focus their campaign particularly on the provision of support in terms of capital and training (i.e. in technical and management skills) in order to encourage the non-participants to become involved in the industries, which in turn may underpin their longer-term vitality and viability.

In the following Chapters 5, 6 and 7 we attempt to discuss in more detail, and with the benefit of more penetrative quantitative and qualitative analysis, the entrepreneurs, workers and non-participants in relations to constraints and potential which face the future development of handicraft industries in the state of Kelantan.

## CHAPTER 5

### FACTORS IN THE DEVELOPMENT OF THE SILVERWARE AND BATIK INDUSTRIES IN THE STUDY AREAS

#### 5.1. Introduction

In addition to the simple descriptive statistics which were used in Chapter 4 to illustrate the producers' backgrounds, some higher level statistical analyses will be employed in the present chapter in order to disentangle some of the complex relationships between those variables involved. This will hopefully enable us to identify more clearly the constraints and potential which face the development of the study industries and the factors which contribute to this situation. In turn, the explanations offered might help us to answer one of our research questions which asks: "Why do some small-scale industries flourish while others decline over time?"

This chapter will first present the key variables used in the analysis and the heuristic framework. Using some bivariate and multivariate statistical techniques (such as multiple regression and correlation analysis), models of path-analysis are constructed which summarise the theoretical "relationships" between variables and their systemic linkages. Then, based on the findings of the path-analyses, we will use lower level statistics (such as chi-square) supplemented by qualitative material from our fieldwork to discuss further the constraints and potential that face the industries' future development.

#### 5.2. The variables and heuristic framework

E.F. Schumacher has written that,

"...development does not start with goods; it starts with people and their education, organisation, and discipline. Without these three, all resources remain latent, untapped potential."<sup>1</sup>

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<sup>1</sup> E.F. Schumacher, *Small is Beautiful: Economics as if people mattered*, New York: Perennial Library, 1975, p. 168.

Meanwhile S.H. Wellisz writes that,

"Technological progress is the prime mover of economic development, but unfortunately, it is not a miracle drug. To develop, the economically backward countries must modernize, but a simple injection of modernization does not cure poverty...It is clear, first of all, that modernization is not a substitute for investment. Obsolete equipment must be replaced, new factories built, and new machines installed to embody the new techniques...Investment in human beings is also needed if a country is to modernize." <sup>2</sup>

The above statements suggest that human factors or "human resources" constitute some of the main factors that can either constrain or hold the key to future development and change. However, besides those factors, the physical resources such as capital for investment in new technology are also clearly important. In our study, we attempt to include variables that could represent both the human and physical resources of development.

From the entrepreneurs' questionnaire we identified eight main (or key) variables which are related to our discussion of constraints and potential. The variables are:

- i. The state of development of the industries (DEVSTATE);<sup>3</sup>
- ii. The level of willingness of the entrepreneurs to make certain sacrifices in order to develop their industries (WILLING);<sup>4</sup>
- iii. The entrepreneurs' attitude towards the development of their industries (ATTDEV);
- iv. The priority given by the entrepreneurs to their industries (PRIORITY);<sup>5</sup>
- v. The entrepreneurs' attitude towards their industries (ATTINDUS);

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<sup>2</sup> S.H. Wellisz, "The modernization of technology," in Myron Weiner (ed.), *Modernization: the dynamics of growth*, Basic Books, Inc. New York, 1966, p. 234.

<sup>3</sup> The composite variable DEVSTATE refers to the level of development of the enterprises, and is strictly indicated by their size. The variable is made up of other variables: total amount of production (financial value), total capital involved, total income from the enterprise, number of workers, and the kind of organisation of production.

<sup>4</sup> The variable WILLING represents the entrepreneurs' willingness to take part in the development of their enterprises. The variable is a composite variable consisting of willingness to increase production, willingness to participate in using machines, willingness to participate in development when there is a market, and willingness to participate in adopting new designs. These variables have been pointed out in Chapter 5.

<sup>5</sup> The variable PRIORITY is an indicator of how the entrepreneurs place the importance of their enterprises in their daily life and as a main source of income. It is a composite variable comprising five variables which include whether the work in the industries is the only occupation; whether it is a full-time or part-time occupation; the number of hours spent on the work in the business; the percentage of working hours per day involved in the business; and any intention to leave or dissolve the business.

- vi. The entrepreneurs' level of "entrepreneurship" (ENSHIP);
- vii. The availability of "physical resources" (including capital and land) (PHYING); and
- viii. The age of the entrepreneurs (AGE).

With the exception of age, the remaining seven variables are composite variables. Although it is recognised that these composite variables may not be the ideal way of showing the variables of interest to our study, we anticipate that each composite variable should be a more generally accurate indicator than a single variable.

For the purpose of the analysis and for convenience of discussion, we attempt to put the variables into a simple heuristic framework as follows.

The state of development of the industries employed in this study is specifically indicated by the size (i.e. based on the number of workers, capital, and production); and not the level of "modernity" of the industries (level of technology, and so on), since all of the industries, whether producing batik or silverware, employ traditional technology and management in production.<sup>6</sup>

Although there are conceivably an infinite variety of factors (such as the personality of entrepreneurs, socio-psychological aspects, physical resources, family histories, economic background, etc) associated with the development of the industries, we employed the above-mentioned composite variables as the explainers largely because they represent the "tangible" and "intangible" factors of development. The tangible factors we refer to include the background of the producers such as age (which can also be used as a proxy variable for other factors, such as level of education and other personal background variables), their possession of physical resources (such as land and income), and also the priority given by the producers to the industries (in terms of, for instance,

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<sup>6</sup> Modern small industry is characterised by appropriate use of efficient machines, good plant layout, precise control of production processes; appropriate use of business planning and budgeting, market analysis, cost accounting and so on. See, Eugene Staley and Richard Morse, *Modern Small Industries for Developing Countries*, McGraw-Hill Book Company, New York, 1965, p. 4.

time allocated to the industries vis-a-vis other forms of economic activity, level of involvement in the industries, i.e. whether part-time or full-time, and so on).

On the other hand the intangible factors we refer to include the attitudinal and experiential features of the producers: level of entrepreneurship, attitude towards the industries, attitude toward the development of the industries, and their willingness to participate in the development of the industries. The combination of these two categories of factors is hypothesised to explain more meaningfully variations/differences in the level of the development of the industries. Furthermore, these variables describe the ability and willingness of the entrepreneurs to change. In other words we hypothesise that the development of the industries is principally explained by the variables mentioned.

In order to analyse the relationships between variables, we placed the variables in a path-diagram, as illustrated in the following section.

### **5.3. The path-analysis models: relationships between variables.**

We summarise the 8 variables of interest in a simplified form by using a linear, recursive model, involving only a one-way causation framework (i.e. no feedback loops). The main dependent variable in this analysis is the state of development of the industries (DEVSTATE). The other variables are considered as the dependent and intervening variables or factors. Based on assumptions (theoretical ideas) about the sequence of causation of the development we posit this causal model, though there may be reciprocal causation among some of the factors, and these causal orderings may not necessarily fit every industry or entrepreneur.

A path-analysis model is employed in identifying the relative strength of the contribution of the various factors (when analysed simultaneously) in explaining the dependent variable (i.e. the state of development). The aim of path-analysis is to provide quantitative estimates of the causal connections between a set of variables. Path-analysis

uses statistical techniques of correlation<sup>7</sup> and multiple regression<sup>8</sup> in order to identify the strength of each factor in explaining the other variables, and the strength of the model itself.<sup>9</sup>

As ordered in the path diagrams (i.e. based on the logic of causal relationships), each variable is assumed to have causal influences on the variables to its right. The relative strength of the direct influence of one variable on the other is measured by the path coefficient, while the strength of the model is measured by the value of the  $R^2$ .<sup>10</sup>

Meanwhile, the causal models we derived are essentially unsaturated or over-identified, i.e. leaving out some linkages that are statistically non-significant or considered not important in the theoretical framework. The results of the statistical analyses of the factors that related to the stage of development of the silverware and batik enterprises are presented in the path-diagrams found in Figures 5.1 and 5.2. In Figure

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7 It is important to note that, where multiple regression is used to determine the importance of each variable, it is used to predict dependent variables along with other variables in the equations. Thus, the unique contribution of each variable is quite difficult to access in which it is contingent upon the other variables in the equations. Each variable might offset the other variables in the equation. However, in the correlation techniques, the correlation coefficients of every pair of variables are identified, which indicate that the larger the absolute value of the correlation coefficient, the stronger the linear association, the more important each variable as a predictor of the other variable. (However, a common mistake in interpreting the correlation coefficient is to assume that correlation implies causation. No such conclusion is automatic.)

8 It is postulated that Multiple Regression is one of the most versatile data analysis producers which can be used to summarise data as well as to study the relations among variables. See, Marija J. Norusis/ SPSS Inc. *SPSS/PC+ Base Manual*, SPSS Inc. Chicago, 1988, p. B-197. As a descriptive tool, it is used specifically in the study as a description of structural linkages between predictor and dependent variables so as to determine the strength the impact of one variable on the other variables in the path diagram.

9 However as Cramer and Bryman argue, "...path-analysis cannot establish causality; it cannot be used as a substitute for the researcher's views about the likely causal linkages among groups of variables. All it can do is to examine the pattern of relationships between three or more variables, but can neither confirm nor reject the hypothetical causal imagery." See Duncan Cramer and Allan Bryman, *Quantitative analysis for social scientists*, London: Routledge, 1990, p. 246. Thus the findings of the analysis should be interpreted with caution.

10 In order to provide estimates of each postulated path, path coefficient (p) and R-square are computed. A path coefficient is a standardised regression coefficient, which indicates how much impact variables have on various other variables. Since the path coefficients are standardised they can be compared directly with one another. Meanwhile, the R-square is also calculated to indicate the amount of contribution of all the variables in the equation (when they are analysed simultaneously) in explaining the variations of the dependent variables. Thus, the R-square figure provides a useful way of evaluating how well the model works, that is how well it fits a set of data. It is postulated that the higher the value of R-square the more "powerful" the model would be; in other words, regardless of the size of the path coefficient, if the value of R-square is low it is not a great model. See D.A. de Vaus, *Survey in Social Research*, (Second edition), Unwin Hyman, London, 1990, p.217. On the other hand, the "error term" (e) in the diagram helps us evaluate how well the whole model works. The error tells us how much the variance in a variable is unexplained by prior variables in the model.

Figure 5.1

Recursive path-diagram of factors affecting the state of development of the silverware industry

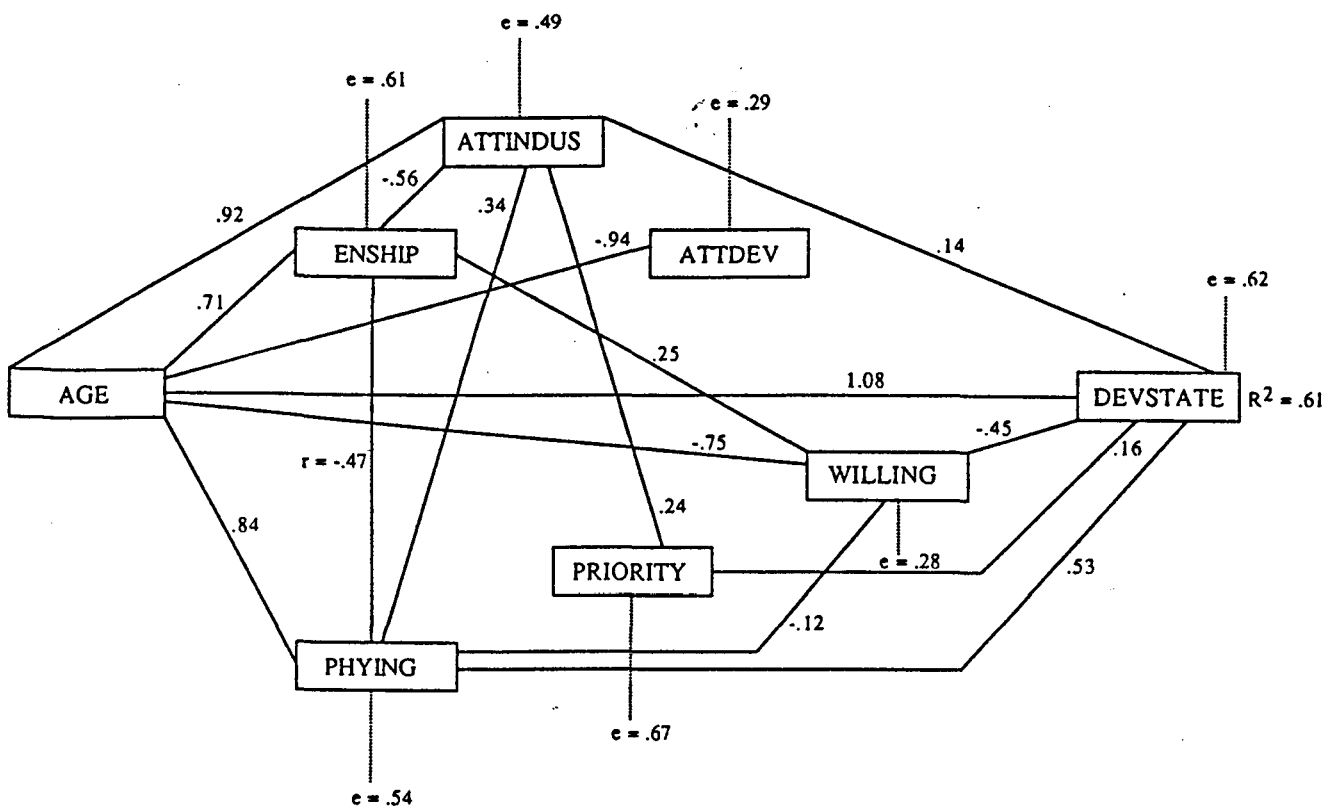


Table 5.1

Zero-order correlation coefficients of variables related to the silverware industry

Variables	V1	V2	V3	V4	V5	V6	V7	V8
V1 DEVSTATE	--							
V2 WILLING	-.63	--						
V3 ATTDEV	-.67	.93	--					
V4 PRIORITY	.48	-.58	-.70	--				
V5 ATTINDUS	.61	-.63	-.68	.67	--			
V6 ENSHIP	-.38	.79	-.38	-.28	--			
V7 PHying	.74	-.79	-.79	.64	.79	-.47	--	
V8 AGE	.72	-.93	-.97	.71	.76	-.71	.84	--

Figure 5.2

Recursive path-diagram of factors affecting the state of development of the batik industry

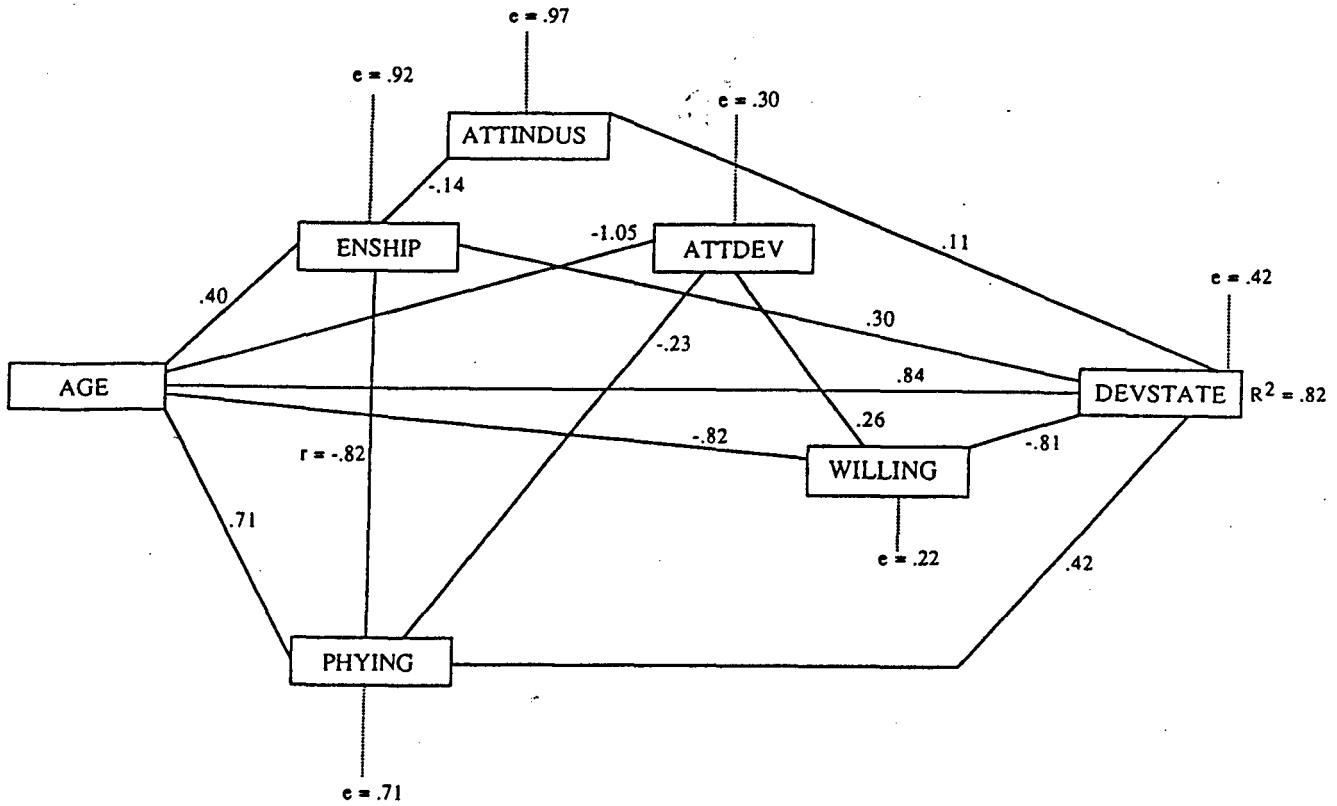


Table 5.2

Zero-order correlation coefficients of variables related to the batik industry

Variables	V1	V2	V3	V5	V6	V7	V8
V1 DEVSTATE	--						
V2 WILLING	-.24	--					
V3 ATTDEV	-.42	.92	--				
V5 ATTINDUS	.25	-.10	-.07	--			
V6 ENSHIP	.84	-.18	-.39	.21	--		
V7 PHYING	.84	-.52	-.65	.19	.82	--	
V8 AGE	.48	-.94	-.95	.10	.40	.71	--



6.2 we did not include the variable PRIORITY in the diagram since all the batik entrepreneurs have given their exclusive priority to their business.

Based on the  $R^2$  values in the diagrams, we can establish that our models are very "powerful" and "successful" in explaining variation in the state of the development of both industries. We find that 61 percent ( $R^2=.61$ ) and 82 percent ( $R^2=.82$ ) of variation in the state of development of the silverware and batik industries respectively is explained by the variables selected, i.e. those variables located to the left of the dependent variable (DEVSTATE). Specifically, the state of development in the silverware industries is significantly explained by age ( $p=1.08$ ), willingness ( $p=-.45$ ), the availability of physical resources ( $p=.53$ ), the priority given to the industries ( $p=.16$ ), and the attitude towards the industries ( $p=.14$ ). Meanwhile in the batik industries it is significantly explained by age ( $p=.84$ ), willingness ( $p=-.81$ ), attitude towards the industries ( $p=.11$ ), level of entrepreneurship ( $p=.30$ ), and the availability of physical resources ( $p=.42$ ).

In the following sections we will discuss and illustrate the constraints and potential facing the development of the industries, with references to (i) the above findings of the path-models and correlation matrixes, (ii) other data (in the form of frequencies and crosstabulations, some of which have been discussed in Chapter 4), and (iii) observations from our fieldwork.<sup>11</sup>

#### **5.4. Constraints and potential facing the development of the batik and silverware industries**

For convenience, in the discussion of constraints and potential we attempt to discuss each factor separately. Bearing in mind that the variables/factors are related to each other, we also attempt to discuss one factor in relation to other factors. The discussion is separated into five small sections according to the factors: physical

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<sup>11</sup> A combination of statistical (quantitative analysis such as regression analysis and correlation analysis) and qualitative analysis (our fieldwork), hopefully could illustrate, explain and clarify the relationships between variables more meaningfully. To depend solely on regression analysis alone, for instance, is not wise, since in the regression analysis the relationships between variables are difficult to assess where each variable may offset the significance of other variables in the explanation.

resources; entrepreneurship, skills and training; attitude towards the industry; priority given to the industry; attitude towards development and willingness to participate in the industries' development.

#### 5.4.1. Physical resources and structural problems

We refer to physical resources as those resources that could be employed as capital for the development of the industries, such as income, savings and land (for collateral in borrowing money). However for the purpose of discussion in this section we also include external factors such as the availability of raw materials, technology, market, workers and also the physical support provided as a result of government policies.

From the path-diagrams, it is evident that the availability of physical resources, as we might expect, has a powerful influence on the development of the industries ( $p=.53$  for the silverware industries and  $p=.42$  for the batik industries). This is supported empirically by the correlation analysis. The availability of physical resources is in turn significantly explained by age ( $p=.84$  in silverware enterprises and  $p=.71$  in the batik enterprises).<sup>12</sup> These findings imply that the physical resources are an important pre-requisite for development. In other words, we assume that the limited availability of physical resources could represent constraints, and thus underpin or perpetuate the underdevelopment of the industries.

The ability of small production units to save from their profits and reinvest such savings in their activities is essential to their growth (e.g. in terms of expansion of employment, output and size of plant and equipment). However, since the profit of the majority of the industries is generally small (generally the batik entrepreneurs indicated a

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<sup>12</sup> However, the significant relationships between the possession of physical resources, the development and age of the entrepreneurs are understood. We must bear in mind that the higher level of the possession of physical resources is also determined by the size of industries, in which the larger industries normally have a larger return, thus the more capital these larger industries have. Since the size of the industry is positively correlated to its age ( $r=.72$  in silverware industry and  $r=.48$  in batik industries), in which the age of the industries is significantly correlated with availability of physical resources, it is thus understood that, the more "developed" (i.e. the larger in size) the greater tendency for these industries to have physical resources. Some of the entrepreneurs of these larger industries have the capability to invest their profit on other assets such as on land, which in turn could be employed as collateral for borrowing money.

profit margin of only 10 to 20 percent, if any), the propensity to save for the purpose of accumulating working capital is small: a large proportion was used in expenditure on household activities. Encik Ahmad bin Tahir, a 35-year-old batik producer, illustrates this point:

“...as you know, it is not easy to get the skill; ...I have spent so many years in learning the skill in order to become a skilled craftsman hoping to open my own business one day; and I did open my own business; but when I have a business of my own, I faced many problems; it is not as easy as I had thought before... I have the intention to enlarge this small business, but you know nowadays only those who have money can do so. Even to get the raw materials I have to depend on credit. I have tried to apply for a loan from MARA; I hope my application is approved. I can't actually depend on the return from the sale of my batik. What do you expect from a small investment? I have five mouths to feed.”

This conversation also indicates the frustration of the younger producer in which he is incapable of developing his enterprise due to the lack of capital. As has been illustrated in Chapter 5, capital was one of the major problems faced by the entrepreneurs particularly in the initial establishment of their enterprises.

For these cottage industries, working capital is relatively more important than fixed capital. It is generally easier to provide enough capital to cover the initial investments or to purchase some new machines than to obtain the necessary working capital to keep the enterprises running. By the virtue of their small-scale of production the producers possess little or no financial reserves. Furthermore, any short-term emergency, caused for example by marketing difficulties, illness, bad weather, or bad debts, may entail the loss of working capital and thereby the interruption of the business.

There is also a lack of awareness among the producers regarding credit resources whereby most of them have to depend on their existing capital (from profit) or on borrowing from middlemen. Those who are aware of formal (institutional) sources such as from banks or other financial agencies are unwilling to ask for loans due to the many formalities they have to go through (as experienced by Ahmad bin Tahir, who refused to go to the bank for these reasons; however, his uncle persuaded him to go to MARA for a loan.) In fact those agencies normally focus their interest on the medium-sized industries

due to the high administration cost and low repayment rate by the cottage industry producers.

Furthermore, it is evident from our study that most of the producers do not have access to official government sources of funding. It is therefore important to ascertain the extent to which these enterprises do in fact generate profits and rely on their savings for reinvestment and expansion, and the nature of such expansion, if any. The data in Table 6.3 below indicate that only 32 entrepreneurs received government assistance (two entrepreneurs received financial assistance while only 30 entrepreneurs received technical assistance, in terms of machines, designs and so on). Thus the majority have to depend on themselves and other sources for the development and running of their firms.

It is however a good sign that the government programmes (particularly in terms of information and infrastructure, but less so in the case of technical assistance and finance) have benefited the majority of the entrepreneurs. However only 30 entrepreneurs indicated that the government effort in the development of the industries is adequate, particularly in terms of providing finance, technical support, raw materials and marketing.

**Table 5.3**

**The distribution of entrepreneurs by government assistance received and the benefits of government programmes, by industries (N=140)**

Government programme	Silverware	Industry Batik	Total
<u>Have you received any government assistance?</u>			
No	54	54	108
Yes	2	30	32
<u>Have you benefited from government programmes?</u>			
No	16	18	34
Yes	40	66	106
Total	56	84	140

However, we should realise that not all entrepreneurs need to provide their own capital. For instance, those who were in the putting-out system, where the capital and the raw materials were provided by the middlemen, generally did not mention capital as a problem. And there were also entrepreneurs who essentially did not need any "extra" working capital. Encik Ahmad bin Yasin, a batik producer indicates:

"It is not necessarily that we need extra capital. I think my factory has enough working capital to produce the quantity demanded. Unless there is an extra market or the need to expand the factory only then will I need extra capital. If not I think I do not have a problem with capital."

The above conversation implies that to some entrepreneurs capital is seen as only a secondary problem to the more pressing matter of demand stimulation. Most of the entrepreneurs believed that the demand for their products is limited, especially the silverware products. Most of them have depended on the middlemen to market their products. Thus the degree of unwillingness and the negative attitude toward development among some of the entrepreneurs could be due to the fact that there is no point for them to expend more energy, time and capital on their enterprise if the market remains limited.

Thus, good market conditions may be expected to act as an inducement for entrepreneurs to expand their business and to pursue improved productivity. But in a situation of uncertainty, as in the crafts industry, such undertaking may prove too high a risk. When the demand is low, it could cause over-stocking which in turn may force the entrepreneurs to find other jobs outside the industries. There are several cases where former producers or entrepreneurs have had to revert to being workers for other entrepreneurs. Moreover, the majority of the entrepreneurs faced problems with their marketing channels, as demonstrated in Table 5.4 below.

The data in Table 5.4 clearly show that, except for those with their own shop, the other marketing channels have their own constraints such as not being profitable, suffering from late payment, and not being dependable. Even quite a number of the silverware entrepreneurs perceived the co-operative as posing a problem in the marketing of their products.

**Table 5.4**

**The distribution of the entrepreneurs according to problems faced in the marketing channels, by kind of industry (N=140)**

Marketing channel	Industry				Total
	Silverware		Batik		
	Problem of marketing channel				
	No	Yes	No	Yes	
Own shop	-	-	12	9	21
Retailer/wholesaler	-	-	9	15	24
Middleman	8	22	12	15	57
Co-operative	6	8	-	-	14
Agencies	8	4	3	9	24
<b>Total</b>	<b>22</b>	<b>34</b>	<b>36</b>	<b>48</b>	<b>140</b>

However, in the putting-out system, items are made to order, and product specifications and designs are predetermined by the individual or organisation placing the order. In such a case, there is practically no element of risk on the part of the entrepreneurs who are involved in the system in which the saleability of the product is assured. However, it is not always true, as Encik Mustafa Latif, a silversmith with a putting-out system said:

"to depend on the middlemen to market your products is actually not profitable. Some middlemen are not dependable (reliable) where they sometimes give the order to other silversmiths. Actually it is a problem when we have to depend on others to market our product. Often the payment is late. When there is no order, we have to find money from other sources or borrow from someone... I think it is time for us (silversmiths) to look for a more stable marketing channel."

This implies that the limited market outlets have caused unhealthy competition between the entrepreneurs. There were cases where each batik entrepreneur attempted to capture the market individually by selling the batik cheap and thus providing less opportunity for the others to sell their products, particularly with a reasonable margin of profit.

Market limitations may also have been linked to the fact that no entrepreneurs advertise their products. However, there was also an indication that the entrepreneurs feared that if there was a new market they would not be able to meet demand. To be safe, they stuck to their regular market.

Meanwhile, for those entrepreneurs who market their own products, where items are produced at will utilising their innate creativity and artistic talent, often raw materials are procured, and markets have to be searched for, thus introducing an element of risk in production. It seems, therefore, that improvements in production will have to go hand in hand with the reform of existing channels of marketing and distribution. Indeed, the marketing problems of these industries will become increasingly pressing and more complex with the introduction of new technologies or mechanisation. An increase in production requires an expansion of sales outlets in both internal and export markets. Furthermore attention will also have to be given to standardisation, quality control, product design, and the finishing of the products. This will involve more work which the older producers in particular are reluctant to contribute.

Additionally, they believe that in terms of final product costs, their enterprises will face competition from large enterprises not only in production but also in distribution. Most of them are dependent on a single merchant or middleman for the sale of their output. Because of their economic weakness, distributors or middleman are in a position to dictate price and terms of sales (particularly among those producers who have capital or raw materials supplied by these middleman, or who are in debt). Under these circumstances, any competitive advantages which may be obtained from a reduction in production costs through the improvements in manufacturing facilities could be nullified by a further increase in the profit margin of the middlemen. Unless there is a reform in the marketing channels, they would prefer to settle with the traditional means of production.

Meanwhile, there is no government guarantee to purchase their products, despite the many government support agencies which exist for the industries' potential benefit.

Only such agencies as KARYANEKA and Batik Malaysia Berhad would normally buy the entrepreneurs' products, but not on a regular basis.

Other problems, such as the lack of regular demand, the widely dispersed market, the low purchasing power of the local people due to low income, and the expensive price of the products due to the cost of the raw materials, further provide obstacles in terms of marketing. These are particularly prevalent in the silverware industry. Thus, due to all these reasons it is hardly surprising that only 18 entrepreneurs have the intention to enlarge the existing market.

Meanwhile, the development and modernisation of the industries would be further restricted unless the entrepreneurs were assured about the quality and regularity of supply of raw materials. In fact the development or transformation of the primitive production methods of these industries may have to start with an improvement in raw material delivery systems. It is ironic that most of the raw materials of both industries have to be imported from overseas sources, and are thus expensive. The major difficulties with raw materials that producers currently face concern their poor and uneven quality, and occasionally their uncertain supply. This could affect both the production and the final quality of the product. For instance, there were several occasions when the batik factory owned by Encik Ahmad Tahir has to stop production due to the unavailability of raw materials (the white cloth). His workers were without jobs for nearly one month.

The irregularity of supply of raw materials is largely the result of a poorly organised market and distribution system. As has been stated earlier, most of the producers were dependent on middlemen for working capital and the direct supply of raw materials, and were therefore not in a position to take advantage of bulk purchase on a wholesale basis.<sup>13</sup> Moreover, as indicated by Encik Ahmad Tahir (and several other entrepreneurs), there were cases where retailers often arbitrarily fix the price charged for the raw materials to the disadvantage of the entrepreneurs.

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<sup>13</sup> However, due to the small size of the industries, it is not wise for the small enterprises to buy in bulk.



It seems that there is no government control over the prices of raw materials. As a result, these small enterprises usually have to pay higher prices for the same quality of materials compared to those paid by the large manufacturers. Also, in the event of balance of payment difficulties and import restrictions, large industries are usually given the highest priority in the allocation of foreign exchange and of scarce materials. For instance, SAMASA Batik, the largest in Kelantan, has these facilities in which it imports some raw materials from abroad, for example dyes from Germany and cloth from Japan. Aside from purchasing for its own consumption, this enterprise has become a distributor or retailer of raw materials for other small batik industries found around Kota Bharu. Whilst the larger enterprises can afford to stockpile materials to iron out the effects of their irregular supply, the smaller firms can not, and are therefore affected much more directly by supply fluctuations.

There was also a problem with workers. The development of the industries would also necessitate a greater availability of skilled workers. In other words, the development of the industries would have to take into consideration the availability of skilled workers in the area. It is not really a major problem to get people to work in the industries, since there are an abundance of rural youths who are unemployed in the areas. The main problem is how to retain them in the industries, especially the skilled workers. This problem is voiced by almost every producer who has employees/workers. Since there is no formal contract between the employers and employees, the latter could leave the industries at any time they wish. All the entrepreneurs (except the 32 self-employed silverware entrepreneurs) have provided training for their workers (as apprentices). However when they have acquired their skills quite a number of them migrated to Kuala Lumpur or other states to work in larger established modern industries where they could get better pay. As a result, there were several entrepreneurs who have indicated that they were hesitant to expand their business due to this problem. Meanwhile there are some batik entrepreneurs who employed Thai workers to solve this problem. Thus, any change or development that the industries may undergo in the future will need to create

will need to create incentives, such as better pay and working conditions, that could reduce the need or inclination of these skilled workers to migrate to other places.

To sum up, there were several constraints faced by the entrepreneurs in terms of physical resources. A large number of entrepreneurs have limited capital to be used for working capital and investment in the expansion of their enterprises. Meanwhile, the lack of capital could be related to the limited awareness of the financial sources, and their unwillingness to go through the many formalities demanded by credit institutions. Furthermore, the entrepreneurs have limited access to sources of raw materials and the external market. This limitation has caused the entrepreneurs to produce in limited quantity, or only the quantity demanded. Thus, if the modernisation of the industries is going to be encouraged, access to and availability of marketing channels, workers, raw materials and capital should be prioritised by assisting agencies.

#### **5.4.2 Entrepreneurship, skills and training**

From the path-diagrams it is found that only in the batik industry has the level of entrepreneurship contributed to the explanation of the state of the development of the industry ( $p=.30$ ). Meanwhile, the correlation coefficients show that there is an inverse (negative) correlation ( $r=-.71$ ) between age and entrepreneurship in the silverware industries, but a positive correlation ( $r=.40$ ) in the batik industries. Since age is also a proxy for other background variables, such as education and years of experience as entrepreneurs, which might also explain the level of entrepreneurship, these correlation findings need further discussion. We will then focus on the discussion of the relationship between entrepreneurship and the state of development.

In the silverware industries, the data imply that the older entrepreneurs were unlikely to take risks and were not good problem solvers (two amongst several of the indicators of entrepreneurship which were used in our study). However, this was not the case in the batik industries. Thus, our question is to what extent does age contribute to the explanation of entrepreneurship in both industries? In the silverware industry the

majority of the entrepreneurs were "mere" producers; they were not involved in the marketing of their products.<sup>14</sup> Meanwhile, it was the middlemen who marketed their products. Certain entrepreneurs only produced when there were orders. Even though they have the technical skills (i.e. work skills) they lacked skills in management, largely because the industries themselves did not really need any formal management. Most of the decision-making normally was done by the middleman or those who place the orders. Thus the majority of the older entrepreneurs, despite their long involvement in the industries, were not exposed to the "real" business situation. Our study reveals that they do not have much knowledge or skills in marketing or managing a business enterprise.

As Encik Azizi bin Ismail, a silversmith said:

"I am happy with my position now (i.e. as a mere producer). What I do is just make things (i.e. producing silverware). There is not much to think about (*tidak perlu fikir banyak*); I have three workers, and Pak Samad (i.e. the name of his middleman) provides me with the silver, and he is also responsible for selling the things (i.e. silverware)...I think it is difficult to decide to invest or produce more since I have no idea about the market. Pak Samad knows more than I do."

A change in the structure of the silverware industries, in which the organisation of the industry should be turned into a "formal" business enterprise, would thus give the entrepreneurs a chance to expose themselves to the "real" business world.

It might be a fact that real schooling for the entrepreneurs is outside the formal school system. The higher formal education does not necessarily contribute to the higher level of entrepreneurship. When the entrepreneurs were asked whether there is any relation between their formal education and their occupation, only 34 entrepreneurs (34 percent) said "yes" (but, that mathematics is the only useful subject for their occupation). Thus, in the batik industries we believed that the entrepreneurs were "self-made", i.e. they acquired their entrepreneurship through many years experience in business. For the older entrepreneurs, the more years they have been managing the industries, the more

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<sup>14</sup> As has been mentioned earlier in Chapter 4, the concept of entrepreneur is used rather loosely in this study to refer to any producers (except workers) of the crafts. They either had full control over their business, or were part of the putting-out system. Thus, some of them were not "entrepreneurs" in the real sense, and might be only "managers" of the business.

experience they have in the business, thus the more entrepreneurial they were. This is expressed by Encik Mohd. Amin, a successful batik entrepreneur in his early fifties:

"...there are many young Malay businessmen who fail in their business because they don't have enough business experience. Actually, higher qualifications alone do not guarantee someone to be successful in business; sometimes what you learn in school is different from what you experience in reality. I believe business experience and interest are very important. ...I started the business at the age of 30, before that I was a worker myself..Through years of experience, now I thank God that I am quite successful in my business..."

Furthermore, unlike the silverware entrepreneurs, the majority of batik entrepreneurs market their products, run their own business, employ workers, search for markets, search for raw materials, and so on. These experience have taught them how to run a business enterprise: e.g. management and decision-making. Meanwhile, a competitive market for batik made the entrepreneurs aware of the importance of risk-taking. This risk-taking behaviour is learned from many years of experience. There were also quite a number of entrepreneurs who owned shops which involved marketing their products locally and nationally. Meanwhile there were some entrepreneurs who acquired their skills through previous experiences as workers in batik industries, and some through their parents (9 batik entrepreneurs have parents who were involved in the batik business). Furthermore, most of them had joined "industrial organisations" (for example, the Kelantan Batik Producers Association) to assist in the advancement of their enterprises, and these had often given batik producers better exposures to the business world. These various experiences acquired by the batik entrepreneurs might have explained their relatively high level of entrepreneurship.

Without doubt, there is a need for entrepreneurs in the future development of the handicraft industries under study. Entrepreneurship is seen as a prerequisite of modern industrialisation. Thus for this purpose we must not deny the importance of formal training in creating entrepreneurship. Eighteen entrepreneurs have received formal training (all were batik entrepreneurs). The training programme apparently does not only provide management and technical skills but also helps in the development of producers'

attitudes, i.e. in order to produce more motivated and innovative entrepreneurs. For instance, one of our respondents, Encik Solihin bin Harun, a former trainee of Trengganu's Malaysian Handicraft Training Centre, has proved the importance of formal training when he won first prize for his innovation of hand-painted discharge sarong in the Trengganu Expo in 1985. His innovation has inspired other producers to apply the same technique of discharge batik.

Meanwhile, the reasons why some entrepreneurs were willing to take risk and others are not are complex. However in our study the data suggest that the possession of wealth might affect the entrepreneur's ability to bear risk and uncertainty in the investment or adoption of new techniques. Moreover, the findings show that there is a significant positive correlation between the possession of physical resources and the level of entrepreneurship ( $r=.82$ ). Meanwhile those entrepreneurs who have limited physical resources or wealth (i.e. the entrepreneurs who have comparatively smaller industries) would avoid any risk-taking and uncertainty, in which this risk-avoidance arises from the negative weight in their objective functions given to potential losses they might incur if the investment fails. This has been indicated by Encik Ahmad Tahir who mentioned that:

"It is actually difficult to make a decision to make an investment when you really have limited capital and when you are not certain about the market for the product. You know, being involved in business is just like gambling (*main judi*), we have to face uncertainty, sometimes we lose, sometimes we gain (*kadang-kadang untung, kadang-kadang rugi*). Not like you (referring to us) where you receive a certain income every month from your salary...For those *tawkey* of big factory, they have no problem to invest; even if they lose they still can survive. But not the producers like me, when we lose, we will suffer. That is why we try to avoid any risk-taking (*sedaya upaya elakkan dari ambil risiko*)."

The conclusion to be drawn is that those comparatively smaller industries were "denied" the opportunity of growing because of the constraints facing investment. This constraint could be eased if the smaller entrepreneurs were to be provided with some form of assistance, such as through the provision of working capital and other materials. However, in the long run, the entrepreneurs should organise themselves to form a co-operative, through which they could share risk and uncertainty. In other words, any

failure or loss from any investment made by the co-operative, for instance, is borne collectively, thus reducing the negative effects on individual entrepreneurs. However, we must bear in mind that the co-operative could also erode efficiency, borne out of a reduction in competition and accountability.

Although our assumption says that the "wealthy" entrepreneurs have the propensity to take risks and accept conditions of uncertainty, the following discussion suggests that we should be cautious in this regard, in that our findings indicate that there are negative correlations between entrepreneurs' attitudes towards development and their willingness to participate in the development, and the state of development of the industries. Thus, we should bear in mind that the relationships between variables are actually very complex, and that it is sometimes difficult to determine the real factors that contribute to the explanation of a phenomenon; there might be other variables which were not included in the study.

To sum up, the findings indicate there were "self-made" entrepreneurs, who have acquired entrepreneurial quality through many years of experience. The exposure of these entrepreneurs to the "real" business world has contributed to their general level of entrepreneurship. Thus, we stress the importance of business exposure among the entrepreneurs for their entrepreneurial development. Meanwhile, we also stress the importance of formal training in the creation of entrepreneurs. This should be aimed not only at providing management and technical skills, but also at improving their entrepreneurial spirit (i.e. attitudes, aspiration and motivation). Finally, we also emphasise the importance of the co-operative, particularly for those comparatively smaller enterprises. Beside having other advantages, the co-operative could minimise the individual loss due to the failure in investment.

#### **5.4.3. Attitude towards the industries**

As has been illustrated in the earlier discussion, the contribution of the handicraft industries is significant in the overall livelihood of the entrepreneurs in particular, and the

community in general. Our study reveals that these positive contributions of the industries in turn have contributed to the general positive attitude towards the industries among the entrepreneurs. The data disclose that the mean of entrepreneurs' attitudes towards the industries is 42.6 which is above the mean score (i.e. 37.5). This generally favourable attitude implies that there was an "attitudinal acceptance" of the entrepreneurs towards the industries. In the following paragraphs we attempt to discuss this in more detail.

As has been illustrated in Chapter 5, the industries were the main source of income among the majority of the entrepreneurs. The significance of the income from the industries we suggest as a major factor in explaining the favourable attitude towards the industries. The case of Encik Abu Bakar bin Salleh, a 48-year-old silversmith, for instance, reveals that he had been involved in the silverware industry since he was 18 years old. Before establishing his own small enterprise, he worked in several silverware enterprises in his village (i.e. Kampong Morak). From his previous work as an artisan then, and now as an entrepreneurs in the silverware industry, he was able to support his family of five children; even he was so proud when he was able to send his son to university with the money he had earned from his business.<sup>15</sup>

Moreover, it was not only the economic return that matters; the intangible benefits that he received from his involvement in the industry were also rewarding. Encik Abu Bakar said:

"I thank Allah (*bersyukur*) that I am given a livelihood (*rezeki*) through becoming a silversmith (*tukang perak*)...Not everybody has the talent and skills to do silvercrafting. It really takes time to become a master craftsman (*tukang mahir*)... The government's concern to protect master craftsmen like us is good. The effort has at least recognised our contribution to the preservation of traditional handicrafts and culture."

Their recognition by the society due to their skills and talent, and their role in preserving "the traditional culture and handicraft" have at least heightened their self-

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<sup>15</sup> Later, it was found that his son has received a scholarship from the Public Service Department for his four-year study in the Universiti Kebangsaan Malaysia. However, we can not deny that Encik Abu Bakar's contribution in terms of providing extra pocket money for his son was significant. (Normally, those students who come from poor background could only depend on the scholarship for their pocket money).

esteem. Besides, in the community the master craftsmen were normally admired for their products.<sup>16</sup>

Besides, there were entrepreneurs who felt that their enterprises have functioned significantly in providing employment to those fellow villagers and neighbours. Encik Abu Bakar indicated that now more rural young people preferred to stay in the village and work in the handicraft industries rather than migrating to other places. He stressed that:

"The village is lively. More young people (*orang-orang muda*) are around. Nowadays it is not a problem to organise any communal work (*gotong royong*) to clean the mosque compound and so on. If there is no silver industry in this village, I do not think they will stay..."

However, he has a special reason when he employed a son of his former employer (from whom he acquired the craft skills) as one of his four workers. The reason was that he could at least return his employers' kindness/favour (*membalas budi*). Meanwhile, one batik entrepreneur, Encik Azman Yasin stressed that he would not close down his batik factory even if the enterprise fails (or becomes unprofitable). He said:

"Sometimes we must not think of ourselves only (*pentingkan diri sendiri*). We must realise that our factory actually has given jobs to our friends and neighbours. I think I will feel guilty if I close down the factory just for the reason of not being profitable... My workers are so loyal to me and to the factory, even sometimes I pay them late and they get lower pay when the demand is low. To close down the factory means that twelve people (referring to the number of workers he has) in this village will be without work..."

Thus, providing job opportunities to the fellow villagers and relatives is itself a rewarding satisfaction to some entrepreneurs and considered as a good deed (*amalan baik*).

Furthermore, from our fieldwork we found that the entrepreneurs specifically and the community generally were pleased with the presence of the industry in their villages, since this has made their village known to others.<sup>17</sup> For instance, the headman of

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<sup>16</sup> Although a master craftsman normally can produce any kind of item (due to his many years of experience), however there is normally a specific item that he has a reputation for. For instance, Encik Abu Bakar was famous for his tea-set items. Any order on tea-set items was always given to him. The same case happened in the batik industry, where there was a tendency that each kind of batik product (could be differentiated according to designs, materials and so on) was referred to the specific producer. Due to this, a master craftsman became famous or well-known, at least in his community, for the particular item he produces.

<sup>17</sup> Some handicraft villages are reputed for their handicrafts. For instance, Kampong Morak and Kampong Sireh are well-known for their silverware; Kampong Sayong in the state of Perak is



Kampong Morak realised that without the silverware industries and other kinds of handicrafts, nobody from outside Kelantan would recognise his village.<sup>18</sup> Another case, a coffee-shop keeper in the village, mentioned that his coffee-shop has benefited (*menumpang tuah*) from the handicraft industries, where according to him many tourists from outside Kelantan and abroad have visited the village, and normally would stop at his shop for drink and food.<sup>19</sup> These villagers, as other Kelantanese, were regionalistic, and committed towards preserving and promoting the good name of their village.

Although the contribution of the handicraft industries is significant not only to the livelihood and self-esteem of the entrepreneurs but also to the community, one particular statement that the majority of the entrepreneurs disagreed with was that the industries "have a good economic return." (i.e. despite its significant contribution to the household income). Nonetheless, this negative attitude is understandable. Considered as an "economic man", human beings are not always satisfied with what they receive economically. Meanwhile, from the findings in the path-diagrams and correlation coefficients we could identify those group of entrepreneurs who were less favourably and those who were more favourably disposed towards the industries. The sub-model is powerful (where  $R^2=.76$ ) in which 76 percent of the attitude towards the industries among the silverware entrepreneurs was explained by the factors selected, i.e. by the age ( $p=.92$ ), the level of availability of physical resources ( $p=.34$ ) and level of entrepreneurship of the producers ( $p=-.56$ ).

The difference in attitude towards the industries between the younger and older entrepreneurs needs further explanation due to its relevance for policy-making.

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famous for its pottery (*labu*); Kampung Ladang in Kuala Trengganu is famous for its bronzeware.

18 During our study, we found two Germans who stayed in the village, studying the art of puppet-show (*wayang kulit*). Occasionally, there are tourists visiting this village, observing the production of handicrafts.

19 The indirect benefit received by the coffee-shop keeper in Kampong Morak due to the presence of the handicraft industries is not a special case, however. From our fieldwork we found that there were several other people who have also benefited from the industries. Take another example in Kampong Penambang where the textile industries (batik and songket) flourish; the trishaw-peddlers have benefited in carrying the tourists to the village from Kota Bharu. Meanwhile, the other kind of cottage industries (i.e. food cottage industries such as *dodol*, *sambal daging* had also prospered). Others such as hawkers and shop keepers had also benefited.

Particularly among the younger silverware entrepreneurs, the majority of them have limited physical resources (the correlation between age and physical resource is .84). Having limited physical resources might have resulted from their lesser involvement in the industries, or *vice versa*. Moreover, this was also related to the fact that customers normally assign their orders to the more skilled master craftsmen (who are normally older entrepreneurs). As a result fewer orders were left for the younger craftsmen.<sup>20</sup> Nonetheless, these problems are inter-related. Having fewer skills, the younger entrepreneurs normally received fewer orders; this would result in a lesser return, and thus limits their level of possession/ownership of physical resources.

Additionally, the majority of the younger entrepreneurs have better education (the correlation between age and education is  $r=-.77$  in silverware enterprises and  $r=-.85$  in batik enterprises); and thus, comparatively, also have better job opportunities. To lift up their economic condition these entrepreneurs normally have other part-time occupations (this was indicated by the likelihood of part-time involvement in the industries among the younger entrepreneurs). All these factors could explain the less positive attitude of the younger entrepreneurs towards the industries. In other words, the negative attitude resulted from the deprivation of their full involvement in the industries due to having "fewer" skills and limited physical resources, and thus less income.

These were the factors that have been experienced by Encik Ibrahim Ismail, a 28 year old part-time silversmith. Being a comparatively younger entrepreneur Encik Ibrahim felt that the involvement in the industry was less rewarding. He has to work as a construction labourer in Kota Bharu in order to earn more income to support his family. His attitude towards the (silverware) industry could be deduced from his conversation:

"We now live in the modern world (*hidup zaman moden*). Many new things (i.e. he means modern appliances, vehicles etc.) have to be bought using money. Even a poor farmer in this village now has a motorcycle. I could not

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Normally, the customers would like their order taken by the experienced and skilled master craftsmen in which they believe that the items produced are more attractive than if produced by less experienced craftsmen. As a result the younger have received less income from the industries. In certain cases the price of the items produced by the skilled craftsmen is different (i.e. higher) than the price of the same items produced by semi-skilled craftsmen (usually young ones).

depend on my work as a silversmith alone for my income. The income is not much (*pendapatan tak seberapa*). So I have to get another job. If not, I don't think I can afford to have this motorcycle."

However, there is an interesting issue that needs mentioning. At least in Encik Ibrahim's case, he would concentrate on his enterprise if he were given enough capital to be invested. As Encik Ibrahim indicated, the successful business would ensure more money (income). Thus ensuring the success of the business is crucial since a successful business means greater security. Those entrepreneurs like Encik Ibrahim did not actually reject the importance of the industry as sources of income; however the negative attitude towards the industries was a consequence of their inability to participate fully in the industry. In fact 98 percent of the entrepreneurs in our study agreed with the statement that the development of the industry should be encouraged (this will be discussed further in the next section).

To sum up, it is appropriate to note again that the handicraft industries have played an important role in the livelihood of the entrepreneurs and the community; this implies that the development of the industries should be encouraged. However, those who were unable to become fully involved in the industries, due to their lack of physical resources (particularly capital) have shown their negative attitude towards the industries. Nonetheless, there was an indication that they would give priority to the industries if they were given the chance (such as if they were given better access to capital to be invested in the industries). Moreover, almost all of them have indicated that the development of the industries should be encouraged. Thus, any programme that is directed at helping the handicraft entrepreneurs should give special attention to these younger entrepreneurs who have a higher degree of entrepreneurship but limited resources.

#### **5.4.4 The priority given to the industries**

Particularly from the conversation of Encik Ibrahim Ismail presented above we could generally summarise that there are relationships between the attitude towards industries, the possession of physical resources, level of entrepreneurship and age and

the priority given to the industries.<sup>21</sup> From the above discussions we could also hypothesise that the lower priority given towards the industries had caused their underdevelopment. Related to this, the interest of our discussion is also on this question: to what extent could the higher prioritisation of the industries damage the development of agriculture, and vice-versa?

For the bases of our discussion we present the results of our statistical analyses. First, the findings of the path analysis reveal that the variation of the priority given to the industries (i.e. among the silverware entrepreneurs) has been significantly explained by the factors selected ( $R^2=.67$ ). Thus, we consider that this "sub-model" is quite powerful. Secondly, the correlation coefficient findings show that there are significant positive correlations between the priority given to the industries and the attitude towards the industries ( $r=.67$ ), the possession of physical resources ( $r=.64$ ) and age ( $r=.71$ ). Since there are positive correlations between age, possession of physical resources and attitude towards the industries, we could conclude that there was a tendency among the older people to have more physical resources, a more positive attitude towards the industries and to give more priority to the industries. Partly, our discussion in the above section has illustrated and discussed these findings, and in the following paragraphs we attempt further to discuss the findings with the support of our field observations.

As indicated by Encik Ibrahim Ismail's case (presented above), the inability of the young entrepreneurs to derive good income from the industries could be one of the main reasons why the majority of them give less priority to their enterprises. Most of them have other occupations to support their family. As has been discussed earlier, the low income they received from the industries was caused by their limited physical resources and also limited skills. As a result they showed a negative attitude towards the industries.

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<sup>21</sup> By the concept priority we mean the extent that the industries were given privilege in the entrepreneurs' daily life. It was indicated by the time allocation to the industries (part-time or full-time activity, hours spent on the industries, and so on). Based on the indicators, we considered that all the batik producers had given their priority to the industries, thus in this section we do not intend to discuss them. Our focus is on the silverware entrepreneurs.

This negative attitude in turn might have explained why they have given a low priority to the industries relative to other forms of economic activity.

However, we must bear in mind that the availability of suitable occupations outside the industries such as in agriculture and other sectors has also attracted them to spend some of their time on those activities in order to earn more income. Due to their relatively young age they were more mobile and could work far from their village, especially in Kota Bharu which is only about six miles away. Working part-time as a silversmith is possible since the work could be performed at night, or during their free time. Thus, these could also become the reasons for the low priority given to the industries, particularly among the younger workers. Encik Ibrahim Ismail (mentioned above) could exemplify these part-time entrepreneurs.

Nonetheless, there was a particular case, i.e. a part-time silverware entrepreneur who indicated that he has saved some money earned from his occupation as a taxi-driver to be invested in his silverware enterprise. He was Encik Jamil Abu, a thirty year old part-time silversmith. He told us his plan:

"I am interested in this silvercrafting (*pertukangan perak*)... I have the intention to enlarge this small business of mine. When I have enough money I think I will renovate part of my house to accommodate my workshop...Only then will I invite two or three people to work with me...Actually I am tired of working as a taxi driver..."

Encik Jamil was one of those potential entrepreneurs who could save the industry from declining.

On the other hand, there were also some discouraging incidences where there were several young entrepreneurs who had abandoned their industries after getting more secure jobs. We were able to identify one of them, i.e. Encik Osman Azhar, a young ex-entrepreneur who indicated that, even though he was a skilled craftsman, he was satisfied with his new job as a lorry driver because the job gave him better income than if he had stayed as a silverware entrepreneur. To us, he expressed his grievance:

"As a new young artisan who attempted to venture into the silverware business, I only received few orders from the customers. You know, the survival (*hidup atau mati*) of our enterprise is greatly dependent on whether

there is a demand for the item you produce. But the customers are choosy (*memilih*); they believe that items produced by the older mastercraftsmen are much better in quality and designs. I don't think it is true. They always deny our skills... It is difficult to earn income (*cari makan*) from the industry." <sup>22</sup>

The relatively small income received from the industries, and the changing consumption patterns have caused unhappiness towards the industry. Thus, unless there is an alternative channel that markets the products particularly produced by younger entrepreneurs, it is postulated that there will be less interest among the prospective younger entrepreneurs to get involved in the business. Encik Osman has indicated that he might consider re-establishing his enterprise if the demand and market were assured. Nonetheless, we must realise that on the one hand this competition between the older and the younger entrepreneurs was in fact favourable. It at least motivates the entrepreneurs to produce better quality products. Through competition the younger entrepreneurs can improve their skills, and thus could increase the confidence of the customers in them.

On the other hand, it is found that the significant contribution of the enterprises towards the livelihood of the entrepreneurs (particularly in terms of income) is one of the main reasons that the older entrepreneurs have given priority to their enterprises. However, old age is another main reason. In terms of income (livelihood), the majority of older entrepreneurs have confidence in the industry to provide their main source of income. No one among them has mentioned that they were looking for other alternative jobs, or have other part-time jobs. Due to old age, the older entrepreneurs felt that it was unwise to switch to a new job because it could disrupt their working career which has been established for many years. Moreover, they have become used to handicraft work, and they would thus not easily barter their work with other kind of occupations which they are not familiar with. This was what Encik Razali has indicated. He said:

"What more do I want!...When you are old just like me, it is better to concentrate on your work...I can't afford to have another job now, or to switch jobs. I think it is too late for me to look for other jobs. It is better for me to just concentrate my effort on this workshop...I am happy with my

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<sup>22</sup> However, one customer (middleman) has a different view. To give an order to the part-time silversmith is actually a problem, since he does not concentrate on the job, thus takes a longer time to finish the product.

children who sometimes contribute to the household expenditure (*perbelanjaan keluarga*)."

Thus, the more stable enterprises, job satisfaction, and feeling that they have "sufficient" income for family expenditure were among the factors that contributed to the propensity of the older craft entrepreneurs to give priority to their enterprises. Nevertheless, being silversmiths, they could perform their craftwork at their home, and the nature of the job itself does not actually require much energy.

However, although there was a tendency for the older entrepreneurs to give priority to the industries, and they also believed that the industries were functional, only a small number of them have the intention to encourage their children to get involved as handicraft entrepreneurs. There were only a few cases in our study which indicated that the industries under study were inherited from their predecessors (2 cases in silverware industries and 9 cases in batik industries). Furthermore, there were only 10 producers (17.9 percent) of silverware and 23 producers (28 percent) of batik who believed that their children will inherit their business because they have shown their interest in the industries, whereby they wished their children to carry on their business. The majority of the entrepreneurs did not have any intention to pass the business on to their children, because they believed that the industries are undependable (offer low income), have no future prospects, and are too small to be inherited.

However, there were some basic reasons which underpin this issue. Generally, the industries were not attractive to the younger generation; most probably because these children have little opportunity to work at their fathers' workshops (except occasionally), in which most of their time was spent at school (i.e. a compulsory schooling). From our fieldwork, seldom did we see the entrepreneurs' children attempting to learn the skills of the crafts, even during the weekends. Moreover, where competition in education is high, these entrepreneurs preferred their children to pay more attention on their studies; and there were instances where they sent their children to boarding schools. Furthermore, through their schooling the children have normally accepted the notion that white collar

jobs are better than jobs in the handicraft industries. Even after completing their schooling, the entrepreneurs wished their children to find other jobs with better pay and prospects for advancement.

In the long term this phenomenon will have a negative consequence on the development of the industries unless action is taken (for instance within the system of education) to tackle this problem.

Our second discussion attempts to focus on the extent to which the priority given to the industries could affect the development of agriculture, and vice versa. Although there are no quantitative data to provide the basis for this discussion, during our field work we pointed out several questions to the entrepreneurs related to the effect of the development of each sector on the other.

One of our case persons was Encik Halim Hashim, whom we consider as a "successful" silversmith. He has five acres of padi-land (*sawah padi*), in which 2 acres were tended by his family (wife and sons), and the other 3 acres were rented to other farmers.<sup>23</sup> For his career, Encik Halim concentrated on his silvercraft workshop, working with his workers.<sup>24</sup> However, occasionally he helped his family in the fields, particularly during harvest season. Encik Halim, did not totally agree that his priority given to his enterprise would cause him to neglect his agricultural land. He stressed that the application of modern technology in rice-cultivation has made the work in the industry more convenient. This has freed him from the work in the rice field, and allows him to concentrate on his enterprise. He has this argument:

"By concentrating on their business it does not mean that silversmiths leave their land idle. There are people who need land. As I told you I rent my land to other people. No Kelantanese would like to become jobless. It is a shame

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23 There was a tendency that those successful silversmiths (i.e. have stable enterprises) were among the landlords in the village. The profit from the business normally is saved for the investment in buying land. They believed that land is a fixed asset, which is more profitable than investing in business which is quite risky.

24 It is interesting to note that his sons preferred to work in the rice-field for the reasons that they were not interested with the craftwork. One of them however, was waiting for an interview at one of the government office sat Kota Bharu. Encik Hashim mentioned that he has no intention to leave his business to his son, instead he intends to give them the opportunity to choose their own career.



when you don't work... There is actually a division of labour in this village, there are people who work in the field and those who do not. Actually there is no question of whether the higher priority we put on the industries could jeopardise the development of agriculture. There are other people who want to work in the field. If the agriculture is not successful, it is nothing to do with the industry. We see that now we cultivate rice twice a year (double cropping). We have no problem, everything is done by machine."

However, it was a fact according to Halim that the villagers have the tendency to leave their land and look for other non-farm or off-farm employment. Among the reasons was that padi planting was not a profitable occupation despite modern infrastructure (such as irrigation, mechanisation etc.) being injected into the sector. The availability of non-farm employment has forced these farmers into waged occupations. Meanwhile, there were instances where farmers have converted their sawah to more profitable tobacco-growing.

From our second case we found the following facts about padi cultivation. He was Encik Jaafar (the trainer of silver handicrafts at the co-operative), who himself was also a full-time silversmith. He has one and half acres of land, and another one acre was rented from another villager. His family was responsible for looking after the land. He said:

"Frankly speaking, working as a padi-grower is not a profitable job, unless we have a large area of land. If you asked other farmers they will say the same thing, I am sure. I am confident they will leave the land if they have better choice. But you know it is difficult to use our land for other cultivation, except tobacco. The government will not allow it. They have spent a lot of money on this Kemubu irrigation project...Growing rice is actually a tradition and not because it is profitable. If we calculate the cost and the money we receive, it's worth nothing. That is why many people turn to other jobs. ...Like myself, my family can not depend on the income from rice-growing alone; the return is small and we have to wait for four to five months or more to get the return. During these months we have to depend on my income as a craftsman."

The link between agriculture and craft production seems to have a two-way effect (however, it was not statistically proven). Although the modernisation of the agricultural sector (i.e. through mechanisation) as postulated by Encik Halim could contribute to the development of the industries, however, through our informal interviews we found that there were craftworkers (even entrepreneurs), who have indicated that they would leave

their craftwork for a while for agricultural work (despite the availability of postulated modern technology), particularly during land preparation, transplanting, harvesting and threshing. The instability of the labour force in the craft industries has caused difficulties for the entrepreneurs (who depend on the workers/rural labourers) to expand their industries (in terms of sales), or even to make the decision to produce more. On the other hand, there were instances where farmers (i.e. who have children working in the handicraft industries) complained that they did not have any intention to cultivate rice twice a year because their children were not interested to help them in the field, but instead they preferred to work in the industries.

From the above illustrations, we could develop several hypotheses related to the link between agriculture and craft production: (i) the lower profitability of the agricultural sector (particularly padi-growing), despite its modernisation, has caused some people to leave the sector to look for non-farm employment (craft work was one source); (ii) the modernisation of the agricultural sector (i.e. the using of modern technology) has freed some of the agricultural labourers (i.e. farmers); thus the development of the handicraft industry becomes possible due to the availability of labourers; and (iii) the development of the handicraft industries could affect the development of the agricultural sector, unless the latter is already modernised; even then, it may have a negative influence.

To sum up, the lower priority given to the industries could become an obstacle to the future development of the industries under study. Thus, in order to encourage the greater prioritisation of the industries, particularly among the younger entrepreneurs, the factors associated with this problem, such as the lack of physical resources and the lack of demand for their products (inter-related factors) should be solved. Our study also postulates that the situation in which the entrepreneurs were not interested in encouraging their children to get involved in the handicraft industries could have long term negative consequences towards the development of the industries. Finally, there were both "positive" and "negative" links between craft production and agriculture. Thus, there

should be a practical policy to ensure that the development of both sectors is complementary, where the development of one sector could be of benefit to the other.

#### **5.4.5. Attitudes towards development and willingness to participate in the development of the industries**

In Kampong Morak, Encik Talib bin Jusoh, a 52 year old silversmith conveyed his opinion on the development of the silverware industry:

"...I believe that the silverware industry should be developed. I think everybody has the same opinion as me. When the business is large more people will get the benefits... But, I don't agree with other people's idea that machines must be used in the development of the silverware industry ... It is actually not a question of us rejecting the use of machines. There are two large machines located in the co-operative. We have been using them almost every day. We use machines, (but) only in the initial process... We are talking about a handicraft industry!... I do not think machines can replace our handskill and can do the job.... There should be many other ways to develop the industry and not only focusing on the use of modern machines. In other industries machines might be needed, but not in this (i.e. silverware) handicraft industry."

Although 98 percent of the entrepreneurs agreed that the development of their industries should be encouraged, however, at least from Encik Talib's opinion we could derive that there is a variation in entrepreneurs' attitude towards the ways in which their enterprises should be developed. Thus, in this section we attempt to discuss the factors that underpin this variation with the help of the statistical findings and observations from the fieldwork.

We attempt to discuss the attitude towards development and willingness to participate in the development simultaneously, since these two issues are very closely related. Statistically, the correlations between attitude and willingness are  $r=.93$  in the silverware industry and  $r=.92$  in the batik industry (i.e. the higher the level of attitude towards development the higher the level of willingness to participate in the development of the industries, and vice versa).

Before we advance our discussion we present the findings of the analyses. The findings of the path-analyses show that 96 percent and 92 percent of variation/change in the attitudes towards development of the industries among the silverware and batik

entrepreneurs respectively are explained by variations in the variables selected.<sup>25</sup> Specifically, in the silverware industries the variation in the entrepreneurs' attitude towards development is significantly explained by age ( $p=-.94$ ); whereas in the batik industries the variation is significantly explained by age ( $p=-1.05$ ), and the possession of physical resources ( $p=-.23$ ) (we will summarise these findings later).

Meanwhile, from the path diagrams we also find that in the silverware industry 92 percent ( $R^2=.92$ ) and in the batik industry 95 percent ( $R^2=.95$ ) of the variations in the entrepreneurs' willingness to participate in the development of the industries is explained by the factors on its left. We safely derive that these "sub-models" are very successful. Specifically, in the silverware industry willingness is principally explained by age ( $p=-.75$ ), the availability of physical resources ( $p=-.12$ ), and level of entrepreneurship ( $p=.25$ ). In the batik industry it is explained by age ( $p=-.82$ ) and attitude towards development ( $p=.26$ ). Additionally, the willingness to participate in development has contributed significantly in the explanation of the state of the development of both industries ( $p=-.45$  in the silverware industry and  $p=-.81$  in the batik industry).

The findings of the analyses of the entrepreneurs' attitudes and willingness could be summarised thus: the younger entrepreneurs, despite having limited physical resources, have the tendency to have a more favourable attitude towards the development of the industries and were more willing to participate in their development than the older entrepreneurs. However, as has been discussed in the earlier chapter there was a tendency that the majority of the entrepreneurs were unfavourably disposed and unwilling to participate in the modernisation of their industries; rather they were favourably disposed towards developing their enterprises gradually.

Thus, the above findings raise two main questions: (i) why are the older entrepreneurs, despite having better physical resources, giving a high priority to the industries, and having a positive attitude towards the industries, showing a less

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<sup>25</sup> Based on these high percentages we could conclude that the models (or sub-models) where the attitude towards development becomes the "dependent" variable, are powerful or successful in that their variations are greatly explained by factors selected (i.e. those variables on the left).

favourable attitude towards development and a lower degree of willingness to participate in the development of the industries than the younger entrepreneurs? And (ii) why do the majority of entrepreneurs not prefer the modernisation of the enterprise; but prefer instead a more gradual form of development? In the following paragraphs we attempt to discuss the factors that underpin these attitudes and degrees of willingness, supported by our data and field observations.

It is frequently postulated that old people are conservative and traditionalistic; meanwhile, by virtue of their relatively young age, better education, and greater energy, the younger people are considered more progressive and modernistic. This is not always true of course: as has been discussed earlier, the younger entrepreneurs have shown a less favourable attitude towards the industries because they believe them to be incapable of giving them a profitable return. Thus, they claimed that the industries should be developed into more profitable ones. This notion is expressed by Encik Ishak bin Mamat who said:

"...this kind of business (i.e. small and using traditional methods etc) is just enough to support my family. The return is small. I think, that is the main reason why many artisans have left their business and found other jobs. I don't think it is because they refuse to work as craftsmen. If the business was large enough and more profitable I think everyone would like to stay. I feel that the time has arrived for change in the industry, from using traditional methods to "much better" ones...I think the government should give more attention to this handicraft industry."

Having a small enterprise with two workers, and being dependent on middlemen for working capital, Encik Ishak seriously indicated that he needed a sizeable injection of capital in order to develop his enterprise. He added:

"The small range of goods we produce is not because we are not interested in the industry, or are lazy. We work hard, even sometimes I have to spend the night working in my workshop... When this business is your source of livelihood (*rezeki*), you cannot relax. You must make it more profitable...I intend to employ one or two more workers to help me. But I have no *modal* (capital). If I can secure a sizeable loan to enable me to expand my business, I would be happy." <sup>26</sup>

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It is anticipated that Encik Ishak's eagerness to develop his business came after his visits to several "modern" handicraft enterprises found in other states. Occasionally, the committee of the Co-operative of Rural Industry of Kampong Morak has organised trips or visits to several handicraft enterprises (especially silverware enterprises) particularly those located in or near Kuala Lumpur. One of the aims of the visits, according to Encik Hassan bin Mat Jusoh, is to expose

There were entrepreneurs, like Encik Ishak Mamat (a young entrepreneur) who were eager to change. The adherence to traditional methods of production that result in low productivity was not because they were resistant to change or unwilling to accept modernisation. As Encik Ishak has indicated from his conversation, there were other reasons such as lack of capital, unavailability of modern technology, and restricted marketing facilities. They were willing to work hard and have a positive attitude towards development. In a society, such as in Kelantan, where hard work is positively valued, we could find for instance farmers spending long hours in the rice fields, fishermen at sea, and craftsmen at their workshops, all showing that they are serious about their work. This might also explain the fact that in certain cases the returns from their work are so small that they have to work long hours simply to get by. Furthermore, as Muslims they believed that *rezeki*<sup>27</sup> is destined by the will of Allah. However, one should make an *ikhtiar* (make an effort) to achieve success. It requires them to struggle and persevere to achieve success and not to give up at the first sign of failure. The need for a brick house, a motorcycle or a car, sending children to school or even to make a pilgrimage to Mecca were some objectives frequently mentioned by entrepreneurs that motivate them to work harder and focus seriously on their business. As one entrepreneur claimed, the search for wealth and material gains is not incompatible with Islam. The pilgrimage to Mecca, for instance, as one of the basic tenets in Islam, motivates them to achieve the religio-economic goal of becoming prosperous, thereby enabling them to go to the Holy Land. Of material things, the house and the land are the most highly valued material possessions. This wealth could be obtained, among others, through careful spending or thrift.

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27 the entrepreneurs and workers to the relatively "modern" technology. Most of them who joined the visits, particularly the younger entrepreneurs, claimed that they have benefited from the visits. For instance, Encik Hassan claimed that mostly the younger entrepreneurs have shown some signs of positive attitude towards the development of the industry.  
The concept of *rezeki* approximately means economic destiny.

A more appealing view and opinion on how to develop the (silverware) industry came from Encik Hassan bin Mat Jusoh, a secretary of the Co-operative of Rural Industry of Kampong Morak. He said:

"...I have always given an opinion during the meeting (i.e. the committee meeting) that our small workshops in this village should be converted into one factory (*kilang*). In the *kilang*, all the craftsmen (i.e. entrepreneurs and workers) can work together. We can divide the work, and can specialise in certain work (i.e. he meant division of labour). We can use machines, and the cost we can share together. The *kilang* should be organised as other big *kilang*...I think my idea is workable because we have the co-operative that could unite us."

Being a secretary of the Co-operative, the 41 year-old Encik Hassan (who owned a workshop with 4 workers) has the opportunity to make contact with sources of innovation (such as government agencies). Like Encik Ishak, he has also shown his future orientation: being ready for new experiences, having faith on modern technology, and always looking for new ideas to develop the industry. These are among the persons who have the dignity of their industry, and have faith that by being a modern craftsman one could also become successful in life. These were entrepreneurs who were willing to make certain sacrifices in order to make their enterprises more profitable.

On the other hand, there were entrepreneurs who have different views. Haji Bakri Ahmad, a silverware entrepreneur in his middle 60's, gave different opinions when he was provoked with the idea of modernisation of the industry. He said:

"I do not blame the younger people for being very eager to enlarge their business. They are young and have more energy. To the older people like me, to increase productivity, to do more work is actually a burden. We do not have enough energy (*tenaga*). It is easy to say, increase this and increase that (i.e. referring to the statements from our questionnaire), but when we face the reality, actually we can't afford to handle that. We are old, we need time to rest. It does not mean that we refuse more income... We have spent so many years working, and now the time has come to live "meaningfully". It is meaningless to have more money if your are unhealthy...We do what we can afford to do."

Although his opinion might be atypical, however it may represent the idea and opinion of other entrepreneurs, particularly the older ones, who were less favourably disposed towards the development of the industry and were less willing to make certain sacrifices for its development due to the personal reasons. He represented the person who

is unwilling to disregard the "pleasure of life" for more economic profit. It appeared that Encik Bakri was happy with the existing nature of his enterprise (a small workshop with 2 workers). To increase productivity, market, range of products, reliance on borrowing money, and size, according to him is beyond his means and inclination too. These changes demanded his time and energy which he was unable to spare, maybe due to the virtue of his age; even though he has the resources (capital) to do so. With his children living away from the village, he has nobody to help him, except his wife. He normally spent his free time on social and religious activities.<sup>28</sup> Furthermore, his position as a *penolong imam* (assistant *imam*, or religious leader) of the mosque in the village has made him preoccupied. During his free time particularly in the evening he voluntarily helped the *imam* to teach the village children to learn to read the Koran at the mosque. He claimed his involvement in the village social activities made him happy.

Meanwhile, there were cases where, besides personal preference not to develop or change (because of personal reasons such as being too old to expend more time and energy), immediate economic difficulties may also underpin the less favourable attitude towards development and an unwillingness to make certain sacrifices in the interests of "development". For instance, Encik Ramli Awang, an old, experienced craftsman claimed that:

"...If we put in more investment it means that we have to work harder, spare more time and concentrate more on the business. We realise that we are old, we can't afford to do that. But I do not mind if the return is good and if it is more profitable...I think every one has the intention to expand his business. Expansion means we get more money; But, there is no point to expand if the problems are still there. No point to talk about employing new machines, when there is no effort to improve the market, demand, and the supply of raw materials."

There were entrepreneurs, such as Encik Ramli Awang, who believed that the market for the product is too small to justify the development of the industries. Hard work, high aspiration and motivation are not enough to stimulate economically productive

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<sup>28</sup> Later we found that Encik Bakri was a quite well-to-do villager (according to the local village standard). He owns several acres of land which were rented to other villagers. His two sons were working in government departments, and sending him money every month. With more than enough money for his family (himself and his wife), he rather preferred to spend some of his time on other social and personal activities.



behaviour unless supported by other structural/external factors. To some extent these factors, such as the availability of a market, demand, raw materials, and credit facilities provide the setting to which the entrepreneurs responded. The limited availability of these factors may be traceable to poor productivity, low quality of products and low margin of profit of the entrepreneurs' enterprises. As a consequences, the entrepreneurs adopted an unfavourable attitude towards the development of their enterprises and were generally unwilling to take part in the development of the industries.

Although there were quite a number of support agencies (such as MHDC, MARA, SIRIM etc.) that serve the development needs of the industries, however many entrepreneurs claimed that most of their activities and programmes are generalised and do not specifically address the needs of cottage industries. Moreover, the problem of these enterprises' access to developmental resources from the support institutions is compounded by the fact that most of them do not have sufficient outreach programmes; instead they explicitly expect the entrepreneurs or producers to come to them. For instance, only 32 entrepreneurs indicated that they had received assistance from the support agencies (in the form of capital and technology) whereas the rest (108 entrepreneurs) said they had never received any assistance. However, most of those who received some assistance were younger entrepreneurs who were making a start in business. As one older entrepreneur claimed, the institutions were likely to focus more on the young entrepreneurs than the older ones. However, we must bear in mind that the younger entrepreneurs were also more active than the older entrepreneurs in seeking opportunities in order to develop their business.

Our second focus in the discussion is on the question of why generally the entrepreneurs were unfavourably disposed towards the modernisation<sup>29</sup> of the industries,

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<sup>29</sup> For the purpose of this discussion three kinds of technology are distinguished: (i) the modern, capital intensive technology, where minimum capacities of individual productive units are high; (ii) the primitive technology as represented by the methods of production of the traditional craftsmen; very little capital is employed and the process of production is highly labour intensive; and (iii) a modern "intermediate" technology that in many fields of production does not exist (but in some could possibly be developed); this technology is modern in that it is on up to date levels of technical advancement but is much more labour intensive than the capital

but were instead more favourably disposed towards the gradualist development of their industries? To modernise the handicraft industries to its extreme, as Nolten and Tempelman believe, a change in their traditional character cannot be avoided; such a change involves the use of machinery, and introduction of new designs and techniques.<sup>30</sup> However as our study indicates these kinds of changes were not always accepted by the producers. In the handicraft industries it seems that the old/traditional technologies still persist. Thus, it raises a question as to why the majority of the entrepreneurs looked unfavourably on the use of machines in handicrafts production.<sup>31</sup> A summary of the entrepreneurs' attitudes towards the effects of employing machines in their enterprises was presented in Table 5.3 (see Chapter 5). The data show that they have no doubt that the application of machines could save time and energy and could also increase productivity. Nonetheless, as the data indicate, generally the application of machines was perceived negatively by the entrepreneurs (please refer also to our previous discussions in Chapter 5). We attempt to discuss these attitudes further below.

These negative attitude towards the effect of machines could be deduced from the opinions given by Encik Nik Ariff Hussain, a batik entrepreneur:

"You know...the reputation of batik as a unique cloth or dress is ruined by machine-printed batik. The producers flood the market with this kind of cheap batik. But, this is not batik. They use no wax. It is the wax process that gives it the right to be called batik....And hand-made batik is more valued and expensive than the machine-made ones. It has a depth and richness that is absent in machine-made batik..."

Meanwhile Encik Mohd. Yunus, a silverware entrepreneur gave his opinion:

"Actually I am not opposing the use of machines. Even now we are using them, but to a limited extent...No machines can perform the intricate tasks that our hands can. I am not talking about the future; there might be machines which could replace our handskills...But today if there were machines to do the work, I would feel "uncomfortable" (*tak berapa setuju*),

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30 intensive technology of the first category which is labour saving. This technology has an intermediate position between the two others in respect to labour productivity. Marleen Nolten and Gert- Jan Tempelman, 'Handicrafts as a means for rural development: a case study from Pahang, Peninsular Malaysia,' in *Malaysian Journal of Tropical Geography*, Vol. 13, June, 1986, p.45.

31 However, in other technological fields change is noticeable in the use of modern machinery such as the use of tractors in padi areas and power propulsion for fishing which has made it possible for fishermen to adopt net fishing. It seems that the rural people accommodate to these innovations rather easily.

because our skills would become idle, and our traditional culture and skills will be lost forever...I still believe that the uniqueness of our products is that they are made by hand. If they are made by machine, I don't think they could be considered as handicrafts (*kraftangan*). People (i.e. customers) appreciate hand-made crafts more than machine-made crafts...The good name of kampong Morak as a silvercraft village will be lost if people start to use machines totally in producing the silverware..."

The decision to mechanise production does not warrant easy support from the entrepreneurs because of the tug-of-war between preservation of the very essence of handicraft, viz. its hand-made quality, and the need of volume production (i.e. more profits). There was a feeling that the machines were seen as incompatible with the entrepreneurs' need to preserve the cultural and aesthetic value of the products they produced. The machine is believed to be incapable of producing an item with elaborate designs. Each hand-made item is believed to be unique. They also recognised the value of hand-made craft products on the market. The use of machines would reduce the novelty and image of the craft resulting in a loss of markets. Meanwhile, as indicated by Encik Yunus, the use of machinery would be harmful to the popularity of the village as the centre for hand-made silverware, a reputation which allows entrepreneurs to ask for better prices.

Nonetheless, these factors are not exhaustive. Encik Nik Ariff Hussain disclosed some other factors. The employment of the machines would help to raise production; however when the market (or demand) is still limited, it would cause overstocking of the products; and while the products are marketed the entrepreneur has to find other sources of income to support his family. The small volume of production (employing manual labour) with a regular market, although it is small, is thus preferred. He pointed to what had happened in the bamboocraft industry where there were cases in which the machines for making bamboo lath/strip (which were given free by the government in its rural industrial project) were not utilised efficiently by the producers for the same reason. As a result, some machines became idle. When the machine broke down the cost of repairing it was too high for them to bear. As a consequence the producers re-employed manual labour as before.

Moreover, the construction of a major plant may strain technical and financial resources. Modern techniques involve production on a relatively vast scale, thus it is impossible to build a small-scale cottage enterprise if large machines are employed. The employment of machines demands relatively more investment. As Encik Nik Ariff postulated, it will deny the involvement of those with a small amount of capital in the industry. While the capital was scarce, the industry will be controlled by those who have more capital, and thus it is only of benefit to a few. Furthermore, particularly among the pious Muslim entrepreneurs, they believed that borrowing money with interest is religiously prohibited, resulting in their unwillingness to borrowing money for investment in their enterprises. Nonetheless, if such mechanised capital intensive enterprises are created, the competition may put home-based entrepreneurs out of business.

The investment in new technology or machines usually produces only a very small increase in employment if any. Highly capital-intensive production methods could only employ a small number of skilled workers and have little effect on the traditional ways of the masses of people. Furthermore, as Encik Nik Arif anticipated, those skilled artisans who work well with traditional equipment and tools may not be able to become efficient operators of modern machinery, since the new machines need different kinds of skills. The new kind of training is needed. As he said:

"If the new machine or technology is introduced in the industry, we are the first victims. For sure, our skill is likely to decline. We have to work as factory workers; as an operator of modern machines. We must work regularly, not as "freely" as we wish. We must follow the instruction and rules of the machine; I think we are just like technicians or mechanics in the factory, but not as an artist...To employ machines means that we have to change not only our skills but also other aspects of the business;... even our daily activities."

The change into more mechanised processes of production would also affect other facets of the enterprises. To operate new machines, new skills must be taught and new managerial methods must be adopted. The changes must also be accompanied by the changes in marketing facilities, wholesaling and retailing and storage. Furthermore, there is a need of formalised methods of supervision, complex decision-making, financial

control, and systematic accounting. Thus, we could expect that the benefits from mechanisation will depend largely on the ability of the entrepreneurs to cope with these abrupt changes. As in the case of Encik Wahi bin Ghazali,<sup>32</sup> he claimed that even though the improved equipment and machines have increased the volume of production, however, additional working capital as well as markets have to be found, and an adequate supply of raw materials must be ensured. In addition, he has to give increasing attention to the problem of maintenance and repair. To deal with these problems efficiently, he could no longer rely simply on his memory or on rule of thumb methods to keep track of all transactions in his business. He has to undertake/introduce some record keeping, including a simple cost accounting system, in order to enable him to assess the performance of the business. This has created substantial amounts of work, and demanded more time and knowledge.

Particularly to those older entrepreneurs and those who have no backgrounds of formal training (especially managerial training), the kind of changes were seen as a disturbance to their daily life. Moreover, the changes demand more time and work from the entrepreneurs, thus less time will be spent on leisure, social interaction, recreation and other activities.

Meanwhile, the introduction of factory-system enterprise (capital-intensive and mechanised) was anticipated as disruptive to the community. For instance, the entrepreneurs expected that the factory system of production could destroy the traditional communal activities and the spirit of co-operation such as *gotong-royong* and *berderau*. Instead these kinds of activities will be carried out by paid labourers. Furthermore, the factory system requires the entrepreneurs to give the full-time involvement and full attention to the enterprises. However, perceiving the business world as risky and not dependable, the entrepreneurs adopted the attitude that it was not sensible to give more

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<sup>32</sup> In certain cases, some appropriate machines are provided by the Government through the Ministry of National and Rural Development. In case of Encik Wahi, he was provided a "roller machine" by the Department of Social Welfare under the Ministry. Normally those operators of cottage industries who are quite successful in their business would apply for the machines under the Government subsidy.

attention to the industry and less to agriculture. To depend only on one source of income, just on business, some entrepreneurs felt insecure because of its uncertainty. Risks and uncertainties are related to different degrees of knowledge about the technology and business condition. The unpredictable demand, the availability or willingness of the workers to continue working, and the consistent supply of raw materials are sources of risks, which are sometimes uncertain. The uncertainties associated with the production of crafts create a strong need among the entrepreneurs for strategies to reduce, shift, spread or share the risks. For instance, the having of more than one job, particularly in agriculture, for the some entrepreneurs was a reflection of the strategy, in which a guaranteed minimum level of consumption security is ensured. On the other hand, there were entrepreneurs who preferred to get involve in the putting-out system of production where the risks of the fluctuation in demand and price of the products, for instance, are to be born by the middleman and not the entrepreneurs (producers). This was expressed by Encik Dahlan Amin, a putting-out entrepreneur:

"...I think it is quite secure to become a producer like me. We do not have to think about business problems (he meant, demand, marketing and so on). There is someone who takes care of marketing our goods. We will produce when he (i.e. the middleman) want us to do so...But I am not going to stay as producer for the middleman forever..."

Meanwhile, if new technology is to be adopted, new kinds of risk will emerge such as the damage of the machine and the inability to repay the loan. Breakdowns are not predictable; unless spare parts and repair facilities are readily available, time can be lost. Moreover, repairs require a very high financial commitment (as experienced by Encik Wahi), which the entrepreneurs may be unable to meet from their own savings; thus forcing them to take additional loans. With their limited managerial skills and entrepreneurship these uncertainties were seen by entrepreneurs as disturbances, and become "excuses" of not adopting new technology.

However, there was another side of the argument from the sources of innovation, the agencies. Encik Ismail Mahmud, an officer at MHDC commented that, because of the generally low level of education, low level of entrepreneurship and limited exposure to

information, these entrepreneurs, particularly the older ones, might be unable to determine their real technological needs, and therefore do not seek technological solutions to their business problems; they make use of only a very limited range of such technologies. He argued that the entrepreneurs' unwillingness resulted mainly from their generally low level of awareness of technological assistance available from the development institutions (such as SIRIM, MARA, and the Ministry), and as such, most entrepreneurs did not consider these institutions as significant sources of technological assistance.

However to such entrepreneurs as Encik Hassan bin Mat Jusoh and Encik Ishak (mentioned above) the adoption of new technology was more preferable. Encik Hassan argued:

"I think by employing new technology is one of the ways to save the craft. Nowadays it is difficult to get workers to get involved in the handicraft industry. They are not interested in the craft. They prefer other jobs. Furthermore the level of truancy (*ponting kerja*) of existing workers is also a problem. I think new technology is an alternative...the old methods are inefficient. I believe that the new technology could decrease the cost and produce better quality products...and there are other advantages...

These entrepreneurs have begun to question the validity of traditional methods of production, and were responsive to new methods that saves time and are more profitable. Nonetheless, the entrepreneurs asserted that it is unlikely that the actual production of silverware or batik will ever be completely mechanised. Even if there is an assembly process, it still cannot be totally mechanised as the human touch will be lost. Thus, they still recognised the importance of preserving the cultural and aesthetic value of the products. They still believed that machines should only be employed when it does not harm these values.

To encapsulate the above discussions, although the majority of the entrepreneurs agreed that the development of the industries should be encouraged, however, it was indicated that the older entrepreneurs tended towards an unfavourable attitude towards development and were generally less willing to participate in development compared to the younger entrepreneurs. Meanwhile, the majority of the entrepreneurs rejected the

application of modern machines in the production process. As has been pointed out, there are several factors that underpin this behaviour/attitude.

Thus we could conclude that, first, there is need of a different approach to development and change for different age groups of entrepreneurs. It seems that government aid, especially in the form of capital, is crucial for those entrepreneurs who have indicated a positive value orientation towards the development of the industry. Additionally, a carefully delineated policy of differential allocation of aid is necessary in order to encourage the "progressive" entrepreneurs (particularly the younger entrepreneurs) in the business. Second, the problem of being less receptive to modern technology could be solved through the introduction of what is termed "intermediate" technology. The technology may still involve traditional techniques but some of the processes can be improved by the use of new methods of processing. For instance the use of a rolling machine in the initial process of silverware production has been widely accepted. However, in the introduction of machines, as our findings indicate, the main constraints were a lack of capital and lack of willingness. Nonetheless, the government through agencies such as MARA could provide credit and also training facilities for the purpose not only of the physical development of the industries but for human resource development as well. Additionally, in introducing machines or other innovations among the handicraft entrepreneurs, conscious efforts need to be directed towards gradual replacement rather than sudden rejection of traditional methods. In the process of introduction it may be necessary first to create an awareness and appropriateness of the machines, and then the machines must be made available, accessible and affordable to the entrepreneurs.

### **5.5. The entrepreneurs and the development of the industries: a summary of findings**

In this section we attempt to present a summary of the findings based on the research hypotheses.



First, the industries in the study area are underdeveloped because they are treated as a secondary or supplementary activity to agriculture or other occupations (hypothesis 1). The findings indicate those entrepreneurs who are involved in the industry as their part-time occupation have a comparatively smaller size of enterprise than those who are involved full-time and have made the enterprises the main source of income.

Second, the industries are underdeveloped because they are underdeveloped: their limited rates of economic return make it unattractive to innovation and investment, which prolongs its underdevelopment (hypothesis 3). The findings indicate that the entrepreneurs were disinclined to invest or to innovate in their enterprises due to the uncertainty of demand for the product (silverware), and/or because the market for the product (in the case of batik) is very competitive. These problems of demand and marketing in turn result in the low rate of economic return.

Third, there are linkages or correlations between the characteristics of the entrepreneurs and the state of the development of their industries (hypothesis 6). The findings indicate that the comparatively more developed industries (in terms of their size) were owned by the older entrepreneurs who have lower levels of education but have more income.

Fourth, there is a link between producers' characteristics and their ability to change in a way which is necessary to modernise the industries (hypothesis 5). The findings show that the older entrepreneurs have a lower tendency or ability to change in terms of their negative attitude towards development and their unwillingness to participate in the development of their enterprises. Meanwhile, even though the younger entrepreneurs have a generally favourable attitude towards development and were more willing to participate in the development, however they have limited physical resources to be invested in the development of their enterprises.

Fifth, the development of the industries will necessitate some disruptions and sacrifices; some entrepreneurs will be unwilling to accept these changes (hypothesis 4).

The findings indicate that, particularly among the older entrepreneurs, the development of the industries was perceived to threaten to disturb their rhythm of life. Furthermore, the introduction of new machines was seen as harmful not only to the product but also to the community's identity and reputation.

Thus it can be seen that, on the basis of the quantitative and qualitative analysis presented in this chapter, it is possible generally to support the hypotheses which were posed at the commencement of this thesis, and which provided the basis for our enquiry. In the following chapters we will examine the constraints and potential facing the development of the handicraft industries under investigation from a fresh perspective by assessing the attitudes, attributes and ability of handicraft workers and non-participants to make a contribution to rural industrial development in the future.

## CHAPTER 6

### THE COMMITMENT OF THE CRAFTWORKERS TOWARDS THE DEVELOPMENT OF THE HANDICRAFT INDUSTRIES

#### 6.1. Introduction

In this chapter we attempt to discuss constraints and potential in the development of the handicraft industries under study from the craftworkers' perspective. Two main themes become the main focus of this chapter: the willingness of the workers to participate in the development of the industries; and their intention to become entrepreneurs in the future. It is understood that the performance of an industry is partly dependent upon its workers, i.e. their motivation, skills, willingness, attitude, knowledge and so on. In this respect workers have some role to play in the development of the industry.

Meanwhile, it is common that in the handicraft industries most of the entrepreneurs were previously workers who, for several reasons such as the acquisition of skills, enthusiasm, capital or simply having an opportunity, have quit their job and established their own enterprises. In principle, we might argue that the growth of the handicraft industries in future is partly dependent upon the tendency of the today's craftworkers to make this transition to become the entrepreneurs or producers of the future.<sup>1</sup> Meanwhile, the creation of more and better entrepreneurs is important to the future of the industries, i.e. for their continuity, dynamism, contribution, and so on. Meanwhile, it is apparent that the government, through its agencies, is seeking to encourage the involvement of rural people in the handicraft business in order to

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<sup>1</sup> Our study has shown that the majority of the entrepreneurs in our study were previously craftworkers employed by others. After acquiring skills and capital they established their own enterprises. Thus, each enterprise is a potential source of future entrepreneurs. However, there are also cases (particularly in the batik industry) where entrepreneurs have never previously worked as craftworkers. They became entrepreneurs directly after acquiring formal training, especially from the Handicraft Corporation. This indicates that formal training is also an important potential source of future entrepreneurs.

alleviate problems associated with employment and income. In relation to this, more rural entrepreneurs are needed in order to accelerate rural development and diversification, as well as to help promote rural industrialisation. Traditionally, the industries provide the training ground for the entrepreneurs of the future. Accordingly, this chapter presents a picture of today's workforce with a view to assessing their potential as the entrepreneurs of the future.

Two main questions are posed in this chapter: (i) what constraints and potential do workers face/pose in the context of the industries' future development? and (ii) do the workers have the potential and inclination to become future entrepreneurs?

### **6.2. The willingness of the craftworkers to participate in the development of the industries**

When we asked his opinion on the development of the industry, Encik Lokman Aman, a silvercraft worker, gave this answer:

"...The factory system is good, no doubt. But I don't think a master craftsmen could work in a disciplined manner as in a factory. I also agree that using machines is good, unless they harm the original quality of the craft ... We know if we work harder or spend more time, the more money we can get. It is no problem for us to do that. The problem is when we produce a lot, who is going to buy our crafts? We produce when people want our goods...I think to develop the industry does not mean that we should work according to time or work as in a factory. I think the development of the industry will be when this industry is bigger, has a larger market, more demand, and we can produce more. It does not mean we should imitate the modern factory. I can't imagine this kind of work (producing silverware) can be done where one does one part and the other people do the other part. It is not proper..."

This view implies that Encik Lokman seems to favour the "evolutionary development" rather than "transformational development" of the industries (see Chapter 5 for discussion of these two concepts). However, his views are not typical; other workers have different preferences for development. In other words, every worker has his or her own preferred model of development for the industry. Thus, we must assume that, if a prescribed model of development does not meet with the preferences of individual workers, it is unlikely that they will want to play a role in this particular mode of

development. These are only assumptions, but they provide the basis of our analysis of the willingness of the craftworkers to participate in the development of the industry.

For the purpose of analysis we should refer back to data/information on the frequency distributions of aspects of development of the industries presented in Table 4.16. in Chapter 4. The data indicate that the workers have various degrees of willingness to participate in the development of the industries in which they responded differently to each statement that represents willingness.<sup>2</sup> Willingness to participate in the development of the industries is expressed in relation to a wide variety of factors. These factors deal with different aspects of the development of the industry. For ease of analysis, these are divided into two, fairly discrete categories: (i) willingness to participate in the "transformational development" of the industries; and (ii) willingness to participate in the "evolutionary development" of the industries.<sup>3</sup>

In the analysis of willingness we employ a path-analysis model and correlation coefficient statistical techniques.<sup>4</sup> The purpose of our analysis is to show the relative contribution of the selected factors in explaining variation in the workers' willingness in regard to transformational and evolutionary development of the industries.

The variables to be included in the analysis are as follows:

- a. willingness to participate in the modernisation/transformation of the industries (PARTTD);
- b. willingness to participate in the gradual/evolutionary development of the industries (PARTED);
- c. attitude towards the development of the industries (ATTDEV);
- d. attitude towards the industries (ATTINDUS);

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<sup>2</sup> A general illustration of the workers' willingness has been presented in Chapter 5.

<sup>3</sup> The concepts of transformation and evolutionary development applied in this Chapter are the same as those discussed in Chapter 5. (please refer to the chapter). In this chapter, the "transformational" category includes willingness to be specialised, use machines, work as in a factory, work according to time specified, and work according to employers' rules; whilst the "evolutionary" category includes willingness to upgrade the skills, do more work, spend more time and give more attention to quality.

<sup>4</sup> These techniques have been discussed in Chapter 6.

- e. perception of the effects of work in the industries (WRKTOTAL);
- f. personal characteristics of the workers (CHCTOTAL);
- g. income from the industry (YINDUS);
- h. level of education of the workers (EDUC); and
- i. age of the workers (AGE).

With the exception of income, age and education, the other variables are composite variables.<sup>5</sup>

In the path analysis models, we have made a prior judgement that the variables are arranged according to the "logic" of a causal relationship. We take age as the first variable in the chain (the explanatory variable). Next come the intermediate variables (education etc.) which finally leads to willingness to participate in the development (the dependent variable or response).<sup>6</sup> However these are only assumed causations which might not yet have been proven by any previous research findings and theories. The results of the analysis are presented in Figures 6.1. and 6.2.<sup>7</sup>

The results reveal that our two models are powerful in that the dependent variable is successfully explained by the variables selected (or the independent variables). Specifically, the selected variables have explained 79 percent ( $R^2=.79$ ) of variation in the craftworkers' willingness to participate in the evolutionary development, and 91 percent ( $R^2=.91$ ) of variation in their willingness to participate in the transformation of the industries. The relationships between variables can also be assessed from the correlation matrix presented (Table 6.1).

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<sup>5</sup> Please refer to the craftworkers questionnaires for details of these composite variables. The illustrations of variables included in the analysis has been presented in Chapter 5.

<sup>6</sup> The analysis of the data itself is not expected to prove causation. However it does estimate the degree of the assumed causation.

<sup>7</sup> We have no intention to make a separate analysis between batik workers and silver workers. Although they have different kinds of work, they have indicated similar trends in relations to the factors that contribute to the explanation of willingness to participate in the development of the industries. However, in certain cases we will present different views between batik and silverware workers.

Figure 6.1

Recursive path-diagram of factors affecting the willingness among the craftworkers to participate in the transformation of the industries

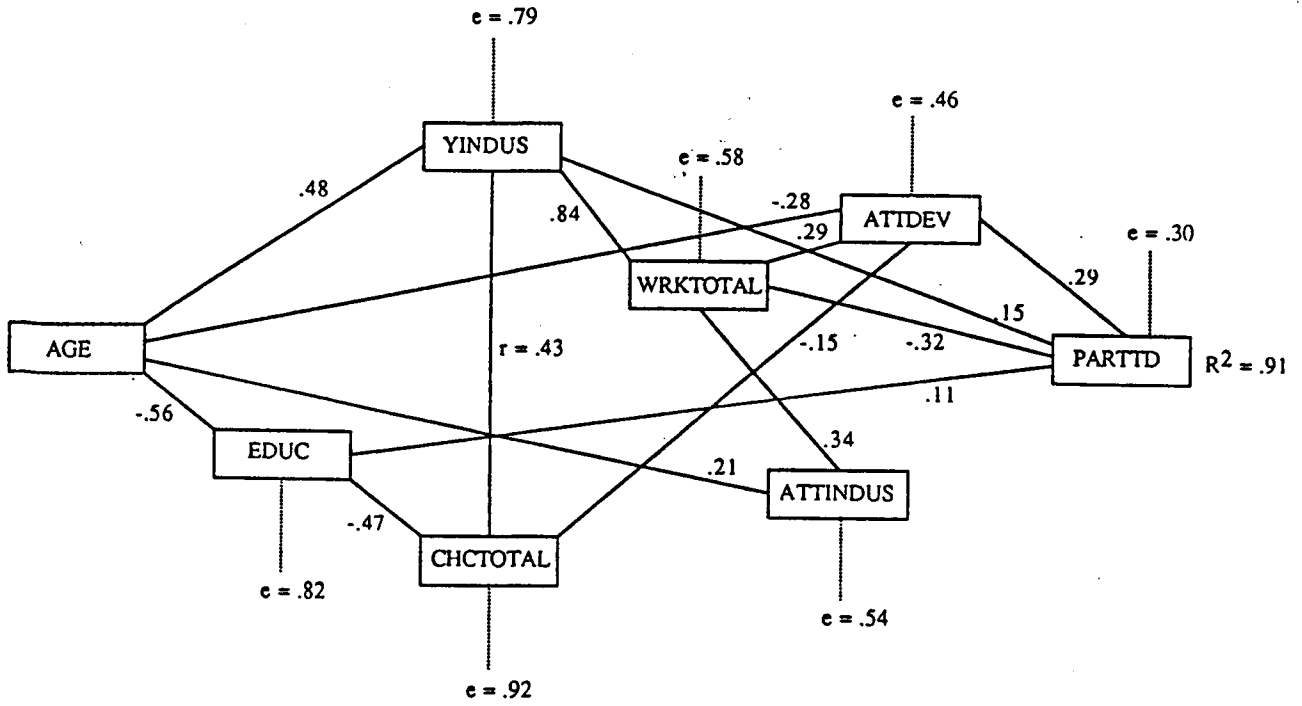
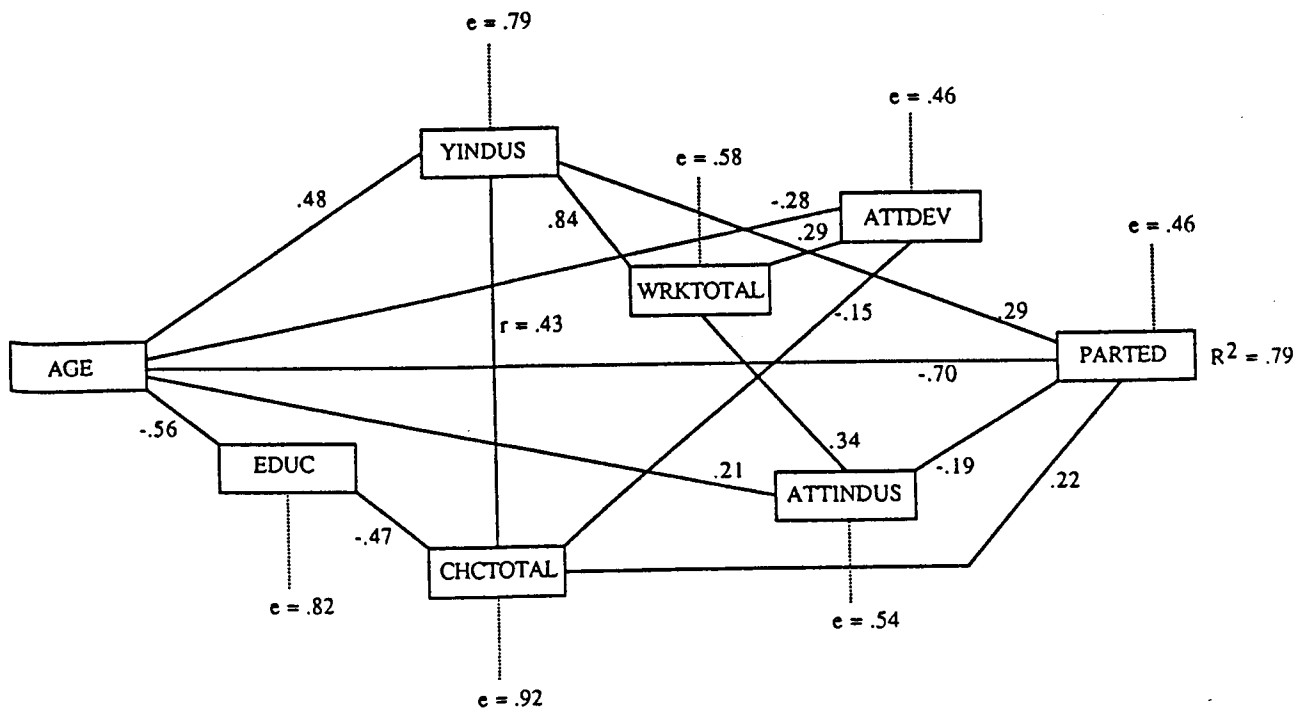


Figure 6.2

Recursive path-diagram of factors affecting the willingness among the craftworkers to participate in the evolutionary development of the industries



**Table 6.1**

**Zero-order correlation coefficients of variables concerning the craftworkers' commitment to the development of the industries (N=100)**

		V1	V2	V3	V4	V5	V6	V7	V8	V9
V1	PARTTD	--								
V2	PARTED	.31	--							
V3	ATTDEV	.83	.62	--						
V4	ATTINDUS	-.75	-.14	-.69	--					
V5	WRKTOTAL	-.87	-.23	-.69	.75	--				
V6	YINDUS	-.89	-.34	-.75	.81	.80	--			
V7	CHCTOTAL	-.42	.31	-.14	.31	.41	.43	--		
V8	EDUC	.58	.46	.63	-.36	-.40	-.46	-.26	--	
V9	AGE	-.55	-.83	-.73	.55	.39	.59	-.08	-.56	--

Rather than systematically examining all components of these two forms of analysis, we shall refer selectively to these findings in our discussion of the willingness of workers to participate in the industries' development. We will further expand our analysis and interpretation by "crosstabulating" willingness to participate in transformational development (PARTTD) and evolutionary development (PARTED) with other background factors or variables (Table 6.2).

The main question which arises from the findings of the analysis is whether the handicraft industries should preserve the traditional way of production on the one hand, or should be transformed into a factory system of production with the application of new machines, on the other. We found that 91 percent of the craftworkers were willing to participate in the evolutionary development of the industries; whereas only 33 percent were willing to participate in their transformational development. These findings imply that the majority of the workers did not prefer the development of their industries to take a form of factory system with specialisation of job functions, specific rules and specific time-keeping (Encik Lokman's views presented above have expressed this unwillingness). In other words the majority of the workers rejected this idea of development. Meanwhile, the majority of them appeared willing to upgrade their skills, work harder and give attention to quality in order to develop the industries.



**Table 6.2**

**The distribution of the craftworkers according to their willingness to participate in the development of the industries, by background variables (N=100)**

Background Variables	Willingness			
	PARTTD Unwilling	PARTTD Willing	PARTED Unwilling	PARTED Willing
<b>1. <u>Industry</u></b>				
Silverware	20	20	-	40
Batik	47	13	9	51
Significance		.00316		.10240
<b>2. <u>Age</u></b>				
17yrs-30yrs	46	33	-	79
31yrs-55yrs	21	-	9	12
Significance		.00030		.00000
<b>3. <u>Income from industry</u></b>				
\$101-\$300	9	28	-	37
\$301-\$700	58	5	9	54
Significance		.00000		.01595
<b>4. <u>Education</u></b>				
Primary	32	4	9	27
Secondary	35	29	-	64
Significance		.00048		.00003
<b>5. <u>Level of skills</u></b>				
Unskilled	6	33	-	39
Semi skilled	25	-	-	25
Skilled	36	-	9	27
Significance		.00000		.00015
<b>6. <u>Formal training</u></b>				
No	44	33	9	68
Yes	23	-	-	23
Significance		.00013		.08566
<b>7. <u>Sex of the workers</u></b>				
Female	14	6	-	20
Male	53	27	9	71
Significance		.74972		.11585
<b>Total</b>	<b>67</b>	<b>33</b>	<b>9</b>	<b>91</b>

There are several main findings that need to be pointed out before we further our discussion. First, there is a significant difference between workers in the silverware industry and the batik industry in terms of PARTTD ( $P < .05$ ) (Table 6.2). The data show that, compared to the silverware workers, the majority of the batik workers were less unwilling to participate in the transformational development of their industry. Second, regardless of age groups the majority of the workers were less willing in relation to PARTTD. However, quite a number of workers in the younger age group were willing in terms of PARTTD (42 percent). On the other hand, the nine persons who were less willing in terms of PARTED were in the older age group. The data imply that, comparatively, workers in the older group were less willing to participate in the development of the industries than the workers in the younger group. This is also supported by the findings of the correlation analysis: the correlation between age and PARTTD is  $r = -.55$ , and between age and PARTED is  $r = -.83$  (which indicates that the older the worker the less willing he or she is to participate in the development process).

Third, the explanation of the relation between age and willingness could also be used to explain the relation between willingness and both education and income, since education and income are closely related to age.<sup>8</sup> Fourth, those who have skills (semi-skilled and skilled workers) were unwilling in terms of PARTTD, whilst those who have no skills were generally willing. Finally, those who have received formal training (23 persons) were less willing in terms of PARTTD than those who have not. There are at least two views from our study that explain why the majority were unwilling to participate in the transformational development of the industries, but were more willing to participate in the evolutionary development: (i) the need to preserve the traditional

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<sup>8</sup> These relations are seen from the correlation coefficients (age and income  $r = .59$ , and age and education  $r = -.56$ ). The positive correlation between age and income indicates that the older workers generally received better pay than the younger workers. Normally the amount of pay received is closely related to skills and amount of items produced. Since normally older workers have skills and are full-time thus they receive better pay than the younger workers. Meanwhile the negative correlation between age and education is understandable where the younger workers have better education than the older workers.

qualities of the crafts, and (ii) the need to preserve the contribution of the traditional cottage industries towards the rhythm of life in the society.

From the above brief illustration of the findings, at least two interrelated questions provide the basis for our discussion: (i) what are the factors that underpin the workers' unwillingness to participate in the transformation of the industries; and (ii) why those who have the mentioned attributes were unwilling to participate in the development of the industries?

In order to elaborate and discuss the findings we refer to our field work. There was a case of an older worker by the name of Encik Zainal, a fifty-two year-old batik stamper (*tukang cap*). He acquired the skills from his previous work in his uncle's batik "factory". He was not only a skilled batik stamper but also had skill in batik drawing (designing). Before becoming a batik worker he was himself a batik small-producer, employing four to five workers. However, due to several problems, as he indicated, such as the lack of capital and some of the workers quitting the factory (*pekerja lari*) he then closed his factory.<sup>9</sup> As an experienced former producer and worker he had this comment to make regarding the modernisation of batik industries,

"I agree my job is heavy. I have to use much of my energy to do this work. However, it is the way it should be done. Not by machine. To change we have to think many things. Not just changing it. How about the traditional skill I have acquired. How about the market. You know that, people prefer *batik buatan tangan* (hand made batik) to *batik buatan mesin* (machine printed batik). The price is also different. We can use machines; but not now, may be in the next twenty years."

As with Encik Zainal, there were artisans who expressed that they learned to manufacture objects not merely for utilitarian purposes but also for symbolic reasons through which they express the artistic element of the crafts. The emotional satisfaction one experiences when he or she has produced an article with artistic and aesthetic value

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<sup>9</sup> There were several cases in our study where the workers were formerly producers themselves. Due to several reasons, particularly lack of capital and problems with workers (since workers tend to quit if they get a better offer elsewhere), they closed their factories. As an alternative they become workers in other factories.

is much more than the monetary return he or she would receive from it. For those silverware artisans, in particular, who are responsible for the total process of production of the article (i.e. with no specialisation of job) and through which the articles are produced mostly not for utilitarian purposes but for cultural symbolism and aesthetic value (ornaments and decorations), the need to preserve the traditional aesthetic and artistic values becomes significant.

It is believed that mass-production with the employment of machines would only diminish the inherited precious skills and the value of the products. Where the traditional skills in craft-manufacture are highly appreciated and preserved, such as in Kelantan, the disappearance of the skills would be considered to be a great loss to the state. Thus, the painstaking process of learning the skills and the pride of having the skills are some of the reasons why only a few skilled workers would be willing to lose their skills and self-esteem in the interest of the modernisation of the industries.

Furthermore, for those who have skills, particularly the older workers, learning the craft was not by formal instruction but rather by means of apprenticeship or indirect learning. It took years for them to acquire such skills. As indicated by Encik Zainal:

"It was a painstaking process to get a skill during those times. Not like to-day where the young people (*orang muda*) can learn it from the Handicraft Corporation."

In such societies where handicraft industries flourish, it is natural for a boy or a girl to pick up some arts of batik making or silvercrafting as part of the growing process. The technical know-how to be learnt and absorbed thus becomes part of the total fabric of life. The concept of being specialised in one particular process of production thus has little application or appeal in this kind of industry.

Furthermore, it might be the fact that those who were skilled workers (regardless of age) were unwilling to participate in the modernisation of the industries, where the modernisation requires a worker to be specialised, use machines, to work as in factory, and so on: this would jeopardise their skills. In such circumstances manual skills will be

largely redundant and under-valued (or so was the belief of the workers who were interviewed for this study).

It is quite surprising that all workers (23 persons) who had received formal training were unwilling to participate in the transformational development of the industries. Normally, formal training is the place where trainees are introduced with new technology and ideas; and thus they are expected to be receptive and have positive attitudes towards the new ideas, innovations and technology. However, this is not the case in our study. The reason that might underpin this situation is that the formal training is closely related to the possession of skills. Thus by having formal training and also skills, a worker, as has been discussed above, tends to be unwilling to participate in the modernisation of the industries.

Furthermore, it is fairly obvious that most of the workers still asserted that the "flexible" environment for the production of crafts should be maintained. This was expressed by Encik Lokman (mentioned above):

"...to produce a quality item takes time. Sometimes we have to get some ideas first. We must not be forced. The item won't be good. We are not always in a good mood for making things (silverware). Sometimes we work at night when we are in a good mood."

Encik Lokman suggested that there were workers who were unwilling to be disciplined, i.e. reluctant to work as in formal organisations which request the co-operation of the workers in terms of working according to regulations and times specified. If there were changes in the conditions of work, they will not be accepted by the majority of the craftworkers, where the changes were seen as disruptive not only to the personal life of the workers but also to the "rhythm of life in the community." For instance, if we visit one of the workshops we could see some workers chatting and gossiping while working; some came to work in the middle of the day; some were sitting down drinking or eating, while we could see one or two workers concentrating on their work. Nonetheless, there are occasions when the demand is good or an order needs to be met urgently, whereby the employers/entrepreneurs would normally keep the pressure on

them to work harder or even work "overtime". However, since most of them are paid by the piece-rate system, in which the amount of money they receive depends on the amount of work they have done or the number of items they have produced, they are likely to work according to their own pace and time.

Although it is normally believed that working in the handicraft industries is free from strict working rules, however this is not the case in the batik industry where the workers have to work according to the work schedule in order for a batik cloth to be produced. Since there are several processes or stages which the batik cloth needs to pass through, where each process of production is done by specific workers, a certain disciplined time schedule must be followed. For instance, the several tasks of making the *tulis batik* such as the outlining of the required design with a wax using *canting*, the applying of colours, the fixing of colours, the removing of wax by boiling and the drying are normally done by different workers. This division of labour in the production process demands a work schedule or arrangement for the workers to follow, which means that workers more or less have to do their work according to a specified time and are dependent upon each other. It is different from work in the silverware industry where each worker is solely responsible for the production of the silverware items from start to finish. Thus it is quite surprising that our study found that the percentage of the batik workers who were unwilling to participate in the modernisation of the industry is higher than the percentage of those silverware workers even though most of the former have become quite used to working under "inflexible" conditions. Table 6.2 show that 92 percent of the batik workers compared to 50 percent of the silverware workers were unwilling to take part in the modernisation of their industries. This again stresses the fact that they, the batik workers, preferred the less rigid conditions of their work.

Meanwhile, the unwillingness to modernise the industries is closely related to the belief or perception that the existing nature of cottage industries represents the best mode of livelihood. According to Encik Zainal, the system of industries (cottage industry) is really accorded to the "nature" of the social structure, economy and culture

of the society. The workers themselves were localised; they work near home or in the vicinity of their home. In other words most of those involved in the industries tend to work in or around their places of residence. To move the work place away from home (i.e. to work in a factory away from home) would create some problems such as transportation.

In other words, working in a cottage industry normally does not impose demands which can upset the pattern of life where the main economic activities are agriculture and fishing. It is common that the craftworkers are also engaged in other economic activities, directly or indirectly. In fact, for some workers their work in the industries is conditioned by their other economic activities. For instance, for Encik Zainal, besides working on the handicrafts, he has also to attend his rice-field, and to help his wife and children (even though he mentioned that working in the industry was his full-time occupation). Thus the formalisation of the industries would only accommodate those generally full-time workers (who have no other occupation) but would deny those part-time workers who normally depend on the industries as a supplementary source of income.

Besides, working in an industry which does not have a highly organised set-up, as in these cottage industries, does not normally interfere with the familial and other social obligations of everyday life such as birth and deaths, weddings, festivals and religious practices. On one occasion during our field work, we found several craftworkers who were not working, but were helping their neighbour to prepare for a wedding ceremony. The preparation took at least three days of their working week: a day before, a day during and a day after. It is only one of several instances where social obligations are more vital than monetary return. In the daily life of a girl who works in the batik industries, for instance, we could discover that her activities are an intermingling of helping their family/mothers to tend the household, such as washing and cooking, and their works in the industries. In fact, one of the problems faced by modern industries/factories (such as the electronics industry) employing rural workers is

that the workers are inclined to take leave to meet their familial and social obligations. Encik Zainal agreed that, according to his experience as a former producer, it is difficult to "discipline" the workers when the industry is not highly organised. However, he kept the faith that the dispositions of these cottage industries should be maintained.

On the other hand, a quite different opinion came from Encik Daud, one of our case persons who we believe has a higher motivation, and sees the modernisation of the industry, with the introduction of new machines and factory system of production, as the most desirable. As a young craftworker in his early 20s who has a Malaysian Certificate of Education (a secondary school certificate) and whose father was also a craftworker, Daud accentuated:

"...I agree one hundred percent if our industries are converted into factories. I really don't mind working as a factory worker, using machines. I think it is more comfortable. We get more income. We can depend on the industry for our future. Our job will be stable. We do not need to go out from this village to work in a factory (he means an electronics factory). I have no problems. I think it is time to modernise the industries..."

We attempted to provoke him by asking this question, "Wouldn't you be afraid of losing your traditional skill of making things and losing the cultural value of the items?" He replied:

"Every body is afraid of loosing his skills. We must sacrifice. The most important thing is our future. It does not mean anything if our income is low. I think nowadays people won't bother much about their traditional skills. What they bother about is how to get more money. If we use machines we do not need any traditional skill."

However, he has also indicated some negative attitudes towards the industry, where he particularly believed that the industry is not able to lift the economy of the artisans, the economic return is not good, and the industry is incapable of lessening the out-migration of the rural youth. Thus, to him the industry should be changed or modernised to become more "progressive" (*maju*) in order to contribute considerably to rural development. He then stressed

"I think all the *belia* (youth) will stay in this village if there is an industry that gives work to them. For example, like this silver industry. I think they will like the work if the skill is easy to acquire. You know, the problem is that the skill is difficult to acquire. It takes time. Only those who are



interested will stay. *Orang-orang muda* (youth) want to get money fast and in the easiest way...I like to stay in this *kampong*. It is my *kampong*; I was born here."

Encik Daud like the majority of the younger workers did not have any access to agricultural employment or other economic activities, and the modernisation of the industries is seen as an alternative way of providing a more stable job and income. With an income of around M\$200.00 a month that he received from his work in the industry owned by his uncle, Daud was expected to support his family (i.e. as the oldest son in the family). His family would like him to stay with them rather than working and staying outside the village. He believed that the modernisation of the industries would bring a more stable job and income.

However, the majority of the workers have no clear idea about the kind of modernisation needed for their industries. For instance, some perceived that there must be a division of labour (specialisation of job); while other workers said they favoured the employment of machines only but no specialisation of work. In the case of Encik Lokman, for instance, he had the conception that the development of the industries only refers to the development in the size of the industry, but the "handmade" nature of the product must be perpetuated. However, we anticipate that this ignorance might be caused by the lack of exposure to the new technologies which were not readily available in their areas. As has been indicated earlier there was no "modern" silverware industry or batik industry employing new technologies in the area of study which could become models. Thus, we must bear in mind that people's perceptions of different industrial models may often be quite far removed from reality.

Lastly, it is interesting to note that the majority of the workers (91 percent) were willing to participate in the gradual development of the industries: to spend more time, to do more work, to upgrade their skills and to give more attention to quality. It at least gives a good indication that the workers were not reluctant to work harder, with the exception of the nine older workers. Nonetheless, we must bear in mind that principally hard work should be compensated with better wages. It is always stressed that the

workers should devote more time to craft activities in order to increase their earnings. However, there were workers who indicated that the low wage rates did not offer sufficient incentives for additional work. In other words, even with the piece-rate system, the low wage rate does not really encourage a worker to work harder (we will also discuss this matter in the following section). Thus, the encouragement of the workers to work harder or to spend more time in order to develop the industries should also be accompanied by a better wage system. Nonetheless, even without incentive, the majority of the workers already devoted their full working time to craft production.

To sum up, our findings indicate one major issue: there was a "conflict" between the need of tangible benefits derived from the modernisation of the industries (i.e. more productivity and thus more income) and the intangible benefits derived from the keeping of the *status quo* of the industries (i.e. the maintaining of skills, cultural and aesthetic value of the products, and the traditional functions of the industries in the community). Since the majority of the workers were willing to participate in the gradual development of the industries (i.e. to work harder etc.), thus our main emphasis is now on searching for the "best" model in terms of (a) efficiency, and (b) appropriateness to the potential and preferences of the workers and communities concerned. In the conclusion of the chapter we will address this issue.

### **6.3. The potential of the craftworkers to become future entrepreneurs**

In this section we attempt to examine the potential of the craftworkers to become the future producers of the handicraft industries studied based on their intentions (i) to quit the industries and establish their own enterprises (QUIT), and (ii) to leave the industries when there is a better job opportunity elsewhere (LEAVE).<sup>10</sup>

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<sup>10</sup> These two variables seem not to be aligned with each other, in which the latter (i.e. LEAVE) is the variable that manifests the unlikelihood of the workers to establish their own enterprises in the future, whereas the QUIT variable indicates that they have the intention to become future entrepreneurs.

Initially, the findings show that 53 percent of the workers have the intention to quit and establish their own enterprises, whereas only 15 percent did not have this intention, and 32 percent had no decision. Meanwhile, 54 percent of the workers had the intention to leave the industries for better jobs elsewhere, whereas 46 percent did not have the intention. However, only 24 percent of the workers who have the intention to establish their own enterprises also have no intention to leave the industries for other better jobs. Thus, the main focus of our discussion of the workers' potential to become future entrepreneurs is based on these three main questions: (i) what are the factors that underpin workers' lack of intentions to establish their own enterprises and not to leave the industries for other better jobs; (ii) what are the factors that underpin the workers' lack of inclination to establish their own enterprises; and (iii) what are the factors that underpin the workers' intention to leave the industries for other better-paid jobs. The details of the findings of the analyses are presented in Table 6.3.

**Table 6.3**

**The craftworkers' intentions to establish their own enterprise and to leave the industries (N=100)**

QUIT	17-30yrs		31-60yrs		Total
	Not leave	Leave	Not leave	Leave	
No intention	-	-	12	3	15
Have intention	22	29	2	-	53
Undecided	8	20	2	2	42
<b>Total</b>	<b>30</b>	<b>49</b>	<b>16</b>	<b>5</b>	<b>100</b>

The findings revealed in the above Table could be summarised as follows:

- (a) All (15 workers) who have no intention to establish their own enterprises were older workers.
- (b) The majority who have the intention to establish their own enterprises were younger workers (51 workers out of 53 workers).
- (c) The majority who have the intention to establish their own enterprises and have no intention to leave the industries were younger workers (22 workers out of 24 workers).

- (d) The younger workers have a greater inclination to leave the industries for better jobs than the older workers.

These findings also imply that, although the older workers preferred to stay in the industries, they have no intention to establish their own industries, whereas among the younger workers, although they have the intention to establish their own industries, they also have the tendency to leave the industries if they were offered better jobs elsewhere. Before we further discuss these findings, we present the detailed profile of the workers in terms of their intentions to establish their own enterprises and to leave the industries (Table 6.4).

Some workers saw their involvement in handicraft work as a lifetime career even if there were other better job opportunities elsewhere. These workers have the intention to establish their own enterprises. From our findings, there are several reasons why they would quit the industries and start their own business. The reasons are "interested in the business" (16), "need of self-achievement" (4), "not satisfied with the present income" (4), "attempt to advance the skills and knowledge" (12), "and need of autonomy and independence" (17).<sup>11</sup> One of the workers who has the intention to establish his enterprise was Encik Bahar Harun, a 34 years old skilled batik worker. He revealed his reasons:

"...I feel that I have the confidence (*yakin*) to set up my own enterprise. I think my skill in the craftwork is enough, but I have to attend a short management course elsewhere...The business (i.e. the craft business) is profitable if we run it "properly" (*jalankan dengan betul*). I have no intention to become a rival to my employer, but I feel that a more

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<sup>11</sup> As has been regularly stressed, one of the reasons of the involvement of the craftworkers in the craftwork (particularly silverwork) is to acquire skills (also capital). Principally, craft skill is needed in order for one to establish his own handicraft enterprise. This was also a very common phenomenon in the case of the "diamond" industry in North East Thailand. Workers joined workshops for only as long as was necessary to acquire the requisite skills. They then moved back home and established their own workshops. Far from being a source of development however it led to the overproliferation of workshops, contributing to the ultimate demise of the industry. See, Michael J.G. Parnwell and Suranart Khamanarong, "Rural Industrialisation and Development Planning in Thailand," in *Southeast Asian Journal of Social Science*, Vol. 18, No. 2, 1990, p. 14-7.

**Table 6.4**  
**The distribution of the craftworkers by variables related**  
**to entrepreneurial development (N=100)**

	Variables	Nature of Work		Intend to Leave		Intend to Quit			Total
		Full-Time	Part-Time	No	Yes	No	Yes	Un-decided	
<b>1.</b>	<b>INDUSTRY</b>								
	Silverware	20	20	16	24	-	32	8	40
	Batik	39	21	30	30	15	21	24	60
<b>2.</b>	<b>AGE</b>								
	17yr-30yr	43	36	30	49	-	51	28	79
	31yr-60yr	16	5	16	5	15	2	4	21
<b>3.</b>	<b>EDUC</b>								
	Primary	29	7	28	8	15	17	4	36
	Secondary	30	34	18	46	-	36	28	64
<b>4.</b>	<b>YINDUS</b>								
	\$101-\$300	8	29	4	33	-	16	21	37
	\$301-\$700	51	12	42	21	15	37	11	63
<b>5.</b>	<b>ATTINDUS</b>								
	Negative	16	36	8	44	3	28	21	52
	Positive	43	5	38	10	12	25	11	48
<b>6.</b>	<b>WRKTOTAL</b>								
	Negative	21	41	17	45	3	28	31	62
	Positive	38	-	29	9	12	25	1	38
<b>7.</b>	<b>CHCTOTAL</b>								
	Negative	21	26	17	30	9	16	22	47
	Positive	38	15	29	24	6	37	10	53
<b>8.</b>	<b>SKILL</b>								
	Unskilled	9	30	5	34	-	12	27	39
	Semiskilled	17	8	12	13	-	20	5	25
	Skilled	33	3	29	7	15	21	-	36
<b>9.</b>	<b>TRAIN</b>								
	No	36	41	32	45	15	31	31	77
	Yes	23	-	14	9	-	22	1	23
<b>10.</b>	<b>FULLTIME</b>								
	Full-time	59	-	46	13	12	37	10	59
	Part-time	-	41	-	41	3	16	22	41
<b>11.</b>	<b>LEAVE</b>								
	No	46	-	46	-	12	24	10	46
	Yes	13	41	-	54	3	29	22	54
	<b>Total</b>	<b>59</b>	<b>41</b>	<b>46</b>	<b>54</b>	<b>15</b>	<b>53</b>	<b>32</b>	<b>100</b>

"business-oriented enterprise" is needed, not just like the enterprise where I work now. Maybe I will establish my enterprise business in another village... But it is only an intention!...

Additionally, the other crucial factor in the development of the industries is the human factor. Nonetheless, our data have indicated that, and taking Encik Bahar as a case, those workers who have formal training and skills have the intention to establish their own enterprise (see the data in Table 6.4). Furthermore, those who received higher income had a general inclination to establish their own enterprise. One possible reason is that (although it is not applicable to Encik Bahar, where he mentioned that he has no saving, hence it may be only an intention) the high income might also be an indicator that a worker already has enough savings to start their own business. Additionally, our data also indicate that those who have a positive perception towards their personal characteristics,<sup>12</sup> positive attitude towards the industries (ATTINDUS) and the work in the industries (see WRKTOTAL), have a higher level of education and were younger workers who have the intention to establish their own enterprise. Thus, these "positive" attributes of the workers, i.e. the human factors, (skills, positive attitude towards the industries and work in the industries, positive "personal" attributes, and higher education) might be the factors that inspire the intention to establish their own enterprises.

However, even having these "positive" characteristics couldn't guarantee a worker to establish his own enterprise. As Encik Bahar further indicated:

"I realise that to set up a new business is not easy...there are many difficulties that we have to face: how to find capital, markets, and raw materials. When we do not have any contacts (he means contacts with the sources of raw materials, capital and market), it is difficult to run a business....Right now I have no such contacts... I believe that many workers like me want to try to have their own business. But when they realise these problems, they just prefer to stay as workers..."

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<sup>12</sup> These positive personal characteristics are indicated by their self-rating on personal characteristics such as ambitious, persistent, innovative, and self-confident. See the CHCTOTAL in the Table 6.4. where 37 workers out of 53 workers who have positive attributes (70 percent) had the intention to establish their own enterprises.

The workers' intention to establish their own enterprises is impaired by the difficulties they have to face. From Encik Bahar's experience, after he was encouraged by his friends and family, seeing that he had the potential to establish and run his own enterprise, he first sought some advice from the staff at the MHDC on how to establish a batik business. After getting the confidence, he then went to the bank to find out the procedure of how to get a loan from one bank at Kota Bharu. He felt discouraged when the officer asked him whether he has any collateral (e.g. land) for the loan. However, his friend suggested he ask for monetary assistance from one of the middlemen; i.e. to provide him with capital; but the middleman refused to help for the reason that he, the middleman, believed that he did not have any experience in running an enterprise. As indicated by Encik Bahar it is important to have contacts with the middlemen if you are beginning a business since they are the persons who control the market. These "structural" or external problems could be solved by policies, where the intervention of government and NGOs are needed. This will be discussed more fully in Chapter 9.

Thus, from Encik Bahar's conception and our data, it is revealed that there is a discrepancy between the intention to set up one's own business and the ability to do so due to structural problems. As indicated by Encik Bahar, there might be many workers who have the intention to set up their own business but were unable to do so because of many problems that will be faced. For instance, as has been indicated from our frequency data, 74 percent of the workers (the majority were younger workers) have no land that could be used as collateral for borrowing money. Moreover, due to the recent involvement of the younger workers in the industry there was a tendency that these workers have not yet accumulated any capital for the purpose of investment in the setting up of new enterprises.

However, those who have the opposite characteristics to those presented above have shown that they have no intention to establish their own enterprises. For instance, if we analyse the profile of those 15 craftworkers who mentioned that they did not have

any intention to open their own enterprises (see Table 6.5) they were all older workers from batik industries, who have the higher category of income, no formal training, were skilled workers, the majority were full-time workers who have a positive attitude towards work in the industries and towards the industries. Thus, it does not necessarily follow that those who possess these "positive" attributes, and have more income have the intention to set up their own enterprises. From these findings it is clear that old age might be the factor that underpins the lack of drive to set up their own enterprises. From our frequency distribution of the reasons for having no intention to set up their own business, 6 persons gave the reasons as "old age". This is indicated by Encik Zainal (presented above) who mentioned his old age as the reason why he had no intention to open his own enterprises. He said,

"...If I were still young, I would reopen/re-establish my 'factory'. Now it is too late, I am old. But if my son would like to do so, I have no problem to give him some help. Running a handicraft business is not as easy as it looks. There is much work to do..."

Encik Zainal believed that involvement as entrepreneurs in the handicraft industries at an old age is too late since, according to his experience, when one gets involved in business he has to get involved seriously, and has to do extra work such as management, searching for markets, looking for raw materials etc. This kind of work demands energy and enthusiasm. Thus, age might be the underlying factor that explains why those older workers, despite having skills and positive attitude towards the industries, have no intention to establish their own business. Presumably, if they were ever going to they have would done so several years earlier.

However, we must bear in mind that old age is not the only obstacle.<sup>13</sup> Additionally, there were workers who mentioned that they have no interest in the industries, no confidence, no capability to manage a business, and refuse to take any risk. This is voiced by one older batik worker, Encik Basir Mohd. Dali:

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<sup>13</sup> Even the 28 workers in the younger age group still couldn't decide whether they have the intention to set up their own business.



"...even though I have been working in the batik industry for many years I still do not have any confidence to set up my own business...I prefer to stay as a worker...It is better to stay as a worker, if we do not have any business experience. Sometime I sympathise with my *tawkey* (his employer) who faced business problems....there are several times where we have to stop working because the "factory" was closed due to the business failure (*tak untung*). The batik business is sometime uncertain (*tak menentu*)...I know those younger workers are desirous to become *tawkey*. If they get good training in business they will have no problem...The survival (*hidup atau matinya*) of the industry in the future is in their hands.."

As revealed by Encik Basir, the unwillingness to face business risk and uncertainty, and the lack of business knowledge also underpin the lack of intention to become entrepreneurs. Thus, these reasons, and also the inability to provide capital for investment, might explain why workers take a position of having no intention to set up their own business.

However, there are other reasons given. They, particularly the younger workers, have the intention to leave the industries for other better jobs. Besides their youthfulness, the data from our study reveal the general profile of those workers who were prone to leave the industries for other better jobs: they have higher education, work part-time in the industry, have lower income, have no skill or are semi-skilled, no formal training, have a negative attitude towards the industries, and have a negative perception towards work in the industries (see Table 6.5). It is, however, difficult to find a worker who has all these characteristics; but we conclude that generally those who have these characteristics have the tendency to leave the industry for other better jobs. Nonetheless, it is understood that being younger and having a higher education these workers have more occupational options available for them.<sup>14</sup>

Meanwhile, from the questionnaire, we found that there are three main reasons for the intention to leave the industries for a better job: go for better income (33), try another job (8), and believe that the industries have no future (13). Generally, the low

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<sup>14</sup> However, we could argue that the unavailability of better job opportunities outside the industries actually keep these younger workers in the industries.

income received from working in the industries seems to be the major factor that motivates workers to leave the industries. However, there are many other factors. Some factors are revealed by Encik Zaini Abu, a 29 years old skilled silvercraft worker:

"I know if I go for another job, my skill will be wasted; but if the skill can't give you good income, it is useless...There are workers who work in the industry as the only alternative they have. They have no land to cultivate, or no other job opportunity. But, no doubt there are also workers who really are interested in handicraft work. When you have no interest you can easily get fed-up (*mudah jemu*) with the work. I think handicraft work is suitable for those who have talent and interest as an artist. Not like me, although I have the skill but I have no interest. I would go for another job with better pay if given the opportunity."

It seems that the having a skill is not an assurance to keep the workers in the industry, unless the skill is compensated with a better income. This is apparent because craftwork is an important source of income for the majority of craftworkers' households. Nonetheless, due to the instability of the market, craftworkers have no security of tenure in their present jobs. The instability of the craftwork is expressed by a part-time batik worker:

"...I think it is safer (*agak selamat*) for me to have more than one job. This factory (referring to the enterprise where he worked) was closed two years ago for several months because according to the *tawkey* (referring to his employer), the demand was not good and the business was *rugi* (not profitable). The workers have to leave willingly with no compensation because we have no "formal" agreement, not like working in the government office. Now, some of them have come back..."

It is clear that the need for more income explains the tendency of the workers to leave the industries.<sup>15</sup> Moreover, the tendency to leave the industry is also a reflection that the industries are not attractive enough for the younger workers.

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15 It might be a fact that the workers' earnings in the handicraft industries have been adversely affected by the high costs of other productions inputs, such as raw materials. Some entrepreneurs have justified that the increasing cost of craft production and the lower price of the products, have been used to rationalise wage restraint. Moreover, there were entrepreneurs who justified the lower payment to workers in terms of benefits the employer gave to the workers in the form of loans for emergencies etc. However, by reducing these non-labour costs offers no assurance that craft entrepreneurs will pay their workers higher wages or improve working conditions. What is more important is more rigorous labour laws and assistance for the workers to organise themselves in organisation s(union) or co-operatives.

There is also an argument from the workers that the working situation is not conducive enough to attract them to stay in the enterprise. Due to its informal organisation, the majority of the handicraft enterprises disregard labour legislation on job security and minimum wage levels. Craft enterprises seldom stick to labour legislation concerning payments such as on medical care, and sick and vacation leave. Furthermore, there was no labour union in the handicraft industries that serves as an organisation which could improve or fight for their wages and working conditions.

Although only a few workers complained about the negative effect of work on health, from our fieldwork it is found that there were workers who were not satisfied with the working conditions in the industries. One batik worker gave his opinion about work in batik industry:

"...people always think that batik work is easy. When they come to see us working, only then do they realise how dangerous our work is...dyeing is the most dangerous part. The workers who are in charge of mixing the dyes are open to the danger of chemical dyestuffs. The dye can irritate your skin ... Boiling the wax off the cloth and for dyeing is also dangerous since we still use traditional method of using *kawah* (large pan). Our work requires us to stand for many hours. Those *tukang cap* (batik stamper), and *tukang canting* (designer) have to stand in performing their jobs...Sometime we feel sad when customers ask for a lower price of our products."

Many other workers mainly complained of frequent backache and body pains caused by repetitive motions (as in batik stamping) or staying in one position while doing their crafts. In the silverware industry, the common health problems raised by the workers were eye strain and headache resulting from working on fine, detailed silverware design and long hours at work.

Thus, although the industries are located near their homes where they could gain easy access, however due to the above problems, and others, some workers preferred other better paid jobs found elsewhere. However, the question is why those who even though they have intention to leave the industries were not doing so? The fact is that the workers have to stay in their job because there are no other better opportunities found outside the industries. With the limitation of knowledge, experience and education to go for "white collar' jobs or other better jobs, they normally would stay in the industries.

The work in the handicraft industries, as one worker indicated, was at least better than working in the padi field.

On the other hand, it is interesting to note that 46 workers (i.e. 46 percent) were willing to stay working in the industries even though there were other better job opportunities elsewhere (Table 6.4.). However, it is understood that those workers who had skills and formal training have the tendency not to leave the industries for other jobs, not only due to the fact that they received comparatively better income from their work, but also if they leave they will gradually lose their handicraft skills. Since skills are relatively difficult to acquire, and considering that some workers that have been involved in the industry for many years have got used to the job, most of them were not willing to switch to other jobs.

Nonetheless, there were other factors. Some workers mentioned that they prefer to work near home and would easily help their parents in the field when they are needed. Our case, Encik Zainal, has explained his reasons for not leaving the batik industry. According to him the industry was the only place for him to earn money. After dissolving or closing his 'batik factory' he did odd jobs for a few months. Failing to get a suitable job due to his lack of knowledge, experience and interest, and believing that he was only good at batik making, he then asked for the job in the batik factory, and intended to work there until he "retires".

To sum up, it is now clear to us that not all workers have the potential to become future entrepreneurs. There are workers who have no intention to set up their own enterprises, and also there were workers who were likely to leave the industries for better jobs elsewhere. However, these are not the kind of workers that the industries need for their development. Most of them were unskilled young workers and worked part-time, while the others were older workers who, due to old age, were not interested to set up their own enterprises. Thus, for the development of the industries the main focus should be on the workers who have the intention to stay in the industries and also have the intention to set up their own enterprises. These are younger workers who

received formal training and have skills. Our study indicates that these are the potential future entrepreneurs who have the motivation and interest to set up their own enterprises. However, our study also indicates that to set up their own enterprises these workers will face some physical constraints such as lack of capital and have no business contacts.

#### **6.4. Conclusions**

This chapter has focused on two main areas of discussion: the constraints and potential of development and the development models of the industries from the workers' perspective. Related to constraints and potential of development from the findings of our study it implies that there is a need for a policy to encourage the involvement of workers (particularly those younger workers who have skills and formal training) as future entrepreneurs for the growth of the industries. Since there was a discrepancy between having the intention to become entrepreneurs and the ability to do so (i.e. due to lack of capital), thus the provision of financial assistance in particular to those who have the intention to become entrepreneurs is an important foundation for the future growth and development of the industries. Furthermore, there is a need for policy or regulations (such labour regulations) that would improve the conditions (including income) of the industries in order to attract workers to stay in the industries. The improvement or "development" of the industries seems to be a sound action for the development of the rural areas which would enable them to reduce the need for rural human resources (particularly the younger people) to migrate to other places.

There are two models of development for the industries which have been suggested, and from our analyses and discussions it was revealed that the majority of the workers (as well as the entrepreneurs) preferred the evolutionary/gradualist development model to the transformational development process. It seems that there is a need for an "appropriate model" of development that is both efficient and compatible with the workers and society concerned. Meanwhile, there are several factors that need to be considered in formulating the models: (i) the place of traditional technology in a

society. From our study the traditional technology is inseparable from its social, cultural and economic context within the community. This technology is a product of, as well as the matrix for, the society; (ii) we must bear in mind that certain handicraft industries can be upgraded to small scale modern factories while others, by the very nature of their raw materials, technique of production, and attitude towards them, cannot but remain as cottage enterprises; and (iii) the development of the industry is not feasible if we do not take into consideration all elements that are related to it. For instance, the artistic and aesthetic elements of the crafts and their means of production are an important consideration. Thus, these factors, among other factors, should become key elements or requisites of the "appropriate models" of development for the handicraft industries. Further discussion of these policy implications will be presented in Chapter 8.

## CHAPTER 7

### VILLAGERS WHO ARE NOT INVOLVED IN THE HANDICRAFT INDUSTRIES

#### 7.1. Introduction

In this chapter our attention focuses on the non-participants, i.e. the villagers who were not involved at all in the handicraft industries. We believe that it is meaningful to consider their attitude towards the industries, and their desire and ability to become involved in rural industrial production. This is because the involvement of people who have hitherto not participated in these handicraft industries can be argued to be an important element in the future development and the increasing number of handicraft industries, and their potential role as alternatives to agriculture in the rural areas. Furthermore, the Government has encouraged the low income rural people to get involved in non-farm activities in order to alleviate rural poverty.<sup>1</sup> Conversely, we could argue that the decline of a certain kind of handicraft may in some instances be attributable to the fact that members of the producer community lack the desire to become/remain involved in the industries.

Thus, our main intention in this Chapter is to answer one of our research questions which says "why do some people get involved in small-scale rural industries and others not?" In relation to this, among the objectives of our analysis are (i) to identify the factors that contribute to the non-involvement of some villagers in the handicraft industries, (ii) to identify whether they have any intention or potential to get involved, and (iii) to examine their willingness and ability to participate in the future development of the handicraft industries.

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<sup>1</sup> According to Chuta and Liedholm, non-farm activity in rural areas appears to provide a source of employment for between 30 to 50 percent of the rural labour force in the developing nations, when primary and secondary occupations are included. See Enyinna Chuta and Carl Liedholm, *Rural Non-farm Employment: A Review of the State of the Art*, MSU Rural Development Papers, Michigan State University, East Lansing, 1979, p. 6.

## 7.2. Factors in villagers' non-involvement in the industries

Ho points out that the rural people's involvement in non-agricultural activities is determined by:

"...the combination of the 'push' and 'pull' factors. The most important 'push' factor is the limited capacity agriculture has to absorb labour with a given amount of arable land. Thus when population density rises and farm size falls, farm households come under increased pressure to find ways of supplementing farm income. The 'pull' factors are related to the availability of attractive, off-farm non-agricultural job opportunities. The relative importance of these two sets of factors depends on the stage of economic development and partly on the intensity of the population pressure on land."<sup>2</sup>

With these ideas in mind our main concern in this section is to provide evidence from our study on the factors that contribute to the non-involvement of the villagers or rural population in the target handicraft industries.

One first assumption is that the non-involvement of the villagers in the handicraft industries is due to the fact that they were not from the 'handicraft families'.<sup>3</sup> None of our cases has indicated their mothers' or fathers' occupation as artisans or producers of handicrafts. It is also important to reveal that none of the respondents' family members were involved or had been involved in the industries, and none of them have any skills in handicraft production. Normally, but not necessarily, the involvement of a person in the handicraft industries is due to the skills he or she has acquired from an antecedent. A characteristic feature of handicraft industries is that skills are passed down from generation to generation. Some of them stay involved in the industries partly as a way of maintaining the family's "tradition".

However, we must bear in mind that nowadays handicraft skills can also be acquired through formal training. Those villagers who have the qualifications, interest and could fulfil the requirements could apply for the training. Thus, due to this fact our

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<sup>2</sup> Samuel P.S. Ho, "Rural Nonagricultural Development in Asia: Experience and Issues," in Yang-Boo Choe and Fu-Chen Lo (ed.), *Rural Industrialisation and Non-Farm Activities of Asian Farmers*, Asian and Pacific Development Centre, Kuala Lumpur, 1986, p. 53.

<sup>3</sup> By "handicraft family" we mean a family which is involved in handicraft activity, where the members' main occupations are as artisans, and where handicrafting is the family's tradition.



second assumption says that people's non-involvement in the handicraft industries may be due to the fact that the villagers not only lacked the skills but also the other resources such as raw materials and capital which are necessary in order to get involved. It is understood that to work in the handicraft industries people need to have craft skills (unless they are involved in tasks that do not need any specific skills, such as in washing and drying in the batik industry). Even though some handicraft "factories" do provide in-job training, the problem is that one has to take some time to acquire craft skills. Only those who are indulgent and interested enough could work in the factories in order to acquire the skills. This is partly supported by our findings on the reasons why the non-participants did not have any craft training (see Table 7.1 below).

**Table 7.1**  
**Reasons for not having handicraft training among non-participants, by village (N=100)**

Reasons for no training	Silverware	Villages Batik	No Industry	Total
1. Not interested	10	8	2	20
2. No opportunity	3	1	18	22
3. No time to learn	4	2	4	10
4. Never considered	5	6	22	33
6. Prefer present job	3	5	2	10
7. Training not useful	-	3	-	3
9. No answer	-	-	2	2
Total	25	25	50	100

Although the data show the reasons for not attending handicraft training, it is interesting to note that, first, the data reflect that the existence of handicraft industries in the villages does not necessarily attract the villagers to get involved. This is either because they were merely uninterested in the industries or because they preferred their present jobs, or due to other reasons. In other words, the handicraft industries lacked the kinds of qualities that could attract villagers to become involved; not all people are interested in the industries even if there is a handicraft business near to their house. Second, there was an

indication that quite a number of villagers (18 people or 36 percent) who lived in the non-industrialised villages showed "interest" towards the industry (implied from the answer "no opportunity"). This might suggest that, if the handicraft industries were available in their villages we anticipate that they would be interested in getting involved (we do not attempt to discuss these findings further here; but rather they will be discussed in relation to our other findings).

Finally, we hypothesise that the non-involvement of the villagers in the handicraft industries was due to the fact that there were other better off-farm or non-farm opportunities in the villages or elsewhere for them to get involved in (this might also explain why the villagers are not interested to attend handicraft training, or to get involved in the industries, as shown by the data in Table 7.1.). In other words the availability of perceived better occupational choices outside the industries could discourage the involvement of the villagers in the industries.

These three factors might explain the non-involvement of the villagers in the handicraft industries. The first and second factors might not be of much significance if they were to be encouraged to get involved in the industries, such as through the provision of training and capital assistance, which would help to overcome the problem. However, the third factor is closely related to the villagers' attitudes towards the industries, which also has to do with the attractiveness of the industries, i.e. to attract the villagers to get involved. In other words the industries might have lacked the "pull factors" as indicated by Ho in his statement presented above. However, we need to elaborate this argument further.

From our research data and fieldwork we found that non-farm activities have become important sources of income.<sup>4</sup> In fact from our study there were 14 respondents

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<sup>4</sup> Particularly, these villages, and other villages in Kelantan, experience the monsoon season (*musim tengkujuh*), whereby farmers and fishermen have to adjust their economic activities according to the season. During the slack season they normally do non-farm (or non-fishing) activities to support their life. As postulated by Choe, farmers' non-farm activities are largely adjusted to the monsoon cycle (M-cycle). See Yang Boo Choe, "M-Cycle Hypothesis, Non-Farm Activities and Rural Industries in the Asian Monsoon Economy", in *Ibid*, p. 7.

(14 percent) who worked as hawkers, trishaw-pedallers, and labourers. This is also reflected by the fact that in the villages, those who have little farm land had the tendency to become more involved in off/non-farm activities. For instance, our study data reveal that those villagers who have lower income have the tendency to have more than one occupation. Thus, we must bear in mind that, the increased involvement in non-farm or off-farm activities may be either a symptom of distress or a sign of progress, as postulated by Islam:

"...It is sometimes held that the development of non-farm activities in many poor agrarian economies is a symptom of distress adaptation to growing poverty and landlessness rather than a sign of dynamic growth."<sup>5</sup>

However, the main concern of our study is why handicraft work was not chosen as an occupational alternative, and why instead they chose other non-farm activities found elsewhere? In other words why was handicraft work apparently not appealing to them? In the following paragraphs, in conjunction with the three factors presented above, we attempt to provide an explanation of this matter based on our field observations and data. Other factors which have not been identified above may also occasionally be referred to in the following discussion.

There is the case of Encik Awang bin Daud, a farmer from Kampong Semut Api. His two sons have migrated to Singapore (i.e. temporary migration) where they work as construction workers, and his only daughter works in a factory in Batu Pahat, Johore. Encik Awang claimed that the unavailability of job opportunities in the village has forced his children to supplement their income outside the village. He personally agreed with the children's decision to migrate to other places because the remittances he received from them have contributed significantly to his total household income. Encik Awang revealed that his income from his rice-field was far from enough for his family of six. However, with the remittances he received from his children he could at least buy a brand new motorcycle (although on instalment payments) and renovate his old house.

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<sup>5</sup> Rizwanul Islam, "Non-farm employment in rural Asia: issues and evidence," in R.T. Shand (ed.), *Off-Farm Employment in the development of Rural Asia*, National Centre For Development Studies and The Australian University, Canberra, 1986, p. 153-4.

Why do they have to work far from the village? The answer is quite clear, as was indicated by Encik Awang's sons. Even though they were working as construction workers the income they received was much better than they would get in their village. The younger brother was around at the time of our field work, so we had the opportunity to ask him the reasons why he migrated to Singapore and why he did not get involved in the handicraft industries even though there were several such industries found in the nearby villages, he answered:

"...I think to work as a construction worker in Singapore is a better alternative than working in handicraft industries. No doubt the handicraft industry is a good source of income but, to me it is not a better alternative. In Singapore we could get not only more money but also could experience life in the city. Every thing is there in Singapore;... but we still miss our *kampung*."

The conversation reflects not only the availability of other non-farm activities elsewhere but also the low income they might receive if they work in the industries; furthermore, the need to have exposure to "city life" might explain why handicraft work does not appeal to them. Even in the industrial villages, the availability of handicraft work was unable to discourage some rural youth from migrating. This implies that, unless handicraft industries become more attractive and competitive, they will be unable to attract rural people to get involved.

Despite the positive aspects of migration such as providing remittances to the families, and so on, we must also bear in mind that migration of the rural youth should be seen as negative from the perspective of village society and economy. It is understood that a particular village needs human resources for its development. The existence of idle land and the underdevelopment of a village is usually associated with the lack of a labour force. However, normally (at least in the Malaysian case) the majority of the migrants will come back to their villages when they get old, or after they no longer prefer to work away from their villages. The bond between Malays and their village is still strong. This could be derived from the last statement made by Encik Awang's son, (i.e. "...but we still miss our *kampung*") which reflects that he was in a dilemma: to get more money or to miss his *kampung*. Thus we postulate that if better income activities could be generated in the

village (such as from the handicraft activity) many people like Encik Awang's sons might prefer to live nearer home.

Meanwhile, there is no one clear set of factors which explains the non-involvement of all villagers simultaneously. There are other various factors, besides the three factors mentioned earlier (i.e. not from the handicraft family, no skills and resources, and the availability of other non-farm activities). Particularly for the non-migrant villagers, "no opportunity to get involved" (even though they were possibly interested in the industry) could become a factor in their lack of involvement.

To sum up, the findings of our study would at least support the idea that it is not an easy task to introduce the handicraft industries in a society or community where its inhabitants themselves have no background, knowledge or skills related to the crafts. Our study reveals that only those who have skills, interest or maybe capital to invest have the opportunity to gain from the availability of handicraft industries. Since skills are mostly inherited and learnt the "hard way", only a few could benefit from this introduction. However, nowadays skills could be acquired through formal training. Thus, the introduction of handicraft industries must be accompanied by the introduction of training schemes.

Moreover, the involvement of villagers in the handicraft industries is very closely related to, or influenced by, among others, the availability of other off-farm and non-farm activities in the villages concerned or in the nearby villages or towns which would attract the rural underemployed labour. To some, handicraft work was not appealing. Thus, to develop the industries might be one of the ways to make them more attractive and competitive as one of the occupational alternatives. In other words, the diversification of the village non-agricultural economy through the further development of the handicrafts sector might help to create a wider array of opportunities, and in the process discourage out-migration among the rural people.

However, there is one major issue which needs to be pointed out from the above discussion. Does the rural industrial sector really need these kinds of people (villagers, migrants etc.) to become their future workers? The migrants in particular are marginal in their local setting, and thus they may have little to contribute to rural industrial development. Alternatively the welfare perspective would argue that the ability of the rural industrial sector to absorb them, and provide better employment and income-earning opportunities, could be a positive social advantage. Thus, there are two sides to the argument, depending upon whether one subscribes to the equity or efficiency perspectives on development.

### **7.3. The desirability of getting involved in the handicraft industries.**

The concept "desirability" used in this section is to denote the "hypothetical intention" of the non-participants to get involved in the industries. "Desirability" is derived from the answers to the question which asked whether they have the intention to get involved in the handicraft industries. We assume that the desirability to get involved in the industries is generally influenced by two major factors: (i) attitudes towards the attributes of the handicraft industries and their present occupations, and (ii) the perceived disruptions and sacrifices that have to be borne as a result of the adoption of the new employment. However, there might be other factors that need to be considered. Furthermore, we must be cautious of the fact that those who have the intention to get involved were not necessarily or in reality able to get involved. It is easy to say "yes" to a hypothetical question which asks whether they have the desirability to get involved, but in reality they might be unable to get involved due to various factors. However, the ability to get involved in the industries will be discussed in a later section; here our concern is on their intention to get involved.

Our findings show that 33 percent of the non-participants have the desire to get involved in the handicraft industries, whereas 38 percent have no desire, and 29 percent gave their answer as undecided when they were asked whether they had the intention to

Table 7.2

**Attitudes towards occupation and industries and the  
intention to get involved by selected variables (N=100)**

Selected Variables	Attitude Toward Occupation		Attitude Toward Industry		Intention to get Involved		Un-decided	Total
	Neg.	Pos.	Neg.	Pos.	No	Yes		
1. <u>Age</u>								
20-35 yrs	32	9	-	41	2	30	9	41
36-55 yrs	12	47	26	33	36	3	20	59
<b>Significance</b>	<b>.0000</b>		<b>.0000</b>		<b>.0000</b>			
2. <u>Education</u>								
Primary School	12	44	26	30	36	5	15	56
Secondary School.	32	12	-	44	2	28	14	44
<b>Significance</b>	<b>.0000</b>		<b>.0000</b>		<b>.0000</b>			
3. <u>Occupation</u>								
Farmers	31	37	17	51	26	23	19	68
Fishermen	7	11	6	12	6	4	8	18
Others	6	8	3	11	6	6	2	14
<b>Significance</b>	<b>.8746</b>		<b>.7080</b>		<b>.4333</b>			
4. <u>State of occupation</u>								
Full-time	14	55	26	43	35	7	27	69
Part-time	30	1	-	31	3	26	2	31
<b>Significance</b>	<b>.0000</b>		<b>.0000</b>		<b>.0000</b>			
5. <u>Income from occupation</u>								
\$100-\$300	17	6	1	22	5	16	2	23
\$301-\$500	23	29	9	43	18	13	21	52
\$501-\$700	4	21	16	9	15	4	6	25
<b>Significance</b>	<b>.0002</b>		<b>.0000</b>		<b>.0001</b>			
6. <u>Village</u>								
Silverware	11	14	5	20	9	8	8	25
Batik	14	11	7	18	12	11	2	25
Non-industrial	19	31	14	36	17	14	19	50
<b>Significance</b>	<b>.3342</b>		<b>.7320</b>		<b>.1128</b>			
7. <u>Attitude. toward occupation</u>								
Negative	44	-	1	43	7	28	9	44
Positive		56	25	31	31	5	20	56
<b>Significance</b>	<b>.0000</b>		<b>.0000</b>		<b>.0000</b>			
8. <u>Attitude. towards industry</u>								
Negative					21	-	5	26
Positive					17	33	24	74
<b>Significance</b>	<b>.0000</b>		<b>.0000</b>		<b>.0000</b>			
<b>Total</b>	<b>44</b>	<b>56</b>	<b>26</b>	<b>74</b>	<b>38</b>	<b>33</b>	<b>29</b>	<b>100</b>

get involved in the handicraft industries. These data reflect that the number of the non-participants who desire to get involved is "comparatively" small. Meanwhile, to further discuss the findings, we analyse the non-participants' intention in the context of their personal attributes such as age, education, income, attitude and so on (see Table 7.2).

Before I further my discussion, I present the general profile of the 33 non-participants who desire to get involved. They were from the younger age group,<sup>6</sup> have a higher level of education, are involved part-time in their present occupations, were in the lowest income group, and further have a positive attitude (or perception) towards the industries and have a negative attitude towards their present occupations. Bearing in mind this profile of villagers who have the intention to get involved in the industries, I now further discuss the central theme, i.e. the factors that contribute to their intention in this regard.

From the questionnaire I found that there are several reasons behind their desire to get involved among the 33 non-participants, as presented in Table 7.3 below.

**Table 7.3**

**The reasons for having the desire to get involved in the handicraft industries among the non-participants (N=100)**

	Reasons	Frequencies
1.	Profitable	3
2.	To earn more income	24
3.	Interested	5
4.	Encouraged	1
5.	Not applicable	67
	Total	100

<sup>6</sup> We used 35 years as a cut-off point to differentiate between the younger and older non-participants on the basis that those who are above 35 years old normally have more stable work, whereas those who are in the age group of 35 years and below have a greater tendency to change work. Although the concepts of "younger" and "older" non-participants do not reflect the real situation, however in this chapter they are employed for the purpose of convenience.



The data reveal that economic factors (to earn more income and profitability) seem to be the main reasons that explain their desire to get involved in the handicraft industries.<sup>7</sup> Moreover, this economic motivation is a reflection of their profile presented above, such as low income, negative attitude towards the occupation, higher education and so on. However one question arises, as has been pointed out before: are these kinds of people really needed for the development of rural industries? It is understood that those who have no work (or work part-time), low income, and so on show a tendency to want to get involved. However, these kinds of people, if they were involved in the industries, might not contribute much to the industries' development. We assume that, without measures to prevent it, they normally will leave the industry if they find other better jobs elsewhere. As has been indicated by the data in Table 7.3 their main motivation is economic rather than interest or commitment towards the industry. Whilst, of course, the creation of employment opportunities through rural industrial development should play an important welfare function for the villagers profiled above, the long-term vitality and viability of the handicraft industries rests rather more squarely on being able to attract those people who have capital, ideas, experience and education, and who might also offer greater long-term commitment, to become involved.

In order to examine further some of the reasons why different groups of people demonstrate apparently different degrees of intention to become involved in handicrafts production, we need to explore further their prevailing attitudes. To begin with, I use non-participants' attitudes towards their present occupations as a factor. It is found that the attitude toward the present job is significantly correlated with age ( $r=.66$ ). In other words the correlation coefficient (the value of  $r$ ) implies that the older villagers have a more favourable attitude towards their occupations than the younger villagers (please refer also to the frequency data of attitude towards occupation presented in Table 4.19 in Chapter 4.). An illustration of a negative prevailing attitude or perception towards his

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<sup>7</sup> At least our data indicated that among the younger non-participants the income they might receive if they work in the handicraft industries is much better than their present income. However, we must also realise that there were some younger non-participants who perceived the income from the handicraft was not better than they received from working in other non-farm activities. Take for instance the case of Encik Awang's son.

present occupation is provided by Encik Mamat bin Abdullah, a 20 year-old fisherman, who expressed his view on working as *awak-awak* (fishing crew) of *pukat hanyut* (drift-net):

"...working as a fisherman is very dependent on *nasib* (fate). Sometimes we get more fish, and sometimes not a single catch (*tak seekor pun*). We have to go to the sea in the evening and come back in the morning. We are always in danger, and depend for our life on God's will. If the weather is good, then we feel secure (*rasa selamat*). During the *musim tengkujuh* (monsoon season), it is horrible to go to the sea. Then we have to depend on the *juragan* (the owner of the boat, normally the captain) for money. To work as *awak-awak* (fishing worker or crew) actually does not earn us much money. We could not go to sea every day or night. The exact day will depend on weather conditions and other factors. Normally we go out for 18 to 22 nights each months, at the most. But during the *musim tengkujuh*, only a very few dare to go out to fish."

The illustrations given by Encik Mamat indicate that those *awak-awak* (the fishing crewman) are not well paid, if we take into account the kind of work they perform. Thus, the work was perceived as unrewarding (i.e. low income), laborious, undependable, dangerous and laborious. In fact the insecurity and dangerousness of their work is reflected also by the fact that there were several cases where fishermen's boats have capsized while fishing at sea. Meanwhile in the agricultural sector, a statement made by R.W.A. Vokes is enough to express the non-participants' negative attitude towards their present occupations:

"the relatively low returns to padi farming in Kelantan coupled with the small farm-size mean that even with the addition of government's direct price subsidy, padi farming remains an unattractive occupation...As in other areas, padi farming is also failing to attract new entrants, so there is a steadily worsening age profile among padi farmers."<sup>8</sup>

When the attitude towards occupation is cross-examined with the attitude towards the industries it is found that the majority (98 percent) of those who had a negative attitude towards their occupations had a positive perception of the industries. This indicates that those who were unhappy with their occupations favoured other work which they perceived as much better (in this case handicraft employment). As Encik Mamat said:

"...it is easy to get money from handicraft, no need to work harder, *cuma duduk dan dapat duit* (just sit and get money); not like us where we have to *keluarkan peluh* (sweating) to get just enough money for our family."

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<sup>8</sup> Richard W.A. Vokes, "Agricultural development and poverty eradication in peripheral areas of Malaysia," in Victor T. King and Michael J.G. Parnwell, *Margins and Minorities: The peripheral areas and people of Malaysia*, Hull University Press, Hull, 1990, p. 38.

Although in reality the work in handicraft industries is not as Encik Mamat perceived (i.e. easy and not needing much energy), however this perception at least reflects their positiveness towards the handicraft industries, and it is a good sign in terms of their future growth.

Furthermore, we should also look at this intention to get involved in the context of the villagers' economic considerations, where we might anticipate that it is influenced by their perception as to whether the industries are able to provide a better and more reliable source of livelihood. Those in the industrial villages could at least compare their income with those who were involved in the industries; but, it is quite difficult for those from the non-industrial villages to do so where there were no such workers around.

However, it is understandable that the younger non-participants should express their unhappiness towards their present occupation since they are more mobile and have a better education, and thus are likely to look unfavourably on laborious, low-earning occupations. It seems that working in the handicraft industries is seen by them as a better alternative to working in their present occupations. By the virtue of their young age and better education, the young non-participants were more mobile to seek other better occupations than the traditional farming or fishing employment. The unavailability of better occupational opportunities (such as "white collar" work not only in the villages but also in nearby towns such as Tumpat, Kota Bharu and Bachok) gives limited opportunities to those who have the qualifications. Even the modern industries found in the Industrial Estates of Pengkalan Chepa and Lundang in Jajahan Kota Bharu still have a limited capacity to absorb the local labour force.

Even the ownership of agricultural land among the younger villagers is limited. The research data indicate that only 35 percent of the younger non-participants had more than one acre compared to 61 percent of the older participants. This supports the above finding that the younger non-participants have a greater level of intention to search other alternative sources of livelihood. This is understandable: being young they were restless - they desire to get something quickly, rather than waiting for things to happen slowly. For

instance, 64 percent of the villagers perceived that they could become successful in their present occupations. However, the younger villagers couldn't wait too long to become successful, and thus preferred other jobs which yield quicker and greater income.

Meanwhile, again using Ho's concept of "pull factors", it is found that the industries were perceived as one of the best alternatives for their economic survival by those who desire to get involved. To have a skill and to become an entrepreneur of the batik industry, for instance, was seen positively by the community. In Kampong Penambang, where the batik industry flourishes, we found that the producers of batik were considered as 'successful' figures in the community, where they were normally called batik *tawkey*. Working as craft entrepreneurs in the rural areas carries with it a prestigious status and, due to their better socio-economic background, they are normally positioned in the top of the social stratification. Since they are employers to their neighbours (who happen to become their workers), they are regarded as 'economically powerful'. The successful producers could be indicated by their 'lavish' life style: they have nice houses and vehicles, send their children for further study, and have more land which is then rented to the landless farmers. This portrait of successful producers would attract villagers to get involved either as producers or as workers.

I have a special case to further explain this desirability. He was Encik Abdul Rahman Bin Hashim (locally he was called Deraman), a 27 year old farmer of Kampung Binjai. He holds a Malaysian Certificate of Education but has been unable to secure any white collar job. Unsatisfied with the conditions of work in the village, he went to Singapore to work as a construction worker for two years. He said,

"...actually to work in a padi-field is *agak malu* (quite a disgrace) when many of my friends have better jobs, work elsewhere as in Kuala Lumpur and other towns. I have to go to Singapore to work as a construction worker. Over there the pay was good. But I couldn't stay there for long..."

However, after he got married, he no longer went to Singapore, since according to him it is quite difficult to work in a foreign country when he already had a family of his own. Once again he had to become a farmer. As a "part-time" farmer he was unhappy with his

work; and he was always thinking about finding another better job. When I asked him about his opinion on handicraft industries, he replied:

"...I believe that handicraft industries are one of the best alternatives for rural people. There are many producers who are successful, and make a good living (*hidup mewah*) from the industries."

From Encik Abdul Rahman's case we could at least derive some reasons behind the desire to get involved in the industries among the non-participants: (i) the "bad" economic conditions, i.e. the poverty experienced by some villagers (non-participants) which lead to the seeking of a better life; (ii) the need of respectable jobs, where traditional jobs are perceived as "shameful"; and (iii) the availability of the "demonstration effect" where by participating in the handicraft industries they could up-grade the conditions of their livelihood (i.e. better income and a decent life).

However, as we have assumed earlier, the positive perception of non-participants towards the industries and the intention to get involved do not necessarily guarantee their genuine involvement in the industries. These positive attitudes and the desire to get involved might be the manifestation of the negative attitude towards their present occupations and the unavailability of better perceived job alternatives. As our findings in the above section revealed, handicraft work was unlikely to be chosen when there were other better job alternatives available, and when they were able to secure these jobs. In other words the presence of the handicraft industries in their villages or even near their homes does not necessarily influence their desire or intention to get involved. We will discuss below some of the reasons that underlie their disinclination to get involved.

The data presented in Table 7.2 offer a profile of those non-participants who have no desire to get involved in the handicraft industries. They were generally the older villagers, with lower education, who were involved full-time in their present occupation, have a higher level of income, have a more favourable attitude towards their present occupation and have a less favourable attitude towards the industries. Looking at their profile it is understandable why these people have little desire to get involved. Due to their older age, their stable job with a comparatively high income, and their lower education, it

was safer for them to stay in their existing job. However, there must be other factors which contribute to the disinclination of the 38 non-participants to get involved: these are revealed in Table 7.4 below.

**Table 7.4**  
**Non-participants' reasons for having no desire to get involved in the handicraft industries (N=100)**

Reasons	Frequencies
1. Risky	4
2. No industries around	8
3. Difficult to handle	2
4. Too old to switch	24
5. Not applicable	62
Total	100

The data reveal that the unwillingness of the non-participants to face disruptions and to make certain sacrifices if they were to switch jobs (as indicated by such phrases as “risky”, “difficult to handle” and “too old to switch”) seem to be the major reasons that underlie their disinclination. Thus in relation to the focus of our present study, this disinclination, influenced by the factors mentioned above, may represent a significant constraint on the future growth and development of the industries in the study areas. Should means be found of extending the market and stimulating the expansion of the handicrafts sector in the vicinity of Kota Bharu, the industry may face quite significant labour constraints, at least if the factors discussed above continue to hold true.

It is implicit in the above discussion that the older people would be reluctant to switch to another job, since changing their job would create disruptions, 'socially, psychologically and economically.' In Kampung Morak, Tumpat District, I asked 53-year-old Encik Yaakub bin Jaafar why he was not involved in the silverware industry even though his neighbour was a successful silversmith. He answered:

"...I believe that from working as a *tukang perak* (silversmith), I could earn much more money than working in the padi fields. But not everybody has the skills and interest in the industry. We are used to working in the padi field. We do not have any craft skills, and thus have to work in the fields."

We anticipate that there were additional factors besides economic and psychological factors, such as social and cultural factors which influenced the degree of intention of the non-participants to get involved in the industries. As has been indicated earlier, in order to get involved one has to have at least the work skills craftsmanship. It may take some time to learn the skills; the time taken may be of less concern to the young than the old. However, as indicated by Encik Yaakub, one's cultural attachment to the land also influences his disinclination to get involved in the industry. From generation to generation, land has provided the main source of livelihood. Particularly for an older man like Encik Yaakub, to change to another source of livelihood would create uncertainty, doubt and uneasiness.

Furthermore, a full-time involvement in the handicraft industry as a career demands certain sacrifices. One has to have not only skills but also capital. Unlike working in the padi fields or fishing, he has to do extra tasks such as searching for capital, markets and raw materials. As Encik Yaakub stressed:

"...to change myself to become a *tukang perak* is impossible. I am already old. Let the young get involved. They are young and still have no attachment. We old people have a lot of things to think about when changing our occupations. We have to learn and to adjust our life to the new occupation. Do you think it is really beneficial to change the occupation?"

The kinds of sacrifices were unbearable, particularly among the older people like Encik Yaakub. Moreover, involvement in the handicrafts sector requires someone to get involved in business, where uncertainty or risk have to be faced. Furthermore, the majority of the non-participants, due to the nature of their occupations (i.e. as farmers or fishermen) were not exposed to the business environment.

To switch to a new occupation such as handicraft employment, particularly among the older people, would entail a considerable period of adjustment. It would disrupt the daily rhythm of their lives. For instance, when the non-participants were asked the

potential effects or disruptions to daily activity if they were to adopt handicraft employment, 6 percent said it would have “no effect at all”, 45 percent said “minor effect”, and 49 percent said “major effect”. It is clear that the majority of them felt that the adoption of new occupation would disrupt their daily rhythm of life. Additionally, when they were asked the kind of potential effects the transfer would involve, 63 percent identified the process of adaptation to their new job as the main concern, 24 and 7 percent respectively referred to the impact it would have on their social and household activities, and six percent gave no answer. These data imply that the adoption of new jobs is not a spontaneous process; it involves several considerations. In general the perceived disruptions and sacrifices were seen as unfavourable, especially by those who were considered to be conservative (generally the older people).

It is not easy to endure these sacrifices when changing to a new occupation. When I posed a question to the headman of one of the non-industrial villages, he gave the opinion that the villagers have problems in accepting employment in the handicraft industries since this would be seen as something new; something that the villagers were not used to. Unless the industries were perceived as economically beneficial and easily adopted they would not readily switch to the new occupation. The same view was forwarded by Encik Ahmad bin Salih, the first batik entrepreneur (the pioneer) in his village. Before becoming an entrepreneur he worked in a batik factory in another village, three miles away. After having acquired certain skills and capital he established his own small batik workshop in his village. During the first year of operation he faced several difficulties in getting the acceptance of the local community, particularly in getting them involved as workers. Gradually, however, some villagers became interested in the industry and started switching their jobs from farmers to wage-paid handicraft workers. Moreover, several villagers (particularly among the young) have taken their job in the industry seriously, i.e. as their full-time occupation. Now in the village we can find three other batik factories which employ around thirty workers, several of whom were from neighbouring villages. This manifests that there is not much problem of acceptance of handicraft work if it is perceived as a better alternative.



From his own experiences Encik Ahmad said that there are some problems that have to be confronted when the industry where one works is quite far from his or her village. This concerns whether the worker has to migrate to the village and stay there or has to commute every day. The worker has to pay for accommodation if he chooses to stay near the industry, and has to leave his family behind. If the worker chooses to commute every day to the place of work (as he did when he worked as a batik worker) the worker instead has to pay the cost of transportation. Encik Ahmad indicated that it is actually a hard decision to make since the amount of money the workers received from working in the industries is relatively small, unless they were skilled workers. Additionally, to leave the village the workers have to forego some obligations, socially and economically. It is little problem for those younger people who have no other better work to venture in their village; but for those older people who have already settled down in their village, it is a considerable decision to make. However, as Encik Ahmad argued it is worthwhile to make certain sacrifices if one has the determination to acquire skills and has the intention to establish one's own industry in the future. Meanwhile, to address this issue once again in the context of migration, the introduction of handicraft industries in a village could at least give the job opportunities *in situ* to those who were unable to migrate to look for other jobs.

Additionally, from Encik Ahmad's experience, it was not an easy task to open a new handicraft enterprise such as a batik establishment in a village where previously there was no industry of any kind around. During the early years of operation Encik Ahmad had to depend on his former employer for raw materials, orders and marketing. He suggested that one has to consider several factors before establishing an enterprise: the location of the industry, the source of raw materials, the source of labour and the market. In other words, the industry should be easily accessible to the market, raw materials and workers. As indicated before, Encik Ahmad faced these problems when he first established his own enterprise in his village. In short, it is not an easy task to set up a handicrafts enterprise.

Thus, as we assumed earlier, the higher the degree of perceived disruption and sacrifice, the lesser will be the inclination among non-participants to pursue employment in the handicraft industry.

Meanwhile, when the non-participants were asked whether they would encourage their children to get involved in the industries, none of them said they would: 42 percent of them would "not encourage", and 58 percent of them would "allow their children to make their own decision". Among those who would not encourage their children to get involved, the reasons given were: because their children have good educational qualifications (9 percent), because the industries have no future (9 percent), and because an occupation in the handicraft industry carries a low status (21 percent). Whatever the reasons they gave, we must realise that nowadays even the villagers do value a better life for their children which can be attained through better education. The value they place on their children's education is reflected in their willingness to send their children to study further and their willingness to make sacrifices for this purpose, such as by selling their land or livestock for their children's educational expenses. One villager stressed this:

"...every parent wants their children to have a good life, at least better than what they have...it is not to say that the handicraft work is no good, but I prefer my children to have other better alternatives. But if there is no other alternative, I do not mind them getting involved..."

The data and the statement hold some implications for the future development of the industries, in that handicraft work is not seen as a preferred form of employment for the children of the non-participants. These findings once again supported our earlier notion that the industries are not attractive enough to draw in newcomers unless something is done to uplift the industries and their future prospects.

To sum up: first, it has now become apparent that in order to encourage the involvement of the villagers in the handicraft industries we should first have a better understanding of all their background characteristics, such as their personal background (age and education), and their cultural, social, economic and psychological preferences. Second, the focus of the pursuit/identification of potential producers or workers should

be more on the younger villagers since these people are more mobile, better educated and are generally looking for/receptive to better jobs. Third, the "complexities" of the industries as perceived by the villagers (such as the acquisition of skills, management, the pursuit of capital and markets) hinder their interest in becoming involved. These constraints could be lessened by providing formal training to potential producers. Fourth, once again, it has also become apparent that the industries should be developed to the stage that they are perceived as economically profitable and thus attractive enough to influence the occupational preferences of the villagers, and not only for themselves but also for their children.

As we have stated earlier, desire and inclination to become involved are one thing, particularly when expressed in response to a hypothetical question. Many of those who expressed an interest in the industry may be unable to gain entry because they lack many of the necessary attributes and "physical resources" to facilitate their involvement. In the next section, we attempt to focus on the ability of the non-participants to get involved in the industries.

#### **7.4. The ability of non-participants to get involved in the handicraft industries.**

From the previous section we have found that, although a higher percentage of the non-participants had a positive attitude towards the industries, only a small number of them, particularly among the younger non-participants, had the desire to get involved in the handicraft industries under study. However, we anticipate that their desire to get involved will not materialise unless they are actually able to get involved. By ability we refer to their psychological, social, economic and physical capability (i.e. willingness to make certain sacrifices, possession of capital, skills, and so on).

The ability of the non-participants to get involved in the industries is identified by analysing (i) their willingness to make certain sacrifices in order to get involved, (ii) their potential ability to access inputs such as capital and skills, and (iii) their motivation in searching out ways to become involved.

Their willingness to make certain sacrifices in order to become involved is indicated by 13 variables derived from the non-participants' questionnaire. The results are presented in Table 7.5 below.

**Table 7.5**

**The willingness of non-participants to make certain sacrifices in order to establish a handicraft enterprise (N=100)**

Statements of Variables	Very Unwilling	Unwilling	Willing	Very Willing
1. Borrow money to invest	29	50	16	5
2. Face investment risks	28	52	18	2
3. Learn the skills	9	17	59	15
4. Learn to manage	10	13	63	14
5. Learn to market	15	15	42	28
6. Search for a market	7	31	60	2
7. Spend more time	5	21	46	28
8. Do more work	23	30	40	7
9. Face business risks	30	53	12	5
10. Face business challenges	19	58	12	11
11. Create new designs	6	20	60	14
12. Spend less time on agriculture or other activities	30	45	39	4
13. Work with other persons	5	18	59	18

The data presented above clearly disclose that there are several facets that need to be considered in examining the willingness of the non-participation to make these sacrifices.

- (a) There are a high percentage of the non-participants who are willing to learn something new if they were going to become involved. For instance, the majority of them were willing to obtain the requisite skills in production, management, and marketing.
- (b) There are a high proportion who are willing to do more work, spend more time, create new designs and work with other persons.
- (c) A high proportion were unwilling to spend less time on agriculture or their present occupation, if this was a pre-requisite for their involvement in the industries.

- (d) A high percentage of non-participants were unwilling to make sacrifices in relation to their 'economic life'. For instance, the majority of them were unwilling to borrow money, face investment risks, face business risks, and face business challenges.

In short, the majority of the non-participants were unwilling to make certain 'economic' sacrifices, but they were willing to learn the new trade as handicraft producers/workers, and were willing to sacrifice their personal interests. Thus, the findings show that there is a certain trend emerging relating to the willingness of the non-participants to make certain sacrifices if they were going to become involved in the industries. Below we attempt to discuss these findings further.

First, it is appropriate to note, at least from the policy-making perspective, that the majority of the non-participants were willing to make certain sacrifices to their personal interests, such as to work harder, to spend more time and to work with other people in relation to their involvement in the industries. Their present occupations as farmers or fishermen in fact require their physical strength and much of their time. There was no concept of 'over-time' or 'work overload' in their occupational dictionary, where they were used to working to no prescribed time and work load. Most of them even believed that working in agriculture and fishing was much harder and took a lot more time than working in the handicraft industries.

In terms of learning new skills in order to get involved in the handicraft industries, it seems that the majority of the non-participants were also willing to do so. The learning of the new skills did not really involve many sacrifices since some farmers have become used to changes in their occupations - for instance from padi cultivators to tobacco cultivators, or some of them have been doing some odd jobs which are different from their major or main occupations. Particularly among the younger non-participants, they were more willing to learn the new skills since they did not yet have any firm occupational attachments. Generally, their attitude towards education was positive.

Additionally, they were more mobile in terms of changing their work, thus to them learning new skills was not a big problem.

Moreover, there is a significant inverse relationship between age and the general willingness<sup>9</sup> to make certain sacrifices ( $r=-.86$ ), in which the younger non-participants were more willing compared to the older non-participants. In terms of their intention to get involved, our data presented in Table 7.6 below indicate that all those non-participants who have the intention to get involved in the industries (33 cases) were willing to make certain sacrifices.

**Table 7.6**

**The willingness of non-participants to make certain sacrifices and their intention to get involved in handicraft industries (N=100)**

Willingness	Get involved			Total
	No	Yes	Undecided	
Unwilling	32	-	11	43
Willing	6	33	18	57
Total	38	33	29	100

From the data, as expected, those who have the intention to get involved in the industries (all were younger non-participants) were also generally willing to make sacrifices. This requires no further discussion here.

On the other hand, particularly among the older non-participants, it is understood that to them, the learning of new skills, spending more time and working harder were seen as something uncomfortable and as a 'disturbance' in their life. As Encik Husin, a 52-year-old farmer, argued:

"...even if I have money to be invested in the handicraft industry, I think I will not do so. I am too old to handle the industry. Now it is too late to

<sup>9</sup> The term "general willingness" refers to overall willingness (i.e. the total score of 13 statements that indicate willingness).

learn. Look, like Dolah (i.e. his friend), he has been involved in the industry since he was young. His life is with the industry. But not me. My life is with the land (*hidup dengan tanah*). I don't think I can get involved as I am now too old to learn the skills. It is better to acquire the skills when we are young."

Encik Husin's views have led us to focus our discussion more on identifying the factors that underlie the non-participants' reluctance to make sacrifices in which the discussion is also aimed to identify any policy implication related to these factors.

The data in Table 7.4 reveal that most of the non-participants were reluctant to make certain sacrifices that involved economic uncertainty and risk. This behaviour is understandable since the majority of the non-participants had no money to invest because the incomes they derived from their economic activities in agriculture and fishing were generally only sufficient to support their families. For instance, when they were asked whether they had made a saving from their incomes, 73 percent answered in the negative, whereas 27 percent said they had made some saving for the purposes of pilgrimage to Mecca, and their children's education. Only one of them indicated that his saving was done for the purpose of obtaining profit (i.e. interest and dividend from shares). When they were asked the reason for no saving, 67 percent said that they had no surplus money to be saved and 6 percent answered that there is no point in saving.

These findings also imply that the non-participants have limited access to capital (which is related to the lack of collateral such as land). In other words, the majority of the non-participants were unable to spend or invest their money on the new economic activity (i.e. handicraft industry) since they had no capital to do so. They were also uncertain about the economic return which would be derived from the investment made. Furthermore, their agricultural or fishing background did not give them opportunities to access business and/or entrepreneurship skills, which are an important pre-requisite to their involvement in the more challenging economic activity of the handicrafts sector. If they had capital, it is anticipated that they would favour buying farm-land rather than investing in other economic activities from which the economic return is uncertain. From our field work it was also indicated that there was a strong tendency among the Malays to

buy farm land if capital is available. For instance, Encik Husin, who had a rice field in the area of Bendang Tikat/Banggol (a rice-growing area in the District of Badang, Kota Bharu) mentioned that if he had money he would rather buy another piece of land to add to his existing one and half acre of *bendang padi* (rice field), than investing the money in other business. He stressed that to invest the money on buying a piece of land was less risky (or, as he argued, entailed no risk at all), but not on business. He gave the example of his friend who had become involved in batik-making and had failed.

Although in the business world high risk is normally associated with high return, we must understand that the unwillingness to invest, and to face investment and business risks among the non-participants was closely related to their economic background, i.e. their inability to invest due to their lack of capital, and their lack of experience in business by virtue of the kinds of occupations they had. In other words they were risk-adverse and "conservative". Moreover, their unwillingness to make certain economic sacrifices and face economic uncertainties might relate to the difficulties they perceived and experienced in getting loans. Table 7.7 below reveals the findings related to the access of non-participants to commercial loans. The data clearly disclose that the majority of the non-participants have difficulty in obtaining loans from such loan sources as banks, co-operatives, statutory bodies and moneylenders. The data also disclose that the main reasons for difficulty in this regard related, among other things, to their lack of collateral, lack of contact with capital sources, lack of knowledge about these sources, and the prospective lender's lack of confidence in the borrower.

Whatever their perceptions towards sources of loans, in reality they were not in a position to borrow money for the purpose of investing it in business. As Encik Husin said:

"...Borrow money in order to invest in batik-making? I never think of doing that. How could I invest? Even to have our *makanan harian* (daily food/meal) our family has to buy on credit from the shopkeeper in the *kampung*."



Table 7.7

Non-participants' ease of gaining access to loans [a] and perception of difficulty in accessing loans [b] from various sources (N=100)

	Loan sources	Accessibility	
		Difficult	Easy
[a]	1. Bank	97	3
	2. Co-operative	88	12
	3. Family	95	5
	4. Statutory body	90	10
	5. Money lender	85	15

Loan sources	Reasons of difficulties				
	No Collateral	No Contacts	No Knowledge	No Confidence	No Capital
[b] 1. Bank	60	2	35	--	--
2. Co-operative	34	5	49	--	--
3. Family	--	--	--	21	74
4. Statutory body	23	19	48	--	--
5. Money lender	12	32	15	15	--

Their inability or unwillingness to spend their money on other activities which they saw as unpredictable was actually an outcome of the fact that, as indicated by Encik Husin, they have no money to spend. As a result, they were very calculating in their decisions to invest or in anything that involved money. Thus, limitations in the availability of, or villagers' access to, capital might be seen as a major obstacle or constraint which is preventing non-participants becoming involved in the study industries, particularly in an entrepreneurial capacity.

However, there were several 'traditional' methods or means exercised by the villagers in order to raise capital. First on a credit basis (from the shopkeepers) where the loan is repaid at the time of the harvest; second, through selling the paddy crop while it is still in the ground (*jual pokok padi*); third, through renting out land on a long-term lease (*pajak tanah*); fourth through usufructary mortgage (*jual janji*); and fifth through pawning

(*gadai*) ornaments, particularly gold.<sup>10</sup> Generally, the villagers prefer the 'traditional' sources of obtaining capital to the more formal modern sources. Particularly interesting in Kelantan is the fifth source of pawning ornaments. Most of the women indicated that ornaments were good for investment in that they could be liquidised easily by pawning them when money is urgently needed. In Kelantan, generally the women perceived that jewellery is not only utilised ornamentally but also as a source of economic security.

Besides their limited access to capital and their unwillingness to invest and face business risks, there is another constraint, i.e. the majority of the non-participants were unwilling to give up or reduce the amount of time they devoted to agriculture or other economic activities, should they become involved in the handicraft industries. Even though they had a positive attitude towards the industries, they still believed that their present occupations, as farmers and fishermen, were important occupations that must not be given away. This belief was also shared by the workers and entrepreneurs of the handicraft industries under study. From our field work we could indicate several reasons that might explain this attitude. Among them were: (i) most of the non-participants perceived that the income derived from agriculture or fishing was quite certain, although sometimes it fluctuated; conversely, the income derived from the industries, although it might be higher, involves uncertainty; (ii) farming and fishing were their traditional occupations, thus they had more confidence in these occupations than a new occupation with which they were not familiar; and (iii) there were cases where the producers in the handicraft industries are also involved in agriculture; thus they were reluctant to give up their traditional occupations. Some even argued that, without agriculture they couldn't live since agriculture provided them with food (i.e. rice). Thus, due to their attitude and cultural attachment with their present occupations it appears that it is not convenient for them to switch to new kinds of occupations. In other words, if they were going to be encouraged to get involved in new occupations such as handicrafts production, they

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<sup>10</sup> For more details, see Masuo Kuchiba et al., *Three Malay Villages: A Sociology of Paddy Growers in West Malaysia*, The University of Press of Hawaii, Honolulu, 1979, p. 95.

would need to be offered a considerable incentive, and most certainly they should be convinced that the new occupation is substantially better than their previous one.

Meanwhile, in terms of their motivation in relation to seeking information about the industries and advice about how to become involved, our findings show that the majority have no motivation to do so, even though the majority of them were aware of the government programmes relating to the handicraft industries (see Table 7.8 below).

**Table 7.8**  
**The non-participants' motivation to get information and advice about the handicraft industries (N=100)**

Motivation	No	Get involved Yes	Undecided	Total
<u>Get information</u>				
Never	26	10	22	58
Yes	12	23	7	42
<b>Significance</b>				<b>.00036</b>
<u>Get advice</u>				
Never	35	17	25	77
Yes	3	16	4	23
<b>Significance</b>				<b>.00010</b>
<u>Awareness of government programme</u>				
Not aware	8	4	11	23
Aware	30	29	18	77
<b>Significance</b>				<b>.05138</b>
<b>Total</b>	<b>38</b>	<b>33</b>	<b>29</b>	<b>100</b>

However, it is interesting to note that the percentages of those who have the intention to get involved is higher in terms of seeking information and advice compared to those who have no intention. This again might indicate their seriousness to get involved. Indeed, there were quite a number who did pursue advice or information. In the following paragraphs we attempt to discuss this situation further.

First, I focus on the sources of advice and information pursued by the non-participants, and on the reasons of not searching advice and information among those who I considered were less innovative. We consider discussion of this matter to be important because it enables us to assess the 'effectiveness' of the government programme in support of the development of handicraft industries. In Table 7.9. below we illustrate the sources of advice and information related to becoming involved in the industries.

**Table 7.9**

**Sources of information and advice sought by the non-participants [a] and the reasons for not seeking advice/information [b] (N=100)**

Sources		For information	For advice
[a]	1. Government Agency	2	2
	2. Producers	16	6
	3. Friend/Artisans	23	13
	4. Middleman	1	2
	5. No answer	58	77
	Total	100	100
Reasons for not searching		For information	For advice
[b]	1. Not interested	13	13
	2. Never considered	27	32
	3. No sources known	10	17
	4. No time	8	14
	5. No answer	42	29
	Total	100	100

It is interesting that producers/entrepreneurs and friends (who were artisans) were the main sources of information and advice for the non-participants. It seems that the role of the government agencies involved in the development of the handicraft industries, particularly the Malaysian Handicraft Development Corporation, Kota Bharu Branch (MHDC), were not significant as sources of information and advice for the non-participants in our study. However, the unimportance of the agency might be due to the

fact, first, that it is located too far from the non-participants' villages. For instance, one respondent in our study, Encik Ismail bin Su, from Kampung Kijang, in Daerah Badang, mentioned that he was interested in the handicraft industries, and sought advice from his friend, a batik-maker in his *kampung*. When asked why he did not seek information and advice from the handicraft agency, he answered:

"...It (the agency) is quite far from my house; it is costly and takes time to go there. I do not know anyone over there. I think I obtained enough information and advice from Pak Mat (his friend). Why doesn't the MHDC distribute the information in our *kampung*?"

The difficulty in reaching the agency is justified since our study villages are located in the northern part, whereas the MHDC is located at Mulong, in the southern part of Kota Bharu. However, the agency is easily reachable by any kind of public transport. To blame the staff of MHDC for not actively being involved in the promotion of handicraft employment is however not proper. According to an officer in charge of development of the handicraft industries in Kelantan, Encik Bashri Ashaari, the agency will entertain anybody who needs information and advice regarding the handicraft industries. The main problem was that, according to him, only very few people visited the agency to ask for information and advice.

The second factor relates to the ineffectiveness of the role of the staff to channel information and advice to the villagers. Moreover, as one villager claimed, the agency particularly focuses its efforts on the existing producers in the handicraft industries (in terms of marketing, providing raw materials, production advice, etc.) and has given less attention to non-participants who might have some potential to become involved. There are various kind of channels utilised, particularly in the form of brochures, pamphlets, magazines and circulars to give information and advice regarding the handicraft industries; however, they were not well distributed to the public (and to those who have the potential to get involved); they were normally given to tourists or visitors who visited the agency.

The data reveal that 77 percent of them are aware of the programmes, of which only 2 percent have become aware through the government agency, 40 percent through the mass media, 27 percent through friend-artisans, and 8 percent through producers. Thus the data also indicate that only a few of them are aware of the programmes directly through the agency. Again the role of friend-artisans and entrepreneurs in channelling information appears to be significant.

Meanwhile, in terms of the awareness of the government programme of support for handicraft industries, as indicated above, the majority of the non-participants realised the existence of such a programme. However, when those non-participants who were aware were asked whether they might benefit from the programme, 61 of them answered “no” and only 16 “yes”. It is interesting to know the reasons why they perceived they could not benefit from the programme: 9 said they were not members of the government political party, 11 said they had no contact with the agency, 32 said they had no skills to get involved, and 9 said they had no interest in becoming involved. In short, the majority of the non-participants felt that the programme was only beneficial for those who were already involved or had a clear intention to become involved.

The finding indicates that the non-participants’ awareness of the programme did not really guarantee them the perception of benefiting from the programme unless the agency is able to follow up its efforts in order to ensure that the programme is aimed at all who are interested and eligible, and not just a selected group of people. For instance, there were non-participants who were supporters of the PAS party, the ruling political party of Kelantan, who indicated that the government programmes or projects were only meant for or enjoyed by those who were supporters of UMNO, the government’s main political party. However, on behalf of the agency, Encik Bashri denied that the agency practices discrimination in giving assistance. He stressed that, the agency will give assistance to those who are eligible, and this might have resulted in unhappiness among those whose applications had been turned down.

To sum up, we could at least suggest that, from the non-participants' viewpoint, employment in the handicraft industries is not yet seen as a better alternative to their present traditional occupations (with the exception of 33 non-participants). Only those who have the intention to get involved appear willing to make the necessary "sacrifices". However, it is not only their general unwillingness but also the lack of capital that represents an important constraint in preventing their involvement in the industries. This constraint might be worsened due to the inability of the government agency involved effectively to disseminate information and advice regarding the development of the handicraft industries to the public.

### **7.5. Conclusion**

This chapter concludes that handicraft employment, when seen as an alternative to rural agricultural employment, is not always viewed favourably by certain groups of rural people. There are several reasons which contribute to this, among others: (i) there are other better employment alternatives elsewhere, or even in the village itself, (ii) there is a lack of interest among the rural people towards the industries, perhaps due to the fact that they had no background in handicrafts; (iii) the 'complexities' of involvement in the industries, such as in acquiring skills (production and management skills) and making certain sacrifices (particularly economic sacrifices); (iv) the perceived disruptions (socially, psychologically and economically) if they were to become involved in the industries; (v) the lack of the 'demonstration effect' which could convince non-participants of the positive aspects of the industries; and (vi) the lack of information and advice provided to them directly by the principal government agency in this field.

However, as the data from our study have indicated, the younger non-participants have the potential, and in many cases the desire, to become future workers or entrepreneurs in these industries. Their lack of physical resources, such as lack of land and capital, and the perceived difficulties in obtaining loans from institutional sources would, however, restrict their scope for full and active involvement. Thus, in order to promote rural industrialisation through the development of the existing small-scale rural

industries, the target group of external agencies should be the younger villagers. In the process of rural industrialisation the provision of skills and capital by those involved in promoting small-scale rural industries appears to be the most important areas for future support. This is emphasised by the fact that, with the prices of agricultural produce falling and farm-land becoming scarcer, and the fishing areas becoming congested with too many fishermen and too few fish to catch, it may be seen as timely for the non-participants to consider switching from their traditional occupations to alternative forms of employment, such as in the handicrafts sector. We contend that the villagers would be more likely to consider this shift in occupation and source of livelihood if they were really convinced that the monetary return would be certain and substantial. To achieve this, there is need of an *in situ* rural development strategy where the role of government development agencies should be reconciled in order to promote rural small-scale industries, such as handicrafts, as an occupational alternative for the communities concerned.



## CHAPTER 8

### CONCLUSIONS

Rural non-farm activities have been a neglected aspect of rural development policy. The main focus of development theories and approaches has been on agriculture, with rural people seen as peasants and agriculturalists. Rural non-farm activities (which include rural industrial activity) have seldom been studied seriously due to the fact that they were stereotypically considered as not significant, stagnant and lacking in dynamism. But now increasingly interest is being shown by the developing countries in developing non-farm activities, partly on account of the inability of the agricultural sector to absorb the rural labour force and satisfy the subsistence and growing consumption requirements of the rural people. My study has indicated that non-farm activities are significant and essential in the rural areas, and have considerable potential for development. In relation to this two main themes for discussion are pointed out.

Theme one: The sector is seen by several theorists as being unimportant and insignificant in the development of rural areas. For instance, non-farm activities are seen as static and isolated, and constitute a form of disguised unemployment (the neo-classical "modernisation" paradigm); as subsidiary activities to agriculture (the populists, such as Chayanov); as being marginal (the proponents of the dependency perspective); and as continuing to decline as rural income rises (Hymer and Resnick, 1969; and Resnick, 1970). Again, our findings reveal that this is not necessarily the case, at least in our study areas. The industries contribute significantly to the generation of employment and income-earning opportunities. The majority of the workers and entrepreneurs have to depend on the industries for their livelihood. Their labour-intensive nature means that they provide relatively more job opportunities than other forms of industrialisation. Meanwhile, some industries evidence their development in terms of market and size, with their products not only being sold locally but also on the international market.

From the study we have also highlighted the dynamism and economic potential of the handicraft industries under investigation. Nonetheless, the industries themselves have not been able to accomplish their full potential because of the many constraints they face. Without being over-optimistic or over-enthusiastic, I would like to recommend that their potential be further explored. With the involvement of the government and private sector, more of their potential could be realised or built. Thus, the non-farm sector should be given more recognition by policy-makers as part of their development strategy to create a dynamic and diversified rural sector.

Theme two: The rural industrial sector is traditional in character, closely attached to the community and having the potential for *in situ* development. The findings from our study imply that, due to their "appropriate" nature (or characteristics), it seems that they are amenable to less radical development approaches: such as the basic needs approach (Streeten, 1977), rural reformism (Rondinelli and Ruddle, 1978; and Mabogunje, 1980), the "ruralisation" approach (Friedmann and Douglass, 1978), and the populist "small is beautiful" approach (Schumacher, 1973). The importance of regional integrity and appropriate technology is acknowledged.

Meanwhile, another fundamental question with which I have been concerned is that rural industrialisation in the form of "decentralised industrialisation" may not be considered a particularly appropriate strategy of rural (and national) development, but instead the focus should be on "peripheral industrial development" which recognises Kelantan's position as a peripheral state. In relation to this, the "development from below" approach may be considered more relevant, where development is initiated at the grass-roots level. This may be difficult where it is argued that government should intervene on behalf of local producers: policy-makers and development practitioners may be severely constrained by the overwhelmingly centralised, top-down approach to "doing development" which is currently prevalent in Malaysia (and many other Developing Countries). And yet the government does have a key role to play: our study has shown that the villagers have limited resources (such as capital, skills and expertise)

to invest in their industries' development. In this context, the development of self-help forms of organisation based on local initiatives, people and resources was felt to be relevant. The development of co-operatives is one such way of fostering development based on local initiative and resources. Beyond this, concentrations of industrial activity in mini-growth centres might also be encouraged, taking greater advantage of nearby towns and administrative centres, and fostering a greater division of labour between rural and urban areas in this regard (Parnwell, 1990). Thus, for the purpose of rural industrialisation the functional concept of the rural milieu should be widened to include rural towns.

The following two sections attempt to present a summary of the main findings of this piece of research and to assess some of the implications of these findings as far as the possible future development of the study industries is concerned. Wherever relevant, reference is made to the specific chapter or section in the thesis where each of the following points was discussed in some detail. It is emphasised that the objective here is to present a general, thematic recapitulation of some of the points discussed earlier, in order to provide a back-cloth against which to view the policy recommendations which follow.

## **8.1 Summary of the main findings**

This study of the silverware and batik handicraft industries in the Jajahans of Kota Bharu and Tumpat Kelantan has focused on three main sets of "actors": the entrepreneurs, their workers and those villagers who are not directly involved in the production of handicrafts. The main purpose of the study has been to identify the constraints and potential which face the future development of these industries. A secondary objective has been to inform development policy in Malaysia, especially with regard to the process of rural industrialisation. The study has identified at least six broad sets of findings.

First, the handicraft industry has particular characteristics which differentiate it from larger forms of industry: (i) the industries are not homogeneous in terms, for instance, of their size, scale of operation, degree of market orientation, organisation of production, technology, raw materials, and also the extent to which people prioritise involvement in the industry in relation to other economic pursuits. Accordingly, policy measures should recognise the heterogeneity of the rural industrial sector, and should be sufficiently flexible to make allowance for this; (ii) they are not highly capitalised and technologically advanced (see Sections 4.4.6 and 4.4.7); (iii) there is a close relationship between the industries and the community (Sections 4.4.14 and 5.4.5). The industries derive their workers from the community, and thus community activities may in one way or another affect the running of the industries, and vice-versa; (iv) production of handicrafts is closely related to the social and cultural context within which it occurs (this is demonstrated in many of the qualitative statements contained in Chapters 5 and 6). Those who are involved in the industries are not only workers and entrepreneurs, but they are also villagers who have their own identity. They are not like factory workers who work to specific time schedules and have to abide by specific rules; but they are villagers with their own social relationships and cultural values. Workers and entrepreneurs are quite commonly neighbours, and also in certain cases relatives; (v) there is a complex inter-linkage between handicraft industries and agriculture (Sections 4.4.12 and 5.4.4). The industries are affected by the agricultural cycle (i.e. planting and harvesting in padi farming), where in certain cases the workers and entrepreneurs of the industries are also farmers or those who have other jobs; (vi) the industries, and the livelihoods they provide, are vulnerable, unstable and unpredictable. Various factors such as demand for the product, the availability of skilled labour, lack of capital, and the degree of priority given to the industries can effect their prospects for development, or even survival.

Second, the handicraft industries are significant in the livelihood they provide for the entrepreneurs and workers, particularly in terms of employment and income

(Section 4.4.8). For instance, the incomes derived from the industries contribute the larger part of total household income. There is some evidence that the industries have obviated the need for some villagers, particularly the younger ones, to migrate to other places to look for work. The ability to retain the more dynamic and better educated individuals within the village may be seen as a positive factor in the longer-term development of the study area. Additionally, the potential for development is indicated by (i) the limited availability of alternative sources of employment, due to the limited amount of agricultural land and the restricted range of non-farm activities within the villages; (ii) the many younger workers (particularly those with better education and formal training) who are interested in becoming involved in the industries (Chapter 6); (iii) the future demand for silverware and batik products seems to be promising (for instance, from tourism, and the greater array of value-added products which are being derived from batik cloth in particular); (iv) the increasing attention of government agencies towards the industries (i.e. in terms of marketing, designing, establishing training centres, advertising - see Chapter 2); and (v) a sign of willingness among the entrepreneurs and the workers to participate in the future development of their enterprises, at least by working hard, devoting more time, and adopting new designs (Chapters 5 and 6).

Third, the industries are still encountering several constraints, in respect of both physical and human resources, which could hamper the longer-term development of the industries (see Chapters 4 and 5). The principal constraints are (i) structural constraints, such as lack of capital, the presently restricted market (demand), lack of skilled labour, limited access to raw materials, informal organisation and traditional technology; (ii) the human constraints, such as a generally low level of entrepreneurship, negative prevailing attitudes towards the industry, and a disinclination among some to get involved seriously in the development of the industries.

Fourth, age appears to represent an important factor in both the constraints and potential which face the development of handicraft industries under investigation (this

variable was consistently identified as important in the three analysis chapters - Chapters 5-7). The study has found that, compared to the younger entrepreneurs and workers, the older ones: (i) tended to have more "developed" (i.e. larger-sized) enterprises, and derived more income from the industry; (ii) tended to have a generally positive attitude towards the industry and their occupation therein; (iii) tended to be less willing to make a firm commitment to the development of their enterprises; (iv) had a tendency to be more risk-adverse (i.e. attempted to avoid any risk-taking), particularly relation to investment; and (v) seemed least likely to leave the industries.

Fifth, not all the entrepreneurs in the silverware industry allocate a high priority to the industry (i.e. as indicated by their part-time involvement in the industries.). However, this is not the case in the batik industry. The factors that contribute to the lower degree of prioritisation are: (i) the nature of the industry, which in many instances could be carried out on a part-time basis; (ii) the limited volume and reliability of orders from the customers, and thus their limited and unpredictable income; (iii) the putting-out system of production, where producers are heavily dependent upon the middleman, and seldom enjoy any real security or dependability of work and income-earning opportunities; (iv) the lack of physical resources (capital and raw materials); and (v) the possibility of other, "better" occupations away from the *kampung*. At the same time, not all workers in both industries worked full-time, although most of the skilled workers did. The priority given to the industries was closely related to the availability of other non-farm activities. The low degree of prioritisation is also reflected in the unwillingness of some entrepreneurs and workers to encourage their children to get involved in the industries. Instead, they prefer their children to have better jobs, particularly "white-collar" jobs, even if this means their moving away from their home areas.

Sixth, the majority of the workers and entrepreneurs preferred that the development of their industries should involve evolutionary or gradual change rather than a rapid transformational development (Sections 4.4.14, 5.4.5 and 6.2). Regardless

of whether they are entrepreneurs or workers, the preferred model of development is not one that is based on modern technology and a fundamental change in the organisation of production, but on improved technology which is felt to be more appropriate to both the producers and the nature of the product. Two main reasons underpin this preference for an evolutionary model: (i) it is believed the transformational model (where modern machines and management are introduced) could jeopardise the traditional aesthetic and cultural value and identity of the product, the inseparability of the community and the industries, the traditional skills of the artisans, the hand-made quality of the product; and (ii) it was considered more appropriate to the nature of capital availability, technology, the size and characteristics of the workforce, and the relative peripherality and underdevelopment of the study area.

## **8.2 Implications of the findings**

It is imperative to point out that the starting point for rural industrial development would have to be the level of common knowledge and understanding of industrial organisation, technology and the people who are involved in the industries. This would require a much greater awareness than is now common among agencies and change agents of local resources and skills, as well as their potential contribution (Robert Chambers, 1983 and 1993). Thus, I must emphasise the importance of appropriate training for entrepreneurs, managers, supervisors and workers in rural industries and for those officials whose task is to assist them. "Appropriateness" should be determined by the nature of the people concerned as well as the characteristics and objectives for the industries themselves. The need for craft apprenticeships, on-the-job training and the acquisition of practical experience is strongly emphasised.

Meanwhile, due to the considerable variety that exists within the handicrafts/cottage industrial sector, greater emphasis should be placed on freedom to find appropriate answers to local problems than on standardised schemes or projects. Thus, in designing support mechanisms for handicrafts development, artisans

(entrepreneurs and workers) at the local level should be involved/consulted during the process of policy formulation. The combination of strategies of government-imposed development (i.e. top-down strategies) with grass-root programmes (the bottom-up approach) should be encouraged (Fu-Chen Lo and Kamal Salih, 1981). In this case, the artisans' experience, ideas and knowledge about their industries should be incorporated into the policy formulation process. It is hoped that the qualitative elements which have been included in the present study will have demonstrated the importance of local knowledge and insight in identifying both the constraints and opportunities which exist for the future development of the handicraft industries under investigation.

Due to their close association with the community, rural industrial development should allow for integration with the local populace in order to make best use of their skills and capabilities, sustain the social role played by the industrial workplace, and preserve the symbiotic functioning of industry and community. By pursuing a flexible, locally appropriate approach to the support of the rural industrial sector, it may be possible simultaneously to engender decentralisation, participation and local self-reliance (Streeten, 1977; Hogg, 1978; Mabogunje, 1980; and Friedmann and Douglass, 1978; Parnwell, 1994).

A widely held view, at least historically, has been that the progress of many traditional industries has been held back by various factors, both physical and human. Particular importance has been attached to the human factors, such as the existence of what is termed a peasant "sub-culture": for instance, the perception of limited goods, mutual distrust, fatalism, and a belief in luck rather than knowledge (Rogers, 1969); lack of achievement orientation and motivation or "modernisation values" (Eisenstadt, 1966; and McClelland, 1961); Islamic teaching (Parkinson, 1967); and so on. These have been shown not to be so appropriate in explaining the underdevelopment of handicraft industries in the study areas. As my study has indicated, the artisans and the rural people in general do have the motivation to become successful, and are profit-oriented (the silvercraft entrepreneurs Encik Hassan bin Mat Jusoh and Encik Ishak bin



Mamat in Kampong Morak typify the more entrepreneurial producers among the study communities - see, for example, pp. 201-4). Their involvement in business and their desire to attain wealth for the status it brings (such as Hajji, good houses, etc.) provide a motivating force towards profit-making activities. In other words, involvement in the industries provides a number of opportunities for achieving these goals and hence it constitutes a respected source of livelihood in which many entrepreneurs have invested their skills, money and labour.

The underdevelopment of the industries is thus largely explained by structural factors, such as limited capital, market, technology, and so on. Even the human factor of risk-aversion is largely explained by the fact that the entrepreneurs have limited capital to be invested in their enterprises (Popkin, 1979). This implies that the development of rural industries demands some assistance, particularly from the government. The various forms of assistance and programmes that can be provided in support of rural industrial development can be conveniently grouped into five main categories: the provision of infrastructure, the acquisition of skills, the role of an industrial extension service, the supply of credit, and the creation of a favourable business environment. Our study recognises that different sizes and types of handicraft industries require different kinds of assistance. Furthermore, the younger entrepreneurs/workers should be the main targeted beneficiaries of rural industrial programmes because they have both shown a generally positive attitude towards development and face the most serious physical constraints.

In terms of development, the Government should be cautious about imposing a particular development model on the rural sector. It would be quite easy to go for a model which emphasises large scale and productive efficiency (mechanised and capital-intensive) as a means of strengthening the competitive position of Kelantanese enterprises within the wider Federation. But this is not what the people want; and thus it is not appropriate to what the people desire (see Sections 4.4.14 and 5.4.5). Instead they prefer industries which are small in scale, labour-intensive, human powered, utilising

“low” and appropriate technology, and retaining many of the characteristics of “peripheral” industrialisation. In relation to this any development should be based upon the industry’s present characteristics: hand-made, traditional and peripheral, and embedded deeply in local culture. There is little doubt that the factory system is the more efficient, but at issue here it is the dilemma between efficiency and “appropriateness”. It is my belief that, with the factory model, the image of the craft will be lost. Furthermore, the system does not necessarily generate much employment, rather technology is more likely to displace labour when local conditions determine that the opposite should be the case.

Ideally, there should be some kind of consultation between the Government and the people in terms of what is seen as best and what the people actually want. We should use the handicraft industries' traditional nature as a basis for marketing strength, not weakness. Research into the innovative use of cultural imagery and identity could be incorporated into the design process and the creation of new products. Thus the "preservation" of their traditional identity is crucial for their survival. For instance, if the silverware industry is pushed into a factory system, how different will it be from the silverware factories found in Kuala Lumpur where silverware products are manufactured more quickly and cheaply, and also in closer proximity to the main market. In Kelantan, on the other hand, silverware has to be hand-made in nature, whereby it relates its identity to the producers and their culture. The Government and private sector have to recognise this. Thus, in so far as Government can influence the choices of technology made by the industries, it is felt that preference should be given to those technologies that are adaptable and appropriate to local skills and the use of local resources (Schumacher, 1973; and Parnwell, 1994). Mere imitation of imported modern technology and standardised projects is thought to be undesirable and is likely to prove counter-productive in the longer run.

In terms of the organisation of production, the study indicates the merits of a formal kampong co-operative, similar in many ways to the silverware co-operative in

Kampong Morak (Co-operative of Rural Industry in Kampong Morak) and that of the Association of Batik Producers in Kota Bharu. The co-operative system builds upon local traditions of self-help and confers advantages of scale on small-scale producers. It is recognised that such co-operative forms of production are most effective when the initiative and drive for their establishment comes from below, as opposed to being imposed from above.

For the future growth and development of the industries, more workers and entrepreneurs are needed. Today's "non-participants" might have some potential to become future workers or entrepreneurs. However, as the study indicates, the majority of the non-participants have no intention to get involved in the industries (see Chapter 7). Thus it is felt that the industries have to become attractive enough (particularly in terms of income) in order to encourage their involvement. With the involvement of the Government in the process of rural industrialisation, the younger generation should be the main target/beneficiaries of its programme since they have shown more interest than the older ones. Furthermore, it would be particularly important to create sufficient opportunities for those workers with an entrepreneurial inclination to put their abilities to the test.

In general, the findings of the study imply that the strategies of rural industrialisation needed to take into account the existence of various sub-groups and different categories among the rural population, who not only possess knowledge, resources and skills, but also have different types of dependency relationships within their community. These would require different programmes and different, flexible and locally-sensitive approaches. It is also suggested that, in policies of rural industrialisation, not only should the need for full-time jobs be considered but also the need for part-time and seasonal employment. This would also help to make the rural industrial sector more appropriate to local conditions, and would again represent an evolutionary form of development which builds upon existing structures and forms.

Investment and training should be focused primarily on the needs of young people entering the labour force.

### 8.3 Recommendations

Based on the findings of the study and the implications which have been discussed above, I attempt below to inform policy with regard to the development of the handicraft industries.

It is postulated that the establishment, growth and development of rural industries is conditioned primarily by the availability of entrepreneurial skills, the availability of credit and the removal of infrastructural constraints. For instance, the nature of rural enterprises in terms of scale of production activity and the production technology employed is largely influenced by these primary factors, which are of course closely interlinked. Thus, Government assistance to rural industries must be tailored to take these relationships into account, and also the social organisation of production.

Thus, in any rural industrialisation strategy early attention should be given to removing the physical constraints which face rural enterprises, and to providing critical inputs and training. A general supporting policy should include the exploration and development of markets; the "provision" of subsidised capital, and the targeting of smaller producers who may not be considered "credit-worthy" (i.e. they lack collateral); the improvement of delivery systems for raw materials; the channelling of new ideas and innovations; assistance for the development of entrepreneurship; assistance in management and organisation; and the creation of training programmes.

Regarding capital, the earlier discussion in this thesis has shown that there are several agencies and institutions involved in providing credit to the study industries, such as MARA and the Development Bank of Malaysia. In the main, however, these formal institutions have quite strict and rigid qualification criteria and application

procedures (such as age requirements, working papers, elaborate application forms, collateral): the existing criteria inhibit the inclination of many artisans to apply. Many producers (potential as well as actual) are forced into the informal credit sector, where they not only face higher interest charges but also a much greater chance of foreclosure, and thus forfeiture of their enterprise. To overcome their capital constraints, a more flexible and imaginative credit-providing policy could be formulated which might be more heavily biased in favour of those who are presently disadvantaged or prejudiced.

In order to inculcate entrepreneurial and technical skills, the artisans should be provided with specific training, both by formal agencies and by master craftsmen from within the kampung. Training could focus on business organisation and marketing, as well as production skills. The creation of village entrepreneurs through training should be encouraged, particularly among the younger generation. In other words, young men and women should become the main focus of training in order to sustain and increase the number of artisans in each craft. Additionally, the need of future entrepreneurs for the future development of the industries is obvious. They should be exposed to modern business management, marketing and accounting procedures. Such training programmes can be arranged with local institutions of higher learning. Meanwhile, older artisans may also be mobilised to help in the training programme.

In fostering the market and demand of the handicraft products it is apparent that the traditional cultural and aesthetic value of the products should be maintained, and considered as a marketing strength, rather than a weakness. Thus, it is important to enhance product identity and image where craft activity should be retained within its original ethnic and/or cultural context in order to preserve its aesthetic and cultural values. This is done to create the differential advantage needed for product positioning, or to create the identity of a craft product which has been created by an ethnic or peripheral group (such as the Kelantanese), thereby differentiating it from other products created by other groups. There is already evidence that this aspect is being given serious consideration by various public sector agencies (e.g. MHDC, Karyaneka,

Batik Malaysia Berhad) charged with promoting Malaysian handicrafts and exploring new marketing outlets at home and overseas. Meanwhile, it is also important to introduce product innovation and modification to the artisans in order to fulfil market tastes and requirements (e.g. instil utilitarian value on silverware products), provided that such efforts do not themselves threaten to jeopardise the products' aesthetic and cultural value. Product innovation and modification can be done through training in aspects of product design. Moreover, the market and demand can also be enhanced by identifying and creating more uses and finding more users of handicraft products. For example batik may be used in the manufacture of such value-added products as scarves, cushion covers, curtains and so on, which can be promoted among all ethnic groups.

In relation to the organisation of production, co-ordinated efforts among the artisans can be an important tool for the promotion of the industry. Since members of a community (as indicated by our study) can work better collectively towards achieving common goals, production and marketing co-operatives may be encouraged as a model of development. Successful co-operatives are themselves good indicators that the industries give a better deal in terms of employment, thus creating an image that may attract new entrants to this sector. The formal kampong co-operative would be particularly advantageous for the smaller producers, and those whose enterprises are quite marginal in economic terms. Shared premises and production utensils, together with the organised delivery of inputs, provision of capital, and marketing of products, might help to alleviate many of the constraints that they would face as individual operatives. In other words, economies of scale and the advantages of a division of labour could accrue to producers collectively whereas they would be unattainable individually. This is not to play down the importance of individual private enterprises, upon which the continued vitality of the study industries will continue to depend.

The choice of production technology for rural handicraft industries is not a simple matter. However, acceptance and utilisation of improved technology has to be inculcated among the artisans in such a manner that it would be acceptably consistent

with local culture and traditions. As a matter of fact, artisans' cultural milieu would be the most appropriate basis to initiate changes, such as the introduction of technology. The government's attempt to transfer foreign technology to this sector is a feasible alternative (for instance, the larger machines which are already employed in Kampong Morak), provided again that such technology is appropriate to the artisans' needs and expectations. The Government could increase the range of choice by examining existing technologies and by encouraging processes of adaptation and dissemination. A central role could be identified for SIRIM (the Standards and Industrial Research Institute) in such areas as research into the development of new and appropriate technology, and the provision of extension services in order to disseminate technological improvements to handicraft entrepreneurs. In the specific context of silverware and batik, there is a need for services in the fields of industrial design, chemical analysis, mechanical testing and proving, quality control and also the prevention of counterfeiting by protecting designs and producers' intellectual property rights more generally.

Thus, in achieving rural industrial development the role of extension services would be particularly important and may become the entrepreneur's point of contact with the range of official bodies concerned. However, we note that in the formulation of policies and programmes for rural industrial development what is required of development agencies and "change agents" is to liberate and not to constrain the initiative, energy, knowledge and skills of the rural people, in order to widen their horizons and to develop the resources of rural areas. A clearer understanding of the role of middlemen and fellow producers in providing advice and extension services is also needed. Furthermore, greater attention must be played to the role of larger-scale enterprises outside the kampong (such as, in the case of batik, SAMASA in Kota Bharu), and linkages between these enterprises and the smaller-scale village industries, in terms of providing the support services, training, product development, image enhancement, and so on which may also be of benefit to the genuinely rural industries.

Finally, due to the fact that the handicraft sector (as part of the rural non-farm sector) is not perceived as significant, there is an urgent need to develop an appropriate conceptualisation of handicrafts development. The concept of planning for handicrafts development has to be redefined and reclassified in a "master plan" designed in the context of the national industrial development plan, such that handicraft will appear as an identified and visible sector within the overall economy. In relation to this, rural industrial development programmes need to be integrated with national development programmes, and with national industrial development programmes. Spatial planning related to integrated rural development programmes could play a significant role in ensuring the provision of rural infrastructure and in facilitating rural industrialisation programmes. There is a need for effective vertical and horizontal co-ordination at all levels of sectoral institutions concerned with the nature and pattern of industrial development in rural areas in terms of the objectives and the planning and implementation of rural industrialisation strategies and programmes.

I conclude that the rapid development of industrial activities in rural areas could come about only if enterprising groups and individuals were encouraged and genuinely assisted by the institutional machinery to help themselves to achieve more efficient and appropriate forms of production. The wider the opportunities for such groups and individuals to test and refine their skills, and the greater the means at their disposal, the more significant would be the contribution of rural industries to rural industrialisation specifically and rural development as a whole.

In this study I have covered the constraints (human and physical) faced by the handicrafts industries; however, the study is not exhaustive. If the study were to be done again I feel that the government personnel and their agencies (or "the change agents") involved in the development of the industries should have been more centrally included in order to identify their role, attitude, and degree of commitment toward the stated objective of rural industrialisation. By doing this I could have derived a more comprehensive picture of the constraints and potential facing the industries'



development. Similarly, I might have recognised more centrally in the research the role played by middlemen, entrepreneurs and change agents from outside the narrow confines of the study communities in supporting their development through the provision of capital, market outlets, information on design and fashion, and so on. I might also have paid much greater emphasis to the gender dimensions of the rural industrialisation process. Although the predominant emphasis on male respondents was determined largely by the nature of the industries themselves, it is conceded that the opinions and intentions of women in the study villages might have been more rigorously pursued, not least in the context of the longer-term development prospects of the study industries.

Finally, considering the fact that programmes of rural industrialisation within the context of rural development are fairly new, it is felt that there is considerable need for future experimentation and research on alternative approaches, methodologies and concepts. Case studies of successful developmental experiences may be seen as particularly relevant in this connection.

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**APPENDIX 1**  
**A comprehensive list of the traditional crafts of Malaysia**

Types of handicrafts	Location (states)	People involved
<b>1. Wood-carving</b>		
(a) traditional Malay carving	Pahang Kelantan	Malays Malays
(b) traditional indigenous carving	Selangor  Pahang  Sarawak	Aborigines Mah Meri Aborigines Jah Hut Kayans, Kenyahs Melanaus Ibans
<b>2. Silvercraft</b>	Kelantan Sarawak	Malays Malohs Chinese
<b>3. Brassware</b>	Terengganu Sarawak	Malays Chinese Malohs
<b>4. Weaving</b>		
(a) traditional Malay weaving	Kelantan Terengganu Sarawak	Malays Malays Malays
(b) traditional indigenous weaving	Sarawak Sabah	Malays, Ibans Bajaus, Ilanuns
<b>5. Pottery</b>	Sarawak Perak Kelantan	Chinese Malays Malays
<b>6. Shadow Puppets</b>	Kelantan	Malays
<b>7. Plaiting</b>	Peninsular Malaysia Sabah Sarawak	Malays Malays Almost all tribes
<b>8. Beadwork</b>	Sarawak	Kelabits, Muruts, Kayans, Kenyahs Kadazans

continued/

continued/

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9.	Embroidery	Perak	Malays
10.	Kite-making	Kelantan	Malays
11.	Bird cage & traps making	Kelantan	Malays
12.	Tattooing	Sarawak	Ibans, Kayans Kenyahs
13.	Weapon-making	Sarawak Peninsular Malaysia	Kenyahs, Kayans Malays
14.	Barkcloth	Sarawak	Ibans
15.	Jewellery	Sarawak Peninsular Malaysia	Chinese Malohs Chinese Malays
16.	Traditional musical instruments	Peninsular Malaysia Sarawak	Malays Kenyahs Kadazans Muruts
17.	Horn carving	Kedah Sarawak	Malays Kenyahs Kayans Kajangs Punan
18.	Batik making	Kelantan Terengganu Selangor	Malays Malays Malays Chinese

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Source: Resource Centre, Malaysian Handicraft Development Corporation, Malaysia



**APPENDIX 2**  
**(RESEARCH QUESTIONNAIRES)**

UNIVERSITY OF HULL  
CENTRE FOR SOUTH EAST ASIAN STUDIES  
1992

**SOALSELIDIK UNTUK PENGUSAHA KRAFTANGAN**

**PENGENALAN**

1. Pengkaji adalah seorang pensyarah di Jabatan Pengajian Pembangunan Sosial, Fakulti Ekologi Manusia, Universiti Pertanian Malaysia, sekarang ini sedang melanjutkan pelajaran di University of Hull, England. Kajian ini dijalankan bertujuan untuk memperolehi bahan-bahan untuk penulisan tesis bagi keperluan mendapatkan ijazah Ph.D.
2. Matlamat utama kajian ini adalah untuk mengenal pasti latar belakang pengusaha perusahaan kraftangan batik/perak dan juga pandangan mereka terhadap perusahaan tersebut. Segala maklumat yang tuan/puan berikan adalah dirahsiakan dan hanya digunakan untuk tujuan penulisan tesis sahaja.
3. Pengkaji adalah diselia oleh Dr. Michael J.G. Parnwell dan Prof. V.T. King dari University of Hull England.
4. Kejayaan kajian ini adalah amat bergantung ke atas kerjasama yang tuan/puan berikan, dan kerjasama tersebut terlebih dahulu saya ucapkan ribuan terima kasih.

Ma'rof Redzuan,  
Centre for South East Asian Studies,  
University of Hull,  
HU6 7RX,  
England.

**PENGUSAHA DAN PERUSAHAAN**

NAMA PERUSAHAAN: \_\_\_\_\_

NAMA PENGUSAHA: \_\_\_\_\_

ALAMAT: \_\_\_\_\_

\_\_\_\_\_

NAMA PENEMUBUAL: \_\_\_\_\_

TARIKH: \_\_\_\_\_

JAM/WAKTU: \_\_\_\_\_

BILANGAN RESPONDEN: \_\_\_\_\_

NEGERI: \_\_\_\_\_

STATE: \_\_\_\_\_

DAERAH: \_\_\_\_\_

MUKIM: \_\_\_\_\_

KAMPUNG: \_\_\_\_\_

JENIS PERUSAHAAN: \_\_\_\_\_

JENIS PENGUSAHA: \_\_\_\_\_

**BAHAGIAN SATU: LATAR BELAKANG PENGUSAHA**

Pernyataan: Untuk memulakan temubual ini saya inginkan kerjasama daripada tuan/puan untuk memberikan maklumat yang berkaitan dengan latar belakang diri tuan/puan.

1. Apakah jantina tuan/puan?

Lelaki 1  
Perempuan 2

2. Berapakah umur tuan?

3. Berapa ramaikah anak tuan/puan, sekiranya mempunyai anak, dan tolong jelaskan mengenai.

Latar belakang mereka mengenai::

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Bil.	Umur	Jantina	Pekerjaan
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4a. Apakah tingkat pendidikan tertinggi yang telah tuan/puan capai?

- Tiada pendidikan
  - Pendidikan tak formal  
(sekolah agama)
  - Sekolah rendah
  - Sekolah menengah
  - Berpendidikan  
universiti
- 

4b. Apakah kelulusan formal tuan/puan?

\_\_\_\_\_  
(Nyatakan sijil tertinggi)

4c. Sejauhmanakah bergunanya pendidikan formal tuan/puan dengan pekerjaan tuan/puan sekarang?

Berguna, jelaskan: \_\_\_\_\_

Tidak berguna, jelaskan: \_\_\_\_\_

5a. Daripada manakah dan bagaimanakah tuan/puan telah memperolehi kemahiran (misalnya kemahiran kerja, pengurusan dan pemasaran) untuk menguruskan perusahaan ini?

- Daripada keluarga
  - Daripada pekerjaan lalu
  - Daripada orang lain
  - Daripada latihan
- 

5b. Adakah tuan/puan pernah mengikuti latihan secara formal?

Tidak pernah, mengapa?: \_\_\_\_\_

Jika pernah, sila nyatakan perkara-perkara berikut:

Jenis	latihan	Penganjur	Tempat	Tahun	Tempoh
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6a. Adakah tuan/puan dilahirkan di kampung ini?

Ya

Tidak, dikampung lain:

Kota Bharu

Tempat lain di Kelantan

Tempat lain di Malaysia

Lain: \_\_\_\_\_

6b. Apakah sebab utama tuan/puan memilih kampung ini sebagai lokasi/tempat mendirikan perusahaan ini?

Dekat dengan pasaran

Terdapat pekerja mahir

Dilahirkan di sini

Terdapat infrastruktur

yang baik

\_\_\_\_\_

7a. Apakah pekerjaan utama ibu dan bapa anda dulu dan sekarang?

Pekerjaan	Ibu		Bapa	
	dulu	sekarang	dulu	sekarang
1. Tidak bekerja				
2. Petani				
3. Peniaga				
4. Tukang kraf				
5. _____				

7b. Sekiranya jawapannya adalah "tukang kraf" nyatakan jenis perusahaan kraftangan tersebut?

\_\_\_\_\_ (nyatakan).

8a. Apakah jenis pekerjaan, sekiranya ada, yang tuan/puan punyai sebelum melibatkan diri dalam perusahaan ini?

Tiada 1

Ada 2

Jika "ada" tolong jelaskan dengan lebih lanjut berdasarkan kepada perkara-perkara berikut:

Jenis	Tempat	Tahun	Tempoh	Pekerjaan

9. Sudah berapa lamakah tuan/puan melibatkan diri dalam perusahaan ini?

(a) Secara umum: \_\_\_\_\_ tahun.

(b) Sebagai pengusaha: \_\_\_\_\_ tahun.

(c) Jumlah keseluruhan: \_\_\_\_\_ tahun.

10. Apakah sebab/faktor utama penglibatan tuan/puan dalam perusahaan ini?

Warisan keluarga

Tiada pilihan lain

Pulangan yang lumayan

Pencapaian peribadi

Dipengaruhi oleh orang lain

Lain: \_\_\_\_\_

11a. Sekiranya penglibatan tuan/puan dalam perusahaan ini bukan hanya satu-satunya merupakan pekerjaan tuan/puan, apakah pekerjaan tuan/puan yang lain?

Hanya satu-satunya pekerjaan

Jika punyai pekerjaan lain, sila nyatakan:

\_\_\_\_\_  
(Ke 11b)

11b. Adakah tuan/puan berhasrat untuk menjadikan pekerjaan dalam perusahaan ini sebagai hanya satu-satunya pekerjaan tuan/puan?

Ya, jelaskan: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

11c. Adakah penglibatan tuan/puan dalam perusahaan ini sepenuh masa atau separuh masa?

Sepenuh masa

Separuh masa (Ke S11d)

11d. Jika separuh masa, adakah anda berhasrat untuk menjadikan pekerjaan anda ini sebagai pekerjaan sepenuh masa?

Ya, jelaskan: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

11e. Pada kebiasaannya berapa bahagiankah (dalam peratus) daripada masa kerja yang tuan/puan peruntukan untuk berkerja dalam perusahaan ini?

\_\_\_\_\_ % \_\_\_\_\_ jam sehari.

12a. Sekiranya terdapat peluang yang lebih baik bagi tuan/puan untuk meninggikan pendapatan di tempat lain, adakah tuan/puan akan tinggalkan perusahaan ini?

Ya, jelaskan: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

12b. Sekiranya tuan/puan punyai anak, adakah tuan/puan akan menggalakkan anak-anak untuk menceburkan diri dalam perusahaan ini?!

Ya, mengapa?: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

12c. Adakah tuan/puan akan menggalakkan anak-anak puan/puan menceburkan diri dalam perusahaan ini walau pun terdapat peluang pekerjaan lain yang lebih baik untuk mereka?

Ya, mengapa?: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

12d. Adakah tuan/puan fikir bahawa anak-anak tuan/puan ingin mewarisi perusahaan ini?

Ya, mengapa?: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

12e. Adakah tuan/puan berhasrat untuk mewariskan perusahaan ini kepada anak-anak tuan/puan?

Ya, mengapa?: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

13a. Berikut adalah pernyataan-pernyataan yang berkaitan dengan perusahaan batik/perak yang terdapat di kawasan ini dan juga termasuk yang tuan/puan uruskan. Untuk ini saya meminta tuan/puan menyatakan perasaan/tanggapan tuan/puan terhadap pernyataan-pernyataan tersebut?

Adakah tuan/puan sangat setuju (SS), setuju (S), tidak setuju (TS), atau sangat tidak setuju (STS) dengan pernyataan-pernyataan berikut?

(Berikan Flash Cards kepada Responden)

Pernyataan	SS	S	TS	STS
1. Pulangan ekonomi adalah baik				
2. Kos penubuhannya adalah tinggi.				
3. Ia melibatkan risiko terlalu tinggi.				
4. Ia mempunyai masa hadapan yang cerah.				
5. Ia menolong mengurangkan perpindahan keluar penduduk.				
6. Ia menyumbang kepada pembangunan desa.				
7. Ia menolong mengekalkan:				
a. Tukang yang berkemahiran.				
b. kemahiran tradisi.				
c. nilai seni/estetik dan budaya.				
d. identiti kebudayaan melalui kraftangan.				

8. Ia menjamin kedudukan ekonomi tukang.
9. Kemahiran yang diperlukan dalam perusahaan ini sukar untuk dipelajari.
10. Pekerjaan di perusahaan ini adalah tidak menyeronokan.
11. Pada umumnya perusahaan ini adalah sukar untuk diuruskan.
12. Perusahaan seperti ini harus digalakkan perkembangannya di kawasan ini.

13b. Adakah tuan/puan mempunyai harapan yang tinggi ke atas perusahaan ini?

Ya, mengapa?: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

14a. Apakah sumber-sumber dan purata pendapatan tuan/puan sebulan?

Sumber-Sumber	Jumlah #1 Pengusaha	Jumlah#2 (ahli-ahlli lain isirumah)
1. Perusahaan		
2. Tanah		
3. Pertanian		
4. Pekerjaan lain		
5. Anak-anak		
6. Isteri/suami		
7. _____		
8. _____		
Jumlah!		

Jumlah besar: \$ \_\_\_\_\_ sebulan

14b. Adakah pendapatan daripada perusahaan semata-mata mencukupi bagi menyara hidup keluarga tuan/puan?

Ya, mengapa? \_\_\_\_\_

Tidak, mengapa tidak? \_\_\_\_\_

14b. Berapa luas tanah yang tuan miliki, sekiranya ada?  
\_\_\_\_\_ ekar.

#### **BAHAGIAN DUA: PERUSAHAAN**

**Pengenalan:** Saya seterusnya ingin mendapatkan maklumat-maklumat mengenai perusahaan tuan/puan dan juga perasaan tuan/puan terhadap perusahaan tersebut.

15. Sejak berapa lamakah perusahaan ini telah ditubuhkan? / Berapakah usia perusahaan ini?  
\_\_\_\_\_ tahun

16. Siapakah yang menganjurkan/memelukan penubuhan perusahaan ini?

- Dianjurkan sendiri
- Warisan
- Anjuran kerajaan
- Anjuran koperasi
- Lain: \_\_\_\_\_

17. Apakah sumber utama modal untuk penubuhan perusahaan ini?

- Modal sendiri
- Modal daripada Keluarga
- Modal daripada pemegang saham
- Subsidi daripada Kerajaan
- Pinjaman daripada "statutory bodies"
- Pinjaman daripada bank
- Pertolongan Kewangan lain: \_\_\_\_\_

18. Apakah masalah-masalah, sekiranya ada, yang telah dialami dalam penubuhan perusahaan ini?

Tiada langsung

Jika Ada:

Nyatakan Ya Tidak ke atas perkara-perkara berikut:

Masalah	Ada	Tiada
1. Modal kerja		
2. Bahan mentah		
3. Mendapatkan pinjaman		
4. Ketiadaan kemahiran		
5. Tentangan daripada keluarga		
6. Tanah		
7. Lain: _____		
8. Tak tahu:		

Bilangan masalah utama: \_\_\_\_\_ masalah.

19a. Apakah jenis sistem pengeluaran perusahaan tuan?

- Sistem isirumah (cottage)
- Sistem bengkel (workshop)
- Sistem kilang (factory)
- Lain: \_\_\_\_\_



19b. Apakah kelebihan utama dan kekurangan utama sistem pengeluaran perusahaan tuan/puan?

Kebaikan: \_\_\_\_\_

Kekurangan: \_\_\_\_\_

19c. Adakah tuan/puan berpuas hati dengan sistem pengeluaran yang ada dari segi keuntungannya?

Ya, mengapa?: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

19d. Adakah tuan/puan berhasrat untuk menukarkan **sistem pengeluaran** perusahaan ini di masa akan datang?

Jika Ya, kepada jenis sistem apa,

dan mengapa?: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

20a. Apakah jenis organisasi pengeluaran perusahaan tuan/puan?

Diuruskan sendiri

"Putting-out"

Sub-kontrak

Diuruskan oleh orang lain

Lain: \_\_\_\_\_

20b. Yang manakah di antara pernyataan berikut dapat menerangkan corak pembahagian kerja perusahaan tuan/puan?

Terdapat pembahagian kerja yang jelas

Terdapat pembahagian kerja yang sederhana

Tiada pembahagian kerja

\_\_\_\_\_

\_\_\_\_\_

20c. Pada pandangan tuan/puan apakah kelebihan utama dan kekurangan utama organisasi pengeluaran perusahaan tuan/puan?

Kelebihan: \_\_\_\_\_

Kekurangan: \_\_\_\_\_

20d. Adakah tuan/puan berpuas hati dengan organisasi pengeluaran dari segi pendapatan dan keuntungannya?

Ya, mengapa?: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

20e. Adakah tuan/puan berhasrat untuk menukar organisasi pengeluaran di masa akan datang?

Jika Ya, mengapa dan kepada organisasi jenis apa?:

\_\_\_\_\_  
Tidak, mengapa tidak?: \_\_\_\_\_

21a. Adakah perusahaan tuan/puan beroperasi sepanjang tahun?

Ya (Terus Ke S22)

Tidak, tidak menentu (irregular)

(Terus ke S21b dan S21c)

Tidak, ikut musim (Terus ke S21c)

\_\_\_\_\_  
\_\_\_\_\_

21b. Sekiranya operasinya adalah tidak menentu, apakah sebab utamanya?

Kekurangan bahan mentah

Kurang permintaan

Kekurangan buruh

Sibuk dengan kerja lain

Lain: \_\_\_\_\_

21c. Adakah tuan/puan bercadang untuk membuat perubahan ke atas operasi yang tidak menentu ini?!

Ya, mengapa?: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

22. Bolehkah tuan/puan beritahu saya mengenai pemilikan harta perusahaan ini dan bagaimana ianya diperolehi? Nyatakan sama ada ianya diperolehi secara sewa = 1, beli = 2, pinjam = 3, diwarisi = 4, dan lain-lain cara = 5.

(Berikan Flash Cards kepada Responden).

Harta	cara memperolehi
1. Tanah	
2. Bangunan	
3. Peralatan / mesin	
4. Kenderaan	
5. _____	
6. _____	

23a. Sila nyatakan sumber dan jumlah modal dan bantuan kewangan yang tuan/puan terima untuk menjalankan perusahaan ini?

Sumber	Jumlah/tahun(\$)
1. Modal sendiri	
2. Modal daripada keluarga	
3. Modal daripada pemegang saham	
4. Lain-lain modal, nyatakan _____	
5. Pinjaman daripada badan-badan tertentu.	
6. Pinjaman daripada bank	
7. Bantuan kewangan lain _____	

23b. Tolong nyatakan sumber-sumber modal tuan/puan di bawah modal sendiri di atas?

Sumber modal sendiri	Jumlah/tahun (\$)
1. Simpanan lalu	
2. Keuntungan daripada perusahaanl	
3. Penjualan harta (nyatakan jenis harta)	
4. Pengadaian harta (nyatakan jenis harta)	
5. lain-lain _____	

24a. Lebih kurang berapakah jumlah pengeluaran perusahaan ini dalam sebulan?

\_\_\_\_\_ unit sebulan  
\_\_\_\_\_ ringgit setahun

24b. Adakah tuan /puan berhasrat untuk menambahkan lagi jumlah pengeluaran perusahaan ini?

Ya, bagaimana?: \_\_\_\_\_  
Tidak, mengapa tidak?: \_\_\_\_\_

24c. Dalam menambahkan lagi jumlah pengeluaran perusahaan ini sejauh manakah tuan/puan sanggup untuk melakukan perkara-perkara berikut?

Nyatakan sama ada Sangat Sanggup = SS, Sanggup = S, Tidak Sanggup = TS, atau Sangat tidak Sanggup = STS.

(Berikan Flash Card kepada Responden).

Perkara	SS	S	TS	STS
1. Ambil lebih ramai pekerja				
2. Beri latihan kpd. pekerja				
3. Pinjam wang untuk pelaburan				
4. Besarkan saiz perusahaan				
5. Tambah masa bekerja				
6. Tambah kerja				
7. Mencari pasaran				
8. Beli peralatan/mesin baru.				

25a. Adakah perusahaan tuan/puan punyai pekerja-pekerja selain daripada tuan/puan?!

Tiada.

Jika Ada berapa ramai: \_\_\_\_\_ orang  
(Ke S25b dan S25c)

25b. Sekiranya Ada, tolong berikan maklumat-maklumat mengenai pekerja-pekerja tersebut berdasarkan sifat-sifat berikut:

Ciri-Ciri	Bilangan
1. Pembayaran Upah	
Dibayar	
Tidak dibayar	
2. Jantina	
Lelaki	
Perempuan	
3. Perhubungan	
Ahli keluarga	
Bukan ahli keluarga	
4. Kemahiran	
Mahir	
Separuh mahir	
Tidak mahir	
5. Tempat asal	
Dari kampung ini	
dari luar kampung ini	
6. Tahap pekerjaan	
Sepenuh masa	
Separuh masa	

25c. Adakah tuan/puan menyediakan latihan untuk pekerja-pekerja perusahaan ini, atau menghantar mereka untuk latihan formal di tempat lain.

Tidak, mengapa tidak?: \_\_\_\_\_

Jika Ada, mengapa perlu latihan?: \_\_\_\_\_

(Ke S25d)

25d. Pada pandangan tuan/puan adakah latihan yang mereka terima berfaedah dari segi penambahan kemahiran dan kualiti pengeluaran perusahaan ini?

Ya, mengapa?: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

26a. Adakah perusahaan tuan/puan mendapatkan sebarang mesin/peralatan baru dalam tempoh lima tahun yang lalu?

Tiada, mengapa tiada?: \_\_\_\_\_

Ada, mengapa? \_\_\_\_\_

(Ke S26b)

26b. Bagaimanakah jumlah keseluruhan pengeluaran perusahaan ini sebagai akibat daripada penggunaan mesin/peralatan ini?!

Keluaran berkurangan 1

Tiada perubahan 2

Sedikit pertambahan 3

Agak banyak bertambah 4

Begitu banyak bertambah 5

26c. Adakah tuan/puan berhasrat untuk menggunakan mesin atau peralatan baru dan moden dalam perusahaan ini?

Tidak, mengapa tidak?: \_\_\_\_\_

Jika Ya, mengapa?: \_\_\_\_\_

26d. Di bawah ini dinyatakan di antara kesan-kesan penggunaan mesin atau peralatan moden dalam perusahaan seperti yang tuan/puan miliki.

Nyatakan sama ada tuan/puan Sangat Setuju = SS, Setuju = S, Tidak Setuju = TS atau Tidak Setuju = STS ke atas pernyataan-pernyataan yang dibacakan ini.

(Berikan Flash Cards kepada Responden).

Kesan	SS	S	TS	STS
-------	----	---	----	-----

1. Penjimatan tenaga dan masa.
2. Keperluan untuk melatih pekerja gunakan mesin.
3. Peningkatan lagi daya pengeluaran.

4. Peningkatan mutu keluaran.
5. Kehilangan secara beransur-ansur seni pertukangan/perusahaan tangan.
6. Kehilangan secara beransur-ansur kemahiran pertukangan tangan.
7. Berlaku tentangan daripada pekerja.
8. Semakin menurun nilai estetik/seni dan budaya.
9. Kenaikan dalam harga barangan.
10. Penambahan kos keluaran.
11. Timbulkan keperluan untuk pinjam wang untuk pelaburan
12. Penambahan keuntungan.
13. Timbulkan banyak keburukan daripada kebaikan.

=====

- 26e. Dalam memperkenalkan mesin atau alat-alat baru ke dalam perusahaan sejauh manakah tuan/puan sanggup melakukan perkara-perkara berikut?

Nyatakan sama ada tuan/puan Sangat Sanggup = SS, Sanggup = S, Tidak Sanggup = TS, atau Sangat Tidak Sanggup = STS.

(Berikan Flash Card kepada Responden).

=====

Perkara	SS	S	TS	STS
1. Membuat pelaburan (Beli mesin/alat).				
2. Menghadapi risiko dan ketidakpastian (Keuntungan belum pasti).				
3. Melatih pekerja menggunakan mesin/alat baru.				
4. Membuat perubahan dalam cara kerja yang ada.				
5. Mengubah mutu barangan.				
7. Mempelajari cara penggunaan alat/mesin baru.				
8. Mengurangkan unsur-unsur kesenian pada barangan.				
9. Meninggalkan secara beransur-ansur kemahiran tangan.				

=====

- 27a. Tolong senaraikan ikut kepentingan jenis barangan yang dikeluarkan oleh perusahaan ini?

Barangan:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Jumlah jenis Barangan: \_\_\_\_\_

- 27b. Pernahkah tuan/puan mencari fikiran (idea) baru untuk memperbaiki mutu (kualiti) dan jumlah (kuantiti) keluaran barang-barang dari perusahaan tuan/puan?

Tidak pernah, mengapa?: \_\_\_\_\_

Sekiranya Pernah, untuk tujuan apa?

\_\_\_\_\_  
(Ke S27c)

- 27c. Sekiranya pernah apakah sumber utama fikiran (idea-idea) tersebut?

Sendiri	1
Pengguna/pelanggan	2
Agensi Kerajaan	3
Majalah/buku	4
Lain-lain: _____	5

- 27d. Pernahkah tuan/puan memperolehi bantuan daripada program kerajaan yang bertujuan membantu pengusaha-pengusaha kraftangan?

Tidak pernah, mengapa?: \_\_\_\_\_

Sekiranya Pernah, daripada agensi Kerajaan yang mana, dan apakah jenis bantuan yang tuan/puan terima?: \_\_\_\_\_

- 27e. Salah satu daripada matlamat program pembangunan desa kerajaan (melalui agensi-agensinya seperti Perbadanan Kraftangan Malaysia dan Batik Malaysia Berhad) adalah untuk membantu penduduk desa yang terlibat dalam perusahaan kraftangan.

- i. Pada pandangan tuan/puan adakah usaha-usaha Kerajaan ini mencukupi?!

Ya, jelaskan: \_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

- ii. Pada pandangan tuan/puan adakah tuan/puan memperolehi faedah daripada program tersebut?

Ya, faedah utama?: \_\_\_\_\_

Tiada, mengapa tidak?: \_\_\_\_\_

- 27f. Sejauh manakah seringnya tuan/puan berusaha mendapatkan / memperoleh maklumat-maklumat atau idea-idea baru mengenai perkara-perkara berikut? Adakah tuan/puan Sering, Kadang Kala, Jarang atau Tidak Pernah berbuat demikian?

(Berikan Flash Cards kepada Responden). |

Perkara	Sering	Kadang kala	Jarang	Tidak pernah
1. Keluaran baru				
2. Corak/rekabentuk baru				
3. Pasaran baru				
4. Mesin/alat baru/moden				
5. Teknik pengurusan baru				
6. Peluang sumber modal				

27g. Sekiranya terdapat pasaran baru yang mana tuan/puan adalah berupaya untuk memenuhi permintaan pasaran tersebut, sejauhmanakah tuan/puan sanggup untuk melakukan perkara-perkara berikut?

Nyatakan sama ada tuan/puan Sangat sanggup = SS, Sanggup = S, Tidak Sanggup = TS atau Sangat Tidak Sanggup = STS.

(Berikan Flash Cards kepada Responden).!

Tindakan	SS	S	TS	STS
1. Menambah bilangan pekerja.				
2. Melatih pekerja baru.				
3. Meminjam wang untuk pelaburan.				
4. Mendapatkan nasihat untuk rekabentuk/corak baru.				
5. Menambah kos pengeluaran.				
6. Menambah masa bekerja.				
7. Membuat lebih banyak kerja.				
8. Mendapatkan lebih banyak bahan-bahan mentah.				
9. Membuat promosi dan pengiklanan.				

Soalan S27h hanya untuk pengusaha batik

27h. Adakah perusahaan tuan/puan mengeluarkan barang-barang lain yang diperbuat daripada batik? (nilai-tambah).

- (a). Jika Ada, apakah tujuan utama tuan/puan berbuat demikian?: \_\_\_\_\_  
Bilangan barangan nilai-tambah: \_\_\_\_\_
- (b). Jika Tiada, mengapa tidak?: \_\_\_\_\_
- i. Jika tiada, adakah tuan/puan mempertimbangkan untuk mengeluarkan barang-barang lain daripada batik?: \_\_\_\_\_



ii. Apakah halangan utama, jika ada yang tuan/puan hadapai dalam mengeluarkan barang-barang lain itu?:\_\_\_\_\_

28a. Apakah pasaran utama barangan perusahaan tuan/puan?

Kegunaan sendiri/pasaran tempatan  
Pasaran kebangsaan/Se-Malaysia  
Pelancung  
Pasaran antarabangsa

28b. Adakah tuan/puan berhasrat meluaskan pasaran barangan perusahaan tuan/puan?

Tidak, mengapa tidak?:\_\_\_\_\_  
Sekiranya Ya, mengapa?:\_\_\_\_\_  
Ke pasaran mana?:\_\_\_\_\_

28c. Apakah saluran pasaran utama barangan perusahaan ini?

Kedai sendiri	1
Peruncit kecil	2
Peruncit besar	3
Orang tengah	4
Majikan (putting-out)	5
Kooperasi	6
Agensi Kerajaan	7
Lain-lain	8

28d. Adakah tuan/puan menghadapi masalah memasarkan melalui saluran di atas?

Tiada masalah, jelaskan:\_\_\_\_\_  
Jika Ada, tolong nyatakan masalah utama dan mengapa?:\_\_\_\_\_

28e. Adakah tuan/puan membuat pengiklanan atau promosi ke atas barangan perusahaan tuan/puan?

Tidak, mengapa tidak?:\_\_\_\_\_  
Jika Ada, mengapa?:\_\_\_\_\_  
Cara pengiklanan utama:\_\_\_\_\_

29a. Adakah perusahaan tuan/puan menerimaguna reka bentuk / corak baru bagi barangan dalam tempoh lima tahun yang lalu?

Tidak, mengapa tidak?:\_\_\_\_\_  
Jika Ada (Ke S29b dan S29c)

29b. Jika ada apakah sumber utama tuan/puan memperolehi corak / reka bentuk baru itu?

Idea/rekaan sendiri

Pelanggan

Orang tengah

Agensi kerajaan

Majalah/buku

Lain: \_\_\_\_\_

29c. Apakah tujuan utama tuan/puan menerima guna corak/reka bentuk baru tersebut?

Untuk memperolehi lebih pasaran

Kepuasan peribadi

Dikehendaki oleh peruncit

Untuk bersaing dengan pengusaha lain

Lain: \_\_\_\_\_

29d. Dalam menerimaguna corak/rekabentuk baru untuk barangan perusahaan tuan/puan, sejauh manakah tuan/puan sanggup untuk melakukan perkara-perkara berikut? Nyatakan sama ada tuan/puan Sangat Sanggup = SS, sanggup = S, Tidak sanggup = TS atau Sangat Tidak Sanggup = STS.

(Berikan Flash Cards kepada Responden).

Tindakan	SS	S	TS	STS
1. Belajar kemahiran baru.				
2. Melatih pekerja guna corak baru.				
3. Meminjam wang untuk pelaburan untuk corak baru.				
4. Menambah kos pengeluaran.				
5. Membuat lebih banyak kerja.				
6. Mencari pasaran baru untuk barang corak/rekabentuk baru.				
7. Mendapatkan nasihat untuk rekabentuk baru.				
8. Menghilangkan nilai seni tradisi budaya/estetik barangan.				

30. Adakah terdapat perubahan dalam perusahaan tuan/puan dalam masa 10 tahun yang lalu dari segi berikut:

Perubahan	Ada(+)	Tiada	Ada (-)
1. Bilangan barangan			
2. Daya pengeluaran			
3. Mutu barangan			
4. Saiz perusahaan			
5. Bilangan pekerja			
6. Pertumbuhan pasaran			
8. Corak / rekabentuk			
9. Mesin / peralatan			

31. Sekiranya perusahaan tuan/puan menghadapi masalah berikut bagaimanakah tuan/puan bertindak ke atasnya?

Masalah	Tindakan
1. Tidak ada sumber modal untuk meneruskan pengeluaran.	
2. Penawaran bahan mentah yang tidak menentu	
3. Persaingan yang semakin hebat dalam pasaran.	

32. Sejauh manakah tuan/puan sanggup untuk membuat pelaburan dalam perusahaan tuan/puan di bawah keadaan-keadaan berikut? Nyatakan sama ada tuan/puan Sangat Sanggup = SS, Sanggup = S, Tidak Sanggup, atau Sangat Tidak Sanggup = STS.

(Berikan Flash Cards kepada Responden)

Keadaan	SS	S	TS	STS
1. Pasaran di masa hadapan tidak menentu.				
2. Keuntungan adalah rendah.				
3. Pulangan kepada pelaburan adalah tidak boleh diramalkan.				
4. Barangan yang diminta oleh pasaran sentiasa berubah-ubah.				

33. Sekiranya perusahaan tuan/puan mengalami "kegagalan" atau menghadapi "halangan" bagaimanakah tuan/puan bertindak ke atasnya?

Tutup perusahaan ini dan cari kerja lain  
Tidak ambil apa-apa tindakan

Minta tolong orang lain untuk selesaikan masalah  
 Cuba sendiri atasi masalah ini  
 Lain-lain: \_\_\_\_\_

34. Di atas skala 1 hingga 10, di mana 1 merupakan yang paling tidak baik (paling tidak diperlukan) dan 10 merupakan yang terbaik (paling diperlukan) nyatakan perasaan tuan/puan terhadap pernyataan-pernyataan berikut yang berkaitan dengan pembangunan dan perubahan dalam perusahaan ini.

(Berikan Flash Cards kepada Responden).

Pernyataan	Skala
1. Peningkatan daya pengeluaran/produktiviti.	
2. Peningkatan saiz perusahaan (Jadikan seperti sistem kilang).	
3. Perubahan dalam rekabentuk/corak keluaran.	
4. Penambahan barang dalam pasaran.	
5. Perhatian yang lebih pada perusahaan dan kurangkan perhatian terhadap pekerjaan lain seperti pekerjaan pertanian.	
6. Pengeluaran pelbagai barangan keluaran perusahaan (batik misalnya keluarkan baju, kusyen, tudung dll.).	
7. Pergantungan yang lebih ke atas pinjaman atau pelaburan modal daripada luar perusahaan.	
8. Penggantian tenaga buruh manusia dengan tenaga mesin.	
9. Penambahan peranan pihak Kerajaan.	
10. Peningkatan dalam latihan di kalangan pekerja.	

**Penutup:**

Saya mengucapkan ribuan terima kasih di atas kesudantuan-puan meluangkan masa untuk ditemubual dan juga keatas maklumat-maklumat yang telah diberikan.

UNIVERSITY OF HULL  
CENTRE FOR SOUTH EAST ASIAN STUDIES  
1992

SOALSELIDIK UNTUK TUKANG / PEKERJA KRAFTANGAN

PENGENALAN

1. Pengkaji adalah seorang pensyarah di Jabatan Pengajian Pembangunan Sosial, Falkulti Ekologi Manusia, Universiti Pertanian Malaysia, sekarang ini sedang melanjutkan pelajaran di University of Hull, England. Kajian ini dijalankan bertujuan untuk memperolehi bahan-bahan untuk penulisan tesis bagi keperluan mendapatkan ijazah Ph.D.
2. Di antara matlamat utama kajian ini adalah untuk mengenal pasti latar belakang tukang-tukang dan pekerja-pekerja yang terlibat dalam perusahaan kraftangan batik dan perak dan pandangan mereka terhadap perusahaan tersebut. Segala maklumat yang tuan/puan berikan adalah dirahsiakan dan hanya digunakan untuk tujuan penulisan tesis ini.
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NAMA TUKANG / PEKERJA: \_\_\_\_\_  
BILANGAN RESPONDEN: \_\_\_\_\_  
NEGERI: \_\_\_\_\_  
DAERAH: \_\_\_\_\_  
MUKIM: \_\_\_\_\_  
KAMPUNG: \_\_\_\_\_  
JENIS PERUSAHAAN: \_\_\_\_\_  
NAMA PENEMUBUAL: \_\_\_\_\_  
TARIKH \_\_\_\_\_

1. Apakah jantina tuan puan?

Lelaki  
Perempuan

2. Berapakah umur tuan/puan?  
\_\_\_\_\_ tahun

3a. Apakah tingkat pendidikan tertinggi yang telah tuan/puan capai?

Tiada pendidikan  
Pendidikan Tak Formal  
(Sekolah Agama Pondok)  
Sekolah Rendah  
Sekolah Menengah  
Universiti/Maktab  
\_\_\_\_\_

3b. Apakah kelulusan formal tertinggi tuan/puan?

\_\_\_\_\_  
(Nyatakan sijil tertinggi)

3c. Sejauh manakah bergunanya pendidikan formal tuan/puan dengan pekerjaan  
tuan/puan sekarang?

Berguna, jelaskan: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Tidak berguna, jelaskan: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3d. Apakah jenis kerja tuan/puan di perusahaan ini?  
\_\_\_\_\_

4a. Apakah jenis kemahiran yang tuan/puan miliki yang berkaitan dengan  
perusahaan ini?  
\_\_\_\_\_

4b. Apakah sumber utama tuan/puan memperolehi kemahiran yang berkaitan dengan pekerjaan di perusahaan ini?

- Daripada keluarga
  - Daripada pekerjaan lalu
  - Daripada orang lain
  - Daripada latihan
- 

4c. Adakah tuan/puan pernah menjalani latihan formal?

Tidak pernah, mengapa?: \_\_\_\_\_

---

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Jika Pernah, sila nyatakan perkara-perkara berikut:

Jenis Latihan	Penganjur	Tempat	Tahun	Tempoh
---------------	-----------	--------	-------	--------

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5. Apakah pekerjaan, sekiranya ada, yang tuan/puan punyai sebelum melibatkan diri dalam perusahaan ini?

Jenis	Tempat	Tahun	Tempoh
-------	--------	-------	--------

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6. /Sudah berapa lamakah tuan/puan terlibat dalam pekerjaan dalam perusahaan ini?

\_\_\_\_\_ tahun

7. Apakah sebab utama penglibatan tuan/puan dalam pekerjaan dalam perusahaan ini?

- Tiada pilihan lain
- Pendapatan yang lumayan
- Pencapaian peribadi
- Dipengaruhi oleh orang lain
- Menolong perusahaan keluarga



8a. Dari segi kemahiran, dalam kategori manakah tuan/puan berada?

Tukang/pekerja mahir  
Tukang/pekerja separuh mahir  
Tukang/pekerja kurang mahir

\_\_\_\_\_

8b. Sekiranya pekerjaan tuan/puan dalam perusahaan ini bukan merupakan satu-satunya pekerjaan, apakah pekerjaan lain?

Satu-satunya pekerjaan  
Ada pekerjaan lain

8c. Adakah tuan/puan berhasrat untuk menjadikan pekerjaan di perusahaan ini merupakan satu-satunya pekerjaan tuan/puan?!

Ya, mengapa jelaskan: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

8d. Adakah penglibatan tuan/puan dalam perusahaan ini sepenuh masa atau separuh masa?

Sepenuh masa  
Separuh masa  
(Ke S8e)

8e. Jika separuh masa, adakah tuan/puan berhasrat untuk menjadikan pekerjaan di perusahaan ini pekerjaan sepenuh masa?

Ya, mengapa? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

9a. Sekiranya terdapat peluang yang lebih baik bagi tuan/puan untuk meninggikan pendapatan di tempat lain, adakah anda akan meninggalkan pekerjaan di perusahaan ini?

Ya, mengapa?: \_\_\_\_\_

\_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- 9b. Sekiranya tuan/puan mempunyai anak, adakah tuan/puan menggalakkan anak tuan/puan bekerja dalam perusahaan kraftangan seperti ini, walaupun terdapat peluang pekerjaan yang lebih baik di tempat lain?

Ya, mengapa?: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Sekiranya tidak, apakah jenis pekerjaan yang tuan/puan mahukan anak tuan/puan jawati? Dan mengapa?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10. Berikut adalah pernyataan-pernyataan yang berkaitan dengan perusahaan batik/perak yang terdapat di kawasan ini. Apakah perasaan tuan/puan terhadap pernyataan-pernyataan tersebut?

Nyatakan sama ada tuan/puan Sangat Setuju = SS, Setuju = S, Tidak Setuju = ST, atau Sangat Tidak Setuju = STS.

(Berikan Flash Cards kepada Responden).

Pernyataan	SS	S	TS	STS
1. Pulangan ekonomi adalah baik.				
2. Kos penubuhannya adalah tinggi.				
3. Ia melibatkan risiko dan ketidaktentuan.				
4. Ia mempunyai masa hadapan yang cerah.				
5. Ia menolong mengurangkan perpindahan keluar penduduk.				
6. Ia menyumbang kepada pembangunan desa.				
7. Ia menolong mengekalkan: a. Tukang yang berkemahiran.				

- b. Kemahiran tradisi.
  - c. Nilai seni/estetik dan budaya.
  - d. Identiti kebudayaan melalui kraftangan.
8. Ia menjamin kedudukan ekonomi tukang/pekerja.
  9. Kemahiran yang diperlukan dalam perusahaan ini sukar untuk dipelajari.
  10. Pekerjaan di perusahaan ini adalah tidak menyeronokan.
  11. Pada umumnya perusahaan ini adalah sukar untuk diuruskan.
  12. Perusahaan seperti ini harus digalakkan perkembangannya di kawasan ini.

11a. Apakah sumber-sumber dan purata pendapatan tuan/puan dalam sebulan?

Sumber	Jumlah #1 (Pekerja)	Jumlah #2 (Ahli-ahli lain dalam isirumah)
1. Pekerjaan di perusahaan		
2. Tanah		
3. Pertanian		
4. Pekerjaan lain		
5. Anak-anak		
6. Isteri/suami		
7. _____		
8. _____		

Jumlah besar: \_\_\_\_\_ ringgit.

11c. Adakah tuan/puan rasa hanya pendapat daripada bekerja di perusahaan ini mencukupi untuk menyara hidup tuan/puan dan keluarga?

Ya, jelaskan: \_\_\_\_\_

\_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

\_\_\_\_\_

11b. Berapa luas tanah yang tuan/puan miliki, sekiranya ada?  
\_\_\_\_\_ ekar.

12. Adakah perhubungan saudara di antaratuan/puan dengan majikan perusahaan ini?

Tiada perhubungan saudara.

Jika ada perhubungan saudara nyatakan

jenis perhubungan:\_\_\_\_\_

13. Dengan bekerja di perusahaan ini adakah tuan/puan rasa memperoleh pengalaman daripadanya?!

Tidak memperoleh pengalaman, mengapa

tidak?:\_\_\_\_\_

\_\_\_\_\_

Jika memperoleh pengalaman, nyatakan jenis

pengalaman dan adakah pengalaman

tersebut berfaedah?:\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

14a. Untuk masa akan datang adakah anda berhasrat untuk berhenti bekerja di perusahaan ini dan membuka perusahaan sendiri?

Tidak, mengapa tidak?:\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Ya, mengapa?:\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

14b. Di atas skala 1 hingga 10, di mana 1 adalah yang terendah (terlalu kurang benar) dan 10 yang tertinggi (terlalu benar), tolong nyatakan bagaimanakah tuan/puan menerangkan tentang diri tuan/puan berdasarkan kepada ciri-ciri berikut?

(Berikan Flash Cards kepada Responden).

Ciri-Ciri	sekala									
	1	2	3	4	5	6	7	8	9	10

1. Bercita-cita tinggi.
2. Sanggup mengambil risiko.
3. Tekun.
4. Suka mencari pembaharuan.
5. Terurus rapi.
6. Menyukai cabaran.
7. Berkeyakinan diri.
8. Bagus dalam menyelesaikan masalah.
9. Sanggup memulakan sesuatu yang baru.

10. Sanggup memikul tanggung-jawab.

S14c. Sekiranya perusahaan di mana tuan/puan bekerja berusaha untuk membuat perubahan dan pembaharuan dalam pengeluaran, sejauh manakah tuan/puan sanggup turut sama dalam usaha tersebut.

Nyatakan sama ada tuan/puan Sangat Sanggup = SS, Sanggup = S, Tidak sanggup = TS, atau Sangat Tidak Sanggup untuk melakukan perkara-perkara berikut.

(Berikan Flash cards kepada Responden).

Perkara	SS	S	TS	STS
1. Untuk belajar dan mempertingkatkan kemahiran teknik.				
2. Untuk menjadi mahir secara khusus dalam bahagian tertentu dalam proses pengeluaran.				
3. Untuk belajar dan menggunakan mesin.				
4. Untuk bekerja dalam perusahaan batik/perak seperti bekerja di kilang.				
5. Untuk bekerja lebih kuat.				
6. Untuk bekerja lebih masa.				
7. Untuk bekerja mengikut waktu seperti kerja kilang kerajaan.				
8. Untuk memberikan perhatian terhadap kualiti keluaran.				
9. Untuk bekerja mengikut peraturan-peraturan yang telah ditetapkan oleh majikan.				

14c. Di atas skala 1 hingga 10, di mana 1 merupakan yang paling tidak baik (paling tidak diperlukan) dan 10 merupakan yang terbaik (paling diperlukan) nyatakan perasaan tuan/puan terhadap pernyataan-pernyataan berikut yang berkaitan dengan pembangunan dan perubahan dalam perusahaan ini.

(Berikan Flash Cards kepada Responden). |

Pernyataan	Skala									
	1	2	3	4	5	6	7	8	9	10
1. Peningkatan daya pengeluaran/ produktiviti.										
2. Peningkatan saiz perusahaan (Jadikan seperti sistem kilang).										
3. Perubahan dalam rekabentuk/										

- corak keluaran.
4. Penambahan barang dalam pasaran.
  5. Perhatian yang lebih pada perusahaan dan kurangkan perhatian terhadap pekerjaan lain seperti pekerjaan pertanian.
  6. Pengeluaran pelbagai barangan keluaran perusahaan (batik misalnya keluarkan baju, kusyen, tudungdll.).
  7. Pergantungan yang lebih ke atas pinjaman atau pelaburan modal daripada luar perusahaan.
  8. Penggantian tenaga buruh manusia dengan tenaga mesin.
  9. Penambahan peranan pihak Kerajaan.
  10. Peningkatan dalam latihan di kalangan pekerja.

- =====
15. Sejauh manakah tuan/puan bersetuju bahawa penglibatan atau pekerjaan tuan/puan dalam perusahaan ini (sebagai pekerja atau tukang) telah memberikan kesan-kesan berikut kepada diri tuan/puan secara peribadi.

Nyatakan sama ada tuan/puan Sangat Setuju = SS, Setuju = S, Tidak Setuju = TS, atau Sangat Tidak Setuju = STS.

(Berikan Flash Cards kepada Responden.

Kesan	SS	S	TS	STS
1. Memberikan saya lebih pengalaman.				
2. Memberikan kemahiran yang lebih baik.				
3. Memberikan saya cukup pendapatan untuk menyara hidup.				
4. Memberikan saya kebebasan untuk mencurahkan idea dan kemahiran.				
5. Memberikan saya, secara umumnya, kepuasan kerja.				
6. Memberikan saya harga diri.				
7. Memberikan peluang saya untuk berjumpa dan bernesra dengan kawan-kawan.				
8. Memberikan saya kedudukan yang baik dan dihormati dalam masyarakat.				
9. Menyebabkan kesihatan saya terganggu.				

**Penutup:** Saya mengucapkan ribuan terima kasih di atas kesudian tuan/puan meluangkan masa untuk ditemubual dan di atas maklumat- maklumat yang telah diberikan.

**UNIVERSITY OF HULL**  
**CENTRE FOR SOUTH-EAS ASIAN STUDIES**  
**1992**

**SOALSELIDIK UNTUK BUKAN-PESERTA PERUSAHAAN KRAFATANGAN**

**PENGENALAN**

1. Pengkaji adalah seorang pensyarah di Jabatan Pengajian Pembangunan Sosial, Fakulti Ekologi Manusia, Universiti Pertanian Malaysia, sekarang ini sedang melanjutkan pelajarannya di University of Hull England. Kajian ini dijalankan bertujuan untuk memperolehi bahan-bahan untuk penulisan tesis bagi keperluan memperolehi ijazah Ph.D.
2. Di antara matlamat utama kajian ini adalah untuk mengenal pasti latar belakang bukan-peserta perusahaan kraftangan, faktor-faktor yang menyebabkan ketidakterlibatan mereka, dan pandangan mereka terhadap perusahaan tersebut. Segala maklumat yang berikan adalah dirahsiakan dan hanya digunakan untuk tujuan penulisan tesis sahaja.
4. Pengkaji adalah diselia oleh Dr. Michael J.G. Parnwell dan Professor Victor T. King dari Centre For South East Asian Studies, University of Hull, England.
3. Kejayaan kajian ini adalah amat bergantung ke atas kerjasama yang tuan/puan berikan, dan kerjasama tersebut terlebih dahulu diucapkan ribuan terima kasih.

Ma'rof b. Redzuan,  
Centre for South East Asian Studies,  
University of Hull,  
Hull,  
HU6 7RX,  
England.



NAMA BUKAN-PESERTA: \_\_\_\_\_  
BILANGAN RESPONDEN: \_\_\_\_\_  
NEGERI: \_\_\_\_\_  
DAERAH: \_\_\_\_\_  
MUKIM: \_\_\_\_\_  
KAMPUNG: \_\_\_\_\_  
JENIS INDUSTRI: \_\_\_\_\_  
NAMA PENEMUBUAL: \_\_\_\_\_  
TARIKH: \_\_\_\_\_

**BAHAGIAN SATU: LATAR BELAKANG BUKAN-PESERTA**

Pernyataan: Untuk memulakan temubual ini elok rasanya dimulakan dengan memperolehi maklumat-maklumat yang mengenai latar belakang tuan/puan.

S1. Apakah jantina tuan/puan?

Lelaki  
Perempuan

S2. Berapakah umur tuan/puan?  
\_\_\_\_\_ tahun

S3. Berapa ramaikah anak tuan/puan, sekiranya mempunyai anak, dan tolong jelaskan mengenai latar belakang mereka mengenai:

=====

Bil.	Umur	Jantina	Pekerjaan
------	------	---------	-----------

=====

=====

Jumlah anak: \_\_\_\_\_

Bilangan anak yang bekerja: \_\_\_\_\_

4a. Apakah tingkat pendidikan tertinggi yang telah tuan/puan capai?

Tiada pendidikan  
Pendidikan Tak formal  
(sekolah agama pondok)  
Sekolah Rendah  
Sekolah Menengah  
Universiti/Maktab  
\_\_\_\_\_

4b. Apakah kelulusan formal tuan/puan?  
\_\_\_\_\_

(Nyatakan sijil tertinggi).

5a. Apakah pekerjaan utama tuan/puan?

\_\_\_\_\_  
(Nyatakan)

5b. Berapakah lamakah tuan/puan terlibat dengan pekerjaan tersebut?  
\_\_\_\_\_ tahun.

5c. Apakah jenis penglibatan dalam pekerjaan tersebut?

Sepenuh-masa  
Separuh-masa  
Tidak menentu

\_\_\_\_\_

5d. Apakah sebab utama tuan/puan terlibat dalam pekerjaan tersebut?

Warisan  
Tiada pilihan lain  
Minat  
Pendapatan yang lumayan  
Dipengaruhi oleh orang lain  
Sesuai dengan kelulusan \_\_\_\_\_

5e. Sekiranya pekerjaan tuan/puan ini bukan hanya satu-satunya merupakan pekerjaan tuan/puan miliki, apakah pekerjaan yang lain?

Satu-satunya pekerjaan  
Punyai pekerjaan lain  
Nyatakan: \_\_\_\_\_

5f. Apakah pekerjaan tuan/puan, sekiranya ada, sebelum tuan/puan terlibat dalam pekerjaan ini?

Tiada (Ke S5g)

Sekiranya ada, tolong jelas mengenai pekerjaan tuan/puan berdasarkan perkara-perkara berikut:

Jenis Pekerjaan	Tempat	Tahun	Tempoh
-----------------	--------	-------	--------

- 5g. Apakah perasaan tuan/puan terhadap pernyataan-pernyataan yang berkaitan dengan pekerjaan tuan/puan sekarang? Adakah tuan/puan Sangat Bersetuju = SS, Setuju = S, Tidak Setuju = TS, atau Sangat Tidak bersetuju = STS.

(Berikan Flash Cards kepada Responden).

Pernyataan	SS	S	TS	STS
1. Pendapatannya adalah baik.				
2. Pekerjaan ini mempunyai masa hadapanyang baik.				
3. Pekerjaan ini memberikan kepuasan kepada saya.				
4. Dengan berpekerjaan ini menyebabkan saya dihormati.				
5. Pekerjaan ini adalah mudah dan menyeronokkan.				
6. Saya boleh berjaya dalam hidup dengan berpekerjaanini.				
7. Pekerjaan ini tidak menjejaskan kesihatan saya.				
8. Saya berasa bebas apabila melakukan kerja ini.				

6. Adakah tuan/puan pernah menjalani sebarang latihan yang berkaitan dengan pekerjaan perusahaan kraftangan?

Tidak pernah, mengapa?: \_\_\_\_\_

Jika Pernah, jelaskan: \_\_\_\_\_

- 7a. Apakah sumber-sumber dan purata pendapatan tuan/puan sebulan?

Sumber	Jumlah #1 Ketua Isirumah	Jumlah #2/ (Ahli-Ahlil lain)
1. Pekerjaan utama		
2. Tanah		
3. Pertanian		
4. Pekerjaan lain		
5. Anak-anak		
6. Isteri/suami		
7. _____		
8. _____		

7b. Berapa luas tanah yang tuan/puan miliki, sekiranya ada?  
\_\_\_\_\_ekar.

7c. Sekiranya tuan/puan ada membuat simpanan daripada pendapatan, apakah tujuan utama tuan/puan menyimpan?

Tidak membuat simpanan, mengapa?\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Jika menyimpan, untuk tujuan apa dan berapa banyak dalam sebulan?\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

7d. Adakah tuan/puan merasa mudah untuk memperolehi modal daripada sumber-sumber modal sekiranya tuan/puan ingin melabur atau membuka perusahaan?

Tidak, mengapa tidak?:\_\_\_\_\_

\_\_\_\_\_

Sekiranya mudah, apakah jenis sumber-sumber modal tersebut?

Bank

Kooperasi

Keluarga

Pemberi pinjam wang

Lain-lain\_\_\_\_\_

7e. Apakah perasaan tuan/puan mengenai pinjaman wang yang mempunyai kadar bunga?

Jelaskan:\_\_\_\_\_

\_\_\_\_\_

8a. Apakah pekerjaan utama ibu-bapa tuan/puan sekarang dan yang lalu?

	Jenis Pekerjaan	Ibu		Bapa	
		Sekarang	Dulu	Sekarang	Dulu
1.	Tiada kerja				
2.	Petani				
3.	Guru				
4.	Peniaga				
5.	Tukang kraf				
6.	Lain:_____				

8b. Sekiranya jawapannya adalah tukang kraf, apakah jenis kraftangan berkenaan?

Nyatakan: \_\_\_\_\_

S8c. Adakah tuan/puan mempunyai kemahiran-kemahiran yang berkaitan dengan perusahaan kraftangan, seperti kemahiran kerja, kemahiran pemasaran dan pengurusan?

Tiada.

Jika ada, nyatakan jenis kemahiran tersebut, dan darimana di perolehinya:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## BAHAGIAN II:

Pernyataan: Di Kampung ini / Kampung lain terdapat jenis perusahaan-perusahaan kraftangan batik/perak. Untuk temubual seterusnya saya ingin menanyakan tuan/puan mengenai perasaan tuan/puan terhadap perusahaan tersebut dan mengapa tuan/puan tidak terlibat.

9. Apakah perasaan tuan/puan ke atas pernyataan-pernyataan mengenai perusahaan kraftangan batik/perak. Tolong nyatakan sama ada tuan/puan Sangat Setuju = SS, Setuju = S, Tidak Setuju = TS atau Sangat Tidak Setuju = STS.

(Berikan Flash Cards kepada Responden).l

Pernyataan	SS	S	TS	STS
1. Pulangan ekonomi adalah baik.				
2. Kos penubuhannya adalah tinggi.				
3. Ia melibatkan risiko yang terlalu tinggi.				
4. Ia mempunyai masa hadapan yang cerah.				
5. Ia menolong mengurangkan perpindahan keluar penduduk.				
6. Ia menyumbang kepada pembangunan desa.				
7. Ia menolong mengekalkan: a. Tukang yang mahir. b. kemahiran tradisi. c. nilai seni/estetik dan budaya.				
d. identiti kebudayaan melalui kraftangan.				
8. Ia menjamin kedudukan ekonomi tukang.				
9. Kemahiran yang diperlukan dalam perusahaan ini sukar dipelajari.				

10. Pekerjaan di perusahaan ini adalah tidak menyeronokan.
11. Pada umumnya perusahaan ini adalah sukar untuk diuruskan.
12. Perusahaan seperti ini harus digalakkan pertumbuhannya di kawasan ini.

=====

10a. Apakah sebab utama tuan/puan tidak terlibat dalam perusahaan batik/perak?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10b. Adakah tuan/puan mempunyai hasrat untuk terlibat dalam perusahaan batik/perak?

Ya, mengapa?: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10c. Adakah terdapat ahli-ahli keluarga tuan/puan terlibat atau bekerja dalam perusahaan kraftangan?

Ya, jelaskan: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Tidak, mengapa tidak?: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

10d. Adakah datuk-nenek tuan/puan pernah terlibat atau bekerja dalam perusahaan kraftangan?

Tiada.

Jika Ada, apakah jenis perusahaan?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

11a. Sekiranya terdapat peluang yang lebih baik untuk tuan/puan meninggikan pendapatan dengan melibatkan diri dalam perusahaan kraftangan batik/perak, adakah tuan/puan akan meninggalkan pekerjaan yang ada sekarang?

Ya, mengapa?: \_\_\_\_\_

---

---

Tidak, mengapa tidak?: \_\_\_\_\_

---

---

- 11b. Adakah tuan/puan menggalakkan anak-anak tuan/puan terlibat dalam perusahaan kraftangan batik/perak?

Ya, mengapa?: \_\_\_\_\_

---

---

Tidak, mengapa tidak?: \_\_\_\_\_

---

---

- 11c. Adakah tuan/puan akan menggalakkan anak-anak untuk terlibat dalam perusahaan batik/perak walau pun terdapat peluang pekerjaan lain yang lebih baik?

Ya, mengapa?: \_\_\_\_\_

---

---

Tidak, mengapa tidak? Apakah jenis pekerjaan yang tuan/puan mahukan anak-anak jawati?: \_\_\_\_\_

---

---

---

- 11d. Sekiranya tuan/puan atau ahli keluarga tuan/puan terlibat dalam perusahaan kraftangan batik/perak, apakah kemungkinan kesannya ke atas aktiviti-aktiviti lain?

Tiada kesan langsung, mengapa?: \_\_\_\_\_

---

---

---

Jika Ada kesan, ke atas aktiviti apa dan bagaimana?: \_\_\_\_\_

---

12. Penglibatan dalam perusahaan kraftangan tidak dapat dielakkan adalah melibatkan beberapa pengorbanan. Sejauhmanakah tuan/puan sanggup untuk melakukan perkara-perkara berikut:

Nyatakan sama ada tuan/puan Sangat Sanggup = SS, Sanggup = S, Tidak Sanggup = TS, Sangat Tidak Sanggup = STS.

(Berikan Flash Cards kepada Responden).

Perkara	SS	S	TS	STS
1. Pinjam wang untuk melabur.				
2. Hadapi risiko dalam melabur.				
3. Mempelajari:				
a. kemahiran kerja.				
b. kemahiran mengurus.				
c. kemahiran memasarkan.				
4. Mencari pasaran untuk hasil keluaran kraftangan.				
5. Menghabiskan banyak masa dalam perusahaan.				
6. Membuat lebih banyak kerja.				
7. Hadapi risiko perniagaan.				
8. Hadapai cabaran perniagaan.				
9. Cuba mencipta reka bentuk/corak baru yang lebih menarik.				
10. Memperuntukkan masa yang sedikit untuk pertanian/pekerjaan lain.				
11. Bekerja untuk orang lain.				

- 13a. Adakah tuan/puan pernah mendapatkan maklumat mengenai bagaimana untuk melibatkan diri dalam perusahaan kraftangan?

Tidak pernah, mengapa?: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Jika Pernah, apakah jenis maklumat yang diperolehi, dan daripada sumber mana?:

\_\_\_\_\_

\_\_\_\_\_

- 13b. Adakah tuan/puan pernah mendapatkan sebarang nasihat mengenai bagaimana caranya untuk melibatkan diri dalam perusahaan kraftangan?

Tidak pernah, mengapa?: \_\_\_\_\_

\_\_\_\_\_



Jika Pernah, apak jenis nasihat, dan daripada siapa?:\_\_\_\_\_

13c. Adakah tuan/puan menyedari sebarang program Kerajaan yang membantu perusahaan kraftangan?

Tidak menyedari.

Sekiranya menyedari,

a. Bagaimana tuan/puan menyedari?

\_\_\_\_\_

b. Apakah perasaan tuan/puan terhadap bantuan Kerajaan tersebut?\_\_\_\_\_

\_\_\_\_\_

c. Adakah tuan/puan fikir bahawa tuan/puan juga boleh mendapat faedah daripada bantuan tersebut?:\_\_\_\_\_

\_\_\_\_\_

14. Dalam keadaan-keadaan yang macam manakah tuan/puan bercadang untuk jadi terlibat dalam perusahaan kraftangan ini?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

15. Di atas skala 1 hingga 10, di mana 1 merupakan terendah (terlalu kurang benar) dan 10 merupakan tertinggi (terlalu benar), tolong nyatakan sejauh manakah ciri-ciri di bawah ini dapat menerangkan diri tuan/puan?

(Berikan Flash Cards kepada Responden)

Ciri-ciri	Skala									
	1	2	3	4	5	6	7	8	9	10
1. Bercita-cita tinggi.										
2. Sanggup mengambil risiko.										
3. Tekun.										
4. Suka mencari pembaharuan.										
5. Terurus-rapi.										
6. Menyukai cabaran.										
7. Berkeyakinan diri.										
8. Bagus dalam menyelesaikan masalah.										
9. Sanggup untuk memulakan sesuatu yang baru.										
10. Sanggup memikul tanggung-jawab.										

**Penutup:** Saya mengucapkan ribuan terima kasih di atas kesudian tuan/puan meluangkan masa untuk ditemubual dan juga maklumat- maklumat yang telah diberikan.

Appendix 2  
**RESEARCH QUESTIONNAIRES**  
**(Translated Versions)**

**A. Entrepreneur Questionnaire**

Name of the Entrepreneur: \_\_\_\_\_  
Address: \_\_\_\_\_  
Name of the enumerator: \_\_\_\_\_  
Date: \_\_\_\_\_  
Time: \_\_\_\_\_  
Number of Respondent: \_\_\_\_\_  
District / Jajahan: \_\_\_\_\_  
Sub-District: \_\_\_\_\_  
Village: \_\_\_\_\_  
Type of industry: \_\_\_\_\_  
Size of enterprise: \_\_\_\_\_  
Type of entrepreneur: \_\_\_\_\_

**SECTION ONE: BACKGROUND OF THE ENTREPRENEUR**

1. Sex: \_\_\_\_\_
2. Age: \_\_\_\_\_
3. How many children do have (if any) and their background in term of the following:

Children	Age	Sex	Occupation
----------	-----	-----	------------

- 4a. What is your highest level of education?

No formal education  
Informal education  
(Religious education)  
Primary education  
Secondary education  
Tertiary education  
Others: \_\_\_\_\_

4b. What is your highest formal qualification?  
\_\_\_\_\_ (Please specify)

4c. Has your formal education been useful to you in your present occupation?

Useful, explain: \_\_\_\_\_

Not useful, explain:

5a. How did you learned the skill to run your industry?

From family

From previous occupation

From other people

From formal training

\_\_\_\_\_

5b. Have you undergone any formal training?

Never, why?: \_\_\_\_\_

If yes, please give the details in terms of  
the following

Kind of training	Organiser	Year	Duration
------------------	-----------	------	----------

6a. Are you originally came from this kampung/village?

Yes.

No, from other place:

Other place in Kelantan

Other place in Malaysia

6b. What is the main reason you chose this kampung as a place of location of business?

Near the market

Availability of skilled labour

Was born here

Availability of modern infrastructure

Other: \_\_\_\_\_

7a. What is your parents' main present and previous occupations?

Kind of work	Mother's		Father's	
	Present	Previous	Present	Previous

7b. If the answer is artisan, what kind of craft industry?  
\_\_\_\_\_ (Please specify)

8. What occupation, if any, have you had prior to your present involvement in this industry?

No.  
If you had, please give the details:

Kind of occup.	Place	Year	Num. of Years
----------------	-------	------	---------------

9. How long have you been involved in this industry?

- a. In general: \_\_\_\_\_
- b. As entrepreneurs: \_\_\_\_\_

10. What is the main reason of your involvement in the industry?

- Inheritance
- No other choice
- Good return
- Personal achievement
- Influenced by other
- Other: \_\_\_\_\_

11a. If your involvement in this industry is not your only occupation, then what is the other main occupation?

Only occupation.  
Have other occupation: \_\_\_\_\_ (specify)

11b. If you have other occupation, do you have any intention to make your involvement in this industry as your only main occupation?

Yes, explain: \_\_\_\_\_

No, why not?: \_\_\_\_\_

11c. What in the kind of involvement in this enterprise?

Full-time

Part-time (Go to Q11d)

11d. If part-time do you have any intention to make your occupation in the enterprise as a full-time occupation?

Yes, explain: \_\_\_\_\_

No, why not?: \_\_\_\_\_

11e. Normally what proportion (in percentage) of your working time do you allocate to working in this industry?

\_\_\_\_\_ % \_\_\_\_\_ hour per day.

12a. If there is a better job opportunity elsewhere do you have any intention to leave the enterprise?

Yes, explain: \_\_\_\_\_

No, why not?: \_\_\_\_\_

12b. Do you encourage your children, (if you have children) to get involve in the industry?

Yes, explain: \_\_\_\_\_

No, why not?: \_\_\_\_\_

12c. Do you encourage your children to get involve even if there is a better job available elsewhere?

Yes, explain: \_\_\_\_\_

No, why not?: \_\_\_\_\_

12d. Do you think your children would like to inherit your business?

Yes, explain: \_\_\_\_\_

No, why not?: \_\_\_\_\_

12e. Do you think your children have the intention to inherit your business?

Yes, why?: \_\_\_\_\_

No, why not?: \_\_\_\_\_

- 13a. Below are statements regarding your industry. State whether you are Strongly agree (SA), Agree (A), Disagree (DA) and Strongly Disagree (SDA) with each of the statement.

Statements	SA	A	DA	SDA
1. Good return				
2. Low cost of establishment				
3. Involve less risk				
4. Has a promising future				
5. Lessen the out-migration				
6. Contribute to rural development				
7. It preserves: Skilled craftsmen Traditional skills Cultural and aesthetic value				
8. Improve the economy of the artisans				
9. Difficult to learn the craft skills				
10. The craftwork is boring				
11. Difficult to manage the enterprise				
12. The development should be encouraged				

- 13b. Are you optimistic with your enterprise?

Yes, why?: \_\_\_\_\_

No, why not?: \_\_\_\_\_

- 14a. What are your sources and average income per month?

Sources	Amount No 1 Entrepreneur	Amount No. 2 (Other members)
1. Enterprise		
2. Land		
3. Farming		
4. Other Occupation		
5. Children		
6. Wife		
7.		
8.		

Total

14b. Is the income you received from your enterprise enough to support your family?

Yes, in what way?: \_\_\_\_\_

Not enough, why not?: \_\_\_\_\_

14c. How much land do you own?

\_\_\_\_\_ acres

## SECTION TWO: BACKGROUND OF THE ENTERPRISE

15. When was this enterprise first established?

\_\_\_\_\_ (year)

16. Who initiated the establishment of this enterprise?

Self-initiated

Heritage

Government-initiated

Cooperative-initiated

Other: \_\_\_\_\_

17. What were the main sources of capital for the establishment of this enterprise?

Own capital

Capital from family

Capital from share holder

Loan from Government

Loan from statutory body

Loan from bank

Other financial assistance: \_\_\_\_\_

18. What problems, if any, were experienced in the establishment of this enterprise?

None

If any

Yes

No

1. Working capital

2. Raw material

3. Getting loan

4. No skill

5. Resistance from family member

6. Land

7. Others \_\_\_\_\_

19a. What is the kind of system of production of your enterprise?



Cottage system  
Workshop system  
Factory system  
\_\_\_\_\_

19b. What are the main advantages and limitations of the system of production that you presently employ?

Advantages: \_\_\_\_\_

Limitations: \_\_\_\_\_

19c. Are you satisfy with the current system of production in terms of its profitability?

Yes, explain: \_\_\_\_\_

No, why not?: \_\_\_\_\_

19d. Do you have any intention to change the system of production of this enterprise in the future?

Yes, to what system and why?: \_\_\_\_\_

No, why not?: \_\_\_\_\_

20a. What is the kind of organisation of production of your enterprise?

Self-employed  
Putting-out  
Subcontracting  
Organisation by others  
Other

20b. Which of the following explain a kind of division of labour in your enterprise?

A clear division of labour  
A moderate division of labour  
No division of labour  
\_\_\_\_\_

20c. What do you consider to be the advantages and limitations of the current organisation of production?

Advantages: \_\_\_\_\_

Limitations: \_\_\_\_\_

20d. Are you satisfy with the current organisation of production in terms of profitability?

Yes, explain: \_\_\_\_\_

No, why not?: \_\_\_\_\_

20e. Do you have any intention to change the organisation of production in the future?

If yes, to what kind of organisation, and why?:

\_\_\_\_\_

If not, why not:\_\_\_\_\_

21a. Does the enterprise operate throughout the year?

Yes (Go to Q22)

No, only irregular (Go Q21b and 21c)

No, seasonally (Go to Q21c)

21b. If the operation is irregular, what is the main reason?

Lack of raw materials

Lack of demand

Lack of labour

Busy with other work

Others:\_\_\_\_\_

21c. Are you planning any changes in the regularity of operation?

Yes, why:\_\_\_\_\_

No, why not:\_\_\_\_\_

22. Could you please tell me about the premises ownership and how they are acquired? (Method of acquiring: Rent=1; Bought=2; Inherit=3).

	Ownership	Rent	Bought	Inherit
1.	Land			
2.	Building			
3.	Plant			
4.	Equipments			
5.	Vehicles			
6.	Hand tools			
7.	Machines			
8.	_____			
	_____			
	_____			

23a. State the source and amount of capital and financial assistance you received to run your business?

Source	Amount / year
1. Own capital	
2. Capital from family	
3. Capital from the shareholders	
4. Other capital (specify)	
5. Loan from statutory bodies	
6. Loan from bank	
7. Other financial assistance	

23b. Please state the sources of your capital under the item own capital in the previous table.

Source of capital	Amount / year
1. Past saving	
2. Profit	
3. Sale of assets	
4. Mortgage of assets	
5. Others: _____	

24a. Approximately what is the total volume of production of the enterprise in a year?

\_\_\_\_\_ units per year  
 \_\_\_\_\_ ringgit per year.

24b. Do you have any intention to enlarge the volume of production of this enterprise?

Yes, how: \_\_\_\_\_  
 No, why not: \_\_\_\_\_

24c. In increasing the volume of production of this enterprise, how willing would you be to make the following commitment: (Very willing=VW; willing=W; Unwilling=UW; Very unwilling=VUW).

Statements	VW	W	UW	VUW
1. Take more workers				
2. Train workers				
3. Borrow money for investment				
4. Increase the size of enterprise				

5. Do more work
6. More time to be spent
7. Looking for new market
8. Buy new equipments

=====

25a. Do you have any other worker (than yourself) working in this enterprise?

None.

Yes, how many: \_\_\_\_\_ (Go to Q25b and 25c).

25b. If yes, please answer the following questions of characteristics of the labours:

=====

Characteristics of labours	Number of labours
----------------------------	-------------------

=====

1. Payment:  
Paid  
Unpaid
  2. Gender:  
Female  
Male
  3. Relationship:  
Family members  
Non-family members
  4. Skill  
Skilled  
Semi-skilled  
Unskilled
  5. Stratification:  
Apprentice  
Journeyman
  6. Origin:  
From the village  
From outside the village
  7. Employment:  
Full-time  
Part-time
- =====

25c. Have you provided any training for your workers, or sent them for formal training?

No, explain: \_\_\_\_\_

Yes, what kind of training and why?: \_\_\_\_\_

25d. Is the training you provide / they receive worthwhile in terms of workmanship and the quality of the finished product?

Yes, explain: \_\_\_\_\_  
No, why not?: \_\_\_\_\_

26a. Did the enterprise acquire any machinery or equipment in the last five years?

No, why not?: \_\_\_\_\_  
Yes, explain?: (Go to Q26b)

26b. How was the enterprise's volume of production changed as a result of the use of this machinery?

- Decrease
- No change
- Slightly increase
- Much increase
- Greatly increase

26c. Do you have any intention to apply new machinery in this industry?

No, why not?: \_\_\_\_\_  
Yes, what kind of machinery, and why? \_\_\_\_\_  
\_\_\_\_\_

26d. What is your feeling of the effect of the application of modern / new machinery or equipment to this enterprise? (Strongly agree=SA; Agree=A; Disagree= DA; Strongly disagree=SDA).

Effects	SA	A	DA	SDA
1. Help to improve labour saving				
2. Needed to train people to work the machine				
3. It help increase productivity				
4. It help improve quality				
5. It lead to gradual loss in handicraft.				
6. It lead to gradual loss in skill.				
7. Encountered by the workers				
8. It results in a decline in cultural and aesthetic value.				
9. It necessitates an increase in price				
10. It increases cost of production.				
11. It necessitates need to borrowing money for investment				
12. It increases profitability				
13. It creates more harm than good.				

26e. In introducing new machines / equipments into your enterprise, do you willing to make the following sacrifices? (Very willing=VW; Willing=W; Unwilling=UW; Very unwilling=UUW).

Sacrifices	VW	W	UW	VUW
1. Make an investment				
2. Take a risk				
3. Train workers to use machines				
4. Change the kind of work				
5. Change the quality of the product				
6. Learn how to handle machine				
7. Lose the aesthetic elements of the product				
8. Lose the handskill, gradually				

27a. Could you please list down in order of importance kinds of items produced by this enterprise?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

27b. Did you ever come up with or seek new ideas of new products for your enterprise?

Never, why: \_\_\_\_\_  
 If yes, (Go to Q27c)

27c. What is your main source of idea?

Customers  
 Government agencies  
 Magazines  
 Others: \_\_\_\_\_

27d. Did you ever receive any assistance from the government programme of handicraft development?

Never, why?: \_\_\_\_\_  
 If yes, from which agency, and kind of assistance?:

\_\_\_\_\_

27e. In your opinion, is the government effort in assisting / encouraging the participation in handicraft industry among rural people adequate?

Yes, explain: \_\_\_\_\_

No, why not?: \_\_\_\_\_

27f. Do you get any benefit from such programme?

Yes, in what form?: \_\_\_\_\_

No, why not?: \_\_\_\_\_

27g. Do you keep yourself in touch with new information or ideas in terms of the following:

Information	Always	Sometimes	Seldom	Never
1. New products				
2. New designs				
3. New markets				
4. New machines				
5. New management				
6. _____				
7. _____				

27h. If a market developed for a new product that you are capable of producing, how willing would you be to make the following commitments? (Very willing=VW; Willing=W; Unwilling=UW; Very unwilling=VUW).

Statements	VW	W	UW	VUW
1. Take more workers				
2. Train new workers				
3. Borrowing money for investments				
4. Get advice for new design				
5. Add more production cost				
6. Do more work				
7. Add more working time				
8. Find more raw materials				
9. Make promotion or advertising				

27i. Beside producing the item(s), does the enterprise doing value-added process to the item(s)? (Only relevant to batik industry).

(a) If yes what is the main purpose?: \_\_\_\_\_

(b) If not, why not?: \_\_\_\_\_

(c) If not, you have any intention to do so?: \_\_\_\_\_

- (d) What is the major obstacle, if any, that you might face in doing value-added?: \_\_\_\_\_
- 28a. List in order of importance the main market outlets for your products?
- Home consumption
  - Local
  - National
  - Tourist
  - International
- 28b. Do you have any intention to extend the market of your products?
- No, why not?: \_\_\_\_\_
- Yes, how?: \_\_\_\_\_
- 28c. What is the main channel through which the products are sold?
- Own shop
  - Retailer
  - Wholesaler
  - Middleman
  - Cooperative
  - Government agencies
  - Others: \_\_\_\_\_
- 28d. Do you face any problem in marketing/selling your products through the above channel?
- No problem,. explain: \_\_\_\_\_
- Yes, please state the main problem and why: \_\_\_\_\_
- \_\_\_\_\_
- 28e. Do you advertise or promote your products?
- No, why not?: \_\_\_\_\_
- If yes, please give details: \_\_\_\_\_
- 29a. Did your enterprise acquire or adopt any new design for the products in the last five years
- No, why not?: \_\_\_\_\_
- Yes, (Go to Q29b and 29c).
- 29b. From where did you acquire the new design?
- Own idea
  - From customers
  - From retailers/middleman
  - From Government agencies



From books/magazines

Others: \_\_\_\_\_

29c. What is the main reason of adopting new design?

To be more marketable

Self-satisfaction

Requested by retailer / customer

Others: \_\_\_\_\_

29d. In adopting new designs, how willing would you be to make the following commitment? (Very willing=VW; Willing=W; Unwilling=UW; Very unwilling=VUW).

Commitments	VW	W	UW	VUW
1. Learn new skills				
2. Train the workers				
3. Borrow money for investment				
4. Add more cost of production				
5. Do more work				
6. Look for new market				
7. Seek advice for new designs				
8. Losing cultural/aesthetic value				

30. Was there any development /changes in the enterprise in the last 10 years in terms of the following?:

Changes	Yes	No	details
1. Number of products			
2. Productivity			
3. Quality			
4. Size of the enterprise			
5. No. of workers			
6. Market			
7. Designs			
8. Machines/equipments			

31. If you encounter the following problems how would you deal with them?

Problems	Actions
1. No more capital resources	
2. Irregular supply of raw materials	
3. Increase competition for market	

32. How willing would you be to undertake investment in your enterprise under the following circumstances? (Very willing=VW; Willing=W; Unwilling=UW; Very unwilling=VUW).

Circumstances	VW	W	UW	VUW
1. The future market is not clear				
2. The profit is low				
3. The return of investment is unpredictable				
4. The product demanded by the market are constantly changing				

33. If your enterprise experience a "failure" or "hurdles" how would you deal with it?

- Close the enterprise and find other job
- Try to solve the problems
- Ask for other people to solve the problems for you
- Take no action
- Other, specify: \_\_\_\_\_

34. On the scale 1 to 10, where 1 is the most undesired and 10 the most desired, please state your feeling on the following statements regarding the development and change of the industry.

Statements	Scale
	1 2 3 4 5 6 7 8 9 10
1. Increase in productivity	
2. Increase in size (as factory)	
3. Change in designs	
4. Increase product in market	
5. Give more priority on agriculture and less on industry	
6. Increase value-added products	

7. Depend more on borrowing money  
for investment
  8. Replacement of labour by  
machines
  9. Increase the role of the  
Government
  10. Increase in workers' training
-

## B. WORKERS QUESTIONNAIRE

Name of the worker: \_\_\_\_\_  
Number of respondent: \_\_\_\_\_  
District / Jajahan: \_\_\_\_\_  
Sub-District: \_\_\_\_\_  
Village: \_\_\_\_\_  
Kind of industry: \_\_\_\_\_  
Name of enumerator: \_\_\_\_\_  
Date: \_\_\_\_\_  
Time: \_\_\_\_\_

1. Sex: \_\_\_\_\_

2. Age: \_\_\_\_\_

3a. What is your highest level of education?

No formal education

Informal education

(religious education)

Primary education

Secondary education

Tertiary education

Others: \_\_\_\_\_

3b. What is your highest formal qualification?  
\_\_\_\_\_ (Please specify)

3c. In what was, if any, has your formal education been useful to you in your present occupation?

Useful, explain: \_\_\_\_\_

Not useful, explain: \_\_\_\_\_

3d. What is the kind of your job in this enterprise?

\_\_\_\_\_ (Please specify)

4a. What kind of skill do you have in relation to the enterprise?

\_\_\_\_\_ (Please specify)

4b. What was the main source of your skill?

From family

From past working experience

From other people

From formal training

Other: \_\_\_\_\_

4c. Have you undergone any formal training?

Never, why?: \_\_\_\_\_

If yes, please give the details:

Kind of training	Organiser	Year	Duration
------------------	-----------	------	----------

5. What occupation, if any, have you had prior to your present involvement in this enterprise?

Kind of occup.	Place	Year	Num. of years
----------------	-------	------	---------------

6. How long have you been involved in this occupation?

\_\_\_\_\_ years.

7. What is the main reason of your involvement in the industry?

No other choice

Good income

Self-achievement

Influenced by other

Help family business

\_\_\_\_\_

8a. What is your level of skill?

Skilled

Semi-skilled

Unskilled

\_\_\_\_\_

8b. If your involvement in this industry is not your only occupation, then what is the other main occupation?

The only occupation.  
Have other occupation. (Go to Q8c)

8c. Do you have any intention to make your occupation in this industry as your only occupation?

Yes, explain: \_\_\_\_\_  
No, why not: \_\_\_\_\_

8d. What is the kind of involvement in this enterprise?

Full-time.  
Part-time.

8e. If part-time do you have any intention to make your occupation in this enterprise as a full-time occupation?

Yes, explain: \_\_\_\_\_  
No, why, not?: \_\_\_\_\_

9a. If there is an opportunity for you to have a better occupation elsewhere, do you consider to leave the enterprise?

Yes, why?: \_\_\_\_\_  
No, why not?: \_\_\_\_\_

9b. Will you encourage your children ( if you have any) to get involve in this industry even if there is a better job available elsewhere?

Yes, explain  
No, why not: \_\_\_\_\_

10. Below are statements regarding your industry. State whether you are Strongly agree (SA), Agree (A), Disagree (DA) and Strongly disagree (SDA) with each of the statement.

Statements	SA	A	DA	SDA	Comments
1. Good return					
2. Low cost of establishment					
3. Involve less risk					
4. Has a promising future					
5. Lessen the out-migration					
6. Contribute to rural development					
7. It preserves:					

- Skilled craftsmen
- Traditional skills
- Cultural and aesthetic value
- 8. Improve the economy of the artisans
- 9. Difficult to learn the craft skills
- 10. The work is boring
- 11. Difficult to manage
- 12. The development should be encouraged

11a. What are your sources and average income per month?

Sources	Amount No 1 Worker	Amount No. 2 (Other members)
1. Enterprise		
2. Land		
3. Farming		
4. Other Occupation		
5. Children		
6. Wife		
7.		
8.		

11b. Is the income you receive from working in the industry enough to support your family?

Yes, in what way?: \_\_\_\_\_

Not enough, why?: \_\_\_\_\_

11c. How much land do you own?

\_\_\_\_\_ acres

12. What is the relation between you and your employer?

No relation.

If you have relation, kind of relation: \_\_\_\_\_

13. By working in this enterprise, did you gain any useful experience?

Not gaining any experience, why not?: \_\_\_\_\_

If you gain any experience, state the kind of experience: \_\_\_\_\_

14a. In future do you have any intention to quit from this enterprise and establish your own?

No, why not?: \_\_\_\_\_

Yes, why?: \_\_\_\_\_

14b. On a scale of 1 to 10 where 1 is not true and 10 very true, please indicate the degree to which these personal attributes explain yourself.

Attributes	Scale									
	1	2	3	4	5	6	7	8	9	10
1. High aspiration										
2. Risk-taking										
3. Persistent										
4. Innovative										
5. Self-organised										
6. Like challenge										
7. Self-confident										
8. Good problem solving										
9. Initiative										
10. Responsible										

14c. On the scale 1 to 10, where 1 is the most undesired and 10 the most desired, please state your feeling on the following statements regarding the development and change of the industry.

Statements	Scale									
	1	2	3	4	5	6	7	8	9	10
1. Increase in productivity										
2. Increase in size (as factory)										
3. Change in designs										
4. Increase product in market										
5. Give more attention on agriculture and less on industry										
6. Increase value-added products										
7. Depend more on borrowing money for investment										
8. Replacement of labour by machines										
9. Increase the role of the Government										
10. Increase in workers' training										



15. How far do you agree that your involvement in this enterprise (as worker) gives you the following personal effects? (Strongly agree=SA; Agree=A; Disagree=DA; Strongly Disagree=SDA).

Effects	SA	A	DA	SDA
<u>Provides me with:</u>				
1. more experience				
2. more skills				
3. enough income				
4. more freedom to express idea and skill				
5. job satisfaction				
6. self-esteem				
7. opportunity to socialise				
8. good social status				
9. It affect my health				

**C. Non-participant Questionnaire**

Name of the non-participant: \_\_\_\_\_  
Number of respondent: \_\_\_\_\_  
District / Jajahan: \_\_\_\_\_  
Sub-district: \_\_\_\_\_  
Village: \_\_\_\_\_  
Kind of village industry: \_\_\_\_\_  
Name of the enumerator: \_\_\_\_\_  
Date: \_\_\_\_\_  
Time: \_\_\_\_\_

1. Sex: \_\_\_\_\_
2. Age: \_\_\_\_\_
3. If any, how many children do have and their background in term of the following

Children	Age	Sex	Occupation
----------	-----	-----	------------

4a. What is your highest level of education?

- No formal education
- Informal education  
(Religious education)
- Primary education
- Secondary education
- Tertiary education
- Others: \_\_\_\_\_

4b. What is your highest formal qualification?  
\_\_\_\_\_ (Please specify)

5a. What is you main occupation?  
\_\_\_\_\_ (Please specify)

5b. How long have you been involved in your main occupation?

\_\_\_\_\_ years.

5c. What is the kind of involvement in your main occupation?

- Full-time
- Part-time
- Irregular

\_\_\_\_\_

5d. What is the main reason of your involvement in the main occupation?

- Inheritance
- No other choice
- Interested
- Good income
- Influenced by others
- Suitable with the qualification

\_\_\_\_\_

5e. If the occupation is not the only occupation you have, what is the other occupation?

The only occupation.  
Have other occupation: \_\_\_\_\_  
(Please specify)

5f. What occupation, if any, have you had prior to your present involvement in this occupation?

None (Go to Q5g).

If any, please elaborate according to the following:

=====  
Kind of occup. Place Year Num. of years  
=====

=====

5g. What is your feeling towards the following statements regarding your main occupation? (Strongly agree=SA; Agree=A; Disagree=DA; Strongly disagree=SDA).

Statements	SA	A	DA	SDA
1. The income is good				
2. Has a good future				
3. Provide me with job satisfaction				
4. Gives me self-esteem				
5. It is easy and interesting				
6. Can become successful with the occupation				
7. Does not affect health				
8. Provide freedom				

6. Have you undergone any training related to your present occupation?

Never, why?: \_\_\_\_\_

If yes, explain: \_\_\_\_\_

7a. What are your sources and average income per month?

Sources	Amount No 1 Head of HH	Amount No. 2 (Other members)
1. Enterprise		
2. Land		
3. Farming		
4. Other Occupation		
5. Children		
6. Wife		
7.		
8.		

7b. How much land do you own?

\_\_\_\_\_ acres

7c. If you make any saving from your income, what is the main purpose?

No saving, why?: \_\_\_\_\_

If make a saving, for what purpose, and how much per month?: \_\_\_\_\_

7d. If you intend to make an investment, do you think it is easy to get capital from the following sources?

Sources	Easy	Difficult	Reasons
1. Bank			
2. Cooperative			
3. Family			
4. Money lender			
5. Statutory body			
6. Other: _____			

7e. What is your opinion on the borrowing money with interest?

Explain: \_\_\_\_\_

8a. What is your parents' present and previous occupation?

Kind of occup.	Mother		Father	
	Present	Previous	Present	Previous

8b. If the answer is artisan, what kind of handicraft?

\_\_\_\_\_ (Please specify)

8c. Do you have any skills related to handicraft, such as technical, marketing, and working skills?

None.

If you have, please specify the kind of skill, and source of the skills: \_\_\_\_\_

9. Below are statements regarding the handicraft industry. State whether you are Strongly agree (SA), Agree (A), Disagree (DA) and Strongly disagree (SDA) with each of the statement.

Statements	SA	A	DA	SDA
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1. Good return
2. Low cost of establishment
3. Involve less risk
4. Has a promising future
5. Lessen the out-migration
6. Contribute to rural development
7. It preserves:
  - Skilled craftsmen
  - Traditional skills
  - Cultural and aesthetic value
8. Improve the economy of the artisans
9. Difficult to learn the craft skills
10. The work is boring
11. Difficult to manage
12. The development should be encouraged

10a. What is the main reason of your non-involvement in the handicraft industry?

\_\_\_\_\_ (Specify the reason)

10b. Do you have any intention to get involve in handicraft industry (Batik/silverware)?

Yes, why?: \_\_\_\_\_

No, why not?: \_\_\_\_\_

10c. Do you have any member of your family who is involved in handicraft industry?

Yes, explain: \_\_\_\_\_

No, why not? Explain: \_\_\_\_\_

10d. Were any of your antecedents being involved in any handicraft work?

None.

If any, what kind of handicraft work? \_\_\_\_\_

11a. If there is a better opportunity for you to increase your income by involving in handicraft industry, will you leave your present occupation?

Yes, why?: \_\_\_\_\_

No, why not?: \_\_\_\_\_

11b. Do you encourage your children to get involve in the handicraft industry (silverware or batik)?

Yes, why?: \_\_\_\_\_

No, why not?: \_\_\_\_\_

11c. Do you encourage your children to get involved even though there is a better occupational alternatives elsewhere for them?

Yes, why?: \_\_\_\_\_

No, why not? And what kind of occupation you wish your children to have?: \_\_\_\_\_

11d. If you or your family members were involved in handicraft industry, what will be the possible effects of the industry on the daily activities?

None, why?: \_\_\_\_\_

There will be an effect, explain: \_\_\_\_\_  
\_\_\_\_\_

12. How willing would you be to make the following commitments, if you the intend to get involve in the industry? (Very willing=VW; Willing=W; Unwilling=UW; Very unwilling=VUW).

Statements	VW	W	UW	VUW
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1. Borrowing money for investment
2. Facing investment risk
3. Learning:
  - a. the working skill
  - b. management skill
  - c. marketing skill
4. Finding market for the product
5. Spending more time in the industry
6. Doing more work than usual
7. Facing business risk
8. Facing business challenge
9. Designing new products
10. Spending little time on agriculture or other job.
11. Working for other people

13a. Did you receive or seek any information regarding a way how to get involve in the handicraft industry?

Never, why?: \_\_\_\_\_

If ever, what kind of information and from what source?: \_\_\_\_\_

13b. Did you ever seek for any advice regarding how to get involve in the handicraft industry?

Never, why?: \_\_\_\_\_

If ever, what kind of advice, and from what source?:  
\_\_\_\_\_

13c. Do you aware of any Government programme of development of the handicraft industry?

Do not aware?: \_\_\_\_\_

If you are aware:

a. How do you aware of the programme? \_\_\_\_\_

b. What is your feeling about the programme? \_\_\_\_\_

c. Do you feel that can get the benefit from the programme? Explain: \_\_\_\_\_

14. In what kind of situation would you have the intention to get involve in the handicraft industry?

Explain: \_\_\_\_\_

15. On a scale of 1 to 10 where 1 is not true and 10 very true, please indicate the degree to which these attributes explain yourself.

Attributes	Scale									
	1	2	3	4	5	6	7	8	9	10
1. High aspiration										
2. Risk-taking										
3. Persistent										
4. Innovative										
5. Self-organised										
6. Like challenge										
7. Self-confident										
8. Good problem solving										
9. Initiative										
10. Responsible										