Malaysia

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SANG KANCIL

INCOME GENERATING ACTIVITIES

Khairiah Khairuddin Yusof
Division of Social Development
Ministry of Federal Territory
Malaysia

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PREFACE

This paper was prepared for seminars at the Rand Corporation, Santa Monica, California and at the Agency for International Development, Washington, D.C. in May 1983.

The author is an art teacher and free-lance designer with experience in setting up manufacturing businesses in the private sector. She is at present the consultant appointed by UNICEF to the income generating activities of project Sang Kancil.

I. INTRODUCTION

This paper describes the income generating activities of the project Sang Kancil.[1] Project Sang Kancil attempts to meet the needs of urban squatters in Kuala Lumpur, the capital city of Malaysia. Rural people have been migrating to the urban centres at the rate of 7% per year. It is estimated that at least 50% of the population of Malaysia will be living in the cities by the year 2000.

On arrival, the migrants put up wooden shacks and squat near river banks, near construction sites and very often behind high rise buildings. These squatter settlements usually contain about 300 families, and have acute problems of health, sanitation, and education.

A series of talks and interaction between the squatters and the City Hall authorities culminated in a seminar to identify the problems and needs of children and families of low income (squatter) areas in Kuala Lumpur. Sang Kancil was designed in 1979 to overcome these problems.

SANG KANCIL

Sang Kancil[2] integrates three basic services--Health, Preschool, and Income Generation.

The preschool was the entry point, as the squatters were very concerned about their children's education. A semi-concrete building,

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[1]Sang Kancil, the mouse deer, is an animal well known in Malaysian folklore for its cleverness and ability to survive. The name was chosen to popularize a children's programme aimed at fostering the same kind of qualities.

[2]Khairrudin Yusof, "Sang Kancil: Care of the Urban Squatters of Malaysia", *World Health Bulletin*, Vol. 3, No. 3, 1982.

measuring about 38 metres by 9 metres was put up by the squatters themselves, with City Hall authorities providing the basic materials. This Sang Kancil centre was located right in the middle of the squatter community. Standpipes (one for every twenty families) were put up, and semi-permanent roads were built. Three women with 9-12 years of education were sent to KEMAS (Government Community Development Agency) for training, to be the preschool teachers. UNICEF provided the books, educational toys, furniture, and equipment for the MCH (Maternal Child Health clinics).

The MCH clinic was set up next door (see Figure 1). Health personnel, doctors, and nurses were provided by City Hall. The clinic was open one day a week. (The same medical team moves from one centre to another for different days of the week.)

Income generation was introduced two years later (1981) and was developed by the author, who worked as a voluntary worker for a year, before being appointed by UNICEF as the Advisor on Income Generating for project Sang Kancil.

This paper will focus mainly on the income generating activities.

II. SAN KANCIL INCOME GENERATING ACTIVITIES (IGA)

There are presently 13 Sang Kancil centres, of which three have established income generating activities.[3] The three centres with income generating activities are:

1) Kampung (village) Malaysia Tambahan, started in February 1982. The private company, Kraftangan Sang Kancil, was registered in June 1981.

[3]All the 13 centres are located in the Federal Territories (see Figure 2).

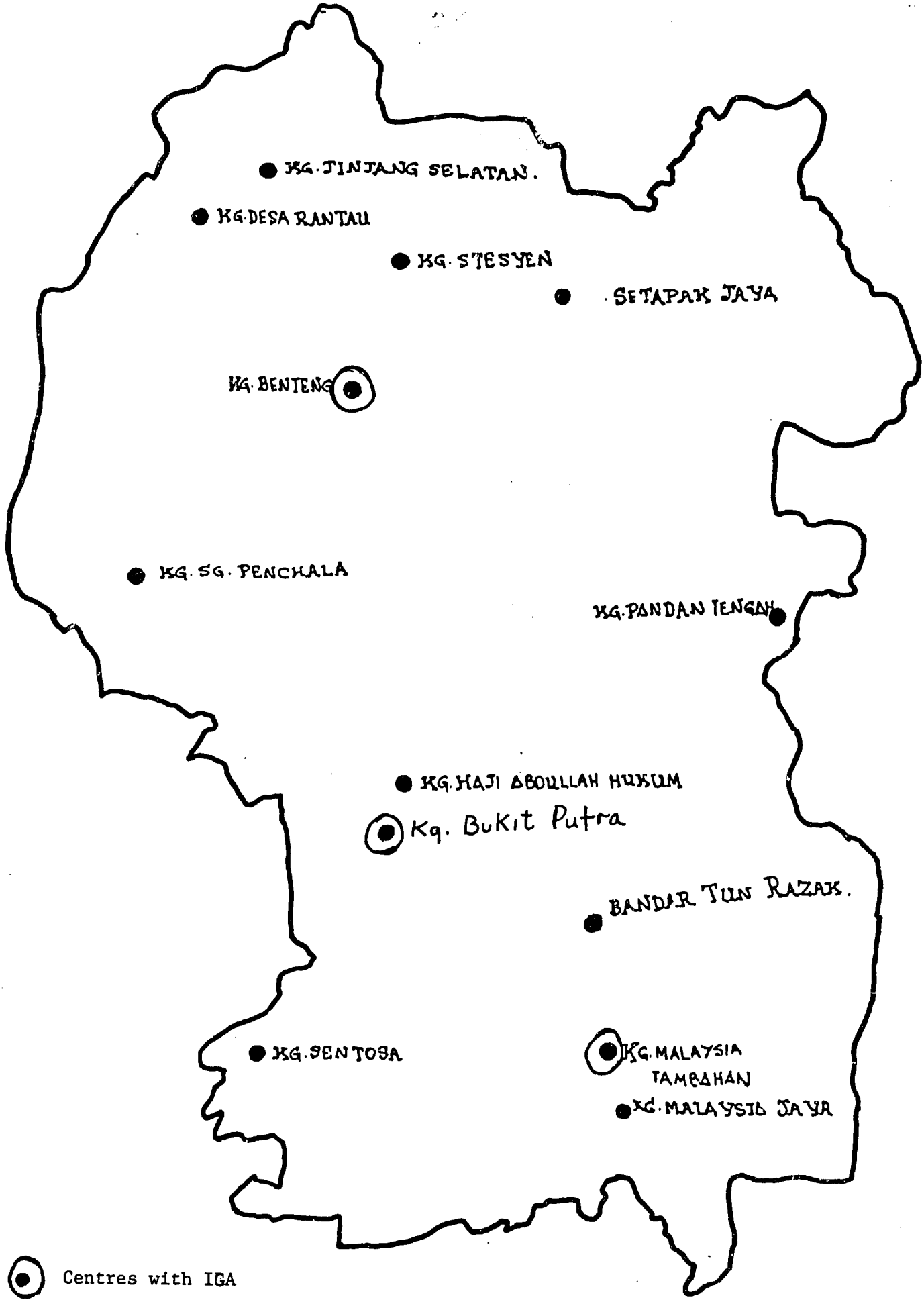
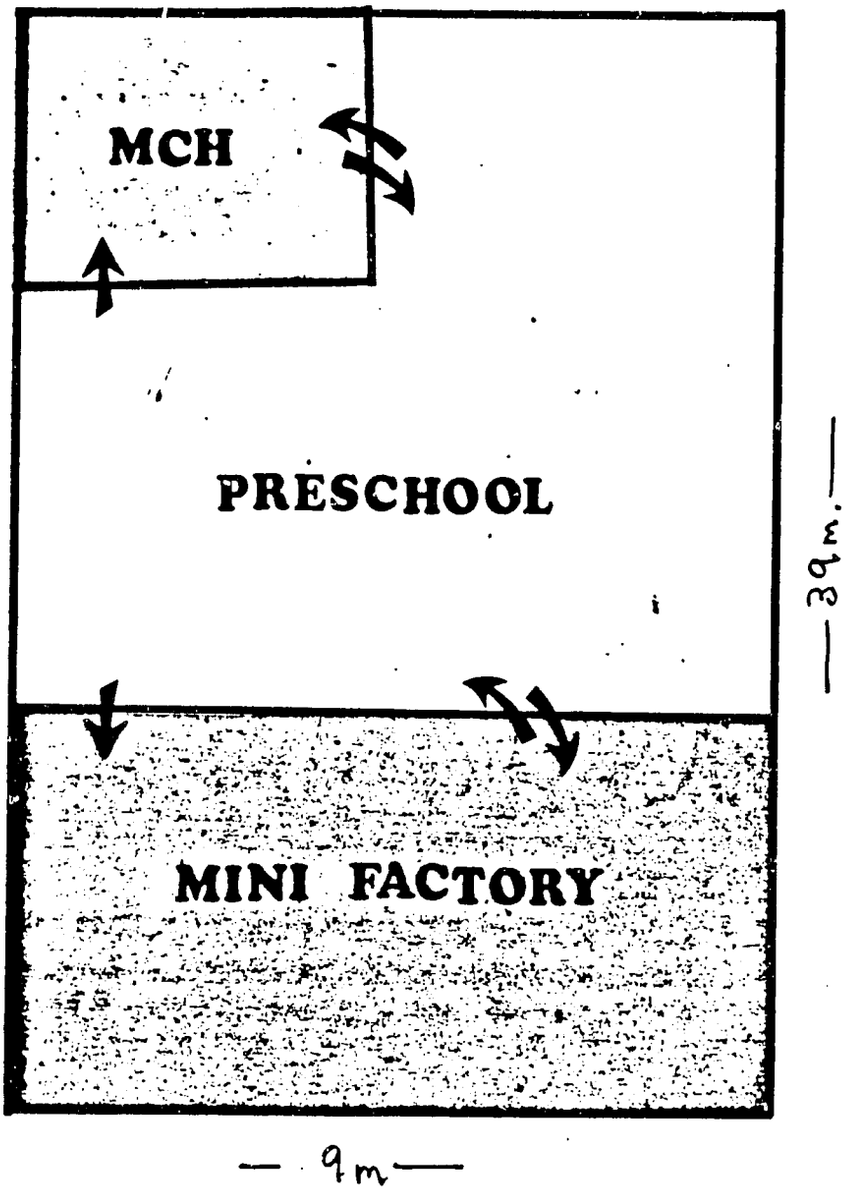


Figure 2. Established Sang Kancil Centres in Federal Territory

SANG KANCIL PROGRAMME



INTERACTIONS OBSERVED

Figure 1

2) Kampung Benteng, started in February 1982. A private company, Siramik Sang Kancil, registered in April 1983 has both men and women as shareholders.

3) Kampung Bukit Putra, started in September 1982. A private company, Perusahaan Sang Kancil, registered in April 1983, also has both men and women as shareholders.

CONCEPT OF SANG KANCIL INCOME GENERATING ACTIVITIES

The basic concept of Sang Kancil income generating activities is to supplement the income of the urban poor housewife, without sacrificing the quality of her family life. Most of the housewives had insufficient income to buy nutritious food. Those who did work had to do so outside the community, leaving the children locked up in their homes.

For example, some of the women in Kampung Malaysia Tambahan were working in a frozen prawn packing factory for M$6-8 a day (U.S.$1.00 = M$2.30). After deducting the busfare and lunch, the take-home wage was only M$3.50-5.50 per day . The women were most unhappy at having to spend such long hours (9am-5pm) away from their families.

The planners, therefore, had to think of a strategy acceptable to the women and had to keep in mind the role of the women in the family. After a series of informal talks with the women, the following facts were agreed upon:

1. The women needed to earn M$3.50-M$5.50 per day.

2. They also needed time to care for their children and family.

3. Those with children less than one-year old and those who had not been able to work would be interested if they did not have to leave their homes.

The income generating activities were started with the non-working mothers initially. The working hours of 2-5:30pm were agreed upon as ideal. The women agreed to finish their household chores in the morning, come for training in the afternoons, and be back home in time to prepare dinner for their husbands. Skilled workers were paid M$5.00 per afternoon while unskilled workers were paid M$3.50. Those with very young children were allowed to bring them along. The young children were left in the preschool section, which was occupied only in the mornings.

PROCESS OF ESTABLISHING INCOME GENERATING ACTIVITIES

In the first community, Kampung Malayasia Tambahan, sewing was identified as the main established skill of the women, and the sewing of batik soft toys was started. UNICEF gave seed money of M$1,000 to buy raw materials. Seven treadle sewing machines were donated by government agencies. The training and organisation took about four months. The women were encouraged to work as a team, to produce soft toys with good standard quality, although they found it difficult to co-operate with each other as they were from different states of Malaysia. The initial rejection rate was as high as 90%.

However, when the first batch of toys were sold, the women settled down to serious work. The order of work was drawn up and each group of women became efficient in their specific process. For example, in making stuffed animals out of batik material, group A only cuts; group B sews the hands and legs; group C sews the head and tail; group D assembles the parts; group E stuffs the bodies; group F sews on the eyes and mouths; while group G does the quality control and packs the toys for delivery.

By March 1982, the women submitted their bid in an open tender for the supply of soft toys on board the local airline (MAS). The winning of this contract meant a secure regular income for the women. Towards the end of 1982, the women gained more confidence and branched out into garments.

In the second community, Kampung Benteng, clay was discovered while the digging of the foundation of the Sang Kancil Centre was in progress. Upon checking the market scene, it was discovered that the ceramic industry was an up and coming one. In February 1982, local potters were invited to give day-long demonstrations. The whole community participated in the demonstration and exhibition of pottery that followed. The children happily discovered the potential of clay as a modelling material. Three women volunteered for a six-month course in a Ceramic Centre in Kuala Kangsar (169 miles from Kuala Lumpur). In the meantime, training in the skills of pottery was started in the Sang Kancil centre itself.

By September 1982, the women started accepting orders and, by October, the work flow (production line) was organised. A 1.3 cubic metre, firebrick, updraft kiln, fueled by wood, was designed and built with the help of a Japanese ceramics engineer attached to a private company.

When the third Sang Kancil community requested income generating activities, a quick survey was done by distributing questionnaires to the heads of families. Again, it showed the women's interest in developing new skills in order to supplement their income. Again, their inability to leave their homes, to work, was emphasized.

The third Sang Kancil community, Kampung Bukit Putra, is located near the University of Malaya, Radio Television Malaysia (RTM), and a major hotel. The following were discussed:

1) repairing/rebinding of journals for the University;

2) preparing prepacked lunches for the staff of RTM; and

3) doing the laundry of the hotel.

A check on the viability of setting up bookbinding found that although there were 37 registered Bumiputra (indigenous population of Malaysia) printing companies, there was no registered Bumiputra bindery. This meant that, should Sang Kancil set up a bindery, the Bumiputra printers would be obliged to give first preference to the Sang Kancil bindery.

In August 1982, arrangements were made for the women to attend a two-week exposure course in Bookbinding in the bookbindery section of University of Malaya. By October 1982, a decision was made to set up a book bindery, and training at the Sang Kancil centre itself started.

ESTABLISHING A LEGAL BUSINESS ENTITY

All the three Income Generating Activities were given the choice of being:

1) a limited company

2) a cooperative, or

3) an equal partnership to be registered as their business entity.

The equal partnership was chosen by all three because of its flexibility in operation as well as being very easy and economical to register. The business entity is wholly owned by the women. The women are the shareholders-cum-workers of the company.

The following are the guidelines for the establishment of company by-laws and workers' regulations which were drawn up after discussions with the women:

1. Workers must be from the local community. Individuals who have had wide experience in related fields, would however, be considered pending approval of the management board.

2. Workers will also be the shareholders.

3. A management board will be established, consisting of:

   a) The manager of production

   b) The manager of marketing/sales

   c) The bookkeeper

   d) The secretary

   This board will be elected annually.

4. The management board will meet on the first Tuesday of every month.

5. An annual General Meeting will be held. A general meeting can also be called if more than one-third of the workers-cum-shareholders demand it.

6. Seventy percent of the shares will be reserved for women.

7. Working hours will be from 2 p.m. to 5:30 p.m. from Mondays to Fridays only.

8. Skilled workers to be paid a minimum of M$5.00 per day. Non-skilled workers to be paid a minimum of M$3.50 per day.

9. Workers will be paid on a daily basis.

10. All workers are required to sign in and out in the attendance book.

11. Any worker absent from work for more than three months will have their name removed from the registration of business as a shareholder.

III. PROBLEMS AND CONSTRAINTS

GETTING AND SUSTAINING PARTICIPATION

The first and most crucial problem was the boosting of the women's confidence and their feelings of self worth. The women's participation was voluntary and they were very excited, but most of them felt they had no marketable skills. What could they do besides cook and wash, they asked. For example, most of the women felt that bookbinding was a skill beyond them.

Of the initial 100+ women who attended the first learning session for sewing soft toys, a core group of 31 remained, and registered as shareholders of the company formed. The others dropped out for various reasons, ranging from babies still breastfeeding, no permission from husbands, lack of conviction in the project and themselves, to political reasons.

2. COMMUNITY PARTICIPATION

Within the kampung community, there are sometimes as many as five factions; some are political and some according to state of origin, age group, and sex. From the Sang Kancil experience, it was found that the identification of the correct community leader was crucial to the success of the project. Usually the penghulu (headman) of the kampung

is also the political leader who is reelected annually. In one kampung where the current leader had lost the confidence of his people, the kampung was divided into "keluarga" (family group) and, when the women of one "keluarga" participated in the activities of the centre, the other "keluarga" automatically boycotted it.

The penghulu is also the chairman of the kampung committee, which consists of about 12 men and one or two women. When income generating activities were started, it was with the full approval of the village committee, but when it came to the selection of the management board of the company there was dissension. The men saw themselves to be the managers, while the women were to be the workers! This caused some unpleasantness until it was firmly established by government staff to be a women's project. In one instance, the men could not be pacified until the authorities assisted them in setting a noodle factory right next door to the women's factory! Eventually, everything worked out well with the women sewing the uniforms of the men workers, and the men giving the women leftover noodles at the end of the day!

When the training of pottery skills was in progress, the youths objected and voiced the opinion that *they* should be the target group and not the women! For a time, the firing of pots was sabotaged. Today, the youth have been invited to join the project. Training for a very technical process (mould-making) was given to them during the weekends and, in the meantime, the women employed the youths to tend to the firing of the kiln, which requires 24 hours-a-day of attention. At a later stage, the youths should be selling the plaster-of-paris moulds to the women as a separate business itself.

In the bookbinding project, learning from experience, we anticipated the problem and included the men and youths in our plans. However, we made it clear that our target group was the women.

3. BUSINESS PROCEDURES

Registering the company, opening a bank account, operating a bank account, and applying for a small bank loan were major problems for the women. All these procedures had to be explained and carried out by the Adviser on Income Generating, accompanied by the women. In one instance, the women applied for a loan of M$10,000 from a local bank and were turned down even when they produced a contract from the airlines worth M$43,000 as collateral.

4. LIMITED FINANCE

Although City Hall provides the basic facilities and UNICEF funded training materials and equipment, the women still did not have working capital. When the first company was formed, the women each contributed M$10.00. The contribution was M$25.00 for the second company, and M$100.00 for the third. (The increase in their contribution from the first to the third company reflects the women's faith and committment in the project.) The lack of working capital resulted in a small production base with low production because of the women's inability to buy raw materials in bulk. Low production means the women could not accept large contracts. The women, too, could not afford to spend money on promotions and product development.

The first company was eventually able to get a loan of M$10,000 from the bank, but the second and third companies still have no basic

working capital. Whatever income was earned had to be spent on materials first before the women can be paid, and this has resulted in the women taking home only a part of their wages until the next order is fulfilled. Sometimes the problems of bill collection can aggravate the situation. In one instance, the women were without wages for two months.

5. LACK OF MANAGERIAL SKILLS

The basic skills of accounting, bookkeeping, filing, and even the art of correspondence had to be imparted to the women. Before the business was registered, the women had never heard of delivery orders, invoices, purchase orders, etc. The imparting of the production skills was relatively easy compared to the experience of learning managerial skills. The adviser attempted to teach the women by giving talks, but the women did not take these seriously. Every time the women got together in a group without having something to occupy their hands, they tended to socialise and turn the class into a gossip session. (These group sessions, however, did give the Adviser much greater insight and understanding of the women's background and life style.)

Four women were elected to be in charge of:

a) production

b) sales/marketing

c) bookkeeping, and

d) secretarial work.

In all three centres, the production manageresses developed into aggressive personalities and often proved to be unpopular with the women. (This could be one of the negative effects of the project.) Eventually, the task of quality control was delegated to different women

in different stages to diffuse the tension that often built up around them.

Bookkeeping, too, turned out to be a problem. The women were reluctant to question each other regarding expenses and claims, and could not keep a legible cash flow account. They found difficulty filing the numerous receipts, vouchers, etc. At present, an accounts clerk from the private sector has been retained on a monthly basis of M$60.00 to keep the accounts. Perhaps the women can take back the accounts after another year or two.

6. DEVELOPMENT OF OTHER SKILLS

At the end of two years' association with the women, the Adviser decided to organise a competition to gauge how much the women had developed. The women were required to:

a) design and sew a novelty item below the price of M$5.00, and

b) design and sew a child's frock below the price of M$10.00.

The estimated costs of both articles were required.

The response was most encouraging, and the winning entries were selected as the new range for 1983!

Using the women's own estimated costing as a base, lessons on costing and pricing began. This proved to be relatively easy, as the women could draw on their experience, discuss among themselves, and came to a conclusion as to how much material, time, workers, etc. it would require to complete an article. Using a guideline of 15-20% for overhead and 40-60% as the profit margin, the women soon learned to arrive at the wholesale and retail prices!

It must be emphasized that all this would not have been possible without the two years of experience behind them. When to introduce the

women to costing/pricing and how long to keep on doing it for them varies, but it would have destroyed whatever confidence the women had in themselves if it were forced upon them at too early a stage.

7. FORMAL TRAINING COURSES

The squatter women felt inadequate attending formal structured courses organized for high school graduates. They did not have the confidence to interrupt and ask questions and often completed the course without absorbing much of it.

Indirect on-the-job training among themselves seems much more acceptable to the women.

8. MARKETING

The identification of the activity depended on the established skills of the women, the availability of the raw material, and the current demands of the market.

Soft toys were selected for the first centre because the women could already sew, and the demand for souvenir batik toys was there.

So far, all the marketing has been handled by the Adviser and, although the women accompany her on her marketing trips, it will still be some time before they can be entirely independent in this field.

At present, the women can service the contracts they are familiar with. For example, after the second visit, accompanied by the Adviser, the women could go through strict security procedures to deliver the soft toys to the airline Administration Building by themselves. This has since been done by them every month. They also took it upon themselves to rotate the women going, so that more of them would have the chance to visit the airport!

9. PRODUCT DEVELOPMENT

Although the women can be trained to be adept in production skills, it would seem easier to identify someone with artistic tendencies, within the community, to train up in areas of colour coordination, style and fashion, form and shape, balance, etc. for the purposes of design, product development and the production of prototypes. This is especially so in the pottery project.

Much of the success of any product depends on design and product development. The setting up of a Designs/Marketing Council consisting of voluntary workers from the private sector as well as government officials involved in income generating activities would be a great boon to the women.

10. FUNDING

The first three income generating activities have been funded by UNICEF as a pilot project. One of the reasons for the project's success is the flexible funding procedures allowed by UNICEF. If government funds had been used, the projects would not have able to run smoothly. Government's lengthy procedures often require three quotations for everything needed; it also requires ordering far in advance and slow payments. This often results in higher prices than if the material could be bought cash-on-delivery with UNICEF funds.

Three income generating activities have been established and at least 10 more are yet to be established. Expansion plans for the three, as well as for the other centres, have been submitted to the government authorities. UNICEF funding ends in December 1983. Can the plans be carried over without further UNICEF funding?

IV. COST AND SOCIAL BENEFIT OF SANG KANCIL INCOME GENERATING ACTIVITIES

Taking the first community, Kg. Malaysia Tambahan, as an example, the initial expenditure by UNICEF for training materials, raw materials, and machinery comes to M$3,433.00 (see Figure 3). Eleven treadle sewing machines, tables and chairs were donated by various government agencies.

The income generated in 1982 (for further details, see status report on Sang Kancil IGA 1982) came to M$40,436.30, out of which M$22,371.20 was paid out to 22 women as wages. Estimated increase in household cash income is 30-50%. This has enhanced the status of the wife in the eyes of the husband, especially in a society where husbands can legally have more than one wife!

Aside from the economic benefits of the Sang Kancil income generating activities is the obvious development of the women's attitudes and self-confidence. There are also positive behavioural changes in the women and their immediate families. For example, prior to the introduction of income generating activities, the mothers used to come to the preschool in the mornings to bring drinks for their children. It was a daily duty expected of them. A year after the mothers started to earn income, the children started to bring drinks for their mothers at teatime! This mutual respect between mother and child is remarkable among a community where the mother has long been considered the servant of the family.

More material evidence of the development of the community, as a direct result of Sang Kancil IGA, is the mushrooming of concrete and brick houses in the kampung. A great portion of the women's earnings went towards the purchase of bricks, furniture, and furnishings. The

Figure 1

BREAKDOWN OF EXPENSES INCURRED, 1982

	Machinery		Equipment		Raw Materials		Total
Kg. Benteng	Test Kiln	400.00	Workshop Bench	1,875.00	Glazes	1,755.00	
	Production Kiln	4,472.50	Racks/Shelves	3,600.00	Pigment	150.00	
	Plunger	820.00	Benches	275.00	Oxides	250.00	
	Air Compressor	880.00	Fire Extinguisher	99.00	Chemical Soap	62.00	
	Electric Wheel	2,800.00	Laboratory	518.00	Chemicals	33.00	
	Kick Wheel	1,600.00	Plastic Containers	118.00	Plaster of Paris	571.50	
	Pug Mill	2,000.00			Clay (Ball/China)	600.00	
	Ball Mill	800.00			Feldspar/Quartz	390.00	
	Wad Box	400.00					
Sub total		14,172.50		6,485.00		3,811.50	24,469.00
Kg. Bukit Putra	Book Press	2,800.00	Book Trolley	460.00	Chip Board	160.00	
	Gluing Machine	4,050.00	Book Shelves	804.00	Paper	956.80	
	Hot Stamping	2,500.00	Work Table	1,460.00	Printed Stationery	5,010.00	
	Paper Trimmer	2,300.00	Notice Board	181.00	Glue	112.50	
			Stool	136.00	Gold Foil	264.00	
			Type Set	353.30			
			Miscellaneous	187.50			
			Desk	218.00			
Sub total		11,650.00		3,799.80		6,503.30	21,953.10
Kg. Malaysia Tambahan	Cloth Cutter	788.00	Lin Art	257.00	Cotton Material	252.00	
	Sewing Machine	900.00	Steam Iron	450.00	Accessories	100.00	
	Motor	286.00	Wardrobe	400.00			
Sub total		1,974.00		1,107.00		352.00	3,433.00
Grand Total		27,796.50		11,391.80		10,666.00	49,855.10

appearance of the kampung has completely changed since the implementation of Sang Kancil there.

V. CONCLUSIONS

The concept of the Sang Kancil income generating activities is unique in the sense that it attempts to give a healthy balance to the need for extra income as well as stressing the importance of family interaction.

Because of its integrated objectives, the women are guided against being all-out mercenary business women, and yet gain enough experience and exposure from the project to develop their own potentials as individuals.

There is at present a psychological block among the Malays to participating in businesses that are currently dominated by the Chinese and Indians. With the implementation of Sang Kancil income generating activities, the next generation of Kampung children should find it relatively easy to cross the barriers and venture into being successful entrepreneurs--an effort requiring positive confidence.

Income generating activities have proven to be a very convincing entry point into each of the communities, if supported, as in the case of Sang Kancil, with its basic health and preschool services, they should and could be duplicated in developing countries. The Sang Kancil project can be developed into a self-supporting system if its income generating activities can fund the preschool and the MCH clinic.