

TOWARDS THE NATIONAL VISION POLICY: REVIEW OF THE NEW ECONOMIC POLICY AND NEW DEVELOPMENT POLICY AMONG THE *BUMIPUTERA* COMMUNITIES IN SABAH

Bilson Kurus

Institute for Indigenous Economic Progress

Sabah

Wilfred M. Tangau

Member of Parliament

Tuaran, Sabah

INTRODUCTION

Over the last decade, Vision 2020 has served as the guiding light in the sea of development in Malaysia. Vision 2020 has also come to symbolise Malaysia's "can do" spirit as it steadily steers its own course in the midst of the globalisation and liberalisation waves. In this respect, Vision 2020 has in effect become the country's beacon as Malaysia presses onward towards the ultimate goal of achieving a developed nation status in its "own mould" by the year 2020. With less than 20 years to go before the year 2020, it is perhaps fair to ask if the nation is on course to achieve the ultimate goal of Vision 2020. While the country has made rapid progress and continues to make good progress in key areas such as the transformation of the economy from an agricultural based to industrial based and more important, to the emerging requirements of the digital and K-economy, there is still a lot of ground to cover in the short span of time towards 2020.

In this respect, arguably one fundamental challenge that must be addressed is the varying capacity of all segments of society, but particularly *the marginalised groups* within the country, to equip themselves to meet the challenges of the future and more important, to contribute effectively towards the realisation of Vision 2020. This is particularly pertinent given the continued relatively weak socio-economic status of such groups and the short span of time remaining under the Vision 2020 framework for these groups to both equip themselves and catch-up with the rest of society. In this respect, there is

a strong justification for a more focused and accelerated approach in uplifting the socio-economic status of these groups.

THE NATIONAL DEVELOPMENT FOCUS

As noted, *Vision 2020* has become a focal point in the successive development plans of the country. For example, the distributional strategy under the Seventh Malaysia Plan (1995–2000) focused on the eradication of hardcore poverty, restructuring of employment and the rapid development of an active *Bumiputera* Commercial and Industrial Community (BCIC). The thrust of the Seventh Malaysia Plan (7MP) was to reduce the incidence of hardcore poverty. And despite experiencing some reversals during the economic crisis in 1997–1998, there was overall progress in bringing about equitable growth during the 7MP period, especially pertaining to poverty eradication and income distribution as well as employment restructuring.

During the Eighth Malaysia Plan (8MP) period, it is noteworthy that emphasis continues to be given on increasing effective *bumiputera* ownership and participation in the corporate sector, enhancing *bumiputera* participation in high-income occupations, strengthening the development of the BCIC, narrowing income inequality and eradicating poverty. In this regard, the Government seeks to further strengthen the implementation of distributional strategies to ensure that targets are achieved. In terms of poverty eradication, a more target-specific programme is being pursued in order to address pockets of poverty in both the rural and urban areas. At the same time, the private sector is also being encouraged to complement the efforts taken by the Government in attaining these distributional objectives.

More specifically, during the Eighth Malaysia Plan (8MP) period, the key strategies set out to realise the national distributional objectives are as follows:

- Reorienting poverty eradication programmes to reduce the incidence of poverty to 0.5% by 2005;

- Intensifying efforts to improve the quality of life, especially in rural areas by upgrading the quality of basic amenities, housing, health, recreation and educational facilities;
- Improving the distribution of income and narrowing income imbalance between and within ethnic groups, income groups, economic sectors, regions and states;
- Achieving effective *bumiputera* participation as well as equity ownership of at least 30% by 2010 in the context of economic growth without resorting to micro-restructuring of existing ventures;
- Developing resilient and sustainable *bumiputera* enterprises through the inculcation of positive values and attitude as well as improving entrepreneurial capabilities;
- Restructuring employment to reflect the ethnic composition of the population; and
- Creating a bigger *bumiputera* middle-income group with special emphasis on the BCIC.

What is noteworthy is that under the Third Outline Perspective Plan (OPP3) and the 8MP, alleviating pockets of poverty among the indigenous groups in Sabah and Sarawak including the Kadazandusuns, Ibans, Bajaus, Muruts, Bidayuhs, Melanaus are specifically mentioned. This more focused approach is indeed timely as the minority *bumiputeras* in Sabah and Sarawak continue to lag far behind in many ways from the rest of the nation.

EXISTING SITUATION OF POVERTY IN MALAYSIA

What is clear from the brief overview above is that under both the just ended 7MP as well as the current 8MP, a lot of time and resources were allocated and will be allocated toward eradicating poverty as well as balancing the development and well-being between the rural and urban areas and populace of the country. At the same time, there were and will continue to be a conscientious effort made to address the regional and geographical development imbalances within the country. This is

particularly pertinent given the great gap in the incidence of poverty within the country as shown in Table 1.¹

CONCEPT OF POVERTY

To begin with, there are three concepts of poverty that are widely used by planners and researchers (Callanta, 1988) namely (a) relative poverty, (b) absolute poverty and (c) poverty according to the perception of the people themselves. Relative poverty is simply the relative share in income or consumption of the various sectors in an economy. For planning purposes, the income or consumption of households are determined using the 'basket of goods' concept to arrive at an index of poverty level. This is the most popular tool of analysis of poverty situations, which is widely used as a basis for strategy, policy and programme formulations. Absolute poverty on the other hand is the capacity of a group of people namely, household, to meet specified minimum requirements to survive. The absolute poverty concept is only applicable in a country where food shortage or starvation is undeniable. On the other hand, poverty as perceived by the people themselves is a poverty concept whereby a person (or a household) thinks that he or she is poor. Such a household may also be called as a psychologically poor household.

MEASUREMENT OF POVERTY

In Malaysia, the measurement of poverty is based on the concept of relative poverty. In many ways poverty in Malaysia is closely related to the distribution of income and the quantity and quality of public services enjoyed by households. In this respect, the Fourth Malaysia Plan, 1976–1980, described the sense of being poor in Malaysia as a feeling of being relatively deprived economically, which need not necessarily be accompanied by acute forms of poverty such as starvation, famine and

1 For a more detailed discussion of the poverty situation in Sabah, see, for example, Wilfred M. Tangau and Geoffrey H. Tanakinjal, "Poverty and Rural Development: Prospects and Challenges Beyond the Year 2000", in Mohd. Yaakub Hj. Johari and Bilson Kurus, eds., *Sabah Beyond 2000: Development Challenges and the Way Forward*, IDS (Sabah), 2000.

lack of shelter. It needs to be stressed, however, that there is no internationally acceptable definition of poverty applicable to all countries at all times. Different countries have adopted different definitions and methods of measuring poverty. The only universal notion of poverty in its most extreme form is the manifestation of starvation, famine and lack of shelter.

Based on the concept of relative poverty, there are two distinct definitions of poverty being used by the Government, namely (i) poor household and (ii) hardcore poor.

Poor Household. These are groups of people whose household income is below the Planning Poverty Line Index (PPLI). Essentially the PPLI is calculated from a "basket of goods" (whose content is determined by the Government) consisting of the minimum requirements of a household to survive covering three major components namely food, clothing and footwear, and other non-food components such as rent, fuel and power, transport and communications, shelter, education and health. The PPLI is dependent on the prevailing price index being used for a particular state. In Malaysia, three different price indices are being used, one for Peninsular Malaysia and one each for Sabah and Sarawak. This has resulted in three PPLIs being used for the nation as a whole. Based on the PPLI for 1999, the PPLI for Peninsula Malaysia is RM510 for a household size of 4.6 while the PPLI for Sabah is RM685 for a household size of 4.9 and RM584 for a household size of 4.8 in Sarawak respectively.

Hardcore Poor Household. This category is defined as a group of people whose gross monthly household income is half of the PPLI.

INCIDENCE OF POVERTY

As can be seen in Table 1, for example, the incidence of poverty among Malaysian citizens varies greatly from state to state. For instance, with respect to the incidence of poverty among Malaysia, Table 1 also indicate that Sabah is ranked third at 22.6% in 1995 after Terengganu at 23.4% and Kelantan at 22.9% respectively. However, when non-Malaysian citizens are taken into account, Sabah has the dubious distinction of occupying the top spot at 26.2 and 22.1% in 1995 and

1997 respectively. Indeed, the preliminary figures for 1999 would suggest that Sabah has the highest incidence of poverty among Malaysians in 1999 at 20.1%. In this respect, the high poverty rate in Sabah, which is further exacerbated by the huge presence of foreigners (documented and otherwise) is very serious indeed and reflects the fact that Sabah still lags far behind other states in many ways.

Table 1: Incidence of Poverty by State, 1995, 1997 & 1999

State	Malaysia Citizens			Overall		
	1995	1997	1999*	1995	1997	1999*
Terengganu	23.4	17.3	14.9	23.4	17.3	n.a.
Kelantan	22.9	19.2	18.7	23.4	19.5	
Sabah	22.6	16.5	20.1	26.2	22.1	
Kedah	12.2	11.5	13.5	12.1	11.5	
Sarawak	10.0	7.3	6.7	10.0	7.5	
Perak	9.1	4.5	9.5	9.1	4.5	
Pahang	6.8	4.4	5.5	6.8	4.1	
Melaka	5.3	3.5	5.7	5.2	3.6	
Negeri Sembilan	4.9	4.7	2.5	4.8	4.5	
Pulau Pinang	4.0	1.7	2.7	4.1	1.6	
Johor	3.1	1.6	2.5	3.2	1.6	
Selangor	2.2	1.3	2.0	2.5	1.3	
W.P. Kuala Lumpur	0.5	0.1	2.3	0.7	0.1	
MALAYSIA	8.9	6.1	n.a.	9.6	6.8	

Sources: *Seventh Malaysia Plan (Mid-Term Review)*.

* Eight Malaysia Plan 2001–2005 tabled in parliament in April 2001

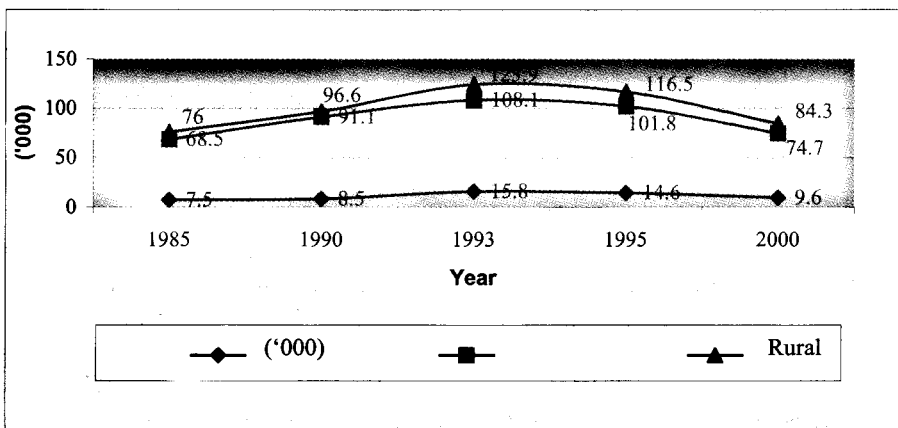


Figure 1: Number of Poor Households in Sabah ('000)

With respect to the number of poor households in Sabah, Figure 1, for example, indicates that from 1985 to 1993, the number of poor household actually increases from 76,000 in 1985 to 123,900 in 1993 before dropping down to 84,300 by 2000. In terms of the distribution of poor households by rural and urban areas, Figure 1 further shows that the poor households in Sabah are found primarily in the rural area. In this regard, what is noteworthy is the fact that while Sabah ranked third in the incidence of poverty among Malaysian citizens after Kelantan and Terengganu, when the total number of poor households is taken into account, Sabah actually accounts for about 31.4% (116,500) of the total national estimated poor households of 370,200 in 1995 (see Figure 2) reducing slightly to an expected 30.5% of the estimated 276,000 poor household in the country by 2000.

In terms of the number of hardcore poor households in Sabah, Figure 3 indicates a rising trend from 1985 to 1993 before declining sharply during the period from 1993 to 1995. The number was expected to further reduce to an estimated 12,600 by the year 2000, consisting of 11,200 in the rural area and 1,400 in the urban area. Towards this end, if one is to compare Sabah's hardcore rate (see Figure 3) with that of the nation as a whole (see Figure 4), it is readily apparent that Sabah accounts for a large chunk of the hardcore households in the country as a whole. For example, comparing the corresponding figures in Figure 3 and Figure 4, it can be seen that Sabah accounts for about half (12,600) of the total estimated hardcore poor households (25,400) in the country in 2000. This scenario is all the more noteworthy given that in 1985, Sabah only accounted for 16.2% of the total hardcore poor households in the country. It is clear it that the number of hardcore poor in Sabah has declined very slowly relative to the national average. This imbalance is indeed very troubling and cannot be allowed to continue in the interest of equitable national development in the remaining years toward 2020.

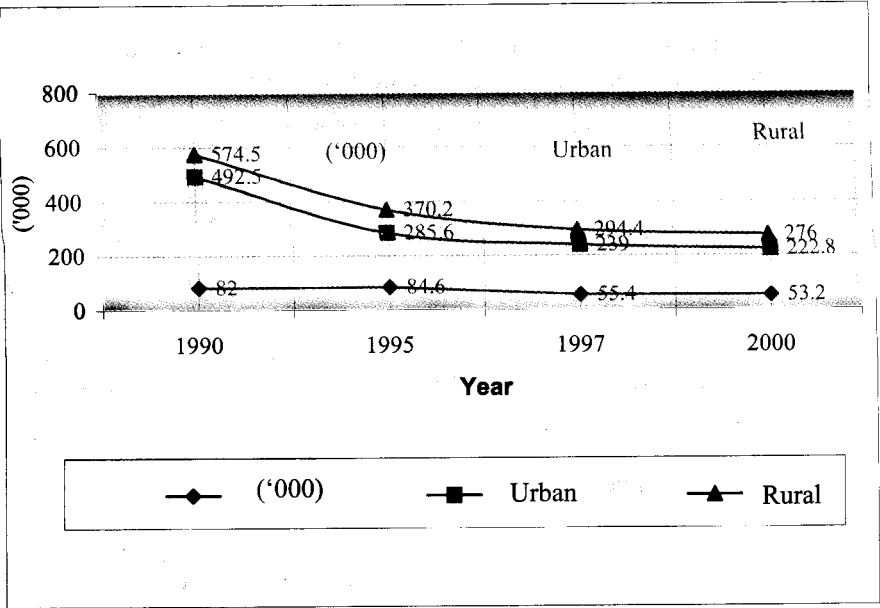


Figure 2: Number of Poor Households in Malaysia ('000)

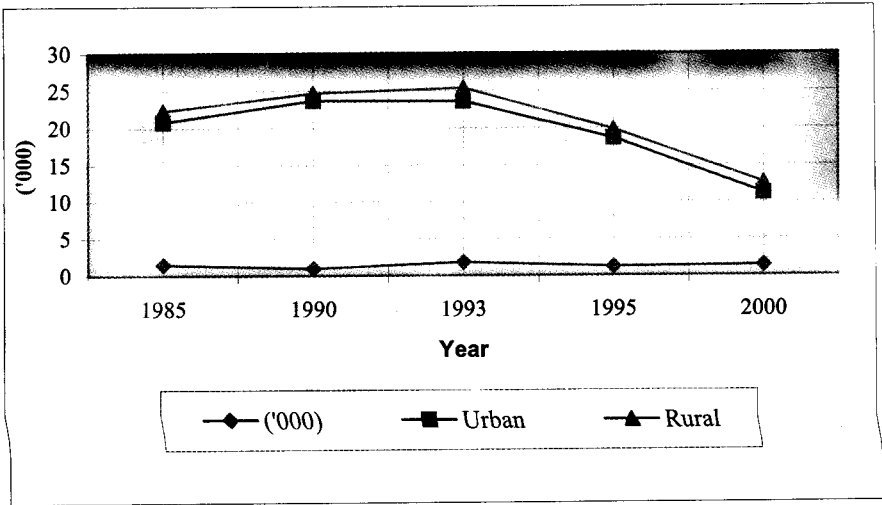


Figure 3: Number of Hardcore Poor Households in Sabah ('000)

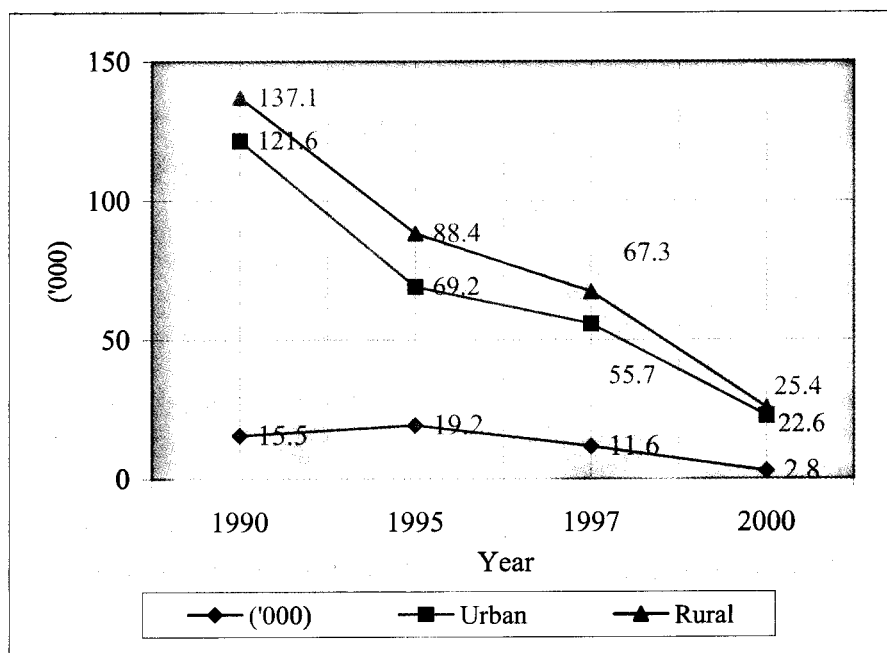


Figure 4: Number of Poor Households in Malaysia

THE SOCIO-ECONOMIC STATUS OF INDIGENOUS GROUPS IN SABAH

While the poverty index may not be a direct indicator of the overall development level, it does suggest that Sabah still lag far behind other states in the country. And as will be pointed out below, since poverty is primarily a “rural phenomenon”, it is probably a fair assumption that in Sabah, the large majority of the poor comprised of rural dwellers that are predominantly made up of the indigenous community. In this respect, the emphasis under the OPP3 and 8MP on more target-specific programmes to improve the socio-economic status of the poor and other disadvantaged groups in the country is indeed timely and pertinent.

While a definitive socio-economic characterisation of the indigenous community may be a difficult and subjective undertaking, three inter-related general areas of weaknesses can be made. These are: (a) high

incidence of poverty, (b) weak economic position and (c) low level of education.

HIGH INCIDENCE OF POVERTY

One of the difficulties in assessing the socio-economic status of the indigenous community and indeed the overall poverty situation in Sabah is the lack of sufficient and updated information and data on poverty in the state. Nonetheless, one of the more comprehensive studies on poverty in Sabah was conducted by the Institute for Development Studies (IDS) from 1985–1987. The study identified the incidence of poverty as highest among the paddy cultivators who are predominantly Kadazandusun-Muruts. They either have no formal education or only attain primary education and most of the household members are unemployed. The findings of the study by IDS only served to underline the fact that poverty in Sabah is by and large a “rural phenomenon”.

Poverty Groups

The results of the IDS study were not surprising given that the Mid-Term Review of the Fourth Malaysia Plan 1981–1985 had reported that 58.5% of the poor in Sabah were in the agriculture, forestry, hunting and fishing industries working as paddy farmers, fishermen, rubber smallholders and shifting cultivators. They also include the urban poor and blue collar and agricultural workers as well as other manual labourers.

Poverty by Ethnicity

The incidence of poverty by ethnicity in Sabah using the PPLI (at RM540/month/household of 5 members) as reported in the Fifth Malaysia Plan (1986–1990) were as follows:

Ethnicity	% distribution
Dusuns	29.4
Rungus	24.3
Orang Sungai	11.0
Bajaus	15.7

Other indigenous	7.8
Chinese	11.9
Total	100.0

As can be seen from these figures, the indigenous communities, particularly the Kadazandusun ethnic groups, dominate the poor strata in Sabah. While these figures may be a bit dated by now, there is no reason to believe that the ethnic composition in the incidence of poverty in Sabah has changed much over the last decade. Indeed a recent survey conducted in 7 districts (i.e. Ranau, Kota Belud, Tuaran, Kota Marudu, Tenom, Keningau and Tambunan) with a sizeable Kadazandusun community by the Institute for Indigenous Economic Progress (INDEP)² in 2000 suggests that the situation has essentially remained unchanged. As indicated in Table 2, for example, 69.1% of the total number of respondents interviewed earned less than RM500 per month. Additionally, since Table 3 shows that approximately half (49.9%) of the respondents indicated a household size of between 5–9 people, this average monthly income of RM500 is certainly way below the current PPLI for Sabah of RM685.00 per month for a household size of 4.9. This would suggest that poverty is still a very dominant factor within the Kadazandusun community.

Poverty by Region

One possible indicator of the geographical distribution of hardcore poor households in Sabah is the regional participation of the Yayasan Usaha Maju (YUM) credit scheme. YUM is an organisation that was established based on the Grameen Bank of Bangladesh concept. To ensure participation in the YUM scheme it is necessary for the target population to get the information about the YUM scheme itself. Furthermore, the participation level itself can only be seen as a rough indicator because YUM is not operating in every *mukim* in the state. Nevertheless, participation under the YUM Credit Scheme does arguably provide some indication of the distribution of the poor households in Sabah. Additionally, the credit scheme coverage under

² *Laporan Status Masyarakat Kadazandusun di Sabah*, INDEP (Sabah) Report, December 2000. The seven districts covered are Tambunan, Ranau, Tuaran, Kota Marudu, Kudat, Keningau and Tenom.

YUM also gives an idea of the magnitude and extent of poverty in Sabah. For instance, YUM has drawn up a set of criteria for deciding who are the poor for the purpose of offering credit. The criteria are as follows:

- Gross earning per capita of RM129 a month or less;
- Priority to participants earning per capita of RM64 or less;
- YUM house index; and ownership of titled land not exceeding 5 acres.

Table 2: Average Monthly Income

Amount	No. of Respond	Percentage	Valid Percentage	Cumulative Percentage
< RM100	169	33.5	35.1	35.1
RM105–RM300	120	23.8	24.9	60.0
RM305–RM500	44	8.7	9.1	69.1
RM505–RM700	22	4.4	4.6	73.7
RM705–RM1000	44	8.7	9.1	82.8
RM1005–RM1500	55	10.9	11.4	94.2
RM1505–RM2000	22	4.4	4.6	98.8
RM2005–RM3500	5	1.0	1.0	99.8
RM3505–RM6000	1	0.2	0.2	100.0
Sub. Total	482	95.6	100.0	
No Response	22	4.4		
Total	504	100.0		

Source: *Laporan Status Masyarakat Kadazandusun di Sabah*, INDEP Report, December 2000

Table 3: Household Size

Household Size	No. of Respond	Percentage	Valid Percentage	Cumulative Percentage
1	14	2.8	2.9	2.9
2–4	145	29.9	29.9	32.8
5–9	242	48.0	49.9	82.7
10–14	63	12.5	13.0	95.7
> 15	21	4.2	4.3	100.0
Subtotal	485	96.2	100.0	
No Respond	19	3.8		
Total	504	100.0		

Source: *Laporan Status Masyarakat Kadazandusun di Sabah*, INDEP Report, December 2000

**Table 4: Participants of YUM Credit Programme in Sabah
by District 2000, 2001 & 2002**

District	No. of Participants by Year			% Per Area		
	2000	2001	2002	2000	2001	2002
1. Kota Marudu	48	125	517	4.94	11.09	6.33
2. Pitas	29	27	0	2.99	2.40	0.00
3. Kudat	80	70	464	8.24	6.21	5.68
4. Kota Belud	104	105	1078	10.71	9.32	13.9
5. Kota Kinabalu	47	62	662	4.84	5.50	8.10
6. Tuaran	14	26	340	1.44	2.31	4.16
7. Ranau	83	49	303	8.55	4.35	3.71
8. Papar	51	99	415	5.25	8.78	5.08
9. Beaufort	13	49	278	1.34	4.35	3.40
10. Kuala Penyu	64	16	0	6.59	1.42	0.00
11. Sipitang	43	43	256	4.43	3.62	3.13
12. Tambunan	63	63	510	6.49	5.59	6.24
13. Keningau	78	67	489	8.03	5.94	5.98
14. Pensiangan	10	6	0	1.03	0.53	0.00
15. Tenom	58	30	0	5.97	2.66	0.00
16. Labuk	1	11	0	0.10	0.98	0.00
17. Telupid	33	47	0	3.40	4.17	0.00
18. Kinabatangan	15	20	0	1.54	1.77	0.00
19. Sandakan	49	53	182	5.05	4.70	2.23
20. Kunak	8	15	0	0.82	1.33	0.00
21. Lahad Datu	14	83	218	1.44	7.36	2.67
22. Tawau	27	44	312	2.78	3.90	3.82
23. Semporna	56	17	0	4.02	1.51	0.00
Total	971	1,127	6,024	100	100	100

Source: PDP Yayasan Usaha Maju, 2003

On the basis of participation under the YUM scheme, the geographical distribution of the “hardcore poor” in Sabah can be surmised from Table 4. As can be seen, while the geographical distribution is state wide, it would appear that the 7 districts included in the INDEP’s survey tend to have better participation and may reflect the likely higher incidence of poor households in these more rural districts. However, the fact that more “urban” districts such as Kota Kinabalu and Sandakan are also

well represented points to the sizeable presence of the urban poor in Sabah as well.

Causes of Poverty

The causes of poverty are well studied. For instance, according to Meade and Parkes (1965), poverty results from some limitations, maladjustments and shortcomings of the individual and can be explained in terms of biological endowments, economic capacity and psychological attributes of the individual. While it is difficult to measure values as a cause of poverty, there is sufficient reason to believe that the attitude of a community could also be one of the main contributors to poverty. One example is a community that is too accommodating to its impoverished conditions that are made worse by the propagation of those attitudes over time.

On the other hand, Lewis (1959) argues that cultural factor is one of the reasons why poverty exists. In his view, the poor are not integrated into the formal institutional setting of their society.

They hate the government, its many agencies and formal religious institutions. They often display clear symptoms of dependence, helplessness, inferiority, fatalism, and prejudice and have an unscientific attitude towards life. Lewis also pointed out that the above group neither have the ability nor the desire to plan for the future. Instead, they live from moment to moment.

Another interesting view see poverty as the result of a long historical process of marginalisation of groups, of social inequality based on a position in the structures of the political economy and production. Similarly, poverty could also be seen as a disequilibrium phenomenon in transient economies and intermediate political regimes (Samad, 1964). The poor are prevented from sharing equitably in a general increase in the national output by a number of specific disabilities that can be summed up as lack of physical and human capital and lack of access to livelihood opportunities (Mencher, 1967).

Close to home, Johari and Chang (1991a) stated that the main cause of urban poverty in Sabah is the concentration of labour in low income sectors. They also mentioned low education level as a key contributor of

poverty, especially in the urban area. Furthermore, the majority of these people have large family size, high dependency ratio, and low employment ratio.

Other causes of poverty in Sabah (Johari, 1991b) are:

- Inadequate access to capital and appropriate technology;
- Low level of intra-communication among the poor, which is conditioned by the socio-economic, cultural and political variables;
- Inadequate infrastructures, especially transportation, processing and marketing facilities;
- Regional constraints due to structural inequality between more developed and the lagging regions, as well as weak agglomeration factors.

In the case of rural poverty, the most popular causes of poverty are:

- Lack of basic facilities;
- Unproductive land and small land size leading to low productivity;
- Lack of access to credit and marketing facilities that contributes to the low economic volume of rural productivity;
- High average production cost; and
- Lack or inadequate non-farm income for rural households.

On a more general note, the Sixth Malaysia Plan, 1991–1995 had explained the causes of the incidence of hardcore poor in Malaysia as the problem of having limited access to basic services and amenities such as well-equipped schools, suitably trained teachers and more conducive environment for learning. However, this may well be an over-generalisation. As Johari (1991b) pointed out, “there seems to be a

tendency to assume that the characteristics of the poor in Sabah as being generally similar to those in Peninsular Malaysia. It is perhaps for this reason that we are often presented with detail discussions on the nature and characteristics of the poor in Peninsular Malaysia, but not in Sabah" (emphasis added).³

WEAK ECONOMIC POSITION

In view of the fact that poverty in Sabah is by and large a rural phenomenon and given that rural dwellers in Sabah tend to comprise primarily the indigenous community, it is not surprising that the presence of the indigenous community in the business and corporate sector is very weak as well. While there is no readily available data to ascertain the community's overall presence in the business and corporate sector, some generalisations can still be made by looking at the nature of their involvement in the business sector. In this respect, the economic areas ventured into by the Kadazandusun⁴ community based on the Kadazandusun Chamber of Commerce and Industry's (KCCI) Kadazandusun Business Directory⁵ is one possible indicator. It should, however, be stressed that the KCCI Business Directory is neither comprehensive nor exhaustive in that not all members of the Chamber are listed in it. Nevertheless, it arguably still offers a "glimpse" of the type of business members of the Chamber are involved in. In this respect, Table 5 would indicate that Kadazandusun entrepreneurs are certainly involved in several sectors. However, it would appear that the two largest sectors involving Kadazandusun entrepreneurs are the services sector and contracting and construction sector. Other notable sectors include retail and tourism.

Based on the "snap-shot" offered by Table 5, it would appear that the current involvement of the Kadazandusun community in the business

³ Mohd. Yaakub Hj. Johari, "Poverty Profile in Sabah and Rural Development Strategies After 1990" in Mohd. Yaakub Hj. Johari, (ed.), *Issues and Strategies in Rural Development*, IDS (SABAH), 1991, p. 34.

⁴ The term "Kadazandusun" here utilizes the Kadazandusun Cultural Association (KDCA) definition of Kadazandusun to encompass the currently 40 known indigenous subgroups in Sabah.

⁵ Kadazandusun Business Directory (Compiled by INDEP), KCCI, 2002.

sector is primarily confined to the local market with minimal presence in the corporate sector. What is also interesting is the fact that a large number of Kadazandusun businesses are tied to the contractor and construction business, which is likely dependent on Government related contracts. In addition, the available information indicate that thus far, only one business entity connected with a Kadazandusun has been publicly listed (second board).

While there are no doubts that many other Kadazandusun entrepreneurs who are not listed in the KCCI's Business Directory, it is probably a safe assumption that they are also by and large limited to localised trading in their immediate areas only. Indeed, as noted in the preceding section, inadequate access to capital and technology, lack of access to credit and marketing facilities and inadequate infrastructures, among others, are part and parcel of the poverty situation in Sabah. And given that these tend to be most pronounced in the rural and interior parts of the state, it should come as no surprise, therefore, that the indigenous business community continues to lag far behind other communities in Malaysia and most certainly is still a long way from being in a position to compete effectively in a borderless world.

Table 5: Kadazandusun Business Activities

No	Company Classification	Business Line	Total
01	Tourism	Accommodation, fresh water fish supply, scuba dive, etc.	6
02	Contractor/ Construction/ Supplier	Contractor, civil construction, supplier, developer, wholesale, etc.	17
03	Manufacturer	Roofing, timber products, etc.	1
04	Producer	Livestock, poultry, aquaculture, etc.	2
05	Restaurant	Western & Chinese foods, snack, coffee shop, food catering, etc.	4
07	Services	Advertise, publishing, consultancy, workshop, education, financing, contract cleaning, design and printing, beauty saloon, insurance, internet, landscape, solicitors & advocator, clinic, real estate, transportation, travel and tour, special event organiser, etc.	39
08	Supplier	Fruits, vegetable, stationeries, security guard services, etc.	4

No	Company Classification	Business Line	Total
09	Specialist	Engineering	1
10	Trader	Commodities, stockist, electrical goods, fire arms, live fish and fruits, etc.	5

Source: Kadazandusun Business Director, (compiled by INDEP) KCCI, 2002

Taken in the context of the Government's sustained efforts to enhance the position of *bumiputera* entrepreneurs in Malaysia, the weak business presence of Sabah's indigenous community is indeed glaring. As it now stands, there is essentially no Kadazandusun Commercial and Industrial Community (KCIC) to speak of. In this respect, as part of the country's *bumiputera* community, the Kadazandusun community still has a long way to go in the government's concerted efforts to uplift the economic position of the *bumiputeras*.

LOW LEVEL OF EDUCATION

As noted, while the incidence of poverty in Sabah is not restricted to the interior and rural areas of the state, it is by and large a rural phenomenon. In this respect, while the sustained efforts of the Government to both improve the educational facilities and widen the educational opportunities for Malaysians have seen a drastic improvement in the country's literacy rate since Independence, it is pertinent to note that the indigenous community is again still lagging behind in numerous ways. For example, the above survey of Kadazandusuns in 7 districts in Sabah by INDEP, indicates that 14.5% of the respondents indicated that they have no formal education while 18.5% only had a primary education (see Table 6). While 25.5% has completed at least Form Five, only 7.5% has attended university. Nevertheless, it is heartening to note that practically all of the respondents ranked education for their children as important, with 98.5% ranking education as either quite important or very important (see Table 7). This points to the recognition within the community that education is critical to the future well-being of the next generation who can be expected to play key roles in helping to make Vision 2020 a reality.

This is pertinent particularly in the context of the nation's efforts to move into the digital age and the K-economy. In this respect, it can

certainly be argued that the K-economy environment would serve as a vital catalyst for development. For example, under the K-economy, distance and location are less of a factor as the capacity to tap into the benefits and opportunities offered under the K-economy are not limited to a particular location (e.g. urban areas) only, but to any part of the country or globe for that matter. The avenues open to all concerned will, therefore, be much broader in scope, depth, and reach. In essence, the K-economy environment and framework would theoretically create a "level playing ground" for all segments of society, regardless of geographical locations.

However, it is precisely on the issue of a "level playing field" that a number of issues arise with respect to the position of the indigenous community. To begin with, as noted, the indigenous community in Sabah is already comparatively weak and under-represented in the business and corporate sector. In this context, the community is still very weak in the two key ingredients of the K-economy, which are "knowledge producers" and "knowledge managers". The fact is, the benefits and opportunities that are offered under the K-economy framework are predicated on the key assumption that those who seek them are: (i) in a position to do so and (ii) have the capacity to derive benefits from them.

In this respect, educational achievements are central to both the above assumptions. However, it must be noted that a large segment of the indigenous community in Sabah is clearly still a long way from being in a position to meet both set of requirements. As has been noted, for example, the indigenous community comprise the larger segment of the poor in Sabah. While the community appreciates the importance of education to the future well-being of the next generation, it is also a sad fact that most rural schools are poorly equipped to teach students the skills they will need to compete in the K-economy environment.

Table 6: Education Level

Level of Education	No. of Respondent	Percentage	Valid Percentage	Cumulative Percentage
No Education	71	14.1	14.5	1.45
Primary School	91	18.1	18.5	33.0
SRP/LCE/PMR	92	18.3	18.7	51.7
SPM/SPVM/MCE	125	24.8	25.5	77.2
STPM/STP/HSC	22	4.4	4.5	81.7
Institute/College (Dip/Cert.)	53	10.5	10.8	92.5
University (BA/MA/Ph.D.)	37	7.3	7.5	100.0
Sub-total	491	97.4	100.0	
No Response	13	2.6		
Total	504	100.0		

Source: *Laporan Status Masyarakat Kadazandusun di Sabah*, INDEP Report, December 2000

Part of the challenge of improving the educational attainment of the indigenous community is tied to the mountainous terrain and scattered population in Sabah. In this regard, there are still many parts of Sabah without basic infrastructure such as good roads, electricity, clean water, and educational and health facilities. The above survey conducted by INDEP, for instance, indicated that 40% and 69% of respondents have no electricity supply and telephone line in their homes respectively (see Tables 8 & 9). And while 76% have access to piped water (including gravity piped water), the rest still have to depend on other sources for their water supply (see Table 10). Equally pertinent, while Table 11 indicates that the majority of respondents (52%) ranked information technology (IT) as 'very important', almost half (48.8%) noted that their children are not currently expose to IT (see Table 12). This is probably not surprising given that 77.2% do not currently own a computer at home (see Table 13).

Table 7: Importance of Education

Level of Importance	No. of Respondent	Percentage	Valid Percentage	Cumulative Percentage
Very Important	394	78.2	85.5	85.5
Quite Important	60	11.9	13.0	98.5
Fairly Important	5	1.0	1.1	99.6
Not Important	2	0.4	0.4	100.0
Sub-total	461	91.5	100.0	
No Response	43	8.5		
Total	504	100.0		

Source: *Laporan Status Masyarakat Kadazandusun di Sabah*, INDEP Report, December 2000

Table 8: Electricity Supply (House/Village)

Available	No. of Respondent	Percentage	Valid Percentage	Cumulative Percentage
Yes	298	59.1	60.0	60.0
None	178	35.3	35.8	95.8
Uncertain	2	0.4	0.4	96.2
Under Planning	19	3.8	3.8	100.0
Sub-total	497	98.6	100.0	
No Response	7	1.4		
Total	504	100.0		

Source: *Laporan Status Masyarakat Kadazandusun di Sabah*, INDEP Report, December 2000

Table 9: Telephone Line (House/Village)

Level of Importance	No. of Respondent	Percentage	Valid Percentage	Cumulative Percentage
Yes	155	30.8	31.1	31.1
None	324	64.3	64.9	96.0
Uncertain	5	1.0	1.0	97.0
Under Planning	15	3.0	3.0	100.0
Sub-total	499	99.0	100.0	
No Response	5	1.0		
Total	504	100.0		

Source: *Laporan Status Masyarakat Kadazandusun di Sabah*, INDEP Report, December 2000

Table 10: Access to Piped Water (House/Village)

Level of Importance	No. of Respondent	Percentage	Valid Percentage	Cumulative Percentage
Yes	380	75.4	76.5	76.5
None	71	14.1	14.3	90.7
Uncertain	3	0.6	0.6	92.3
Under Planning	43	8.5	8.7	100.0
Sub-total	497	98.6	100.0	
No Response	7	1.4		
Total	504	100.0		

Source: *Laporan Status Masyarakat Kadazandusun di Sabah*, INDEP Report, December 2000

Table 11: Importance of IT

Level of Importance	No. of Respondent	Percentage	Valid Percentage	Cumulative Percentage
Very Important	262	52.0	56.2	56.2
Quite Important	137	27.2	29.4	85.6
Fairly Important	37	7.3	7.9	93.6
Not Important	30	6.0	6.4	100.0
Sub-total	466	92.5	100.0	
No Response	38	7.5		
Total	504	100.0		

Source: *Laporan Status Masyarakat Kadazandusun di Sabah*, INDEP Report, December 2000

Table 12: Exposure of Children to IT

Expose to IT	No. of Respondent	Percentage	Valid Percentage	Cumulative Percentage
Yes	148	29.4	33.9	33.9
No	246	48.8	56.3	90.2
Uncertain	43	8.5	9.8	100.0
Sub-total	437	86.7	100.0	
No Response	67	13.3		
Total	504	100.0		

Source: *Laporan Status Masyarakat Kadazandusun di Sabah*, INDEP Report, December 2000

Table 13: Ownership of Computer (At Home)

Computer Ownership	No. of Respondent	Percentage	Valid Percentage	Cumulative Percentage
Yes	81	16.1	6.8	16.8
No	389	77.2	80.7	97.5
Uncertain	12	2.4	2.5	100.0
Sub-total	482	95.6	100.0	
No Response	22	4		
Total	504	100.0		

Source: *Laporan Status Masyarakat Kadazandusun di Sabah*, INDEP Report, December 2000

In view of the preceding ‘snap shots’ of the reality of everyday life within the indigenous community in Sabah, it should come as no surprise that while many may already be talking about the e-commerce, e-government and the World Wide Web (www), many school-age children in the rural and interior parts of Sabah are still without adequate access to the educational and other vital facilities to learn the critical skills needed in the K-economy. In addition, as the indigenous community makes up the bulk of the lower income group in Sabah, this would arguably translate into a lower capacity to acquire the necessary information gathering tools such as computers, publications, and of course access to the Internet. By the same token, this would also mean that the community would comparatively find it more difficult to send its youth for tertiary education.

Taken together, these factors boil down to one stark reality – as a group, the indigenous community has comparatively fewer opportunities to be exposed to the wonders and benefits that information and communication technology (ICT) potentially offers. Unless this gap is somehow rectified, it is a certainty that the indigenous community in Sabah will be left even further behind in the evolving digital age and K-economy environment. In this respect, a better understanding of the local circumstances and development nuances and indeed inputs from the community are clearly warranted as part of any effort to address these challenges.

THE CASE FOR A FOCUSED AND ACCELERATED APPROACH TOWARDS 2020

With less than 20 years to go before the year 2020, one of the fundamental challenges that remains is the need to put in place additional 'enabling factors' that would provide all segments of society, but especially the 'marginalised and disadvantaged groups' within the country, equitable opportunity to equip themselves and contribute their fair share towards the realisation of Vision 2020. Indeed, this second decade is arguably the most critical under the Vision 2020 framework as this is the period where weaknesses identified from the first decade can be rectified. More important, this second decade is also the period to put in place additional enabling factors that would focus specifically on the marginalised and disadvantaged groups who continue to flounder in the sea of development around them. The third and final decade of Vision 2020 should then rightly be seen as the 'fine turning' decade with all the major corrective elements identified under the nine strategic challenges, already in place.

In this respect, given their continued dominance among the poorer segment of society, their very weak presence in the economic and business sphere and their low educational attainment, the *indigenous people of Sabah* surely rank among the diminishing but still sizeable marginalised and disadvantaged segment of Malaysian society. As it stands, Sabah is ranked among the poorest states in Malaysia and the majority of the poor in Sabah undoubtedly comes from within the ranks of the indigenous community. The continued weak socio-economic standing of the indigenous peoples of Sabah cannot be separated from the 'negative' synergism that arises out of the debilitating combination of a high incidence of poverty, weak economic position and low educational attainment. This is indeed a most glaring situation particularly in view of the 'handicapping' system accorded under both the NEP and NDP to the *bumiputera* group, of which the indigenous community in Sabah is part and parcel of, by the Government.

While the development challenges that confront the indigenous community are many and varied, the large part of these revolve around the key issues of poverty, weak economic standing and low educational attainment. Therefore, in this second and critical decade towards Vision 2020, there is a clear and pressing need to put in place specific strategies

and programmes to deal with these three key development issues confronting the indigenous community in Sabah. This is critical if the indigenous community is to be in a much stronger footing as a *bumiputera* group to contribute to society and carry its fair share of the development challenges in the final decade towards Vision 2020.

More specifically, such measures are needed in order to address a number of critical issues including:

- Liberating the indigenous peoples in Sabah from the longstanding stigma of the “poor” and “hardcore poor”.
- The establishment of a growing class of indigenous entrepreneurs with a good blend of hands on working experiences and sound knowledge of various business cultures, equipped with the requisite skills, knowledge and information supported by research and, imbued with the strong values and ethics of Malaysian society.
- Reducing the educational gap between the indigenous students, especially those in the rural areas, and other communities in the country such that they are better able to compete for tertiary educational opportunities on their own merits.

CONCLUSION

As with other members of the Malaysian society, the indigenous community in Sabah has and will continue to be affected by the various development challenges that confront the country, albeit, in a more magnified scale. In this respect, there is no doubt that the impact of these challenges will neither be uniform nor predictable. However, it is clear that the community continues to lag far behind in the key areas of the economy, business and education. Furthermore, as a “marginalised” and “disadvantaged” group in many ways, it is abundantly clear that the indigenous community will comparatively find it more difficult to cope with the numerous challenges ahead.

In this respect, as the nation moves into its second decade towards Vision 2020, it is vital to keep in perspective the varying capacity of the

various segments of society to cope with the challenges ahead. And while a "level playing field" may not be at all possible in the true sense of the word, efforts must be made to ensure that all segments of society are indeed given the opportunity to acquire the skills and knowledge so critical in the economic environment of the 21st century. There is no question that a culture of innovation and receptiveness to change will likely be a fundamental pre-requisite in the digital age and the K-economy environment. However, it is equally true that without the exposure and opportunity to acquire the necessary knowledge and skills, any given community will not be in a position to fully explore and utilise the potential opportunities being offered.

For the indigenous community in Sabah in particular, unless this prevailing reality is effectively dealt with, being left even further behind is a fate that will inevitably awaits it. Consequently, it is of the utmost importance for the indigenous community to be given the wherewithal to better equip itself with the necessary skills, which are central to the realisation of Vision 2020.

Given the relatively short span of time to the year 2020, this can be made possible only through a more *focused* and *accelerated* approach, in this the second decade of the Vision 2020 under the OPP3.

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