

## Economic Equity among Ethnic in Retail Sector: Case Study in Seremban City Center, Negeri Sembilan

Ekuiti Ekonomi antara Etnik dalam Sektor Runcit: Kajian Kes di Bandar Seremban, Negeri Sembilan

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### ABSTRACT

*Retail sector is one of important components in urban economic activity for urban livability. Currently, the retail sector contributes 60% of Malaysia's Gross Domestic Product (GDP). Since retail sector provide more than half of the country's GDP, an in-depth study to understand the framework of this sector should be emphasized. This paper will discuss the participation of Bumiputera in the retail sector with a focus on the Seremban City Center (SCC) as the designated study area. The purpose of this paper is to examine whether the New Economic Policy (NEP) is successful in bringing about even economic equity by ensuring 30% Bumiputera participation in retail sectors. Preliminary results obtained through primary and secondary data indicates that Bumiputera involvement is only 7% (Malays), while 93% of it is participated by non Bumiputera (Indian 13% and Chinese 80%). Bumiputera only involved in specific business such as restaurant, beauty care, travel and insurance agency, tuition center, boutique and also private clinics. In addition, data trend for the past three decades showed a mere 6% increased in Bumiputera participation in retail sector in SCC. This paper discusses the important of the retail activities for urban dwelling. The preliminary result shows that participation of the Bumiputera in retail sector are still questionable and urban planner should play more roles for the Bumiputera livability and sustainability.*

*Keywords: Embracing sustainability; mega urban region; learning from doing*

### ABSTRAK

*Sektor runcit adalah salah satu komponen penting dalam aktiviti ekonomi bandar bagi kebolehan bandar. Pada masa ini, sektor runcit menyumbang 60% daripada Keluaran Dalam Negeri Kasar (KDKN). Oleh kerana sektor runcit menyediakan lebih daripada separuh daripada KDKN di negara ini, satu kajian yang mendalam untuk memahami rangka kerja sektor ini perlu ditekankan. Kertas kerja ini akan membincangkan penyertaan Bumiputera dalam sektor peruncitan dengan memberi tumpuan kepada Pusat Bandar Seremban (SCC) sebagai kawasan kajian yang ditetapkan. Tujuan kertas ini adalah untuk mengkaji sama ada Dasar Ekonomi Baru (DEB) berjaya dalam membawa ekuiti ekonomi dengan memastikan 30% penyertaan Bumiputera dalam sektor peruncitan. Keputusan awal yang diperolehi melalui data primer dan sekunder menunjukkan bahawa penglibatan Bumiputera hanya 7% (Melayu), manakala 93% daripadanya disertai oleh bukan Bumiputera (India 13% dan Cina 80%). Bumiputera hanya terlibat dalam perniagaan tertentu seperti restoran, penjagaan kecantikan, perjalanan dan agensi insurans, pusat tuisyen, butik dan juga klinik swasta. Di samping itu, arah aliran data untuk tiga dekad yang lalu menunjukkan hanya 6% peningkatan dalam penyertaan Bumiputera dalam sektor runcit di SCC. Kertas kerja ini penting dalam membincangkan aktiviti runcit untuk kediaman bandar. Keputusan awal menunjukkan bahawa penyertaan Bumiputera dalam sektor runcit masih dipersoalkan dan perancang bandar perlu memainkan lebih peranan untuk kebolehan dan kemampuan Bumiputera.*

*Kata kunci: Kelestarian; kawasan bandar mega; belajar daripada melakukan*

### INTRODUCTION

The issues of ethnic adjustment in the economic sectors started in 1970 and in cooperated in the New Economic Policy (NEP). NEP was established with the objective of improving the economic status of the Malays, as well as their special privileges. This is because the government felt that the Malay ethnic was being left behind in economic activities (Faaland et al. 2002). During the colonial era, the

Malayan economy was dominated by Chinese community who lived in urban areas. At the same time, British created specialization in employment and economic (Said 2004). The Malays lived in the village and work mainly in agriculture, while employment in plantation estate was dominated by the Indian community (M. Zainudin Saleh and Osman 1982). Thus, historical actions have caused inequalities within the different ethnic's level of participation in the economic sector until today.

Even though many financial and other types of supports were provided for Bumiputera entrepreneurs to start and maintain business, their position in the economic segment are still unclear. There are several funding agencies created to help out Bumiputera; these are MARA, Bank Bumiputera, Amanah Saham Mara, Amanah Saham Bumiputera, Urban Development Authority (UDA), Bumiputera Entrepreneurs Corporation (PUNB), Bumiputera Transformation Roadmap program, and TERAJU (Yusof 1993). All organizations, agencies and aid funds given were purely to help the natives to be at par with other races in the retail sector. However, with all the supports and aids already given, the level of Bumiputera participation is still open to discussion.

### THE ARGUMENT

Although the NEP has long been established (since 1970), but the results are still ambiguous. Today the Bumiputera participation in retail activity is still low and have not achieve the NEP target. Local economic equilibrium plays an important role in order to attain and maintain an acceptable level of a sustainable quality of life. Financial balance for every ethnic should be emphasized in order to achieve economic equality and cohesion between ethnics. This is in line with the make up of Malaysia’s multi-ethnic population.

### OBJECTIVE

The objective of this study is to identify the level of Bumiputera participation in retailing within Seremban City Center (SCC) locale.

### METHOD

The case study is conducted in the old city center of Seremban, Negeri Sembilan. This study uses primary and secondary data. All data collected through field work are considered as primary data. The secondary data were obtained from manuscript of data or documents from Seremban Municipal Council (SMC) with the assistance of their officers. The data collected from the field are mainly for the verification of the category of retail activities as well as information about the type of business, address and ethnicity of the retailers. The data used focused only on small-

scale retailing and does not include Hypermarket or Supermarket close by. There were 1411 shops inventoried and out of this only 768 of the shops owner’s identities were identified. Unfortunately the ethnic of the owners could not be ascertained due to data confidentiality and data constraints from SMC. Thus 768 shops included in this study were those involved in retail activity and services. While the others which were engage as franchise business, vacant and used as offices were excluded.

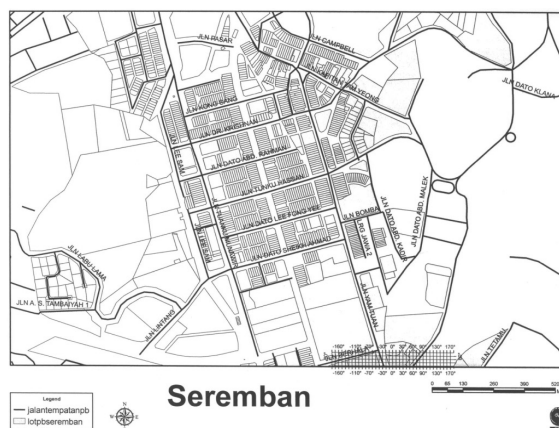


FIGURE 1. Shop lots in Seremban City Center.

### RESULT AND DISCUSSION

Result from the preliminary study conducted showed that only 7% of the overall retail shops are owned by Bumiputera, 13% ownership belong to the Indians and majority of the shops in the study area is owned by Chinese, 80% (Figure 2). In line with Malaysia’s history, the Chinese community is still monopolizing the economy of the country (Bursha 1993; Faaland et al. 2002; Ahmad Idris 1990).

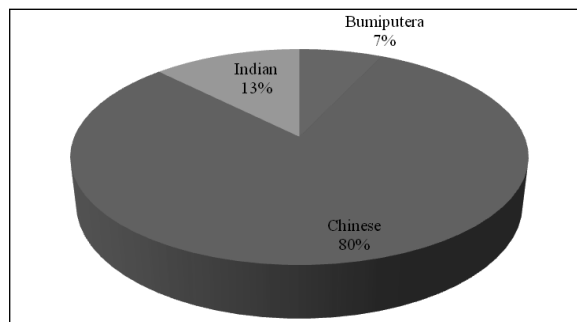


FIGURE 2. Retailing participation among the different ethnic groups in Seremban City Center.

For the past three decades, the raise of Bumiputera participation in the retail sector in SCC show a mere increase of 2% (Mohd Hazim 1979). However, in the past four years, from 2008 until 2012, the increase is more significant at 4%. On the other hand, dynamism do not show any consistent increase, but it can be concluded here that the Bumiputera are trying to get a place in the retail sector in SCC.

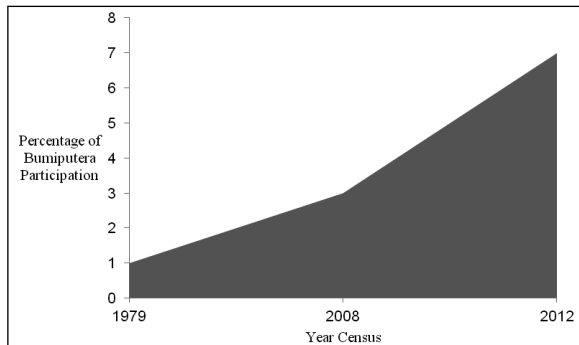


FIGURE 3. Percentage of Bumiputera participation by year census.

Based on our observations, the size of a particular ethnic’s group’s involvement in the retail sector is influenced by the density of its local population. The largest population group in Seremban District are the Chinese residents and have been dominant in this area since 1991 until 2010 (Figure 4). This number is followed by Indians, Bumiputera, non-Malaysian and others (Figure 4).

Figures in Table 1 show that all ethnic populations experienced positive growth. Bumiputera population growth increases drastically in the past 10 years by 123%. This boost help to elucidate the reason for Bumiputera participation swell by twofold within a short period of time (2008-2012) (Figure 3). However, the table shows normal growth of the Chinese and Indian population as well as their share in the economic pie.

TABLE 1. The dynamics of population growth according to ethnic from year 1991-2010.

Ethnic	1991	% Growth	2000	% Growth	2010
Chinese	10150	26	12802	31	16797
Indian	3926	40	5500	20	6579
Bumiputera	2772	28	3542	123	7886

Source: Department of Statistics 1991, 2000, 2010 Malaysia.

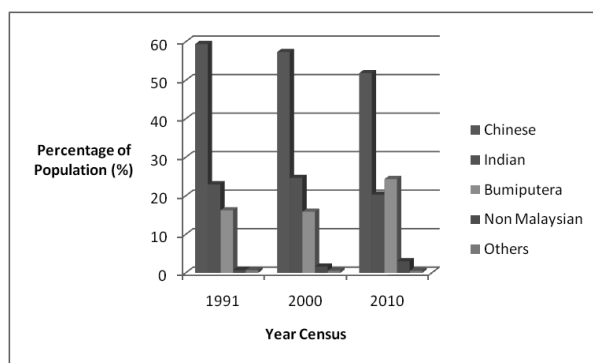


FIGURE 4. Dynamics of population in Seremban District between 1991- 2010.

Preliminary results from this study also found that Bumiputera business people were more inclined to be involved in running shops dealing with furniture retailing, boutiques operators, clothing retailing, cosmetics selling, beauty parlors, health

equipments, computer parts and grocery stores. In addition they were also apt in running businesses providing services such as photocopying, banking, restaurants, telecommunications, travel agencies as well as insurance, dental clinic, pawnbrokers and tuition centers.

The store lots in the SCC consist of two to six storey buildings, the distribution of Bumiputera participation can only be seen on the ground floor, first floor and second floor. However, when compared with the findings from previous studies, Mohd Hazim (1979) showed that almost all retail businesses owned by Bumiputera are small and medium size and almost all the shops are located outside strategic locations (the core and walkways). This study found that only 1% of commercial floor space in Seremban is occupied by Bumiputera retailer. Through the observation from Abdul Samad Hadi et al. (2008), the presence of Bumiputera

retailing is in small-scale or dealing in MARA bazaars, an initiative by the government to support Bumiputera commerce. Bumiputera businesses usually focuses on selling daily needs such as general produce, wild fruits and vegetables, basic groceries, food and drinks. In conclusion, the type of business dominated by Bumiputera focuses on trade that requires small capital.

However, the type of businesses owned by Bumiputera retailers has changed over the past 33 years. For example from small scale eateries to restaurants and from simple barber shops to salons and beauty parlors, businesses previously dominated by the Chinese. This shift of business interest is doubtless to fulfill demand for this kind of service for the ever changing lifestyles and dynamic culture, where more Bumiputera are visiting beauty parlors for example. This shifting of business type also demonstrates further our speculation that the Bumiputera business community's existence is to cater for Bumiputera residents. This shift is thus a way to adapt to the new retailing environment, modification in the local residents' shopping culture and to compete with the current retail development (Abdul Samad Hadi et al. 2012).

Based on the past studies on ethnicity and its relation with the retailer, found that buyers tend to choose retailers from the same ethnic (Eroglu 2000). This situation reinforces the findings of this study that indicate the dominant ethnic in Seremban District is the top retailer in retailing area at SCC and vice versa. Findings from these studies also show that there was ethnic cleavage in the distribution of retailers based on ethnicity in economics of retail sector in SCC. However, in this regard, the authors feel that the issue of balance is already in place in Seremban, where the participation of retailers according to ethnic group, is consistent with the size of its residents.

In order for a city to achieve a higher livability index, planners and the local authorities need to consider the right formula to achieve the economic pillar of the sustainable development aspect so that equality and equity among its population of various ethnics are acceptable. In this regard the balance of the various ethnics' involvement in the economy is important. This is to ensure that the people live harmoniously among each other, comfortable, happy and prosperous. Based on the consistency of the Bumiputera retailers' development over the past 33 years, we extrapolate that the quality of life of this group is sustainable and consistent. In

addition, this consistency plays an important role in maintaining the culture, tradition and quality of life of the Bumiputera, as far as the availability of goods and services is concerned.

## CONCLUSION

The preliminary results show that retailers of each ethnic's growth increase alongside with the size of its population. Inequalities based on ethnic participation in retailing at the study area is appropriate to the proportion of the population. The largest population in term of ethnic classification are Chinese who live in the Seremban district. Based on the balance between the number of Bumiputera retailers and its population, a trend which is also reflected on other races, do we still need to compare economic equality and equity among the different ethnic in the retail industry to gauge the livability of a city? Based on our preliminary finding, we wonder if the NEP approach implementation is appropriate in the study area. This state of affairs need more concern from the city planners and policy makers in order to ensure the livability and sustainability of Bumiputera retailers in the retail sector at SCC.

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