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By Nganyin Lai

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Abstract

The electronics and electrical (E&E) industry in Malaysia has grown to become a prime industry, accounting for 6 percent of the country's gross national income and 41 per cent of its total exports. Key players in the electronics industry are multinational corporations (MNCs) which exercise great influence over the organization of production, labour practices, and development trends of the industry both locally and globally. Labour laws and regulations remain biased in favour of employers. Additionally, MNCs operating in the country have kept labour costs low by employing greater percentage migrant workers who are paid much less than Malaysian nationals. While the industry registers hundreds of billions of ringgit in terms of value of output, the workers are still being denied benefits in spite of the huge profits these companies have been making year after year. This report attempts to provide insights into these aspects of the E&E industry by taking the Samsung Group in Malaysia as a case study. It discusses the expansion of Samsung Malaysia, investigates the organising of production at one of its subsidiaries, and provides a glimpse into the working conditions of the workers.

Introduction

Since its inception in the 1970s, the electronics and electrical industry (E&E) has grown by leaps and bounds. In 2009, the industry accounted for six per cent of Malaysia's gross national income, 522,000 jobs and 41 per cent of Malaysia's total exports. It has been designated as one of the prime industries to drive Malaysia into a high-income economy by 2020 under the Economic Transformation Program. While the industry registers hundreds of billions of ringgit in terms of value of output, the workers are still being denied benefits in spite of the huge profits these companies have been making year after year.

Key players in the electronics industry are multinational corporations (MNCs) which exercise great influence over the organization of production, labour practices, and development trends of the industry globally. Much of the activity of these MNCs is in relatively low value-added product assembly. Even within the dominant semiconductor cluster, most of the activities are in assembly and

testing rather than higher tech, high value-added wafer fabrication. The position of Malaysia as a low value-added assembly and testing site in the global supply chain of the electronics industry shapes the ways of production organising and indirectly the working conditions of workers.

This report attempts to provide insights on these aspects of the E&E industry by taking the Samsung Group in Malaysia as a case study. It discusses the expansion of Samsung Malaysia, investigates the organising of production at one of its subsidiaries, and provides a glimpse into the working conditions of the workers.

The evolution of electronics industry

The formative years of the electronics industry in Malaysia can be traced back to the early 1970s, when the government shifted from an Import Substitution Industrialisation (ISI) to Export-Oriented Industrialisation (EOI). When the country achieved independence in 1957, it was mainly

an agricultural economy with very little manufacturing activity due to the policies of the United Kingdom, the colonial power. Malaya, as one of the colonies of Britain, was used to supply raw materials and provided a market for manufactured goods from Britain.

The industrialization effort began with the introduction of ISI in the late 1950s. The key strategy was to attract foreign investors (mainly British capital) to set up production, assembly and packaging plants in the country to supply finished goods previously imported from abroad. The government introduced import duties and quotas to protect ISI from open market competition. Tax holidays were introduced to make the ISI more attractive to foreign companies (Jomo & Edward 1993).

However, the ISI failed to deepen the industrialization process and to create sufficient employment for the population, at the expense of local consumers paying higher prices for consumer goods. The need for a new strategy to promote industrial growth became clear in the late 1960s. The government introduced EOI which aimed to accelerate industrial growth. Various new

measures were introduced to facilitate and encourage manufacturing production for export, notably the establishment of free trade zones (FTZs), various investment incentives, and a cheap labour force (Jomo 1993).

The EOI strategy had successfully attracted foreign firms to relocate to Malaysia's FTZs. Most of these firms were involved in the manufacture of electronics, electrical goods, textiles and apparel.

In the early stage, the electrical goods and electronics (E&E) industry was dominated by the assembly (and later testing) of semiconductor devices. This sub-sector of electronic components contributed 85.6 per cent of the total output of the electronics industry, while industrial electronics and consumer electronics jointly contributed 14.4 per cent of the total output. Most of the firms were wholly foreign owned and were export-oriented (O'Connor 1993). Many of them were US-based electronics firms, such as Intel, Advanced Micro Devices Inc (AMD), Hewlett Packard (HP) and Texas Instruments (Rasiah 2009).

In the 1980s, the upward revaluation of the currencies of Japan, South Korea and Taiwan against the US dollar contributed to the growth of the

Table 1: Top 5 destinations of E&E exports, 2010-2011

	Country	2011p		2010	2009
		RM million	Share (%)	Share (%)	Share (%)
Total		694,585.5	100.0	638,822.5	100.0
Manufactured goods		470,299.0	67.7	461,045.9	74.7
Electrical & electronics products	Total	236,537.1	34.1	249,907.3	41.6
	China	41,534.9	6.0	40,994.1	6.6
	Singapore	32,177.7	4.6	36,196.1	5.8
	USA	30,406.4	4.4	35,568.9	7.2
	Hong Kong	23,775.9	3.4	25,171.9	4.2
	Japan	17,631.1	2.5	18,279.9	2.9

Source: Ministry of International Trade and Industry (MITI) Report 2011

Table 2: Principal export markets for electronics (%)

Country	2007	2008	2009	2010	2011p
China	10.6	13.9	19.3	19.7	21.2
Singapore	16.1	17.3	15.5	16.5	15.5
Hong Kong	8.2	8.9	11.2	11.6	11.8
USA	26.4	22.1	15.6	12.7	11.2
Japan	5.3	5.2	5.3	5.1	5.2
Thailand	4.7	4.8	5.2	4.8	4.8
Germany	3.1	3.4	4.2	4.3	4.4
Netherlands	6.3	5.7	5.3	5.3	3.3
Taiwan	2.5	2.3	3.2	3.2	3.1
Korea	1.9	1.8	2.0	2.2	2.9
Others	15.0	14.6	13.2	14.6	16.5
Total	100.0	100.0	100.0	100.0	100.0

Source: Bank Negara Malaysia Annual Report 2011

consumer electronics sector in Malaysia. A number of Japanese firms had significantly expanded their consumer electronics investments in Malaysia, followed by Taiwanese and Korean firms. The withdrawal of the Generalised System of Preferences (GSP) from the Asian newly industrialized countries in 1988 further drove a large expansion of electronics manufacturing into Indonesia, Malaysia, the Philippines and Thailand (Rasiah 2009).

After decades of development, the E&E industry has evolved from a total of just four companies with 577 employees and total output value of RM25 million (about US\$ 8.1 million) in 1970 to more than 1,695 companies with total investments of

RM108 billion (about US\$ 35 billion) and a workforce of more than 600,000 people (Malaysian Investment Development Authority, MIDA 2007). It consists of four major sub-sectors, i.e. consumer electronics, electronic components, industrial electronics, and electrical goods.

The E&E industry continued to be the leading industry in the manufacturing sector. Output of the industry accounted for 33.9 per cent of the total output of the manufacturing sector for the period January -November 2009. Over the same period, employment in this sector accounted for 32.5 per cent, making the E&E industry the largest employer in manufacturing (MIDA 2010).

In 2011, exports of E&E accounted for 34.1 per cent of Malaysia's total exports. The top five destinations for exports of E&E products were China,

Table 3: Principal export markets for electrical goods (%)

Country	2007	2008	2009	2010	2011p
USA	21.3	18.3	19.0	16.3	14.9
EU	16.5	16.5	13.8	12.1	13.7
Japan	8.0	9.0	10.2	12.1	12.0
Singapore	14.8	13.4	12.0	11.0	10.8
Middle East	5.9	7.0	7.5	8.4	8.4
China	4.8	4.7	4.7	5.2	5.4
Thailand	3.8	3.3	3.8	4.5	4.5
Australia	3.4	4.5	6.0	5.6	4.2
Hong Kong	4.4	4.2	4.6	4.3	3.7
Others	17.0	19.1	18.4	20.6	22.4
Total	100.0	100.0	100.0	100.0	100.0

Source: Bank Negara Malaysia Annual Report 2011

Singapore, the United States, Hong Kong and Japan (See Table 1). In the recent years, China has emerged as the top principal export market for electronics, while the significance of the US has declined drastically (See Table 2).

As for electrical products, while the US is still the principal market, its market share has declined sharply in recent years, from 21.3 per cent in 2007 to only 14.9 per cent in 2011. The market shares of the EU and Singapore are also declining, while the market shares of the Middle East and Japan are on the rise (See Table 3).

The E&E industry has been dominated by transnational corporations (TNC) since its early stage. This feature is still witnessed in the present stage. In the period from 2007 – 2011, foreign investment has exceeded domestic investment in new investment projects as well as in expansion projects and diversification programmes. In terms of total capital investment, foreign investment accounts for a dominant share of at least 80 per cent during this period, and in some years, the foreign investors contributed almost all of the total capital investment in the E&E industry (See Table 4).

Table 4:

Approved manufacturing projects in electrical and electronic products by sub-sector, 2006-2011

Subsector	2007								
	New			Expansion/Diversification			Total		
	Domestic Investment (%)	Foreign Investment (%)	Total Capital Investment (RM million)	Domestic Investment (%)	Foreign Investment (%)	Total Capital Investment (RM million)	Domestic Investment (%)	Foreign Investment (%)	Total Capital Investment (RM million)
Consumer electronics	0	100	386.5	0.1	99.9	1,561.3	0.04	99.96	1,947.7
Electronic components	1.8	98.2	5,340.6	5.6	94.4	5,334.6	3.7	96.3	10,675.2
Industrial electronics	31.7	68.3	287.6	2.9	97.1	477.6	13.7	86.3	765.3
Electrical products	48.9	51.1	1,599.1	74.7	25.3	124.3	50.8	49.2	1,723.4
Total	12.7	87.3	7,613.8	5.4	94.6	7,497.8	9.1	90.9	15,111.6

	2008								
Subsector	New			Expansion/Diversification			Total		
	Domestic Investment (%)	Foreign Investment (%)	Total Capital Investment (RM million)	Domestic Investment (%)	Foreign Investment (%)	Total Capital Investment (RM million)	Domestic Investment (%)	Foreign Investment (%)	Total Capital Investment (RM million)
Consumer electronics	5.2	94.8	141.8	92.5	7.5	15.5	13.8	86.2	157.3
Electronic components	1.0	99.0	3,348.8	4.5	95.5	1,787.8	2.2	97.8	5,136.6
Industrial electronics	18.3	81.7	246.2	2.5	97.5	3,204.3	3.6	96.4	3,450.4
Electrical products	1.2	98.8	6,708.7	4.4	95.6	2,320.0	2.0	98.0	9,028.6
Total	1.6	98.4	10,445.4	3.8	96.2	7,327.5	2.5	97.5	17,773.0

	2009								
Subsector	New			Expansion/Diversification			Total		
	Domestic Investment (%)	Foreign Investment (%)	Total Capital Investment (RM million)	Domestic Investment (%)	Foreign Investment (%)	Total Capital Investment (RM million)	Domestic Investment (%)	Foreign Investment (%)	Total Capital Investment (RM million)
Consumer electronics	100.0	0.0	41.0	1.5	98.5	376.5	11.2	88.8	417.4
Electronic components	16.7	83.3	717.1	3.9	96.1	2,287.5	6.9	93.1	3,004.6
Industrial electronics	42.8	57.2	326.3	57.7	42.3	85.9	45.9	54.1	412.2
Electrical products	52.3	47.7	544.9	10.8	89.2	366.8	35.6	64.4	911.6
Total	35.9	64.1	1,629.3	5.9	94.1	3,116.6	16.2	83.8	4,745.9

Subsector	2011								
	New			Expansion/Diversification			Total		
	Domestic Investment (%)	Foreign Investment (%)	Total Capital Investment (RM million)	Domestic Investment (%)	Foreign Investment (%)	Total Capital Investment (RM million)	Domestic Investment (%)	Foreign Investment (%)	Total Capital Investment (RM million)
Consumer electronics	0.0	100.0	328.2	0.0	100.0	1,519.0	0.0	100.0	1,847.3
Electronic components	14.6	85.4	2,462.4	2.4	97.6	4,733.5	6.6	93.4	7,195.9
Industrial electronics	6.4	93.6	227.3	2.4	97.6	1,066.6	3.1	96.9	1,293.9
Electrical products	8.9	91.1	8,215.7	7.0	93.0	1,508.5	8.6	91.4	9,724.2
Total	9.9	90.1	11,233.7	2.8	97.2	8,827.7	6.8	93.2	20,061.4

Source: MIDA Report, various issues.

Government promotion of E&E Industry

The participation of foreign investors has been critical to the success of the EOI strategy for economic growth and industrial development. Various measures have been introduced by the government to attract foreign investment, which include generous financial incentives, the set up of FTZs, and a docile, cheap labour force.

The major tax incentives for firms investing in the manufacturing sector are the Pioneer Status and the Investment Tax Allowance. Eligibility for Pioneer Status and the Investment Tax Allowance is based on certain priorities, including the level of value-added, technology used and industrial linkages. Firms manufacturing electrical and electronic products and components and parts are eligible for Pioneer Status and Investment Tax Allowance.

A company granted Pioneer Status enjoys a five-year partial exemption from the payment of income tax. It will pay tax only on 30 per cent of its statutory income, with the exemption period

commencing from its 'Production Day', which is defined as the day its production level reaches 30 per cent of its capacity.

To encourage investment in certain promoted areas, i.e. the states of Sabah, Sarawak, Perlis and the designated "Eastern Corridor" of Kelantan, Terengganu, Pahang, and the district of Mersing in Johor on Peninsular Malaysia, applications received from companies located in these areas will enjoy a 100 per cent tax exemption on their statutory income during their five-year exemption period.

As an alternative to Pioneer Status, a company may apply for the Investment Tax Allowance (ITA). A company granted ITA is entitled to an allowance of 60 per cent on its qualifying capital expenditure (factory, plant, machinery or other equipment used for the approved project) incurred within five years from the date the first qualifying capital expenditure is incurred.

Repressive laws on unionisation

To attract foreign investors which were mainly labour intensive, a cheap and docile labour force was deemed necessary (Jomo & Todd 1994:129). The early stage of EOI attracted mostly labour intensive electronics assembly and textile manufacturing. In order to facilitate the growth of EOI, the government had adopted policies on labour organizing that have, in general, put workers at a disadvantaged position in fighting for the improvement of welfare.

It was part and parcel of the government policies aimed at attracting foreign electronics firms to invest in Malaysia in the formation stage of the electronics industry that no national unions would be allowed. Nevertheless, several attempts to unionize electronics workers were initiated in the 1970s and 1980s. The struggle to form a trade union in the electronics industry began in 1973, with the Electrical Industry Workers Union (EIWU) attempting to recruit workers from the industry. The move was denied by the government on the basis that the trade union law limits a union to organising workers only within a single industry or closely related industries. According to the Director General of Trade Unions (DGTU), EIWU could not organise workers in the electronics sector, as the electronics industry was a separate sector from the electrical industry. Under increasing pressure from the International Labour organisation (ILO) and the imminent General System of Preferences review, the Malaysian government dropped its ban on unions in the electronics industry in 1988, but allowed only in-house unions (Labour Resource Centre 2006:174-5).

Over the decades, there were some 365 electronic companies in Malaysia which hired close to 290,000 workers but only 12 registered in-house unions with about 12,000 members as internal union members.

After almost four decades of struggle, the govern-

ment finally approved the formation of a regional trade union for the electronics industry.

At the same time, the Trade Union (TU) Act and Industrial Relations (IR) Act have limited the power of trade unions in organizing workers and promoting collective bargaining. The TU Act has given overwhelming power to the DGTU in supervision, direction, and control of matters relating to trade unions. The DGTU has the power to refuse registration of a trade union if he is of the opinion that the union is likely to be used for unlawful purposes, or any of the objectives of the union are unlawful, or the constitution of the union conflicts with the provision of the Act. He can also reject the registration of the trade union if there is in existence another union catering for similar workers (Labour Resource Centre 2006:175).

The TU Act also empowers the DGTU to suspend a branch of a union if he is satisfied that the branch has contravened the provisions of the Act or the rules of the union. It is also within the power of the DGTU to disqualify an elected executive of a trade union or a federation of trade unions by specifying the grounds for such disqualification (Labour Resource Centre 2006:175).

The power of DGTU even extends to matters of staff hiring, investments, union funds, finance, and accounting procedures. Trade unions must obtain approval from the DGTU to employ staff and for investing in business. The DGTU can enter a trade union office and inspect all its books and records. He can also freeze the funds of a trade union (Labour Resource Centre 2006:176).

Under the provision of the Trade Union Act, the DGTU can seek information on any of the activities of a trade union by summoning any person to his office. Even for international affiliation, a trade union must obtain the prior approval of the DGTU. He must also be furnished with the constitution and the details of the officers of the inter-

national organization concerned. He is also empowered to order the trade union to withdraw from an international organization (Labour Resource Centre 2006:176).

The TU and IR Acts put trade unions at disadvantage in gaining recognition from firms. While the Acts allow the formation of trade unions and to conduct collective bargaining, compliance with the provisions of the Acts, to large extent, depends on the goodwill of firms. According to the procedures, a trade union must issue a letter to notify the firm of the formation of the union and seeks its recognition. Upon receiving the letter, the firm must respond to the request within 21 days from the date of receipt of letter. It is common that firm does not respond to the trade union's request. In this case, the trade union may request intervention from the Industrial Relations Department and the Trade Union Department. They will request the firm to submit a list of workers and to allow the conducting of a competency test. It is not uncommon for a firm to prevent the recognition process by not responding to both departments and that would delay the process of recognitions for months, if not years (Interview with Periera 2012).

The secret ballot procedure is another 'hassle' for trade union in that the union could lose in the recognition process because of not being able to meet the requirement of the secret ballot. In order for the trade union to be recognized, it must obtain a minimum '50 per cent plus one' votes from the total number of workers at the time of submission of recognition. Because of the high turnover of workers and the employment of contract workers, the number of eligible workers working in the firm could be drastically less than the total number of workers at the time of submission. In other words, the trade union is almost certain to lose in recognition process (Interview with Periera 2012).

Samsung Group in Malaysia [1]

Samsung made its first investment in Malaysia in 1989, during the wave of relocations of Japanese and Korean manufacturing companies after the Plaza Accord 1985 which brought about the dramatic appreciation in their currencies. According to Samsung, Malaysia is a strategic location as a manufacturing export base as well as a market for high-value technological products (Labour Resource Centre 2006:163).

Samsung has invested mainly in consumer electronics in Malaysia. These investments are made mainly by three of its global subsidiaries: Samsung Electronics Co. Ltd., Samsung SDI Co. Ltd., and Samsung Corning Precision Materials Co. Ltd. Samsung Electronics is a leading global manufacturer of digital TVs, memory chips, mobile phones and TFT-LCDs. The core business of Samsung SDI is in display and lithium ion batteries, while Samsung Corning specialises in the production of parts and materials for flat panel displays.

Samsung invested RM1.5 billion when it first came to Malaysia about 30 years ago. With its latest investment of RM2.2 billion for undertaking the design, development and manufacture of lithium ion cells and battery packs, Samsung has become one of the largest foreign investors in the country (Bernama 2012).

The first manufacturing plant of Samsung Electronics was Samsung Electronics Malaysia (SEMA), which manufactures microwave ovens and magnetrons. Located at Port Klang, one of the busiest ports in Malaysia, SEMA is said to be one of the global headquarters for Samsung's microwave oven operations. Based on the data available from Samsung's website, SEMA produces about four million microwave ovens and six million magnetrons annually. It has about 1,350 employees at this plant.

In 1995, Samsung Electronics expanded its operations into the manufacture and sale of colour monitors, printed circuit boards (PCB), TFT-LCD monitors, and colour television receivers. It established the second manufacturing plant, Samsung Electronics Display (M) Sdn. Bhd. (SDMA), in Tengku Jaafar Industrial Park, Seremban.

In September 2003, Samsung Electronics upgraded its representative office in Kuala Lumpur into a full-fledged subsidiary office by establishing Samsung Malaysia Electronics Sdn. Bhd. (SME). The company deals with marketing, customer service and sales operations.

Samsung SDI Co. Ltd. owns two manufacturing plants in Tengku Jaafar Industrial Park. It set up the first manufacturing plant, Samsung SDI (M) Sdn. Bhd. (SDIM), in October 1990. The plant was the first overseas operation for Samsung SDI Co. Ltd. SDIM manufactures cathode ray tubes (CRT) and electron guns which are widely used for display tubes for televisions and monitors.

In September 2011, Samsung SDI established a new subsidiary, Samsung SDI Energy Sdn. Bhd., to manufacture lithium ion cells and battery packs. Samsung SDI has invested RM1.5 billion in this plant. In the next five years, the company said it will invest an additional RM2.2 billion. It is reported that Samsung SDI Energy has the capacity to produce eight million lithium ion cells and batteries per month and they are solely for the export market (Bernama 2012).

Samsung Corning Precision Materials Co. Ltd has invested in the manufacturing and sale of polished television and monitor panels and funnels by setting up Samsung Corning (M) Sdn. Bhd. (SCM) in 1991. SCM has four panel and two funnel lines, supplying glass panels and funnels to its sister company, SDI Malaysia and export markets in Korea, India, Indonesia, Mexico, China and Brazil.

Samsung Electronics Co. Ltd plays an important role within the Samsung group in Malaysia. It owns three of the six subsidiaries of the group, i.e. SEMA, SME, and SDMA. In 2011, these three subsidiaries contributed 91.4 per cent of the total revenue and 83.4 per cent of total profit after tax of the Samsung group in Malaysia (See Table 5).

Supply chain – the case of SDMA[2]

For the purpose of the study, the discussion on supply chain will focus on the subsidiaries of Samsung Electronics in Malaysia. Of the three subsidiaries, SEMA and SDMA are involved in manufacturing, while SME is the marketing and distribution office. Due to limited access to information, our discussion will be solely on SDMA.

SDMA recorded the highest profit after tax among the subsidiaries which accounted for 74.5 per cent of the total profit after tax of Samsung Group in 2011.

The major products of SDMA are Smart TVs, LCDs, LEDs, plasma sets and PCBs. It is said that the Smart TV is the most profitable of all these products. SDMA does not manufacture these products but assembles them. SDMA used to export TVs and monitors to Europe but stopped after Samsung established plants in Hungary and Yugoslavia. Now the products are exported to Australia and sold on the local market as well.

The production volume of various sizes of TVs and monitors is high. With ten production lines in total, the average daily output of assembled TVs and monitor is 12,000 units. During peak periods, the daily output can go up to 14,000 to 15,000 units.

The two key components of TVs and monitors are the liquid crystal monitor (LCM) panel and PCB. LCM panel is imported from China in semi-assembled form, and it is then assembled fully at SDMA. The fully assembled LCM panels are used

for local assembly of Smart TVs, LCDs, LEDs, and plasma sets and for export to subsidiaries of Samsung in Thailand, Vietnam and Indonesia. Importing semi-assembled LCM panels from China is costly and time consuming and thus, SDMA is planning to manufacture LCM panels in the local plant in the near future.

For other components, such as front covers and back covers, they are sourced from two Korean companies that are based in Malaysia – YEMA and SEWHA. The metal stamping is provided by Sun Plus, a Malaysian company.

Another key product of SDMA is PCBs. The two ICs, which are the key components of PCB, are imported from subsidiaries of Samsung in China. The assembled PCBs are used for the in-plant production of Smart TVs, LCDs, LEDs, and plasma sets. The average daily output of PCBs is 12,000 units. The costs of these PCBs range from RM50 to RM500. The expensive PCBs are used for the production of Smart TVs while the cheaper ones are for the production of LCDs, LEDs, and plasma sets.

In order to save costs in production and to enhance efficiency, SDMA outsources the logistics to the SGA Group, a Korean company based in Malaysia. Two of its subsidiaries, SGA Techcordia and SGA Services are in partnership with SDMA. SGA Techcordia handles stock management for SDMA vendors, and SGA Services provides repacking and unpacking, and labelling services for SDMA's TV monitors and accessories. The activities are handled under one roof at SDMA. Workers at SGA are dispatched to work at SDMA, and the assistant manager of SGA is assigned to oversee the operation (SGA website).

Samsung workers – composition and working conditions[3]

In the early years, most of the workers at SDMA were locals. Gradually, local workers were re-

placed with foreign migrant workers. At present, there are about 1,200 workers, including the SDMA workers as well as the agency workers. While all the managerial, administrative and key production positions are taken up by locals, about 70 per cent of the operations staff are migrant workers.

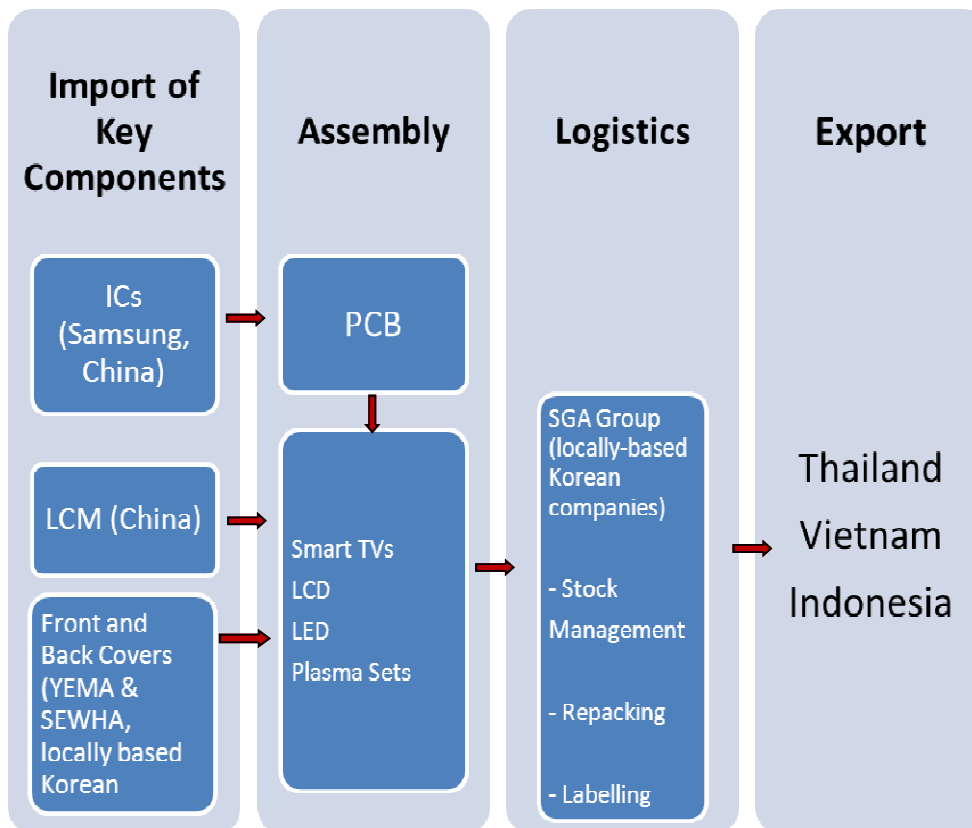
These migrant workers can be grouped into two categories, those employed directly by SDMA and those recruited by labour agencies. The majority (about 70 per cent) of these migrant workers are Burmese, who have been working with SDMA the longest of any group of migrant workers. Half of the Burmese workers are recruited through labour agencies and the rest are hired directly by SDMA. Workers originally from Nepal and Sri Lanka, who are relatively new to the company, are said to have been hired directly by SDMA.

There seems to be a trend in SDMA to hire migrant workers directly instead of sourcing them from a labour agency. One of the reasons given is that SDMA can have direct control over the migrant workers. Also, the costs of getting workers through a labour agency are rising, as more regulations have been imposed by the Malaysian government.

The trend of introducing contract employment for managerial staff is observed in SDMA as well. Technicians, engineers and managers are recruited on a six-month or one-year basis. If their performance is not up to expectations, their employment is terminated. Such practice has allowed the company to retrench employees with ease.

The pay at SDMA is said to be slightly lower than that at other MNCs in Malaysia. The migrant workers could earn an average monthly income of RM1,500 if they work 150 hours of overtime each month. The migrant worker earns a basic salary of RM400 and an allowance of RM200 per month.

Figure 1: Rudimentary Map of Supply Chain for Key Products of SDMA



The additional income comes from the overtime pay.

A bonus is paid based on performance. SDMA practices a MBO system, in which a worker's performance is graded in regards to the job scope and achievements. An operator is entitled to a bonus only if she or he achieves a grade D or above in her or his performance evaluation.

For managerial staff, they are entitled to medical care provided by specialists. For engineers and technicians, they are entitled to RM200 per year for medical care by specialists. On top of that, they are given a medical card which covers 20 outpatient clinic visits per year for their spouse and three children.

Safety at the workplace appears to be an issue at SDMA. Workplace accidents seem to take place from time to time. While safety measures have been introduced, they are not being well ob-

served. One serious incident involved a forklift knocking over a security guard. Other incidents involving trolleys and cranes hitting workers on the production lines have been reported as well. Often safety measures are not observed properly at the expense of workers when the supervisors have to meet production targets.

Concluding remarks

The growth of Malaysia's E&E industry into a major contributor to exports and a major source of employment throughout the decades have been heavily facilitated by the move-

ment of international capital seeking higher returns on its investment and government policies promoting export-oriented industrialisation. Some of these government policies aimed to implement an anti-labour regime in order to assure a docile and cheap labour force. The continued presence of MNCs in the industry and the pro-business approach of the government may suggest little change in policies toward workers. While the formation of regional trade unions for the electronic industry may enhance unionisation of workers, it will still be difficult to improve workers' welfare as the TU Act and IR Act continues to place trade unions at a disadvantage. Furthermore, the growing number of migrant labourers may bring more challenges to the organising of workers.

Table 5:**Samsung Group in Malaysia 2012**

Name of company	Samsung SDI (M) Bhd	Samsung Electronics Malaysia Sdn Bhd (SEMA)	Samsung Malaysia Electronics (SME) Sdn. Bhd.	Samsung Electronics Display (M) Sdn. Bhd. (SDMA)	Samsung Corning (M) Sdn Bhd	Samsung SDI Energy (M) Sdn Bhd
Date of establishment	Oct 1990	Sept 1989	Sept 2003	March 1995	March 1991	Sept 2011
Nature of business	Manufacture and sale of Cathode-Ray Tubes which comprise of colour picture tubes, colour display tubes and electron guns	Manufacture and sale of microwave ovens, PCB, and Magnetrons	Trading and distribution of merchandise goods, provision of marketing and after sales services	Manufacture and sale of colour monitors, PCB, TFT-LCD monitors, colour television receivers	Manufacture and sale of polished television and monitor panels and funnels	Manufacturing of rechargeable batteries, research and analysis all kinds of facilitating development of new products
Location	Tuanku Jaafar Industrial Park, Negeri Sembilan	Industrial Park, Port Klang, Selangor.	Jalan Tun Razak Kuala Lumpur	Tuanku Jaafar Industrial Park, Negeri Sembilan	Tuanku Jaafar Industrial Park, Negeri Sembilan	Tuanku Jaafar Industrial Park, Negeri Sembilan
Total Issued Capital	RM 154,380,160	RM 16,247,452	RM 17,100,000	RM 95,200,000	RM 99,545,182	RM 31,000,000
Shareholders (%)	Samsung SDI Co. Ltd. (68.59%)	Samsung Electronics Co. Ltd. (100%)	Samsung Electronics Co. Ltd. (100%)	Samsung Electronics Co. Ltd. (75%) Samsung Electronics Asia Holding Pte Ltd (25%)	Samsung Corning Precision Materials Co. Ltd. (100%)	Samsung SDI Co. Ltd. (100%)
Revenue (2011)	RM 756,090,068	RM 1,215,717,943	RM 4,772,155,000	RM 4,673,882,813	RM 242,334,892	N.A
Profit/(loss) after tax (2011)	RM 78,217,899	RM 25,642,530	RM 24,565,000	RM 351,145,239	(RM 8,579,321)	N.A

Sources: Companies Commission of Malaysia, Corporate Information

Endnotes:

[1] The information in this section is derived from Samsung's website, except where stated otherwise.

[2] The information in this section is obtained from an interview with an engineer of SDMA, except where stated otherwise.

[3] The information in this section is obtained from an interview with an engineer at SDMA.

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List of interviews

- Interview with Bruno Periera of the Electronics Industry Employees Union (EIEU), Kuala Lumpur; interviewed on 16 July 2012.
- Interview with anonymous engineer of SDMA, Seremban; interviewed on 7 August 2012.