

**CENTRE OF STUDIES FOR BUILDING SURVEYING
FACULTY OF ARCHITECTURE, PLANNING AND SURVEYING
UNIVERSITI TEKNOLOGI MARA**

**LOCAL SKILLED LABOUR SHORTAGE IN MALAYSIA
CONSTRUCTION INDUSTRY**

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**“I hereby declare that this academic project is the result of my own
research
except for the quotation and summary which have been acknowledged”**

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ABSTRACT

Over the last decade the construction industry in Malaysia has undergone many changes in order to compete in the age of globalization. High employment demand not only felt by the construction sector, but all sectors of the economy. Although the construction industry is facing the problem of lack of employment from the local, but the problem has been reduced by hiring foreign labour. In addition to lack of local employment, the construction sector is also facing problems related to local skill labour. Therefore, this study aims to look more closely at the problem of a shortage of local skilled labour, especially investigate the factors that may contribute to the shortage of local skilled labour in the Malaysian construction industry and also provide recommendation for increasing participation of local skilled labour in the Malaysian construction industry. The method of the study involved a literature review and also an interview with the respondent which consists of industry key player among Malaysian citizen that has been working in the construction industry involving engineers, contractors, project manager and others. In conclusion, the factors that may contribute to the shortage of local skilled labour are low assuredness of salary, poor career path, poor image of the industry and working environment and education level. On the other hand, the best ways to increase the participation of local skilled labour in the Malaysian construction industry are by commercialized the name of the skill training program, implement specific training, especially for local youth in enhancing their skill levels, the government gives support for smaller companies to train the local workforce, increasing the salary or wages of the local worker and last but not least minimizes the intake of foreign labor in the construction industry.

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CHAPTER 1

1.1 Introduction of the Chapter

The construction industry is a highly dynamic sector and plays very important role in the development of the country, hence in Malaysia, construction industry started a rapid growth since its independence. Besides that, the construction project in Malaysia also depends on project resources. Among the most important resources is the source of workers. Shortage of labor resources in Malaysia resulting, the country depends on the labor workforce from outside (Hamid et al., 2011)

According to (Abdul-Rahman et al., 2012) the Malaysian construction industry provides employment opportunities for 800,000 workers, representing 8% of the total workforce; 69% of these are foreign workers. The Malaysian government has relied on foreign workers since the 1980s. This also has led to the local skilled labour shortage in Malaysia construction industry. Moreover, participation by local workforce is not very encouraging and there's understood that skilled workers produced from vocational training were not meeting industry's needs. Some of them left construction sector, even after undergoing training from construction training institutions. Malaysian construction has problems in the ability to get the source of labour as well as retained skill people and has to depend on foreign worker to respond to the high demand of skilled workers due to rapid development in Malaysia and poor participation from local people.

With high demand for construction activities in previous years, the industry has attracted a huge number of foreign workers into this country to take up employment on site as unskilled labour doing manual jobs. Due to the influx of foreign workers, the employers are reluctant to employ locals since the wages paid to foreign workers are much less as compared to the locals (Hamid et al., 2011).