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# SHORTAGE OF LOCAL GENERAL WORKERS IN MALAYSIA CONSTRUCTION INDUSTRY

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## **Abstract:**

There are many challenges faced by the Malaysian Construction industry. Local labours shortage is a major challenge compared to the other challenges in the industry. Malaysian construction industry has a problem in the ability to get the source of labours and has to depend on foreign workers to meet the high demand of skilled workers due to rapid development. The aim of this research is to look more closely the influencing factors that contribute to the shortage of the local labours as well as to discuss how these challenges can be managed. Thus, the objectives of this research are to identify the causes of shortage of local general workers and to identify the techniques to attract the local workers to involve in the construction industry. The assessment was conducted via questionnaire to 28 respondents from industry key players at Klang, Selangor. The finding of this research is to give benefits to the local people, especially on job opportunities in construction industry towards optimal performance.

**Keywords:** Construction Industry, Shortage labour, Local General worker

## **1.0 INTRODUCTION**

Construction industry plays an important role in Malaysia because it can affect the economy of Malaysia. Construction sector is an investment because it can affect the economic growth. Construction industry is just a small part in the economy of Malaysia but it will affect the other sectors such as manufacturing (Norazlin et al, 2016). The development of construction industry in Malaysia is increasing that makes the demand for labour also increases. This makes Malaysians and foreign workers to get the opportunity to be a part of this industry (Hamid, 2013).

However, shortage of labours especially among the local labours in construction industry is still happening today. This is because even the construction industry in Malaysia shows a positive impact in economy, this sector experiences the shortage of labours among the locals because the number of foreign workers is escalating through the year to fulfil the demand on site needed (Norazlin et al, 2014). According to the New Straits Times reported by Ibrahim (2016) the need of foreign labours in construction industry is a must. This is because the locals do not want to take the challenging work in this industry as their job. In other perception of view, according to the New Straits Times reported by Jun (2017), the Deputy Human Resources Minister, Datuk Ismail Muttalib stated that until now, 1.8 million foreign labours are working in Malaysia industry but the locals who study in the other countries do not return back to give their service to their own country. They are more intent to work oversea although the opportunity to get a job in their own country is high. Moreover, the local graduates have already fulfilled the job requirements that had been given to the foreign labours and there are worth it for the job.

Therefore, the objectives of this research are to identify the cause for the shortage of local general workers and find solutions to make local workers involve in Malaysia construction industry.

## **2.0 LITERATURE REVIEW**

According to Abd Karib et al. (2014), the issue on the shortage of local labours in this industry is still happening until now. However, local labours did not involve in this industry and this situation gives opportunity to the foreign labours to take the job. There are many efforts that had been done by the



Government to persuade people in Malaysia to fulfil the demand and replace the foreign labours in this industry.

Construction industry was on the top fourth that had a high level of employments with 9% of total labour force in the country, which is about 1.2 million labours (Malaysia Productivity Corporation, 2015). According to CIDB and CREAM (2010) as cited by Hamid (2013), 52% which equals to 361,000 workers are among the foreign labours and local labours are only 48% which equals to 333,000 workers that include skilled, semi skilled and unskilled labours.

Furthermore, the number of foreign labours has escalated through the years and they have taken over some share of Malaysian labour force. The question is, what is the effect of hiring the immigrant workers on the local labours and companies? Is there any impact to the economy by letting the immigrant workers to work in Malaysia? The foreign labours had taken the opportunity of the job that local workers should get. This is seen as a barrier towards Malaysia's street to turning into a high wage economy by 2020.

### **2.1 Factors for shortage of local general workers in Malaysia construction industry**

The demand of foreign labours in Malaysia industry is high. This is because the percentage of foreign labours in Malaysia industry is almost at 70%. Most immigrant labour in Malaysia are from Indonesia, Bangladesh and the Philippines. The factors for the shortage of local general workers in Malaysia construction industry can be caused by many reasons (Adi, 2013)

#### **2.1.1 Poor image of the construction industry**

Construction industry is a low status work, compared to the manufacturing sector which offers better work conditions. Besides, the presence of dirty, difficult and dangerous (3D) pictures that have dependably been related with this industry has an implication towards the avoidance of numerous local labours and fresh graduates entering the construction industry that causes the shortage of local labours to happen (Hamid, 2013).

#### **2.1.2 Participation of foreign labours**

The foreign labours at construction field is about 55% (CIDB study in 2010). In Malaysia, the number of foreign labours is about 434,000 that come from many countries such as Indonesia, Bangladesh, Myanmar, Pakistan and Nepal (Norazlin et al, 2014).

#### **2.1.3 Level of knowledge and skills**

As stated by Norazlin et al. (2014), the level of study and do not attend training to enhance the skilled are also the causes of shortage of local general labours in construction industry. The locals who have diploma, degree or master demand the job that is equal to their level of education. The job offer as a general worker in construction industry is not equivalent to what they have studied before.

#### **2.1.4 Capability of the workers**

According to the UK Essays (2017), it is hard to find workers that are still young, have education background and experience. The reality about the young generation today is they lack of experience and skills. Schools, colleges and universities just focus on the theory of knowledge but little on the practical.

#### **2.1.5 Poor law and regulations**

The total illegal immigrant labours who come to Malaysia is increasing. They do not have proper permits or visa that make them legal to stay in Malaysia. Moreover, the total of immigrant labours from Indonesia, Thailand and Philippines that come to Malaysia are so big that make the locals do not have a chance to grab the job opportunities offered by the construction industry (Del Carpio et al., 2015).

#### 2.1.6 New technology development

According to Riddell (2016), the changes on old equipment, machineries, software and other things make the old worker had the impact to use the new technology that requires a special knowledge such as building information modeling (BIM).

#### 2.1.7 Implication of IBS

According to The Sun Daily online dated on 19 February 2016, with the implication of IBS in the construction industry, the total labours that were needed can be reduced to half. The Government project and private project right now have taken IBS as consideration for construction project which the government 50% and the private sector at 20%.

#### 2.1.8 Low wages

The Ministry of Works Malaysia stated that the mean of wages for construction labour is RM65 per day. The mean of monthly income is on the range of RM 1,000 – RM 1,600. However, the income that is received by the construction labour is still low compared to the workers in the other sectors. The construction industry is a tough industry but the wages is very low.

#### 2.1.9 Economic factor

Immigrant labours had given the good image on the economic matter. This is because when hire the immigrant labours it will increase the country's income. Because of the low wages that is given to these immigrant labours, the economic growth of the country increases. In other perception, country of immigrant labour is bad on the economy so that these workers seek job opportunities in other countries that have a better economy. This is because half of their wages will be sent to their country and make the economy of their country is increase.

### **2.2 *Ways to minimize the shortage of local general workers in Malaysia construction industry***

The number of local workers in the construction industry is low compared to the foreign workers. If this continues to happen, it will give a bad impact towards the local workers when they want to seek for job opportunities. There are many ways that can be done to minimize the shortage of local general workers in Malaysia construction industry.

#### 2.2.1 Reduce the number of foreign workers by lowering the wages

According to Dato' Seri Najib bin Tun Abdul Razak in 2012, as cited by Abdullah et al. (2016), apply the minimum wages policy can be affected towards the unskilled labour. This is because unskilled labours get a lower income and make the higher skilled workers will take over the job because normally the foreign workers are unskilled workers. This will give a big opportunity for the locals to take back their positions in the construction sector.

#### 2.2.2 Tighten the policy and immigration law

According to Chua (2016) whoever makes the policy needs to take an action on the labour immigration law. The law for bringing the immigrant labours into the country must be strict. The government needs to look out the immigrant labours that want to enter to Malaysia and compared to the local workers.

#### 2.2.3 Provide training institutions

As stated by Abd Karib et al. (2014), CIDB also prepared 6 institutes that are known as Malaysia Construction Academy or Akademi Binaan Malaysia (ABM). Moreover, CIDB also prepares 40 private training places that give opportunities for the construction workers that involve in construction industry and also for the new ones that will work in this sector.

#### 2.2.4 New technology adoption

According to UK Essays (2017) applying IBS system in construction industry will change the gameplay for this sector that follows the traditional method that depends on the immigrant labours. With the help of IBS, it gives the chance for the locals to enter this sector because IBS needs skilled labour to perform the task. IBS uses high technology that makes unskilled labours are difficult to fill in the position because they lack of knowledge on the IBS system.

#### 2.2.5 The local workers will be covered by the green card

Every construction worker needs to have a green card. This will make them to be protected by insurance that covers the hospital bills and funeral expenses when they involve in any accident at the construction sites, experience permanent disability due to illness and accident, die due to illness.

### 3.0 METHODOLOGY

Literature review is used to gather information from the past research and become as supportive materials for the shortage of local general workers in Malaysia construction industry. Cross sectional survey was conducted by distributing a set of structured questionnaire to the targeted respondents which are registered Grade G7 contractors under PKK and CIDB . The questionnaire is divided into three parts which are part A, B and C. Part A consists of demographic survey, part B focuses on causes of shortage of local general workers in Malaysia construction industry and lastly part C focuses on ways to make local workers involve in Malaysia construction industry. The questionnaire was hand delivered and sent through email. All the data obtained from the questionnaires survey was collected and analyzed using Excel.

### 4.0 ANALYSIS AND FINDINGS

This is an on-going research. However, the data below is from the questionnaire that was already answered by 28 respondents.

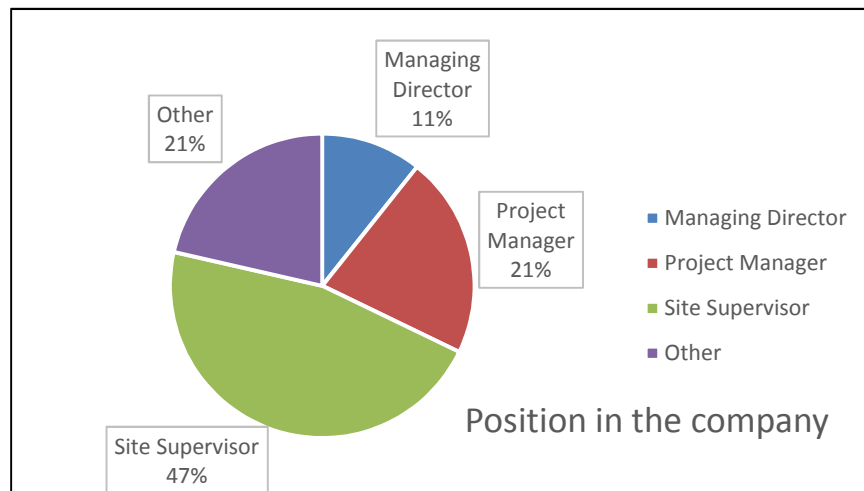


Figure 1: Demographic of respondents

Figure 1 shows the respondents' position in the company. The highest is supervisor (47%) followed by others and project manager (21%) and lastly managing director 11% .

Table 1: Factors of shortage of local general workers in Malaysia construction industry

No	Factors	Agree	Fair	Disagree	Mean
1	Participaton of Foreign Labour	21	5	2	2.68
2	Poor Law and Regulation	16	10	2	2.50
3	Implication of IBS	14	13	1	2.46
4	Capability of worker	12	15	1	2.39
5	Poor image of construction Industry	14	9	5	2.32
6	Economic factor	12	11	5	2.25
7	Low wages	10	15	3	2.25
8	Level of knowledge and skills	6	19	3	2.21
9	New technology development	9	15	4	2.18

It is important to identify the factors or circumstances of local labour shortage. According to the analysis, the participation of foreign labours is the main reason for the shortage of skilled labours in construction industry of Malaysia. Apart from that, the poor law and regulations could be identified as another factor. Due to the shortage of skilled labours, implication of IBS, poor image of construction industry, capability of the workers, and economic factor are identified as the adverse effects of the shortage. The existence of “dirty, difficult and dangerous (3D)” image influences the local labours as well as the fresh graduates from entering this industry.

Table 2: Techniques/ways to make local workers involve in construction industry

No	Way to make local worker involve in construction industry	Agree	Fair	Disagree	Mean
1	The local worker will be cover by the green card	96%(27)	4%(1)	0(0)	2.96
2	Tighten the policy and immigration law	75%(21)	21%(6)	4%(1)	2.79
3	Provide training institutions	78%(22)	18%(5)	4%(1)	2.75
4	New technology adoption	60%(17)	29%(8)	11%(3)	2.5
5	Reduce the number of foreign workers by lower the wages	32%(9)	50%(14)	18%(5)	2.14

As presented in Table 2, there are some features that could be applied as the basis strategy to manage labour shortages in construction industry. In order to overcome the issue of labour shortage is by applying green card for the local workers . From that, the local workers will feel safe in doing their tasks. Another strategy to manage labour shortage is by tightening the policy and immigration law. This will give opportunity for local workers to apply for the job. Furthermore, there is a wide variety of training programmes available nowadays. to the programmes can help both existing labours and new local labours in focusing on their special trades. Another strategy to overcome the issue is by changing the way the work is done. It can be done by the use of new technology. It is very important to increase the productivity among the new and existing labours. Moreover, there are some solutions that can be introduced such as increasing wages, giving bonuses, and providing overtime opportunities to the local workers. From that the numbers of foreign workers can be reduced.

## 5.0 CONCLUSION

The success in construction industry is influenced by the availability of labours especially from the local labours. Some of the factors that contribute to the shortage of the local labours are unattractive and poor images of construction jobs, low salary, skills requirement, participation of foreign works, lack of knowledge, new technology adaption, economic factors, as well as poor law and regulations. The best strategy to address the shortage of local labours is by providing the training courses. To do so, construction firms should have extensive training courses for all level of employees either for the new or

existing employees. Moreover, new technology adaption also helps to increase productivity. Thus, they can perform their specialized task that requires specific skills. Some measures should be taken to make the construction industry to be more successful.

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