

MALAYSIA'S FUTURE: EXCESSIVE FOREIGN LABOURS IN MALAYSIA

Siti Norfazlina Yusoff ¹, Norfaezah Mohamed ²

¹Faculty of Administrative Science and Policy Studies, Universiti Teknologi MARA(UiTM) Kedah, Malaysia

fazlina836@kedah.uitm.edu.my

² Faculty of Administrative Science and Policy Studies, Universiti Teknologi MARA(UiTM) Melaka, Malaysia

norfaezah@melaka.uitm.edu.my

ABSTRACT

Malaysia is one of the developing countries in South East Asia that is blessed with strategic location and peaceful atmosphere. The uniqueness of Malaysia has attracted a lot of foreign workforce to choose Malaysia as one of their destinations. The proper development of Malaysia has fascinated those who are seeking for job prospects. With the stable economy that can gear up the income and boost up the economic activities for more capital injections, Malaysia is capable of providing more job opportunities. The New Economic Model (NEM) that was launched by Dato Seri Najib Tun Razak has since managed to attract foreign workers to stay and work in Malaysia either on legal or illegal basis. In fact, some of them even get married to local people and somehow makes situation becomes more complicated. The abundance of foreign workers undeniably affects the Malaysian economic, social and political aspects. Thus Malaysian government must move some miles ahead to prevent this problem. Many programs have been organized but the questions here are to what extent that those programs can be truly achieved and what are the implications on Malaysia's future.

Keywords: foreign workers, implications, job opportunities, Malaysian government, Malaysia's future

INTRODUCTION

The Malaysia economy has steadily recorded as impressive and moving faster among the developing countries in South East Asia. Undeniably, with the better development plan, now Malaysian is enjoying a very high economic growth and this situation has led to substantial of job creation. Malaysian government has moved the country forward by providing a lot of initiatives for the citizens' well-being. The emergence of economic policy so-called New Economic Model (NEM) coupled with political stability have managed to attract more Foreign Direct Investment (FDI) for more capital injection and stimulate the economic activities. Under this economic policy, government has initiated several programs such as Government Transformation Programme (GTP) and Economic Transformation Programme (ETP) purposely to be a developed country in year the 2020. Unintentionally, this growth has lured foreigners to seek for jobs opportunity in Malaysia. Based on the Annual Labour Force Survey, that was conducted by Department of Statistics, the number of foreign workers sharply increased in 20 years from 136,000 to 1.1 million in 1980s and 2000 respectively. This figure has changed by year 2011 in which the number of foreign workers is 2,320,034 (including legal and illegal workers).

As noted, in the early 1970s, the agriculture sector was the most employed sector by the foreign workers and in 2004 the trend had changed in which the foreign workers had been employed in all major sectors of the economy, with manufacturing accounting the largest share at 30.5%, services 25%, agriculture 24.7% and construction 19.8% (Report 2004/2005, Ministry of Finance Malaysia). In year 2011, there were 80,409 legal foreign

workforces and 5,818 were registered by local employers. The manufacturing sector has preceded the other sectors with 54,545, followed by agriculture sector (10,207), construction sector (6,233) and services sector (9,424) (Ministry of Home Affairs). These numbers seem to be exceeded by next year due to the increasing of foreign workers in Malaysia. These statistics are quite worrying for the government because it will lead to more money outflow than money inflow. This would cause deficit in the Malaysian current account. From economic perspective, when the value of import is greater than the export, it will cause deficit in the current account and balance of payment. These deficits have forced the country to raise even higher amounts of loans (Habibah Lehar, 2008). This situation has alarmed Malaysian government to take prompt actions, especially towards irresponsible employers who are involved in supplementing foreign workers especially illegal workers. Indeed this situation happened due to several loopholes i.e. the employment has expanding faster compared to the labour force growth thus the unemployment rate remained low especially in primary sector, and this will reflect a full employment situation. Besides, the enforcement that has been done before this was not really effective since there were no collaboration among citizens in preventing excessive inflow of foreign workers.

WHY?

The notion of globalization and industrialization however has pulled Malaysia into a new outlook, more labour forces needed. In fact, with the rapid industrialization and handsome economic growth, accompanied by political stability actually have resulted in the need of foreign workers to supplement for the shortage of local workforces. The reluctant of Malaysian workforce especially in primary sectors steering the Malaysia government into the crucial path. If the government reduces the number of foreign workers, it will affect definitely the economic activities – low wages – and if government keeps hiring foreign workers it will lead to excessive immigrants thus would affect country's environment. Besides, minimizing production costs become the major concern among the employers. From the supply side of economics, hiring immigrants can reduce the cost and rise up the output (www.malaysian-perspective-why-foreign.html). By paying low wages, employers can save their cost and at the same time are able to maximize the production.

There are several reasons that need to be considered while dealing with the influx of foreign workers. According to Kam (1999), the reasons are often numerous and very complex to be discussed. One of the most pushed reasons is the prospect of being able to have a better life in which they can support their family with the improved living conditions (Sui Pheng, Jun Ying & Shan Shan, 2008 ; Jatrana et al, 2005). Majority of the foreign workers migrate to Malaysia in hoping that they can get the job regardless the position offered. With the spirit of willingness to work even the pay is low and the dangerous working conditions especially at the construction sites, they are likely to accept these due to lack of unemployment opportunities in their own countries (Yeoh & Huang, 2000). Another reason for wanting to work in Malaysia may be due to the desire in getting new experience and pursue personal self-determination as well as exploration (Coe, N.M., Kelly, P.F. and Yeung, H.W.C. 2007). However this factor is not contributing as the major reason but it cannot be ignored easily and another reason is to escape from conflicting and unhappy family relationship (Sui Pheng, Jun Ying & Shan Shan, 2008).

MIRACLES OR DISASTER?

Undeniably, foreign workers have contributed to the economic growth of the country by supplementing labour shortages especially in selected sectors in Malaysia. Conversely this situation becomes more complicated and puts additional burdens on the government's shoulder. How? Those foreign workers have placed stress on the public services and

amenities in the way of providing public services, health, education facilities and etc. In fact, since those people work in Malaysia, it will create more money outflow. Remittances by the foreign workers also lead to the increase in the country's balance of payment. Balance of payment is the record of transaction between one country to another country over a specific period (Fieleke, 1996). In fact in 2003, the account recorded gross outflow of RM11, 229 million compared to RM6, 957 million that were recorded in 1997 (Report 2004/2005, Ministry of Finance Malaysia). Thus, The Malaysian Employers Federation (MEF) has urged the Malaysian government to review the number of foreign workers requisite within the country due to high employment cost.

From the welfare points of view, there are positive externalities grabbed by foreign workers either legal or illegal basis without being realized. With the good healthcare system, rapid development projects, coupled with the political stability make them feel comfortable working in Malaysia. They come over to Malaysia to seek available jobs and at the same time enjoy the privileges granted by Malaysian government to the local people. To some extent, without feeling guilty and ignoring Malaysian laws, they even have set up their own business. There are certain locations that become spellbound among foreign workers such in Klang, Selangor. Not only that, they feel dauntless to claim those locations as theirs such as 'Kampung Kemboja, Kampung Aceh, pasar Myanmar, Jakarta mini, and kondominium Afrika'. (Berita Harian, 2012). With the emergence of these places, it will be vulnerable towards the country, due to excessive foreign workers (legal and illegal). In additions, the crime cases that involved foreign workers either on legal or illegal basis as reported by mass media (or nor been reported) appeared as very serious. As reported by a very prominent newspaper, New Straits Times (4 May, 2012), police have shattered a foreign workers kidnapping gang with the arrest of ten Bangladeshi men and an Indonesian. There are a lot of reported cases in Malaysia which involved foreign workers. These unhealthy situations might inhibit potential Foreign Direct Investment (FDI) due to excessive of foreign workers and this situation could jeopardize Malaysian image internationally.

PREVENTIVE ACTIONS

The precautionary actions to stop illegal foreign workers are quite costly and very time consuming. It will involve a very deep and 360 degree of enforcement. With the influx of foreign workers, the country requires a lot of personnel from the Police, Immigration, Armed Forces as well as RELA (People's Volunteer Corps). However, the enforcement operation to prevent illegal workers around the country faced a lot of problems and challenges. There have been for examples, limited space at the detention camps, lack of personnel for enforcement, lack of assistance from the public and the enforcement operation is very costly. For the government's side, the allocation for enforcement operation per year is about RM3-RM4 million especially for detainees' meals (Report 2004/2005, Ministry of Finance Malaysia). Economically speaking, this would create the burden for the government because there are leakages of money occurred without any returns for Malaysian economy. The country has the collaboration with other countries in dealing with this issue. There are several Memorandum of Understanding (MOUs) were signed by Malaysia with the other countries including Indonesia, Nepal, Bangladesh, India as well as Myanmar. These countries are the labour exporting countries and Malaysian government intended to authorize legal recruitment of foreign workers. For example, in May 2006, Malaysia and Indonesia has signed a Memorandum of Understanding (MOU) to control influx of foreign workers and migration of domestic workers. Thus, Malaysia and Indonesia agreed to introduce standard contracts and prevent the deduction of fees from the employees' pay by the employers. Nevertheless, it has allowed the employers to keep the employees' passports and prevent them from getting married with local women.

Besides the MOUs, government has taken actions by regulating various policies for measuring relating foreign workers in Malaysia. It is related with the regulations in employment in selected sectors of the economy and at the same time can curb the influx of illegal foreign workers. These include Immigration Act, Foreign Workers Rationalisation Programme to legalize illegal workers and imposition of an annual levy. In addition, government has taken initiatives by introducing 6P Programme – Amnesty and Legalisation Programme – towards foreign workers. This 6P stands for Registration, Legalize, Amnesty, Supervision, Enforcement and Deportation. The purpose of this 6P Programme is to legalize foreign workers that have come to Malaysia by registering them according to the laws provided with assistance from Malaysia Immigration Department (JIM) and agencies under Ministry of Home Affairs Ministry (KDN).

In addition, Malaysian government had taken actions by imposing whipping punishment towards illegal foreign workers including Indonesians which started on 1st August 2002 and they will be sent back to their own country. Ironically this action has been misunderstood by Indonesians and they started to strike in front of Malaysian Embassy at Jakarta to show their grievances (Soijah, 2004). This reaction by Indonesians shows that they are very aggressive and did not respect Malaysian laws even the country still gives chances for them to come here for working purposes, the good intention of Malaysian government is not being perceived in a positive way. According to Apong Herlina as cited in Soijah (2004), Malaysia becomes the chosen country for them to come back due to pushed factors i.e. no available jobs in their homeland. This is becoming the main reasons why they come back to Malaysia after being sent back for several times, though Malaysian government has imposed severe punishment.

MEASURING THE CAPACITY

Malaysian government has set a clear policy direction in cognisance of the influx of foreign labour in Malaysia's market. However this direction is merely effective due the several obstacles (as discussed earlier). Highly dependency on foreign workers especially in the agriculture and construction sector, are inevitable because it is a labour intensive-oriented. However this problem can be solved if the country moves some miles ahead by introducing the new approach so called modern agriculture. In England, they already practiced modern economy that can lessen the number of foreign workers even though they have thousands hectares to be succeeded (Soijah, 2004). In Malaysia, there is a need for drastic movement from conservative to modern practice –labour intensive to capital intensive- by utilizing domestic labours. Such approach is in line with Malaysia's objective which is to become an industrialized nation and developed country by year 2020. The industrialized nation cannot be achieved if the country still relies on foreign workers and it can delay the transformation process of technology if the employers refuse to accept this challenge. Furthermore, if the country consistently practices this way, the new generation will be more attracted to get involved in such sector. Indeed, Malaysian government has encouraged investors to embark in the new technology, (capital intensive and technology intensive) so that the burden can be shifted thus is able to reduce the number of foreign workers.

As noted, since Malaysian government has increased the legal retirement age – Skim Saraan Malaysia – this would be a positive effect towards the country. Due to higher migration of foreign workers in the country, government can utilize this deed as precautionary action therefore; the country can less reliance on foreign workers (Siti Norfazlina & Nur Zafifa, 2012). Malaysian government cannot marginalize disable people (OKU) since they also have the rights as citizens of Malaysia. By providing job opportunities for those people, actually the country can be less relies on foreign workers. The jobs that can be fixed by disabled people such as waiters/waitresses, operators, assistants of toll

ticket and et cetera. Highly depending on foreign maids (service sector) can be reduced if the government upgrades the maid career as a respected profession. Majority of Malaysians hire maid due to working factor in which they do not have ample time to take care of their children (Soijah, 2004). So, the drastic action must be taken either by the private or public sector in providing the child care services, thus the demand for the maids can be reduced.

Other than that, Malaysian government has turned the direction into another action which is by introducing Industrialised Building System (IBS) especially in construction sector. It is one of the ways to reduce the country's dependency on foreign workers by encouraging more labour saving. IBS is a constructive process that will utilize techniques, products, components, or building systems in which involve prefabricated components and on-site installation (Construction Industry Development Board Malaysia). The purpose is to generate a Labour Policy so that the number of foreign workers in the construction industry is able to be reduced in stages (the percentage of foreign labour in construction sector is 75% in 2003 to 55% in 2005 and 15% in 2009).

CONCLUSION

The Malaysian government should review the number of foreign workers as required by the country due to high employment cost. This is because, employing foreign workers costs much more than local people since they will get free transportation, accommodation and other privileges. Apparently, the major problem of this issue is comes from employers itself, in which they are major culprit in Malaysia. Most of them take this issue as simple as that without considering the implications in the future. Despite repeated and severe warnings have been given by the Malaysian government, they are still employed thousands of illegals foreign workers especially those in construction sector without feeling guilty on such prohibited actions. The influx of foreign workers over the past decade is due to better economic progress as well as the tight labour market condition embarked by Malaysian government. Paradoxically, the country is facing problem because many of the talented individuals are working in overseas and it has replaced brain drained with foreign workers. This situation must be barred before it can distort economic growth due to shortage of skilled workers within the country. With the prospect that increased foreign workers can bring new challenges to Malaysia socially, the Malaysian government is working hard in maintaining a state of harmony due to multicultural nation. Malaysia as always had been the melting pot especially for neighbourhood countries such as Indonesia, Nepal, Bangladesh, Africa and et cetera either coming on legal or illegal basis. The process of assimilation of immigrants has created a new outlook for Malaysia. Thus, Government need to adopt holistic and effective measurement on how to reduce dependency on foreign workers especially for the long term. Malaysia's policy on labour requirements should be to further reduce reliance on foreign workers and this has in line with the Malaysian objective to become a high income economy in year 2020.

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