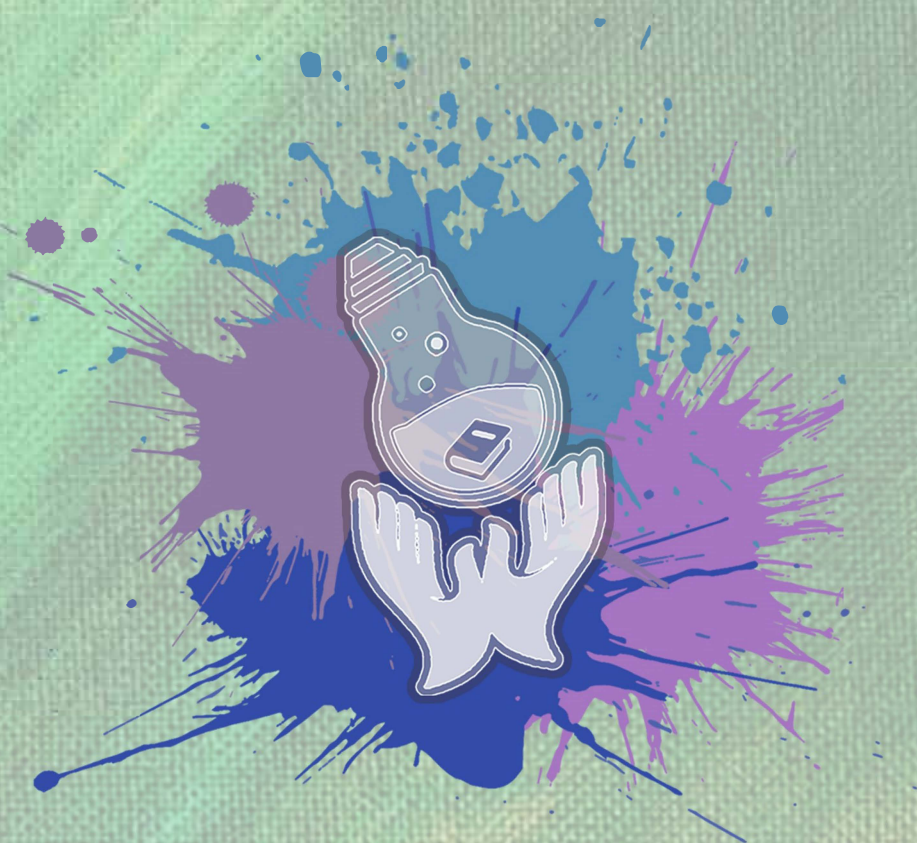




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# FACTORS THAT LED TO POOR INVOLVEMENT OF LOCAL LABOUR IN MALAYSIAN CONSTRUCTION INDUSTRY

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## **Abstract:**

Although Malaysia's construction industry has grown tremendously over the years, this industry fails to attract many local labour to involve on the ground. This research looks for factors that led to poor involvement of local labour in Malaysian construction industry. Questionnaires were distributed to 120 employees of G5-G7 contractors in Johor. With 60% return, the data were analyzed using SPSS version 25 and resulted that, low minimum wage, local labour being selective in work and work status were the main factors to poor involvement of local labour in Malaysian construction industry.

## **Keywords:**

Local labour; Low minimum wage; Poor organizations structure; Foreign labour

## **1.0 INTRODUCTION**

Due to the rapid development in Malaysia, a large pool of worker is desired to fulfill human resources demand. However, most of the workers in construction industry are foreign workers. Rahim et al., (2013) mentioned that the local workers were unable to fulfil the demand of construction industry. Mohd-rahim et al., (2016) stated that the flooding of foreign labours helped to fill the gaps where there are insufficient number of workers and skill shortage in construction industry.

This research is to determine the factors that led to poor involvement of local labour in Malaysian construction industry. There are two research objectives for this study which are to review on literature regarding factors that led to poor involvement of local labour in Malaysian construction industry and to survey the perspective of local construction labour on factors that led to poor involvement of local labour in Malaysian construction industry.

## **2.0 LITERATURE REVIEW**

Based on the content analysis on 20 articles, there are top five (5) factors that led to poor participation of local human resource in Malaysian construction industry.

### **2.1 Low minimum wage**

This is the most influential factors influenced the local workers to make a move to the developed countries in order to get the higher wages (Abdul-rahman et al., 2012). The same opinions issued by Booth & Hamer (2007), the workers that hired in construction site are faced issues such as poor pay and rewards which is not worthy of what they did on sites.

### **2.2 High involvement of foreign labour**

The labour shortage is a chance to bring foreigner into the construction industry as to fill gap that comes from the poor participated local labour in this field. Judging from previous observations Abdul-Aziz, Jaafar, Enshassi & Mohamed-Salleh (2008), construction sector in Malaysia is likely to be a major attractive work place for foreign workers, it is because the labour intensive and easy of entry. The top reason why Malaysian construction industry over-dependence on foreign workers because of the lower wages payment to them.

### 2.3 Poor organization structure

Refer to Ho (2017), the main factors for this occurrence which includes poor career path and unattractive job and poor working environment. Added by Lill (2008), construction site is an unsafe work place, lack of respect among the staff and least opportunities for training to new local human resources.

### 2.4 Image of construction industry workers

It is likely that many jobs in the form of difficult, dirty and dangerous (3D) sectors of the job are not able to be done by locals, even if they are poorly educated and that the job is in line with their academic qualifications (Mohd-rahim et al., 2016).

### 2.5 Local labour being selective in works

The living standards and wage rates in the home country are the most influential factors influenced local workers to migrate to other developed countries in order to earn higher wages (Abdul-rahman et al., 2012). Kamaruddin, Abdullah & Ayob (2018) complaint as the younger generation seemed more attracted to urban employment. The youth's aversion to low status works, expanding to manufacturing sector which offer better employment conditions.

## 3.0 METHODOLOGY

The quantitative approach was used for this study. A sampling frame was identified form 120 contractors listed in CIDB rating score 2018 in Johor. Questionnaires were distributed to all but only 72 responded. The questionnaire was produced based on the content analysis from 20 articles from previous researchers. The questionnaire comprises of two (2) sections: A-demographic respondents', B- factors that led to poor involvement of local labour in Malaysian construction industry. The questionnaire was tested for validity and reliability with 20 samples, resulting a Cronbach's Alpha score of 0.818. Based on Stephanie (2014), this indicates that the questionnaire has "good" internal consistency. Descriptive analysis and nonparametric correlation test were used to analyses the data obtained. Secondary data is collected through the reviewing the previous research, website journals and books. The secondary data help to produce variables and provide support for finding in these studies.

## 4.0 ANALYSIS AND FINDINGS

### 4.1 Demographic Profile

Descriptive analysis was used to run the data by using crosstabulation as shown in table 1 and 2 below:

Table 1: Crosstab CIDB Registration and Labour Hired

Labour Hired		Local Labour	Foreign Labour	Total
CIDB registration	G5	16	3	19
	G6	3	5	8
	G7	19	26	45
Total		38	34	72

The table above shows that the G7 company have the highest participation of foreign labour in construction industry. This situation might be the G7 company always involve in huge project which cost contract more than RM10 million need more manpower to complete the project on time. Thus, they hired the foreign labour because their wage is low and the it can save budget on manpower expenditure.

Table 2: Crosstab CIDB Registration and Minimum Wage

		Minimum Wage			Total	
		Below RM50	RM51-RM70	RM71-RM90		Above RM90
CIDB registration	G5	5	9	3	2	19
	G6	1	6	0	1	8
	G7	4	26	11	4	45
Total		10	41	14	7	72



Based on the table above, there was a relationship between CIDB registration and minimum wage for local labour. The top choice for minimum wage was range from RM51.00 to RM70.00 per day. This is because most of the company listed G5, G6 and G7 were choose RM51.00 – RM70.00. It can be described that minimum wage is suitable to the works that they have done on site per day. It seems as a standard wage for local labour in construction field.

#### 4.2 Rank Analysis

Descriptive analysis was employed to rank the factors that led to poor involvement of local labour in Malaysian construction industry. The table below showed the rank of top five (5) factors by mean:

Table 3: Descriptive statistics on top five (5) factors.

NO.	FACTORS	MEAN
1	Low Minimum Wage Rate	4.26
2	Local Labour Being Selective in Works	3.92
3	Work Status	3.71
4	Poor Organizations Structure	3.39
5	High involvement of foreign labour	3.15

Based on mean of the factors, the ranked of significant can be arranged as in table 3. The most significant factor would be low minimum wage rate, local labour being selective in works, works status, poor organizations structure and high involvement of foreign labour.

Nonparametric correlation test was employed by using Spearman's correlation factor. It is found that there are strong positive relationships between accidents on construction site and poor organization structure (+0.655), high involvement of foreign labour and accidents on construction site (+0.521) and work status and poor organization structure (+0.519).

#### 5.0 CONCLUSION

In summary, it can be summaries that there are many factors that led to poor involvement of local labour in Malaysian construction industry which are low minimum wage, local labour being selective, work status, poor organizations structure and high involvement of foreign labour. Discrepancies of significant factors were discovered where the variables are not in the same ranking between primary and secondary data. Moreover, based on result above, there are positive relationship between those variables where it was a new finding in this research. This study hope that will contribute to development of knowledge.

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