

**A SOCIO-ECONOMIC STUDY ON THE OIL PALM
ESTATE WORKERS IN SARAWAK**



**INSTITUTE OF RESEARCH, DEVELOPMENT AND
COMMERCIALISATION
MARA UNIVERSITY OF TECHNOLOGY
40450 SHAH ALAM, SELANGOR
MALAYSIA**

BY:

**ANNE WONG MUK NGIK
JELANI BIN RAZALI
TENING FELICIA SELING
LAU SIE HOE**

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ABSTRACT

Working in the oil palm estates is more of a circumstance rather than a favourite choice among the local population. Many workers work in the estates because of the proximity of the estates to their homes. The majority of those surveyed are not satisfied with the income that they receive from the estates. As a whole, the workers surveyed receive an average income of RM 318 per month. This level of income is insufficient to meet their average monthly expenses of RM 405 month which they spend mainly on food, education and medical expenses. The foreign workers receive higher average monthly income of RM 461.50. This is because they are willing to take up tough estate works such as harvesting. Most of them choose to be paid on a contract basis while the local workers prefer to be paid on a daily basis .

Estates that are situated nearer to urban areas have better access to basic facilities, but those that are located further away generally lack facilities such as education, health and recreational facilities. The remoteness of the estates coupled with low income and tough working conditions make work in the estates unattractive among the local population.

Labour shortages in the oil palm industry result in loss of profits, slowing down the movement up the value chain and delay in the use of advanced technologies. Currently, most oil palm estates in Malaysia are resorting to migrant workers for continued survival. However, the reliance on migrant workers not only pushes up the production cost but also gives rise to numerous social problems.

The long-term solution to labour shortage in the oil palm plantations seems to lie in developing the local labour force. In view of this, we need to attract the locals to work in the plantation by providing them with better wages and basic amenities. Appropriate human resource programs should be formulated to attract, retain and motivate the younger generation to work in the plantations. In addition, there is a great urgency to mechanize farm activities. This will not only ease the burden on human physical labour but also improve the status of estate work.

CHAPTER ONE

INTRODUCTION

1.0 Background of the study

The plantation sector plays an important role in the Malaysian economy. This is because it generates revenue, creates employment and contributes towards alleviating regional imbalances in income distribution in the country. In particular, this sector provides employment and income to the rural population. As such, it is the backbone of rural development and political stability in Malaysia. Currently, about 400,000 workers or 5 per cent of the work force are directly employed in this sector at the national level (MPOB, 2005). In Sarawak, about 350,000 workers are employed in the oil palm plantation. This constitutes about 10 per cent of total labour force in the state.

However, the development of this sector is hampered by the shortage of labour. Many estates encountered difficulties in employing sufficient workers especially from amongst the locals. According to Malayan Agricultural Producers Association (MAPA), about 80 per cent of the plantation workers in Sarawak are foreign workers, the majority of whom are Indonesians. The shortage of farm labour had been felt since the early 1980s when the State first embarked on industrialization. The wage rate differentials between the industrial and the agricultural sectors have prompted many rural folks especially the youths to migrate to urban centres in search of better employment (Aziz,1998). This problem is accentuated by the apparent lack of interest in agricultural work among Malaysians.

To overcome this problem, estates management has resorted to foreign labour. However, the foreign workers could not provide the long term solution to the problem. Moreover, the recent stringent controls imposed by the government on foreign workers' entry to the country have furthered worsened the shortage of labour. Labour shortages pose direct pressure on production cost, resulting in lower productivity and loss in profit for oil palm plantations (Borneo Post, 4 April 2005). Thus this problem unless rectified, may pose constraints on production growth and

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Existing literature on oil palm estates in Malaysia seems to centre on two main issues, the environmental effects and technical aspects of the oil palm plantations. There are comparatively fewer studies that touch on the socio-economic aspect of the oil palm estates workers. This chapter therefore reviews empirical studies on the socio-economic conditions of oil palm estates workers in Malaysia and Sarawak. Four main issues are covered that include labour shortages faced by the oil palm plantation, remuneration and benefits received by the estate workers, employment in estates, and the provision of facilities to the estate workers.

2.1 Labour shortages in oil palm estates

In Malaysia, Commercial agriculture in the form of estates has been identified as an important agriculture development strategy to reduce poverty in the rural areas through increasing employment opportunities, income levels and the socio-economic status to the rural population. The development of the oil palm industry has benefited the rural population. For instance, infrastructure development in the plantation areas have improved accessibility to the under-developed areas. In addition, many off-farm employment opportunities have been created for the local people through the setting up of oil palm mills. Despite the many benefits that this industry brings, it is not able to attract a sizeable local workforce. Labour shortages have been widely reported in many estates in Malaysia particularly in the eastern States of Sabah and Sarawak. Lack of interest to work in the estates and high turnover among the locals are the prime reasons that contribute to this problem. For instance, Khoo. K.M and D. Chandramohan (2002) noted in their studies that many plantations in the country are stripped of the younger better-educated workers who migrate to work in the vibrant manufacturing sector in urban areas, which offers not only better working environment but also better pay. As such, the oil palm industries are forced to recruit migrant labour from neighbouring countries. KH Lee and Sivanathiran (1996) also