



**UNIVERSITI TEKNOLOGI MARA**

**RELATIONSHIP BETWEEN THE IMMIGRATION  
RATE AND THE UNEMPLOYMENT RATE IN  
MALAYSIA**

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**ABSTRACT**

The relationship between the immigration rate and the unemployment rate in Malaysia is investigated in this research. Malaysia is one country that employed many foreign workers, and the country's economy is heavily reliant on them. Malaysia is one of the countries that largely relies on migrant labour, most of whom come from Indonesia, Bangladesh, and Nepal. Jobless people most likely to be affected by the immigrants. There are 28.7 million citizens and 3.3 million non-citizens in this population. One out of every ten people is a non-citizen. In 2010, 91.8 per cent of Malaysia's population (28.3 million people) were citizens, while 8.2 per cent were non-citizens.

Generally, this research aims to investigate the factors that contributed to Malaysia's unemployment rate. There are few independent variables that were used in this study such as immigration rate, wages and salaries, and gross domestic product. This study is using 30 years of observation from 1991 to 2020. The result findings from this study are there is no significant relationship between the immigration rate and the unemployment rate in Malaysia. Next, there is also no significant relationship between the wages and salaries and the unemployment rate in Malaysia. Lastly, there is a negative significant relationship between gross domestic product and the unemployment rate in Malaysia.

Keywords: unemployment rate (UR), immigration (IR), wages and salaries (WS), and gross domestic product (GDP).

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## CHAPTER 1: INTRODUCTION

### 1.1 Labour market in Malaysia

In Rahim, Mahmud & Boroh (2017), they stated that Malaysia is one country that employed many foreign workers, and the country's economy is heavily reliant on them. In Kaur (2014) study, in Malaysian history, migration has been continuous. With the aid of a centralized policy, British was able to develop and align these governments' economic activities with British commercial interests. British had improved sea transport networks by making more efficient shipping which allowing empire-wide labour sourcing and mass migration. Indian and Chinese labourers were mainly recruited under labour slavery contract to work in mining and plantation industries when they migrated to Malaya.

Anna Engblom (2019) study has stated that Malaysia is a fast-expanding economy, increasing urbanization and low female labour force participation continue to drive demand for migrant workers. As stated in International Labour Organization, in September 2019, the Immigration Department of the Ministry of Home Affairs reported 1.98 million regular migrant workers employed in Malaysia which is almost 20% of the country's workforce. Rahim et al., (2017) said that Maids, housekeepers, and babysitters are examples of domestic assistants. In addition, it is believed that Indonesians make up 83 per cent of all migrant workers in Malaysia. Statistically, the number of Indonesian employees in Malaysia always outnumber the number of other international workers. For many years, international labourers have travelled to Malaysia in search of jobs. This unemployment issue in Malaysia becomes much worse when local employees refuse to do specific types of work, particularly in the plantation, manufacturing, and construction industries. The Malaysian government proactively recruits immigrants, mainly from Indonesia, to fill job openings in that specific sector.