

The Employment of Foreign Workers at Construction Sites

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Abstract. Labour resources are important in ensuring the successful completion of a project. The nature of construction works in Malaysia are still labor intensive. Nearly 1 million construction workers are needed every year and majority of them are foreigner. Unskilled and problematic workers will not only cause the delay in project completion but also poor quality of works. The objectives of this study are to identify the factors that contribute to the increase in the numbers of foreign workers, the problems faced by the employers in employing foreign workers, the working culture of foreign workers and the factors that drive the employers to employ foreign workers. The study was carried out using questionnaires forms which contain selection of short and predetermined as well as likert scale answers. The data was analyzed using average index method and frequency analysis. The results of the study show that poor monitoring of foreign workers employment by the authority had contributed to the influx of foreign workers in the construction industry. There were advantages of hiring foreign workers such as willingness to work under harsh conditions and disadvantages such as high cost of permit to work. Foreign workers were employed in the construction industry as the locals are not interested to undertake the construction works.

Keywords: Construction, foreign workers, labour law, working culture, employment

1. Introduction

Presently, the country's healthy economic situation provides many job opportunities to the people. This situation has attracted many foreigners to seek employment and it was found that 20% of the jobs are being occupied by foreign workers [1].

As of May 2011, Malaysia has approximately 1.9 million foreign workers spread across sectors such as manufacturing (39%), construction (19%), plantation (14%), housemaids (12%), services (10%), with the rest in agriculture. The contributing countries by rank are: Indonesia (50.9%), Bangladesh (17.4%), Nepal (9.7%), Myanmar (7.8%), India (6.3%), and the rest from Vietnam. Home Minister Datuk Seri Hishammuddin Hussein had announced that the government plans to reduce the number of foreign workers to 1.5 million in three years [2]. If we were to account another 2 million illegal foreign workers, the number is explosive considering Malaysia such a small job market.

According to Department of Statistic as of June 2011, Malaysian Construction industry employs 1,214,000 or about 10% of our country total employment 12,116,600 [3]. However, around 70% - 80% of construction labors are occupied by foreigners. Due to the influx of foreign workers, the employers are reluctant to employ locals since the wages paid to foreign workers are much less as compared to the locals [4]. This matter has been an issue with the Construction Industry Development Board (CIDB) taking the lead in addressing the problems. Apart from the main objectives of the study, other areas of the problems need also be addressed. The employment of foreign workers has caused, indirectly, the social and economic problems in the country. Some of the workers were involved in high profile crimes as well. Even though, the wages paid to the foreign workers are cheaper than the local workers, the contractors still faced other problems dealing with the foreign workers.

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2. Literature Review

The construction industry is among the most important industries in the country that are closely related to other economic sectors. Construction industry is one of the sectors that require labor intensive to fulfill the work at sites. Generally, workers are classified into three classes based on the skills and their respective academic standings. The lowest class is the unskilled workers, the middle is composed of semi skilled workers and the highest class is the skilled workers [5].

The projects under the 10th Malaysian Plan (10MP) and Economic Transformation Programme (ETP) include Mass Rapid Transit (MRT) which will cost over RM40 billion. Such projects require about 130,000 skilled construction workers of various trades [6]. The Malaysian construction industry has been experiencing a critical shortage of workforce [7]. Nowadays, the local workers are unable to fulfill the demand of construction market. Hence, the contractors are willing to import foreign workers to meet the needs and requirement of labor market in the construction sector. According to the President of Master Builder Association of Malaysia (MBAM), the shortage of skilled construction workers is very crucial issues in construction industry [8]. MBAM also stated that, the acute shortage of skilled workers in the construction industry will give negative impact towards the projects under 10MP and ETP [9].

Current topical issues relevant to the Malaysia construction industry are the quality of workmanship. According to Real Estate Housing Developers' Association of Malaysia (REHDA), the quality of product including housing and building are related directly to manpower and skilled. It seems that the construction industry had failed to attract workers in skilled and semi-skilled categories. The dirty, dangerous and degrading (3D) perception has discouraged skilled local workers in joining this industry, resulting in a lot of job being executed by the untrained construction workers. REHDA also stated that, the skilled labor shortage is the one of factor contributing of the increasing property price [10].

3. Methodology

The preliminary study to obtain the initial data was carried out which comprised of the recruitment procedures, the inflow of foreign labour, the impact of the foreign workers in the social, economic, and political. The literature reviews were obtained from books, previous theses, journal articles, local news, websites and works of previous researchers. Several interviews were carried on the respondents at 16 local construction sites in Johor Bahru, Malaysia. The respondents consisted of contractors, developers, project managers, technicians, immigration officials, foreign workers, local workers, safety officers, quantity surveyor, and site supervisors.

The data collected was analyzed using the average Index formula as shown below.

Average Index = $\frac{\sum a_i x_i}{\sum x_i}$ whereas, a_i = constant which represent the weight for i , x_i = variable that represent the frequency of respondents to the I ($i = 1, 2, 3, 4, 5$) [11].

The classifications for the rating scale are: $0.00 \leq \text{Average Index} < 1.50$ (not important or strongly disagree), $1.50 \leq \text{Average Index} < 2.50$ (less important or disagree), $2.50 \leq \text{Average Index} < 3.50$ (neutral), $3.50 \leq \text{Average Index} < 4.50$ (important or agree) and $4.50 \leq \text{Average Index} \leq 5.0$ (very important or strongly agree) [12].

4. Results and Discussions

Figure 1 shows the breakdown of the respondents involved in this study. The respondent consisted of 16 contractor and the other 16 respondents comprising of safety officers, quantity surveyor, site supervisors and others.

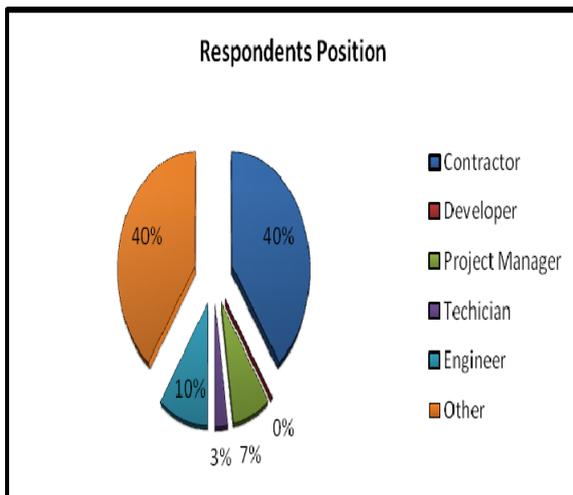


Fig. 1: Percentage of Respondents Position

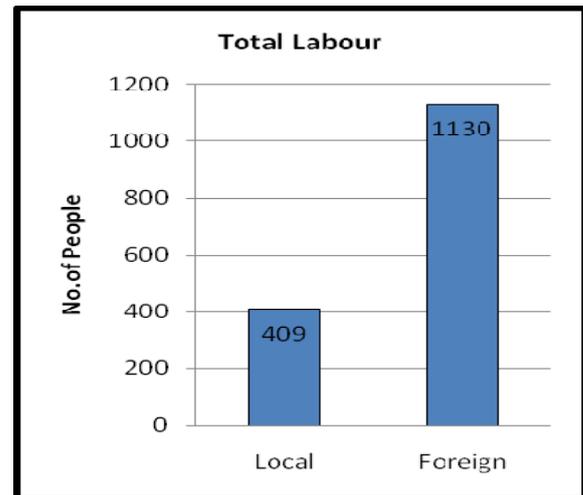


Fig. 2: Total Local and Foreign workers

4.1. Total Numbers of Foreign and Local Workers at the Construction Site

From figure 2, the number of foreign workers employed at the construction site totalled 1,130 workers as compared to the locals only 409 workers.

4.2. Factor Influencing the increase in numbers of Foreign Workers at the Construction Site

From Table 1, it was found that the main factors that influence the numbers of foreign workers are due to the travel policy which do not restrict the movement of foreign workers. Poor control was due to the large number of foreign workers and the weak enforcement by the authorities. Also identified are two sources that score second lowest average value of 3.55. This might be due to unethical and nontransparent practices by the authority and the practice of current economic policy namely 'borderless world' which motivate outsider willing to come to Malaysia legally or illegally. In addition, some workers agencies and employers were really into making money out of the work permits loopholes instead of looking at the foreign workers supply and demand figures.

Tab. 1: Factor Influencing the Increase Foreign Workers at Construction Site

Factor Influencing The Increase in numbers of Foreign Workers at the Construction Site	Average Index
Weak enforcement	3.78
Unethical practice by the authority	3.55
Tourism policies that will not limit visitor	3.83
High Foreign labour ratio	3.88
Employer abuse of work permits	3.28
Economic policy of borderless world	3.55

4.3. Problems Faced By The Employers In Hiring Foreign Workers

The problems faced by the employers in hiring the foreign workers as shown in Table 2 are high costs, lengthy procedures and the requirement by the law and the time taken to obtain the approval. The employers understood the particular step in the hiring process, frustrated procedures, time consuming and costly. Hiring foreign workers to fill jobs quickly is not a simple solution as it might seem but still not necessarily a bad decision. Hence, the hiring of foreign workers has the potential to be feasible solution to labour shortages.

Tab. 2: Problem Faced by employers in Hiring Foreign Workers

Problems Faced By The Employers In Hiring Foreign Workers	Average Index
Lengthy procedures	3.73
Time taken to obtain approval is long	2.78

High costs	3.80
More complex and difficult	3.55

4.4. Attitude and Working Conditions of Foreign and Local Workers

From figure 3, it was found that the attitude and working conditions of the foreign workers differs from the locals. The foreign workers were not choosy in carrying out the type of work they were told to do as compared to the local workers. The foreign workers do not questioned their employers regarding their salary. The foreign workers are less bothered about their welfare or the facilities provided to them by their employers. The foreign workers were disciplined on site. This findings simply showed that foreign workers were preferred over local workers by the employers.

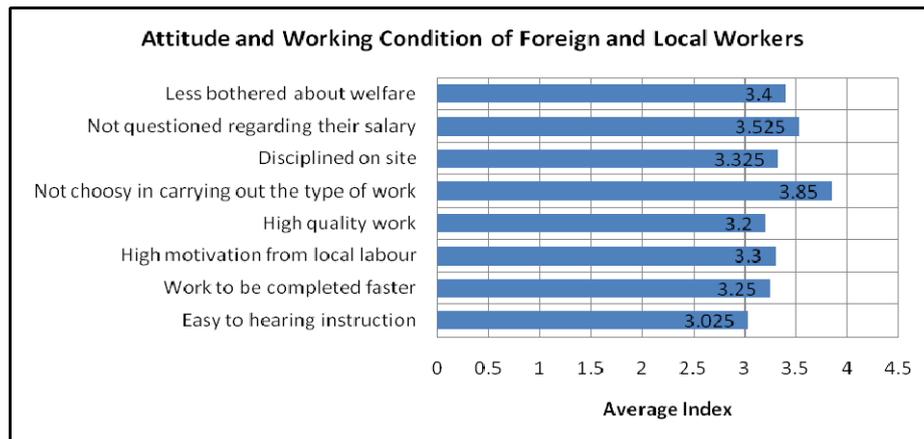


Fig. 3: Attitude and Working Conditions of Foreign and Local Workers

4.5. Reasons Why Employer More Interested To Recruit Foreign Workers

From the study as shown in Figure 4, it was found that the main reasons the employers were prone to recruit the foreign workers were due to the locals not interested to work at construction industry, the foreign workers were given low salary, when hiring foreigners compliance to the labour requirements are minimum, the foreign workers were normally hardworking, and the employers were able to reap hefty profit.



Fig. 4: Why employer more interested to recruit foreign workers

5. Conclusion

From the study, it can be concluded that the main influx of foreign workers in the construction industry were due to the ease in travelling policies and also poor enforcement of the authorities. The problems faced by the employers in recruiting the foreign workers were due to the lengthy procedures and also the requirements of the law. The need of the foreign workers were due to the low salary being paid to them and the low expectation of their welfare. The demand of the foreign workers will still exist as long as the locals are not interested in working in the construction industry and willing to receive the similar wages as paid to the foreign workers.

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