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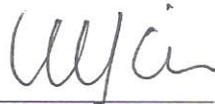
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**CAUSES OF POOR PARTICIPATION OF LOCAL WORKERS IN
MALAYSIA CONSTRUCTION INDUSTRY AND STRATEGIES FOR
IMPROVEMENT**

SHIADRI BINTI SALEH @ AMAN

**A project report submitted in partial fulfillment of the requirements for the
award of the degree of Master of Science in Construction Management**

**Faculty of Civil Engineering
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November 2008

I declare that this project report entitled “CAUSES OF POOR PARTICIPATION OF LOCAL WORKERS IN MALAYSIA CONSTRUCTION INDUSTRY AND STRATEGIES FOR IMPROVEMENT” is the result of my own research except as cited in the references. The project report has not been accepted for any degree and is not concurrently submitted in candidature of any other degree

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Specially dedicated to my beloved mother, father, siblings and friends

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ABSTRACT

Labour shortage in Malaysian construction industry is due to certain causes such as poor participation by local labour. In Malaysia, local youth would rather be unemployed despite working in the construction industry. This is attributed to the archaic employment practices, outdoor work and prevalence of the temporary and casual labour. The industry has been forced to rely on foreign labour, mostly from neighbouring countries. The government of Malaysia aims to reduce the number of foreign workers in the country from 1.84 million in 2005 to 1.5 million by 2010. It is envisaged that by this time, only 200,000 foreign workers will remain in the construction industry. The objectives of this study are; to identify the factors that led to the poor participation of local labour in the construction industry; to identify the critical factors that led to the poor participation of local labour; and to identify strategies to improve the participation of local labour in the construction industry. The method of the study involved literature review, data collection and an Average Index method was used for analysis. The data were gathered through questionnaire and interview. In conclusion, the respondents agreed that the first three major factors that led to the poor participation of local workforce in construction industry were related to uncomfortable, unsafe and unhealthy working conditions and temporary employment status. Five major strategies for the improvement on the local labour participation were to focus on training and advancement, employment status, enhance the safety practice and procedure and image of construction workers and site accommodations and services.

ABSTRAK

Masalah kekurangan pekerja bagi industri disebabkan banyak faktor dan salah satu daripadanya adalah kekurangan penglibatan tenaga pekerja tempatan. Di Malaysia, belia tempatan lebih rela menggantung daripada bekerja di dalam industri pembinaan. Ini disebabkan oleh kaedah tradisi yang masih digunapakai dalam proses pengambilan pekerja, melibatkan kerja-kerja luar, status pekerjaan sementara dan kontrak. Oleh sebab itu, industri ini terpaksa bergantung kepada pekerja asing yang kebanyakannya daripada negara jiran. Kerajaan Malaysia mensasarkan untuk mengurangkan kebergantungan kepada pekerja asing daripada 1.84 juta pada tahun 2005 kepada 1.5 juta pada tahun 2010. Pada masa itu hanya 200,000 pekerja asing akan dikekalkan dalam industri pembinaan. Objektif kajian adalah untuk mengenalpasti faktor yang menyebabkan kekurangan penglibatan pekerja tempatan; mengenalpasti faktor kritikal yang menyebabkan kekurangan penglibatan pekerja tempatan; dan mengenalpasti strategi untuk meningkatkan penglibatan pekerja tempatan dalam industri pembinaan. Kaedah kajian melibatkan kajian literatur, pengumpulan data dan kaedah Index Purata digunakan untuk tujuan analisa. Data dikumpulkan menggunakan kaedah soal selidik dan temuduga. Kesimpulannya ialah responden telah bersetuju bahawa keadaan tempat kerja yang tidak selesa, kurang selamat dan tidak sihat dan juga status pekerjaan yang sementara merupakan penyebab utama mereka tidak berminat menyertai industri pembinaan. Lima strategi utama untuk meningkatkan penyertaan tenaga kerja tempatan ialah latihan, status pekerjaan, meningkatkan amalan dan prosedur keselamatan, meningkatkan imej pekerja binaan, dan kemudahan dan servis di tapak bina.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Malaysia is presently experiencing a new era of prosperity. The government formulated and implemented a series of five year development plans and laid the foundation for the development in the country. From the 60s, Malaysian economy grew rapidly and many jobs were created in the agricultural and construction sectors. Towards the early 90s, Malaysia experienced a tight labour market and there was a shortage of labour in the manufacturing industries. The labour shortage later expanded to the construction sector and domestic services.

The shortage of skilled labour that the Malaysian construction industry is currently encountering has been perpetuated by several combination of causes. The economic change that Malaysia has seen for the last decade is one of the leading causes of the skilled worker shortage. The resultant labour shortage was made worse by the selective attitude of local labour due to expansion of education, improvement in living conditions and access to upward mobility.

1.2 Background of the Study

Malaysia has a labour force of 10.9 million in 2005 and nearly 11.1 million in 2006. While Malaysia offers a large workforce, there is currently a shortage of skilled workers in some industries.

Based on Labour Force Survey Report for 2005, there were 6.47 million employed persons in Malaysia of which 12.9 per cent were in construction industry, 673,900 were Non-Malaysian citizens and 8 per cent from Non-Malaysian citizens were in construction industry. As of June 2006, there were 1.84 million registered foreign workers of which 33.3 percent were employed in manufacturing, plantation (20.2 per cent), services (including domestic maids) (25.9 per cent) and construction sector (15.1 per cent) (Bernama, 2006).

Malaysia in recent years has absorbed large numbers of foreign workers to work in low-paying and low skilled fields. In general, low-skilled foreign workers are employed in positions that most Malaysian refuse to do it (Ames Gross, 2002).

Malaysian Trade Union Congress (MTUC) pointed out that in early 1990s all buildings including multistory buildings, highways even the East-West highway was entirely built by locals. It is obvious that the construction industry is taking unfair advantage of the understanding shown by the Government. The fact that more than 265,000 of the 322,000 illegal foreign workers were from the construction sector shows that they prefer illegals. Importing cheap labour is often the main cause of distortion between relative price of capital and labour. The demand for foreign workers is not due to genuine shortage but due to the desire of employers to pay lower wages (MTUC, 2002).

According to the 2006/2007 Economic Report released on September 2006, Malaysia aims to reduce the number of foreign workers in the country from 1.84

million to 1.5 million by 2010. It is envisaged that by that time, only 200,000 foreign workers will remain in the construction industry.

A similar situation is found in some developed countries where construction work has for many years been undertaken largely by immigrants, or by the children of immigrants (ILO, 1995). In the United States, where the wage advantage that construction workers have traditionally enjoyed over other industries has steadily eroded over the past 20 years leading to a leakage of skilled workers from the industry and difficulty in replacing them (Philips, 2000).

In China, construction work was ranked the lowest out of 69 occupations, in a poll of 2600 young people in 63 cities carried out in 1999 by the Academy of Social Sciences (Lu and Fox, 2001).

In India, from the survey of 2600 people in five towns in India, 90 per cent were working in construction because they have no choice, but they don't want their children to work in the industry (Vaid, 1999).

1.3 Problem Statement

When we talk about labour crisis in construction industry, number is not only an issue impinging on the manpower development of the industry. Due to certain reasons, local workforce is less interested to work in the construction industry. This persistent situation may pose hiccups to the potential development of the industry. Local workforce is still thinking that the jobs in this sector are not dignified enough besides being labeled dirty, dangerous and difficult. Therefore as a last resort to overcome the acute shortage of manpower, the industry hired foreign workers.

The group of foreign workers hired by the industry basically unskilled, acquires their work knowledge while assisting the more experienced workers, and thus is not meeting the industry's skill standards (CIDB News, 2002).

According to the Third Industrial Master Plan 2006-2020 (IMP3), labour intensive industries will be encouraged to plan their human resource requirements to progressively reduce their dependence on low-skilled labour, particularly foreign unskilled labour.

1.4 Aim and Objectives of Study

The aim of this study is to investigate the reluctant of local manpower to work in the construction industry and how to increase their participation rate. To achieve this aim, three objectives are being delineated. Those are as follows:

- 1) To identify the factors that led to the poor participation of local labour to work in the construction industry;
- 2) To identify the critical factors that led to the poor participation of local labour to work in the construction industry; and
- 3) To identify the strategies to improve the participation of local labour in the construction industry.

1.5 The Scope of Study

The scope of this study is narrowed down to simplify the process of information gathering, so it can be analyzed within an appropriate time limit. The aspects being considered are:

- 1) Focused on manpower at the construction site
- 2) The area of this study is in Klang Valley area

1.6 Research Methodology

The main focus of the study is to achieve earlier stated objectives through the collection of data using survey questionnaires and interviews, (Uma Sekaran, 2000). The methodology is set to gather the data to achieve the outlined objectives. The first step of study is to rationalize the issue to set up the topic of study. Then the statement of problems, aims and objectives were developed. This study employed several methods of data collection for the purpose of objective's achievement. For the knowledge acquisition phase, the literature in connection with the study to be carried out is reviewed through journals, books, conference papers, magazines, and websites. From that information, a set of questionnaire form develop. The respondents are Malaysian Citizenship workforce. The data analyzed using statistical method. The final phase of the study is to define the conclusions and recommendation with reference to the objectives, subsequent to the analysis from the questionnaire. The Methodology Flow Chart is as shown in Figure 1.1 below.

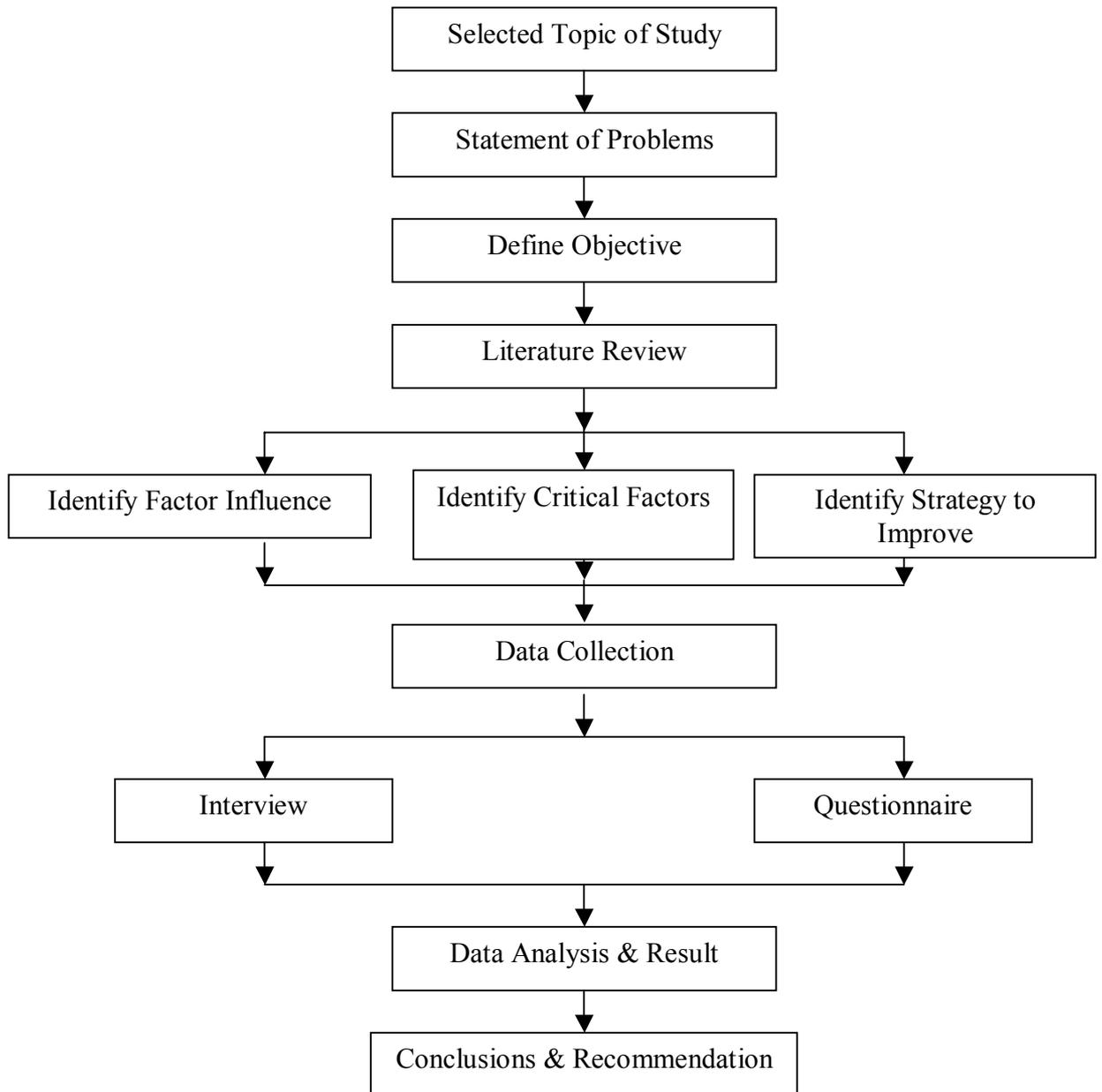


Figure 1.1 : Methodology Flow Chart

1.7 Summary

This study provides some valuable insights into the relative importance of the participation of local labour in the construction industry.

The First chapter is the introduction of the research, which include the statement of problems, the aim and objectives of the study, the scope and justification of the study, and research methodology.

The Second Chapter is on literature review; focus on the identification factors that influence the poor local labour participation.

The Third Chapter continue with the literature review on current effort undertaken to encourage local labour participation.

The Fourth Chapter is the Research Chapter that discuss the method of research.

The Fifth Chapter discuss the Data Analysis and Results of the study.

The Sixth Chapter is the conclusion and recommendation of the study.

CHAPTER 2

FACTORS THAT INFLUENCE TO THE POOR LOCAL LABOUR PARTICIPATION IN CONSTRUCTION INDUSTRY

2.1 Introduction

This chapter identifies the factors that influence the local labour less interested to work in construction industry. The factors that influence the local labour less interested to be discussed related to economy, image, outsourcing labour through sub-contractor system, lack of training and skill formation, large number of foreign workers, poor site accommodations and services and change in education.

2.2 Background of Labour Crisis in Malaysian Construction Industry

Labour crisis in Malaysian construction industry not only impinging on the manpower development of the industry but due to certain reasons, local workforce is less interested to join this industry.

MTUC pointed out that in the early 1990s all buildings including multistorey buildings, highways even the East-West Highway was entirely built by locals. It is

obvious that the construction industry is taking unfair advantage of the understanding shown by the government.

Executive director of the Malaysian Employers Federation said that Malaysian workers are not willing to work on a plantation or construction site because it is hard work under the sun. Many of the 26 millions Malaysian workers want white collar jobs (Bloomberg News, 2005).

The construction industry in Singapura used foreign workers as a necessary temporary measure to avoid the shortages which could hinder the nation's economic development. The long term intention is to reduce the reliance on such workers and effort is made to derived optimum benefit from those employed, for example by enhancing their quality by training.

Malaysia drew significantly on Singapore's experience in responding to labour shortage, revising the skill certification and public education systems and other policies to upgrade human resource development, as well as production management and industrial relations (Takeshi, 1998).

2.3 Construction in the Eyes of Workforce

There is evidence from various parts of the worlds to indicate that construction workers do not view their employment in a very favorable light. Construction regarded almost everywhere as low status job. In many other countries, both rich and poor, people work in construction out of necessity and not out of choice. Almost universally they wish for better things for their children (ILO, 2001).

In Malaysia, young workforce would rather unemployed than work in the construction industry. Official estimates put foreign labours at 80 per cent of entire construction workforce in 1992 (Abdul Aziz, 2001).

2.4 The Factors of Less Interested of Local Workforce in Construction

2.4.1 Economic Factor

The economic that Malaysia has seen for last decade is one of the leading causes of the worker shortage. The shortage of skilled workers is not eased by the tight labour market situation either. Obviously because of the strong growth of the economy spurred by the influx of investments, job opportunities have increased resulting in the easing of the unemployment rate to about 4.3 per cent by the half 1992. It has now become an employee's market and therefore, workers can afford to be choosy. The tight labour market situations, however, has not reached critical propotions. But this does not mean that it is not serious. This situation needs to be monitored (Anthony, 1992).