

# The Dilemma of Managing Foreign Workers in Malaysia: Opportunities and Challenges

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## Abstract

Migration in South East Asia has been happening since a long time and it has indirectly given an impact to the increase of population in countries around the region. Besides population increase, migration of workers has also given an economical impact to the countries in the surrounding region by taking pleasure in certain benefits. The shift in the trend of economic activity from agriculture to industry, and the imbalance in the total population to job opportunities ratio as well as the expansion of education level of a country is often one of the major factors for migration to occur. In the South East Asian region, Malaysia is seen as one of the popular destinations for foreign workers to get a job, especially for those with little or no skills at all. Like other countries, we are rely on foreign workers because of modernization aspect and also the lack of work force in the employment sector. Therefore, the government has introduced a few policies in hiring foreign workers in certain sectors in order to implement economic agendas which have been pre-planned. Even then, their on-going and unstoppable entry has caused the country and its people to worry, especially regarding the threat imposed towards the security of the country.

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**Index terms**— foreign worker, labour migrant, national interest, national security, malaysia.

## 1 Introduction

According to United Nations (2002), the South East Asian population has increased after the 2<sup>nd</sup> World War, from 178 million people in the year 1950, to a total of 522 million people in year 2000. This increase is found correlated to aspects such as increase in birth, decrease in mortality rate as well as the expansion of migration process to South East Asia. During the European era of colonization in South East Asia, Chinese migrants dominated most of the districts in this region compared to migrants from Arab, India and Persian. The existence of the Chinese could not be avoided and many of them were focussed in the cities and along the port (Hugo, 2004). Migration has been a norm since the beginning of the history of human existence itself. Even then, the term migration was only introduced in the government's policy when a modern country started to exist, which focuses on border aspects, security and the peace (Kurus, 2004).

The migration of people from one country to another has become a social development process, especially in the very competitive world of economical structure. This development has indirectly given an impact in context of economy, especially to individuals, and countries that export and import foreign workers (Ramasamy, 2004). Usually, migration factor is tied to economical aspect such as poverty and high rate of unemployment, but then there are certain cases of migration which happen due to factors such as running away from war, natural disaster and political instability in the country of origin (ILO, 1998). Foreign workers are a major source of work force in the development of the economy, whether it is for the country that imports or exports foreign workers. This is because the contribution given by them not only gives a great impact to the development of the importing country, but it also gives a great contribution to the country exporting them, as they help decrease the unemployment

issues in their country of origin. Therefore, the contribution of foreign workers from the importing countries, especially those with semi skills and unskills, are seen as more of a substitute to fill in the vacancies in certain sectors that the locals are not interested to work in, rather than something permanent. In conjunction with that, the existence of foreign workers in Malaysia could give a positive impact to the interest of the country especially in generating an increase in the economical activities which has already been planned.

In order to avoid shortage of workers in sectors such as agriculture, construction, services and manufactures, the government has implemented and introduced a few policies on foreign workers in a few decades ago. Sometimes these policies are looked as a tool for the government to control the entry of foreign workers but this situation seems to be getting worse as the total number of foreign workers has been increasing uncontrollably annually. At the same time, the policy coordinator associated with immigrant or foreigners between the ministries is also found to be not running as smoothly as expected. This is because the composition of the policy was not evaluated based on the two major elements, which are national interest and national security. Every policy, especially those dealing or associated with foreign issues such as migration, needs to be evaluated based on those two elements so that the outcome can be benefited from in the most optimum way possible. Hence, in this issue, the entry of foreign workers and the dependence of our country on the foreign workers is not the main issue, but the overflowing entry of these foreign workers without control to the extent of jeopardizing the safety of this country is actually the main problem that needs to be focussed upon. In order to guarantee the safety of the country, the government needs to come up with a realistic and holistic approach in handling foreign workers issues in Malaysia.

## 2 II. The Concept of Labour Migration

The countries in Asia can be considered as the major contributors of foreign immigrants, especially in the context of employment in this world. Generally, the entry of foreign workers is more than often associated with three assumptions, which are economic liberation, non-uniformity in economic opportunity and noneffective law on border enforcement. Therefore, foreign workers are expected to be a part of social process which is more than often associated with issues like economic market, transnational offering of labour and the change of policies in importing countries as well as the rights of foreign workers (Shuto, 2006). Ross and Linquist (1995) said that a person makes decisions to migrate when he feels that he can maximize his income. Those who choose to migrate to other countries usually get better jobs especially in terms of salary compared to when in their country of origin. That is why the instability of salary payment and the development of the economy in neighbouring countries motivate and increase the migration of workers to other countries in that region.

According to Hicks (1932) in Wage Differential Theory, migration occurs due to the imbalanced salary distribution in the surrounding region because there are differences in offers and demands of labours between one country and the other. This shows that the country offering a large number of workers has a relatively lower level of salary, whereas countries with fewer labours to offer, has higher level of salary. Therefore, migration of labours from countries with lower salary to developed countries occurs especially in Third World Countries or from rural areas to urban areas in a country.

Harris & Todaro (1970) said that rationally, a person tends to decide on migrating when he or she hears that the differences in salary and job opportunity in another country is better, regardless the actual truth or how true the statement might be. This is because most Asian countries more than often encourage the locals to migrate to another country in the hopes of increasing the country's economic condition via remittance (Massey et al, 1993). At the same time, Appleyard (1989) added that due to the mass development of economic increase and development activities in many developed countries and developing countries, it has made the employment sector also evolve dramatically and the labour market has also changed. The aspect of development in the process of migration is something inevitable and the change in the migration flow is associated with the change in a country's economical structure. The migration policy in countries exporting and importing foreign workers, either from aspects of sum, destination or flow of direction, depends on the level of socio-economic level of the country. In accordance to that, the intake of temporary foreign workers in a certain country is very much related and relevant and gives an impact to the development of the importing and exporting countries' economy. According to Davanzo (1981), what usually makes a person migrate is when he believes that the benefits that he will eventually receive by doing so will be higher than the cost of migration to that particular destination. That cost directly or indirectly includes transportation, the cost of job hunting, health fees, family and child support. In fact, the migration of workers is not only limited to workers with semi and unskill but it also involves the migration of skillful from one country to another. Amin (1974) said that migration can also be looked at as a positive transfer of value which already exists in a person who is skillful, to another country. This is because skillful workers who migrate are workers who have high productivity and education higher than in the developing countries. As a specialist from a foreign country, it can be a good influence in the working environment and strengthen the economic condition in the importing country.

At the same time, the migration process is usually associated with the money transfer issue, or also known as remittance, which actually means the outflow of money from one country to another. The outflow of money by foreign workers usually brings benefits to the exporting countries compared to the importing countries. Taylor et al (1996) said that direct effects from the consequences of money outflow will increase fund and source of income as well as generate economic development especially for sending countries. According to him, there are a few

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reasons why migration occurs, firstly because the person wants to increase his source of income and send money to his hometown to support his family. Secondly, he wants to build a new home or buy land. Thirdly, he wants to use the money to invest in a few businesses (Brown, 2006;Goldring, 2004). With that, the government needs to control the money outflow so that it does not deteriorate the importing country's economy. Seddon (2004) said that the government needs to be involved in controlling the foreign currency flow in order to strengthen the foreign exchange from the taxes obtained. The issue of remittance often gets a positive perspective from the government when believed to increase the development of the country as well as provide the current needs of the people such as health and education. According to Taylor, E. J (1999) there are a few ways to measure the consequences of remittance towards the economy, where first, the direct effect towards the economy; that is by looking at the average remittance per capital with the total sum of export commerce. In this situation, labour force is seen as one of the export elements and remittance as part of the payment made to the exporting country for the service of labours provided. At the same time, foreign currency exchange is also looked at as a direct contributor towards the outcome of remittance to the sending country. This is because it can give a positive outcome to the country's Balance Of Payments (BOP). Secondly, indirect effect is the stimulation towards the local economy through multiplier effect on remittance. This outcome is seen as more effective when money transfer goes to rural areas. This is because most of the people in the rural areas use more local products compared to imported goods, therefore this indirectly controls the money from flowing out to another country.

### 3 III.

## 4 Immigration and Security

The term and concept of security is something that still not certain. Until now, there is no specific definition that refers to the concept of security. Conventionally, most scholars are more prone to using the term security on matters that involves military aspects only, such as weapon conflicts, nuclear war and imbalanced military power etc. Apparently, the term national security has been debated about and used widely especially after the end of the Cold War, that is in the early 1990's. The new concept of national security includes all sorts of threats and not specifically focussed on military threats merely. Forms of threat are such as economy, environment, social and culture, politic, ethnic, energy source problem, migration, trafficking, smuggling, cyber crimes and terrorists are considered as a new form of threat to the national security. Therefore, the national security concept is seen as not only specifically focussed on military threats aspect alone, which is more traditional, but also on nontraditional elements. Hence, national security today can be divided into three dimensions known as traditional, non-traditional and critical non-traditional (Cabarello and Emmers, 2006; Kleinschmidt, 2006;Kicinger, 2004;Chee, 1991; ??now, 2004; ??ohrmann, 2000).

Therefore, Buzan, Waever and Wilde (1998) have introduced five general categories in the theory of security which are military, environmental, economic, social and political security. They say that the meaning of security is "readily-available threat" towards the reference object which is done by the security actors such as the leaders and political parties which will eventually bring towards a chaotic situation in a country. 'Reference object' refers to either the state-actors like government and leaders or non-state actors including individuals, the society and certain groups. According to this view, national security started to exist when leaders and political members are able to convince the people with a speech that an uncertain situation has occurred and can take the lives of the people in that country. Usually, the aim of leaders is to receive an approval from the people so that the government will receive enlightenment and a certain monetary allocation to overcome that particular threat. Even then, Callabero and Emmers (2006) argue national security cannot be measured based on the outcome of the speech given by the leaders to the people alone. It must also be supported by empirical and statistical data to explain the threatening situation. Consequently, qualitative and quantitative approaches need to be done so that national threat situation can be proven realistically.

At the same time, Aniol has the opinion since a few decades ago, that a large amount of value is considered as a national threat element which has been stood up for by many parties. Many cumulative values need to be protected in guaranteeing the security aspect other than the military element. A country does not only stand up for the sovereignty of the territory and the political freedom, but they also have to protect the national interest such as economical freedom, cultural identity and social stability. By giving attention to elements known as non-traditional national threat, it will be more meaningful to a country in the context of international security. In association with the migration and security issue, he believes international migration can bring a massive impact towards the national security of a country. This situation occurs when a country cannot control the entry of large amounts of foreign workers continuously until it brings about national threat to that country and the people in that area such as violence of rights, ethnic conflict, domestically intervention, xenophobia and many more. At the same time, he also mentioned a few security dimensions that can be an issue towards the migration aspect such as social stability, demographic security, cultural identity, internal security and social security (as cited in Kicinger, 2004).

### IV.

## 5 Foreign Worker Policies and Management in Malaysia

The Malaysian economy has always shown captivating progress from 1990 up to 1997 that is before the major financial crisis in Asia. Even then, with the concerned step taken by the government such as pegging the ringgit to the US dollar, the government managed to save the Malaysian economy back to recovery and maintain it at a full force usage level. This very stimulating development increase in the economy has increased the country's need towards work force in various economic sectors and indirectly encourages the entry of foreign labours from various countries into Malaysia. This phenomenon can be seen from the sum of foreign workers in 1997 where there was a total of 627, 426 people and then a decrease to 395, 140 people in year 1998 due to the financial crisis. But then, after 1998, the entry of foreign workers increased gradually in 1999 (409, 660), 2000(807, 096), 2001(849, 829) and 2002 771, 7767, 7729). This situation shows that the Malaysian economy has recovered from the financial crisis that occurred previously, and as a result, many sectors are now opening more and more job opportunities in various sectors within the country. Among the economic sectors that lack of work force at the time was agriculture, construction, services and manufacturing (Purnama, 2002).

The entry of foreign workers in Malaysia is via two ways, legal entry through legitimate foreign workers agencies registered under the Malaysian Immigration Department, and the other way is the illegal way that is through non-registered agencies. According to International Labour Organization (ILO), Malaysia is an ASEAN country that faces critical problems such as the entry of illegal foreign workers. This phenomenon may occur due to geographical location that is so strategic when using the sea route and it is so close to other ASEAN countries (as cited in Department of Research and Planning, Ministry of Human Resource, 1984). The foreign workers in Malaysia can be divided into three groups, firstly, non-citizens of Malaysia who have been staying here for a long time and have red IC, and they are consist various races. Under the Employment Restriction Act 1968, this group is not allowed to work unless they have work permits produced by the Labour Ministry. The second group consists of foreign workers who are highly skilled and are professionals in the technical and administration field. The third group is foreign workers who are semi or unskill that enter the country illegally. This group is also known as illegal immigrants who mostly work in the agriculture and construction sectors (Ali, 2003). At the same time, recently, there was a suggestion from the Malaysian Trades Union Congress (MTUC) that the government should absorb about 90 thousand refugees into this country under the United Nations High Commisioner for Refugees (UNHCR) to work legally. This suggestion was implemented as a reaction to the government's announcement of approving nearly 100 thousand work permits to foreign workers since the past 3 months. This step is seen as not only a solution to the issue of dependence on foreign workers and fulfills demands in certain sectors but it is also helps to solve the problems faced by the refugees in Malaysia in the context of economy. By allowing the refugees to work in certain sectors, it will help bring prosperity especially in developing aspects such as education and health, which is the government given less attention towards that community. Even then, that suggestion needs to be re-evaluated and considered more comprehensively so that it does not create conflict of interest with the local citizen (Zakaria F.I, February 17, 2010).

In the 1960's, there was not a single clear mechanism or structure regarding the intake of foreign workers who are semi and unskills into Malaysia. At the same time, employers were allowed to hire foreign workers informally via middlemen or agents from countries such as Indonesia and Thailand. Therefore, regional migration system is seen as more closely based on tight cultural and religion based relationship between the exporting and importing countries (Kaur, 2008). In the year 1969, a new law related to employment was introduced and it was known as Employment Rule 1969 (Control and Work Permit). It was done to give work permit in a flexible manner to foreign workers and they are allowed to stay in Malaysia. Even then, most employers, foreign workers and their family members have misused the benefit by coming and staying in Malaysia illegally. This situation prolonged until the 1970's, where the government was seen ignoring the situation with excuses such as they are only around temporarily, there will come a day when they will go back to their country of origin ??Karim et al., 1996). At that time, shortage of workers in the agriculture sector was rising, and the government took measures to determine the inflow of foreign workers into Malaysia. Since then, laws associating with foreign workers are seen to change either becoming more strict or lenient, depending on the current situation at the time, and the demand of country in work force sector. Align with that, policies that keep changing can be considered as a tool used by the government to control the entry of foreign workers in Malaysia (Kaur, 2008).

In 1981, the government announced allocation for laws regarding the formation of foreign workers agency. The reason behind this allocation was to speed up the process of foreign workers intake, where employers need not go to the country of source to get the labours. At the same time, in year 1984, Medan Agreement was sealed between governments of Malaysia and Indonesia to manage mechanism and offer labour force to Malaysia. In this agreement, Indonesia agreed to offer labour force in 6 categories needed by Malaysia, especially in the plantation sector and maid or help around the house. After the agreement, the Malaysian government made agreements with the neighbouring countries such as the Philippines, regarding the need for maids, whereas Thailand and Bangladesh for sectors like manufacturing and farming ??Kassim, 1993; ??tukorala, 2006;Kanapathy, 2004).

The acceptance of foreign workers policy in the 1990's era practised by Malaysia towards workers with semi and unskills is more of a short term approach; that is to fulfil the vacancy of labours in certain sectors. Because of the condition of the Malaysian economy that keeps expanding widely, the action of sealing the deal with the country of origin of the foreign workers is seen as not helpful in deterring the entry of illegal immigrants Volume XIV Issue IV Version I 46 ( F ) into Malaysia. Therefore, in year 1991, the government introduced a new rule more

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known as Legalization Process or Amnesty Process. In the Legalization Process, every employer who employs a foreign worker without going through a legal process will have to register and authorize their status within 6 months, or they will have to face court action and fined RM 10 thousand for every illegal foreign worker they have employed. Even then, this process seemed quite complicated because to authorize the status of an illegal immigrant, the employer will have to send back that illegal immigrant to his country of origin and then take him back via a legal channel. This will complicate things and cause a higher cost for the employer especially to organise foreign workers in large quantities. Eventually, this allocation was found inappropriate with very little support from most people and not effective, especially in handling issues regarding illegal immigrants ??Kassim, 1997; Kanapathy, 2004).

The migration policies introduced by the government often get criticism and are usually a debate among the people of Malaysia. There are a few opposing political parties that have the impression that the government purposely take in foreign workers from Indonesia to strengthen the position of their political party based on Malays. They also believe that the government have an agenda to strengthen the position of Malays in Malaysia so that they create competition for non-Malays, especially the Chinese who have proven they are strong economically and socially. This impression is seen as something that is baseless and irrational because logically speaking, most non-Malays especially Chinese have conquered economical activities in Malaysia such as in construction, plantation, farming, manufacturing and many more. Most foreign workers especially in Indonesia was employed in those sectors are controlled or owned by the Chinese community. Furthermore, most illegal agencies taking in illegal immigrants in the early 1970's are owned by the Chinese (Ajis et al 2009, ??assim, 1997). The accusation regarding the government helping to provide special treatment to workers from Indonesia is seen as absolutely baseless. This is because according to Spaan, Naerssen and Kohl (2002), the Malaysian government's policy regarding Indonesian foreign workers is the same with other countries, where they are seen and treated equally with other foreign workers and are seen as temporary worker, although they share similar culture, language and religion. In fact, in the Foreign Maid Application Guidelines (No. 18) it was stated that foreign maids are not allowed to apply for Entry Permit which is a pre-condition that qualifies someone to get a permanent resident (PR) status, although they have settled down for more than 10 years.

#### V. The Inflow of Foreign Workers:

##### Between Opportunities and Challenges

Basically, bringing in foreign workers into Malaysia is done to overcome problems such as lack of work force in certain sectors only, and not to be absorbed into all sectors. Among the sectors having shortage of work force are such as plantation, construction, service, industries and manufacturings. From these four sectors, the service and manufacturing sectors are the two major sectors with severe shortage of work force (Kassim, 1998). The Malaysian economic transition from agriculture orientated to industries such as manufacturing has left an important impact to the demand of skilled, semi skilled and unskilled workers (Bank Negara Malaysia, 2004). The increase in productivity which is generated from the foreign labours has elevated the sum of the country's export and contributed to an increase in National Balance of Payment (BOP). The strong growth in the export income is motivated by the higher export value, especially the ones contributed by the manufacturing industry. Therefore, the entry of foreign workers into Malaysia does not only fulfill the demand of workers needed in this country but they also have helped the country's economic growth tremendously (Bank Negara Malaysia, 1997). In fact, former Malaysian Prime Minister, Tun Abdullah Ahmad Badawi has stressed that: "We want to decrease the intake of foreign workers but if we were to stop (their entry) altogether at this point, it may jeopardise the industry that highly depends on them" (Utusan Malaysia, May 3, 2001; 4). Same goes with the then Deputy Prime Minister, Datuk Seri Najib Razak who is the Chairman of the Cabinet Committee on Foreign Workers and Illegal Immigrants, stressed that: "For a very long period of time, Malaysia still needs foreign workers to fill up the vacancies especially the ones that the local citizens are not willing to participate in. Even then, it does not mean that we will continue to use this policy without taking into account factors to motivate the locals to fill those vacancies" (Utusan Malaysia, February 23, 2010; ??). This situation has clearly shown that Malaysia still needs foreign workers to increase the country's economic growth and fulfil the available work force demand. The economic growth is able to make Malaysia become a developed country and hence be able to compete with other developed countries. Like in the United Kingdom, the role of a foreign worker has successfully increased the country's economy since the past decade. This is because their presence does not even damage the rate of interest and inflation even slightly, in fact it managed to overcome issues like lack of work force and maintain the stability of economy. Furthermore, they did not give a significant impact towards the salary and employment aspect especially among the youth. This is because most of them are willing to work in sectors that get very little response from local workers such as construction and hotel services (New York, ??pril 23, 2008). With that, if seen the issue of temporarily freezing the intake of foreign maids to Malaysia by the Indonesian government since June 2009 has caused various negative implications in both countries. This is because this blockade has caused many maid agencies in Malaysia to gain loss up to a few hundred thousand. According to Foreign Maid Agency Association, this is because usually these agencies will bring in at least 10 thousand Indonesian maids to Malaysia every month, and when the blockade was implemented, these agencies are forced to pay back the deposit money to the employers. Indirectly what is happening is that it is damaging the country's socioeconomic activities especially in the service sector and causing employers in Malaysia to accept a large amount of loss due to blockade problem. Even then, this blockade is not only felt or suffered by Malaysia,

it has also caused many Indonesians who want to work as maids in Malaysia to forget about their dream to work here. According to Foreign Maid Agency Association again, it was just a matter of time before nearly 30 thousand women in Indonesia are waiting to be brought into Malaysia to fill up the vacancies for that job since the sanction was implemented. In fact, according to Khairuddin Harahap, Director of Indonesian Social Workers Problems Research Board, if the blockade issue cannot be solved immediately, it is feared that it may lead to an increase of total illegal immigrants in Malaysia. This is because even though part of the Indonesian workers entering Malaysia illegally knows the risks that they need to bear, but they still have to do it (Mingguan Malaysia, January 16, 2011).

The role contributed by the foreign workers towards the expansion of the country's economy especially in increasing the Gross Domestic Product (GDP) by sector and the aggregate expenditure are relevant. According to a research done by Bureau of the Census (1990) in 30 locations in the United States of America, it was found that there was a significant correlation between the sums of foreign workers in a particular location with the increase of average income. This shows that the more foreign workers there are in a particular place, the more the family's income and the productivity of that place will be. On the other hand, Carbaugh (2004) is of the opinion that the entry of foreign workers into a certain country will increase the export value of that country. Furthermore, the commercial account will go through an increase and will be able to help generate the economic growth. From the economic aspect, the government has taken a few intelligent steps in controlling the increase of salary and inflation. It happens to be a major aspect in aiming towards an economic growth success. Via this method, the government is able to reduce the usage of large sums of money to pay salary or wage to these foreign workers. This is because they are not very active in requesting for a pay rise and do not really bothered about the salary they get, as long as they earn enough to support their family in their country of origin. Indirectly the employers will take advantage in gaining profit because they no longer have to provide costs for social facilities such as social welfare fund, health benefits and other workers' benefits (Hoon, 2005).

Even then, the overflowing of foreign workers especially with semi or unskills is continued and without control, it can bring a negative impact to local economic aspect, social tranquillity, national threat and political stability. According to the Home Minister, Datuk Seri Hishammuddin Tun Hussein, the increased number of foreigners in Malaysia does not tally with foreigners record, including those registered with the foreign workers recruitment agency. He fears that the increase of foreigners including foreign workers will cause a bad implication towards aspects like social, security and peace until it tarnishes the the country's image in the eyes of the world (Utusan Malaysia, February 17, 2010). In fact, Malaysia leaders have also voiced out their fears towards losing the security of the country due to the increasing number of foreign workers in Malaysia. The former 4th Prime Minister of Malaysia, Tun Dr. Mahathir Mohamad stated before during a meeting with former Indonesian Prime Minister Megawati Sukarno in year 2002 in Bali, that: "most immigrants or foreign workers who live in Malaysia are unemployed and are involved in criminal activities. This situation has raised a concern among the locals of Malaysia" At the same time, former 5th Prime Minister, Tun Abdullah Ahmad Badawi, who then was the Deputy Prime Minister, stressed that: "the government needs to take actions to stop immigrants from entering the country. This step needs to be done because many criminal cases that occur involve illegal immigrants. Therefore, a stricter policy needs to be enforced and implemented" (Kurus, 2004: 343) The entry of foreign workers especially illegal migrants in large amounts has caused negative outcome towards the wage structure from continuously increasing. This is because most foreign workers are willing to accept any amount of wage and work any amount of long, flexible hours compared to the locals. For example, a manual worker from Indonesia who works in a big city like Kuala Lumpur will receive salary as low as RM12.50 a day and will have to conduct a different job in order to gain higher income. Usually, a foreign worker in construction sector earns between RM12-16 per day compared to a local worker in the same sector; that is RM20-25 per day for Malays and RM25-35 per day for Chinese, working in the same working capacity. If this phenomenon continues, it is feared that Malaysia will remain known as a country that orientates about low wage labour and as a result, the country's aim to be a developed country by the year 2020 may be a difficult target to accomplish (Narayanan and Lai, 2005).

Low wage payment gives the employers benefit because they are able to reduce the cost of output and then increase the profit of the company. But then, it will bring a negative outcome when wanting to define wage for workers in the long run. Basically, the participation of foreign workers in the labour market usually focuses on manufacturing industry and as a result, many locals in this sector will also get a range of low income. This situation is motivated by the imbalanced demand and supply principal. A decrease of price and wage will occur when the available supply is higher than the required demand. When foreign workers are willing to take over the jobs that the locals refuse to do due to income factors and working environment, definitely they will be the employer's choice compared to local labours. Furthermore, if there are unions that come up with this issue, employers are going to easily assume that the locals are not interested in the job (Ali, 2003). This situation calls for lower wage for both foreign and local labours because the locals are afraid of losing their jobs and want to reduce the risk of it. The research done by Friedberg and Hunt (1995) in the United States of America found that 10% of the labours supplied due to the migration of foreign labours into the country will decrease the labour wage rate as much as 0.3% in certain sectors. This situation proves that the entry of foreign labour will elevate competition to get jobs with the locals. In fact, overflowing of foreign workers will relatively reduce the unskilled

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worker's wage and the turnover rate of the owner will continue to increase. As a result, a wide range or gap will occur within our society and bring about conflict of interest.

Because of the vast economic growth, Malaysia is considered as a major foreign labour importing country in South East Asia. The entry of foreign labours into Malaysia has increased the outflow of our currency into other countries. During the Parliament convention in October 2008, the Finance Minister made an announcement that up to June 2008, a total of RM9.12 billion has been channelled out of our country and is expected to increase and reach up to twice that amount by the end of year 2008. This is because there are 2.1 million foreign workers registered and it is assumed that each of them sends RM720 every month. This total does not include those who enter illegally, who are estimated to reach up to 1 million of them. Even then, the government considers that they will not possess threat to the growth of the country's economy based on the belief that the reserve owned is way more than that amount. But then, in the long haul, it may damage the country's economy especially from aspects of currency exchange and country's balance of payments (BOP) when reduction in currency value occurs, and then soon it will affect the country's reserve (Utusan Malaysia, October 23, 2008). At the same time, the entry of foreign workers into Malaysia can also increase the rate of poverty. According to Shari and Embong (1998), foreign workers contribute significantly towards the percentage of poverty in Malaysia. According to the research done, the rate of poverty among the poorest for foreign labours increased from 6.0% in year 1995 to 9.9% in year 1999. This shows that more foreign workers are earning equivalent to or less than the Income Poverty Line. This indirectly gives a negative outcome to the status and quality of life among the Malaysians.

At the same time, the presence of foreign workers has the possibility to threaten the social aspect of the country, such as health. There are foreign workers who enter the country without going through health check up required, and as a result, they bring along contagious disease. Most foreign workers who come in are from under developed countries and have very low levels of health and disease control. In year 1992, the government announced that 30 percent of the 337 thousand foreign workers are HIV positive. With that, the government ordered a rule where every foreign worker who wants to work in Malaysia will need to go through two health check-up processes, first in their own country, and the other in Malaysia (New Straits Times, July, 30 1992). At the same time, Safety and Health Department exposed that 80% of the foreign workers in the plantation sector are positive for HIV. Based on this analysis and the observation made by National Anti Drug Agency, most HIV cases are among foreign workers in the plantation sector and this is due to the misuse of drugs and not sexual activities (Utusan Malaysia, June 12, 2008). The presence of foreign workers can also increase the criminal index point in Malaysia. Because of the leniency of border control and management of foreign workers that lacks efficiency, especially the illegal ones, has caused criminal activities to expand vastly. Among the criminal activities that have connection with foreign workers are fights, theft, robbery, murder, smuggling, raping and many more. The Home Ministry has once announced that 14, 809 out of 37, 446 prisoners in Malaysia are foreign workers where majority of them are illegals. This amount is said to exceed 28% of the capacity that is affordable for the Malaysian prison to support (Marzuki, W, July 8, 2008). Furthermore, the government has already spent RM11.6 million in year 2008 on 60,800 foreign labours who are mostly illegal immigrants and for each of them that is captured, an amount of RM30 is being spent per day. This cost only involves daily management and not including health costs (Utusan Malaysia, April 3 2009).

In fact, there are some illegal immigrants who already paid a lump sum of money to the 'illegal agents' to obtain legal documents and part of them managed to receive blue identification card, which is only specified for Malaysian citizens (Karim et al, 1999). In this regards, the authorities have captured an illegal immigrant in Sabah who tried to use a blue identification card to apply to enter the military. This situation is a serious matter where it may threaten the sovereignty of the country's defense and military system (Berita Harian, May 14, 2008). At the same time, the local media also reported approximately 300 thousand foreign workers were hired as security guards. Most of them are from Nepal and have experience in the military and this situation will possess a security threat to the country's sovereignty. Therefore, Dato' Seri Syed Hamid Albar who was the Home Minister at the time, said that: 'although we admit that they (Nepalis who work as security guards) have contributed in the national interest, but then these foreign workers (security guards with military experience) have the possibility to bring about security dilemma in the country's sovereignty' (Abd. Rahim, T, February 22, 2009, pp: 7) At the same time, it is estimated that 30 thousand illegal foreign workers are illegal immigrants traced to be working illegally in the local security industry including guarding housing and industrial areas. This has been exposed by the Malaysian Security Control Service Association which also added that most foreign workers are from Bangladesh, India and Myanmar, who are paid between RM400 to RM500 a month, for duration of 12 hours of service per day. As a result of the observation done by that association for the past three years, it was found that some of them were employed by individuals who operated without license. There are also Nepalese hired to work in Malaysia given work permits in the plantation and service sectors but in reality they work illegally as security guards in factories and housing areas (Kumar, January 14, 2011). This situation has caused many companies that employ illegal foreign labours to gain extreme profits, besides not having to get involved in worker welfare issues such as Social Security Organization (PERKESO). In fact, it has also created a major unbalanced competition with security companies that are using legal workers.

## 6 VI.

## 7 Conclusion

Generally, Malaysia has been facing the migration issue for a very long period of time in history and it happens to a the popular target of destination especially in the South East Asian region. At this period of time, the reason for migration is usually due to aspects such as to increase the economic and individual status. Furthermore, factors like major development and lack of work force in importing countries are among the significant source for the entry of foreign workers into the country. Besides that, imbalanced economic development and change in prices of goods in certain regions will also cause an increase in migration. Regarding aspects such as policies and laws, the government is also seen as not conducting enough studies that are detail and precise in making foreign workers policy especially in evaluating aspects like work force demands and offers in Malaysia. The government usually says that the need for foreign workers especially with partial or no skills, are based on the current needs but what is obvious is that their entry is becoming more and in some cases the role of local workers are neglected. In fact, more and more local employers are prone to hire the services of foreign workers compared to locals. This is based on the excuse that foreign workers are a lot easier to be controlled and handled and they are willing to receive any work contract and work environment given such as low salary and long working hours. At the same time, there are also employers who are willing to hire illegal immigrants just because they want to gain multiple times the profit even though it involves local security.

With the uncontrollable entry of foreign workers, eventually it will be a threat to the national security especially in the economy and social context. This phenomenon has also given threat to the amity of the people, when a local worker is forced to compete with a foreign worker to get employed. Furthermore, the leaders and political members in Malaysia often voice out their worry towards the unstoppable over flooding issue of foreign workers. There are some of them who deem this over flooding will bring various negative impacts to the people and country like in employment issues, health, crime and other social issues. National security aspect needs to be looked into in a bigger context and not focussed on military aspect alone, in fact it could happen in various forms including economy, social culture, politics, migration, energy source, smuggling, trafficking and many more. Most developing countries have realised and focussed on various forms of security threats to a more contemporary concept. Therefore, in the world that is full of various developments, it is something that cannot be avoided especially when factors mentioned before are taken into account, alongside evolving development which happens in certain countries. Their contribution to generate economic activities in the country is still relevant. But then, what is more important is that the control and enforcement of immigration policies need to be relevant with the current request so that their inflow will not threaten the national security and the peace of the people, but instead increase the country's economic activities.

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<sup>1</sup>The Dilemma of Managing Foreign Workers in Malaysia: Opportunities and Challenges



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## 7 CONCLUSION

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