A Conceptual Framework on Issues and Challenges of International Migrant Labors in Malaysia

Nurhazani Mohd Shariff and Nur Syafiqah Abd Ghani

School of Tourism, Hospitality & Environmental Management, Universiti Utara Malaysia, 06010 Sintok, Kedah, Malaysia

Address For Correspondence:
Nurhazani Mohd Shariff, School of Tourism, Hospitality & Environmental Management, Universiti Utara Malaysia, 06010 Sintok, Kedah, Malaysia

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ABSTRACT
Background: International migrant labors currently play a vital role in the planning process of human resource for a country. Malaysia is also recruiting the international migrant labors to fulfill several problems such as labor shortages, high operation costs and training costs. Objective: This paper discusses several issues and challenges of international migrant labors with the purpose of developing a conceptual framework for further research. Results: The discussion from previous literature highlighted three major aspects which should be considered in the planning process of recruiting international migrant labors namely, push factors (both involving the country and labors), pull factors and negative impact factors. Conclusion: The conceptual framework on issues and challenges of international migrant labors may provide valuable guide to the stakeholders of the country in planning for future recruitment by taking into account the negative impacts particularly concerning the local people.

INTRODUCTION

Research on international migration is particularly important due to the uneven processes of globalization (Enderwick, Tung and Chung, 2011). Migrant labors may bring new knowledge and skills to destination countries that could help the country to grow and making the companies more competitive. Further, the idea of migrant labors has created several advantages for the selected sectors for instance, the migrant labors can assist in making market entry mode, marketing strategies selection decisions and in tackling business environmental barriers (Chung, 2004, 2002; Chung and Enderwick, 2001).

Additionally, the International Labor Organization ILO (1999) indicated that immigrant labors can help firms shorten their learning process about a foreign host market. In some cases, through the learning experiences offered by migrant labors and the remittances sent to their home country, originating countries also may benefit from temporary migration. As a result, all the new skills, knowledge and decent work experiences will be brought back by the migration to their countries of origin and share them with local co-workers. In other study by Chung (2002) on firms’ in China, Taiwan and Hong Kong, it was confirmed that immigrant labors would affect the selection of marketing strategy.

Further, there have been similar studies which significantly confirmed that firms with low international business experience can still operate successfully in host markets by relying on the experience and networking of their immigrant labors in these markets (Chung, 2004; Chung and Enderwick, 2001). Besides that, most of the wealthy destination countries are also aware of the labor market benefits that migration can bring.

As international migration increased, the opportunities for deploying immigrant skills are eventually growing. The highly skilled demand in the market has become increasingly global, widespread, with activity...
and impacts way beyond the confines of multinational companies and their concerns around expatriation and corporate internal labor markets (Cameron and Harrison, 2012). In addition, for many countries, skilled migration has become a key strategy in combating ageing workforces as well as skill shortages in increasingly globalized economies. To the point that migration in the Asia-Pacific region has grown rapidly in the last 20 years, it is proven by the developed and developing countries such as Singapore, Malaysia and India by providing legal entry to those labors whose abilities they need.

**The Scenario of International Migrant Labors in Malaysia:**

It is a fact that migrant labors have contributed in the Malaysia economic growth. The arrival of foreign labor in Malaysia is to help meet the shortage of labor of the various economic sectors of the country. However, their arrival if not controlled, will decrease the local population’s employment opportunities. Today, there is about 12.5 million international migrant labors in Malaysia with 11 million number of workforce available compared to the year 1995 where only 35% of workforce employed by migrant labors (Hassan, 2009).

Additionally, an Economic Report 2010/2011 indicated that 1.8 million international migrant labors in Malaysia with the highest percentage was from Indonesia (50.9%), followed by Bangladesh (17%), Nepal (9.7%), Myanmar (7.8%), India (6.3%) and Vietnam (4.2%).

There are some factors that cause the international migrant labors to come to Malaysia. One of the major factors is strong economic growth. There are also some contributions of international migrant labors especially those with semi-skilled and un-skilled, where they are willing to fill in the vacancies to work in certain sectors where the local are not interested to work in (Ajis, Keling, Othman and Shuib, 2014). Hence, the government has implemented and introduced few policies on foreign labors since their presence can avoid shortage of workers in sectors such as agriculture, construction, services and manufacturers.

These policies are sometimes looked as a tool for the government to control the entry of foreign labors but as the total number has been increasing uncontrollably annually, this situation seems to be getting worse. Every policy needs to be evaluated based on those two elements, especially those dealing or associated with foreign issue. Hence, it is not the main issue that the entry of foreign labors and the dependence of our country on the foreign labors, but what actually the main problem that needs to be focused upon are the overflowing entry of these foreign labors without control to the extent of jeopardizing the safety of the country. Hence, the government needs to come up with a realistic and holistic approach in order to guarantee the safety of the country, in handling foreign labors issues in Malaysia.

Besides the strong economic growth, the others magnetic factors that have attracted the higher flow of international migration into Malaysia are the stable political situation, harmonious community, higher wages, better working and living conditions (Fakhzan, 2011). In conjunction with the economic reason, strong pressures have been created to push them into migration by many other factors, such as political problems, religious persecution, social disaster and environment degradation. Furthermore, Malaysia becomes an obvious choice for relocating abroad because of the close proximity. The migration can be relatively easy because these immigrants are largely from Bangladesh, Thailand, China and India. Thus, they share almost the same racial roots, ancestors, cultures and languages with many citizens of Malaysia in the form of Malays, Chinese and Indians.

**Objective of the Paper:**

Several studies on international migrant labors have been tremendously conducted. For instance, Janta, Ladkin, Brown and Lugosi, (2011), and Janta and Ladkin (2009) have investigated on factors influence migrant labors’ adaptation in the host society of tourism employment and workplace experiences. Additionally, Ajis, Keling, Othman and Shuib (2014) have conducted a study on the unstoppable entry of international migrant labors which caused the country and its people to worry, especially towards the security of the country by the threat imposed. However, the previous studies did not specifically focus on the issues and challenges of international migrant labors. Hence, this paper focuses on two aspects:

i). To review several issues and challenges of international migrant labors from previous literature.

ii). To propose a conceptual framework to guide organizations towards a better understanding of the matters.

**Review on Issues and Challenges of International Migrant Labors:**

According to Da Vanzo (1981), a person perceptions on the benefits that he will receive by migrating will be higher than the cost of migrate to that particular destination can be one of the reason of migration. The costs can be included in transportation whether directly or indirectly, also the cost of job hunting, health fees, and others. In fact, it was limited to the migrant labors with semi or un-skilled but also involves the skillful migrant from one country to another. Therefore, differences in salary and a better job opportunity in another country can be as one of the reasons of migrates. This is consistent with a study by Ajis, Keling, Othman and Shuib (2014) where they indicated that one of the reasons of international migrant labors tend to migrate is because the differences in salary and a better job opportunity in another country.

Baum (2012) explored the labor migration issues among social partners, civil society, the research
community, policy makers, administrators and the media. He also focused on how best to address labor migration issues within the overall agenda of decent work. The study found that average wages in almost all EU member states in the hotel and restaurant sector is low when compared to average pay. As compared to local workers, their jobs are in general more precarious. Both Australia and New Zealand have, in recent years, depended on a number of sources of migrant labor for hotel employment, similar to North America. The study also found that in support of individual career aspirations and growth on the basis of both corporate requirements, hotel companies, in themselves, act as stimulants of intra-organizational migration, facilitating mobility. Meanwhile, the discussion on international labor markets and the migration of labor forces in the hospitality industry worldwide has also been conducted by Choi, Woods, and Murrmann (2000).

Besides, a study from International Labor Organization ILO (1999) indicated that international migration labors usually tied up to the economical aspect such as high rate of employment and also poverty, but then there are several cases of migration which happen due to the reasons such as natural disaster, running away from war and political instability in the country of origin. This is because the migration of people from one country to another, especially to individuals and countries that export and import migrant labors has become a social development process. Therefore, international migration labors usually tied up to the economical aspect.

Apart from that, the issues of international migrant labors had been studied by WRC Social and Economic Consultants (2009) on the area of Ireland. The study collected information on their experience of seeking employment in Ireland, including their knowledge of the job opportunities available in different sectors, their job seeking strategies and methods and the difficulties and challenges encountered. And it was found that the personal plans and aspirations of immigrants, sometimes referred to as the mode of orientation, can potentially have a significant bearing on how they operate on the labor market and what type of work they want or will accept. However, the study only focused on immigrant workers in Ireland. Besides, Mei (2006) explored the Indonesian labor migrants in Malaysia. She found that the issue occurred was the labor shortages as a large number of workers shifted from rural sector to the manufacturing and services.

Again, according to Ajis, Keling, Othman, and Shuib (2014), the international migrant labors are the major source of workforce in the development of the economy, whether it is for the country that exports or imports those migrant labors. Massey (1993) added that most of the Asian countries also encourage the locals to migrate to another country in the hopes of increasing the economy condition of the country via remittances. Remittance issue often gets a positive perspective from the government when it is believed to provide the current needs of the people such as health and education as well as to increase the development of the country.

A study by Enderwick, Tung, and Chung (2011) using the traditional trade theory was undertaken to examine the myriad linkages between cross-border migration and international business activity through a conceptual framework of international arbitrage. The study found that migrants can help reduce transaction costs for bilateral trade, encourage outsourcing and foreign direct investment through referrals and performance signaling, contribute to nostalgic trade, provide valuable knowledge to their employers in the country of residence and assist country of origin development through remittances and return migration.

As stated by Wickramasekara (2012), migrant labors bring many diseases and increase the crime rates in host countries. This argument is far from reality which is it reflects the traditional stereotyping of migrants. Moreover, there is tacit acceptance of the presence of migrant labors and spread in times of crisis or recession. In fact, when they come looking for decent jobs, it is the dealers who promote transnational crime with impunity forcing women and girls into prostitution and sweatshops. The latter persons face high risk of getting HIV-AIDS and other sexually transmitted diseases. Moreover, migrants are forced to forego treatment or resort to unreliable self-medication due to the lack of medical insurance and support. This could make the incidence of diseases among them would naturally rise.

In addition, jobs for the local population are stealing by migrants. This argument is not supported by the evidence. Migrant labors were filling jobs, which were largely steering clear of by local populations is one lesson of the Asian economic crisis. Throughout the 1980s, industrialization and migratory movements simultaneously gained significant momentum in the South-East Asian region. A similar trend of the mistreatment of migrant labors is presented within Indonesia and Malaysia, while Singapore fared much better despite the presence of authoritarian-based regimes in all three countries (Hajek, 2008).

Besides that, Fakhzan (2011) agreed with Dustmann and Glitz (2005) that in most cases of immigration, they may result in prejudices regarding the taking of jobs from the locals, enjoying the benefits including welfare without paying much, committing felony and crimes, as well as challenging the status quo of the society by imparting different cultural ideas and lifestyles (Borjas, 1999). Further, the anxiety over their demands for economic equity and social justice in the host country creates tensions even when the immigrants have finally been integrated into the community, as they are always perceived as temporarily residing in the country by the native people.

Fakhzan (2011) also agreed that the immigrants are more likely to have a demand bias towards products of their country due to emotional attachment and also having grown up developing fond tastes of their home-country’s products (Poot and Cochrane, 2005). This mechanism shows that the desire of consuming unavailable
home-country products in the host country environment will directly impact on import. It is assumed that the immigrants will increase the volume of imports of host-countries from the home-countries as they present different demand patterns from local people, owing to their different lifestyles, cultures and cuisines, (Mundra, 2005).

In addition, increasing attention has been given to training and education as in response to the demand for skilled labor in the tourism industries (Ruhanen, 2009). In the 21st century, an educated and skilled workforce is considered crucial in ensuring sustainable growth. She added that although there is still considerable scope in terms of accreditation for the informal sectors of the tourism industries, many countries now have an extensive education system encompassing qualifications for the tourism industries up to the postgraduate level. The sector is often criticized for its lack of investment in education and training, despite of the advances. This is especially the case for SMEs thus, do not inspire employers to invest in education and training where seasonality, part-time and casual employees and high labor rates of labor turnover.

Some other issues of international migrant labors are found by Sadi (2015) that stated some several countries such as Australia and United Kingdom, insist that priority need to be given to nationals before temporary migrants are admitted. Authorities in those countries used operation of a quota system in an effort to secure an acceptable balance between the two populations. However, the international migrant labors are often preferred by the employers because most of them are willing to work for lower wages than the local workers themselves. The study also pointed out the negative aspects of having international migrant labors although they are willing to do such low-skilled jobs. In the Middle East countries, expatriate employees or the migrant labors are frequently more productive and disciplined than the local labs, especially the senior managers who have extensive experience and great capability of working.

For firms operating internationally, Chung, Enderwick and Naruemitmongkonsuk (2010) highlighted that in strategy development, immigrant employees may bring precious knowledge which could be deployed. They added, valuable insights into customer behavior, business practices, market entry strategies in their former home country and international marketing strategies can be offered by the immigrant employees.

Diallo (2004) conducted a study on the migration of health-care workers to describe some of the potential uses of statistical information on the migration of health labors and to discuss some of the challenges inherent in measuring the migration of health labors and look at ways to overcome these. Some of the findings were national and local authorities require information that allows them to assess the impact of health personnel migration on staffing taking local needs or national standards into account. Besides, migration data usually come from a variety of sources and are collected by different organizations to be used for a range of purposes. Many countries found that ways of reliably recording international movements and information on occupations is difficult because to allow identification of the main occupations of health personnel, they cannot afford the financial burden of producing reliable statistics. However, the study faced a conflict between the wide range of potential sources and the poor statistical evidence on the migration of health-care labors.

Other than that, a study by Janie, Datu Razali, Izyanti and Awangku Hassanal Bahar (2012) indicated that Malaysia currently allows recruitment of international migrant workers from Nepal, Indonesia, Bangladesh, Myanmar and India. However, the problems in recruiting international migrant workers can be seen for instance, domestic companies that want to hire international migrant labors must spend at least RM100,000 as the capital and with the total sales of RM2 million, in condition with the ratio of 1 foreign workers for 1 domestic workers. The recruitment of international migrant labors also can come up the issue of labor surplus which means, they can cause the locals unable to be employed. The international migrant labors’ presence can stress up public amenities and services, health and educational services as well as the public services.

Meanwhile, Janta (2010) explored the study of polish migrant workers in the UK hospitality industry. The study revealed that the profile of Polish migrant labors and the methods used for accessing employment by Poles in the UK. The primary data collected through qualitative and quantitative method found that those who worked in UK hospitality are predominantly young, female and highly qualified. It was suggested that migrants lack knowledge of local institutions and labor practices that would allow them to choose jobs that are more relevant to their qualifications by informal methods for accessing employment used by highly qualified people.

Joppe (2012) conducted a study of migrant labors on the challenges and opportunities in addressing tourism labor shortages. The study wanted to focus on the migration in OECD member countries, specifically on official government positions with respect to the integration of migrant labors into the host society. By a detailed survey questionnaire, it was found that a regular and systematic increase in the presence of foreigners has occurred. Besides, one of the most profound issues facing immigrants is related to the higher than average unemployment rate, during economic buoyant times and made worse during years of economic crisis.

Additionally, Zopiatis, Constanti and Theocarous (2014) investigated the migrants’ employment experiences in Cyprus, via the views of three different groups of employees; managers, local and migrant employees. By using qualitative method, they found that both industry stakeholders and academic scholars, agreed that while enhancing the collective knowledge regarding migrants’ contributions to the industry, migrant employment can have impacts of the ‘push’ and ‘pull’ factors such as intercultural relationships with the host.
population. Connell and Burgess (2009) also outlined some of the key issues related to migrant labors for instance, work, public policy and human resource management. By survey, interviews and longitudinal census data, they found that high-performing economics attract migrants from lower-performing economics. However, with influxes of migrant labor they also indicated that number of challenges need to be met at the organizational and policy levels.

Another study on challenges of international migrant labors has been conducted by Trimikliniotis (1999) in Cyprus. The role of employers and trade unions in the racialization of migrant labors had also been examined in the study. Besides, the study also considered how conceptualizations of race and racism, and their interrelation with class, is useful in understanding and explaining the processes by which the people are excluded and exploited. He found that in spite of the original agreements there are reports of wage differentials between migrant workers and locals but the labor shortage in Cyprus has been invoked by employers to put pressure for the import of foreign labor. Moreover, no Cypriot would take the kind of occupations and only migrant workers are concentrated in are so low paid.

The study by McKenzie (2009) focused on the implication for human resource management by using the low-skilled migrant labors. He explored the implications for human resource management of employers’ use of migrants in low-skilled work in a UK-based firm. The study indicated that the “hard” human resource management strategy pursued by the company in order to maintain a competitive advantage based on low labor costs and substitutability of workers. Besides, a contradiction is noted between the desire of the firm to retain migrant labors with a strong work ethic and gain high commitment, on the one hand, and their continued attempt to compete on the basis on minimal labor costs and follow a “hard” approach to human resource management. Table 1 summarizes the issues and challenges of international migrant workers from the literature.

<table>
<thead>
<tr>
<th>Issues and Challenges</th>
<th>Sources</th>
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<tbody>
<tr>
<td>High salary/wages</td>
<td>Ajis, Keling, Othman and Shuib (2014); Baum (2012); Da Vanzo (1981).</td>
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<tr>
<td>Better job opportunities</td>
<td>Ajis, Keling, Othman and Shuib (2014); Baum (2012); Da Vanzo (1981).</td>
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<tr>
<td>Political instability</td>
<td>ILO (1998); ILO (1998).</td>
</tr>
<tr>
<td>Natural disaster</td>
<td>ILO (1998); Massey (1993).</td>
</tr>
<tr>
<td>Economical aspect</td>
<td>ILO (1998); Massey (1993).</td>
</tr>
<tr>
<td>Encourage foreign direct investment</td>
<td>Enderwick, Tung, and Chung (2011).</td>
</tr>
<tr>
<td>Reduce transaction costs</td>
<td>Enderwick, Tung, and Chung (2011).</td>
</tr>
<tr>
<td>Gain occupational skills</td>
<td>Ruhangen (2009); Athukorala (1990); Da Vanzo (1981).</td>
</tr>
<tr>
<td>High crime rate/diseases</td>
<td>Wickramasekara (2012); Fakhzan (2011); Dustman and Glitz (2005); Borjas (1999).</td>
</tr>
<tr>
<td>Imparting different culture and lifestyles</td>
<td>Zoppiatis, Constanti and Theocharous (2014); Fakhzan (2011); Dustmann and Glitz (2005); Borjas (1999).</td>
</tr>
<tr>
<td>Increase the volume of imports of host-countries</td>
<td>Fakhzan (2011); Poot and Cochrane (2005); Mundra (2005).</td>
</tr>
<tr>
<td>Better training and education</td>
<td>Ruhangen (2009).</td>
</tr>
<tr>
<td>Bring precious knowledge on marketing strategies</td>
<td>Chung, Enderwick and Naruemintongkonsuk (2010).</td>
</tr>
<tr>
<td>Insufficient statistical data on the labors movement</td>
<td>Diallo (2004).</td>
</tr>
<tr>
<td>Racialization issue</td>
<td>Trimikliniotis (1999).</td>
</tr>
<tr>
<td>Steal jobs from local people</td>
<td>Wickramasekara (2012); Fakhzan (2011); Dustman and Glitz (2005).</td>
</tr>
</tbody>
</table>

A Conceptual Framework Development:

Based on the discussion from previous literature, it is highlighted that the issues and challenges of international migrant labors can be categorized into three major aspects (Figure 1). The first aspect is identified as the push factors, follows with the second aspect identified as the pull factors and the third aspect is named as the negative impact factors. The push factors involve both parties which in this case are the country (Malaysia) and also the international labors.

Several issues and challenges may be seen as factors that push the country to recruit the international labors for instance labor shortages in certain industry, thus by recruiting international labors, the industry might fill in the jobs which the local people are refused to take up. The country also wants to recruit international labors due to the fact that it may reduce the transaction costs, encourage foreign investment and more, it is believed that international labors will expect only low wages from the industry. Besides that, considering international labors as major workforce and may bring precious knowledge particularly to the marketing strategies are also reasons for the country to recruit them.
It is also acknowledged that several issues and challenges become factors that push the international labors to migrate such as the political instability in their countries and also the natural disasters such as earthquake, hurricane and so on. There are also few issues and challenges identified as factors that pull the international labors to migrate for instance the high salary/wages, better job opportunities, the economical aspect of the country and further, the high health and education benefits which they may gain from the country. These pull factors are usually considered as vital factors which cause the international labor to migrate since they will gain more benefits compared to the push factors.

![Conceptual Framework on Issues and Challenges of International Migrant Labors.](image)

Fig. 1: Conceptual Framework on Issues and Challenges of International Migrant Labors.

Generally, the push and pull factors of international migrant labors are also believed may lead to negative impacts for the country. The negative impacts identified from the issues and challenges are high crime rates, imparting different culture and lifestyles which may influence the local people and increase the volume of imports since the labor might prefer to use or buy their products from the origin countries. Further, the insufficient data on the labors movement is also considered as negative impact due to the fact that the country has no proper data/information on the movement of international labors. Other negative impacts identified from the literature are the issues on racialization, problems occur in managing the human resources and also the international labor stealing jobs from the local people.

**Conclusion:**

This paper presents discussion on issues and challenges of international migrant labors in the context of Malaysia. A conceptual framework derived from the discussion indicates that there are three aspects which should be given serious attention by the stakeholders in the recruitment of international migrant labors namely, the push factors (both the country and labors), the pull factors and the negative impacts. This conceptual framework eventually may assist not just the country but several industries in effective planning for recruiting international migrant labors so as to reduce the negative impacts particularly concerning the local people.

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