FOREIGN LABOUR IN THE MALAYSIAN RETAIL INDUSTRY: POLICIES AND CHALLENGES

Chan Wai Meng
Faculty of Business and Accountancy
University of Malaya
Kuala Lumpur, Malaysia
Email: chanwm@um.edu.my

Intan Shahirah Ramli
Ministry of Domestic Trade, Co-operatives and Consumerism
Putrajaya, Malaysia
Email: shahirah@kpdnkk.gov.my

ABSTRACT

The number of foreign workers in Malaysia is on the rise. Records show that there was a threefold increase in the number of legal or registered foreign workers in the last decade, from 807,096 in 2000 to 1,918,146 in 2009. This figure shows that demand for foreign workers has not abated but increased alongside the development of the retail industry.

In the year 2009, 10.6% of the total legal foreign workers in Malaysia were employed for the services sector. The dependence on unskilled foreign workers in some sub-sectors is due to many factors. One of which is during the good times, local workers found certain jobs unappealing with long hours and low salaries. To the employers, the difficulty of securing locals led them to look for alternatives. Workers from foreign countries were brought in to fill the gap. They subsequently proved to be adequate, if not better replacements.

However, the presence of unskilled foreign workers gave rise to concerns. Job opportunities for locals are affected as employers prefer to offer the work to foreign workers. Employers would want to lower their cost of operation thus they offer unrealistic wage making it difficult for locals to agree to take up the job. The constant supply of foreigners willing to take on these jobs did not help. Most of the unskilled foreign workers then and now are imported from underdeveloped and developing countries. However, some of these economies such as Indonesia, Vietnam, Cambodia, India and Bangladesh, are currently growing at a fast pace. The supply from these countries will dwindle in the future. What then would happen to the industries, which includes the retail sector, which are currently dependent on foreign workers?

This paper will examine the issues on Malaysia’s dependency of unskilled foreign workers and the way forward to attract local talent and to ensure the industry will sustain even if the foreign workers are reduced or withdrawn.