

# Some Methods to Promote Labour Export to Malaysia

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## 1. Overview

Malaysia has an area of 330,400 square kilometers. The Malaysian population is about 24 million people of which Malaysian account for about 55%, Chinese 30% and Indian 10%. The per capita GDP is US\$4,000 per year. In the 1970s, especially 1980s, the Malaysian government restructured the economy and carried out the open policy to reach annual growth of over 8%. This led to a serious shortage of labor sources. This is the reason why overseas labor waves come to Malaysia for working.

Malaysia's economic base has been properly adjusted in order to limit the negative effects of the world market changes such as rocketing steel ingot price in 2004, complicated fluctuations of crude oil and golden prices, etc... for the last years. So the economic growth of Malaysia has been remaining high speed at over 5% per year.

Malaysia is an Islamic country (an ASEAN country member), having the tropical monsoon- climate conditions not different from the Southern Vietnam, similar cultures, and two to four hours from HCMC or Hanoi by air, so Vietnamese workers can commute easily between Vietnam and Malaysia.

## 2. Facts of Vietnamese workers in Malaysia

Malaysia both imports and exports labor. The Malaysia's high-technical labor is now working in countries like Singapore, Japan, Australia, America and European countries. Most of labor sources come to Malaysia from countries in the region and they find jobs in industries requiring low labor standards. In 2006, the number of legal overseas workers in Malaysia reached about 1.6 million, of which 1.1 million are Indonesian (68.75%), 160,000 Nepalese (10%), and 120,000 Vietnamese (7.5%), Indian 95,000 (5.93%), and Myanmar 70,000 (3.75%). The above mentioned figure does not include 0.5 million illegal workers coming mainly from a few countries in the region.

Vietnam has started exporting labor to Malaysia since February 2002. As many as 105 companies have been sending 135,575 workers to Malaysia including 19,965 in 2002; 38,227 in 2003, 14,567 in 2004, 24,605 in 2005 and 37,941 in 2006. Most of Vietnamese expatriates work in Malaysian factories, companies or construction sites in big cities, industrial parks across 12 out of 13 states in Malaysia. Among workers exported to Malaysia, fe-

male workers account for 31%. Female workers are from rural areas in Vietnam, but most of them finish secondary school.

Five years have passed since the first Vietnamese workers were exported to Malaysia and although there were certainly troubles like ones in 2004 when more than 1,000 Vietnamese workers were forced to repatriate to Vietnam due to increasing steel prices and changes in Malaysian construction and investment policies which resulted to bad effects in exploiting labor sources. Vietnamese workers in Malaysia have stable jobs, especially ones working in factories and earning an average salary from US\$170 to US\$300. Some workers may get an income from US\$400 to US\$500. On average when finishing the contract, one worker could save about US\$3,600 – US\$7,200. Due to Malaysian strict labor law and negligible differences between income under labor contracts and one without labor contracts, the number of workers who break labor contracts and run away is insignificantly low, less than 1%.

Vietnamese workers are highly appreciated by Malaysian employers for their intelligence, ability to learn quickly and being good hands. However, Vietnamese workers are physically weak, have poor communication skills in foreign languages, do not pay appropriate attention to the employer-employee relationship and do not strictly comply with the laws. There have been strikes, demonstrations, fighting, drinks, gambling and traffic accidents that damage the reputation of Vietnamese workers in Malaysia. On the other hand, Malaysia has not promulgated consistent policies toward foreign workers; there have been frequent changes in their policies and effects of diverse social forces which causes troubles in accessing to this labor market.

Nevertheless, in both short and long term, Malaysia is still a huge labor market suitable to Vietnamese manual workers, farmers, and workers coming from rural and remote areas.

## 3. Chances for Vietnamese workers in Malaysia

In the near future, Malaysia remains the main labor export market for Vietnam and offers a lot of opportunities to Vietnamese workers for the following reasons:

**First**, the Malaysian economy will keep growing for the coming years. The Malaysian government has introduced appropriate policies in line with



changes in the world economy. The Malaysian economy is expanding its services, thus creating a lot of new jobs (approximately 5 more million jobs). This is fueled by increasing prices of rubber, palm oil, wood products (Malaysia's staples) in the coming years. The Malaysian construction industry after several years of recession has shown signs of recovery which provide more jobs for local and foreign workers. There are changes in the policies on imported labor in favor of foreign workers, for example, the establishment of outsourcing companies, paperwork reduction and improvements in the process of approving foreign workers.

**Second**, the Law on Vietnamese Workers Working Overseas has been promulgated on November 29, 2006 by the National Assembly of Vietnam at its eleventh session. It will be followed by implementing regulations issued by the Government, Ministries and Departments. They will altogether set up a legal foundation for the Vietnamese labor export and win the confidence of Malaysian labor importers.

**Third**, Malaysia has been importing labor from other 10 competing countries including Indonesia, Nepal, Thailand, and Pakistan. These countries are facing challenges in sending labor to Malaysia, which creates an opportunity for Vietnam to promote its labor export to Malaysia.

**Fourth**, Vietnamese companies have been gaining a lot of experience after 5 years of exporting labor to Malaysia. At the same time, the Malaysian government under pressure from non-governmental organizations is implementing policies and measures to strictly monitor the treatment of foreign workers under regulations of the International Labor Organization (ILO). The government also enforces Malaysian employers to give equal treatment to local and foreign workers in terms of salary, income, insurance and other benefits. This will create a better environment for foreign workers in Malaysia.

**Fifth**, there are difficulties in the labor market in Vietnam. Due to the increasing pressure on the local labor market, the Government will pay more attention to the access to the Malaysian labor market. There will be more companies established to export labor to Malaysia.

Some methods to promote labor export to Malaysia

We need to apply the following methods to increase the labor export to Malaysia in the near future:

**First**, labor export companies should improve their recruitment, training, foreign language education, career orientation and labor quality. Regarding recruitment, close co-operation must be estab-

lished between companies, job centers, local authorities, labor brokerage houses and employees. It is necessary to review the applicant's personal records, screen and reject applications of those who have the records of living rough and fast lives. They also provide training courses in traffic rules, personal safety and Malay language. In addition, workers need be given medical tests to avoid early termination of labor contracts or death and casualties due to health reasons.

**Second**, the Law on Vietnamese Workers Working Overseas need be soon implemented to create a legal foundation for the labor export industry. The management of Vietnamese workers working overseas should be strengthened to reduce the run-away rate and gradually expand labor export markets. In addition the authorities should promote the image of Vietnam, its people and economy. There should be a newspaper for Vietnamese workers in Malaysia and other countries.

**Third**, the relevant authorities are required to screen the requests for export labor and inspect the working conditions, living conditions, salaries, and treatment to foreign workers. Companies are encouraged to look for major requests for export labor with high salary and stable job security for the workers.

**Fourth**, companies have to increase their number of representatives in Malaysia to instruct and manage Vietnamese workers and deal with their issues on time. It is advisable to apply the team or group management methods where in each team or group there are from 15 to 20 members and one of them will be a team leader who is also a worker and manages the team or group. The team leader will be entitled to responsibility allowances for his/her management work.

**Fifth**, it is necessary to review the fees payable by the workers before their departure to the labor importing countries. All kinds of fees must be disclosed and unreasonable fees must be removed. The companies are encouraged to enter into direct contracts with the employers to avoid brokerage fees and reduce management fees. The fees may be collected after the workers departed to Malaysia. The banks may provide soft loans to the workers to help the workers with their financial burdens.

**Sixth**, labor export companies need to prepare strategies to use labor upon contract expiry by contacting local employers, especially ones having Malaysian investment or long-term business relationship with Malaysian companies so that the workers may quickly have a stable life. At the same time there should be policies for the workers whose labor contracts are terminated before expiry due to force majeure so that they can be rehabilitated quickly in the community. ■