

MEF: Urgent Need to Address Shortage of Foreign Workers

Petaling Jaya : Currently employers are facing acute shortage of foreign workers due to the freeze of the recruitment of new foreign workers imposed during the 2020 and 2021 periods to combat Covid 19 and closure of Malaysian borders . Since mid February 2022 the government lifted the freeze on recruitment of foreign workers. However, the application and approval processes are still not running smoothly and no new foreign workers are brought in thus far despite more than 475,678 employers submitted the applications to recruit foreign workers through the Foreign Workers Centralised Management System (FWCMS) as of 1st April 2022. It was reported that out of 475,678 of the total applications submitted, 290,248 applications were for workers in the manufacturing sector, service (77,000), plantation (53,854), construction (43,519), agriculture (11,037), mining and quarry (20).

MEF President Dato' Dr. Syed Hussain Syed Husman J.P. stated that "MEF is very concerned that after close to two months of opening up of the applications to recruit new foreign workers up till now only 2,605 applications submitted to hire foreign workers in the manufacturing and plantation sectors were approved. Despite employers trying very hard to resolve shortage of workers, especially foreign workers, the approval rate of 0.55% out of the total 475,678 applications submitted is indeed a major concern as such situation may derail efforts by businesses to recover quickly. MEF is worried that the shortage of workers may even affect Malaysia's GDP growth for 2022 projected at between 5.3% to 6.3% by Bank Negara Malaysia."

"With the resumption of operations in later part of 2021, and the transition to endemic and opening of the borders with effect from 1st April 2022, the concern of most employers is to ensure adequate supply of manpower so that industries can operate at optimum capacity. There is a need to enhance the confidence of businesses to boost up the domestic economy through continued stimulus packages as businesses need more lead time to move up the value chain. MEF supports the opening up the economy and employers are eager to recover their businesses, but those in these sectors are frustrated at the scarcity of available workers."

Dato' Dr. Syed Hussain states further that "The shortage of workers especially foreign workers became more critical during the Covid 19 pandemic when the government imposed freeze of intake of new foreign workers. Even though the current unemployment rate is 4.2% involving about more than 680,000, local workers are not keen to be employed in such sectors. Obviously locals that are unemployed are not willing to fill up the vacancies as such jobs are seen as in the lower categories and unattractive to the locals. Despite the implementation of programmes such as MyFuturejobs portal and PenjanaKerjaya to recruit locals have not been successful."

"There is a need to address the issue of labour shortage urgently as Malaysia is facing competition from other ASEAN countries and China. Employers should be facilitated to fulfil the orders of their clients as failure to do so may risk such clients sourcing for other suppliers. The shortage of workers in the plantation, construction and the manufacturing sectors need to be addressed and resolved urgently to boost the economic recovery efforts." adds Dato Dr. Syed Hussain. "Palm oil plantations face acute shortage of harvesters that continue to result in loss of revenue for planters of more than RM 30 bil and income to the government due to loss in palm oil yield. Palm oil industry may not be able to compete with that of Malaysia's neighbours by virtue of higher cost of sales and wastage. The government should urgently address the shortage of more than 72 ,000 workers in the plantation sector."

"The construction sector in the country is facing a serious shortage of workers causing some major construction projects to fall behind schedule. Shortage of workers severely impacted production especially for the E& E industries, disrupted supply chain and business operations resulting in delays and being unable to meet new orders from both local and foreign buyers. It is estimated that the manufacturing sector faces 40% of manpower shortage."

"Hotels submitted applications to employ foreign workers but in most cases still waiting for approval for the quota even after two months. In the meanwhile hotels' contract service providers such as cleaning contractors that employs foreign workers, the service providers are having difficulty getting quota as well, they were told priority for other industries first as there is not enough supply at the source countries."

“Shortage of workers in the restaurant industry estimated at 40,000 is critical. A lot of restaurants had closed shops. Every day restaurants owners are posting restaurants equipment and utensils for sale. Some closed permanently and many others has reduced the branches. The only reason is shortage of workers. Some employers are going to the extend of pinching or poaching workers by enticing them with higher wages thus a lot of workers running away. Restaurant industry is facing dire shortage of workers and applications through FWCMS is very difficult. The FWCMS can be further improved to facilitate employers to apply online to recruit new foreign workers. Let’s not use negatives when dealing with KSM. Calling FWCMS is frustrating as the call will not be picked up and only machine will answer. A chain of industries depend on the restaurant for their survival such as poultry, egg, vegetable, fish and ice cube suppliers. All are inter dependent. If restaurants closed down all these related industries will also be closed.”

“In addition delays in getting new foreign workers, the high cost of recruitment which can be more than RM7,000 for a worker including the recruitment agent’s fees, the employers have to pay about RM4,200 for each foreign worker to undergo quarantine. Currently all quarantine centres, as well as hotels for quarantine purposes, were in the Klang Valley could only accommodate about 10,000 people at any given time. MEF hopes that the Government would consider opening up more quarantine centres and subsidize the employers for the quarantine expenses. This is to ease the employers’ burden and to allow quarantine in areas outside Klang Valley and near the place of work of the workers where the costs for quarantine can be lower.”

Dato’ Dr. Syed Hussain adds that “MEF hopes the government discuss and negotiate with the source countries to control and cap the recruitment fees charged by the agents at the source countries as whatever fees charged by the agents at the source countries will be eventually be paid by the employers in Malaysia under the zero fee recruitment policy. Apart from the high cost factors that need to be reduced, MEF also hopes that the length of time taken for the foreign workers to arrive to Malaysia can be shortened. It is estimated that under the normal process of applying for new foreign workers it may take up to about 6 months before the foreign worker may start work. Employers need the

new workers urgently to assist in their recovery efforts and put their businesses on the right path.”

For further information, please contact the MEF Secretariat at 03-7955-7778 or fax 03-7955-9008 or email mef-hq@mef.org.my.

5th APRIL 2022