



**PERSEKUTUAN MAJIKAN-MAJIKAN MALAYSIA  
MALAYSIAN EMPLOYERS FEDERATION**

## **Pre-Training Report Presentation**

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*Honorary Treasurer and Council Member  
Malaysian Employers Federation (MEF)*

**MALAYSIA**

**Program for Leaders of Employers' Organizations  
and Successful Former Participants [EREF]**

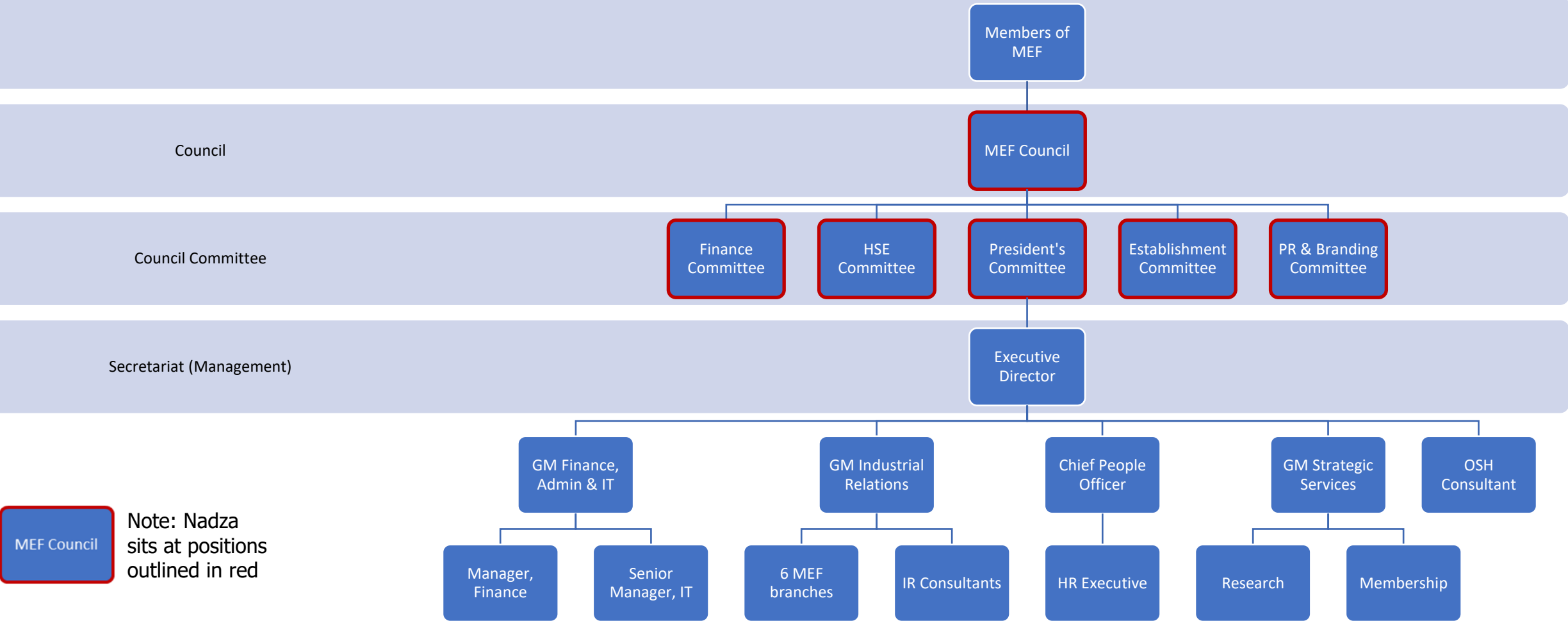


# MEF Outline & Main Duties in MEF

- MEF provides a forum for consultation and discussion among members on matters of common interest, and seeks for the adoption of sound principles and practices of human resource and industrial relations.
- Duties at MEF relating to Industrial Relations (IR), Human Resource Management (HRM) & Human Resource Development (HRD) include :
  - Elected as Council member of MEF since 2018 and appointed as MEF Honorary Treasurer and Chairman of Finance Committee since 2020.
  - Represent MEF as board member of national organisations that impact Malaysian employers such as Social Security Organisation (SOCSO) and Government-Industry TVET Coordination Body (GITC).
  - Represent MEF at national committees such as National Labour Advisory Council, Occupational Safety & Health Master Plan 2025, and Project Committee on Social Accountability Standards.
  - Deliver lectures for students undertaking diploma in HRM under the MEF Academy.
  - Attend International Labour Conference of the International Labour Organisation (ILO) in Geneva.



# Organisation Chart



**MEF Council** Note: Nadza sits at positions outlined in red

# Malaysia Labour Issues

- Several contemporary labour issues are gaining prominence in Malaysia, namely:
  - Increasing regulation on labour matters in Malaysia
  - Shortage of manpower in selected industries (eg hospitality, manufacturing)
  - Emergence of non-traditional employment by gig economy
  - Increasing demand on companies to address mental health
  - Lack of interest in Technical & Vocational Education and Training as a career
  - Shortage of Foreign Workers



# Why is it important to discuss Shortage of Foreign Workers (FW)

- Employers employed significant amount of FW:
  - Malaysian labour force is 16 million
  - Up to 15% of labour force is foreign workers
- MEF members have complained about lack of FW impacting their ability to run their businesses.
- Prime Minister was advised that Malaysian GDP in 1Q2023 can increase by 1% if shortage of FWs can be quickly resolved
- Malaysian government has introduced a few of regulations relating to FW.



# Shortage of Foreign Workers (FW)

- Why Malaysia needs FW?
  - Malaysia employs a lot workers in the 3D sectors of the economy (Dirty (*eg waste management*), Difficult (*eg plantation*), Dangerous (*eg construction*)).
  - Local workers shun work in 3D sectors, making them dependent on imported labour, the FW.
- FW in Malaysia by sector

Sector	Manufacturing	Services	Construction	Plantation	Agriculture	Domestic Help
FWs employed	412,851	163,220	273,027	137,410	99,803	84,378



# Shortage of Foreign Workers (FW)

- Severe FW shortage and 2 sectors in dire shortage :
  - Construction – short 550,000 construction workers.
  - Plantation - short 120,000 field workers.
- Impact of shortage of FW
  - Palm oil industry is major GDP contributor and forex earner. Export in 2021 was RM109 billion (USD25 B). Losses due to unharvested oil palm fruit estimated at RM20 billion (USD5 B) in 2022.
  - Declining crude palm oil production:

Year	2020	2021	2022 (Est)
Crude Palm Oil Production	19.1 million tonnes	18.1 million tonnes	18.0 million tonnes

# Shortage of Foreign Workers (FW)

- Why did shortage materialise?
  - When Covid-19 started to spread globally, Malaysia closed its borders and limited its economic activity and FWs returned to home countries.
  - Post-pandemic, FWs are not returning back to Malaysia, thus creating shortage of FW.
  - Government imposes FW quota on employers trying to recruit FW
  
- Efforts being undertaken to ease shortage :
  - Ministry of HR has signed MOUs with Indonesia, Bangladesh and Cambodia to facilitate entrance of FWs from these source countries.
  - Industry has proposed more incentives to automate and digitalise industry processes.
  - Industry is pushing to replace fixed FW quota with Multi-Tier Levy Mechanism, where the more FWs you employ, the higher levy you pay.





# Multi-Tier Levy Mechanism

## CURRENT MTLM PROPOSED BY ILMIA

Tier Stage	Sector					
	Agriculture & Plantation [1 LW: 4.5 FW]	*Construction [1 LW: 4 FW]		Mining & Quarrying [1 LW: 0.5 FW]	Services [1 LW: 1 FW]	Manufacturing [1 LW: 3.5 FW]
		Skilled FW	Unskilled FW			
Tier 1	≤45% RM 640	≤35% RM 1,850	≤35% RM 2,000	≤20% RM 1,850	≤25% RM 1,850	≤35% RM 1,850
Tier 2	>45% - ≤65% RM 685	>35% - ≤ 60% RM 2,050	>35% - ≤ 60% RM 2,200	>20% - ≤ 35% RM 2,200	>25% - ≤ 40% RM 2,200	>35% - ≤ 60% RM 2,100
Tier 3	>65% - ≤81.8% RM 780	>60% - ≤80% RM 2,300	>60% - ≤80% RM 2,500	>35% - ≤50% RM 2,550	>40% - ≤50% RM 2,500	>60% - ≤75% RM 2,400

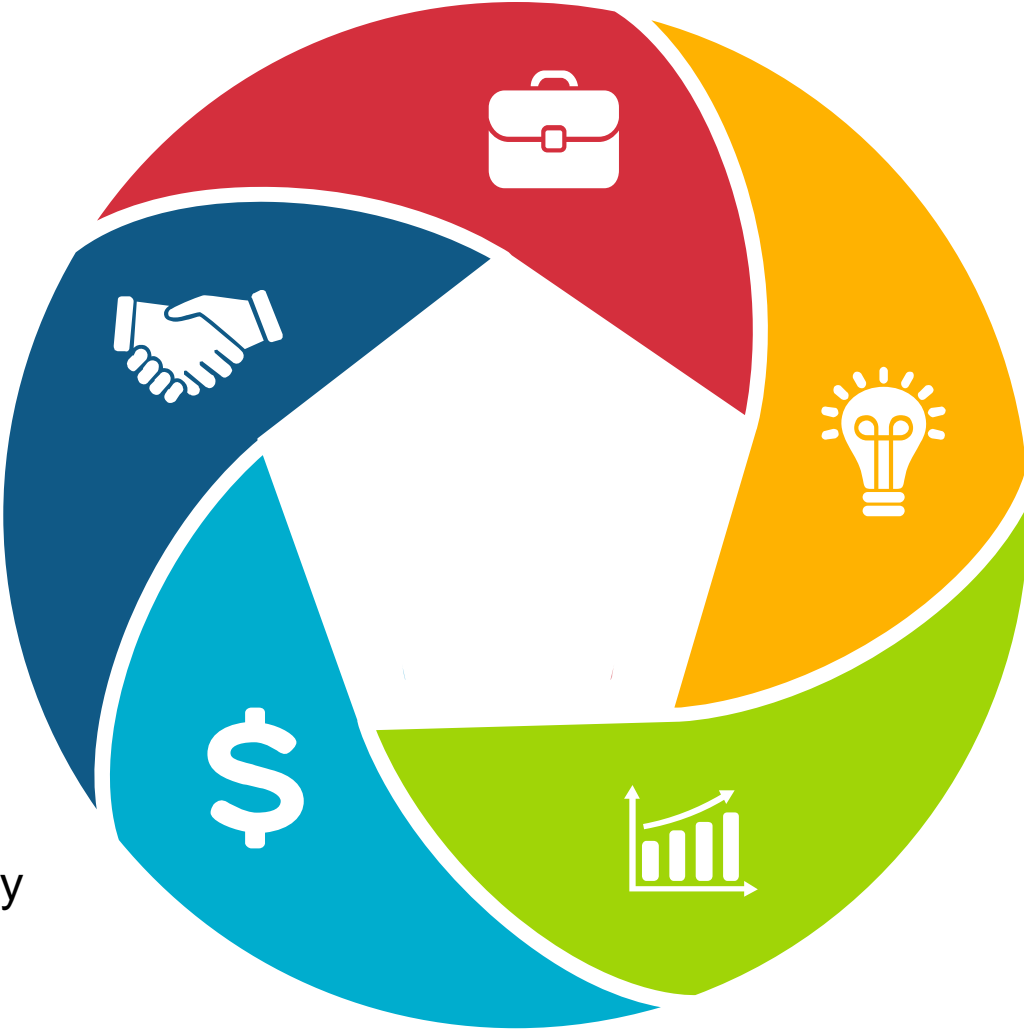
- \*Notes for construction sector:*
- Total approved based on project (OSC)
  - Quota= 80%
  - 15% skilled FW must be skilled and accredited by CIDB
  - Per Construction Industry Transformation Programme (CITP)
  - Review levy every 2 years.

# FW in Malaysia: A Summary

**1**  
FWs are important component of Malaysian labour force (15% of workforce)

**2**  
Post pandemic, FWs are not returning to Malaysia (found comparable work at home, FW quota impacting return, source country not releasing them)

**3**  
Govt is trying to address by signing MOUs with source countries



**5**  
It is hoped that with successful implementation of all measures, employers will obtain the FWs they need, while industry will reduce dependency on FWs

**4**  
industry is proposing Multi Tier Levy Mechanism, incentivise use of technology and automation

