



The dependency of economy of Sabah on foreign workers: A study using Labour Force Survey, 2017

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1. INTRODUCTION

Sabah's economy in 2017 was impressively grew by 8.2 per cent as compared to 4.7 per cent in the previous year. The continuous implementation of government initiatives provides a better platform for the state economy to grow. However, the contribution of foreign workers in various sectors in Sabah is so significant. This study aimed to clarify in what extent of dependency on foreign workers in five main economy sectors in 2017.

2. OBJECTIVES OF THE STUDY

The objectives of the study are:

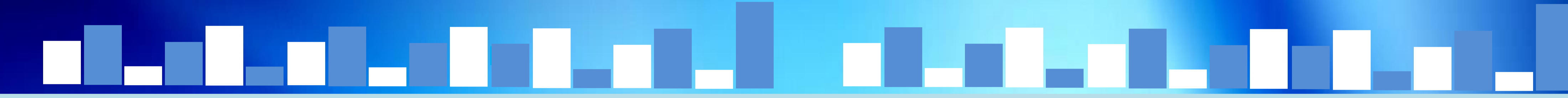
- 2.1 To establish the dependency of economy of Sabah on foreign workers
- 2.2 To study the impact of foreign workers to the economy of Sabah

3. MATERIAL AND METHODS

The data used in this study was obtained from the result of The labour Force Survey 2017 for the State of Sabah. The survey was carried out monthly from January to December 2017 using the household approach.

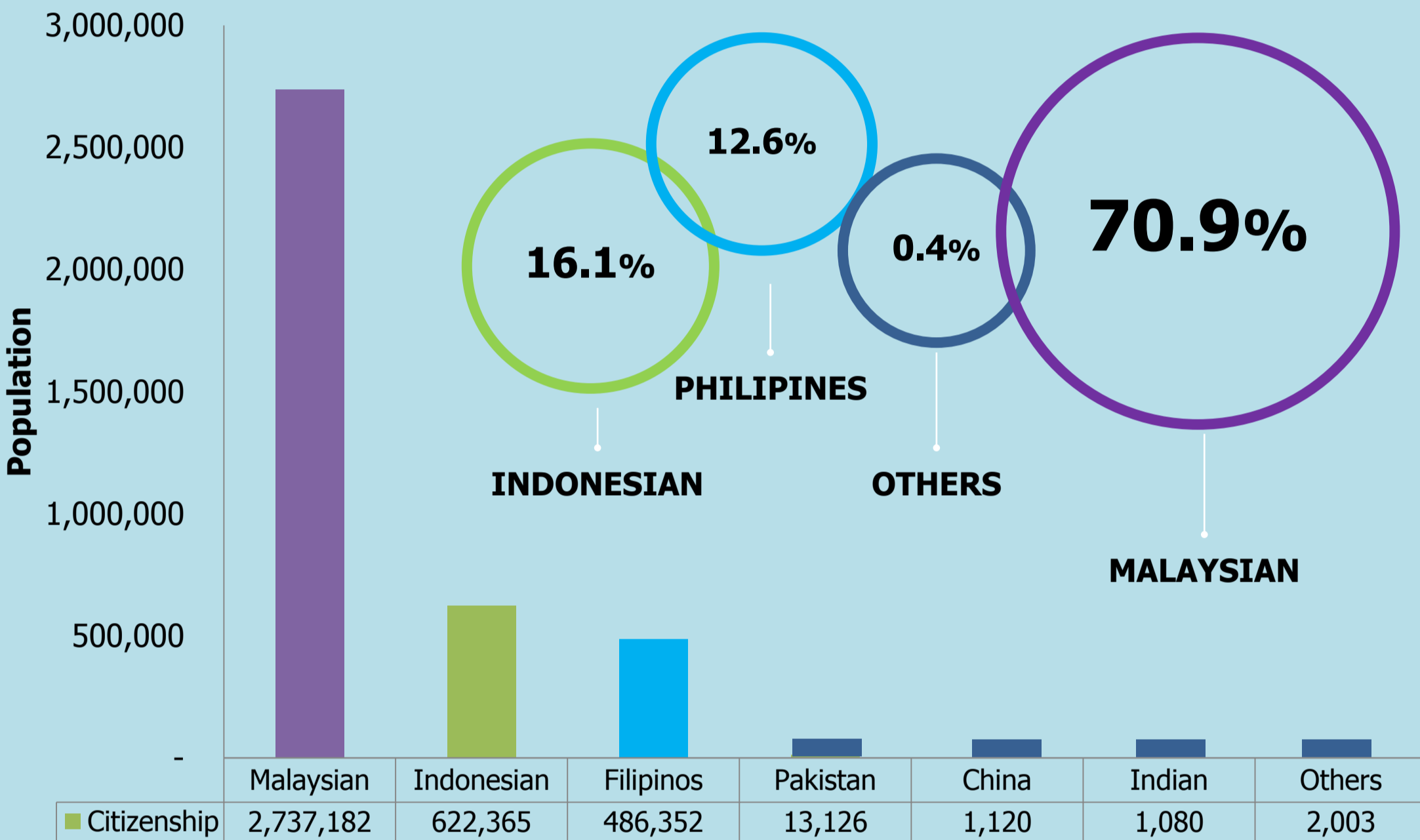
A total of 34,390 persons were included in the samples and each them had been given a weight to represent the Sabah's population. The probability sampling method namely Stratified Sampling and Systematic Sampling were applied during the selection process.

The objective of this survey was to obtain the employment statistics in Malaysia such as the number of persons in the labour force, employed and unemployed persons as well as the number of persons outside the labour force. The main indicators published were the labour force participation and unemployed rates.

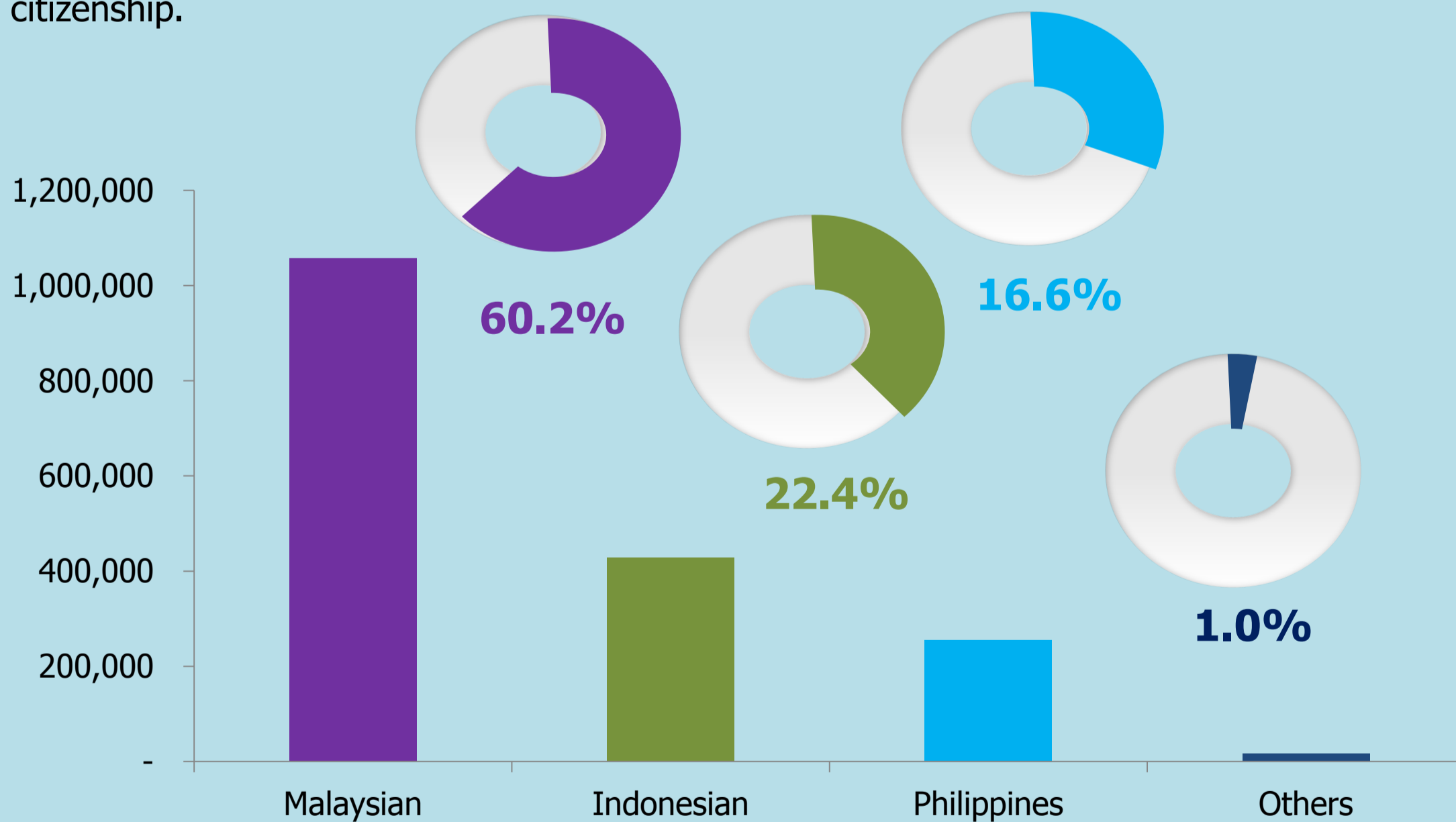


4. RESULTS

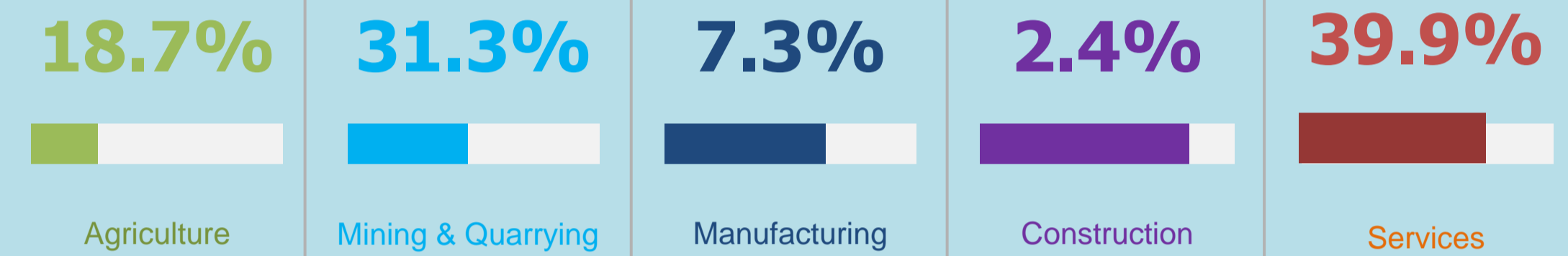
The diagram shows that 30 per cent of the population in Sabah are non-citizen. Among the non-citizens, Indonesian recorded 16.1 per cent of the total population followed by Filipinos (12.6 per cent). Others were a combination of those who hold the citizenship from Pakistan, China, India and other countries.



In 2017, there were 1,755,898 people working in various industries in Sabah (excluding those in the informal sector). Out of these, 60.2 per cent were Malaysian while the rest were non-Malaysians (39.8 per cent). Among the non-Malaysians, Indonesians contributed 22.4 per cent of the total workforce followed by Filipinos (16.6 per cent) and others (1.0 per cent). The chart below shows the percentage of workers in Sabah by citizenship.

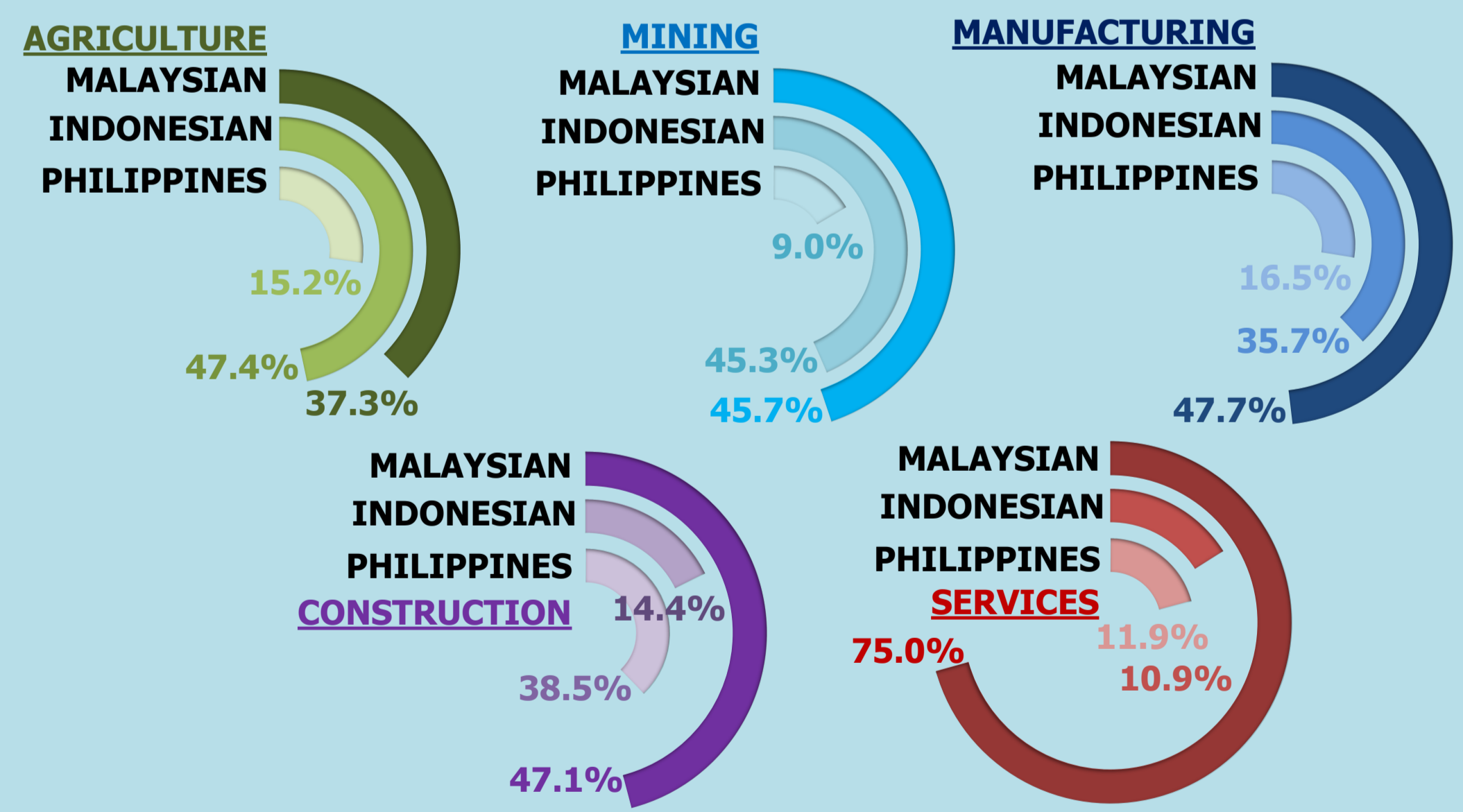


The diagram below shows that there are three main sectors that drive Sabah's economy which are agriculture, mining and quarrying, and services. In 2017, these three sectors contributed about 89.9 per cent of the Sabah's economy with the largest contribution came from the services sector (39.9 per cent), mining and quarrying (31.3 per cent) and agriculture (18.7 per cent).



Sector / Year	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture	27.3	28.6	26.1	26.0	25.4	22.5	19.1	18.7
Mining	24.2	20.3	21.7	21.6	21.7	25.6	29.5	31.3
Manufacturing	8.3	8.7	8.3	8.4	8.6	8.1	7.5	7.3
Construction	3.2	3.4	3.7	3.1	3.1	2.8	2.6	2.4
Services	36.6	38.7	39.8	40.6	40.8	40.5	40.9	39.9
Import duties	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Total	100	100	100	100	100	100	100	100

Based on the illustration below, all sectors of the economy except the services sector recorded the larger number of non-citizen employees compared to citizen employees. The Agriculture Sector recorded 62.6 per cent non-citizen employees while the Mining Sector had 54.3 per cent of non-citizen employees. Meanwhile, the Manufacturing Sector and Construction Sector also had more non-citizen employees with 52.2 per cent and 52.9 per cent respectively.



5. CONCLUSION

Based on the findings, the conclusions can be made in line with the objectives of the study:

- 5.1 The dependency of economy of Sabah on foreign workers is significant especially in agriculture sector;
- 5.2 Generally, it is estimated that about 40 per cent of Sabah's economy is contributed by foreign workers; and
- 5.3 Every policy that involves foreign workers should be examined as best as possible to ensure the stability of Sabah's economy as a whole; and supply of labour force in particular.

For future studies, it is proposed that economic census data should be used especially in assessing inputs and outputs for each economic sector involving foreign workers. This will show more clearly about the contribution of foreign workers in every economic sector in Sabah.

6. REFERENCES

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