

FACTORS AFFECTING EMPLOYMENT ISSUES RELATED TO INDONESIAN WORKERS IN SABAH: A CASE STUDY OF MENSULI ESTATE

*Nur Aziemah Jasni¹, Nasuddin Othman²

Faculty of Plantation and Agrotechnology¹,
Universiti Teknologi MARA Cawangan Sabah

Faculty of Plantation and Agrotechnology²,
Universiti Teknologi MARA, Shah Alam

*Corresponding author's email: aziemah856@sabah.uitm.edu.my

Abstract

The study analysed the employment issues related to Indonesian workers in Sabah. This study aims to determine the main factors that contribute to the oil palm productivity in relation to minimum wage, welfare management, and training provided to the Indonesian workers, to examine productivity status of the foreign harvesters and loose fruit collectors with welfare management and to examine the foreign harvesters' and loose fruit collectors' employment situations in oil palm plantations in Mensuli Estate. The method that had been used to obtain the data in this study was questionnaires distribution method and personal interviews. The data was analysed by using factorial analysis. The factor analysis identified seven factors that led to employment issues of Indonesian workers. The factors including competition with Indonesian palm oil plantation, training provided by the company, welfare management, satisfaction with the company welfare management, wage satisfaction, minimum wage and high cost of living. It was found that most of the respondents knew about the wage hike in Indonesia palm oil plantations and they were willing to return back to their homeland. Therefore the government should take an action to prevent the workers shortage issues in the plantation by encouraging local younger generation to work in the plantation sectors.

Keywords: Employment; Indonesian workers; Sabah; Mensuli Estate

1.0 INTRODUCTION

Malaysia is the second exporter of crude palm oil and second largest producer of oil palm after Indonesia. Oil palm planted area in 2015 reached 5.64 million hectares, an increase of 4.6% as against 5.39 million hectares recorded in the previous year. This was mainly due to the increase in new planted areas especially in Sarawak, which recorded an increase of 13.9%. Sabah is still the largest oil palm planted state, with 1.54 million hectares or 27% of the total oil palm planted area, followed by Sarawak with 1.44 million hectares or 26%, while Peninsular Malaysia accounted for 2.66 million hectares or 47% (MPOB, 2016). Furthermore, as planted areas of oil palm are expanding, oil palm plantations in Malaysia are facing labour shortage. Malaysia is highly dependent on Indonesian workers, especially in the plantation sector. The current status of labour to land ratio is one person to 10 hectares of oil palm area (Hanim, 2012).

In addition, by the year 2020, Malaysia plans to develop another 500,000 hectares of oil palm and if labour to land ratio is maintained, Malaysia will require an additional of 50,000 workers in oil palm plantations. The crucial part in the palm oil production is the worker or labour. Most of the foreign plantations workers in the oil palm plantations are the Fresh Fruit Bunch (FFB) harvesters and collectors who work in the crucial parts of the oil palm plantation which acts as one of the pulses in

the oil palm plantation. Besides that, general workers in the oil palm plantation also showed a decline in numbers. The Indonesian workers worked mainly as Fresh Fruit Bunch (FFB) harvesters, loose fruit collectors and other field workers. According to Faizah (2010), the proportions of foreigners were exceeding 77% in each of these job categories. Most of the labours come from foreign countries such as Indonesia, Bangladesh and Myanmar. Under the current situation, Malaysia is having problems in labour supply as most of the skilled Indonesian labour is going back to their homeland. As Indonesia become the largest producer of oil palm, the labour shortage issues become more critical in Malaysia as most of the fruit harvesters and collectors come from Indonesia. It will affect Malaysian palm oil margin and make it more difficult for Malaysia to address its labour shortage issues, according to Maybank Investment Bank (Ho, 2012) as the Indonesian workers chose to go back to their homeland.

Labour shortage problems may affect the palm oil production as well as may affect the revenue of the organization. The labour shortage not only affects the plantation income but it also may increase the production cost. The Malaysian Estate Owners Association (MEOA) president Boon Weng Siew stated that he predicted that about five million tons of oil palm fruits are rotting in the field which is equivalent to a million tonnes of crude palm oil (Ooi, 2012b). This situation happened when there is not enough labour supply especially in the harvesting activities.

1.1 Background of Study

Sabah is the largest producer of oil palm in Malaysia. The shortage of workers in the oil palm plantation has been an ongoing problem (Kamarul, 2012). According to the statistics provided by the Labour Department, plantations in Sabah employ the highest number of Indonesian workers. The oil palm industry is facing a critical problem especially on labour shortage as bunches and loose fruit were not collected which may cause income losses to the company (Mahbob, 2010). Currently, most of the foreign plantations workers, especially fruit harvesters and collectors as well as other field workers come from Indonesia have chosen to go home due to the booming oil palm sector in their country (Hanim, 2012). In addition, when Indonesia announced the minimum wage last November 2012, labour shortage issues in oil palm industry in Sabah become worst. Indonesia's minimum wage hike plans will place Malaysian oil palm plantation firms in a quandary next year as many skilled Indonesian workers working in estates here will likely return home for better salaries (Clara, 2012).

Besides that, most of the married Indonesian workers especially male are not allowed to bring along their family member. The major complaint amongst male Indonesian workers is loneliness for their spouse and children left at home in their village at source country and did not provide clean portable water supply to their workers as stipulated in the law (Daud, 2006). Therefore most of the skilled Indonesian workers are going back to their homeland as they can get better wages and closed with their family members. The welfare management and employment is very important in order to maintain Indonesian workers in the estate. There are many factors affecting labour issues. Until now there are few studies that have been conducted to determine or examine the actual factors that lead to labour issues in oil palm plantations in Sabah.

This study aims to determine the main factors that contribute to the oil palm productivity in relation to minimum wage, welfare management, and training provided to the Indonesian workers, to examine productivity status of the foreign harvesters and loose fruit collectors with welfare management and to examine their employment situations in oil palm plantations in the study area.

2.0 LITERATURE REVIEWS

2.1 Current labour issue on overall activities in oil palm plantation in Sabah

Sabah employs the highest number of Indonesian workers due to the larger palm cultivation which is about 1.07 million hectares as compared to the 2.5 million populations (Daud, 2006). Sabah has acquired more foreign labour from Indonesia and a small number of Philippines due to laws restriction on Indonesian workers while Peninsular Malaysia has more freedom on choosing Indonesian workers from different countries (Ramli et al. 2011). In addition, when Indonesia announced the minimum wage last November 2012, labour shortage issues in oil palm industry in Sabah became worse. As Abdul Kadir (2012), pointed out that Sabah and Sarawak especially in oil palm plantation sectors are heavily dependent on Indonesian workers but “sadly, their wages are much lower as compared to their peers in the Peninsula.” Thus, it becomes more difficult for oil palm plantation in Malaysia especially in Sabah to retain and recruit the Indonesian workers. Ramli et al. (2011) mentioned that in the year 2010, FFB harvesters and collectors had higher employment rate which engaged 43% of 446,368 oil palm plantation over Malaysia. Malaysia was not the only country which faced skilled labour shortage problem but this problem also happened worldwide such as in Canada, United Kingdom, India, Bahamas and United States (Shazwani et al. 2012).

2.2 Factors affecting foreign labour issues in oil palm plantations

2.2.1 Minimum wage

The minimum wage rate is one of the major factors that caused labour issues not only in Malaysia but in other countries as well. The major problem of labour issues in estate work is low wage rate and this situation happened in all regions (Pathiraja et al. 2010). In addition, wage rate imposed in Sabah and Sarawak was RM800 per month which was lower as compared to Peninsular Malaysia with RM900 per month. The agricultural workers usually get lower wages, undertake laborious job and have highly irregular employment (Pandhi, 2007). As mentioned by Kaur et al. (2011), it was observed that the major economic factor contributed about 94.3% migrants due to the lower wage paid. In addition, FFB harvesters can earn more than RM800 per month if they have higher productivity rate based on yield harvested. According to Daud (2006), based on piece rate payments that have been practised for FFB harvesters, if they are hardworking enough they can earn up to RM2000 per month.

2.2.2 Competition with oil palm plantation in Indonesia

Indonesia’s minimum wage hike plans will place Malaysia oil palm plantation firms in a quandary on the next coming years as many skilled Indonesian harvesters working in the estate here will likely to return home for better salaries (Clara, 2012). As proved by Atto (2010), most of the respondents indicated that their Indonesian workers did not return after going back home due to expanding of oil palm industry in Indonesia which gives better employments and wages as compared to Malaysia. This competition has affected the labour supply in the Malaysia oil palm plantation industry especially in Sabah which is heavily dependent on Indonesian workers.

2.2.3 Labour welfare management

Employee welfare facilities in the organisation affected the behaviour of the employees as well as the productivity of the organisation (Venugopal et al. 2011). The logic behind providing welfare schemes is to create efficient, healthy, loyal and satisfied labour force for the organisation and to make their work life better and also to raise their standard of living (Babu et al. 2012). Education for the Indonesian workers’ children should be considered and plantation companies should involve or directly participate to accelerate the establishment of the facilities closer to the workers’ location (Abdul Kadir, 2012). The educational levels of the Indonesian workers’ children are mostly neglected

by certain organisations and becoming a real threat not only for the plantation sectors but for other sectors as well. Without valid documentations to prove their nationalities, their children healthcare and education may be neglected by the organization (Motlagh, 2013). Major complaint amongst Indonesian workers especially the males is that they are lonely as their families and spouses are left at behind in their country (Daud, 2006). As mentioned earlier in law and regulation, they are prohibited to bring their family member to stay with them in Malaysia. As proved by Tipples and Morriss (2002), labour shortage cases are mostly caused by poor treatment of staff by employer as well as the job is not attractive enough for the workers. The management should provide good and relevant facilities to all employees in such way that employees become satisfied that they are inspired to work harder, efficiently and effectively (Srinivas, 2013). As mentioned by Hanim (2012), Malaysia still needs to implement proper management and strategies in order to improve recruitment process and as well as considering better retention program for Indonesian workers.

2.2.4 Training and development

Training is a fundamental and effectual instrument in successful accomplishment of the firm's goals and objectives, resulting in higher productivity (Konings & Vanomerlingen, 2009). The organisation provides development and enhances quality of new existing employees through training (Maimuna & Rashad, 2013). The main training in the plantation only focused on the practical training compared to theory training. They also should be exposed to the new environment related to plantation to enhance and sharpen their skills. Training affects employees' behaviour and their working skills which results into employees enhanced performance as well as constructive changes (Satterfield & Hughes, 2007).

2.3 Impact of labour shortage toward palm oil production

The absence of labour to provide less supply of labour intensive sector shows a huge drawback for the future of coconut industry (Pathiraja, 2010) and this situation also happened in oil palm industry. As the oil palm area expanded, Malaysia required about 40,000 Indonesian workers to be involved in harvesting activities as well as harvesting FFB and loose fruit collection (Ooi, 2012a). In addition, the most affected activities are harvesting the FFB and loose fruit collection as these jobs have been done mostly by the Indonesian workers. Malaysia is losing billions of ringgit in palm oil exports because the scarcity of foreign labour to harvest fruit bunches in the oil palm fields (Ooi, 2012b). Besides that, labour shortage in oil palm plantation will reduce the plantation income by RM3 million and the tax potential of RM1 billion to be repatriated to the Indonesian workers' home countries and consequently raise the production cost as well as erode Malaysia competitive advantage (Zainal, 2009). A study conducted by Sivaram (1996), tea estate productivity depends on the labour utilisation as well as labour to land ratio. Besides that, employment cost will also increase as the companies will have to increase the wage structures to keep existing workers and attract new ones. According to Kamarul (2012), IOI Crop Berhad, for instance, saw there is declining rate on FFB production and yield per mature hectare between 2008 and 2011 due to unfavourable weather condition and labour shortage.

3.0 METHODOLOGY

The study was carried out in Mensuli Estate, Sabah. Mensuli Estate has a total number of 427 Indonesian workers. The sample size were developed by Cochran (1977) as mentioned by Barlett et.al (2001). This formula also used by Borkhani et.al (2013), sample of workers was selected by using stratified and random sampling and the sample size calculation was calculated using Cochran's formula as shown in Table 1.

Table 1 Determination of sample size based on group area (Lahad Datu area)

No.	Estate Name	Population	Sample size
1.	Mensuli Estate	427 (foreign labours)	202 of foreign labours will randomly selected from this area
Total sample size for this study =			202

Source: Sawit Kinabalu (2013)

$$Sample\ size\ (n) = N(t)^2 pq / (N - 1)(d)^2 + (t)^2 pq \quad (1)$$

n = required sample size.

N = the population size (427)

$(t)^2$ = 95% confidence interval $(1.96)^2$

pq = population proportion (assumed to be 0.50 since this would provide the maximum sample size)

d = the degree of accuracy expressed as a proportion (0.05). I willing to accept 5% of error in this study

Primary data was used in this study. The primary data was gathered through questionnaire survey and face-to-face interview was conducted to ensure the reliability of data gathered. The questionnaire was developed into four parts which are A (demographic information), B (labour welfare management information, labour employment information) and C (Indonesian workers employment). Section A of the questionnaire consists of demographic questions, section B and C contain questions pertaining to lists 27 variables respectively. These 27 questions were measured using five-point Likert scale analysis. The scales were anchored at 1= strongly dissatisfied, 2= dissatisfied, 3= neutral or undecided, 4= satisfied and 5= strongly satisfied.

Factorial analysis was used to identify the factors relating to welfare and the employment issues. It was used to reduce number of elements in the questionnaires and to regroup the elements in the same dimension. Based on a study by Hair et al. (2006), there are four steps in factorial analysis including (1) computing the correlation matrix for all variables, (2) extracting a set of initial components from the correlation matrix, (3) rotation of the initial components to make them more interpretable and (4) grouping the scores for each factor (Norsida & Nolila, 2010).

4.0 RESULTS AND DISCUSSIONS

In this paper, the reliability test was conducted using 50 samples. The result shows that the questions were reliable since the Cronbach Alpha value is 0.883. The greater the value of Cronbach's Alpha, the greater the internal consistency and reliability of the construct is and questionnaire with an Alpha of 0.8 is considered reliable (Field, 2009). Table 2 shows the 0.771 KMO measure is also acceptable. KMO values between 0.5 and 0.6 are mediocre, values between 0.7 and 0.8 are good, values between 0.9 are great values and values over 0.9 are superb (Field, 2009). Therefore, factor analysis could further be carried out (Norsida & Nolila, 2010). The Barlett's Test of Sphericity is high with 2930.632 which are statistically significant at 1%.

Table 2 KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.771
Bartlett's Test of Sphericity	2930.632
Significance	0.000

Table 3 illustrates 7 components extracted based on Eigen values greater than 1, collectively accounting for 68.885% of the variation across the sample. The value of 68.88% represent cumulative

of the total variance explained and the rest of the mentioned variance were explained by other remaining factors which were unavailable for this research (Ziaemehr et al. 2011).

Table 3 Total variances explained

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	6.133	22.716	22.716
2	3.549	13.143	35.859
3	2.666	9.874	45.733
4	2.173	8.047	53.780
5	1.629	6.032	59.812
6	1.315	4.869	64.680
7	1.135	4.204	68.885

Table 4 shows the summary for the factor analysis on employment issues related to Indonesian workers. These factors are competition with Indonesia, training provided, welfare management, satisfaction with company, wage satisfaction, minimum wage, and high cost of living.

Table 4 Summary of factor analysis on employment issues related to Indonesian workers

No	Variable	Value loading	Variance by factor (% of explained) Eigenvalues
1	Competition with Indonesia		22.716 (6.133)
	Gives higher amount of pay.	0.926	
	Gives better employment.	0.953	
	Provides better welfare management.	0.935	
2	Training provided		13.143 (3.549)
	Require training before start working.	0.721	
	Company give training before start working.	0.756	
	Training related to your job specification.	0.803	
	Satisfy with the training given.	0.810	
	Training based on in the job training.	0.675	
3	Welfare management		9.874 (2.666)
	Basic facilities (house, clinic and electricity).	0.786	
	Medical leave and cost.	0.833	
	Transportation.	0.713	
	Safety equipment.	0.811	
4	Satisfaction with company		8.047 (2.173)
	Satisfy with the welfare management provide by the company.	0.789	
	Company treat you well.	0.823	
5	Wage satisfaction		6.032 (1.629)
	Wage paid is reasonable.	0.718	
	Wage can maintain or support your family.	0.839	
6	Minimum wage		4.869 (1.315)
	If targeted productivity is lower, the amount of pay will be below RM800	0.804	
	Minimum wage is reasonable.	0.715	
	Wage payment based on monthly rate.	0.305	
7	High cost of living		4.204 (1.135)
	Basic wage payment is RM800.	0.662	
	Education level for children (school).	0.534	

The first factor which has strongest variation explanation is ‘competition with Indonesia’ with the percentage of 22.716%. The factor was measured by taking four variables into consideration, namely; *gives better employment* (0.953) by *makes you close with your family members* (0.943), *provides better welfare management* (0.935), and *gives higher amount of pay* (0.926). It shows that most of the Indonesian workers knew and were aware about the current issues related to the oil palm plantation in Indonesia especially on welfare management and employment. Factor 1 showed that the pull factors in competition such as higher wages, labour demand, welfare management and political stability are very strong in this study. According to Goma (2003), increased in migration to other countries, particularly Malaysia, due to pull factors, namely high wages in the destination than the wage jobs in the area of origin. Indonesian workers who moved to more developed country such as Malaysia will often found out that the same work they were doing at home is rewarded abroad with higher wages and a greater welfare benefits. In addition, Malaysia political situation is stable as compared to Indonesia, therefore most of the Indonesian workers preferred to work in Malaysia. However, when Indonesia announced wage hike in 2010, most of the skilled Indonesian workers who worked in Malaysia were going back to their homeland. This situation caused Malaysia particularly in plantation sector, facing labour shortage as most of the competent Indonesian workers prefer to work at their own home country. Mamat (2010) also mentioned that labour shortage in Sabah is critical because Indonesian workers did not come back after their festive season’s holidays as they could get jobs with similar wages in Kalimantan. The skilled harvester that worked in the oil palm plantation in Indonesia could earn up to RM900 per month.

According to Sinaga (2013), the Indonesian workers especially harvester can earn basic minimum wage RM900. In addition, many oil palm owners indicated that their workers (Indonesians) who went home did not return because oil palm industry in Indonesia is also expanding that provides employment opportunities with insignificant differences in wage compared to Malaysia (Ramli et al. 2011). There were some complaints made by the male Indonesian workers as they cannot bring along their spouse and children. Most of the Indonesians workers chose to look for work in their homeland as they preferred to have their wives and children to be with them (Ramli et al. 2011). However in Mensuli estate, the workers were allowed to bring their spouse and children along into the estate as their spouse also worked there. This study also proved that most of the respondents stated that oil palm plantation in Indonesia gives better payment, provides better welfare management, gives better employment and makes them closer to their family. They were also aware about the current issues such as employment related to their homeland especially in plantation industry. However, they were stucked in Sabah due to money constraint as they did not have enough money to go back to their homeland.

The second factor showed that ‘training provided’ (13.143%) had strongest variation explanation. The factor includes six variables namely; *satisfy with the training given* (0.810), *training related to your job specification* (0.803), *company give training before start working* (0.756), *requires training before start working* (0.721), *training based in the job training* (0.675) and *training gives more benefit and knowledge to you* (0.635). Most of the Indonesian workers claimed that the estate management provided a minimum of 3 months training before they start working and all their training activities were done in the estate. Training is important for the new workers because the lack of training and experience in agriculture particularly will give bad impact to the Indonesian workers productivity. As proved by Mohd Arif et al. (2012), lack of training, knowledge and experience of the Indonesian workers affect the productivity of the project. Most of the respondents mentioned that they were satisfied with the training provided by the company. In addition, training will also improve workers’ productivity and help them to be more confident when doing their job. More skill and experience among the labour will increase the productivity (Nurulzatushima et al. 2012).

The third factor is termed “welfare management” which accounted 9.874 of the total variance. The factor includes five variables namely; *medical leave and cost* (0.833), *safety equipment* (0.811), *basic facilities (house, clinic and electricity)* (0.786), *transportation* (0.713), and *good working condition*

and environment (0.580). Indonesian workers were given basic facilities by the estate management in terms of houses, water and electricity and medical cost. Therefore, Indonesian workers would be motivated to do their job and further enhance their productivity. Most of the respondents were provided with the basic facilities such as house, clinic, water and electricity supply and they were also given transportation to go to work and to the nearest town. This is aligned with the study done by Mafruhah et al. (2012) that oil palm plantation provides facilities for Indonesian workers employed in. Besides that, most of the respondents mentioned that their working conditions were good. This is proven by Mohd Arif et al. (2012), as 18% of the Indonesian workers choose the good working environment as the factor that influenced their employment in the construction site.

The fourth factor had 8.047% of the total variance and is termed “satisfaction with company”. This factor contains three variables; *company treat you well* (0.839), *basic facilities are sufficient* (0.807) and *satisfied with the welfare management provided by the company* (0.789). Indonesian workers indicated that they were satisfied with the estate management especially on the welfare management provided by the estate. The respondents stated that they are satisfied with the company welfare management as the company treated them well. Employees’ welfare facilities provided by the company affected the behaviour of the employees as well as the productivity of the company itself (Srinivas, 2014). The basic facilities provided by the company also sufficient. They also mentioned that their productivity was based on the welfare management given by the company. If the company provides full facilities, their productivity will increase as it is assumed as a reward from the company for their successful job in achieving their productivity as well as the company performance.

The fifth factor is termed “wage satisfaction” which had 6.032% of the total variance. This factor includes three variables; *wage can maintain or support your family* (0.839), *accept and agree with the wage structure* (0.792) and *wage paid is reasonable* (0.718). The Indonesian workers were satisfied with their wage and most of their wages were based on piece rate and would be paid at the end of the month. On the other hand, some of the harvesters and loose fruit collectors did not satisfied with their wage structure. However, majority of the respondents mentioned that their wage pay was reasonable as they could maintain and support their family. The reason why they agreed and accepted the wage structure in the company because both husband and wife were working in the same company and it is aligned with the study done by Mafruhah et al. (2012) stated that 14.4% of Indonesian workers lives with their family in Malaysia as both of husband and wife work in same sector. In addition, most of their incomes spent on their basic necessities such as food, phone bills, children education and cigarette. According to Mafruhah (2011), Indonesian workers spend almost half of their income for food (55.70%) and 25.19% for cigarette. Besides that, some of the Indonesian workers were able to transfer some of their income to their family in Indonesia. The amounts of remittances were depending on their monthly income and their welfare in the company. According to Rukmadi (2010), remittance is a proxy of Indonesian workers welfare and income, much remittance means higher Indonesian workers welfare and income.

The sixth factor named “minimum wage” accounted 4.869% of the total variance. This factor includes four variables; *if targeted productivity is lower, the amount of pay will be below RM800* (0.804), *minimum wage is reasonable* (0.715), *accept and agree with the minimum wage policy* (0.621), and *wage payment based on monthly rate* (0.305). Mostly, Indonesian workers knew about the minimum wage policy imposed by the Malaysian Government and this estate had no exception in following the rules and regulation. Majority of the respondents agreed and accepted the minimum wage imposed by the Malaysian government but still, there were complaints raised by the some of the Indonesian workers regarding to the minimum wage. Most of the respondents had basic wage rate at RM30.77 per day and the working days were 26 days per month. If their productivity is lower than their targeted productivity, their wage will be lowered. This was the main problem happened in the plantation sector particularly for the harvesters and loose fruit collectors as their salaries depended on their monthly productivity. Based on the study conducted by Daud (2006), the practice of piece rate based on productivity such as for FFB harvester has been widely accepted and as an example, a hardworking

harvester could earn up to RM2000 per month. As we know, harvesting activities required large man hours in order to complete the harvesting round. As much as 23% of the Indonesian workers agreed that wage is the main factor that influenced their employment in the construction site (Mohd Arif et al. 2012) and this situation also happened in the plantation sector as the Indonesian workers are motivated to do their job based on the wage payment that they are going to receive. Low wage rate in estate work is a major cause for labour shortage in all regions (Pathiraja, 2010) and this situation currently happened in Sabah oil palm plantation.

The final factor had 4.204% of the total variance and is termed “high cost of living”. This factor includes two variables; *Basic wage payment* (0.662) and *education level for children (school)* (0.534). The wages of the foreign worker were spent more on their basic necessities such as food and their children education. Most of the harvesters had a basic minimum wage of RM800 and some of them could earn up to RM2000 per month if they are hardworking workers. As mentioned earlier, most of their incomes were spent on their children’s education. The company only supported the education fees for their children, while books and stationary needs should be provided by the Indonesian workers themselves. Besides that, basic wage payment would affect the Indonesian workers living cost as they earned low salary payment and they had to spend more money for their basic necessities. The standard cost of living still higher in term of food necessities. Therefore, most of the harvesters were motivated to go back to their home land as they can earn more income and the standard of living in Indonesia still considered lower compared to Malaysia.

5.0 CONCLUSION AND RECOMMENDATION

The findings indicate among seven factors that led to employment issues of Indonesian workers, the *competition with Indonesia oil palm plantation* is the main factors affecting employment issues of Indonesian workers in Mensuli Estate. In addition, the Indonesian workers in Mensuli Estate still deserved good welfare management. However, there is a critical area to be improved by the company such as their wage structure especially for those who worked as harvesters. As the harvesters feel that their wages is not worth for the job that they were doing. Most of the respondents knew about the wage hike in Indonesia oil palm plantations and they were willing to return back to their homeland.

The study recommends the company should restructured their wage structure particularly on the harvester wage. Therefore the government should take an action to prevent the workers shortage issues in the plantation by encouraging local younger generation to work in the plantation sectors. As this study only limited to Mensuli Estate, it is suggested that for future studies cover the overall estate area of Sawit Kinabalu in the Lahad Datu region. Besides that, the questionnaire also should be improved by adding more variables such as attitude level of the estate management and foreign workers in relation to productivity and policy implication towards the estate management. In addition, the wage structure (piece rate) comparison of the harvesters in Sawit Kinabalu with the current practices by the plantation sectors should be included in the future study.

Reference

- Abdul Kadir, R. (2012). Plantation workers in Sabah: Issues and Challenges. *International Plantation Industry Conference and Exhibition (IPICEX)*. Kota Kinabalu: Sabah.
- Atto, E. (2010). Allocating workforce to work in the oil palm industry. *Palm Industry Labour: Issues, Performance & Sustainability (PILIPS)*. Workshop, 8-9 February 2010, Le Meriden Hotel, Kota Kinabalu, Sabah.
- Babu, K. V., Jawahar, S. N., Vaili, S., Kalesha, M., & Bhupathi, C. (2012) Recent Trends in Factories Welfare measures. *ACADEMICIA: An International Multidisciplinary Research Journal*, 2(2),256-261

- Bartlett, J. E., Kotrlik, J. W., & Higgins, C. C. (2001). Organizational research: Determining appropriate sample size in survey research. *Information Technology, Learning, and Performance Journal*, 19(1), 44-50.
- Bokhani, F. R., Fami, H. S., Rezvanfar, A., & Pouratashi, M. (2013). Social factors Influencing adoption of integrated pest management (IPM) technologies by paddy farmers. *International Journal of Agricultural Management and Development*, 3(3), 211-218.
- Clara, C. (2012). Labour shortage, higher costs for Malaysia after Indonesia wage hike. The Malaysia Insider. Retrieved on November 20th, from <http://www.themalaysianinsider.com/malaysia/article/labour-shortage-higher-costs-for-malaysia-after-indonesia-wage-hike>
- Daud, A. (2006). Labour constraints in the plantation industry. *Oil Palm Industry Economic Journal*, 6(2), 37-48. Economic Planning Unit (2016). Jumlah pekerja asing di Malaysia mengikut negara asal 2000-2015. Retrieved on March 31st, from <http://www.epu.gov.my/documents/10124/fa5428ba-be30-4f55-9dce-08e7e5d2644f>
- Faizah, M. S. (2010). Status of the labour force in the oil palm industry. *Palm Industry Labour: Issues, Performance & Sustainability (PILIPS)*. Workshop, 8-9 February 2010, Le Meriden Hotel, Kota Kinabalu, Sabah.
- Field, A. (2009). *Discovering Statistics Using SPSS*. Sage: London.
- Goma, J. N. (2003). Labour Mobility Flores to Sabah, East Malaysia and Influence Of Local Origin. *Studies on Neleren Village, District Admara, East Flores regency*. "Thesis Graduate Program": University of Gadjah Mada.
- Hair, J. F., Black, B., Babin, B., Anderson, R. E., Tatham, R. L. (2006). *Multivariate data analysis (6th ed.)*. USA: Pearson.
- Hanim, A. (2012). Labour shortage to get worse with Indonesian oil palm boom. The Star News Online. Retrieved on November 20th, from <http://www.thestar.com.my/story.aspx?file=%2f2012%2f5%2f29%2fbusiness%2f11372483&sec=business>
- Ho, C. L. (2012). Malaysia plantation labour shortage to worsen with Indonesia min wage hike. The Edge Malaysia. Retrieved on November 20th, from <http://sg.finance.yahoo.com/news/malaysia-plantation-labour-shortage-worsen-041503883.html>
- Kamarul, A. (2012). RCI on Sabah illegals may worsen labour problems. The Edge Malaysia. Retrieved on November 20th, from <http://www.theedgemaalaysia.com/highlights/218975-rci-on-sabah-illegals-may-worsen-labour-problems-in-estates.html>
- Kaur, B., Singh, J. M., Garg, B. R., Singh, J., & Singh, S. (2011). Causes and impact of labour migration: A case study of Punjab agriculture. *Agricultural Economics Research Review*, 24, 459-466.
- Konings, J., and Vanormelingen, S. (2009). *The Impact of Training on Productivity and Wages: Firm Level Evidence*. LICOS Discussion Paper No. 244/2009.
- Mafruhah, I. (2011). *Studi Potensi Ekonomi TKI Purna di Kabupaten Gowa Sulawesi Selatan Tahun 2011* (The Study of Full-time TKI Economical Status in South Gowa Sulawesi District in the Year 2011). In cooperation with Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia (BNPDPTK).
- Mafruhah, I., Sarsito, T., & Gravitiani, E. (2012). The Welfare of the Indonesian Migrant Workers (TKI) in the Land of a Malay Nation: A Socio-Economic Analysis. *Southeast Asian Journal of Social and Political Issue*, 1(2), 246-271.
- Maimuna, M., and Rashad, Y. F. (2013). The Impact of Employee Training and Development on Employee Productivity. *Global Institute for Research and Education*, 2(6), 91-93.
- Malaysian Palm Oil Board (MPOB) (2016). Overview of the Malaysian Palm Oil industry 2015. Retrieved on November 20th, from http://bepi.mpob.gov.my/images/overview/Overview_of_Industry_2015.pdf

- Mamat, S. (2010). Status of the labour force in the upstream and midstream of the oil palm industry. *Palm Industry Labour: Issues, Performance & Sustainability (PILIPS) Workshop*, 8-9 February 2009, Le Meridien Hotel, Kota Kinabalu, Sabah.
- Ministry of Agriculture (2012). Selected Agricultural Indicator 2012. Retrieved on November 20th, from <https://www.statistics.gov.my/index.php?r=column/csearch>
- Mohd Arif, M., Hamimah, A., Har Einur, B., Mohd Reza, E., & Ahmad Arzlee, H. (2012). Dependency of Indonesian workers in Malaysian Construction Industry. *Built Environment Journal*, 9(1), 39-50.
- Mothlagh, J. (2013). Palm Oil for the West, Exploitation for Young Workers in Malaysia. Retrieved on November 20th, from <http://www.theatlantic.com/international/archive/2013/04/palm-oil-for-the-west-exploitation-for-young-workers-in-malaysia/274769/>
- Norsida, M., Nolila, M. N. (2010). The participation of Malaysian fresh fruit and vegetable farmers in contract farming. *Journal of Agribusiness Marketing* 3, 75-84.
- Nurulzatushima, A. B., SitiHafizan, H., Juzailah, N. Y., & MohdZain, H. (2013). Factors Influence Labour Productivity and the Impacts on Construction Industry. *Caspian Journal of Applied Sciences Research*, 2, 349-354.
- Ooi, T, E. (2012a). Planters call for flexible foreign worker intake system. The Business Times News. Retrieved on November 20th, from http://www.mpoa.org.my/v2/index.php?option=com_content&view=article&id=299:planters-call-for-flexible-foreign-worker-intake-system&catid=42:mpoa-news&Itemid=50
- Ooi, T, E. (2012b). Labour shortage hits palm oil export earnings. The Business Times News. Retrieved on November 20th, from http://www.btimes.com.my/Current_News/BTIMES/articles/mpob14/Article/
- Pandhi, K. (2007). *Agricultural Labour in India- A close Look*. Orissa Review.
- Pathiraja, P. M. E. K., Fernando, M. T. N., Abeysekra, A. W. A. D. R., & Subasinghe, S. D. J. N. (2010). An assessment of labour availability in major coconut growing areas in coconut triangle. *COCOS*, 19, 13-26.
- Pemandu (2012). Palm oil and Rubber. ETP Annual Report 2012. Retrieved on November 20th, from http://etp.pemandu.gov.my/annualreport2011/upload/ENG_NKEA_Palm_Oil_Rubber.pdf
- Ramli, A., Azman, I., Ayatollah, K. (2011). Labour requirements in the Malaysian oil palm industry 2010. *Malaysian Palm Oil Journal*, 11 (2), 1-12.
- Rukmadi, W. (2010). *Tenaga Kerja Indonesia (TKI) Peran dan Pengaruhnya Terhadap Ekonomi Rakyat di Wilayah Pedesaan di Propinsi Jawa Tengah, Hasil Penelitian* (Indonesian Work Force (TKI) and its Effect Towards the Economy in Rural Area at Jawa Tengah Province, an Observation).
- Sawit Kinabalu (2013). Sawit Kinabalu Sdn, Bhd. Retrieved on November 20th, from <http://www.sawitkinabalu.com.my/index.php/business/oil-palm-plantation/>
- Satterfield, J. M., and Hughes, E. (2007). Emotion skills training for medical students: A systematic review. *Medical Education*, 41(10), 935-941.
- Shazwani, A. Z., Sarajul, F. M., & Zakaria, M. Y. (2012). Construction skilled labour shortage: The Challenges in Malaysian Construction Sector. *OIDA International Journal of Sustainable Development*, 4(5), 99-108.
- Sinaga, H. Employment and Income of Workers on Indonesian Oil Palm Plantations: Food Crisis at the Micro Level. *Future of Food: Journal on Food, Agriculture and Society*, 1(2), 64-78.
- Sivaram, B. (1996). Productivity improvement and labour relations in the tea industry in South Asia. *Agricultural Economics Research Review*, 12, 10-28.
- Srinivas, K. T. (2013). A Study on Employees Welfare Facilities Adopted at Bosh Limited, Bangalore. *Research Journal of Management Science*, 2(12), 7-11.
- Tipples, R., and Morriss, S. (2002). The farm labour crisis. *Primary Industry Management*, 5 (4), 25-28.

- Venugopal, P., Bhaskar, T., & Usha, P. (2011). Employee Welfare Activities with Respective Measure in Industrial Sector: A Study on Industrial Cluster at Chittor District. *International Journal of Research in Commerce, IT and MANAGEMENT*, 1(6), 78-84.
- Zahid, A. H. (2009). Induction course and payment of levy for Indonesian workers in the oil palm plantations. Retrieved on November 20th, from http://www.mpoa.org.my/v2/index.php?option=com_content&view=article&id=140:induction-course-and-payment-of-levy-for-foreign-workers-in-the-oil-palm-plantations&catid=42:mpoa-news&Itemid=50
- Ziaemehr, M., Panahi, F., Ommani, A. R. (2011). Wheat farmers' satisfaction of agriculture engineering and technical services companies in Islam Abad Gharb County in Iran, application of factor analysis. *World Applied Sciences Journal*, 15(8), 1064-1069.