LABOUR FORCE PARTICIPATION OF LOCAL YOUTH IN THE OIL PALM PLANTATION: CASE STUDY IN THE SELECTED STATES OF NORTHERN MALAYSIA

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ABSTRACT

The Malaysian oil palm industry is labor-intensive, especially in the oil palm plantations. It is reported that in 2013, the total number of plantation workers comprise of 69% foreigners and 31% local. The small number of local participation indicates their lack of interest to work in the industry and this urged the industry to resort to employing foreigners. The issues of rising social and security problems related to foreign workers; as well as the increasing the cost of foreign workers following higher recruitment costs, thus affecting the cost of palm oil production. The best solution is to locate the local labor youth in oil palm plantation sector. This study aims to investigate factors of labor shortage in oil palm plantations among local labor youth in Perak, Perlis, and Kedah. By identifying factors that can attract more local to work in oil palm plantation, Malaysia can reduce dependency upon foreign workers. A survey method through questionnaire was used to collect data using random and purposive sampling method. A total of 332 respondents in FELCRA and FELDA were analysed using Probit model. Finding shows that age and race are positively significant with the probability to participate in oil palm plantation. Whereas gender, marital status, level of education, parents’s jobs are negatively significant. Imposing policies that improve the plantation environments, job’s status, facilities and benefits will help to attract local youth to participate in plantation sector, specifically the oil palm.

Keywords: plantation, local labor youth, labor force participation, foreign workers
**ABSTRAK**


**Kata Kunci:** perladangan, belia buruh tempatan, penyertaan tenaga buruh, pekerja asing
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# TABLE OF CONTENT

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>PAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERMISSION TO USE</td>
<td>i</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>ii</td>
</tr>
<tr>
<td>ABSTACK</td>
<td>iii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>iv</td>
</tr>
<tr>
<td>TABLE OF CONTENT</td>
<td>v</td>
</tr>
<tr>
<td>LIST OF TABLE</td>
<td>ix</td>
</tr>
<tr>
<td>LIST OF FIGURE</td>
<td>viii</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td>x</td>
</tr>
</tbody>
</table>

## CHAPTER ONE : INTRODUCTION

1.1 INTRODUCTION ........................................ 1
1.2 THE MALAYSIAN PALM OIL INDUSTRY ................. 9
1.3 BACKGROUND OF STUDY ................................. 13
   1.3.1 Federal Land Consolidation Rehabilitation Authority (FELCRA) ....... 18
   1.3.2 The Federal Land Development Authority (FELDA) .................. 18
1.4 PROBLEM STATEMENT .................................. 19
1.5 RESEARCH QUESTION .................................. 20
1.6 OBJECTIVE OF THE STUDY ............................ 20
1.7 SIGNIFICANCE OF STUDY .............................. 21
1.8 SCOPE OF STUDY ...................................... 22
1.9 ORGANIZATION REPORT ............................... 22

## CHAPTER TWO : LITERATURE REVIEW

2.1 INTRODUCTION ......................................... 23
2.2 THEORETICAL AND CONCEPT ............................ 24
   2.2.1 Definition of plantation ....................... 24
   2.2.2 History of plantation ......................... 25
   2.2.3 Participation .................................. 26
   2.2.4 Labor shortage in oil palm plantation ........ 27
   2.2.5 Factors affecting participant labor youth in oil palm plantation sectors .... 29
   2.2.5.1 Level of education .......................... 29
CHAPTER FIVE : SUMMARY AND CONCLUSION 75
5.1 SUMMARY 75
5.2 DISCUSSION OF THE STUDY 77
5.3 POLICY IMPLICATION 78
   5.3.1 Improve working condition for oil palm plantation 78
   5.3.2 Increase of facilities and benefits for
        local youth labor in oil palm plantation 79

5.4 SUGGESTION FOR FUTURE STUDY 71

REFERENCES 82

APPENDIX 1 : QUESTIONNAIRE
APPENDIX 2 : DESCRIPTIVE STATISTIC
APPENDIX 3 : PROBIT REGRESSION
LIST OF FIGURES

Figure 1 : Oil Palm Planted Area by Category at December 2013 11
Figure 2 : The Map of Northern Region in Malaysia 14
Figure 3 : Conceptual Framework for Involvement of Local Youth in Oil Palm Plantation 45
Figure 4: Marital Status in Percent (%) 61
Figure 5 : Category Age n Percent (%) 62
Figure 6 : Respondent who work or not work in Oil Palm Plantation 63
LIST OF TABLE

Table 1: Overview of Oil Palm in Malaysia 9
Table 2: Distribution of Oil Palm Planted Area by State and Sector in 2013 15
Table 3: Estimated Total Workforce in Oil Palm Cultivation in Malaysia by Category of Work 42
Table 4: Definition and Measurement of Independent variables 51
Table 5: Descriptive Analysis 59
Table 6: Economic Fortune 65
Table 7: Work Environment 66
Table 8: Social Facilities 68
Table 9: Social Status Job 69
Table 10: Government/Employer Policies 70
Table 11: Probit Estimation Result 71
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPO</td>
<td>Crude Palm Oil</td>
</tr>
<tr>
<td>DOA</td>
<td>Department of Agriculture</td>
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<tr>
<td>EPF</td>
<td>Employees Provident Fund</td>
</tr>
<tr>
<td>FELCRA</td>
<td>Federal Land Consolidation &amp; Rehabilitation Authority</td>
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<td>FELDA</td>
<td>Federal Land Development Authority</td>
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<tr>
<td>FFB</td>
<td>Fresh Fruit Bunches</td>
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<tr>
<td>FGVH</td>
<td>Felda Global Ventures Holdings</td>
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<tr>
<td>IMPAC</td>
<td>Institute of Malaysia Plantation and Commodities</td>
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<td>IOI</td>
<td>IOI Corporation Berhad</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GNI</td>
<td>Gross National Income</td>
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<tr>
<td>KOML</td>
<td>Plantation Mechanization Operator’s Course</td>
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<td>MAPA</td>
<td>Malayan Agricultural Producers Association</td>
</tr>
<tr>
<td>MPI</td>
<td>Minister of Plantation Industries and Commodities</td>
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<tr>
<td>MPOA</td>
<td>Malaysia Palm Oil Association</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
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<td>MPOB</td>
<td>Malaysia Palm Oil Board</td>
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<td>MPOC</td>
<td>Malaysia Palm Oil Council</td>
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<tr>
<td>NDP</td>
<td>National Development Policy</td>
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<td>NVC</td>
<td>National Vision Policy</td>
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<td>PLASMA</td>
<td>Malaysian Palm Training Center</td>
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<td>RISDA</td>
<td>Rubber Industry Smallholders Development Authority</td>
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<td>SPSS</td>
<td>Statistical Package of Social Science</td>
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<td>STATA</td>
<td>Data Analysis and Statistical Software</td>
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<td>UNRSD</td>
<td>United Nation Research Institute of Social Development</td>
</tr>
</tbody>
</table>
CHAPTER ONE

INTRODUCTION

1.1 Introduction

The oil palm industry forms the economic backbone of Malaysia and continues to face new challenges in the face of globalization. As of 2012, total planted oil palm in Malaysia is about 5,037,959 hectares (MPOB, 2012). Sabah is a state that has the most extensive area of oil palm cultivation in Malaysia. The total is 1.28 million hectares which represent 30 percent the total area of oil palm cultivation in Malaysia (MPOB, 2012). Palm oil was exported to 145 countries around the world and all thus placing it as an economic generator in the agriculture sector (MPOB, 2012). The increase in commodities is expected to continue based on its advantages and its ability to generate income to oil palm cultivation in Malaysia. In Malaysian oil palm plantations work force is needed because the use of mechanization and high technology has not yet comprehended. Sufficient force is important to ensure the operation of the farm will be completed on schedule to meet the needs of Malaysian palm oil industry. Dominance of foreign workers in the plantation sector in Malaysia is not something unusual. Statistics produced by the Labour Department where a total of 300,000 foreign workers employed in farm and industrial commodities, especially in oil palm plantations at the moment (Che Johari, 2008). However, the current percentage of foreign employment has decreased due to several factors. Government tries to reduce reliance on foreign workers in the plantation. Migrants from Indonesia also declined following the opening of large-scale oil palm
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