

Thesis
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"VOLUNTARY LABOUR TURNOVER IN WEST PENINSULAR MALAYSIA:
A COMPARISON OF THE EXPERIENCES OF
THE CHINESE, INDIANS AND MALAYS".

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By,

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ABSTRACT

As a multiracial country, Malaysia's most crucial problem toward national unity is the glaring economic imbalance and racial tension among the races. Several policies have been carried out to eliminate the economic and racial disparities that exist. Amongst them is by expanding the manufacturing sector employing all ethnic groups. However, with the rapid expansion in this sector, a relatively high rate of voluntary labour turnover among blue-collar workers has developed with potentially serious consequences for the process of expansion.

Even though the economic and racial disparities in Peninsular Malaysia are multi-dimensional, the present study focusses exclusively upon the ever-increasing rate of voluntary labour turnover amongst blue-collar workers. Unlike previous studies on labour turnover, the focus of this study is the comparison of labour turnover issues amongst different races in Peninsular Malaysia. This coverage is important because of the scarcity of comparative studies of labour turnover in the country. The three major races are chosen for this study; they are the Malays, the Chinese and the Indians.

The purposes of this study are threefold: To discover the general characteristics of blue-collar voluntary labour

turnover in Peninsular Malaysia; To ascertain correlate and determinant factors which influence blue-collar workers' decisions to voluntarily leave their employment; and finally, to discover the underlying reasons associated with these factors and in each of the three cases to compare the experiences of the different races.

The findings of this study highlight similarities and differences between the Malays, Chinese and Indians' decisions to voluntarily leave their job. The results of this study on organisational and external factors are consistent with the findings of research in other Third world countries. However, the present findings differ in terms of personal factors. It is concluded that the "racial background" and "culture" of the three races are amongst the important elements in understanding the factors influencing their decisions to voluntarily change employment in Peninsular Malaysia.

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List of Abbreviations

CIAST	- Center for Instructor and Advance Skilled Training.
IMP	- Industrial Master Plan.
MARA	- Majlis Amanah Rakyat
MIDA	- Malaysian Industrial Development Authority.
NEB	- National Electricity Board.
NEP	- New Economic Policy.
NITTCB	- National Industrial Training and Trade Certification Board.
NUTC	- National Training Council.
SIRIM	- Standards and Industrial Research Institute of Malaysia.

CHAPTER ONE:

INTRODUCTION

1.0. Background to the Research

This study attempts to look at the issue of labour turnover among blue-collar workers¹ in manufacturing firms in Peninsular Malaysia². It is an important area of research, mainly because of the increasing number of "competition occupations"³ and the relatively high rate of turnover among these workers (Malaysia: Employment Trends, 1989a). A survey

¹ For the purpose of this study, this group of workers are defined according to major groups 7/8/9 under the title "production and related workers" listed in the Directory of Occupational Classification (Malaysia: Manpower Department, 1980). In this study, however, not included are production supervisors and general foremen.

² The term Peninsular Malaysia refers to all states in Malaysia except Sabah and Sarawak. It is a geographic expression which includes only part of the country, and the term replaces the earlier official designation "West Malaysia". The terms Peninsular Malaysia, West Malaysia, Malaya, and Malaysia are used interchangeably in the present study to refer to the area known as Peninsular Malaysia.

³ "Competition Occupations" as describe in the Employment Turnover Survey (Malaysia: Manpower Department, 1987) as a situation whereby the number of job openings exceed the number of job seekers. This leads to a situation whereby employers compete for workers by offering better employment terms and conditions. This has led in the past to "job hopping" within industries.

conducted by the Malaysian Employers Federation, points out that the highest turnover was found in production which accounted for 68.9%. Among this category of workers, a high percentage was found among the production and related workers- the unskilled category accounts for 47.6%, followed by the semi-skilled and the unskilled category (Ang, 1981).

Although turnover may take place in many types of organisations (Price, 1977), this research is concerned with labour turnover in the manufacturing sector, because of its' contribution to the Malaysian economy. Manufacturing is the largest sector in the economy overtaking agriculture. It contributed 22.4% to the Gross Domestic Product (Malaysia: MIDA Annual Report, 1987a).

Since Malaysia is a multi-racial society, it is therefore more interesting and fruitful to carry-out this study of labour turnover among blue-collar workers on the basis of race. This provides a clear understanding of the racial aspects of the labour turnover situation in Peninsular Malaysia. This information may be useful to the government in developing its policy of overcoming glaring economic imbalances and racial

tensions after the 1969 riots⁴.

1.1. The Problem

Recently, the problem of voluntary labour turnover has been of great concern to the Malaysian Government. The task of overseeing this problem has been taken over by the Manpower Department, Ministry of Labour. In undertaking this special task, the Manpower Department conducts half-yearly surveys to monitor the incidence of voluntary labour turnover. However, the scope of their survey is limited. It identifies significant voluntary labour turnover in particular occupations or industries. It tries to indicate where and to what extent (based on the rate of resignation) the problems emerge. The result of the government's monitoring exercise reveals that the incidence of labour turnover is higher in the manufacturing sector than any other.

As a result of this finding, most of the previous research on labour turnover (Malaysia: Manpower Department, 1987/88/89

⁴. It was in May 1969 that Malaysia experienced race riots. This arose out of Malay unhappiness with their disadvantaged social standing. There was also Chinese anger at the fact that they had little access to formal socio-political power. After these riots the Malaysian government attempted to restructure the economy by introducing the New Economic Policy (NEP).

and Ang, 1981) has concentrated on the manufacturing sector. Given the fact that the manufacturing sector is rapidly expanding and is becoming the largest sector in the Malaysian economy in 1987 (Malaysia: MIDA Annual Report, 1987a), it merits serious attention.

The Employment Turnover Survey (Malaysia: Manpower Department, 1987/88), highlights that several occupations in the expanding industries in this sector are now affected on a national scale by a relatively high rate of turnover. This survey also noted that not only has the relatively high rate of voluntary labour turnover within the specific occupations increased, but also the number of occupations, industries and industrialised states (See Table 1.1) have increased.

Figures released by the Malaysian Ministry of Labour show that in 1986 only one occupation was categorized as a "Competition Occupation". In the first half of 1987 it increased to four occupations covering two industries and finally to eight occupations covering four industries in the first half of 1988 (Malaysia: Employment Trend, 1989a).

At the state level, the number of competitive occupations in which significant voluntary labour turnover occurred, increased in every state in the first half of 1988 against