

# **Indonesian Labour Migration to Sabah: Changes, Trends and Impacts**

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## ABSTRACT

This thesis is concerned with low-skilled Indonesian labour migration to Sabah East Malaysia that is driven by multi-sectoral developmental activities, particularly in plantations and agriculture. The flow of Indonesian workers that began before Sabah's independence in 1963 has grown especially during the 1990s parallel with Sabah's economic development facilitated by a well established network system that allows entrance to Sabah through legal, semi-legal and illegal channels. Indonesian labour migration to Sabah has become more complex with the state government's inability to implement temporary migration policies which consequently has allowed migrants to stay longer than their contracts permit, bring family members with them and form family units. In addition, the granting of fast-track citizenship for political reasons is believed to attract more migrants to Sabah.

This study has three main parts namely changes, trends and impacts of Indonesian labour migration to Sabah. It begins with an analysis of internal changes in Malaysia generally, and Sabah specifically; that involves rapid economic development, improvement in education and changes in workforce structure initiated by New Economic Policy (NEP) implemented in 1970. As a result, Sabah had to depend on foreign workers to fill jobs eschewed by the locals. Migrants continue to play an important role to help keep production costs low and remain competitive in global markets.

The selectivity of the Indonesian migration flow is examined through an analysis of the characteristics, reasons and decisions to migrate and migration strategies which are part of the migration trends of Indonesian labour migration. Historical links and geographical proximity between the two countries; as well as physical characteristics, culture and language similarity between Indonesians and Malays are part of the reason Indonesians choose Sabah as a destination. The role of social networks in pre, during and post migration stages facilitate and smooth the process of recruitment and movement. Growth of a migration industry that comprises several layers of intermediaries who facilitate illegal movement further sustains the migration flow between the two countries.

The presence of Indonesian migrants has had economic and non-economic impacts to both origin and destination. The tendency of bringing family members and full family formation is another distinct feature that has impacts on remittance behaviour as well as health and education services. The sensitive issue of granting citizenship to migrants that contributes to changes in the demographic structure and ethnic balance in Sabah is often associated with political interest and survival of the ruling party. All these contribute to the dynamics and complexity of the Indonesia-Sabah labour migration corridor discussed in this study.

Although importation of foreign labour is seen by government largely as a short-term measure to solve labour shortages, dependency on labour migrants will possibly become a permanent feature in Malaysia. It is impossible to provide a sufficient local workforce in export industries in the current situation and the near future, hence the importance of international migration. Therefore, it is crucial for government agencies that handle

employment of foreign workers to move from a policing model to a management model of migration. To benefit from the Malaysia-Indonesia labour migration corridor, both countries should cooperate to improve the sending and receiving migrant workers. Legal employment should be made less complicated and costly to attract more migrants choosing the legal channel to overcome illegal migration problems.

## DECLARATION

I, Syed Abdul Razak Bin Sayed Mahadi certify that this work contains no material which has been accepted for the award of any other degree or diploma in any universities or other tertiary institutions and to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

I give consent to this copy of my thesis, when deposited in the University Library, being available for loan and photocopying, subject to the provisions of the Copyright Act 1968.

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Signed.....

Date.....

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## LIST OF ABBREVIATIONS

BNBCC	British North Borneo Chartered Company
BNP2TKI	National Body of Placement and Protection of Indonesian Workforce (National level)
BNP3TKI	National Body of Placement and Protection of Indonesian Workforce (Provincial level)
CIDB	Construction Industry Development Board Malaysia
DEPNAKER/PJTKI	Department of Manpower and Transmigration
DOSM	Department of Statistics Malaysia
DOSS	Department of Statistics Sabah
E&E	electrical and electronics
EPU	Economic Planning Unit
FBB	fresh fruit bunch
FDI	foreign direct investment
FELCRA	Federal Land Consolidation and Rehabilitation Authority
FELDA	Federal Land Development Agency
FOMEMA	Foreign Workers Medical Examination Monitoring Agency
FWA	Foreign Workers Agency
GDP	gross domestic product
ICT	information and communications technology
IDOM	Immigration Department of Malaysia
IDOS	Immigration Department of Sabah
ILMS 2010	Indonesian Labour Migration Sabah 2010
ILO	International Labour Organisation
IMM13	Refugee card
IT	information technology
JTK	Labour Force Department (Sabah)
KDI	Knowledge-Based Economic Development Index
KJRI	Consulate General of Republic of Indonesia
KTP	<i>Kartu Tanda Penduduk</i> (birth certificate)
LCE	Lower Certificate of Education
MASCO	Malaysian Standard Categorisation of Occupation
MCE	Malaysia Certificate of Education

MHSC	Malaysia High School Certificate
MIDA	Malaysian Industrial Development Agency
MOH	Ministry of Health
MoU	Memorandum of Understanding
MSC	multimedia super corridor
NDP	National Development Policy
NEAC	National Economic Action Council
NEP	New Economic Policy
NRD	National Registration Department
NVP	National Vision Policy
PATI	<i>pendatang tanpa izin</i> (illegal immigrants)
PMR	<i>Penilaian Menengah Rendah</i> (see LCE)
POIC	Palm Oil Industrial Cluster
PPT-LIPI	Research Centre for Population and Manpower Studies – Indonesian Institutes of Sciences
Pusdatinaker	National Labour Force Database Centre (Indonesia)
RCI	Royal Commission of Inquiry
R&D	research and development
S&T	science and technology
SAKERNAS	National Labour Survey (Indonesia)
SLFD	Sabah Labour Force Department
SLMF	Special Laboratory on the Management of Foreigners
SME	small and medium enterprises
SPM	Sijil Pelajaran Malaysia (see MCE)
SRP	Sijil Rendah Pelajaran (see LCE)
SUHAKAM	Human Rights Commission of Malaysia (Malay: Suruhanjaya Hak Asasi Malaysia)
SUSENAS	National Socio Economic Survey (Indonesia)
TFP	total factor productivity
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UPEP	Ethnography and Developmental Research Unit, UMS
VPTE/PLKS	Visa Pass for Temporary Employment

## GLOSSARY

Aspal	Authentic but falsified
Bumiputera	Sons of soil
Calo/taikong/taukeh	unlicenced recruiter
Dewan Undangan Negeri (DUN)	State Assembly
Kartu Penduduk	Local Identity Card (Indonesians')
Ketua kampung	Head of Village
Lorong Tikus	rat trails
Mandor	supervisor
Menteri Besar/Ketua Menteri	Chief Minister
Orang Kaya Kaya	Head of the district
Pas Lintas Batas	border Pass
Pelni	Pelayaran Indonesia (Indonesian National Voyage)
Peribumi	native peoples
Yang Di-Pertuan Negeri	Governor of Sabah
Yang Di-Pertuan Besar	Great Pertuan

# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

In the twenty-first century, international labour migration has become a major issue. The rapid increase in mobility of labour and capital across national boundaries is a significant feature of the current world economy. Differentials in economic development propel people in mid- and low-income nations to move to more prosperous countries in search of better employment opportunities and higher wages. International population mobility has been made easier through advances in information and communications technology and improvements in transport (Wickramasekera 2002; Castells 1996). As a result, the stock of migrants worldwide increased from nearly 82 million in 1970 (Lucas 2008, p.9) to around 214 million in 2010 (World Bank 2012), an increase of more than two and a half in 40 years. Regarding the total migrants in 2010, the most developed regions of the world such as Europe and North America had the highest number of migrants (56 percent); followed by the Asian region that hosted 28.7 percent of migrants (Alonso 2011, p.5).

Due to rapid economic transformation, the industrialised countries of the world have used importation of foreign workers as an important strategy to fulfil increased demand for labour. Fuelled by globalisation of the world economic and political systems as well as development in communication and transportation, international migration in Asia has experienced rapid growth (Kaur and Metcalfe 2006, p.3). Asian labour migration is characterised mainly by low-skilled temporary workers and migration policies that are meant to restrict inflow and permanent settlement. The result has been an increase in illegal migration (Kanapathy 2004; 2006; Asis 2008; Walmsley and Ahmed 2008).

Among Asian countries, Malaysia has experienced an influx of foreign workers, particularly from neighbouring Indonesia. After Malaysia adopted an accommodating attitude towards labour migration in its multi-sectoral developmental activities to solve the labour shortage problem in the 1970s, foreign workers in Malaysia increased in number beginning in the 1980s (Kanapathy 2006; Kassim 2005a). Most were employed in the manufacturing, plantation, services and

construction sectors. Categorised as 3D (dirty, dangerous and difficult) occupations, in “tight employment–rapid economic growth contexts”, these jobs are not attractive to local people (Hugo 2008, p.7). This study examines the migration of foreign workers especially from Indonesia following rapid economic change in Malaysia, particularly in the state of Sabah.

International labour migration has economic impacts on sending countries such as Indonesia by reducing domestic unemployment, increasing foreign exchange earnings and alleviating poverty (Sukamdi and Haris 1997; Firdausy 2005). In tandem with implementation of the New Economic Policy (NEP) in 1970 that shaped Malaysian economic growth, Indonesia included targets for deploying workers in its Five-Year Plans beginning in 1969 (Hugo 1995; Battistella 2002; Mei 2006). By 2011, Indonesia had become the largest recipient of remittances from Malaysia (*New Straits Times* January 2012; *The Jakarta Post* January 2012). In this study, these are among the factors that will be discussed in relation to the economic impacts of Indonesian labour migration to Sabah.

Besides the economic impacts, it is important to study the social impacts of Indonesian migrants, especially those who bring their family to the destination. Migrants in Sabah are known for their tendency to bring family members (Hugo 1995; Kassim 2003; Johari and Goddos 2003; Kanapathy 2006) and gain citizenship as a strategy to facilitate their living in the state (Wan Hassan and Abd Rahim 2008a, p.138). This study will investigate the practice of granting citizenship to migrants that raises issues, such as demographic balance, social security and *Bumiputera* privilege (Sadiq 2005; Sina 2006; W. Hassan and Abd Rahim 2008a; 2008b). In addition, the impact of the presence of migrants and their families on health and education services in Sabah will be analysed. Currently, there are an estimated 50,000 stateless children in Sabah who face difficulty in accessing health and education services (Mualaka August 2010; Thin August 2011).

Although importation of foreign labour is seen as a short-term measure to solve the labour shortage problem, dependency on labour migrants will possibly become a permanent feature in Malaysia (Battistella 2002). The pattern of most migrant workers becoming permanent residents in Sabah needs careful attention as it raises several political, security and ethnicity issues.

Potentially improving the bilateral relationship between sending and receiving countries can result in benefits to both countries (United Nations (UN) 2006; World Bank 2008). Hence, a study of changes, trends and impacts of Indonesian labour migration in Sabah can provide a basis for constructing more appropriate policies to maximise the benefits that both Indonesia and Malaysia can gain from this migration relationship.

## **1.2 Aims and Objectives**

This study aims to analyse the changes, trends and impacts of Indonesian labour migration to Sabah. It is hoped that such analysis will provide insights to assist in planning more comprehensive and effective policies in foreign labour management that benefit the economies of both countries as well as the migrants themselves.

The more specific objectives of this study are to:

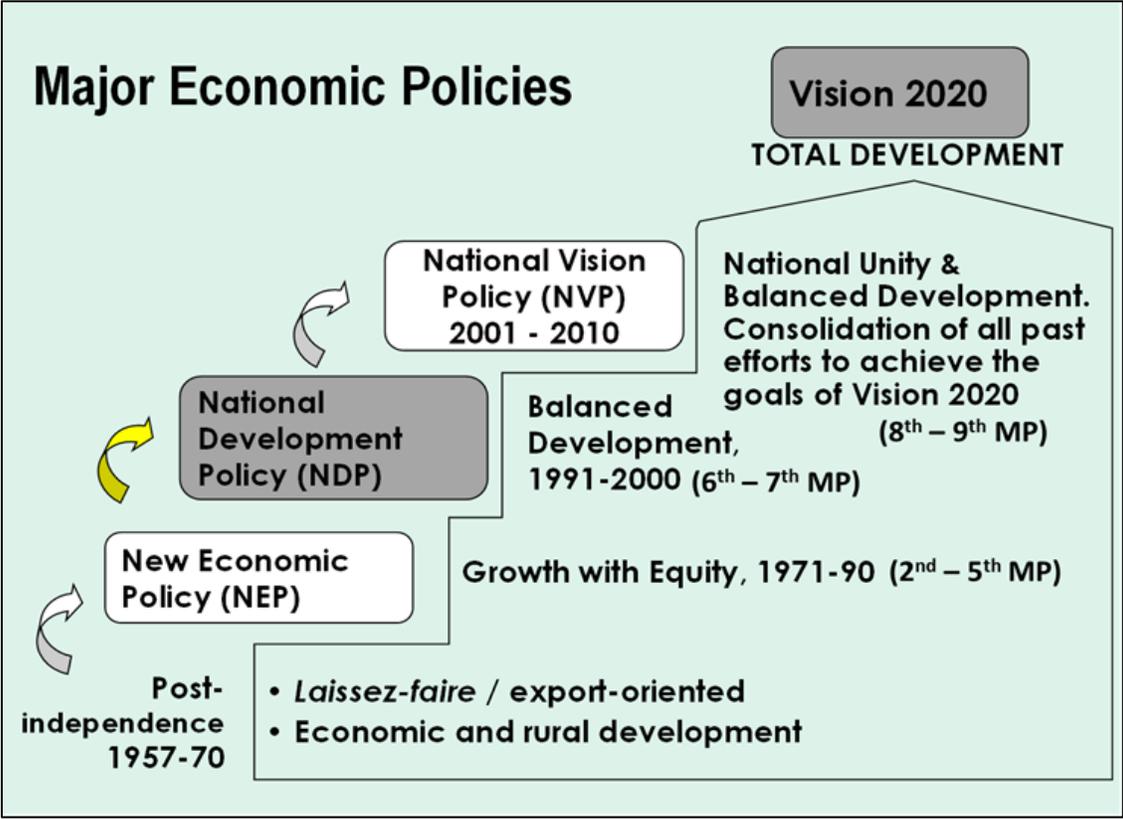
1. discuss the changes in Malaysia's economic development, educational level and workforce structure that have provided the basis for employment of foreign workers;
2. examine the trends and characteristics in Indonesian labour migration to Sabah;
3. explore the roles of social networks in the migration process;
4. evaluate the economic linkages and impacts of Indonesian labour migration;
5. analyse the demographic and social impacts of the presence of Indonesian workers in Sabah;
6. recommend policy initiatives that can maximise the benefits of Indonesian contract workers; and
7. explain the implications for migration theory.

## **1.3 Malaysian Economic Development and Indonesian Labour Migration**

It has been five decades since Malaysia gained its independence in 1957 and up to 2010 there have been nine Malaysia Plans (MPs) formulated and implemented to guide economic and social development. These coincide with three long-term economic policies that have shaped economic

development towards realising Vision 2020 which has the aim of Malaysia achieving the status of a developed nation by 2020. The growth of the Malaysian economy over the past 50 years falls into four broad phases: early independence from 1957-1970; the New Economic Policy (NEP) period from 1971-1990; the National Development Policy (NDP) period from 1991-2000; and the National Vision Policy (NVP) period from 2001-2010 (Figure 1.1). In parallel with the fast pace of economic development, a large inflow of economic migrant workers occurred with the first during the period from the 2<sup>nd</sup> MP to the 4<sup>th</sup> MP (1970-1985) followed by a second wave during the period from the 5<sup>th</sup> MP to the 7<sup>th</sup> MP (1986-1998) and a third wave at the end of the 7<sup>th</sup> MP (Kanapathy 2004; 2006).

**Figure 1.1: Malaysia’s Major Economic Policy 1957-2020**  
 Source: Adapted from Economic Planning Unit (EPU) (1960-2010)



The NEP announced in 1971 was the government’s affirmative response to socio-economic imbalances in Malaysian society which, it was believed, had led to racial riots between the ethnic

minority Chinese and the majority Malays in 1969 (Ali 2003; Roslan 2001; Kaur 2006; Day and Muhammad 2011). “Although Malays were the majority group, economically, they were far behind the Chinese” (Ali 2003, p.1). Inequality between racial groups (Chinese, Indians and Malays) was inherited from the British during their occupation of Malaya from 1786 to 1957 (Roslan 2001; Ali 2003). After looking at the racial tension and the striking socio-economic imbalance, the NEP was viewed as a fulfilment of the “Malay nationalist economic agenda” (Shamsul 1997, p.251). Hashim (1998) and Roslan (2001) listed three strategies of poverty reduction that favoured the *Bumiputera*<sup>1</sup>: firstly, by improving the quality of life of the poor through provision of social services such as housing, education, health and public utilities; secondly, by increasing the productivity and income of the poor through expansion of their productive capital and provision of better facilities as well as technical and financial assistance; and finally, by increasing employment opportunities for mobility out of low productivity areas and activities into the modern sector of the economy through provision of education, training and financial assistance.

There were two specific objectives of the NEP: firstly, to eradicate poverty by raising income levels and increasing employment opportunities for all Malaysians irrespective of race; and secondly, to restructure the society so that the identification of ethnic groups with economic function was eliminated (EPU 1996). Expansion of education and training was strategised to solve inter-ethnic inequality which was visible through the characteristics of the disadvantaged (in this case, the *Bumiputera*), namely their occupation, education and place of residence (Hirschman 1975, p.80). Through active government intervention, this policy also aimed to increase the share of *Bumiputera* employment in modern industrial sectors, *Bumiputera* corporate equity ownership from 2.4 percent to 30 percent, as well as the number of *Bumiputera* entrepreneurs, and the percentage of *Bumiputera* managerial control in the public sector (Roslan 2001, p.12). Simultaneously, it also aimed to increase Chinese ownership from 30 percent to 40 percent and reduce the foreign share of ownership to 30 percent by 1990 (Jesudason 1989,

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<sup>1</sup> Malays and other indigenous people (largely found in Sabah and Sarawak) are classified as *Bumiputera* which means “sons of soil”. Articles 153 and 161 of the constitution have been used to promote the special rights of *Bumiputera*. They have been included as a component of ethnicity since 1980 in censuses (Sadiq 2005, p.109).

p.159). The rapid economic development which was to achieve these objectives was crucial for labour migration to Malaysia

### **1.3.1 Economic Development in Malaysia**

Starting as a low-income agrarian economy that largely depended on the export of its primary products, particularly natural rubber and tin during the early independence period, Malaysia has climbed the ladder into upper-middle-income countries with a per capita gross national income (GNI) measured at about USD7,760 in 2010 from a mere USD300 in 1962 (World Bank 2010). The NEP marked the beginning of a fast transformation process adopting an open economy model with trade as its engine for growth (EPU 1971).

The rapid economic growth, heavily fuelled by public investment, created new jobs especially in the construction, mining and manufacturing sectors in the late 1970s (Hasan 2007, p.103). A transformation from rubber to palm oil in the period of 1960 to 1977 (Pillai 1992, p.1) can be observed through the decline in gross domestic product (GDP) growth in agriculture from 4.8 percent per annum during the 2<sup>nd</sup> MP to 3.9 percent by the end of the 3<sup>rd</sup> MP in 1980 (see Table 1.1). Over three decades, rubber and tin which accounted for 54.3 percent of the export value in 1970 declined sharply in relative terms to only 4.9 percent in 1990 (Crouch 1996, p.222). Shortages of labour in the plantation, construction and manufacturing sectors induced the inflow of foreign workers, particularly low-skilled workers. However, there was no immigration policy to regulate their entry and employment.

Following the global economic recession from 1979 to 1983, when the GDP growth rate fell from 8.6 percent in the 3<sup>rd</sup> MP to 5.8 percent in the 4<sup>th</sup> MP (Table 1.1), the growth of public sector operating and development expenditure was restrained. The privatisation policy adopted in 1983 encouraged private investment and strengthened international competitiveness. After that, private investment dominated by foreign investment has accelerated industrial development (EPU 1986) with the creation of 460,700 (4.9 percent) new jobs, especially in the manufacturing, construction and services sectors, by 1990 (EPU 1991)

**Table 1.1: Malaysian Annual Growth Rate by Malaysia Plan and Sector**Sources: Malaysia Plan Reports 2<sup>nd</sup> MP – 9<sup>th</sup> MP (1975-2011)

Sector	Malaysia Plan ( MP)							
	2nd MP	3rd MP	4th MP	5th MP	6th MP	7th MP	8th MP	9th MP
	1971-1975	1976-1980	1981-1985	1986-1990	1991-1995	1996-2000	2001-2005	2006-2010
1. Agriculture, forestry, fishing & livestock	4.8	3.9	3.4	4.6	2.0	1.2	3.0	5.0
2. Mining & quarrying	0.4	8.9	6.0	5.2	2.9	0.4	2.6	3.4
3. Manufacturing	11.6	13.5	4.9	13.7	13.3	9.1	4.1	6.7
4. Construction	6.6	12.6	8.1	0.4	13.3	-1.1	0.5	3.5
5. Electricity, gas & water	9.8	10.2	9.1	9.8	13.1	3.8	5.6	5.9
6. Transport & communications	13.0	9.6	8.4	8.6	9.9	6.2	6.6	6.7
7. Wholesale , retail trade, hotels & restaurants	6.3	8.2	7.0	4.7	10.6	4.2	4.3	6.8
8. Finance, insurance, real estate & business services	7.2	8.0	7.2	8.4	10.7	7.3	8.1	7.0
9. Government services	10.1	9.0	9.8	4.0	6.7	4.5	6.7	4.5
10. Other services	9.3	6.6	5.1	4.9	7.7	4.1	4.8	6.6
11 Business services & non-government	-	-	-	-	-	-	6.0	6.7
GDP at purchasers' value	7.1	8.6	5.8	6.7	8.7	4.7	4.5	6
Primary sector (1 & 2)	na	na	4.2	4.4	2.1	0.2	2.5	4.2
Secondary sector (3 & 4)	na	na	5.5	11.1	13.0	7.3	3.5	6.3
Tertiary sector (5,6,7,8,9,10 & 11)	na	na	7.9	5.7	9.3	4.4	5.7	6.3

Labour supply in the 1980s was characterised by high levels of both internal and international migration (Pillai 1992; Kanapathy 2004). Rural to urban migration occurred with the more educated youth leaving rural agricultural jobs to work in the manufacturing and services sectors in newly established urban industrial centres (Pillai 1992, p.5). In the construction sector, the rising level of education and social mobility of the local Chinese who dominated this sector led to a labour shortage (Narayanan and Lai 2005, p.36). Vacancies in the plantation and construction sectors in the Peninsular Malaysia and Sabah were mainly filled by low-skilled illegal migrant workers initially from Indonesia and the Philippines (Pillai 1992, p.5). At the same time, rapid industrialisation and privatisation increased the need for skilled and professional manpower (Mohd Tahir and Ismail, 2007 p.73), for which most locals were not yet qualified due to the relatively low level of education (Hamid 2005, p.69). Expatriates were hired

in foreign-owned companies and in various sectors, especially in the scientific and technological fields.

By the end of the NEP in 1990, there was remarkable achievement in economic growth (World Bank 1993), education attainment and poverty reduction (Roslan 2001, p.18). The proportion of Malaysians living in poverty reduced from 49.3 percent to 15 percent; Malay corporate equity ownership increased to 19.1 percent and Chinese ownership to 45.5 percent (EPU 2001).

The beginning of the 6<sup>th</sup> Malaysia Plan (MP) in 1991 marked the start of the National Development Plan (NDP) (1991-2000) which emphasised balanced development. One of the most prominent features of the Malaysian economy during this period was the rapid growth of the manufacturing sector, leading to employment of foreign production workers, especially in the electronics subsector in the Peninsular (Pillai 2002; Narayanan and Lai 2007). With GDP growth of 13.7 percent per annum in 1990, Malaysia had attained full employment. The unemployment rate was recorded at 2.5 percent: demand for a low-skilled foreign labour force was high with rapid growth in manufacturing, construction, services and agriculture (oil palm plantation) sectors (Karim et al. 1999; Yusof and Bhattasali 2008; POIC 2012), despite the East Asian Financial Crisis in 1998. The economy continued to operate with labour shortages in almost all sectors (Ministry of Finance 1998; 2000).

The National Vision Policy (2001-2010) was a consolidation of past efforts in the NEP and NDP, progressing towards a knowledge-based economy to meet the challenges of a liberalised global economy and rapid technological transformation. Part of the effort was “a new shift from relatively labour to capital intensive and heavy industries to knowledge based production” (Ali 2003, p.29). There was a shift from secondary to tertiary industry as the major source of growth (Wong, Tang and Housten n.d, p.2). While Malaysia continued to be an attractive destination for foreign direct investment (FDI), the manufacturing industry continued to be important (MIDA 2011).

By 2005, the tertiary sector had replaced the manufacturing sector as the major contributor to GDP with an annual growth rate of 5.7 percent (see Table 1.1), accounting for 57.4 percent of

GDP (Nathan 2006, p.163). The wholesale and retail trade subsector, hotels and restaurants, finance, insurance, real estate and business services were the fastest growing service industries in 2007 (EPU 2011). Many foreign workers were employed in wholesale and retail trade as well as in hotels and restaurants (Ministry of Finance 2009). During the transition period to becoming a tech-intensive economy, Malaysia is expected to continue to rely on foreign labour (Migration News 2000; Wongboonsin 2003). Malaysia's economic performance was ranked in 12<sup>th</sup> position out of 59 economies in 2007 (IMD International 2011).

In 2011, the services sector, accounting for the largest share of Malaysian GDP, contributed 58.6 percent while manufacturing was second at 27.5 percent and agriculture third at 7.3 percent. Employment in the services sector was estimated to be 6.5 million, accounting for more than half of total employment; while in manufacturing and agriculture, it was estimated to be 28.7 percent and 11.5 percent of total employment, respectively (MIDA 2011, p.6-7). Foreign workers accounted for 15.2 percent of the total Malaysian workforce in 2010 (MOHR 2012; Department of Statistics 2012a).

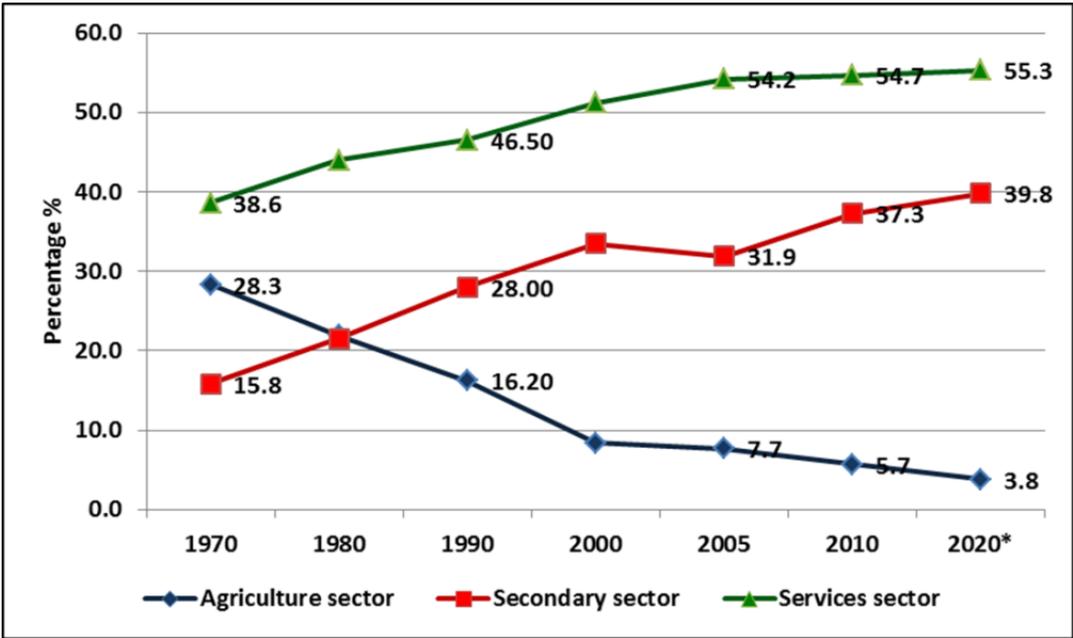
Over the past 50 years, government efforts have been channelled into diversifying sources of income for the economy. The 1971-1990 period saw a successful transformation from an agro-based to an industrial-based economy (Figure 1.2). The successful diversification strategy involved firstly, diversification of agriculture from rubber into large-scale plantings of oil palm and cash crops; and secondly, diversification away from primary into secondary industries (Yusof and Bhattasali 2008, p.5) and, later, tertiary industries. In a comparative study between Malaysia and Singapore, Hu (2010) found that this structural change improved income distribution and reduced the income gap between sectors.

The agriculture sector's share of GDP reduced from 26.7 percent in 1970 to 16.3 percent in 1990. However, this did not mean that this important sector of the economy was neglected (Zubair 2007); growth was driven by expansion in oil palms, livestock and fisheries (EPU 1991).

Growth in the oil palm plantation sector has been maintained through government land development schemes such as FELDA<sup>2</sup>, FELCRA<sup>3</sup> and Sabah Land Development as well as private companies and small businesses (Bahrin 1965, p.89). Sabah, Johor and Pahang are currently the main producers of crude palm oil (MIDA 2011).

**Figure 1.2: Transformation from Agro-based to Industrial-based Economy, Malaysia 1970-2020**

Source: Adapted from Economic Planning Unit (2010)



Note: \*value is based on estimation

In contrast, the secondary sector which contributed only 12.2 percent of total income in 1970 reached 24.6 percent in 1990. The emergence of newly industrialised economies (NIEs) in Asia increased domestic demand and provided a favourable climate for economic expansion (Karim et

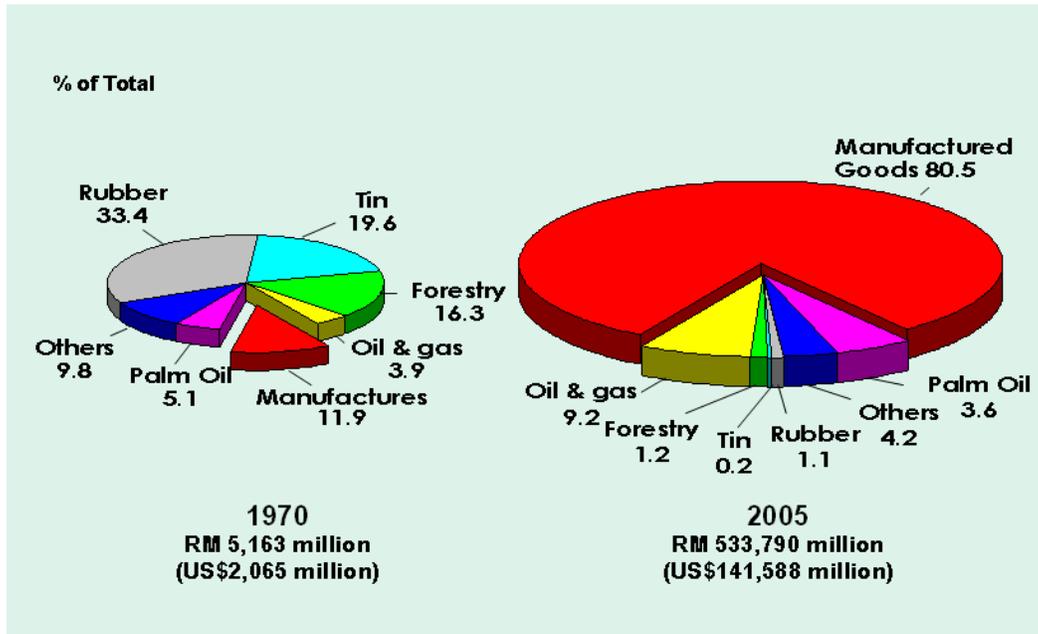
<sup>2</sup> The Federal Land Development Authority (FELDA) is a Malaysian government agency handling the resettlement of the rural poor into newly developed areas. It focuses on opening smallholder farms growing cash crops.

<sup>3</sup> The Federal Land Consolidation and Rehabilitation Authority (FELCRA) was established in 1966. Its objective is to develop the rural sector by helping its community to participate in national economic activities, thus improving their standard of living.

al. 1999; EPU 1991). From 1970 to 1990, the services sector increased its share of GDP from 37.5 percent to 48.8 percent due to expansion in government services during the NEP period (EPU 1991).

**Figure 1.3: Percentage of Malaysian Total Exports 1970 and 2005**

Source: Adapted from Economic Planning Unit (2010)



After a fast recovery from the 1998 economic crisis, the Malaysian economy entered into yet another phase of industrialisation that placed emphasis on more capital intensive, high technology and knowledge-based technology with diversification in output and exports as shown in Figure 1.3. The total exports rocketed from USD2,065 million in 1970 to USD141,588 million within 35 years. Exports of primary raw materials particularly natural rubber (33.4 percent) and tin (19.3 percent) in 1970 shrunk to 1.1 percent and 0.2 percent respectively in 2005. The export of palm oil was maintained due to market demand, stability in price and its use in the bio-technology industry (POIC 2012). The sustainable development policy introduced in 1993 that banned the export of logs (Sabah Forestry Department 1997) resulted in a reduction in forestry exports from 16.3 percent in 1970 to 1.2 percent in 2005. In contrast, manufacturing exports increased sevenfold after 1970 to 80.5 percent in 2005 dominated by the electrical and electronics (E&E) subsector.

To be an attractive FDI destination, Malaysia massively invested in the development of modern infrastructure. During the period from the 6<sup>th</sup> MP to the 7<sup>th</sup> MP (1991-2000), 78.3 percent (MYR 42,858,000) to 80.9 percent (MYR 80,079,000) of government development expenditure was allocated for the development of infrastructure (Lee 2011, p.2). Another important element that contributed to this success was Malaysia's supply of semi- and low-skilled foreign workers who have filled vacancies in the plantation, manufacturing, construction and services sectors since the 1970s. Occurring in tandem with this economic development was the massive inflow of Indonesian workers via the Indonesia-Malaysia corridor.

### **1.3.2 The Indonesia-Malaysia Migration Corridor**

The flow of Indonesian economic labour to Malaysia started in the late nineteenth century, when Malaysia was under British rule and Indonesia was a Dutch colony. Javanese labourers were recruited to maintain the British capitalist economic enterprises through 'Dutch contract'<sup>4</sup> and 'Local contract'<sup>5</sup> labour migration (Ali 2001; Kaur 2004; 2006; Silva 2011) in both the Malay Peninsular and Sabah. Prior to the arrival of Western powers, "maritime Southeast Asia was a seamless Malay world or *Dunia Melayu* wherein trade and flows of peoples were commonplace" (Asis 2005b, p.123).

Before British colonisation, a large number of traders and settlers from Sumatra had arrived on the Malay Peninsular between the 13<sup>th</sup> and 15<sup>th</sup> centuries (Kim 2009) and in Bugis-Makassar from South Sulawesi between the 16<sup>th</sup> to 18<sup>th</sup> centuries (Andaya 1999; Omar et al. 2012). North Borneo, being the major port for barter trading received traders from neighbouring countries in the Malay Archipelago such as Brunei, Philippines, Sulawesi, Maluku and Java Island in the 14<sup>th</sup> to 18<sup>th</sup> centuries (Warren 2007; Andaya and Andaya 1982; Trocki 2000). These early historical, cultural, religious and ethnic ties continued to shape the movement of people from Indonesia to

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<sup>4</sup> Javanese labourers under 'Dutch contract' were recruited directly from the source country, Indonesia, through licensed recruiters. This official permit system was regulated by the Dutch colonial authorities. The *Netherlands Indian Labourer Protection Enactment 1909* that regulated the importation of Javanese contract workers provided protection of workers from maltreatment and exploitation (Kaur 2004; Silva 2011).

<sup>5</sup> Indonesian labourers under 'Local contract' were recruited through private recruiters from either Singapore or on expiration of their previous contracts (Kaur 2004; Silva 2011).

Malaysia even after a political division was created by the British and the Dutch (Kaur 2004; Asis 2005; W. Hassan and Dollah 2011). Although the size and growth of early migration flows are difficult to estimate, historical and indirect evidence shows that foreign migration has been a significant factor in Malaysian population change.

During the British colonisation of the Malay Peninsular, Indonesians comprised the largest migrant labour group after the Chinese and Indians, and were welcomed both as settlers and temporary indentured workers. The British assumed that the cultural and religious similarities shared between Javanese workers and the Malays would ease their assimilation within local Malay society (Ali 2001; Kaur 2004). The Javanese were regarded as “originating from the same racial stock as the Malays” (Kaur 2004, p.4) and a “demographic buffer against the influx of Chinese and Indian labourers” (Chin 2004, p.9). These views had implications for the population census conducted by the British Malaya administration (Fernandez et al. 1974) as shown in Table 1.2.

**Table 1.2: ‘Other Malaysians’ Making up Total Malaysians in 1947 Census**  
Source: Fisher (1964, p.637)

<b>Ethnic group</b>	<b>Place of birth</b>	<b>Number</b>	<b>Percentage</b>
Javanese	Java	187,755	54.6
Bandjarese	Borneo	62,356	18.1
Boyanese	Sumatra	20,429	5.9
Minangkabau	Sumatra	10,866	3.2
Other Sumatran peoples	Sumatra	9,806	2.9
Bugis	Celebes	6,962	2.0
Korinchi	Sumatra	2,412	0.7
Achences	Sumatra	1,143	0.3
Palembangan	Sumatra	1,116	0.3
Djambi	Sumatra	980	0.3
Sundanese	Java	751	0.2
<b>Total</b>		<b>343,971</b>	<b>100</b>
Malay	Malaya	2,199,598	86.5
Other Malaysians	Indonesia	343,971	13.5
<b>Total Malaysians</b>		<b>2,543,569</b>	<b>100</b>

The Javanese were mainly hired to work in rubber plantations during periods of Indian labour shortages. A total of 37,792 Javanese were recruited in this sector between 1907 and 1938 (Kaur 2004, p.9); most of them were repatriated when their contracts ended but others managed to stay. The ease of assimilation of migrants from Indonesia is shown in the 1947 Malaya population census (Fernandez et al. 1974, p.3) (Table 1.2) that grouped the Indonesian-born population under the 'Other Malays' category. In other words, both Malays born in Malaya and Malays born in Indonesia were regarded as 'Malays'. When Malaya achieved independence in 1957, these early Indonesian settlers became Malaysian citizens and were included in the 'Malay' category in the 1957 census (Fernandez et al. 1974, p.13).

In North Borneo, Indonesians were mainly recruited due to the shortage of Chinese and local labour by timber, tobacco and coal companies (Sintang 2007). Spontaneous migrants mainly Bugis from Sulawesi, as well as native peoples, especially Bajau and Suluk from the Philippines, also responded to the economic expansion introduced by the British Borneo Company between 1878 and 1941 (Sintang 2007; Asis 2005b). Based on the annual report of the Protectorate Department, there were 19,376 Javanese labourers recruited during the period of 1914 to 1932. The differential between the number of arrivals and departures indicated that some migrants remained in North Borneo (Silva 2011, p.33). By 1920, Bugis, Javanese and the Sabah native peoples made up 50 percent of the population in the state (Ken 1999). Indonesian migration as well as Filipino migration to Sabah has caused a rapid increase of the Malay population through the process of granting citizenship status to Muslim migrants: by 1991, the population census showed that the Malay ethnic population outnumbered the Murut population that used to comprise the third largest ethnic group in Sabah (Mariappan 2010, p.41). This issue is discussed in Chapter 8 (refer to Table 8.4).

The migration flow between Indonesia and Malaysia gained momentum in the 1970s in tandem with the implementation of the NEP. The rapid economic growth and structural transformation were seen as an opportunity by the Indonesian government to earn foreign exchange and solve domestic unemployment through labour export (Hugo 1995; Sukamdi and Haris 1997; Firdausy 2005; Lin 2006). The number of overseas Indonesian workers (OIWs) in the export labour

programme throughout the Indonesian government's Repelita I to VI developmental plans can be observed in Table 1.3.

**Table 1.3: Number of Overseas Indonesian Workers (OIWs) to Malaysia since Repelita I**  
Sources: Hugo (1995, p.276); Mei (2006, p.5), Ministry of Workforce and Transmigration, Indonesia (2012)

Developmental Plan/Year	Total Number of OIWs	Number of OIWs to Malaysia
Repelita I (1969–1974)	5,624	NA
Repelita II (1974–1979)	17,042	536
Repelita III (1979–1984)	96,410	11,441
Repelita IV (1984–1989)	292,262	37,785
Repelita V (1989–1994)	652,272	122,941
Repelita VI (1994–1999)	1,461,236	392,512
Workforce & Transmigration Dept (2007)	696,746	222,198
Workforce & Transmigration Dept (2008)	748,825	257,710
Workforce & Transmigration Dept (2009)	632,172	123,886
Workforce & Transmigration Dept (2010)	860,086	154,202
Workforce & Transmigration Dept (2011)	586,802	134,120

There was an increasing trend in the number of OIWs during the periods of 1969 to 1999. The number of OIWs sent to Malaysia gained momentum beginning with Repelita III and has continued to experience a sharp increase ever since Malaysia became top of the list of major receiving countries of Indonesian workers: by 1999, there were 392,512 OIWs sent to Malaysia as recorded during the period of Repelita VI. During the 2000s, Indonesia continued to send its workers abroad, especially to Saudi Arabia followed by Malaysia and Taiwan. It is important to note that these official data only include legal migrant workers. The number would be higher if they included illegal migrants.

### 1.3.2.1 Indonesian Worker Movement to Malaysia

Kanapathy (2006) has divided the flow of foreign workers to Malaysia into three waves. The first wave (1970-1985) coincided with Repelita I to III. Most migrants were informally employed in the rural plantation sector in small numbers. By the late 1980s, there was an increasing recognition of the need for foreign labour by both, the government and the community owing to, firstly, the shift from rubber to palm oil from 1960 to 1977 (Pillai 1992, p.1). Secondly, escalation in the number of foreign workers began to occur in the late 1970s and early 1980s to meet growing demand, particularly in construction and agriculture (Kanapathy 2004; 2006).

During the period 1970 to 1985, Malaysia still largely depended on agriculture to generate its export income while the local young generation abandoned plantations to seek jobs in the manufacturing sector where the wages and work conditions were better than on plantations. Hence, foreign workers were needed to fill the gap. Rapid development programmes emphasising improvements in education, residential and non-residential construction, development of public transport and improvement in services (electricity and water) were induced by public investment (EPU 1976). They created new jobs in the construction sector (Narayanan and Lai 2005) that were more than local people could handle. However, there were no regulations controlling entry and recruitment of foreign workers (Kassim 1995; 1997; Kanapathy 2006).

The second wave (1986-1998) that coincided with Repelita IV to VI in Indonesia was triggered by the wide economic and demographic differences. By 1990, the Indonesian population was nearly 10 times greater than that of Malaysia with 55.2 million in the labour force (Table 1.4). Being a poor, low-income country in South East Asia, this labour-surplus nation saw opportunities in a labour-shortage country such as Malaysia. “Disparity in levels of income, employment and social well-being between differing areas” is the most obvious cause of migration besides demographic differences (Castles 2000a, p.272). Another important factor motivating migrants from rural Indonesia to seek jobs abroad was the continuous decline in the employment share of the agriculture sector from 67 percent in 1971 to 41 percent in 2010 (Suryahadi et al. 2012, p.3).

**Table 1.4: Indonesia and Malaysia Key Economic Indicators**

Sources: BPS Indonesia (1980-2010); Department of Statistics Malaysia (1980-2010); Malaysia Report (1980-2010)

Indicators	Malaysia				Indonesia			
	1980	1990	2000	2010	1980	1990	2000	2010
Population, total ( in millions)	13.8	18.1	23.3	28.3	146.5	177.4	205.3	237.7
GDP per capita ( current US\$)	1,811	2,431	4,029	10,467	532	645	803	4,400
GDP real growth rate	7.4	9.0	8.8	7.2	8.7	9.0	4.9	6.2
Labour force ( in millions)	4.9	7.0	9.7	11.63	55.2	74.9	96.9	116.5
Unemployment rate	6.0	5.1	3.0	3.4	1.5	2.4	6.1	7.1
Population below national poverty line (percent)	29.2	17.1	5.5	3.8	26.1	15.1	19.1	13.3
Poverty incidence (in millions)	0.67	0.61	0.35	0.23	42.3	27.2	38.7	31.0

Rapid industrialisation and modernisation of the economy induced by the privatisation policy in 1983 led to the increasing dependence on foreign workers. Malaysia's low-cost labour and physical infrastructure attracted foreign investment and helped industrial growth. Over time, the scale of both legal and illegal foreign workers, especially of Indonesian origin, who mostly worked in the manufacturing, services and plantation sectors grew bigger from the Medan Agreement in 1984, and thus triggered the need to introduce immigration policies and regulations (refer to Appendix 1). A comprehensive policy on contract foreign workers was finally introduced in 1991 but it failed to effectively control their inflow (Kanapathy 2006, p.3).

The growing reliance on foreign workers was only interrupted by the 1997 financial crisis and recession in 1998. In 1998, the number of Indonesian workers dropped by a third to 210,772 from the previous year (Table 1.5). The number of legal foreign workers prior to the 1997 financial crisis stood at around 1.5 million by official estimation, while there were approximately 1 million illegal workers (Kanapathy 2006, p.3).

**Table 1.5: Distribution of Indonesian Workers in Malaysia by Sector and Their Proportion (%) Compared to Other Foreign Workers**

Source: Immigration Department of Malaysia, 2012 (unpublished data)

Year	Agriculture		Construction		Domestic Workers		Manufacturing		Plantation		Services		Total	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%
1997	-	-	114466	69.1	60124	80.0	45135	19.9	53170	83.4	43216	44.9	316111	50.3
1998	-	-	37606	59.7	67446	86.6	42373	27.5	48184	85.3	15163	34.9	210772	53.3
1999	--	-	28423	57.9	86661	92.0	73413	47.2	67951	91.2	12746	34.8	269194	65.7
2000	-	-	43144	63.2	169432	95.4	182142	59.2	186236	92.8	22499	41.9	603453	74.7
2001	-	-	41355	65.2	185836	95.4	172854	55.3	212142	95.2	22557	40.0	634744	74.7
2002	-	-	109519	73.3	222977	95.5	158590	49.1	274788	92.1	22347	34.8	788221	73.8
2003	-	-	210949	83.5	253595	96.2	176151	45.6	324035	92.4	23425	27.5	988165	73.9
2004	-	-	185501	80.2	274965	96.3	187686	39.4	352339	91.6	23872	25.6	1024363	69.6
2005	34162	76.2	230077	81.7	306724	95.8	210422	36.1	383184	89.6	47015	29.4	1211584	66.7
2006	92003	74.6	216898	80.9	294115	94.6	213172	32.9	316832	89.4	40993	24.6	1174013	62.8
2007	102651	63.2	208920	70.0	275083	93.6	207574	27.1	292959	85.3	40015	19.9	1127202	54.6
2008	140590	63.8	183961	64.6	242815	91.8	226796	30.9	306477	84.7	47227	22.0	1147866	55.2
2009	98799	54.4	196929	65.7	230141	91.6	167155	25.2	260232	81.8	38684	19.0	991940	51.7
2010	81777	35.3	151333	64.4	189391	76.7	127127	18.9	214594	80.6	28587	17.3	792809	43.6
2011	86141	56.5	161691	72.2	134733	73.2	161691	21.5	251569	84.0	25947	19.5	785236	49.9
June 2012	81393	56.4	165237	71.5	122155	72.8	122543	20.7	253108	83.8	24718	17.8	769154	48.8

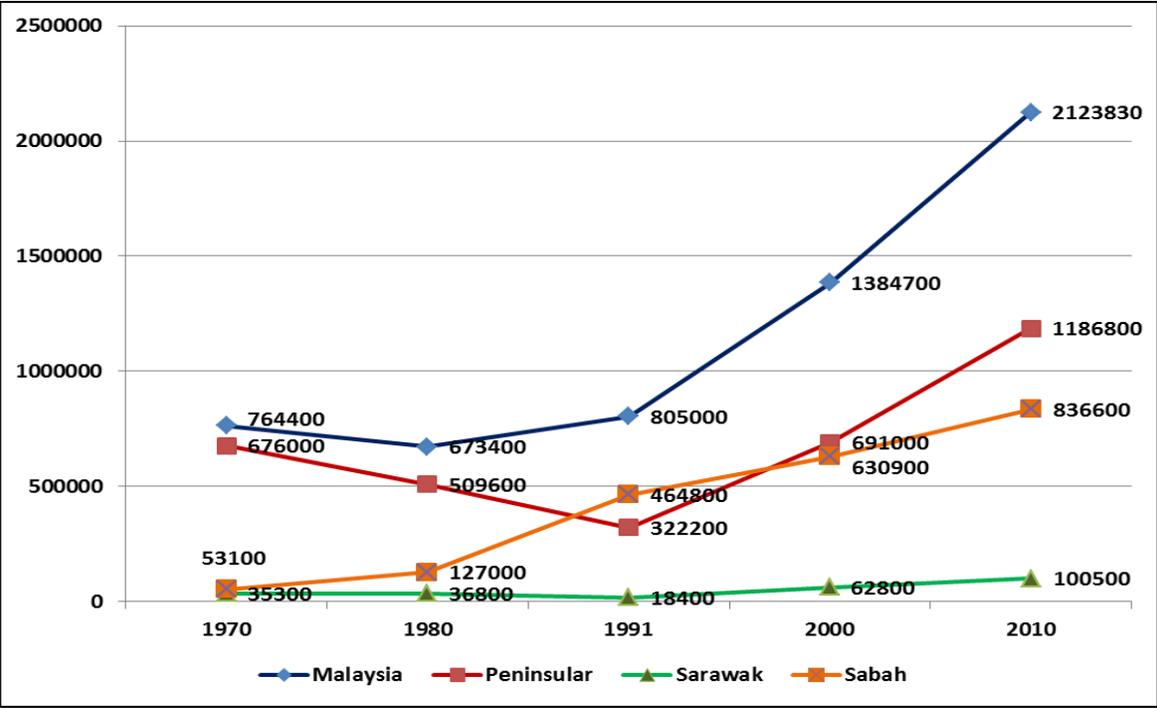
The banning, retrenchment and repatriation of foreign workers in response to the financial crisis in 1997 helped keep the unemployment rate at a relatively low level of 3.2 percent. To replace foreign workers, retrenched local workers were absorbed into sectors facing labour shortages (EPU 1991; Ministry of Finance 1998; Subramaniam 2006).

As Malaysia experienced a fast economic recovery, the inflow of migrant workers resumed, but at a slower pace (Kanapathy 2006, p.4). The third wave of migration from the end of the 7<sup>th</sup> MP onwards saw a trend emerge in which the source of foreign workers on the Peninsular was diversified with workers especially from Bangladesh, Thailand and the Philippines although Indonesia remained the major source country, especially in the plantation and domestic helper sectors (IDOM 2012). The implementation of a labour export policy continued in Indonesia: between 1999 and 2004, the Indonesian Workers Department aimed to deploy 2.8 million workers with an expected return of USD12 billion in remittances (Guzman 2003, p.9). The number of registered Indonesian workers peaked at 603,453 in 2000 accounting for 74.7 percent of the foreign workforce in Malaysia indicating over-reliance of the Malaysian economy on one source country. However, through diversification of the sources of foreign workers, a series of bans on Indonesian workers and/or foreign workers and the Hire Indonesian Last Policy (refer to Appendix 1), the proportion of Indonesian registered workers to the total number of migrant workers reduced. Appendix 1 shows that bans on the importation of foreign workers were instigated following the economic crisis (1997). There was less demand for foreign workers in particular sectors (1994 and 2009), during the spread of an epidemic (SARS in 2003) and when foreign workers of a particular country threatened local security (riots or protests by Indonesian workers in 2002).

Increasing feminisation is an important trend in the movement of Indonesian workers to Malaysia (Hugo 1993; 2004; IOM 2010b; Djelantik 2011), with these workers especially concentrated in the domestic helper sector and later in the manufacturing and services sectors. Besides working as domestic helpers, female migrants mainly hold low-income jobs, such as production workers in manufacturing and sanitary-related occupations in the services sector (Djelantik 2011, p.2).

There has been a steady increase in the foreign population since 1970 both in the Peninsular and Sabah which can be observed from the Malaysian Population Census (Figure 1.4). The influx of immigrants is more significant in Sabah than the Peninsular as it only permits employment of contract foreign workers from Indonesia and the Philippines. The single state of Sabah was home to 39.4 percent of the total foreign labour in Malaysia in 2010. Foreign workers accounted for about 50 percent of the Sabah workforce (Kanapathy 2006; Kassim 2006; Kassim and Mat Zin 2011). In addition, unlike the Peninsular, migrants in Sabah tend to bring their family members with them (Kassim 2003; Johari and Goddos 2003; Kanapathy 2006). A Federal Special Task Force report indicated that there were 294,704 registered Indonesian migrants in 1997, some 42 percent of whom were dependants (Johari and Goddos 2003, p.55).

**Figure 1.4: Distribution of Foreign Population in Malaysia by Region**  
 Sources: Malaysian population census (1970, 1980, 1991, 2000 and 2010)



The strong presence of Indonesian workers both legal and illegal has generated public concerns in Malaysia generally, and Sabah specifically. The negative impact of migration has often been highlighted in the mass media (Batistella and Asis 2003a, p.8).

“Migration became an issue when the local population thought that the number of migrants has reached alarming proportions. Critics cite how migrants are

straining social services, increasing criminality, and most of all determining the political life of the state”.

Migrants are often associated with increased incidence of crime, increased squatter areas, spread of infectious diseases, crowded public education and health institutions, increased social problems and deviant Islamic teaching (Kassim 1995; Johari and Goddos 2003; Kassim 2006; Current News 2007b; W. Hassan and Dollah 2011). Approaching the 2013 general election, migrants' involvement in the '*Projek IC*' where they were given Malaysian identity cards to vote for the governing party hit the headlines of local newspapers. Chapter 8 will discuss the granting of fast-track citizenship to migrants, and the impacts of migration on education and health services.

The main problem that comes with the movement of Indonesian workers to Malaysia is the large and growing number of illegal workers which the next chapter addresses. Some research blames this on the lack of knowledge among Indonesian migrant workers about the proper migration procedures which makes them more vulnerable to exploitation by middlemen who operate illegal movement (Quinn 2002; IOM 2010b; Djelantik 2011). Other researchers point to the high cost of legal migration systems and weaknesses in immigration law in Indonesia (Hugo 1993; Quinn 2002; IOM 2010b; Morgan and Nolan 2011), as well as in Malaysian law (Amatzin 2004; Kassim 2004; 2011; Wan Hassan and Dollah 2011). As has been commonly found in research, geographical proximity, historical links, similarities in language and culture, and well-established migration networks are the main factors causing illegal migration of Indonesians to Malaysia (Kassim 1987; Hugo 1993; Battistella 2002; Adi 2003; Wong and Teuku Anwar 2003; IOM 2010b). The overlapping of legal and illegal systems and lack of legal avenues are other factors that contribute to illegal migration.

#### **1.4 Literature Review and Theoretical Framework**

The migration process is multi-layered and dynamic. It takes on new forms, and involves new populations and destinations as it adapts to the changing global migration system and changing local circumstances (IMI 2006, p.3). Although many theories of international migration have been developed since the middle of the twentieth century, there are drawbacks to these theories in addressing the current complexities of migration (Massey et al. 1998; Stahl 1995). This

section presents some of the literature on Indonesian labour migration to Malaysia in general and Sabah in particular. It also provides a review of past and present theories of international migration which include economic and social theories, circular and transnational migration as well as international migration and citizenship. The theoretical framework, which comprises the causes, trends and impacts of migration of Indonesian workers to Sabah, is explained.

#### **1.4.1 Studies on International Migration to Malaysia**

International migration has a long history in Malaysia in general and Sabah in particular (Warren 1985; Ken 1999; Singh 2003; Sintang 2007; Bahron 2007; Silva 2011), but has been especially rapid since the 1980s although there has not been a corresponding growth in the literature. Economic aspects of migration have been the focus of interest of many researchers especially in the 1990s and 2000s. The economic development initiated by implementation of the NEP that brought about the demand for low-skilled foreign labour, especially in the agriculture, manufacturing and construction sectors, is a main focus (Ali 2003; Pillai 1992; Hashim 1998; Karim et al. 1999; Teoh 2000; Roslan 2001; Buntat et al. 2006; Johari and Chong 2003; Abdullah 2003; Yaacob and Goddos 2003; Kanapathy 2004; 2006; Narayanan and Lai 2005; 2007; Mei 2006; Hasan 2007; Yusof and Bhattasali 2008). In most of these studies, a historical approach is mainly used in explaining the causes and impacts of economic development as well as the migration flow to Malaysia. Improvements in education and changes in the workforce structure as causes of migration are analysed by Hashim (1998), Jamaluddin (2003), Kassim (2003; 2004; 2006), Keating (2010), Ismail et al (2011) and Mohamed and Said (2012).

Economic and demographic differences are the main factors influencing labour migration in the Indonesia-Malaysia corridor as found in Alisjahbana and Manning (2006), Nazara (2010), Dhani and Islam (2004) and Dasgupta (2001). Besides labour market conditions in Indonesia, the pattern, causes and impact of Indonesian legal and illegal migration to Malaysia are among the topics largely discussed by Indonesian writers (Sukamdi and Abdul Haris 1993; Bandiyono and Alihar 1998; Nasution 1998; Mantra 1998; Raharto et al. 1999; Eki 2002; Adi 2003; Firdausy 2005; Raharto 2007). Although the presence of Bugis from South Sulawesi is apparent in Sabah (Johari and Goddos 2002; 2003; W. Hassan and Abd Rahim 2008; Mulia 2011), most studies on

the East Malaysia migration system rely heavily on data from Flores, East Nusa Tenggara (Mantra 1998; Raharto et al. 1999, Hugo 2000; Eki 2002).

Low-skilled foreign contract workers have been the major focus of many researchers due to the large number employed in Malaysia. The issues that are often discussed include the legal recruitment procedure (Kassim 2004; Jemon 2005; Manan 2006; Amatzin 2006; Morgan and Nolan 2011; Linquist 2010) and the rights of low-skilled migrant workers (Navamukundan 2002; Quinn 2002; Kassim 2005c; 2007; Kaur 2008; 2010; Kanapathy 2004; 2006; 2008; Borman, Krishnan and Neuner 2010; Devadeson and Chan 2013). It was found that short-term foreign employment policy, coupled with the complex, costly and lengthy legal employment channel are the main causes of illegal migration and the lack of basic rights among migrants in Malaysia.

Illegal migration especially to Sabah is another issue that has taken centre stage in many studies (Hugo 1993; 1995; 2000, Kassim 1997; 2004; 2005; Jemon 2003; Kassim 2005a; 2006; Amatzin 2006; Kassim and Shah 2009; W. Hassan et al. 2010; Mulia 2011; Kassim and Mat Zin 2011). It is often facilitated by social networks and the migration industry (Hugo 1993; 1995; Spaan 1994; Wong and Teuku Anwar 2003). The impact of illegal migration includes effects on education (Ramlan and Goddos 2002; Kassim and Md Shah 2004; Omar 2005; Peters 2005), health services (Kassim and Md Shah 2004; Kassim and Imang 2005; Goh 2007) and security (W. Hassan and Dollah 2005; 2011) as well as politics and citizenship (Sadiq 2005; 2009; Frank 2006; W. Hassan and Abd Rahim 2008). However, until now, research on trends in family migration and full family formation among low-skilled migrants is scarce. Generally, there is little empirical research on Indonesian labour migration to both the Peninsular and Sabah.

#### **1.4.2 Migration Theories on Indonesian Labour Migration to Sabah**

Many migration theories have been developed since the middle of the twentieth century. These theories have concentrated mainly on the causes rather than the consequences of migration (Massey et al. 1993; Stahl 1995). They have usually focused on just one of the four phases of migration (pre, during, arrival and post stages) and did not include return migration in their analytical framework (Demuth 2000, p.23). In short, there is no single theory that is able to explain the type, motivations, direction and the consequences of migration, as well as

migration's gender specificity and transnational perspective (Massey et al. 1993, p.432). Despite the limitations, these theories provide a platform for the new emerging perspective of migration theories.

#### **1.4.2.1 Economic Theories of Migration**

The most fundamental of all the various economic approaches is the neoclassical theory that emphasises the maintenance of equilibrium in a regional system (Greenwood 1985). It assumes that migrants move in response to the spatial imbalances; from places with lower availability of land and capital/wages and abundant labour supply to places with higher levels of land and capital/wages availability and a lower supply of labour. The migrants will only make a decision to move if the calculated costs of moving are less than its benefits. In the long run, the flow of capital and labour between the origin and destination countries will be balanced out and benefit both regions (Borjas 1989; Bauer and Zimmermann 1994). This theory holds that labour markets act as the primary mechanisms for inducing international labour movement (Massey 1987; Roy 1999). Said et al. (2007) demonstrated that Malaysia's stronger economy (measured by income per capita) and Indonesia's high unemployment rate has a positive effect on Indonesian migration to the country.

One area of migration theory where the focus on temporary low-skilled labour migration from developing countries has been most pronounced is the dual labour market theory (de Haas 2010) that stresses the pull factors as initiators of the migration process. According to this theory, migrant workers are willing to accept low wages, low status 3D jobs eschewed by local people for several reasons. Firstly, foreign workers view their presence as temporary, and they migrate to improve their economic status (Piore 1979; Massey et al. 1998; Arango 2004). Secondly, low wages in destinations tend to be higher than those back home. Thirdly, it is not important for migrants to fulfil social expectations in the receiving societies.

On the other hand, rising educational levels and increasingly negative attitudes towards unskilled manual labour explain local workers' reluctance to occupy unattractive 3D jobs. The jobs that do not promise employment stability and future career advancement are labelled as 'migrants' jobs'

(Massey et al. 1993). Like neoclassical economic theory, dual labour market theory highlights that international migration is demand-based and the flow is initiated by the formal recruitment mechanisms and policies of the destination (Massey et al. 1993; de Hass 2010; Ullah 2010). Malaysia in general and Sabah specifically, have high demand for low-skilled foreign workers, especially in the manufacturing and oil palm plantation sectors.

As a critical response to neoclassical migration theory, the theory of new economics of labour migration (NELM) that evolved in the 1980s and 1990s (Massey et al. 1993, p.436) sees labour migration as being universally positive (Arango 2000, p.287). This is the first theory that combines economic explanations with sociological theories to include social processes in understanding migration (O'Reilly 2012). It assumes that migration is a decision-making process that involves not just the isolated individual migrants but the broader family (Stark and Bloom 1985; Massey et al. 1993). However, the theory still assumes that migrants are free agents driven especially by a fundamental desire for economic gain. The household is significant in controlling economic risk by diversifying the allocation of resources: some family members with the highest expected contributions to the local economies stay behind while others are sent abroad to maximise household income (Lauby and Stark 1988; Palloni et al. 2001; Oishi 2002). This is consistent with Todaro's (1969) view whereby increases in expected income contribution from migration can significantly explain the allocation of individual family members to migration (Taylor 1987).

NELM views remittance as an important mechanism that links determinants and consequences of migration. It emphasises the role of altruism in shaping migration and remittance behaviour. However, it does not take into account the significant risks migrants may face in the destination, such as low wages and poor working conditions (Stark and Bloom 1985). The Indonesian Labour Migration Sabah (ILMS 2010 Survey) found that altruism in sending remittances was apparent for most workers although the majority of those who stayed with their families had a tendency to mainly spend income on living expenses at their destination. Parents were found to be the major recipients of remittances in the absence of a spouse, thus demonstrating a strong sense of responsibility among Indonesian workers (Chapter 7). Besides parents, relatives are also involved in making the migration decision among the majority of Indonesian workers, which

emphasises the importance of social networking (Chapter 6). In contrast to the neoclassical model, wage differentials are not seen as a necessary condition for international migration, and economic development in the area of origin or equalisation of wage differentials will not necessarily reduce the pressure to migrate (Ullah 2010). This is because NELM highlights the importance of social capital and analyses the benefits of social networks in assisting new migrants to settle at their destination.

#### **1.4.2.2 Social Theories**

Earlier theoretical approaches tended to see migration as one-off moves of people to new places where they would settle indefinitely. Based on wider social theories that assume individuals act on conscious and rational choices, it has become clear that migration is more fluid and complex than that. Similar to NELM theory, the human capital theory introduced by Lowry (1977) designates a set of intangible resources in families and communities that help to promote the social development of young people. The basic idea is to see migration as an investment that entails the present cost in the hope of earning future benefits (Palloni et al. 2001; Ullah 2010). According to human capital theory, members of the younger population usually have better labour market prospects and tend to have better returns on investment while older people often have fewer economic incentives and tend to remain in the country of origin to maintain the family (Bauer and Zimmermann 1999; Krieger 2004).

The human capital theory is based on several assumptions, such as perfect information, freedom of movement and rational decision making. However, most of the time, potential migrants lack accurate information for making a decision (Fokkema 1996). The theory also emphasises that social capital can be accessed through membership in interpersonal networks and social institutions and can then be converted into other forms of capital to improve or maintain their position in the society (Palloni et al. 2001). Migration networks and education may make distance less of a deterrent to some individuals.

Social networks which are central in human capital theory are sets of interpersonal ties that connect migrants, former migrants and non-migrants to one another through relations of kinship,

friendship and shared community at both origin and destination (Boyd 1989; Palloni et al. 2001; Dannecker 2005). Network connections initiate international migration as they lower the costs and risks of movement and increase the expected net returns to migration (Massey et al. 1987; Koser 2010a) and, thus, they are significant factors in shaping decisions to migrate (Hugo 2001; Ullah 2010). Palloni et al. (2001) show sharp differences in the behaviour of people who are and who are not exposed to migratory behaviour through the tie to a migrant's sibling. Having an older sibling who has migrated triples the likelihood of migrating to the same destination. Similarly, this is more prominent among female migrants who chose Sabah as a destination and preferred to travel accompanied by friends and relatives (Chapter 6). Migration systems and network theory argues that all migration needs to be understood within the wider context of the system. It pays attention to the social and economic relationship between countries in different regions and the role of families, friends and others in assisting migrants.

Besides the social network, the development of migration industries also facilitates migration. These industries involve complex webs, linking origin and destination communities but not families. They operate both within and beyond the law (Hugo 2005, p.6) and include immigration agents, recruiters, travel agents, travel providers, immigration officials, labour brokers and other intermediaries who are involved in facilitating international migration (Hugo 2001, p.7311). Corruption in both the origin and destination countries facilitates the movement of migrant workers (Hugo 2005; Koser 2010b) as it weakens the function of immigration law and border security in the destination (Chapter 8).

Unlike the neoclassical migration theory that generally relies on mono-causal explanation, international migration can also be explained by the world system theory that focuses on macro-social processes and the idea that demand for low-waged foreign labour exists in certain industrial sectors assisted by colonial regimes in the past (Massey et al. 1993). At present, international migration has been explained by neoclassical regimes and multinational corporations in their search for raw materials and low-cost labour.

World systems theory may shed light on the importance of past and present linkages between countries at different stages of development (Arango 2000). It highlights that migration often

connects countries that were linked in the past by colonial bonds. The sending countries are usually poorer with similarities in culture, language and administration. The diversification of the migration flow and path runs parallel to the globalisation process. (Massey et al. 1993, p.446) argues that: “[i]mprovement in transportation, communication, infrastructure, the international movement of labour generally follows the international movement of goods and capital in the opposite direction”. This can be observed in Indonesia-Sabah labour migration that has had a long history since the pre-colonial time. Arango (2000, p.289) indicates that: “[t]he process of modernisation and commercialisation of agriculture entails the substitution of capitalist practices and processes for traditional ones especially in agriculture and manufacturing” Established network systems and improvements in transport and communication can maintain inflows of illegal migrants (Section 1.3 and Chapter 3).

#### **1.4.2.3 Circular Migration and Human Rights**

Circular migration has been an important aspect of migration in the last half-century facilitated by technological advancement in transport and communication that enable migrants to maintain close links with their home countries (Massey et al. 1993; Castles and Miller 2003; Hugo 2003). Although the concept of international migration is often associated with permanent relocation, circular migration actually has a long history in global population mobility (Hugo 2005). Circular migration is believed by some to be more beneficial for both origin and destination countries in East and South East Asia than permanent migration because:

- i. low-skilled foreign workers are only needed for immediate demand and are not expected to lead to permanent settlement;
- ii. working abroad temporarily is a family strategy to improve the economy in the country of origin;
- iii. governments of sending countries do not want to lose nationals permanently and
- iv. governments of receiving countries strongly oppose permanent settlement.

(Castles 2003, p.6)

Guestworker programmes are the result of a “state-fashioned compromise” aimed at maintaining high levels of labour migration, while also strictly regulating immigration and closing national borders. According to Arango (2003, p.3), non-democratic societies would tend to allow a high number of migrants as long as they are temporary labourers with limited rights. It can be concluded that fewer and more limited migrants’ rights mean lower employment costs and more

employed migrants (Ruh and Martins 2006, p.7). Mascarenas (2012, p.24) commented that “in the context of human rights, the circular or temporary migrant workers’ status as human beings and therefore as the subject of rights clash with the formula of ‘open entry’ yet ‘closed membership’” as practised especially in non-Western countries and less liberal nations. As is commonly understood, migrants also have basic human rights which include “freedom from oppression and torture, as well as freedom of conscience, thought and belief” derived from their existence as a person, rather than from their membership of a society (Stalker 1994, p.69).

Lack of rights for immigrants (Stalker 1994), a large number of illegal migrants and strict immigration policy and policing (Balakrishnan 2013), as well as increasing restrictions on legal movement (Hugo 2005, Koser 2010b), may lead to permanent settlement. Malaysia is among the destination countries that embrace guestworker programmes to facilitate circularity but faces difficulties in maintaining it due to the factors stated earlier. Permanent settlement (legal and illegal) and family formation in Sabah are reflective of this situation. Rural oil palm plantations and employers who often harbour illegal migrants, as well as established social networks, heighten this situation (Kassim and Mat Zin 2011). The ILMS survey found that the majority of migrant workers bring their spouse and children to stay in Sabah. As immigration law in Malaysia does not embrace permanent residency among low-skilled contract workers (Kanapathy 2006, 2008a), migrants’ dependants are considered as illegal and underclass (Balakrishnan 2013) and, therefore, are denied access to hospital and education services. Being a new nation-state that only achieved its independence in the mid-twentieth century, Malaysia is still strengthening its nationhood and democratic institutions. While the country is still working towards achieving its civil, political and social rights, it is not yet able to extend these rights to migrant workers and their dependants.

Many suggest that circular migration is a programme that can fulfil the goals of the country of origin, the destination and the migrants (Agunias and Newland 2007; Newland 2009). Hugo (2005, p.12) lists the advantages of maintaining circular migration among migrants:

- i. Able to earn higher income and increase purchasing power of their earnings by benefiting from the difference in currency rate between the low-cost, low-income origin and high-income, high-cost destination.

- ii. Easier to retain traditional culture and language as well as to maintain strong family linkages in the origin.

The developmental benefits of circular migration or triple wins rely on the circumstances surrounding it and the degree of freedom that individual migrants can practise in undertaking their migration (Newland 2009). Positive or negative impacts of circular migration depend on “the socioeconomic conditions in the destination, the circumstances leading to return (planned, forced, spontaneous) and the characteristics of migrants themselves (highly skilled, trained, well-financed)” (Agunias and Newland 2007). However, in a country that adopts an exclusion policy that bars migrant workers from the welfare system, political participation and citizenship (Castles 1998, p.248), ‘positive circularity’ will be difficult to achieve. It only allows low-skilled foreign workers to be employed temporarily by an employer in a specific sector until their contract ends. Besides being given limited opportunities, migrants especially those who live with family members face difficulty in making meaningful savings as their income is spent on monthly consumption at their destination which, according to Newland (2009, p.26), are distinct features of ‘negative circularity’. To promote successful implementation of guestworker programmes, Malaysia should consider formulating a policy that guarantees low-skilled migrant workers their human rights and social welfare so that positive circularity could be achieved.

#### **1.4.2.4 Transnational Migration and Dual Citizenship**

An increasing degree of circularity is followed by the emergence of transnationalism (Hugo 2005). It is defined as “the processes by which immigrants forge and sustain multi-stranded social relations that link together their societies and settlement” (Basch et al. 1994, p.7). Transnational migrants are those who maintain familial, economic, cultural and political ties in a social space without national borders, encompassing both home and host nations (Basch et al. 1994, Levitt and Jaworsky 2007). Many argue that transnationalism is not a new theory based on the literature that states that early European migrants returned to their home countries and maintained contact with their family (Foner 1997; Iredale et al. 2003; Levitt and Sorensen 2004; Levitt and Jarwosky 2007). However, recent transnational migration has been more fluid with the ease of transportation and communication, remittance flow, increasing dependence on remittances and governments’ interference in managing migration (Levitt and Sorensen 2004).

The development of transnational theorising about migration began when the conventional migration theories were unable to adequately address the current transnational migration practices (Basch et al. 1994). The measure of a migrant's transnationalism is difficult to assess especially when the definition of the theory has not been clarified (Portes et al. 1999; Guarnizo et al. 2003). Portes et al (1999, p.221) divided transnational activities into two categories: transnationalism from above and below: the former results from activities conducted by government and organisations (formal); while the latter is initiated by migrants and their networks (informal). This contemporary theory offers a new view of migration whereby migrants maintain the relationship between their destination and origin through activities such as remittances, properties, letters, phone calls, personal visits and membership of a diaspora group (Parrenas 2001). Improvement in long-distance communication and transport contributes to the emergence of transnational social spaces and reduces migration costs.

Faist (1999) categorised transnational social spaces into three types characterised by the dominant mechanism of integration, namely, transnational kinship group, transnational circuits and transnational communities. Transnational communities are defined as “international movers and stayers connected by dense and strong social and symbolic ties over time and across space to pattern of network and circuits in the origin and destination based upon solidarity” (Faist (1999, p.12). Transnational communities are characterised by “a high degree of personal intimacy, emotional depth, moral commitment, social cohesion and continuity in time” (Nisbet 1966, p.47).

The growth of transnational communities will lead to an increase in multiple citizenships that, according to critics, raise political issues such as:

- i. ambivalence towards the receiving polity;
- ii. weak roots in the nation-state settlement;
- iii. strong incentives to form a transnational community;
- iv. bold claim to a diaspora;
- v. weak inclination of immigrants to adapt to immigration country; and
- vi. divided loyalties among immigrants.

(Faist 1999, p.16)

From migrants' points of view, dual state membership constitutes a deliberate strategy to protect various rights in multiple states. However, it also creates people with divided loyalties — “those with instrumental rather than emotional attitude towards state membership”— a phenomenon most feared by nationalists (Iredale et al. 2003, p.19). Although some reports suggest that about half of all countries worldwide allow dual citizenship, Malaysia and most Asian countries oppose the idea as transnationalism is thought to weaken traditional forms and established ideas of national identity (Iredale et al., p.20). Neither Malaysia nor Indonesia embraces dual citizenship. Nevertheless, due to increasing migration and globalisation, it is predicted that transnational communities will play a more important role in the Asian region.

#### **1.4.2.5 International Migration and Citizenship**

Discussion on the limits of migration control in liberal democracies or the predicament between citizenship and rights has been central in most political analysis of migration policies (Mascarenas 2012). While citizenship means full inclusion in the national community (Marshall 1992), it becomes a mechanism of closure in handling immigration (Brubaker 1992, pp.21-34). Nation-states tend to be inclusive and democratic on the inside but restrictive and undemocratic on the outside (Joppke 1998, p.2).

“The restrictions enforced with regard to entry and stay or territorial closure cannot be detached from sovereignty. As sovereignty leads to identification of community or polity with territory, the presence of foreigners within the territory is seen as potential threat to the economic, social, political and cultural boundaries of the nation-state.”

(Joppke 1998, p.5)

This has led to the drawing of solid boundaries between members of the community who are entitled to social rights and services, and non-members. Furthermore, the nation-state is built on the principle that political boundaries should correspond with cultural boundaries. Therefore, citizenship is a legal status that grants its holders particular economic, social and political rights, and is also a form of identity that tends to be defined in terms of cultural homogeneity (Kymlicka and Norman 1994. p.369). Citizenship comes with certain rights, duties and responsibilities, thus it is viewed as a privilege.

Similarly, Malaysian citizenship is restrictive towards native peoples and exclusionary towards outsiders. Every individual in Malaysia born before it achieved independence in August 1957 in the Peninsular and September 1963 in Sabah and Sarawak, is a Malaysian citizen. As Malaysia grants citizenship according to the father's nationality (*Jus sanguinis*), an individual born on a later date is not a citizen unless he or she is born in Malaysia to at least one Malaysian parent or permanent resident. Foreigners can be granted Malaysian citizenship through a long process of naturalisation which is very expensive and complicated (Sadiq 2009, p.14). Like Switzerland, Malaysia has one of the longest qualifying periods of 12 years (Stalker 1994). Other conditions include evidence of good conduct, declaration of good behaviour and demonstration of an elementary knowledge of the Malay language. Thus, only a small number of immigrants are granted citizenship status through official naturalisation procedures (Sadiq 2009).

Conversely, citizenship can easily be obtained in Sabah, East Malaysia by illegal immigrants through fraudulent means. Sadiq (2009) rationalised that weaknesses in the citizenship infrastructure open the path to citizenship among illegal immigrants. Networks of complicity and blurred membership are two important factors that make acquisition of state documents possible (Sadiq 2009, p.196). In his analysis of documentary citizenship in developing countries such as India, Pakistan and Sabah, Sadiq (2009, p.196 and 198) concluded that "illegal immigrants have overcome the traditional notion of secure citizenship" and that "the bounded nature of citizenship, where the nation-state was a container for all rights, has eroded because of its dependence on documents". With citizenship documents, not only do migrants have political rights, they also have direct access to privileges given to the *Bumiputera* in Malaysia. As citizenship comes with human and legal rights, gaining citizenship through fraudulent means has become an important strategy for immigrants to live comfortably with their dependants in Sabah. It is believed that with government intervention, granting of fast-track citizenship to immigrants in exchange for their votes is practised by the Malay political party to maintain its dominant position and ruling power.

### **1.5 Theoretical Framework**

Migration is a complicated process that affects every dimension of social existence and which develops its own complex dynamics (Castles and Miller 2009, p.21). Therefore, research on

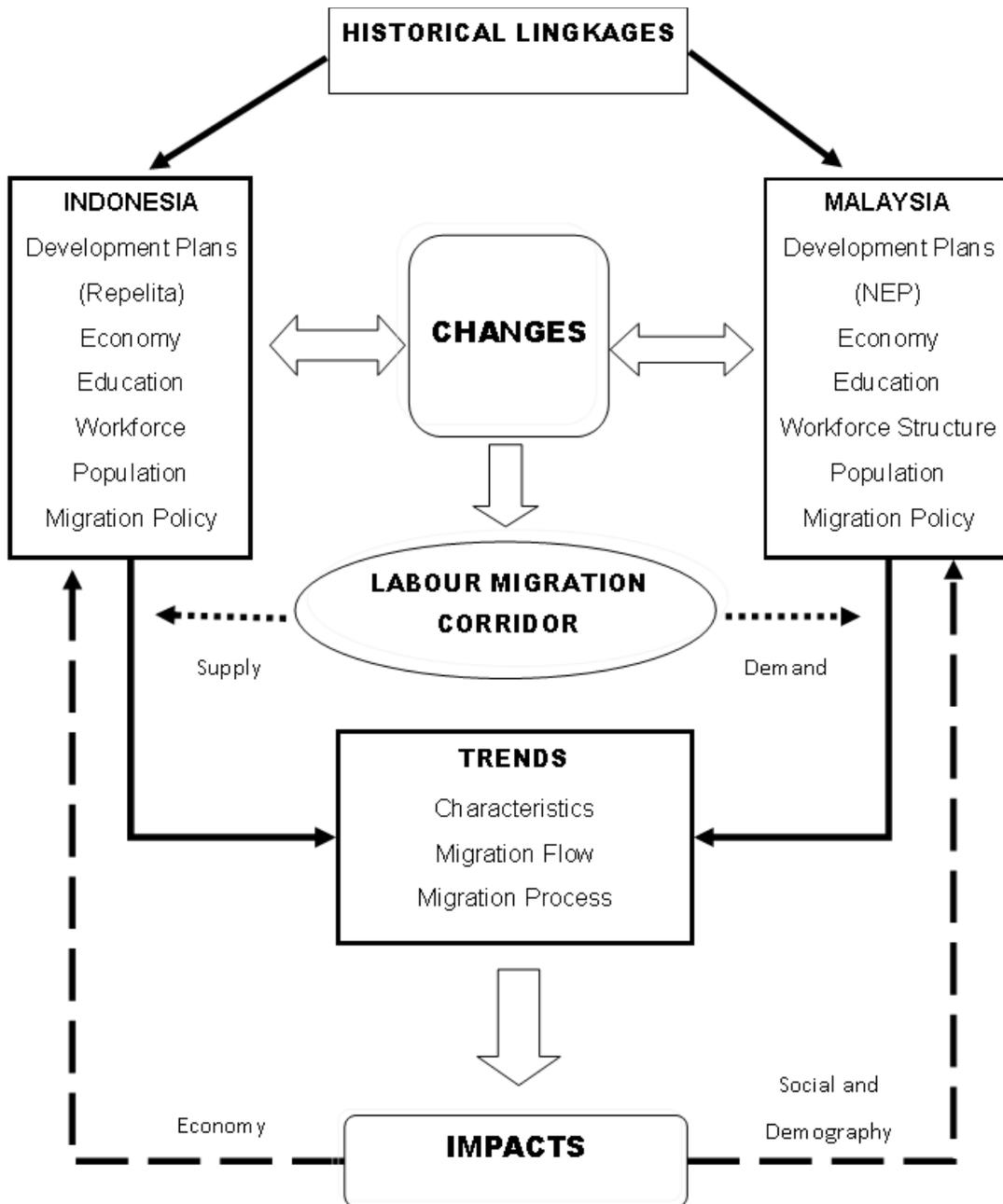
migration cannot be studied in a mono-disciplinary fashion. Instead, it should adopt an multi-disciplinary approach that includes: sociology, political science, history, economics, geography, demography, psychology, cultural studies and law (Castles and Miller 2009; Brettell and Hollifield 2000). As shown in Figure 1.5, the study of Indonesian labour migration to Sabah encompasses a broad aspect of changes, trends and impacts.

Linked by colonial bonds as explained by world systems theory, the long history of Indonesian migration to Malaysia in general, and Sabah in particular, has influenced the trends in the Indonesia-Malaysia labour migration corridor. In addition, improvements in the Malaysian economy and education that have taken place beginning over four decades ago when they were initiated by the implementation of the NEP have changed the workforce structure. They brought about a demand for low-skilled foreign labour. Differences in labour supply and demand and the push and pull factors suggested in economic theories contribute to the more recent developments of migration as explained in Chapters 1, 2 and 3 of the thesis that provide the background of this study.

New economics of labour migration (NELM) that involves family members in the decision-making process is applicable in this study as the decision to migrate is not necessarily based on economic reasons, especially for female migrants (Chapter 6). The choice of destination and decision to migrate are also influenced by non-economic reasons, such as joining family members. In addition, networking theory influences the movement trends in the Indonesia-Sabah labour migration corridor. The close distance between Indonesia and Sabah, improvements in transport and telecommunication and the use of social networks in pre, during and post migration stages, help to reduce migration risks and costs, thus encouraging movement flow, especially via illegal channels.

In this study, both economic and non-economic impacts of migration are analysed. Chapter 7 draws the picture of migrants' economic linkages, such as wage differentials, employment benefits and the dynamics of remittances. It attempts to see the relationship between the cost of living, especially among migrants who stay with their family at their destination and remitting behaviour. It attempts to rationalise the migration decision from the economic point of view.

**Figure 1.5: Theoretical Framework for the Study of Indonesian Migration to Sabah**  
 Source: ILMS (2010)



The social and demographic impacts of migration on the destination are explored in Chapter 8. Malaysia’s complex ethnic composition has influenced its international migration policies. As the country is still working towards building its nation-state, it is not yet able to extend equal rights to migrants. The implementation of policy on temporary migration that is based on an

exclusion approach overlooks the basic rights of foreign workers and their dependants who are denied access to subsidised hospital and free education services. The demographic impact of migration in Sabah has been focused on the issue of the granting of citizenship to migrants. Weaknesses in the citizenship infrastructure and the two factors of blurred membership and networks of complicity have opened paths to documentary citizenship for migrant workers. With government intervention, granting of fast-track citizenship through fraudulent means in exchange for votes is apparent in Sabah.

## **1.6 Organisation of the Thesis**

This thesis consists of nine chapters. The background material is presented in Chapters 1, 2 and 3. This first chapter introduces the context and scope of the study listing the aims and objectives of the research. It provides background information on Malaysian economic development through the implementation of major policies during the 2<sup>nd</sup> to 9<sup>th</sup> Malaysia Plans (MPs) focusing on the NEP that initiated the flow of low-skilled migrants in the Indonesia-Malaysia labour migration corridor. It also evaluates the existing theories and draws the key concepts for the study's theoretical framework. This chapter concludes by outlining the structure of the thesis.

Chapter 2 presents an analysis of Malaysia's human capital development through improvements in education and training initiated by the NEP that changed the structure of its workforce. It shows how these changes led to employment of both high and low-skilled foreign workers. Focusing on semi/low-skilled contract migrant workers, this chapter explains the recruitment process, size and sectors in which they are employed. Issues relating to illegal migration are also highlighted. The background of the study continues in Chapter 3 with a focus on Sabah, the main destination for Indonesian labour migration in the Eastern Malaysia system. This chapter describes the geographical and historical background of Sabah, as well as the social and cultural background that contributed to the long-established social networks between Indonesia as well as the Philippines and Malaysia. It presents Sabah's economic growth and changes in its workforce that led to a huge inflow of migrants from neighbouring countries, especially Indonesia. This chapter also highlights changes in Sabah's demographic profile due to immigration and the concentration of Indonesian migrants in the study area.

Chapter 4 explains the research methodology of the study. It begins with the justification of the choice of its mixed method techniques based on the methodological framework and evaluates the secondary data sources on immigration in Sabah and in Malaysia as a whole. The chapter then provides details on primary data collection procedures which include a survey, in-depth interviews, discussion and observation. This chapter ends with a description of the study area.

Chapters 5, 6, 7 and 8 report the findings of the study. Chapter 5 analyses the characteristics of Indonesian labour migrants such as their sex, age structure, ethnicity, place of origin, religion, marital status, education and legal status. This chapter provides an understanding of the trends in Indonesian labour migration to Sabah. Chapter 6 probes into the migratory motives and decisions to migrate as well as the recruitment and movement processes of Indonesian workers, including both legal and illegal channels. It explores the roles of social networks in pre, during and post migration stages. In addition, the role of middlemen in assisting illegal immigrants is also highlighted in this chapter.

Chapter 7 emphasises the economic impacts of Indonesian labour migration to Sabah. In an attempt to rationalise migration, this chapter compares economic factors such as wage differentials, employment and income security, and employee benefits between countries of origin and destination. It shows how migrants' economic linkages such as wages and living expenses at the destination affect remittance behaviour. This chapter also explores the dynamics of migrants' remittances. The non-economic consequences of Indonesian labour migration to Sabah is analysed in Chapter 8. The polemic of international migration and the issue of the granting of citizenship to migrants are discussed. The impacts of the presence of migrants, especially those staying with their families in Sabah, on health and education services are also highlighted.

Chapter 9 is the final chapter which concludes the study. It summarises the major findings, draws theoretical conclusions, suggests some policy implications and provides recommendations for future research.

## **1.7 Conclusion**

The first chapter of this thesis has provided a background of the issue of international labour migration in Malaysia. This chapter also listed the main research objectives, looking at the changes, trends and impacts. While explaining Malaysian economic development through the implementation of major policies focusing on the NEP, this chapter showed how these changes led to labour shortage problems and the huge migration inflow. This chapter then evaluated the existing theories and drew the key concepts for the study's theoretical framework. The concepts of nation-state and citizenship were explored to understand the emergence of Malaysia's migration policies. A summary of the nine chapters in this thesis was provided to help readers to understand the organisation of the thesis.

## **CHAPTER 2**

### **CHANGES IN WORKFORCE STRUCTURE AND FOREIGN WORKERS IN MALAYSIA**

#### **2.1. Introduction**

The importation of foreign workers has become a crucial economic strategy for many industrialised countries worldwide. Large-scale labour migration in European nations was initiated by massive industrialisation in the nineteenth century (Karim et al. 1999). The establishment of oil industries in the Gulf region in the 1930s brought about demand for foreign workers with low to high levels of skills (Weiner 1990). The rapid growth in manufacturing and industrial sectors in Asian countries, such as Singapore, Japan, Hong Kong and Malaysia in the early 1970s created a huge labour demand attracting foreign workers from labour-surplus neighbouring countries such as the Philippines, Indonesia, Pakistan and Bangladesh (Karim et al. 1999).

Malaysia's rapid economic development during the period 1971-1990 was closely related to the implementation of the New Economic Policy (NEP), a controversial policy owing to its focus on one ethnic group (Roslan 2001; Ali 2003; Kaur 2004; 2006) as explained in Section 1.4. To understand why Malaysia had to turn to the importation of foreign workers as a perceived short-term solution to its labour shortage problems, it is pertinent to analyse the implementation of this policy and its impacts on the educational and human capital development of the nation. This chapter discusses the impacts of the implementation of major economic policies on the Malaysian educational system and facilities resulting in upward social mobility and changes in the structure of the Malaysian workforce; thus creating labour-supply imbalances that eventually brought about the need for foreign labour.

This chapter also explains the major types of foreign workers in Malaysia focusing on contract migrant workers who constituted 15.2 percent of the total Malaysian workforce in 2010 (Department of Statistics Malaysia 2012a). The recruitment process of contract migrant workers, the number of workers, the countries of origin and the sectors in which they are employed are important in understanding the employment trends of contract migrant workers in Malaysia. The influx of foreign workers, especially from the neighbouring country, Indonesia, constituting

nearly 50 percent of the total foreign employment in 2011 (IDOM 2012), brought with it illegal migration problems. A brief explanation of the types, size and series of measures taken to control illegal migrants is highlighted in this chapter.

## **2.2 Human Capital Development and Changes in Workforce Structure**

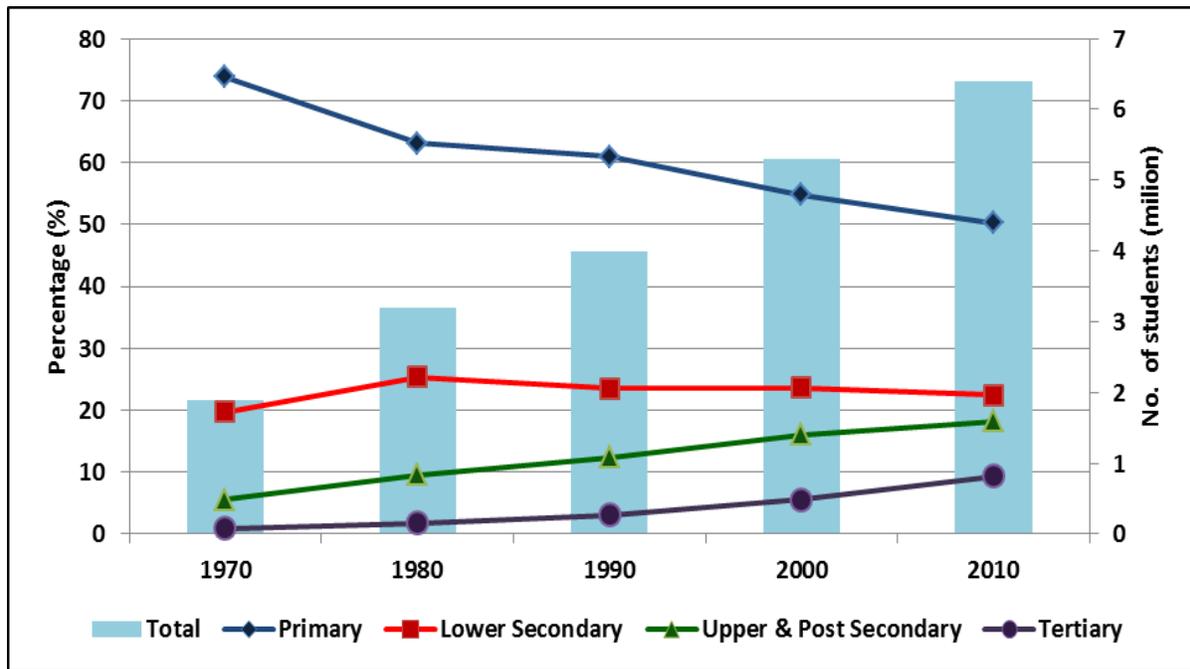
Over the past 40 years, the Malaysian government has implemented policies to change inter-ethnic income disparities mainly through education and public sector employment policies that principally benefited the *Bumiputera* (Jamaludin 2003, Keating 2010, Ong 2012) and, to a lesser extent, other minority groups. Malaysia has invested in human capital development through improvements in education and its facilities, especially in rural areas, and the implementation of training and retraining programmes. This forms part of its strategy to eradicate poverty and produce a local workforce with higher levels of education, especially in tertiary, technical and professional training to provide the skilled and semi-skilled workers perceived to be much needed for the growing economy. Education reform is often a priority in countries pursuing economic growth and national development. In the Malaysian context, education is perceived to be a means of human resource development as the country is progressing towards rapid urbanisation, industrialisation and globalisation of the economy (Jamaluddin 2003).

The efforts initiated by the New Economic Policy (NEP) resulted in improvements in the number of primary and secondary schools, polytechnics and community colleges as well as public and private universities (Ministry of Education Malaysia 2012a; 2012b) and an escalation in the number of student enrolments from all races. Although improvements in education have enhanced the level of educational attainment among the Malaysian workforce, the country still faces an acute shortage of skilled manpower in the vocational and technical fields (NEAC 2010; Keating 2010; Ismail et al 2011) and, even more so, low-skilled labour. This section describes changes in the Malaysian education system and its impact on the labour force structure.

The education system has mainly been shaped by the National Education Policy (1961), the New Economic Policy (1971), the Cabinet Report (1979) and the National Education Policy (1988) (Malaysia Education Blueprint 2012). The implementation of these policies has paid dividends

with a steady increase in the total number of student enrolments over the past four decades (Figure 2.1).

**Figure 2.1: Distribution of Student Enrolment by Level of Education, Malaysia 1970-2010**  
 Sources: Adapted from Ministry of Education Malaysia (1970, 1980, 1990 and 2000);  
 Ministry of Higher Education Malaysia (2010)



Notes: Primary education consists of six years of schooling (7-12 years old).  
 Lower secondary education consists of three years of schooling (13-15 years old).  
 Upper and post-secondary education consists of two years of schooling (16-17) years old, and form six (two years) or pre-university programme/matriculation (one year).  
 Tertiary education includes teacher training, technical and community college and public university.  
 University enrolment includes diploma and first degree.

The establishment of free primary education with automatic promotion to lower secondary provided greater access to education among rural Malays (EPU 1986) and resulted in an escalation in secondary school enrolments over the years. By 2010, the Malaysian education system had achieved a near-universal primary and lower secondary enrolment; the adult literacy rate for the population aged 15 years and above increased from 54 percent in 1957 to 92 percent in 2010 (Malaysia Education 2012a, p.53).

At the tertiary level, the government opened broad opportunities and assistance, particularly for the *Bumiputera*, mainly through expansion of tertiary education facilities, introduction of a quota system<sup>6</sup>, establishment of matriculation centres and provision of financial assistance for students in local universities and abroad. “The operation of ethnically based quotas influences the patterns of participation in pre-tertiary and tertiary studies. Non-Malay<sup>7</sup> students are more likely to enrol in private colleges and private universities” (Keating 2010, p.9). As pointed out by Jamaluddin (2003) and Lee (2011), enrolment of *Bumiputera* students in public universities had in fact exceeded the *Bumiputera* quota of 55 percent in 1985, while more than 95 percent of government scholarships for overseas tertiary education were awarded to *Bumiputera* students in the same year. Moreover, the privatisation of education in the mid-1990s that allowed foreign branches to open private colleges and universities in Malaysia increased tertiary enrolment of non-*Bumiputera* and foreign students (Jamaluddin 2003, p.165). More non-*Bumiputera* students have made their way to public universities since the introduction of meritocracy<sup>8</sup> in 2002 in place of the quota system (Ali 2003; Commonwealth of Learning and UNESCO 2003).

The expansion in tertiary education reflects the ambition of the Malaysian education system to generate a skilled and knowledgeable workforce by 2020, and fulfil its aspiration to become a tertiary education hub among Asian countries (EPU 2011). Universities are seen as the major contributor to human resource development (Keating 2010 p.6).

Providing semi-skilled and skilled workers, mostly with the technical skills needed in the manufacturing and construction sectors, is an important agenda in the development of the nation through improvements in tertiary education. The aim is to reach the ratio of 1:2 in enrolments of first degree level to those at diploma and certificate level as is practised in several developed countries based on current technological development (Studymalaysia 2011). This objective has

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<sup>6</sup> The quota system in public university enrolment provides 55 percent placements for *Bumiputera* and 45 percent for non-*Bumiputera*.

<sup>7</sup> Non-Malay refers to Chinese, Indians and other races including Sabah and Sarawak native peoples.

<sup>8</sup> In replacement of the quota system, meritocracy was announced in 2002 for public university enrolment based on merit/results in pre-university education such as STPM/MHSC (Malaysian Higher School Certificate) and matriculation.

been achieved by providing industry training under the Ministry of Human Resource Development and in the technical and vocational sector (through polytechnics and community colleges) under the Ministry of Education (Keating 2010). These offer alternative channels (besides university education) to tertiary education among school leavers, school drop-outs and local people based on the current needs of the nation, local activities, public sector and industry (Studymalaysia 2011).

The achievement of the Malaysian education system can be seen in the improvement in education attainment of the population aged 15 years and above (Figure 2.2). The proportion of the adult population (aged 15+) with no schooling has declined from 60 percent in 1950 to 9 percent in 2010, while the proportion that has completed secondary education has increased from 6 percent to 61 percent over the same period. For those completing tertiary level, although relatively low, the proportion of the adult population (aged 15+) increased to 15 percent in 2010. Overall, as a middle-income economy, Malaysia's educational performance appears to be strong although the pattern of the highest educational qualifications are below those of the Organisation for Economic Co-operation and Development (OECD) averages, a pattern which is common in many developing or middle-income nations (Keating 2010, p.12).

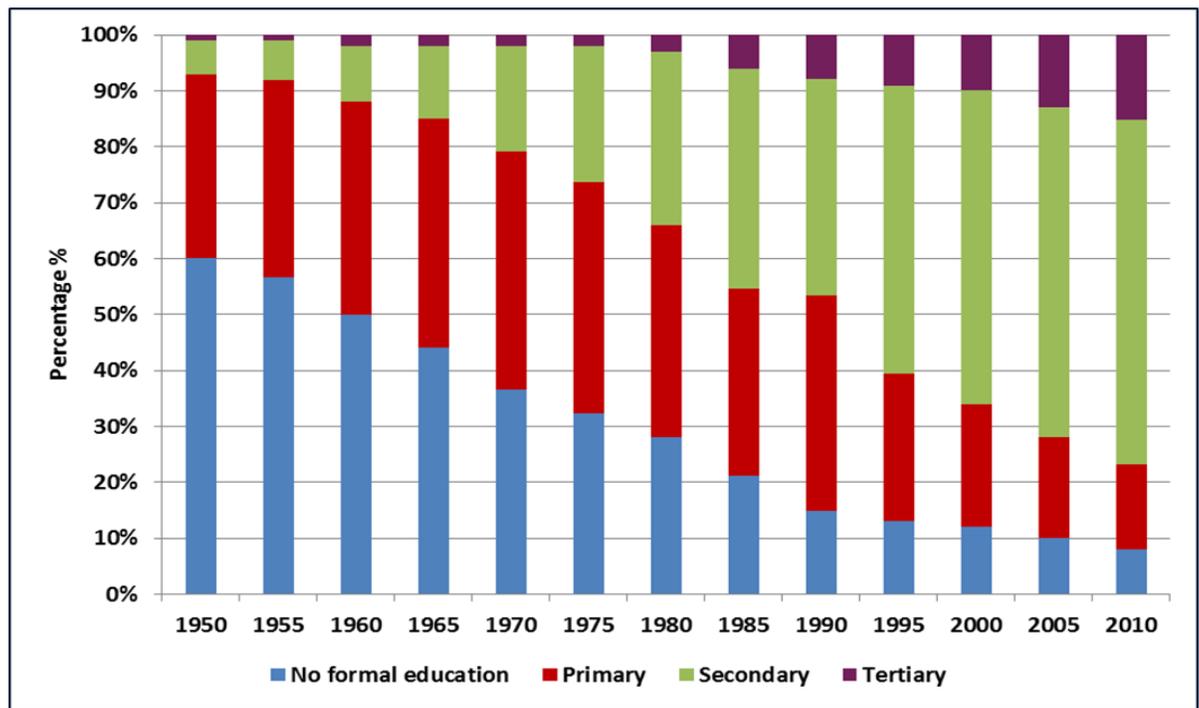
The improvements in the education system and the pattern of upward social mobility among the Malaysian population have several implications:

- i. A huge reduction in the adult population (aged 15+) with only primary-level education has led to a growing need for foreign labour to fill the demand for low-skilled workers in the agriculture, construction and manufacturing sectors as more of the local workforce are leaving these sectors in which job creation has been massive.
- ii. The overall standard of Malaysian schooling is at the middle level indicating that second-level skilled workers (those who completed secondary and post-school education) form the largest group in the Malaysian workforce. A rise in the workforce with secondary education has magnified the existing labour shortage problem faced by the agriculture, construction and manufacturing sectors as the more educated are reluctant to take up low-paying 3D jobs for which little formal education is needed. It should be highlighted that, of the total unemployed persons in 2007, some 61.1 percent had secondary education as their highest qualification (Department of Statistics Malaysia 2009).

- iii. Improvements in the education system have extended the number of schooling years. It takes an average of 6-8 years to complete upper secondary and tertiary education in addition to nine years of basic education (Ministry of Education 2012b). The prolonged schooling years result in a delay or postponement in the age of the population joining the labour force (Pillai 1992; Karim et al. 1999) which can be observed from the growing number of job seekers aged 20-24 who accounted for 62.6 percent of total job seekers as at July 2012 (Ministry of Finance 2012, p.110).
- iv. The escalation in the numbers of the workforce with tertiary education shows the government's achievements in producing a relatively large skilled and knowledgeable workforce. Those benefiting from tertiary education aspire to higher paying occupations at managerial and professional levels. However, the presence of 35,500 high-skilled expatriates in the workforce in 2005 (EPU 2010) has two implications: on the one hand, there is a shortage of highly skilled workers, particularly in the area of newly acquired knowledge while, on the other hand, skilled local graduates are facing difficulties in getting jobs. Tertiary graduates formed 25.1 percent of total unemployment in 2007 (Department of Statistics Malaysia 2009).

**Figure 2.2: Highest Education Attainment of Population Aged 15 and Above, Malaysia 1950-2010**

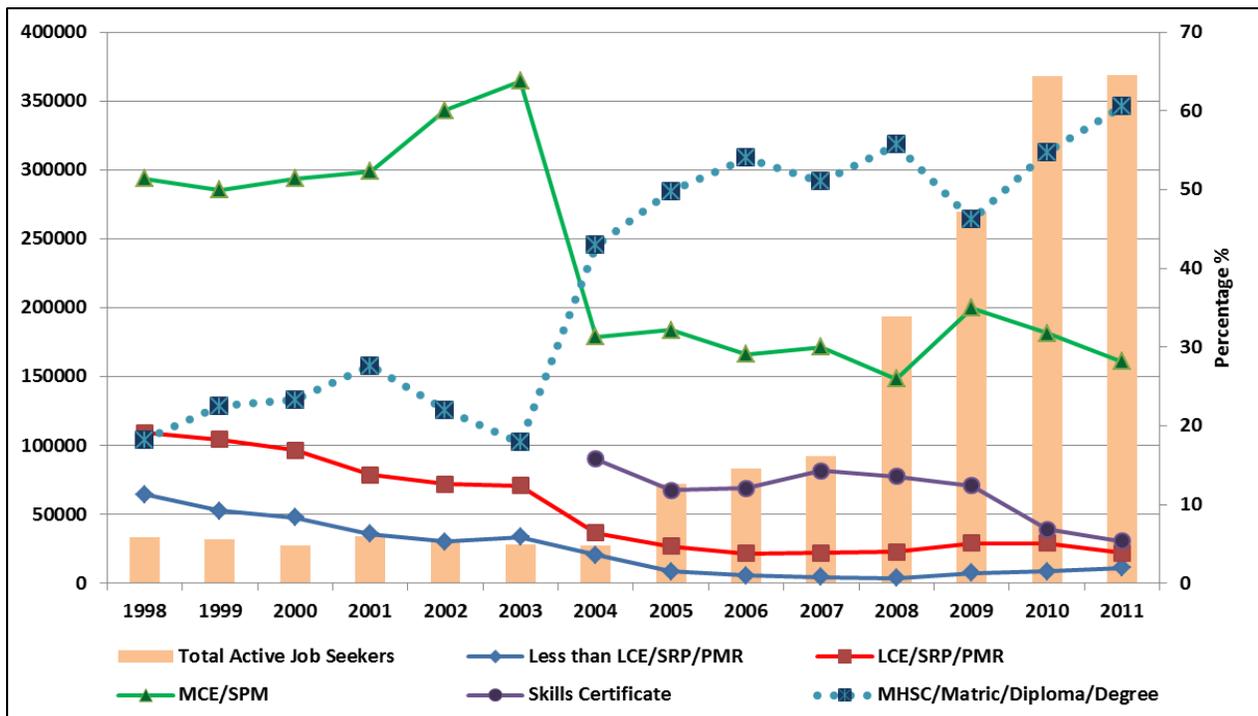
Sources: Barro and Lee (2010) Eurostat, UN



In addition to the structural transformation induced by development strategies and positive economic growth (Pillai 1992), improvements in education and human capital development have changed the structure of the Malaysian workforce and created labour supply–demand imbalances. These imbalances were the catalyst for the movement of foreign workers into Malaysia.

Figure 2.3 shows the trends in the number of active job seekers with different qualifications. Overall, the number of job seekers has grown rapidly since 2007. There has been a declining trend in job seekers with primary education, lower secondary education and skills certificates. On the other hand, the number of job seekers with post-secondary, pre-university and tertiary education has shown an increase since 2003 and accounted for 60.5 percent of the total active job seekers by 2011.

**Figure 2.3: Distribution of Active Job Seekers by Highest Level of Education, Malaysia 1998-2011**  
Sources: Adapted from Ministry of Human Resources (1999-2012); Ministry of Finance (1999-2012)



Notes: ‘Active job seekers’ covers job seekers registered on Jobmalaysia, who are unemployed as well as those who are employed, including self-employed or family workers.

Jobsmalaysia, launched in 2002, is an electronic labour exchange portal that helps to match registered job seekers with suitable occupations based on vacancies reported online by various public and private sectors (see [www.jobsmalaysia.gov.my](http://www.jobsmalaysia.gov.my)). Before 2002, job seekers registered with the Ministry of Labour Force, Malaysia.

Refer to Table 2.1 for more information on the Malaysian educational levels and the job categories.

This trend indicates that, over a period of 13 years, the labour market supply has been progressively dominated by job seekers with post-school education and higher qualifications due to improvements in education. A sharp decline in 2003 indicates a drop in the number of secondary school leavers entering the workforce to pursue tertiary education following the expansion in the number of private higher education institutions (UNESCO 2004, p.4): by 2011, upper secondary school leavers accounted for 28.2 percent of the total active job seekers.

If the highest education level of active job seekers is translated into skill levels (Table 2.1), this means that, since 2004, the labour market supply has been dominated by a workforce with third- and fourth-level skills, followed by second-level skills (Figure 2.4). Job seekers with third-level skills are qualified for jobs in the ‘technicians and associate professionals’ category, while the ‘professionals and managers’ category requires fourth-level skills. Those with second-level skills are qualified for six major groups of occupations as listed in Table 2.1.

**Table 2.1: Malaysia Standard Classification of Occupation (MASCO 2008)**  
Sources: MASCO (2008); Ministry of Human Resource (ISCO-08); ILO (2012)

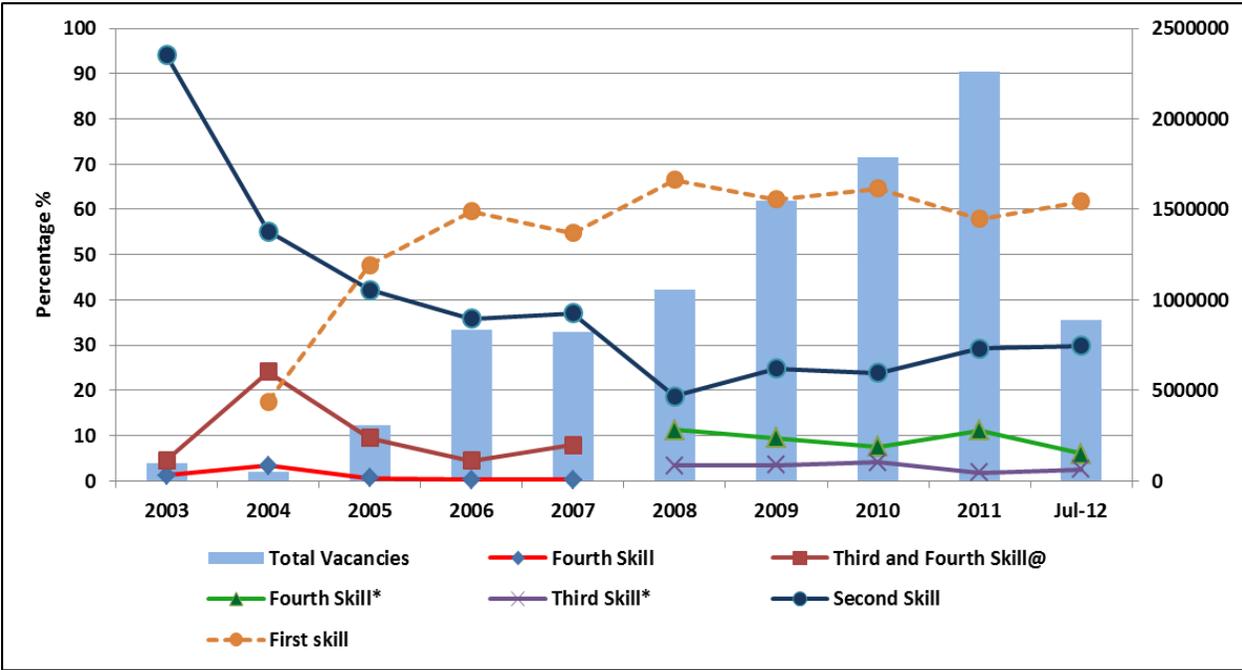
Category of Workers	Skill Level	Educational Level	Major Groups
Skilled Worker	Fourth	Second degree (Masters & PhD) Tertiary education leading to a university or postgraduate university award, Malaysia Skill Advanced Diploma (DLKM) Levels 5-8	Managers Professionals
Semi-skilled Worker	Third	Tertiary education leading to an award not equivalent to a first university level, Malaysia Skill Certificate (SKM) Level 4 or Malaysia Skill Diploma (DKM) Level 4	Technicians Associate professionals
	Second	Lower secondary (LCE/SRP/PMR) Upper secondary (MCE/SPM) Post-secondary education (MHSE), Malaysia Skill Certificate (SKM) Level 13	Clerical support workers Services and sales workers Skilled agriculture, forestry and fishery workers Craft and related trade workers Plant and machine operators and assemblers
Low-skilled Worker	First	Primary education and below	Elementary occupations

Notes: Major occupational groups and skill levels in MASCO 2008 are based on the International Standard Classification of Occupations (ISCO-08), ILO (2012).  
Beginning from 2004, occupational group classification in Malaysia follows MASCO.

Conversely, the majority of job vacancies reported by the public and private sectors fall into the category of ‘elementary occupation’ requiring first-level skills (Figure 2.4). The growing trend in vacancies for low-skilled workers continued to dominate the labour market accounting for 57.9 percent (1,309,161) of the total reported job vacancies in 2011 (see Appendix 4), thus explaining the growing demand for low-skilled foreign labour.

On the other hand, the demand for the job category ‘legislator, senior officers, managers, professionals, technicians and associate professionals’ requiring third- and fourth-level skills has been relatively low accounting for 1.8 percent (41,167) and 11.1 percent (251,271) of the total reported vacancies respectively in 2011. Within the broad major job category accounting for 29.2 percent (657,949) of the total reported vacancies in 2011, the ‘service, shop and market sales worker’ category needed the most workers with second-level skills (30.5 percent).

**Figure 2.4: Job Vacancies Reported in Various Industries by Skill Level, Malaysia 2003-2012**  
 Sources: Adapted from Ministry of Finance (2004-2012); Ministry of Human Resources (2004-2012)



Notes: Job vacancies refer to job vacancy listings by employers in public and private sectors on Jobsmalaysia.  
 @Before 2008, jobs requiring third and fourth skills and technical knowledge were combined into the occupational category ‘professionals, technicians and associate professionals’, while jobs requiring fourth skill and non-technical knowledge refer to occupational category: ‘legislators, senior officers, managers’.  
 \*From 2008, the occupational categories ‘professionals’ and ‘managers’ refer to jobs requiring fourth skill; while ‘technicians’ and ‘associate professionals’ categories refer to jobs requiring third skill.

A comparative analysis between registered active job seekers and reported job vacancies reveals striking labour supply–demand imbalances. Keating (2010, p.4) argued that in order to be competitive with neighbouring low-wage economies such as Thailand and Vietnam, Malaysia has turned to labour-intensive, rather than value-added, approaches to maintain productivity growth at a low cost. Since employers have the option of hiring foreign low-skilled, low paid workers, there has been a low propensity for technology transfer (Narayanan and Lai 2007). Although a policy of less reliance on low-skilled migrant workers has been identified as a key strategy to shift to a higher value-added, technology and skill-intensive economy (Loveard 2005, EPU 2011), demand for such workers continues.

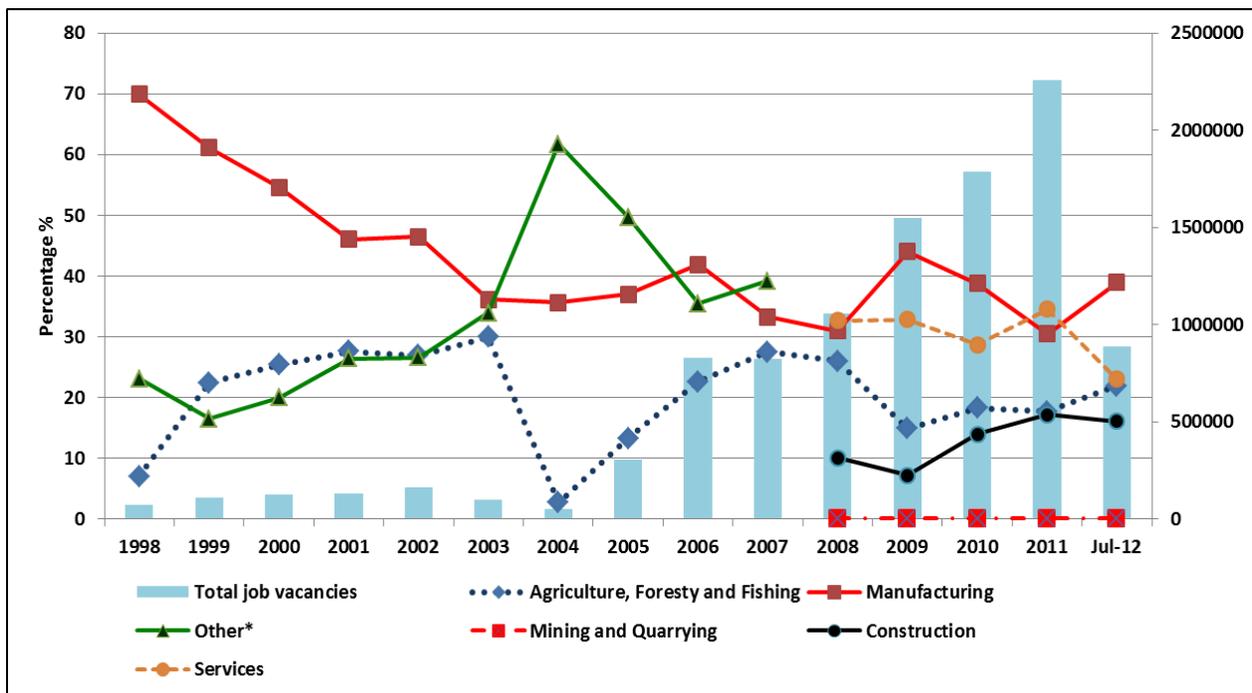
Given that there are a large number of diploma and degree holders in the job market compared to job availability, tertiary education graduates are facing difficulties in obtaining jobs equivalent to their qualifications. Interviews conducted among industry personnel show that a lack of relevant skills and quality of education and training are often associated with Malaysian university graduates in general (Keating 2010). In a situation where graduates with specific skills are required particularly in vocational and technical fields, this problem of mismatched skills may lead to unemployment as discussed in Kassim (2003; 2004; 2006). For example, a supply–demand study on the information and communications technology (ICT) industry reveals that although there was a huge demand in the ICT industry, there was an over-supply of local ICT graduates who lacked specific skills and thus not all were employable. One of the main factors contributing to the growing problem of skills mismatch is low interaction between training providers and industry players when reviewing ICT curricula which explains the perceived gap between industry’s expectations and graduates’ competence (MDeC 2011).

In response to the growing needs for skilled manpower, the Talent Corporation was established in 2011 to attract, motivate and retain talented Malaysians and expatriates to work in Malaysia (Ministry of Finance 2012, p.88). There were a total of 41,831 expatriates largely holding top positions in services (56.8 percent), followed by manufacturing (29.5 percent) and, to a much lesser extent, in construction and education sectors making up less than 3 percent of the total foreign labour in 2011. Malaysia, guided by the New Economic Model (NEM), is currently

working on intensifying its human resource development to enhance the quality and structure of the workforce (EPU 2011).

The trends in employment opportunities by industrial sector are depicted in Figure 2.5. The total job vacancies registered stood at 2,259,548 in 2011, the highest since 1998. Manufacturing and services continue to be the main sectors with the highest job creation since the 1980s reporting the largest number of vacancies comprising 34.5 percent (689,422) and 30.5 percent (778,994) respectively; followed by agriculture at 17.7 percent (399,522) and construction at 17.2 percent (388,241) in 2011 (refer to Appendix 5).

**Figure 2.5: Job Vacancies Reported in Various Industries by Sector, Malaysia 1998-2012**  
Sources: Adapted from Ministry of Finance (1999-2012); Ministry of Human Resources (1999-2012)



Notes: 'Job vacancies' refers to job vacancy listings by employers in public and private sectors on JobsMalaysia.  
\*Before 2008, construction, services and mining and quarrying were grouped into the category "others".

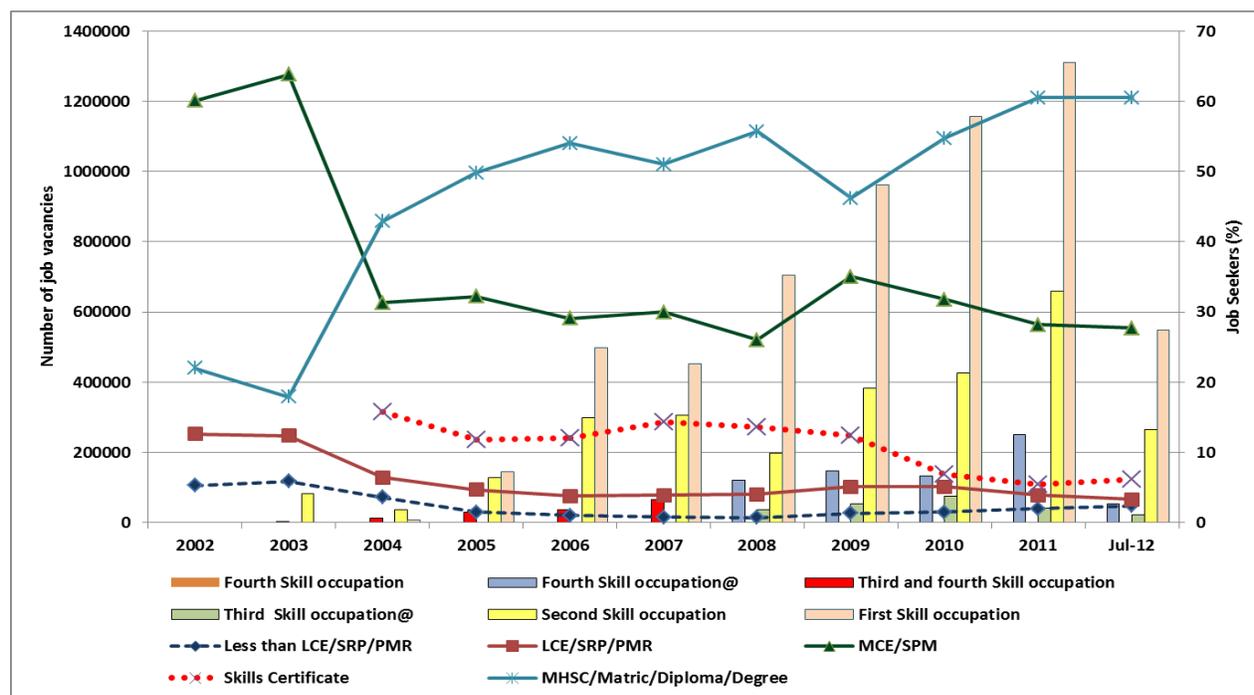
Taking into consideration that in most sectors there is increased demand for low-skilled workers to take up elementary occupations while the local supply for such workers is diminishing, the government has turned to importation of foreign labour to fill the gap. In 2011, based on issuance of temporary work permits, low-skilled foreign workers were employed in manufacturing

(36.9 percent), agriculture and plantations (28.7 percent) as well as construction (14 percent) and services (8.6 percent) sectors with a total of 1,573,061 foreign workers (IDOM 2011).

The analysis of the supply and demand sides of Malaysia’s workforce (Figure 2.6) highlights the need for high-skilled expatriates, particularly in vocational and technical fields, where specific skills and advanced knowledge are necessary. There is also an ongoing high demand for low-skilled workers in sectors, such as manufacturing, services, agriculture and construction, while upward changes in the quality of the local workforce have made these low-skilled, low-paid jobs unattractive. On the supply side, the job market is flooded with job seekers with pre-tertiary and tertiary qualifications. Currently, second-level skilled workers with upper secondary education form the largest group in the Malaysian workforce.

**Figure 2.6: Job Vacancies by Skill Level against Job Seekers by Academic Qualification, Malaysia 2002-2012**

Sources: Adapted from Ministry of Finance (2003-2012); Ministry of Human Resources (2003-2012)



Notes: ‘Active job seekers’ covers job seekers registered on Jobsmalaysia who are unemployed as well as those who are employed, including self-employed or family workers.

Job vacancies refer to job vacancies listings by employers in public and private sectors on Jobsmalaysia.

@Before 2008, jobs requiring third and fourth skills and technical knowledge were combined into the occupational category ‘professionals, technicians and associate professionals’; while jobs requiring fourth skill and non-technical knowledge refer to the occupational category ‘legislators, senior officers, managers’.

\*From 2008, the occupational categories ‘professionals’ and ‘manager’ refer to jobs requiring fourth skill; while ‘technicians’ and ‘associate professionals’ categories refer to jobs requiring third skill.

The ongoing challenge of providing the workforce with appropriate skill levels can be solved in three ways:

- i. The local workforce is enhanced to meet the immediate and future demand for high-skilled and knowledge workers particularly in vocational and technical fields, by improving education quality especially at the tertiary level. Graduate training and retraining programmes are implemented to reduce unemployment and better utilise the available workforce supply (Ministry of Education 2012b).
- ii. High-skilled expatriates are employed particularly in vocational and technical fields, where specific skills and advanced knowledge are necessary, in the absence of local expertise. Employment of expatriates allows for knowledge transfer to local workers (Hamid 2005).
- iii. Importation of foreign workers is taken as a perceived short-term measure to fill the vacancies in low-skilled, low-paid jobs in critical sectors eschewed by the local workforce during the transition period until Malaysia becomes a techno-intensive economy (Migration News 2002).

Today, low-skilled foreign workers are an integral part of the economy making up most of the labour force in manufacturing, agriculture, services, construction and domestic helper sectors. “[T]he vast bulk of Malaysian workers are low-skilled and not in the knowledge industries” (Keating 2010, p.6). Having realised the importance of foreign workers in the Malaysian economy, the following sections aim to provide a basis for an understanding of foreign workers, particularly the low- and semi-skilled. The types, pattern of inflow, scale and nature of low- and semi-skilled foreign workers coming to Malaysia is presented. Some of the policies relating to the employment of foreign workers are included in the discussion. Issues regarding illegal migrants, trends and policy implementation are also highlighted in the following sections.

### **2.3 Employment of Foreign Workers in Malaysia**

Malaysia is a major receiving country of labour migrants in the South East Asia region (Kassim 2007; Kaur 2008) with approximately 2.03 million migrants in 2000 and 2.36 million in 2010 (World Bank 2010, p.171). The Immigration Department of Malaysia (IDOM) categorises the types of international migration based on visa or work permits issued to foreigners (Kanapathy 2008a, p.335) (Table 2.2).

**Table 2.2: Categories of International Migrants in Malaysia**

Sources: Kanapathy (2008a, pp.335-337); IDOM (2009); Kaur (2010, p.392)

Types	Description
Permanent Residents	Issued permanent residency cards (MyPR Kad) Reside and work indefinitely
Spouse Visa	Spouses of Malaysian citizens with foreign nationality Issued a renewable spouse permit for a period of 6-24 months Require a work permit to work
Expatriates	Include professional and technical migrant workers earning a monthly salary of not less than MYR3000. Need to be sponsored by their employers. Issued Employment Pass – for at least a 2-year employment contract. Allowed to bring dependants who are issued a Dependant Pass (immediate family) or Social Visit Pass (relatives). Not allowed to obtain citizenship through marriage with a Malaysian citizen.
Dependant Pass	Visa for children and spouses of expatriates.
Social Visit Pass	Issued to close family members such as parents or in-laws of those who hold Employment Passes. Not allowed to work
Border Pass ( <i>Pas Lintas Batas</i> )	Issued to the citizens of neighbouring countries, Indonesia (North Kalimantan) and Thailand (Southern Thailand) that share land borders with Malaysia. Pass holders are allowed multiple entries and to stay for a maximum of 30 days per visit but are not permitted to work in Malaysia.
Foreign skilled workers	Includes professional and technical migrant workers Issued Visit Pass for Professional Employment for short-term contracts of less than a year.
Unskilled/low-skilled and semi-skilled workers (contract workers)	Salary is set below MYR2500 Issued a Visit Pass for Temporary Employment (VPTE) for initially 3 years and extendable for 2 more years (1+1). Must be renewed annually. Restrictions apply on the origin, the sectors in which they work and their age Not allowed to bring dependants. Not allowed to marry and reproduce in Malaysia.
Tourists	Travel to Malaysia for holiday purposes using tourist visas Not allowed to reside or work *Indonesians are permitted to travel to Malaysia visa-free for a period of 30 days.
Foreign students	Include students enrolled in higher education institutions. Length of stay is based on period of study as stated on the visas Require a work permit to work in Malaysia
Foreigners under the Malaysia My Second Home Programme	Issued Social Visit Pass with a multiple entry visa Allowed to stay as long as they like (initially for a period of 10 years).
Refugees	Issued UNHCR (UN Refugee Agency) refugee cards Allowed to reside but not to work until resettlement (conditions set by UNHCR)

Expatriates and contract workers are the major categories of foreign employment in Malaysia. The former are high-skilled workers (mainly professional and technical) and the latter low- and semi-skilled workers (Abdul Hamid 2005; Kanapathy 2006; Kaur 2010; Abdul Rahman et al.

2012). As indicated in Table 2.2, the distinction between the two groups mainly exists in the allocation of work permits, terms and conditions of employment (skill, job category, salary, allowance) and incentives (accommodation, medical and insurance coverage, transport). In addition, expatriates are allowed to bring their dependants to Malaysia (Kassim 2005c, Abdul Hamid 2005, Kaur 2010).

### **2.3.1 Expatriates**

Expatriates are highly qualified persons hired for top technical and managerial posts of foreign-owned companies operating in Malaysia, executive posts (professional/middle managerial posts) and non-executive posts (highly skilled, experienced in technical skills) (IDOM 2012). They often hold diplomatic posts in foreign embassies or are consultants for government agencies in the public sector while, in the private sector, they hold managerial positions in multinational corporations (Mohd Tahir and Ismail 2007, p.73). Non-executive posts include expatriates with specific technical skills such as chefs in hotels, high-tech machine operators in manufacturing, ICT experts in services and skilled workers in the construction sector (Hamid 2005, p.76). There is a trend to hire expatriates in the computing, engineering and medical fields, higher education and sports sectors (Kassim 2005c, p.267). Expatriates are mainly employed in the services (60 percent), manufacturing (21.9 percent) and construction (7.2 percent) sectors (Economic Report, 2012, p.112)

Expatriates accounted for 6 percent of the Malaysian workforce in 1993 but after the Asian economic crisis in 1998 onwards, their proportion dropped (Hamid 2005, p.67) to around 3 percent (Ministry of Finance, 2012). The majority of expatriates are from India (19.8 percent), followed by China (11.4 percent) and Japan (7.2 percent) (Ministry of Finance 2012, p.112). Most are found in the urban Peninsular where most multinational companies are located (Kassim 2005c, p.21). Hiring foreign expertise is essential in a fast-growing industrialised nation such as Malaysia to fill the needs for highly skilled workers, while simultaneously allowing technology transfer to locals. Through an ‘understudy programme’, an expatriate is expected to extend their knowledge and skills to local subordinates in Sabah (Hamid 2005, p.69). Thus, they are considered an asset to the country and therefore a favoured group in comparison to contract migrant workers who account for the largest proportion in the foreign workforce in Malaysia and

who are the focus of the study. The expatriates comprise well-paid, highly respected elites who are not often associated with negative issues, in comparison with low/semi-skilled foreign contract workers (Kassim 2005c) on whom this thesis is focusing.

### **2.3.2 Contract Migrant Workers**

Malaysia's foreign workers are predominantly temporary or contract labour migrants who are semi- and low-skilled, and employed for a short duration on a contract basis (Kassim 2005a, Kaur 2008). These temporary migrant workers are also known as legal, documented or contract migrant workers. These terms will be used interchangeably here. They are officially classified as semi-skilled and low/unskilled foreign workers earning less than MYR2500 a month (Kanapathy 2006, p.2). They are issued a Visit Pass for Temporary Employment (VPTE) upon entry and a work permit (IMM13 visa) that is attached to their passports; "Non-citizens shall not be employed unless they have been issued a valid employment permit" (*Employment (Restriction Act 1968)*).

A non-transferable work permit restricts a foreign worker to a pre-designated employer, a specific job and work sector at a particular location. It also aims to keep foreign workers from staying permanently (Kanapathy 2004). According to the *Employment Act 1955*, a low/semi-skilled foreign worker can be employed for a temporary (fixed-term) contract under a 'contract of service' and "contract for service". Legislation to permit licensed recruitment agencies to recruit foreign workers enacted in 1980 and, later, outsourcing companies in 2005 aimed to relieve employers of the complexities involved in hiring foreign workers (Kanapathy 2006, p.6). The differences between these two types of contract workers are presented in Table 2.3.

Clearly, foreign workers under contract for services lack bargaining power and protection of rights, as the social security safety net for workers in Malaysia is governed by legislation and provisions in collective agreement (workers' unions) which these workers are not eligible to join (Navamukundan 2002, p.119). In addition, the informal nature of employment and dependence on labour contractors/sub-contractors increases the chance of exploitation (ILO 1997).

“These workers are at risk due to the dangerous combination of personal debt, high placement fees, complicated recruitment processes, lack of transparency into working conditions, and inadequate legal protection”.

(Verite 2012, p.2)

**Table 2.3: Temporary (Fixed Term) Contracts of Low/Semi-skilled Foreign Workers**

Sources: Kassim (2007); Goh (2007); Malaysian Trades Union Congress (2010); IDOM (2012)

Foreign workers with contract <b>of</b> service	Foreign workers with contract <b>for</b> service
A foreign worker is directly hired by a principal employer, for example, a factory in the manufacturing sector. An employer often uses a licensed recruitment agency to recruit foreign workers (fees apply).	A foreign worker is hired by an outsourcing company (also known as a labour contractor) who is engaged for a fee to supply contract workers for a principal employer. Some labour contractors appoint sub-contractors to supply workers for them.
A foreign worker can only work with the pre-designated employer and work sector until their contract expires.	Workers can be transferred from one company to another in the same pre-designated work sector.
Wages are directly paid by the principal employer.	Wages are paid by a labour contractor/sub-contractor who receives a lump sum payment from the company that uses the service.
A principal employer provides housing, transportation, meal allowances and pay security bond/deposit for each foreign employee.	An outsourcing company provides housing, transportation, meal allowances and pay security bond/deposit for each foreign employee. A minimum salary must be given to the foreign employee if he or she does not have a job.
Protected by <i>Employment Act 1955</i> . Expected to receive similar treatment to local workers for similar jobs done (pay, leave, overtime, etc.).	Not protected by the <i>Employment Act 1955</i> because a contract worker has no direct employer–employee relationship with the principal employer.
Cannot be restrained from joining or participating in activities of a registered trade union.	Not eligible to join or participate in activities of a registered trade union due to the informal nature of employment.

Research on migrant workers in electronic companies in the Peninsular found that migrants bound by contract for service received lesser wages and overtime pay than those bound by contract of service (Borman et al. 2010). The way in which outsourcing companies operate, by “moving workers around to get the best deal for itself” (Kaur 2010, p.393), means that labour brokers benefit at the expense of the contract workers. Devadason and Chan (2013, p.7) commented that the government’s act of permitting outsourcing companies to recruit and supply

foreign workers “spawned a range of abusive practices” and dilutes the control of the government.

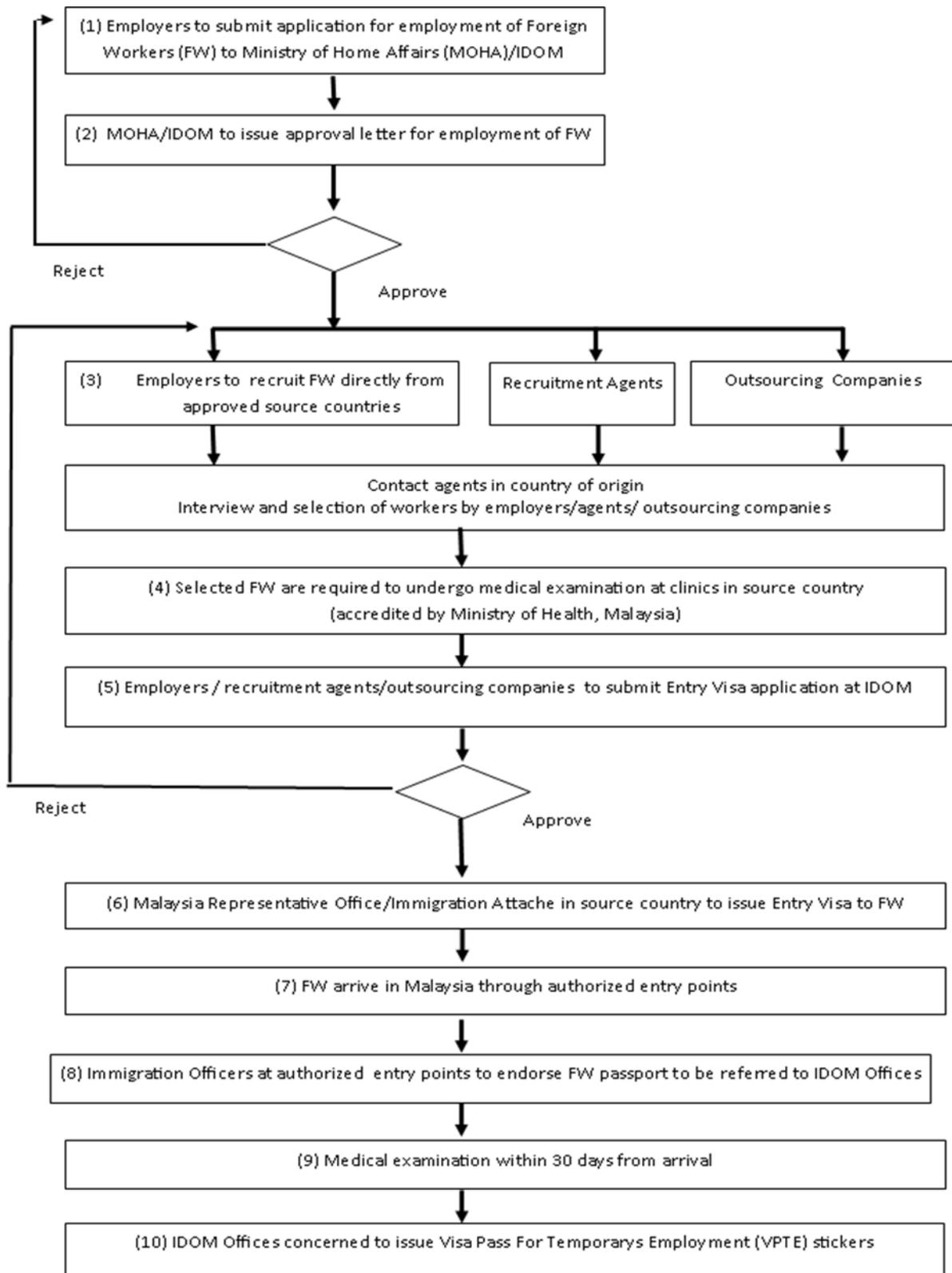
However, the majority of foreign workers in the manufacturing sector are directly employed rather than employed through outsourcing companies; the latter practice seems to be more widespread in the plantation (Navamukundan 2002) and construction sectors (Narayan and Lai 2005b). There were some 277 registered outsourcing companies in 2010 (MTUC 2012) that were allowed to recruit foreign workers not exceeding 40 percent of the approved quota for each sending country. They are permitted to supply foreign workers for employers who need less than 50 workers (IDOM 2012).

#### **2.4 Recruitment of Foreign Contract Workers**

Obtaining low- or semi-skilled foreign workers with valid work permits and travel documents is a long, tedious and costly procedure in Malaysia (Figure 2.7). The process begins with an application to employ foreign workers through the One Stop Centre, Ministry of Home Affairs (MIDA 2012), while applications for domestic helpers should be submitted to the Immigration Department of Malaysia. These applications will only be considered when efforts to employ qualified locals have failed (MIDA 2012). The regulatory practice aims to prioritise the employment of locals (Wongboonsin 2003; Devadason and Chan 2013). The policy of “hire first fire last” for Malaysian citizens also applies in the event of retrenchment where foreign workers are the first to go (Kanapathy 2006, p.6). Once approval is obtained, employers have an option to recruit through appointed formal recruitment agencies (fees apply) or licensed outsourcing companies in Malaysia. Some employers used to directly recruit foreign workers but since 2004, recruitment must be conducted through legal foreign worker agencies (FWAs) (Jemon 2005, p.45).

To employ foreign workers from Indonesia, agents or outsourcing companies contact local recruiting agents in Indonesia specifying the number of workers required and the employment terms and conditions. This ‘job order’ is reviewed and approved by the Indonesian Embassy and forwarded to BNP2TKI that issues permits to recruit workers (Morgan and Nolan 2010, p.8).

**Figure 2.7: Major Stages in Recruiting Migrant Workers**  
 Sources: Adapted from IDOM (2005); Kassim (2004, p.10)



FWAs recruit workers and send a list of potential workers and their personal particulars to Malaysia which is then forwarded to the employers for final selection and shortlisting. Most agents arrange for an interview session attended by employers in the country of origin. It is important to state that employers whose workers are supplied by outsourcing companies are not involved in the selection of workers and in the later stages of the recruitment process (stages 3-10). The selected workers must undergo medical examinations, obtain valid passports and attend an induction course in the country of origin. Exemptions apply to workers recruited by an outsourcing company as their training is conducted in Malaysia (IDOM 2012).

Finally, applications for a Visa with Reference (known as a Calling Visa) are submitted to IDOM; successful workers are issued with entry visas by a Malaysian Representative Office in the country of origin. The visa allows them to travel to Malaysia and enter the country but within a month of arrival, a valid VPTE and work permit must be obtained. At this final stage, migrant workers must pass medical examinations at the Foreign Workers' Medical Examination Monitoring Agency (FOMEMA) registered clinics in Malaysia. In addition, effective from January 2004, IDOM made it compulsory for all foreign workers to attend a Foreign Workers' Orientation Course in Malaysia.

According to Kassim (2004, p.11), the whole recruitment process may take 3-6 months. The work permit or IMM13 visa is valid for 12 months and renewable up to five years except for domestic workers who can stay as long as they are needed by their employers (IDOM 2012). To remain as legal workers, the employers and workers must ensure validity of passports and renew work permits annually. Again, a medical examination as well as payment of levy, visa, VPTE, security bond/deposit and processing fees must be fulfilled.

Similar to Singapore, a levy is used as a pricing mechanism to regulate the number of foreign workers in Malaysia (Ministry of Manpower Singapore 2012). The levy system introduced in 1991 experienced upward revisions in 1995, 1998 and 2005. It aims to increase the cost of hiring migrants in various sectors (Devadason and Chan 2013, p.7), to increase the cost of hiring a migrant worker and to make the option of hiring locals appear viable. A lower levy is imposed on sectors perceived as facing critical labour shortages and vice versa (Kanapathy 2006, p.8).

Levies are also utilised to fund the huge public expenditure incurred by migrant workers (Narayan and Lai 2007, p.8). Table 2.4 shows the changes in the annual levy imposed during the period 1995 to 2005. The new levy was announced in July 2005 with the setting up of a One Stop Centre for foreign labour employment (IDOM 2009).

**Table 2.4: Cost of Annual Levy for Foreign Workers in the Peninsular Malaysia, Sabah and Sarawak by Work Sectors**

Sources: IDOM (2005); Kassim (2011, p.24)

Sectors and Jobs		Year			
		Up to 1995	1996	Aug 2005	
				Peninsular	Sabah & Sarawak
<b>1</b>	<b>Manufacturing</b>	MYR 420	MYR 840	MYR 1,200	MYR 960
<b>2</b>	<b>Construction</b>	MYR 420	MYR 840	MYR 1,200	MYR 960
<b>3</b>	<b>Plantation</b>	MYR 300	MYR 300	MYR 540	MYR 540
<b>4</b>	<b>Agriculture</b>	MYR 300	MYR 300	MYR 360	MYR 360
<b>5</b>	<b>Services</b>	MYR 360	MYR 720		
	Restaurant			MYR 1,800	MYR 1440
	Cleaners			MYR 1,800	MYR 1440
	Cargo handlers			MYR 1,800	MYR 1440
	Laundry			MYR 1,800	MYR 1440
	Barber			MYR 1,800	MYR 1440
	Wholesale & retail trader			MYR 1,800	MYR 1440
	Textile business			MYR 1,800	MYR 1440
	Metallic scrap and used goods			MYR 1,800	MYR 1440
	Welfare homes			MYR 600	MYR 600
	Island resorts			MYR 1,200	MYR 960
<b>6</b>	<b>Domestic Helpers</b>				
	1st domestic maid	MYR 360	MYR 360	MYR 360	MYR 360
	2nd, 3rd, 4th domestic maid	MYR 540	MYR 540	MYR 540	MYR 540

The annual levy in the services sector has increased six-fold while that in agriculture and domestic helper sectors has remained constant, reflecting the government's policy of securing local manpower in sectors where local labour is available (Kanapathy 2006; Osman 1998). On the other hand, foreign workers are allowed in job sectors identified as unattractive to local people. While foreign workers are employed as field workers in plantations and building workers in construction, most locals in these sectors hold administrative jobs (Amatzin 2004; Narayanan and Lai 2005; Buntat et al. 2006).

In addition, similar to the Thai regulatory regime that lists 39 occupations prohibited to foreign workers (Wongboonsin 2003, p.78), Malaysia lists the sectors and subsectors which allow foreign workers' employment, particularly in the construction and services sector (MIDA 2012).

Consequently, the share of migrant workers employed in the services sector is relatively small compared to that in other sectors (Table 2.7). Migrant workers formed 4.2 percent of the Malaysian workforce in the services sector in 2004 (Narayan and Lai 2005, p.10).

Besides levies, the cost of recruiting a new migrant worker and extending a work permit includes payment for a visa, security deposit/bond, VPTE, medical examination and processing fee, as shown in Tables 2.5 and 2.6. A simple calculation estimates that the minimal cost of hiring a new Indonesian worker in the manufacturing or construction sector in the Peninsular could be as much as MYR1755 (USD585), excluding the fees paid to a formal recruitment agent in Malaysia. The cost is higher or lower depending on a worker’s nationality, the work sector and the destination (Peninsular or East Malaysia). An employer will be burdened with a financial loss if a worker absconds before his or her contract ends (Amatzin 2004, p.3).

**Table 2.5: Cost of VPTE, Medical Examination and Processing Fees**

Sources: IDOM (2005); Unitab Medic (2012)

Sector	PL(KS)	Processing	FOMEMA	
			Male	Female
Manufacturing, Services and Construction	MYR 60	MYR 50	MYR 180	MYR 190
Plantation, Domestic Helpers	MYR 60	MYR 10	MYR 180	MYR 190

To maintain a legal worker, the annual recurring cost of extending a migrant worker work permit is a burden to an employer. Although by May 2009 the Malaysian government made employers solely responsible for these payments (Bormann et al. 2010, p.22), in practice, the cost of obtaining a new work permit and renewal is partially absorbed by the foreign workers themselves (Piper 2005; Kanapathy 2006; World Bank 2008; IOM 2010b), through monthly wage deductions. For example, around RM71 is deducted from monthly wages of a foreign worker in the manufacturing sector adding up to RM856 per year (Vivekanandan 2008, p.45). Thus, the institution of “market-based measures” to deter recruitment of legal migrants (Devadason and Chan 2013, p.7) works against migrant workers by both reducing their net earnings and increasing the cost of migrating. The slow, complicated and costly labour migration processes have led to a high number of Indonesians leaving their country without following formal procedures, thus increasing illegal migration (IOM 2010b, p.18).

**Table 2.6: Cost of Visa and Security Deposit/Bond by Nationality**

Source: Department of Immigration, Malaysia (2005)

	Country of Origin	Visa	Security Deposit/Bond
1	Indonesia	MYR 15.00	MYR 250.00
2	Bangladesh	MYR 20.00	MYR 500.00
3	Myanmar	MYR 19.50	MYR 750.00
4	India	MYR 50.00 (SEV) MYR 100.00 (MEV)	MYR 750.00
5	Vietnam	MYR 13.00	MYR 1,500.00
6	Philippines	MYR 36.00	MYR 1,000.00
7	Cambodia	MYR 20.00	MYR 250.00
8	Nepal	MYR 20.00	MYR 750.00
9	Thailand	No Fee	MYR 250.00
10	Pakistan	MYR 20.00	MYR 750.00
11	Turkmenistan	MYR 20.00	MYR 1,500.00
12	Uzbekistan	MYR 20.00	MYR 1,500.00
13	Kazakhstan	MYR 20.00	MYR 1,500.00
14	Laos	MYR 20.00	MYR 1,500.00
15	Sri Lanka	MYR 50.00 (SEV) MYR 100.00 (MEV)	MYR 750.00

Notes: SEV = Single entry visa; MEV = Multi-entry visa

Security deposit/security bond/bank guarantee/insurance guarantee are valid for at least 18 months

## 2.5 Size and Trend of Contract Migrant Workers

The need for foreign labour has continued despite the restrictions imposed by the immigration regulation. On the need for foreign labour, Human Resources Minister, Fong Chan Onn stated,

“Malaysia aspires to be completely independent of foreign workers but the hard reality is that in the process of transition from a labour-intensive economy to a tech-intensive economy, we need a period of adjustment.”

(Migration News 2002)

Malaysia is a rising middle-income economy with its relatively small population base, sustained growth and structural changes in its rapid industrialisation and modernisation of the economy (Kassim 2007), and is now one of the major receiving countries for transnational migrants, particularly from Association of Southeast Asian Nations (ASEAN) countries (Kaur 2010; Kassim 2011).

The trend in the share of migrant workers in the Malaysian workforce is as depicted in an analysis of Labour Force Survey data (Table 2.7), and is generally influenced by foreign labour

policy and economic performance. Overall, foreign workers' share in the Malaysian workforce has grown from 5.2 percent in 1985 to reach its peak of 19.6 percent in 2008 and reduced to 15.2 percent in 2010. The growth has been led by the agriculture and construction sectors in 1985 and 2004, but by 2008 and onwards, manufacturing has emerged as the sector employing the most foreign workers (37.5 percent).

**Table 2.7: Share of Foreign Workers from Total Malaysian Workforce by Major Sector 1985, 2004 and 2010**

Sources: Labour Force Survey (1985 and 2004) in Narayan and Lai (2007, p.10); adapted from Labour Force Surveys (2006, 2008, 2010, June 2012) (Department of Statistics, Malaysia 2012a)

Major Sectors	1985	2004	2006	2008	2010	June 2012
	Foreign Workforce (%)					
Manufacturing	1.7	11.0	31.0	37.5	39.2	29.1
Construction	7.6	13.0	29.5	30.7	23.1	19.7
Agriculture, Forestry and Fishing	6.2	20.5	31.8	35.0	33.7	27.2
Services	3.3	4.2	n.a	n.a	6.3	6.9
Share of foreign labour in all sectors	3.8	9.8	18.2	19.6	15.2	12.6
Total Malaysian workforce	5,653,400	9,979,500	10,275,400	10,538,100	11,129,400	12,524,000

On the contrary, the share of foreign workers in the services sector experienced a slow growth and has remained the lowest in comparison to that of other industrial sectors since 1985. The smaller share of foreign workers in this sector indicates that most jobs are being performed by locals and that the utilisation of foreign workers is more restricted compared to other sectors as discussed in Section 2.5 of the thesis. A quota system introduced in 2009 allows two local workers for every one foreign worker in manufacturing and one local worker to one foreigner in other sectors, such as services, plantation and construction (Kanapathy 2010, p.11).

The share of foreign workers in manufacturing, agriculture and construction sectors has continued to increase rapidly over the years. The factors leading to employment of foreign workers include:

- i. high demand for low-skilled foreign workers as the new jobs created and employment opportunities are mainly in elementary occupations unattractive to the more educated local workforce (as discussed in Section 2.4 – refer to Figures 2.4, 2.5 and 2.6); and

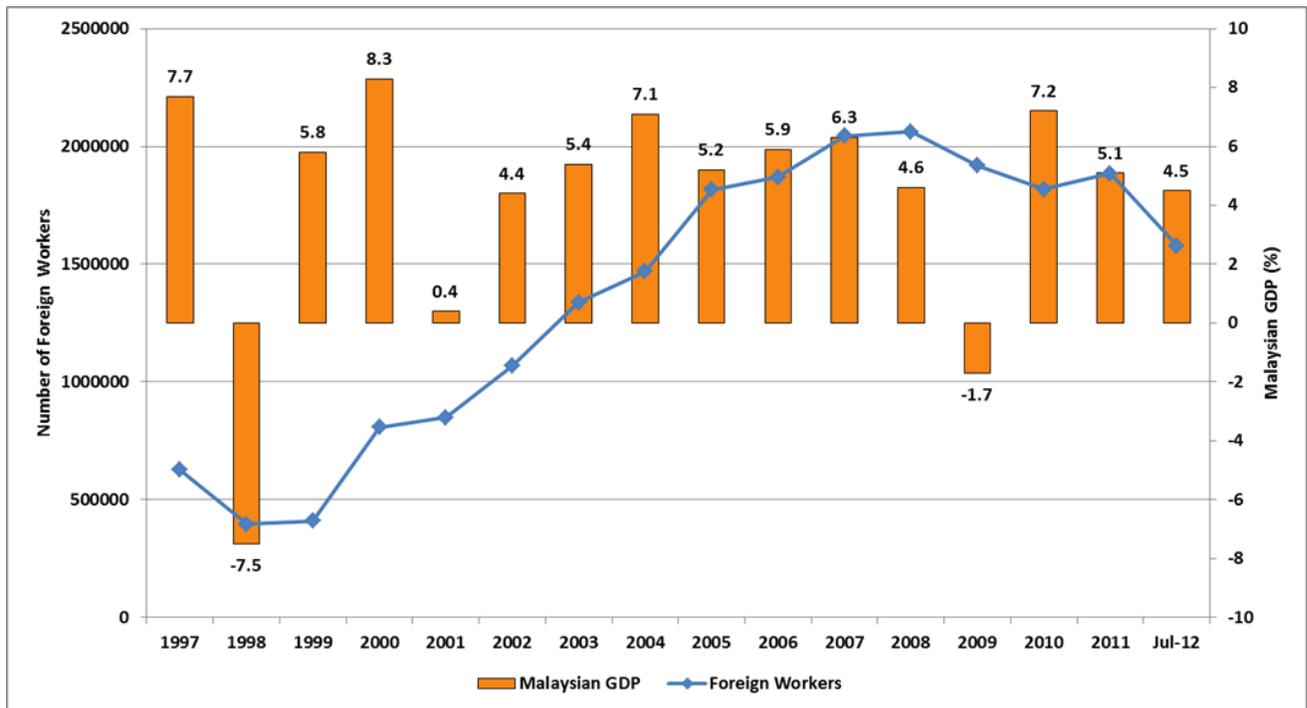
- ii. employment of low-skilled migrants seems to be a better option to maintain low production cost and to stay competitive in the global market (Narayan and Lai 2005; Kassim 2005c; Abdul Rahman et al. 2012; Devadason and Chan 2013).

The size and trend in foreign contract workers in Malaysia can be based on the number of VPTEs or work permits issued to legal foreign workers. Indonesian workers accounted for 63 percent of the total registered migrant workers during the period of 1992-1997 (Appendix 2). To reduce over-reliance on Indonesia in the supply of labour (Devadason and Chan 2013, p.5), beginning in 1986, Malaysia sourced migrants from other Asian countries, such as Bangladesh, to work in plantations, and Thailand in the manufacturing and construction sectors. Later, in 1992, foreign workers of Bangladeshi and Pakistani nationality were employed to work in manufacturing and services sectors; followed by workers from Sri Lanka in the manufacturing sector in 1999 and from Cambodia in agri-plantations, manufacturing and construction sectors in 2002 (see Appendix 1). By mid-2000, Vietnam and Cambodia, both low-income economies emerged as new migrant source countries. As of June 2012, the top four sending countries were Indonesia (48.8 percent) followed by Nepal (17.3 percent), Myanmar (8.9 percent) and Bangladesh (8.5 percent). In Sabah, however, only migrant workers from Indonesia and the Philippines are allowed.

The trends in the flows of contract migrant workers are related to the level of economic growth and measures taken to stem illegal immigrants as shown in Figure 2.8. Negative growth was registered in nearly all industrial sectors in Malaysia in 1998 (Ministry of Finance 1999) and GDP declined to -7 percent, the lowest ever experienced. Measures to curb increasing numbers of illegal immigrants prior to and during the economic crisis included bans on recruitment of foreign workers, amnesty and regulation exercises, upward revision of the levy and introduction of harsher penalties (see Appendix 1). Consequently, the number of registered contract foreign workers fell 63 percent from 627,426 prior to the Asian economic crisis to 395,140 in 1998. Soon after the fast economic recovery, the number increased sharply to 807,096 when Malaysian GDP growth reached its peak of 8.3 percent in 2000.

**Figure 2.8: Number of Foreign Workers against Malaysian GDP 1997–2012**

Sources: Adapted from Ministry of Home Affairs (2012), IDOM (2012), Ministry of Finance (1997-2012)



When the economy dropped again in 2001, recording a GDP growth of 0.4 percent, due to the negative influence of a slowdown in the US economy (Economic Report 2002), the number of contract foreign workers experienced only slight growth. The manufacturing sector that employed most foreign workers was significantly affected due to the slowdown in export-oriented industries. Similar measures to control the number of foreign workers had been implemented throughout 2002, including a Hire Indonesian Last policy, followed by a ban on new recruitment of Indonesian workers, amendment to the Immigration Act imposing harsher penalties, and amnesty for one million illegal workers (see Appendix 1). Observing the pattern, the economic downturn that affected the Malaysian economy seemed to be the main factor behind the decision to crack down on illegal migrants (Ramasamy 2004, Quinn 2002).

The Malaysian economy gained momentum during the period 2002 to 2007 as did the number of contract foreign workers reaching its highest-ever recorded peak in 2008. Commenting on the trend in legal migration during the periods of 1997/98 to 2005, Kanapathy (2006, p.4) stated that “the import of foreign workers has somewhat stabilised, but at a much lower level than the pre-

crisis level". Apart from the level of economic activity, the scale of migrant workers also related to success in preventing illegal migration (Kanapathy 2006, p.4).

The latest trend of foreign workers to Malaysia can be observed from 2009 onwards. The number of registered foreign workers continues to fall (except in 2011 with slight growth) after Malaysian GDP plummeted to -1.7 percent in 2009. The global financial crisis also resulted in negative growth in five advanced economies, namely, the US, Japan, Germany, France and the UK, thus cutting back Malaysian manufacturing export output (World Bank 2009; Indonesian Embassy 2010; Ministry of Finance 2010). In addition to the sluggish economic conditions and the ongoing efforts in curbing illegal immigrants, the decreasing trend in the number of registered foreign workers indicates the mechanisation of industrial sectors in Malaysia (Ministry of Finance 2012) which has been undertaken as part of the strategies to reduce the dependence of the Malaysian economy on foreign labour (Amatzin 2004; Narayan and Lai 2007).

### **2.5.1 Contract Migrant Workers by Sector**

Malaysia practices 'selective recruitment' which only allows employment of migrants in five critical sectors – agriculture, manufacturing, construction, services and domestic helpers (Kassim 2001, p.274). As migrant occupations are clustered by ethnic origin (Batistella 2002; Kaur 2008), data on issuance of VPTEs in 2011 shows that Indonesians are found in all sectors, particularly in plantations, construction and as domestic helpers; and Nepalese are mainly employed in the manufacturing and services sectors (Appendix 2). Although manufacturing is a domain for migrants from Myanmar, Bangladeshis are also predominant in the manufacturing and construction sectors (IDOM 2012). Patterns of foreign labour utilisation vary between the major states and over periods of time. In the Peninsular, the agriculture and construction sectors that employed the most foreigners four decades ago have now been replaced by manufacturing.

Reliance on labour migrants in the agriculture sector in an agro-based state like Sabah is greater than in other states in the Peninsular (Kassim 2005a). The Ministry of Plantation and Commodity Industry estimates that 89.4 percent of plantation workers were of foreign nationality and only 10.6 percent were Malaysian citizens in 2004. Indonesians constituted around 72-77 percent of the total foreign workers in the same sector (Jemon 2005, p.42). Conversely, the Sabah

manufacturing sector is still relatively small, accounting for only 6.3 percent of the total Sabah workforce of 312,246 million in 2009 (EPU 2011; Immigration Department, Sabah 2009).

### **2.5.1.1 Agriculture Sector**

As one of the main producers of the world's palm oil with five million hectares of planted area (Adnan July 2012), it is understandable that foreign workers are mainly employed in oil palm plantations. Agriculture was the first to utilise low-skilled foreign workers mainly from Indonesia in the 1970s (Kassim 1994; 2011). Large-scale planting of export commodity cash crops with diversification from rubber to oil palm plantations after independence (Amatzin 2004; Yusof and Bhattasali 2008), and rural–urban migration of Malay youths left rural agricultural jobs vacant (Pillai 1992; Karim et al). It was estimated that, in the period of 1985-1995, in every 1000 new jobs created, there would be 124 workers shifting from agriculture to the non-agriculture sector, particularly to manufacturing and services (Osman 1998, p.162).

Mobility out of rural agricultural occupations not only occurred among locals but also among migrants who wanted a better living standard (Osman 1998, p.162 and 165). Mantra (1998, p.13) stated that “Indonesians with intermediate education are no longer willing to take up manual jobs and prefer working in urban industrial sector in Malaysia”. In a study on Indonesian workers in Sabah, Eki (2002) described migrants of illegal status who, after a few years working in rural oil palm plantations, managed to obtain a work permit and moved to urban areas as legal workers looking for jobs with better pay. Rural plantations are more likely to harbour illegal migrant workers due to their remote location and size of operation (Kassim 1997; Mulia 2011).

If the out-migration trend persists, the labour shortage problem in the agriculture sector will be endless. Consequently, it was estimated in 2009 that approximately 300,000 hectares of rubber holdings were untapped and 30,000 hectares of oil palm were not fully harvested (Third Agricultural Policy 2010) causing losses of billions of ringgit. Following the 20-30 percent labour shortage, the palm oil industry in Sabah and Sarawak experienced a 15 percent loss amounting to MYR3.6 billion due to rotting palm fruits in 2011 (Adnan July 2012). Currently, there is demand in all job categories, especially operation workers, fresh fruit bunch (FBB)

harvesters and FBB carriers nationwide (Amatzin 2006). Foreign workers represent over 70 percent of Malaysia's total workforce (491,339) in oil palm plantations in 2011 and are mainly employed as field operation workers (Adnan July 2012).

Being the main producer of palm oil in Malaysia with 1.5 million hectares of planted area (Ministry of Finance 2012, p.71), Sabah needs the largest workforce. In the period from 1995 to 2000, migrant workers formed nearly 90 percent of the Sabah workforce in the agriculture sector (Kassim 2003, p.33). Nevertheless, dependence on labour has been reduced with practices in farm mechanisation and automation in nearly all field maintenance operations; consequently, the labour to land ratio of 1:5 in 1990 has been reduced to 1:9 in 2000 (Amatzin 2004, p.6).

### **2.5.1.2 Manufacturing Sector**

Structural transformation from an agro-based to an industrial-based economy shifted the main flow of migrants from agriculture to the manufacturing sector in the Peninsular (Kassim 2006, p.13). In the wake of the industrial boom in the mid-1980s, the manufacturing sector suffered from a serious labour shortage problem that led to the formal employment of foreign labour in 1992. This labour-intensive industry mainly employs foreign workers as production workers in the electrical and electronics (E&E) subsector (Pillai 1992; Karim et al; Verite 2012).

In 2011, there were 716,617 foreign workers in the manufacturing sector who are, to a large extent, "stuck in the low-value-added chain" (Adnan July 2012). An analysis of job categories held by foreign workers in the manufacturing sector during the period 1985 to 2005 shows that there was "a greater utilisation of foreign workers in the unskilled segments" (Devadason and Chan, 2013), particularly as production operators (Kassim 1997; Narayanan and Lai 2005).

Despite the growing number of foreign workers, the manufacturing sector is still facing labour shortages. Most foreign workers are found in the more developed urban Peninsular states rather than Sabah and Sarawak. In 2010, Sabah, an agro-based income state, employed only 15.5 percent of the foreign workforce in the manufacturing sector (Ministry of Labour Force, Sabah 2010).

### **2.5.1.3 Construction Sector**

Rapid development of infrastructure in the late 1970s in support of the NEP; together with little emphasis on technical skills in the education system; reluctance to increase wages and to improve terms of employment; and the refusal of local Chinese workers to work in the construction sector were among the factors that sparked labour shortages in the construction sector (Narayanan 1992; Narayanan and Lai 2005). Both high-skilled and low-skilled foreign workers were imported to fill the gap. A small number of expatriates were employed for management/professional posts while migrant workers with hardly any skills often ended up as ‘building workers’ getting on-the-job training (Narayanan and Lai 2005, p.42).

In a study on local involvement in the construction sector, Buntat et al. (2006) found that the foreign workforce constituted 69.5 percent of the total workforce, and the majority were low-skilled working as general building workers (involved in trades that are easy to learn). The skills and experience accumulated over their work tenure made them semi-skilled and skilled workers. Similarly, Narayanan and Lai (2005, p.31) found that “immigrants, being largely unskilled did not contribute to skill formation. Instead, they accumulated skills on-the-job, which were lost when they returned home”.

The need for labour continued in the 1990s and 2000s with construction of ambitious mega projects, such as Kuala Lumpur International Airport (KLIA), Petronas Twin Towers, Sepang International Circuit and the development of Putrajaya and Cyberjaya to name a few (Ministry of Finance 2012, p.77). By 2012, the construction sector employed 800,000 workers, 69 percent of whom were foreign workers (Abdul Rahman et al. 2012, p.433). Due to its highly mobile nature, the construction sector was made up of a large number of illegal workers mainly from Indonesia (Kassim 2005a; Narayanan and Lai 2005).

### **2.5.1.4 Services Sector**

Employment of foreign workers in the services sector became more noticeable beginning from 2000. Migrants, however, are limited to 11 subsectors, namely, restaurants, laundrettes, cleaning services, hotels/resort islands, cargo handling, charity homes, retail and wholesale outlets,

goldsmiths, hair salons and recycling industries (MIDA 2012), and are not allowed in any front-line jobs such as cashiers. This regulation reflects the government's priority of utilising the local workforce through prohibition of foreign employment in jobs already performed by locals (Wongboonsin 2003). Consequently, migrant workers in the services sector constituted only 6.7 percent of the foreign workforce in 2000; the growth has been relatively slow and by 2011 the share was 8.6 percent.

Foreign workers are concentrated in two broad categories of occupations namely low-end work eschewed by locals and service-type jobs (Narayanan and Lai 2007, p.100). Foreign workers are commonly found in restaurants as cooks, dishwashers and waiters/waitresses; in petrol stations as pump attendants; as carers in old folks' homes and nurseries; as well as in sanitary-related occupations and as security guards in premises such as resorts, shopping complexes, condominiums, factories and offices in the urban area.

#### **2.5.1.5 Domestic Helper Sector**

The growth in the domestic helper sector has been spurred by improvements in education and rapid economic development that has increased female labour participation (Kassim 2000; 2006). In 1982, the share of women in the workforce was 44.5 percent which increased to 46.3 percent in 2010 (EPU 2011). In addition, changes in family structure, the "proliferation of nuclear families (father, mother and children) and single parents" (Kassim 2006, p.7) have escalated the demand for foreign domestic helpers. Female foreign workers, largely from Indonesia, have been employed to relieve women from domestic chores (Kaur 2007, p.5). Malaysians prefer Indonesians due to similarities in language, religion and culture (Ramasamy 2004; Gooch February 2011).

In most destination countries, including Malaysia, the domestic helper sector is regarded as an informal sector (IOM 2010b), thus workers are excluded from key protections under Malaysia's Employment Act in terms of working hours, public holidays, mandatory days off, annual and sick leave, protection and fair termination of contracts (Human Rights Watch 2012). In addition, lack of law enforcement to protect domestic helpers and the nature of employment (carried out in

private residences) makes domestic helpers more vulnerable to “exploitative labour practices, physical and mental abuse and withholding of wages” (IOM 2010b, p.9). These conditions have initiated the imposing of bans on sending workers by labour-source countries. The Bilateral Memorandums of Understanding (MOU) signed between origin and destination countries have nevertheless improved the conditions of foreign domestic helpers. For example, in June 2009, Indonesia temporarily stopped sending domestic helpers to Malaysia urging that the country guarantee a minimum wage for these workers, a weekly day off, better enforcement of the law and passports to be held by domestic helpers, before it lifted its ban (see Appendix 1). Cambodian domestic helpers were imported until the issues with Indonesia were resolved; however, a sudden ban imposed by the Cambodian government in October 2011, following an abuse case, further fuelled the shortage of maids in Malaysia (*The Star Online* September 2012). The bans imposed by source countries caused about 35,000 Malaysians to be on a waiting list for domestic helpers (Gooch February 2011). However, the number of foreign domestic helpers has dropped from 320,171 in 2006 to 226,626 in 2011 (Appendix 3).

In the latest development, at the end of 2011, a new MoU was signed between Indonesia and Malaysia agreeing to one day off a week, an insurance policy, fixed agency fees through direct employment and later a minimum wage of MYR700. Despite the bans and MoUs, many foreign workers, especially Indonesians, enter Malaysia illegally to work as domestic helpers due to high demand (Hugo 1993; Kassim 2005a).

## **2.6 Illegal Migrants**

The term ‘illegal aliens’, ‘illegal migrant workers’, ‘illegal immigrants’, ‘undocumented migrant workers’ or ‘irregular migrant workers’ are used by destination countries to describe foreign nationals who do not have “the documents required under immigration regulations to enter, reside or work in a country at that time” (IOM 2010b, p.7). In Malaysia, they are often referred to as “Pendatang Asing Tanpa Izin” (PATI) or illegal immigrants (Kassim 2006, p.21). The term ‘undocumented’ seems inappropriate for use here because migrants to Malaysia often possess some kind of travel documents (although sometimes forged) upon entering the country which makes them ‘documented’ (Kassim 2005; Kassim and Mat Zin 2011; Sadiq 2009). According to IDOM, it is illegal or unlawful for migrants who hold some form of travel documents to work

without valid work permits or to fail to renew them, thus making them ‘illegal migrant workers’. Therefore, the term ‘illegal migrant workers’ and ‘illegal migrants’ will be used interchangeably throughout this thesis referring to the vast majority who are in the workforce and those who are not.

The categorisation of these types of immigrants in Malaysia shown in Table 2.8 indicates how migrants’ status could become illegal. As Hugo (2005, p.104) has noted, it is easy to become illegal at any stage in the process. The importation of low- and semi-skilled foreign workers that is perceived to be ‘short-term’ has continued for nearly three decades since the Medan Agreement in 1984.

**Table 2.8: Types of Migrants of Illegal Status in Malaysia**

Sources: Kassim (2005a, p.7; 2006, p.21); Kassim and Mat Zin (2011, p.4); Australian Human Rights Commission (2013)

Types	Description
Undocumented illegal entrants	Foreign nationals who arrive clandestinely through areas outside the sanctioned port of entry. Those involved are usually without formal personal/travel documents.
Contract defaulters	Foreign workers who arrive legally but leave their predetermined employers and work in other job sectors before their contract ends.
Unregistered children of immigrants	Dependants of immigrants who do not hold a birth certificate or are not registered when entering Malaysia.
Overstayers	Foreign nationals who usually enter the country as tourists and stay longer than the visa allows them. They may or may not work.
Visa/pass abusers	Foreign nationals who use student or tourist visas to enter and work in Malaysia.
Refugees who failed to renew their IMM13 cards	Refugees must renew IMM13 cards annually. It costs them MYR90 per pass.
Contract workers who failed to renew their work permits	Legal foreign workers or their employers must renew work permits annually.
Holders of counterfeit documents or forged endorsement in official documents (either knowingly or otherwise)	These forged documents could be Malaysian birth certificates, identity cards, passports, visas, employment passes or IMM13 passes.
Asylum seekers/refugees	Persons who have fled their own country and applied for protection as a refugee; are outside their own country and are unable or unwilling to return due to a well-founded fear of being persecuted because of their race, religion, nationality, membership of a particular social group or political opinion.
Transit migrants to Australia	Migrants who temporarily transit in Malaysia while waiting for their application to stay in Australia to be processed and approved.

Over the years, the flow of foreign workers, both legal and illegal, has grown larger and more complex making it difficult to estimate the actual number of migrants in Malaysia. More often than not, the number of total migrant workers indicated by official data does not reflect the whole population of migrant workers in Malaysia. For instance, issuance of VPTEs only includes registered contract migrant workers but not illegal workers. In addition, it is widely known that not all foreign citizens, and especially not illegal workers, participate in the Malaysian population census or the Labour Force survey conducted by the Department of Statistics, Malaysia (Narayanan and Lai 2007; Kassim and Mat Zin 2011).

Estimating the actual number of foreign workers in Malaysia is difficult due to the presence of legal and illegal migrant workers who often bring their families, a trend that seems to be more apparent in Sabah than in Peninsular Malaysia (Kanapathy 2006). Citing Phases 1 and 2 of Integrated Operations<sup>9</sup> in Sabah, the Federal Special Task Force registered 312,837 illegal migrants with their dependants without documents in 2009 (*Borneo Express* 2009).

At the national level, a conservative estimation by the Immigration Department of Malaysia (IDOM) was that there were between 500,000 and 1.8 million illegal workers in 2011; however, employers' associations and trade unions believe the number is higher (Kassim and Mat Zin 2011, p.2). Balakrishnan (2013, p.56) has compiled varying estimates of the number of illegal migrants in Malaysia since 1985 from various sources based on the number of known workers who have overstayed, absconded, been arrested, applied for amnesty and been deported (Table 2.9). Malaysia has a large number of illegal migrant workers mainly of Indonesian nationality (Hugo 2007; IOM 2010b; Devadason and Chan 2013).

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<sup>9</sup> A legalisation exercise combined with amnesty programmes held in Sabah. Phase 1 was held from 31 August to 31 October 2008 and Phase 2 from 27 July to 31 October 2009 (Kassim & Md. Zain 2011, p.18). Illegal workers who wished to stay in Sabah were absorbed into the formal sectors while those who refused were allowed to return home voluntarily without being charged for violating the immigration law.

**Table 2.9: Estimates of Number of Illegal Migrants in Malaysia**Sources: Various sources cited in Balakrishnan (2013, p.56); *Borneo Post Online* (September 2011)

Years	Number of Undocumented Workers	Sources
1985-1989	500,000 in Peninsular	Wong and Anwar (2003a)
1988	480,500* (only in Sabah): 335,500 Filipinos, 145,000 Indonesians	Gunasekaran and Sullivan (1990)
1995	187,800 apprehended in Peninsular	APMRN (2000)
1997	800,000 in Peninsular	Kassim (2000)
2000	42,034 domestic workers were reported to have absconded from their employers	Ariffin (2001)
2003	42,395 workers were arrested ( half of them were Indonesians)	Kaur (2008)
2005	400,000 migrants left Peninsular during an amnesty	Kassim (2005a)
2000-2004	465,878 in Peninsular	Kaur (2008)
2005-2008	216,000 migrants detained and 191,600 deported	Migration News (April 2009)
2008	500,000 in Malaysia	Hassan (2008)
2007-June 2010	189,614 (53,936 in 2007, 58,559 in 2008, 53,892 in 2009 and 23,227 as of June 2010) temporary migrants found to have overstayed	David and Subramaniam (20 January 2009)
2009	Approximately 1.1 million workers are illegal in Malaysia	Migration News (January 2012)
2011	267,800 illegal Bangladeshi migrant workers were registered	<i>The Star</i> (24 March 2012)
2011	A total of 2,329,034 foreign workers including illegals were registered under the 6P amnesty programme nationwide when the deadline for registration ended in August 2011. Some 1,303,126 were illegal workers (the number did not include migrants who refused to register, maids and refugees). Indonesians made up the highest number of foreign workers with 640,609 illegal and 405,312 legal workers; followed by Bangladeshis with 267,803 illegal and 132,897 legal workers; and Nepalese with 33,437 illegal and 221,617 legal workers.	<i>Borneo Post Online</i> (6 September 2011)

A series of measures relating to illegal migration has been introduced since 1987 in response to specific socio-economic, political and security problems that have emerged over the years. Some of the major actions (Appendix 1) include legalisation or regulation of illegal immigrants in 1985, 1987 and 1989; as well as amnesty exercises in 1996, 1997, 1998, 2002, and 2004 to 2005. Ops Nyah I was introduced in 1992 to ensure an ongoing border surveillance and control exercise. Ops Nyah II, introduced in the same year, was an annual exercise to root out irregular migrants already in Malaysia. The *Immigration Act 1959/63* and *Passport Act 1969* were

amended and a special court for illegal immigrants (Mahkamah PATI) was established in 2005 to facilitate quick disposal of cases of illegal immigrants and early deportation (Kassim and Mat Zin 2011, pp.20-23). However, the implementation of immigration policies in Sabah has often been less vigorous compared to those in Peninsular Malaysia (Kassim 2005a).

Policy measures to control the expansion of illegal migrants that were implemented in the past two decades have had little effect on preventing or reducing illegal migration (Battistella 2002; IOM 2010c; Kassim and Mat Zin 2011). Since 1992, more than four million illegal migrant workers have been identified (Kassim and Mat Zin 2011, p.18). The number would be higher if it included their dependants who were mostly not in the workforce and therefore not accounted for in the registration exercise targeted only at those in employment (APMRN 2003, p.8). Considering that almost all migrant workers were illegal in the 1970s, Kassim and Mat Zin (2011, p.101) have shown that the ratio of 0 legal to 10 illegal migrant workers has changed to one legal to one illegal migrant worker in the 2000s (Table 2.10). This indicates the somewhat subtle success achieved by enforcement agencies in curbing the rapid expansion of illegal migrants in Malaysia (Kassim and Mat Zin 2011, p.100 and 101).

**Table 2.10: Ratio of Legal to Illegal Migrant Workers 1970-2011**

Source: Kassim and Mat Zin (2011, p.101)

Period	Registered Workers		Irregular migrants
1970s	0	:	10
1980s	1	:	5
1990s	1	:	3
2000s	1	:	1

The latest development in measures to stem illegal migration was the establishment of a special laboratory on the management of foreigners (SLMF), aimed at enhancing the management, entry system, monitoring and confirmation of foreigners in Sabah in June 2010 (Liusin May 2010). It was set up following a meeting of the Federal Cabinet Committee on Foreign Workers and Illegal Immigrants. One of the initiatives of the SMLF in curbing illegal immigrants was the implementation of the 6Ps programme at the national level from July 2011 to April 2012. The

6Ps are *Pendaftaran, Pemutihan, Pengampunan, Pemantauan, Penguatkuasaan dan Pengusiran* (registration, regulation, amnesty, monitoring, enforcement and deportation).

Unlike the 6Ps programme in the Peninsular and Sarawak, the 5Ps programme in Sabah and Labuan excludes ‘amnesty’ in its implementation. This was based on the outcome of the Sabah Security Committee meeting in June 2011 as the amnesty exercise had already been implemented four times in 1988, 1997, 2008 and 2009, thus explaining its exclusion in this programme. A large-scale biometric registration for both legal and illegal migrants was run in tandem with the registration exercise (*Borneo Post* June 2011; August 2011). Some 2.3 million legal and illegal migrants were recorded in the registration exercise in the 6P programmes in the Peninsular and Sarawak. Sabah recorded 345,343 migrant workers including their families (Table 2.11). The 5P programme indicated the common practice of family formation in Sabah.

**Table 2.11: Number of Migrants Registered under the 6Ps and 5Ps Programmes**  
Sources: Immigration Department of Sabah (2012) (unpublished data); *Borneo Post* (Sept 2011)

Programme	Regional		Legal	Illegal	Total
6Ps	Peninsular & Sarawak	Workers	1,016,908	1,303,126	<b>2,320,034</b>
5Ps	Sabah	Workers	124,469	128,585	<b>253,054</b>
		Dependants	59,504	32,785	<b>92,289</b>
<b>Total</b>			<b>1,200,881</b>	<b>1,464,496</b>	<b>2,665,377</b>

Commenting on the success of this programme, Home Minister, Datuk Sri Hishammuddin, stated,

“The 6P programme benefited the country as for the first time the government obtained data on illegal immigrants and managed to control the entry of foreign workers via legislation to meet the needs of different sectors”.

(*Borneo Post* April 2012)

It is hoped that a more regularised foreign worker employment system would be achieved once the biometric system is fully enforced, thus resolving illegal immigrant issues. The system enables the government to record the foreign workers’ biometric authentication, so there is no way anyone can abuse or forge their travel documents (*Borneo Post* August 2011).

Illegal migration to Malaysia will continue as long as there is a strong demand for, and supply of, low-skilled workers, especially when legal channels for migration that are often expensive, complicated and time consuming, make illegal recruitment a better option (IOM 2010b, p.18). This is heightened by well-established clandestine social networks existing at both origin and destination countries that make significant profits from illegal recruitment (Battistella 2002; IOM 2010b). The problem is more serious in Sabah which only allows contract migrant workers from its closest neighbours, namely Indonesia and the Philippines. The tendency of bringing family members and dependants to destination countries contributes to greater social impacts and raises human rights issues (Kassim 2005; Kassim and Mat Zin 2011). In addition, religious, cultural, linguistic, historical and geographical links connecting Sabah and its source countries, particularly Indonesia, make attempts to stem illegal migration difficult (Battistella 2002; Kassim 2005a; Kassim and Mat Zin 2011).

## **2.7 Conclusion**

This chapter has outlined the changes in the structure of the Malaysian economy and workforce over the past five decades. It has shown how the implementation of the NEP which accelerated economic growth and human capital development through education caused serious labour shortages leading to the importation of foreign workers, in particular those who were low- and semi-skilled. Internal factors, particularly the imbalance in the supply and demand for workers, have opened a vast number of employment opportunities in low-skilled jobs which have been filled by migrant workers, especially from the labour-surplus country of Indonesia.

Utilisation of foreign workers in critical sectors, such as agriculture, construction, manufacturing, services and as domestic helpers, has contributed significantly to Malaysian economic growth. However, the rapid growth in the number of foreign contract workers has been accompanied by some opposition from the Malaysian population. Ongoing efforts to curb illegal migration include the introduction and implementation of tough immigration and labour laws, registration or regulation and amnesty programmes, stringent border and internal controls, and bilateral agreements with source countries (See Appendix 1). These measures have not succeeded in controlling labour migration between the two neighbours, Malaysia and Indonesia, with their close borders and strong migration networks.

This situation is most serious in Sabah which has more irregular migrants, particularly Indonesians, than any other states, (Kassim 2005a; Kanapathy 2006; Kassim and Mat Zin 2011). The economic conditions, workforce structure and migration situation in Sabah are different from those in the Peninsular. In addition, unlike the states in the Peninsular, in which migration policy on illegal migration is under the responsibility of the Immigration Department of Immigration (IDOM), in Sabah, it is managed by the Federal Special Task Force for Sabah, under the National Security Council in the Prime Minister's Department (Kassim and Mat Zin 2011, p.20). Furthermore, Sabah only allows contract migrant workers from Indonesia and the Philippines. The trend of bringing family members and accompanying dependants to Sabah, and not to the Peninsular, also has important social implications. Therefore, it is pertinent to separately examine and study Indonesian labour migration to Sabah. Chapter 3 presents a comprehensive historical, political and socio-economic examination of Sabah and of the labour shortages that led to the importation of migrant workers from Indonesia.

## **CHAPTER 3 OVERVIEW OF SABAH: ECONOMIC DEVELOPMENT AND CHALLENGES**

### **3.1 Introduction**

This chapter focuses on Sabah as the destination for international migration based on its economic growth and location in the centre of the BIMP-EAGA<sup>10</sup> growth triangle. Being the major producer of palm oil in Malaysia and, to a lesser extent, cocoa, rubber and timber, this agro-based economy is facing an acute shortage of labour in the plantation and agriculture sectors, as well as the construction, manufacturing and services sectors. Sabah is highly dependent on exports of its primary commodities: its labour-intensive industry opens up job opportunities that are typically low-skilled in nature and are eschewed by the local people. Improvement in education among local people has inspired them to aspire to more lucrative and higher status white collar jobs. As a result, Sabah has to depend on foreign workers to fill shortages in the workforce. Foreign labour accounts for about half of the total workforce in Sabah, the majority in the plantation sector (Kanapathy 2006; Kassim 2006). It is a challenge for the state government to maintain its economy without employing foreign workers while trying to keep production costs low and be competitive in the global market.

There has been a lack of research on international migration in Sabah in comparison to Peninsular Malaysia, partly due to a lack of data. Immigration data and records on foreign labour in Sabah are only available from the 1990s onwards (Kassim and Hamid 2004, p.82). Most research has been based on limited secondary data gained from government agencies such as the Immigration, Statistics and Police Force Departments in the form of manuals, statistical data, tables and figures (see Yap 2004; Amatzin 2004; Gatidis 2004; Chew 2004). Research utilising primary data derived from surveys or interviews is lacking. The growing need for foreign labourers is undeniable and, thus, has been highlighted in many research

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<sup>10</sup> Brunei-Indonesia-Malaysia-Philippines East Asian Growth Area (BIMP-EAGA)

studies. Seminar proceedings edited by Kassim (2004; 2005) covering issues related to foreign workers in critical sectors rationalised the need for foreign workers as follows:

- i. most local people refuse to join four key industries due to low salary and poor work conditions – especially the construction sector (Chew 2004);
- ii. foreign labourers are easier to get, more productive and reliable, less demanding and cheaper in comparison to local workers (Yap 2004);
- iii. despite improvement in work conditions and increased use of machines (except for the construction sector), local people still find the jobs unattractive (Gatidis 2004, Amatzin 2004); and
- iv. local people would not participate in 3D jobs due to social labelling (Jemon 2005).

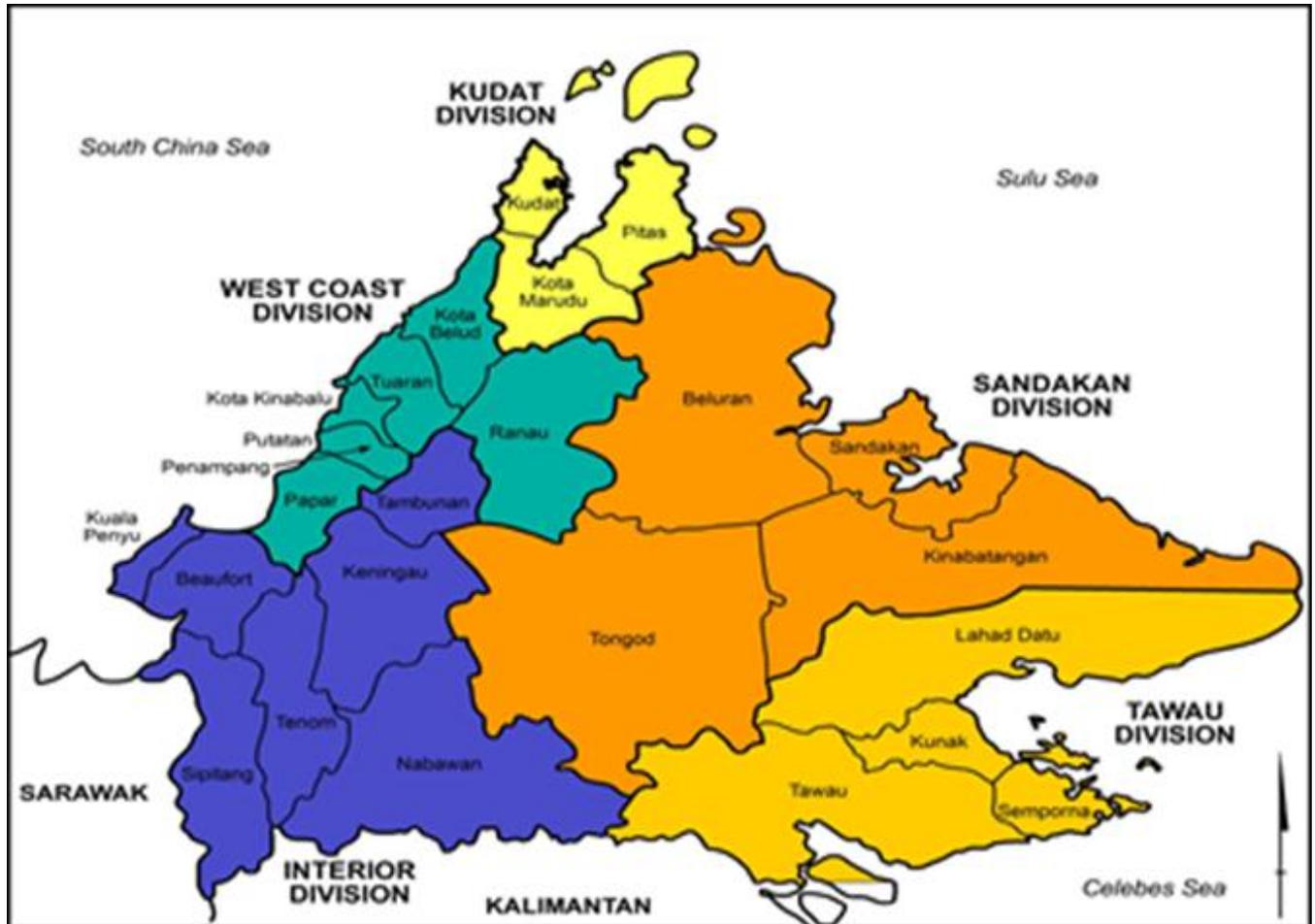
This chapter aims to discuss Sabah's economic and social development initiated by the major economic policies that have led to demand for labour, and to investigate the historical and geographical factors that have attracted migrants from Indonesia. The importance of Indonesian labour migrants in the Sabah economy and the impact of their presence, especially in the economic development of Sabah, through their participation in the plantation, manufacturing, construction, informal and services sectors are examined. Differences between state and federal governments in the implementation of immigration and population policies will also be discussed.

### **3.2 Sabah Background**

Located on the northern corner of Borneo Island, Sabah is the second largest state in Malaysia covering a land area of approximately 72,689 square km. The small islands surrounding Sabah add another 1,549 square km to the total area. Sabah has an extensive coastline that stretches 1,400 km long and its maritime zone covers an area of about 54,360 square km or 30 percent of the Malaysian Exclusive Economic Zone (Dollah and Omar 2004, p.1). It shares sea borders with the Philippines and Indonesia, and a land border with Indonesia. Surrounded by the South China Sea on the west, the Sulu Sea on the north-east and the Celebes Sea on the east, Sabah is strategically located in the centre of the BIMP-

EAGA growth triangle (Kiat 2003). Rich in natural resources and sea produce, Sabah is a middle-income, agro-based and relatively underdeveloped state (EPU 2001).

**Figure 3.1: Sabah Administrative Divisions and Districts**



Known as North Borneo before it joined the Federation of Malaysia in September 1963, the state of Sabah today comprises five administrative divisions governing 24 districts with its capital city, Kota Kinabalu, in the West Coast Division. The largest division, Sandakan is located in North East Sabah facing the Sulu Sea and sharing a sea border with the Philippines. Indonesia shares sea and land borders with Tawau, the second largest division located in South East Sabah facing the Celebes Sea. These two divisions have become the busiest ports of entry due to their proximity to neighbouring countries.

Being one of the 13 states of the Malaysian Federation, Sabah is subjected to most but not all of the laws and regulations of the federal administration located in Kuala Lumpur, Peninsular Malaysia. This is because, before Sabah and Sarawak joined the Malaysian Federation in 1963, the states were granted self-government from the British. To safeguard certain interests of the state from federal encroachment and to treasure its autonomy, Sabah leaders listed conditions known as the “Twenty Points”<sup>11</sup> (Othman et al. 2010, p.108). In particular, unlike other states located on the Peninsular, Sabah has control over immigration into the state even from other parts of Malaysia (The Report Sabah 2011 p.13).

**Table 3.1: Sabah Administrative Divisions by Districts and Area**  
Source: Borneo Trade (2000)

<b>Divisions</b>	<b>Districts</b>	<b>Area (square km)</b>
<b>West Coast Division</b>	Kota Belud, Kota Kinabalu, Papar, Penampang, Ranau, Tuaran, Putatan (newly formed district)	7,588
<b>Interior Division</b>	Beaufort, Nabawan, Keningau, Kuala Penyu, Sipitang, Tambunan, Tenom	18,298
<b>Kudat Division</b>	Kota Marudu, Kudat, Pitas	4,623
<b>Sandakan Division</b>	Beluran, Kinabatangan, Sandakan, Tongod	28,205
<b>Tawau Division</b>	Kunak, Lahad Datu, Semporna, Tawau	14,905

Workers including those from states in Peninsular Malaysia and Sarawak as well as foreign countries are termed as non-resident workers according to the Sabah Labour Ordinance after

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<sup>11</sup> The ‘Twenty Points’ concern the following matters: religion, language, constitution, head of the federation, name of the federation, immigration, right of secession, Borneanisation, British officers, citizenship, tariffs and finance, special position of indigenous races, state government, transitional period, education, constitutional safeguards, representation in federal parliament, name of head of state, name of state, and land, forest and local government.

a 2005 amendment (Manan 2006). While Peninsular Malaysia allows low-skilled migrant workers to enter from various countries such as Indonesia, the Philippines, Nepal, Bangladesh, Cambodia and others, Sabah only accepts workers from the Philippines and Indonesia (Kanapathy 2006). In addition, Sabah has its own authority and regulations concerning its land and local government in which the federal government is not allowed to intervene.

### 3.2.1. Population

Cultural diversity is a distinct feature of the Sabah population. Populated by 3,169,289 people as of the 2010 census, it includes 2,279,510 (72 percent) Malaysians and 889,779 (28 percent) non-Malaysian citizens. Based on the Malaysian census, Malaysian citizens in Sabah are categorised into two main groups; the majority *Bumiputera* and the minority non-*Bumiputera*. The former includes five main ethnic groups and the latter includes two as listed in Table 3.2. ‘Other *Bumiputera*’ followed by Kadazan Dusun and Bajau are the largest ethnic groups while Chinese and ‘others’ account for 13 percent and 2.1 percent respectively (Department of Statistics Malaysia 2012b).

**Table 3.2: Distribution of Malaysian Citizens in Sabah by Ethnic Group, 2010**  
Source: Department of Statistics, Sabah (2012b)

Citizens by Ethnicity	Number of Population	Percentage (%)
<i>Bumiputera</i>		
Kadazan Dusun	568,575	24.9
Bajau	420,279	18.4
Murut	102,393	4.5
Malay	184,197	8.1
Other Bumiputera	659,865	29
<i>Non-Bumiputera</i>		
Chinese	295,674	13
Others	48,527	2.1
<b>TOTAL</b>	<b>2,279,510</b>	<b>100</b>

A more detailed breakdown of the Sabah population by division and ethnic groups is included in Appendix 6. Sabah's population is concentrated in the west and east regions due to economic growth. The interior region is the least developed and thus the least-populated area. Most non-Malaysian citizens can be found in the east region. Given the vicinity of Sabah to the Philippines and Indonesia and its early history, non-Malaysian citizens are predominantly from Indonesia and the Philippines and mostly gain entry to Sabah through Tawau and Sandakan.

Sabah's population consists of 32 officially recognised ethnic groups and has at least 80 dialects, more than 28 of which are spoken by the *Bumiputera* or indigenous peoples (The Report Sabah 2011, p.10) such as Bajau, Murut, Irranun, Talantang, Sonsogon and Idahan to name a few. Paul (2009) listed 52 individual languages still spoken today in describing Sabah pluralism. Although the national language taught in schools is the Malay language (*Bahasa Melayu*), the Sabahan dialect, *Baku*, is largely used to communicate among the different ethnic groups. Its own unique expressions for many words in Malay are mostly from indigenous or Indonesian words.

Sabah has a density of 44 people per square km concentrating on the urban and coastal areas. The population growth rate was recorded as a high two percent in 2009-2010, and Sabah had a population of 3,117,415 in 2010. Table 3.3 shows a declining average annual growth rate from the 1980s to the 1990s and 2000s. This may be caused by a decrease in the fertility rate caused by rapid development (Omar and Mahadi 2007, p.3). The fertility rate which was recorded at 4.2 in 1990, decreased to 2.6 in 2000, and 1.8 in 2010 (Department of Statistics, Sabah 2011). However, it can be observed that the average annual growth rate was higher than the state level in particular districts, such as Tawau, Sandakan and West Coast Division. Between 1980 and 1991, the Tawau Division recorded the highest annual growth of 7.45 percent while in Sandakan Division, it was 6.25 percent. In addition to natural growth, this trend is much influenced by international migration (Department of Statistics, Sabah 2011).

**Table 3.3: Sabah Population Distribution by Districts and Average Annual Growth Rate (%), 1980-2010**

Source: Adapted from Department of Statistics, Sabah (1980-2010)

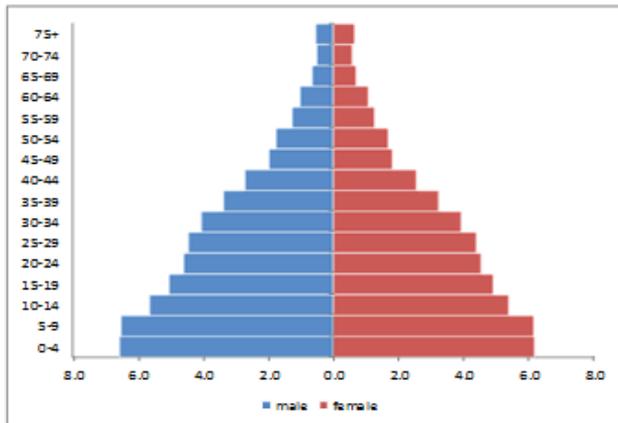
State and Administrative District	Population				Average Annual Growth Rate (%)		
	1980	1991	2000	2010	1980-1991	1991-2000	2000-2010
<b>SABAH</b>	<b>929,299</b>	<b>1,734,685</b>	<b>2,449,389</b>	<b>3,117,405</b>	<b>5.67</b>	<b>3.83</b>	<b>2.41</b>
Tawau	113,708	244,728	304,888	397,673	6.97	2.44	2.65
Semporna	52,215	91,828	108,236	133,164	5.13	1.83	2.07
Lahad Datu	39,262	118,096	156,059	199,830	10.01	3.10	2.47
Kunak	12,510	39,873	40,571	61,094	10.54	2.19	4.09
<b>TAWAU DIVISION</b>	<b>217,695</b>	<b>494,525</b>	<b>609,754</b>	<b>791,761</b>	<b>7.45</b>	<b>2.32</b>	<b>2.61</b>
Sandakan	113,496	222,817	347,334	396,290	6.13	4.93	1.31
Kinabatangan	14,683	45,746	86,783	146,987	10.33	7.11	5.26
Tongok	10,751	13,326	20,646	35,341	1.95	4.86	2.41
Beluran	30,066	54,539	70,900	104,484	5.41	2.92	3.87
<b>SANDAKAN DIVISION</b>	<b>168,996</b>	<b>336,428</b>	<b>525,663</b>	<b>683,102</b>	<b>6.25</b>	<b>4.96</b>	<b>2.61</b>
Kudat	38,397	56,047	68,242	83,140	3.44	2.19	1.97
Pitas	16,520	24,240	30,854	37,808	3.49	2.68	2.03
Kota Marudu	27,149	42,747	58,841	66,374	4.13	3.55	1.20
<b>KUDAT DIVISION</b>	<b>82,066</b>	<b>123,034</b>	<b>157,937</b>	<b>187,322</b>	<b>3.68</b>	<b>2.77</b>	<b>1.70</b>
Kota Belud	45,503	58,259	72,337	91,272	2.25	2.40	2.32
Ranau	28,047	49,358	70,649	94,092	5.14	3.98	2.86
Tuaran	48,374	63,995	82,212	102,411	2.54	2.78	2.19
Kota Kinabalu	108,725	209,175	354,153	452,058	5.95	5.85	2.44
Penampang	37,998	86,941	130,809	121,934	7.52	4.54	-0.70
Papar	40,722	59,473	86,649	124,420	3.44	4.18	3.61
Putatan	-	-	-	54,733	-	-	-
<b>WEST COAST DIVISION</b>	<b>309,369</b>	<b>527,201</b>	<b>796,809</b>	<b>1,040,920</b>	<b>4.84</b>	<b>4.58</b>	<b>2.67</b>
Beaufort	36,403	48,742	61,698	64,350	2.65	2.62	0.42
Kuala Penyu	12,565	14,271	16,511	18,958	1.16	1.62	1.38
Sipitang	12,076	24,349	29,311	34,862	6.38	2.06	1.73
Tenom	26,353	37,954	46,202	55,553	3.32	2.18	1.84
Nabawan	8,368	19,999	23,890	31,807	7.92	1.98	2.86
Keningau	41,204	88,456	145,762	173,103	6.95	5.55	1.71
Tambunan	14,204	19,726	27,852	35,667	2.99	3.83	2.47
<b>INTERIOR DIVISION</b>	<b>151,173</b>	<b>253,497</b>	<b>351,226</b>	<b>414,300</b>	<b>4.69</b>	<b>3.62</b>	<b>1.65</b>

Figure 3.2 shows the comparison in age structures at national and regional levels and compares Malaysia with Sabah over a 30-year period. The age pyramids of Sabah show that the young population (0-4 years of age) shrank over time, while the proportion of the working age population (15-59) had grown substantially, particularly by 2010. There was, however, little change in the proportion of population aged 60 and over. The Sabah population is relatively young with 74.8 percent in the age group of 0-39 years.

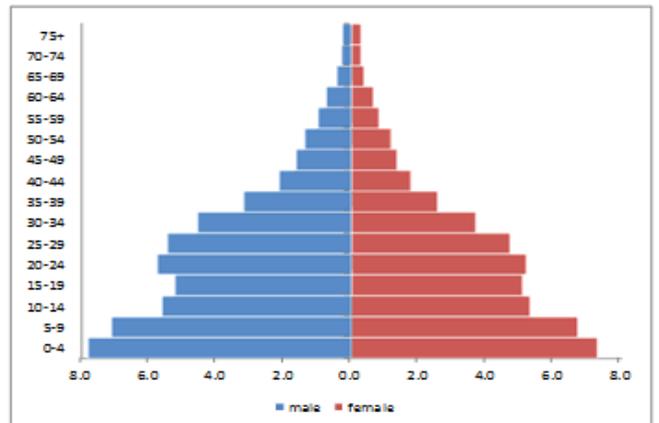
According to the United Nations (UN) (2005, p.1), a demographic bonus occurs when the proportion of the population who are children and youth aged under 15 years falls below 30 percent and the proportion of people 65 years and older is still below 15 percent. As a result, the dependency ratio falls and decreases the burden of supporting and providing for children and older people who are often economically dependent. In 2010, 31.9 percent of the population in Sabah were below 15 years and only 2.9 percent were 65 years and older. The population of the working age group of 15-39 years increased to 47.9 percent, with this situation caused by arrivals of foreign migrants for economic reasons. This has implications for Sabah's workforce and economic development.

At the national level, the age structure of the Malaysian population shows a similar trend to that of Sabah. The proportion of the population aged 0-4 shrank and the proportion of the older population was still below 15 percent over the 30-year period. The proportion of the working age population of 15-39 years increased to 43.9 percent by 2010. This situation may last until 2020 when Malaysia is expected to reach a labour force peak of 63 percent (Wongboonsin 2003). It is a challenge for Malaysia and for most ASEAN countries to fully optimise the demographic bonus especially when these nations depend on labour migration as their alternative strategy (Wongboonsin and Kinnas 2004). As this opportunity may occur only once in the middle phase of the demographic transition and last just a few decades, Malaysia needs to maximise the demographic dividend by planning the right kind of human resource policy, particularly in respect to labour force (Wongboonsin 2004, p.23).

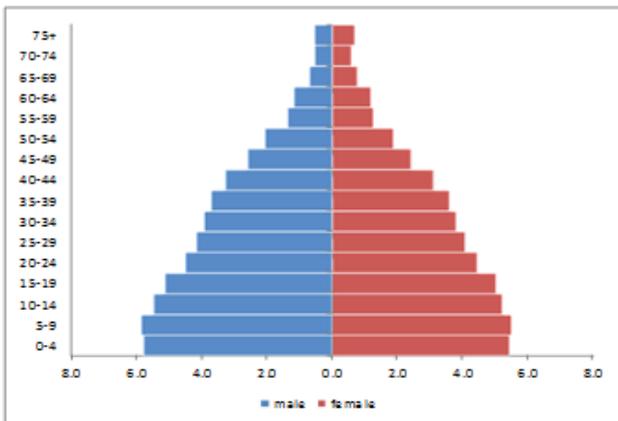
**Figure 3.2: Population Distribution by Age Group and Sex, Malaysia, Sabah 2010**  
 Sources: Department of Statistics, Sabah (2011); Department of Statistics, Malaysia (2012)



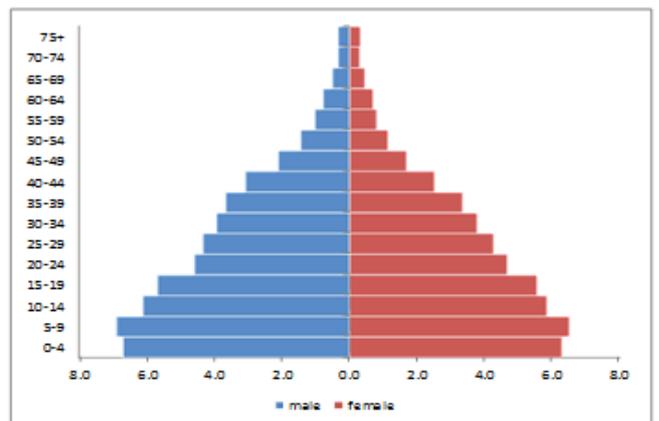
Malaysia 1991



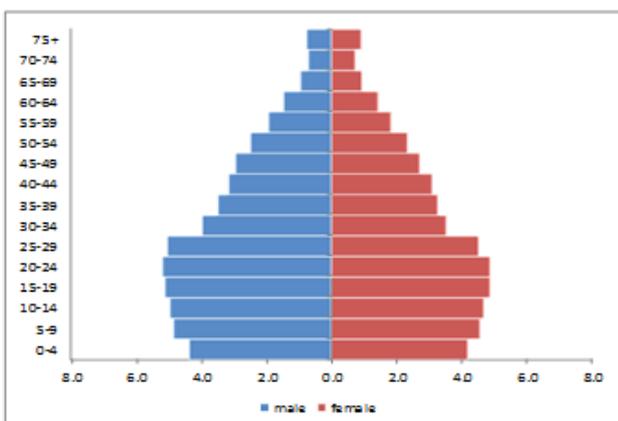
Sabah 1991



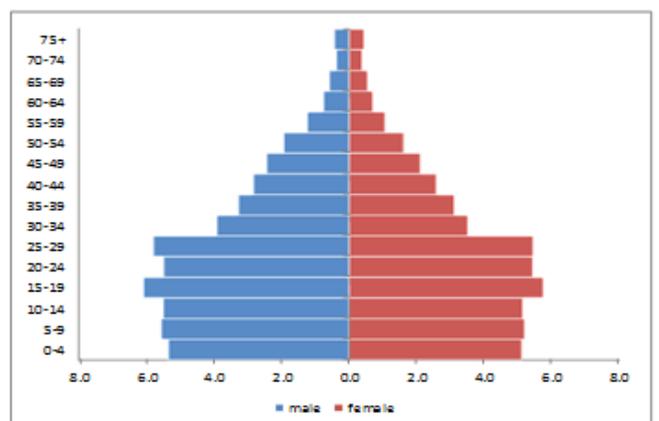
Malaysia 2000



Sabah 2000



Malaysia 2010



Sabah 2010

### **3.2.2. Emergence of a Multicultural Society**

To understand the complex structure of Sabah society, ethnic diversity, language, culture and religious beliefs, one needs a closer look at the early history of Sabah before and during the British Borneo Company period (1878-1941), because it serves as the roots to the formation of the state (Singh 2003). The social transformation and evolution induced by several factors, such as marriage, movement of people, economy and religion, have formed the multicultural society in Sabah today. Discussing the international migration system in Asia, Asis (2004, p.21) commented,

“...the long history of exchanges between Sabah on one hand, and the Philippines and Indonesia on the other, have created social networks across the borders which facilitates the flow of information, resources and support that reduce the risks of migration and [the] unfamiliar”.

Thus, the historical perspective of Sabah will be examined on the basis that international migration plays a major role in social transformation (Castles 2000b) and creates social networks which facilitate current movements (Asis 2004a; Hugo 1993). However, it should be noted that there are only a few or no comprehensive data available on early settlers and Sabah civilisation before the company period (Andaya and Andaya 1982; Sintang 2007). Sabah international migration history is divided into five stages: the reign of the Sultanate of Brunei and Sulu from 1473 to 1778; the British Borneo Company period from 1778 to 1941; the Japanese Occupation from 1942 to 1945; the British Crown Colony from 1946 to 1963; and the post-independence period from 1963 to the present.

Previously known as North Borneo, as mentioned above, Sabah is surrounded by the South China Sea in the west, the Sulu Sea in the north and the Celebes Sea in the east. Its strategic location made it a major port in which to barter trading from the fourteenth to eighteenth centuries (Warren 2007; Andaya and Andaya 1982; Trocki 2000), especially with its neighbouring regions in the Malay Archipelago, such as Brunei, the Philippines, Sulawesi, Maluku and Java Island as well as countries such as China, Japan and the West. In highlighting the importance of Sabah as a major port to barter trading, Warren (2007) showed a trade connection between the Sulu Archipelago and the east coast of Sabah; Andaya and Andaya (1982) described the north-west coast of North Borneo as part of the Chinese traders' route in the pre-company and company periods; and Trocki (2000)

mentioned Buginese barter trading activity between Kalimantan, Sulawesi and the east coast of Sabah. This historical account indicates that Sabah has been exposed to external influences imposed by traders of different cultural and religious backgrounds over a long period.

The adoption of Islam in the fifteenth century saw the rise of a number of Sultanates in the Malay Archipelago, one of which was the Sultanate of Brunei. The Islamic culture that has profoundly influenced the Malay people was introduced to North Borneo during the rule of the Sultanate of Brunei at the peak of its empire in the early sixteenth century. The state was later ceded to the Sultan of Sulu in 1658. Islamisation of North Borneo brought Islamic customs, beliefs and political law to the indigenous population who were mostly Animists. It can be said that Islamisation of the Malay Archipelago in the fifteenth century linked its people through religion, language and cultural homogeneity. For example, Hilarian (2004, p.6) demonstrated the Islamic influence on arts and culture in the Malay Archipelago while tracking down the origin of a string instrument, *gambus*. The element of religious and cultural similarity contributed significantly to the movement of people from the Philippines and Indonesia in later years.

International migration to North Borneo mainly occurred through trading activities until the rule of the North Borneo Chartered Company beginning in 1878 when the Sultan of Sulu ceded the state. During the period from 1882 to 1941, modern economic development initiated by the North Borneo Chartered Company's capitalist development policy (Wong 1999, Silva 2011) mainly affected Tawau and Sandakan owing to their strategically located ports on barter trading routes (Warren 1985; Trocki 2000; Bahron 2007; Sintang 2007).

In the beginning of the North Borneo Chartered Company period, Chinese paid labourers (mostly Hakka from China) were brought to Sabah under immigration schemes (Wong 1999, p.135), while Bugis from South Sulawesi (Sintang 2007, p.24) were spontaneous migrants wooed to the state to establish the foundation for economic growth. They came in large numbers to undertake agricultural activities, such as banana, coconut and rubber plantations and the timber industry beginning in 1882 (Sintang 2007, p.24). The exploitation of the Netherlands East Indies by the Dutch saw the movement of 'contract coolies' (Hugo 1993, p.36) to North Borneo. They were recruited beginning from 1914 to work in rubber and

tobacco plantations in replacement of Chinese migrants who were “already becoming expensive and problematic” (Silva 2011, p.1).

Based on a collection of Javanese out-migration and repatriation data from 1912 to 1932, the bulk of the Javanese contract coolies came from Central and East Java and some from Bandung, Batavia and Madura. Although most Javanese workers were repatriated at the end of their three-year contract, some managed to stay (Silva 2011, p.36). Most Chinese migrants and Buginese from South Sulawesi settled in North Borneo enticing more people from their countries to migrate through their success stories. By 1920, half of the workers were Chinese, while Bugis, Javanese and the indigenous peoples made up the other half (Wong 1999). Based on the 1921 census, there were 170 or 13.26 percent Bugis and Javanese in the total population in Tawau (Sintang 2007; Bahron 2007). Out of 27,769 foreign workers in Sabah in the same year, some 8,693 (33.38 percent) were Javanese contract coolies: a total of 5,237 Java-born persons in Sabah were recorded in the following year (Scheltema cited in Hugo 1993, p.37). By 1932, the number of Javanese increased to 9,969. The number of Indonesians, particularly those of Bugis and Javanese ethnicity, has been escalating since then due to agricultural expansion in Sabah.

During the Japanese occupation from 1942 to 1945, Indonesian forced labour (*Romusha*) was transported to work on railway and other construction projects (Hugo, 1993, p.37). Those who were brought to Sabah to work on coconut plantations (Johari and Goddos 2003) were mainly from South Sulawesi and Nusa Tenggara (East Flores) (Raharto 2007). The flow of Chinese and Indonesian migrants to Malaysia, as a whole, reduced in number during and after World War II, especially in the period of the communist emergency in the 1950s (McGahan 2008, p.68), and in the years of confrontation 1963-1966 (Hugo 1993, p.37). The colonial states imposed stricter border control with the implementation of the 1953 Immigration Ordinance and curbed the importation of unskilled Chinese and Indian migrants (McGahan 2008, p.69). However, in the early 1970s, the implementation of the New Economic Policy (NEP) stimulated a demand for foreign labour. As a result, Indonesian migrants entered the Peninsular and East Malaysia to work in the plantation, agriculture and construction sectors (McGahan 2008, p.74). The earlier settlers who had acquired Malaysian

citizenship when Sabah joined Malaysia in 1963, played an important role in the illegal movement of new Indonesian migrants to this destination (Bandiyono and Alihar 1998).

Economic development in Sabah before and during the British North Borneo Chartered period also attracted migrants from the Philippines, thus their early history is worth mentioning considering the presence of Filipinos in Sabah today. According to Warren (2007), Tausog, Iranun and Samal Bajau Laut were among the ethnic groups from the Sulu Archipelago that were actively involved in barter trading with the Bugis in North Borneo, especially during the reign of the Sulu Sultanate between the late seventeenth and eighteenth centuries. A similar historical account was stated by Matuan (2001, p.13) who mentioned Filipinos of Tausog, Sama and Badjao ethnicity as residents of North Borneo which was part of the realm of the Sulu Sultanate. This traditional movement of people between the two countries continued as “part of their lives” since that time for economic and socio-cultural reasons. However, the struggle for dominance between different ethnic groups and the Spanish in the Southern Philippines marked the first wave of migration of people of Suluk and Bajau ethnicity to Sabah (Sina 2006, p.72).

Before Sabah’s independence in 1963, an escalating number of Filipinos from Muslim concentrated areas in Sulu and South Mindanao fled to Sabah due to increasing discrimination and oppression by the Philippines government (Muslim and Guiam 1999). In the 1970s and 1980s, the civil war between the Philippines government and the Moro National Liberation Front in South Mindanao forced a larger number of Muslim Filipinos to flee to Sabah (Peters 2005, p.145), populating the eastern towns, such as Sandakan, Semporna and Lahad Datu. Their arrival was permitted by the Sabah Chief Minister, Tun Mustapha, who “claimed ancestry to Sultanate of Sulu where the refugees came from” and was supported by the earlier settlers of Filipino migrants and the United Nations High Commissioner for Refugees (UNHCR). There were 57,000 to 70,500 Filipino refugees in Sabah by a 2008 estimation based on repatriation records (Kassim 2009, p.53) not including migrant workers and illegal migrants who mostly came from Tawi Tawi, Sulu, Basilan, Palawan and the Zamboanga Peninsular (Abs-Cbn News 2009; PIA 2007). Most worked in the construction, plantation, services and informal sectors as well as the fishery subsector of agriculture.

Commenting on the importance of historical linkages and cultural homogeneity that played a significant role in assisting population movement from Indonesia to Malaysia, Hugo (1993, p.39) stressed that,

“...there are long-standing and strong social networks linking Malaysia and Indonesia. The political boundaries separating the two nations are a function of colonisation and separate peoples who share the same culture, language and religion”.

Held together by kinship, trade, shared culture and religious practices and, to a certain extent, language (Trocki 2000), the movement of people in the Malay Archipelago continued freely despite the formation of a territorial or political boundary created by the West in the early twentieth century, that placed Sabah and Sarawak under British rule, Kalimantan under the Dutch and the Philippines under Spain. The political boundary seemed unnoticed even with the formation of the Malaysian Federation in 1963 after which travel documents were required to enter or leave the state. This raises issues of legal and illegal border crossing discussed by many researchers in describing patterns and flows of Indonesian labour movement to Malaysia (Pillai 1992; Hugo 1993; Kassim 2005b; Hugo 2009b). This issue will be discussed later in relation to workforce demand resulting from rapid economic development in Sabah, particularly in the plantation, agriculture and construction sectors beginning in the 1970s.

### **3.3 Economic Development and Workforce Structure**

At the national level, Malaysia has experienced major changes in its economy since the implementation of the New Economic Policy (NEP) in 1970 which emphasised social integration and equitable distribution of income and opportunities for national unity and progress as explained in Chapter 2. The NEP development plans included two objectives: firstly, poverty eradication among all Malaysians irrespective of race and, secondly, restructuring Malaysian society to correct the racial economic imbalance (Wong 1988).

The NEP poverty eradication plan achieved its target when the incidence of absolute poverty in Malaysia was reduced from 49.3 percent to 16.5 percent after 20 years of its implementation (Hatta and Ali 2013, p.50). However, the NEP has not been effective in reducing the country's economic imbalance (Wong 1998). In addition, the benefit of

economic growth has not been evenly distributed across the country despite the balanced development policy announced in the 6<sup>th</sup> Malaysia Plan (MP) under the National Development Plan (1991-2000). More often than not, urban areas, especially those located in the Peninsular with well-developed physical infrastructure, benefited the most.

In contrast, the northern area and the east coast states in the Peninsular, as well as Sabah and Sarawak in East Malaysia, are among the less developed states (UNDP 2008, p.6). Development and urbanisation in Sabah is more apparent in Sandakan and the capital city, Kota Kinabalu (UNDP 2008; Hashim 1998). Moreover, Sabah has a higher cost of living than the Peninsular because it relies on the import of consumer products from the Peninsular due to the lack of manufacturing industry (Hashim 1998). Lacking in economic diversification and low FDI, the unemployment rate rose to 6 percent in the period 2000 to 2005. While Malaysia as a whole recorded 3.8 percent of people at poverty level in 2009, Sabah topped the list among the Malaysian states with 19.7 percent (Hatta and Ali 2013). Sabah's socio-economic standing (in contradiction to its rich natural resources) is arguably related to questions of governance in federal–state relations (Othman et al. 2010, p.108).

To take a closer look at Sabah's socio-economic conditions, Table 3.4 summarises key demographic, social and economic indicators for Malaysia and Sabah in 2010. Sabah, the second largest state in Malaysia, had 54 percent of its population living in urban areas, much lower than the urban population recorded at the national level (71 percent). While only 8.2 percent of non-Malaysian citizens were recorded at the national level, 27.7 percent of the Sabah population were non-citizens. Sabah had the lowest GDP growth (2.4 percent) in comparison to other states in Malaysia when GDP growth was recorded at 7.2 percent at the national level in 2010. The unemployment rate was quite high in Sabah: of the total labour force, 5.6 percent were unemployed, higher than the national level of 3.5 percent. However, the labour force participation rate in Sabah was a little higher than at the national level.

**Table 3.4: Key Demographic, Social and Economic Indicators for Malaysia and Sabah, 2010**

Sources: Population and Housing Census of Malaysia (2010); Economic Planning Unit, Malaysia (2011)

<b>Key Summary Statistics</b>	<b>Malaysia</b>	<b>Sabah</b>
Area (in square kilometres)	330,803	73,631
<b>Population</b>		
Total (year 2010)	28,334,135	3,2067,42
Average annual population growth rate (percent)	2.0	2.1
Urban population (percent)	71.0	54.0
Median age (years)	26.2	22.8
Population aged 0-14 years (percent)	27.6	32.0
Population aged 15-64 years (percent)	67.3	65.2
Population aged 64 years and over (percent)	5.1	2.8
<b>Citizenship (percent) (2010)</b>		
Malaysian citizens	91.8	72.3
Non-Malaysian citizens	8.2	27.7
<b>Gross Domestic Product (GDP) (2010)</b>		
GDP at current price (MYR million)	765,966	17,242
GDP growth (percent)	7.2	2.4
<b>Employment (2010)</b>		
Labour force ('000)	11,517	1,371
Employed ('000)	11,129	1,294
Unemployed ('000)	387.9	77.0
Labour force participation rate (percent)	62.7	64.5
<b>External Trade (MYR million) (2010)</b>		
Imports	529,194.6	27,913.3
Exports	639,428.1	43,613.7

The comparison of demographic, social and economic indicators between the state of Sabah and Malaysia as a whole indicates that the Sabah economy still lags behind the national level due to its dependence on the primary sector, particularly agriculture and mining (Department of Statistics, Malaysia 2011). The labour-intensive and low-skilled nature of employment, particularly in the agricultural sector, is eschewed by local youth and explains the need for foreign workers that has led to a high percentage of foreign citizens in Sabah and its high unemployment rate. A high percentage of the population living in rural areas suggests a large poor population dependent on the agro-based economy.

The Sabah economy did not change much after the NEP ended in 1990 and still largely relies on primary sector exports. In comparison, the Peninsular's economic transformation, due to the NEP, resulted in a massive expansion in the manufacturing sector. However, in the mid-1990s, Sabah experienced a structural shift: the main contributor of growth has increasingly

been from the agricultural and manufacturing sectors rather than forestry and mining (Sabah State Government 1998). Nevertheless, 10 years after the NEP, the Sabah manufacturing sector was still very small, with most emphasis on natural resource-based industry (Johari and Chong 2003).

There were 904 manufacturing establishments recorded as operating in Sabah, dominated by wood products (29.2 percent), followed by food products (28.3 percent) – the latter mainly palm oil (Ismail 2003, p.145). While the state’s manufacturing sector depends on timber and palm oil-based industries, the nation as a whole is dominated by the electrical and electronics industries (Abdullah 2003, p.134). Therefore, a large number of workers are necessary to sustain the production of palm oil and forest products for the downstream processing industry. Table 3.5 provides a closer look at employment in the main industries in Sabah.

**Table 3.5: Number of Employed Persons by Main Industry, Sabah, 2001-2010**  
Source: Department of Statistics, Malaysia (2001-2010)

Category of Industry#	Year (Number of employed persons '000)									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Agriculture, forestry and fishing	331.1	351.6	344.5	347.1	373.6	361.3	411.6	399.4	406.8	416.0
Manufacturing	119.0	112.5	123.2	135.7	123.3	133.5	123.0	120.5	95.3	104.8
Construction	69.9	83.8	89.1	80.8	88.9	86.6	90.2	100.1	116.7	100.8
Wholesale and retail trade, repair of motor vehicles and motorcycles	142.9	148.0	168.5	167.0	171.1	183.1	187.7	191.0	201.7	211.1
Accommodation and food services activities	44.4	48.3	51.5	48.2	50.7	64.8	62.0	80.3	77.0	73.4
Transportation and storage	44.4	44.6	46.4	50.2	48.9	53.9	50.5	53.8	57.9	53.3
Education	54.3	54.9	60.4	63.3	61.3	65.8	64.2	66.1	70.9	80.5
Public administration and defence, compulsory social security	70.6	73.7	78.1	75.2	79.2	82.8	73.2	75.7	91.5	83.7

Note: #Industry is classified according to the Malaysia Standard Industrial Classification (MSIC) (2008).

Of the total employment figure (1.3 million) in 2010, some 32 percent of workers in Sabah were employed in the agriculture, forestry and fishing sectors which employ the most low-skilled workers. Since 2001, the number of workers in this job sector has grown by around

85,000. In comparison, the manufacturing sector showed a fluctuating trend in the employment of workers throughout the period of 2001 to 2010. Similarly, an analysis of the growth rate of the manufacturing sector from 1991 to 2000 shows an erratic pattern. The highest growth rate of 36.3 percent was recorded in 1993 and the lowest of -15.9 percent was in 1995 (Abdullah 2003, p.134). This job sector employed only approximately 8 percent of total employed persons in 2010, corresponding to the state's share of GDP at the national level of only 1.7 percent (Department of Statistics 2011).

The manufacturing industry will change in the future following the implementation of the state's agenda through the *Halatuju* development framework that firstly focuses on ecotourism and secondly combines agriculture and manufacturing in developing its economy (Sabah Budget 2010). The establishment of the Sabah Development Corridor (SDC)<sup>12</sup> in 2008 under the 9<sup>th</sup> Malaysia Plan (MP) mirrors the government's serious efforts to improve the manufacturing industry. The industrial development is centred on resource-based manufacturing activities that take advantage of the state's rich natural resources.

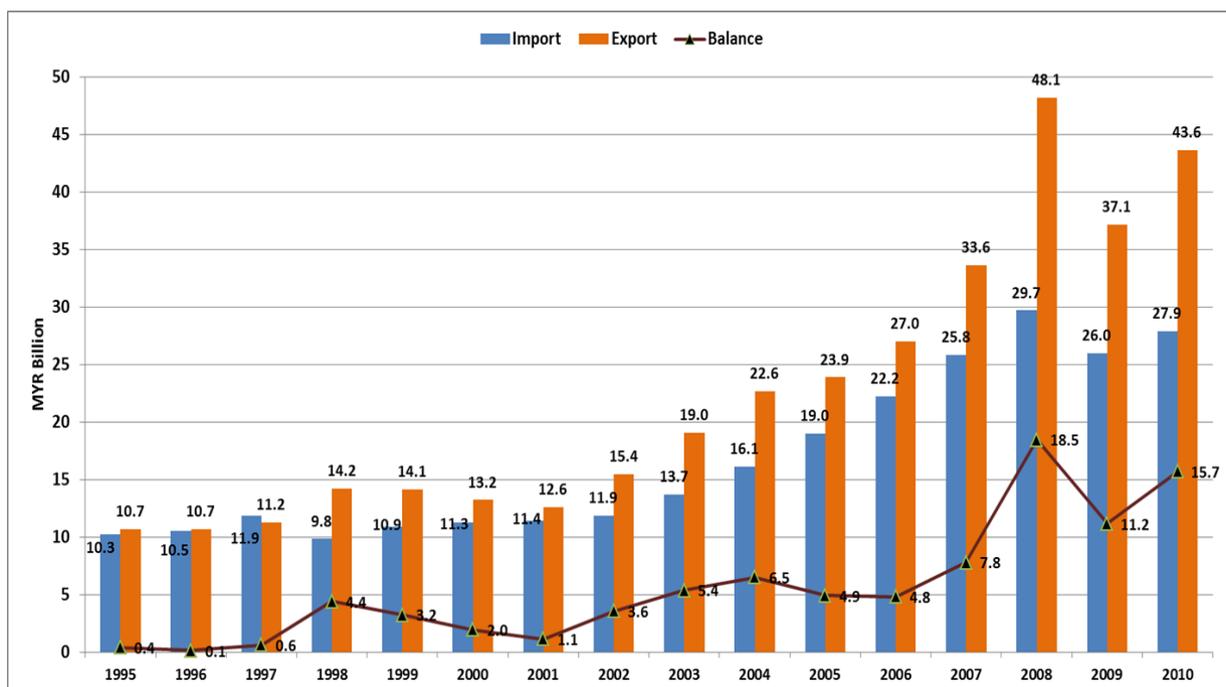
From 2008 until 2025, the three-stage development plan firstly seeks to enhance existing infrastructure and invest in human capital development to move the industry into high value-added, downstream processing activities, particularly in the oil and gas, palm oil, wood and biotechnology subsectors. In line with the Sabah Industrial Master Plan, the following industrial parks are being developed: Kota Kinabalu Industrial Park, Integrated Timber Complexes, Palm Oil Industrial Cluster in Lahad Datu and Sandakan, Kudat Industrial Park, Sipitang Industrial Park and Sandakan New Growth Centre (SEDCO 2009). Considering the scale of infrastructure development, it is likely that there will be a large workforce needed in the traditionally, labour-intensive construction sector. Again, support from foreign workers, particularly in the construction sector, is much needed at this stage to realise the SDC's mega projects.

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<sup>12</sup> Sabah Development Corridor (SDC) programmes are designed to achieve the socio-economic objectives for Sabah by harnessing unity in diversity and natural resources to catalyse investments in three new growth areas: Western, Central and Eastern sub-regions. With the SDC fully implemented, Sabah will be a vibrant, economically successful and livable state by 2025.

Currently, the main contributors to Sabah’s economy are the primary sector (40 percent); followed by the secondary sector (17 percent) consisting mainly of manufacturing and construction; and the tertiary sector which includes services and tourism accounting for 43 percent share of GDP (SDC 2011, p.92). As the Sabah economy depends largely on export revenue, it is relevant to analyse export trends as well as import trends and the balance between them (Figure 3.3). The Sabah economy has shown remarkable growth since 2002 through its exports that reached a peak in 2008. In six years, Sabah recorded an increase of MYR36.2 billion in total exports. In contrast, total imports in the period of 2002 to 2008 showed a steady decrease resulting in an increase in the trade balance from RM3.6 billion in 2002 to a substantial MYR18.5 billion six years later.

**Figure 3.3: Sabah Exports, Imports and Balance 1995-2010**  
 Source: Economic Planning Unit, Sabah (2011)



As Sabah is a largely resource-based economy, the increase in commodity prices of palm oil and crude petroleum had a positive impact on its economy and was little affected by the global economic slowdown in 2009. China followed by Peninsular Malaysia, Indonesia and India are among Sabah’s main export destinations while in terms of imports, Peninsular Malaysia, Singapore and the USA are the top three countries (The Report Sabah 2011).

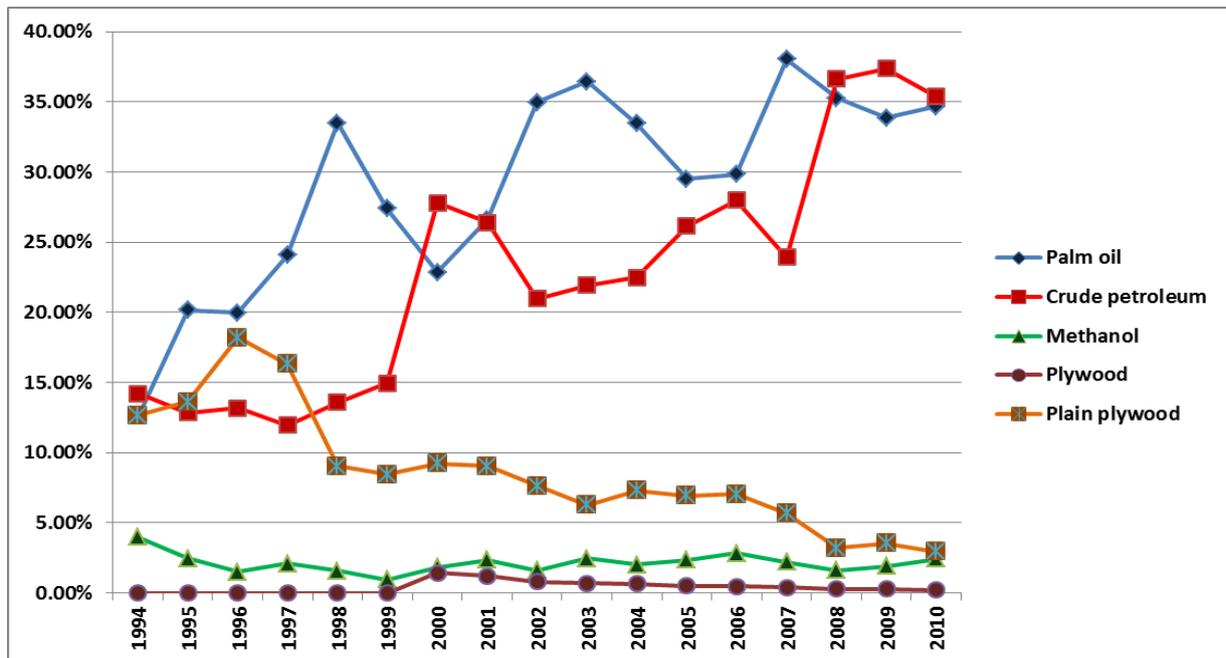
Looking at economic momentum in 2008 and the potential of palm oil that contributed 38 percent to Sabah exports (Sabah Budget 2010), the Sabah state government put efforts into sustaining the production and growth of the palm oil industry by opening up more land that would naturally increase the palm oil production. This will definitely give rise to increased workforce demand in this sector, thus increasing the in-flow of foreign workers, especially Indonesians who have long dominated this sector (Johari and Goddos 2003). To avoid taking too many foreign workers, the state government implemented a registration programme in 2009 to identify the existing number of workers by sector, thus developing information on foreign workers and helping in planning for the intake of new recruits. Alongside the registration of foreign workers' programme and applications for new work permits, the number of registered foreign workers in the plantation sector alone increased by 58.8 percent from 97,094 in 2008 to 165,104 in the following year (Immigration Department Sabah 2011; Sabah Labour Force Department 2011).

The Sabah economy is export-oriented and highly dependent on its primary commodities, such as palm oil, cocoa, crude petroleum and plywood. Presently, the state is the main producer of palm oil contributing 32 percent of Malaysian palm oil and 15 percent of world production (Sabah Budget 2010). The increasing trend of palm oil exports from Sabah is presented in Figure 3.4 which shows a two-fold increase in a six-year period, from 12.6 percent in 1994 to 34.7 percent in 2010. Palm oil has contributed to more than 30 percent of Sabah exports since 2002 and reached its peak in 2008 at 38 percent.

Meanwhile, crude petroleum has become more important in Sabah exports, increasing from 26.4 percent in 1994 to 35.4 percent in 2010. Petroleum and gas have progressively replaced timber products as the main export income earner since their discovery in the 1970s (Lim 2008, p.74). With 12 trillion cubic feet of gas and 2.3 billion barrels of oil in reserves (The Report Sabah 2011, p.10), this non-renewable resource is expected to be the leading export for at least the next 30 to 40 years. On the other hand, timber-based products that used to be the major export, especially throughout the 1960s through to the 1980s, have experienced a continuous decline in exports and registered negative growth due to a reduction in production forest reserves. Timber production plummeted from a high 12 million cubic metres in the early 1980s to 5.9 million cubic metres in 2006 (UNDP 2008, p.7). In addition, the

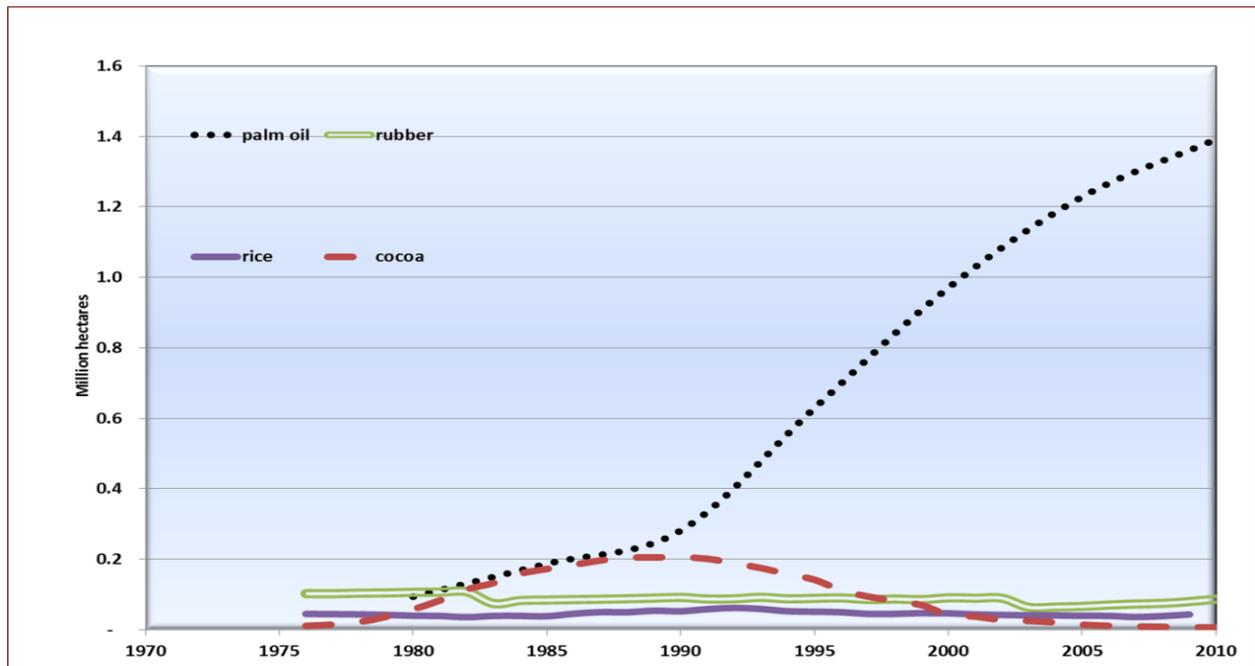
implementation of the Sustainable Forest Management Policy in 1997 limits excessive logging (Chan and Chiang 2004). For the first time since 1972, timber-based products were estimated to contribute less than RM100 million in 2010 (Sabah Budget 2010).

**Figure 3.4: Sabah's Five Selected Major Exports 1994-2010**  
 Source: Economic Planning Unit, Sabah (2011)



It is estimated that of 2.1 million hectares of land identified as suitable for agriculture, 1.4 percent is already developed for industrial crops, cash crops, fruit trees, spices and vegetables (Department of Agriculture, Sabah 2011a) and, in 2009, Sabah contributed around 20 percent of the country's total agricultural output (Department of Statistics 2010). After palm oil, cocoa is the second and rubber the third most important industrial crops in Sabah, while rice fields are planted mainly for local consumption. In 2008, cocoa and rubber contributed RM108,658 and RM525,157, respectively (Department of Agriculture Sabah 2011c). The planted area of the main crops presented in Figure 3.5 corresponds with the importance of each industrial crop to the Sabah economy.

**Figure 3.5: Planted Area of Main Crops by Hectare, Sabah 1976-2010**  
 Sources: Adapted from Department of Agriculture, Sabah (2011a; 2011c)



Cocoa plantations which are mostly owned privately by smallholders experienced a steady expansion during the cocoa boom in the late 1970s. Figure 3.5 shows that cocoa expanded at about the same rate as palm oil in the 1980s, reached its peak in 1989 but began to contract in the following year and continued to experience negative growth. At present, with 6,700 hectares of cocoa plantations (Agriculture Department, Sabah 2011c), Sabah contributes 20 percent of the country's production of cocoa beans (The Report Sabah 2011, p.10).

Meanwhile, rubber cultivation covered around 87,028 hectares of commercial agricultural land in 2010 (Department of Agriculture, Sabah 2011a). Low latex prices and conversion of rubber land to oil palm plantations resulted in negative growth in rubber planting as observed in Figure 3.5. However, the future of rubber planting in Sabah will be more promising based on the latest development in agriculture planning. Under the 9<sup>th</sup> Malaysia Plan (MP), some 25,000 of the 1.9 million hectares of commercial agricultural land suitable for rubber planting will be cultivated with rubber within 15 years (Adnan June 2009). The expansion of rubber land will create more jobs and possibly increase demand for foreign workers if local workers refuse to fill the vacancies.

Palm oil is currently the leading agriculture crop for Sabah. Oil palm planting has shown remarkable growth from the mid-1970s to 2010 as presented in Figure 3.5. The expansion of oil palm planting began in 1980 and increased sharply from 1990 onwards with the opening up of new land (Teoh 2000, p.17); the permanent conversion of over-logged forest into agricultural land mainly for palm oil (WWF Global n.d); conversion of cocoa to oil palm plantations; and, to a certain extent, the forest replanting approach under Sustainable Forest Management where oil palm plantations are either inter-planted with forest trees or planted along perimeters (Chan and Chiang 2004). In addition, Teoh (2000, p.17) who analysed the trends in oil palm plantations in the Peninsular and East Malaysia remarked:

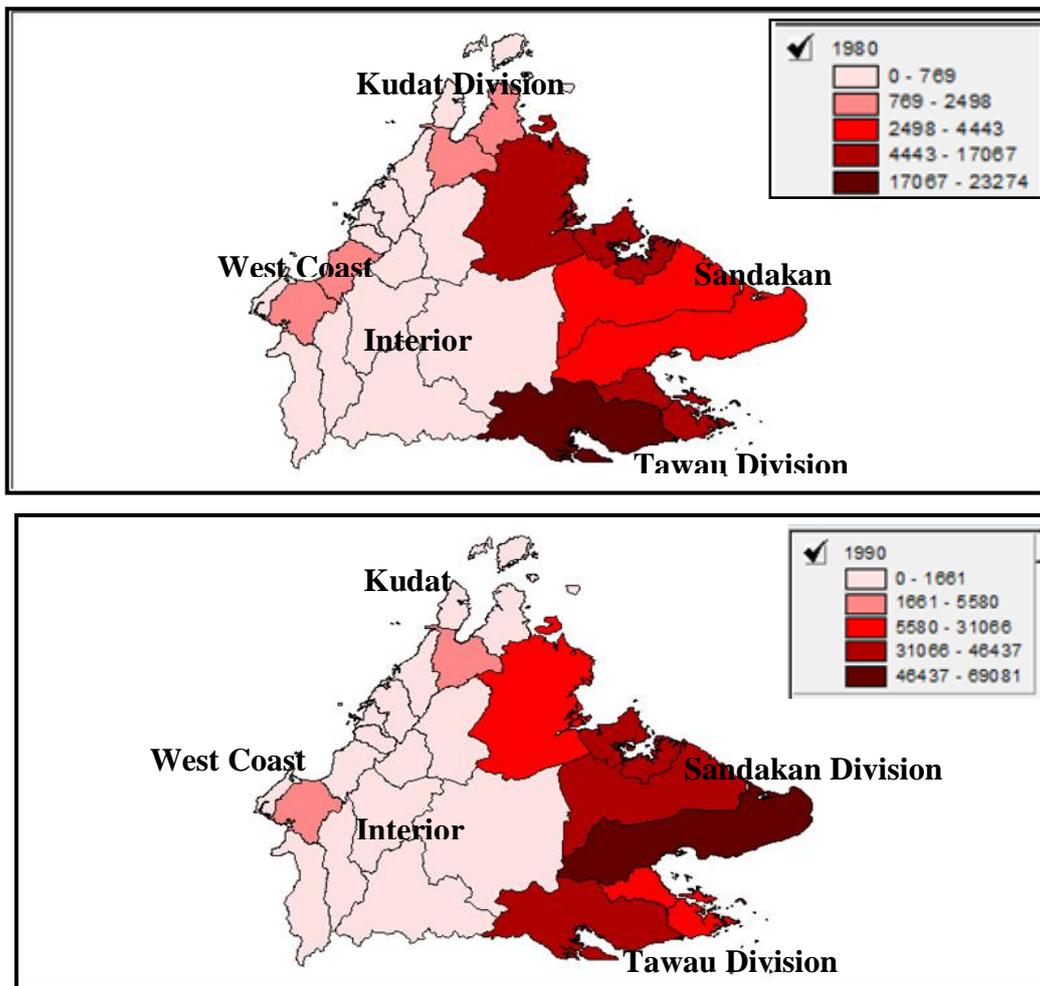
“The last decade has seen rapid expansion in oil palm planting in Sabah and Sarawak while its development in Peninsular Malaysia slowed down on account of a shortage of suitable land and increasing shortage of manpower. Further development of new oil palm areas is expected to continue in East Malaysia, where there is greater land availability”.

Oil palm plantations continue to expand in Sabah corresponding to the land availability and suitability. The lucrative palm oil industry will be sustained due to high prices, high yield and strong export demand (Lim 2009). On the same note, Basiron (2011, p.1) regarded the palm oil industry as “the most sustainable industry on the planet” based on the fact that “the palm oil industry occupied only 5.7 percent of the global oil crop area but accounted for one-third of global edible oil production” and that the “production and processing of palm oil is sustainable in itself” with it being possible to recycle almost all the by-products. These many advantages instigated the Palm Oil Industrial Cluster (POIC) in Sandakan, Lahad Datu and Kimanis, focusing on downstream industries of palm oil such as food, phytonutrient, oleochemical, biomass and biofuel (POIC 2012).

The rapid expansion of oil palm plantations began in 1990 with around 281,500 hectares (refer to Appendix 7): in just a decade, oil palm plantations in Sabah increased by 344.9 percent and reached a total of 1.4 million hectares in 2010, making it the Malaysian state with the biggest hectareage of oil palm plantations. By 2012, Sabah accounted for 28.4 percent of total planted area and 29.8 percent of total crude oil production. Recently, the state’s plantation sector was short of approximately 270,000 workers; and the rapid expansion in the economy made it difficult to fill the gap (The Edge Malaysia August 2012). Figure 3.6 shows the 1980 and 1990 data, while Figure 3.7 shows the 2000 and 2010 data of the expansion of

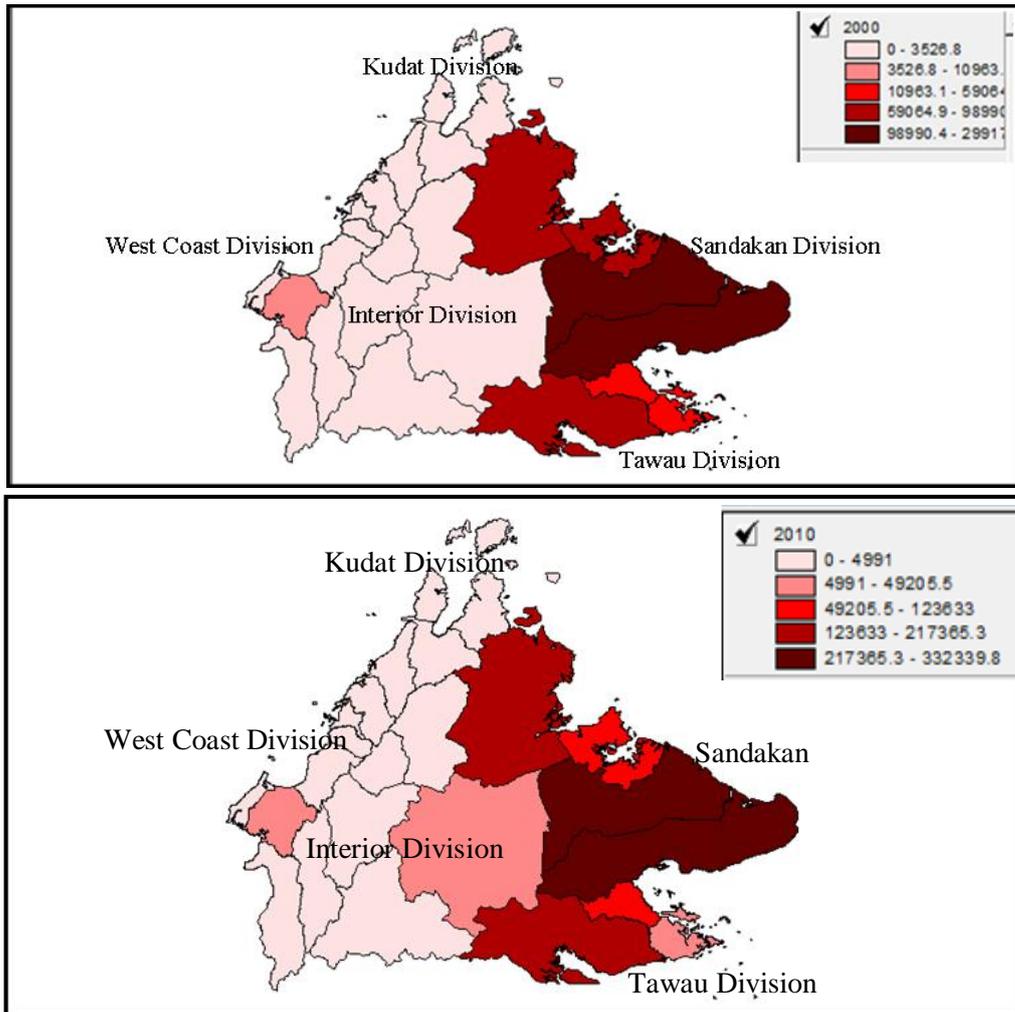
oil palm plantations. The area tinted with darker colour refers to the larger area planted with oil palm in hectareage. These geographic information system (GIS) maps will be used later to compare the distribution of foreign population in Sabah in connection with oil palm plantations.

**Figure 3.6: Planted Area of Oil Palms (Hectare) by Division and District, Sabah 1980, 1990**  
 Source: Department of Agriculture, Sabah (2012)



From Figure 3.7, it is clear that oil palm plantations by 2010 were concentrated in the Sandakan and Tawau Divisions, forming a Sabah oil palm belt spanning Sandakan, Lahad Datu, Kunak and Tawau districts (SDC Blueprint 2011, p.101). The total area planted for oil palm in Sandakan and Tawau Divisions amounted to 95 percent of the state's total oil palm plantations, making the east coast region the biggest producer of palm oil in Sabah. This rapid expansion has led to the creation of many job opportunities and high demand for the workforce to sustain the industry.

**Figure 3.7: Planted Area of Oil Palms (Hectare) by Division and District, Sabah 2000, 2010**  
 Source: Department of Agriculture, Sabah (2012)



The question is whether the palm oil industry is able to attract local people to join the workforce when most oil palm plantations are located in rural areas; and the plantation sector offers jobs that are 3D in nature with minimal use of machinery, low wages and no career prospects. This issue has been highlighted by many researchers in discussing international migration to Malaysia, where importation of foreign workers is seen as pertinent to keeping the economy going (Hugo 1993; Kassim 1997; Johari and Chong 2003; Kanapathy 2004).

### 3.4 Challenges in Sustaining Economic Development

Sabah has experienced some development progress, particularly in rural areas since the implementation of the NEP in 1970. As explained earlier, major development mainly occurs

in urban areas such as Kota Kinabalu and Sandakan. To achieve socio-economic development, Malaysia as a whole is facing challenges in income distribution and poverty (Mohamed and Said 2012, p.1775). Throughout the NEP period, the federal government focused on poverty eradication programmes through its Rural Development Programme which aimed to raise the productivity of farmers, and General Programmes which focused on the expansion of public services that have contributed to improvements in socio-economic status of lower-income groups, such as the provision of electricity, piped water and medical care, especially in rural areas (SDC 2011).

Despite the state government's efforts, poverty and inequality are more severe in Sabah in comparison to other states due to its vast area of about 74,000 km<sup>2</sup> with 46 percent of the population living in rural areas (Population and Housing Census 2010). The rural indigenous communities noticeably have not benefited from the NEP. For example, in terms of basic infrastructure, there was not much coverage of electricity and water supply in rural areas populated by the indigenous population, as reported by Doolittle (2005, p.115). In discussing income equality and poverty in East Malaysia at the end of the NEP period, Hashim (1998, p.170) observed that,

“The majority of Sabah and Sarawak population reside in rural areas and are involved in low-productivity, labour-intensive activities. There is a concentration of socioeconomic facilities and service in the growth centres, while large areas remain relatively undeveloped. The lack of infrastructure in Sabah and Sarawak is evident, as large areas are still inaccessible by road. Without strong economic linkages between the modern and traditional sectors, the spread of development will be slow. In addition, poor access to education and employment opportunities causes poverty to persist.”

Based on her research, it is evident that,

- i. the incidence of poverty in Sabah was more than double than that of the Peninsular when measured using the official poverty line indicator (PLI) (at the official poverty line of RM100.88) at the end of the NEP period (p.171);
- ii. poverty in Sabah was widespread among rural and agricultural households (90 percent) dominated by non-Malay *Bumiputera*, while urban dwellers, especially Chinese people, were least affected by the incidence of poverty (p.172); and
- iii. some 37.1 percent of poor households were immigrants from Indonesia and the Philippines (p.172).

Unlike the Peninsular, in Sabah the incidence of poverty is high and unceasing mainly due to two factors: a good number of non-Malay indigenous people still live in rural areas and a significant number of foreign citizens were present who worked (and still do) in low-paying jobs. In addition, the non-Malay indigenous population still holds strongly to their traditional culture and simple way of life, living in deep forests cut off from the modern sectors. Their economic activities carried out through generations are confined to traditional cultivation of crops, hunting and collecting forest products, neither upgrading their lifestyle nor contributing much to the state's economy. For these reasons, the incidence of poverty is expected to remain for a long time among this group as it is a challenge for the government to provide basic and education facilities in these areas.

In the case of non-Malaysian citizens who constituted 27.7 percent of Sabah's total population at the time of the census in 2010 (Department of Statistics 2012b), the low wages they received on a daily basis coupled with 'no-wage days'<sup>13</sup> put them below the poverty level. Nothing much has been done to improve these conditions because critical sectors such as agriculture and construction in which the majority of immigrants are involved, aim to keep the cost of production and operation low (Johari and Goddos 2003). In addition, since the recruitment of the foreign worker policy only allows short-term employment of low-skilled workers unaccompanied by dependants (Kanapathy 2008b; Kassim 1997), there is no significant effort to improve their quality of life or to provide education for their children.

In tandem with the National Vision Policy (2001-2010) in which balanced development is one of the objectives, priority has been given to the less-developed state of Sabah for development of transport and social infrastructure, energy and poverty eradication (Sabah Budget 2010). Besides accelerating socio-economic development in which Sabah is lacking, this effort will support industrial development and the three sectors that largely contribute to Sabah's economy: agriculture, tourism and manufacturing (SDC Blueprint 2011, p.131). However, the large area of Sabah makes implementation costly and difficult.

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<sup>13</sup> Some low-skilled workers especially those in the construction sector are paid daily wages. Examples of non-wage days are during rainy days and when a worker is absent from work.

Despite the challenge, the government continues to provide education and educational facilities to the local people, particularly those who live in rural areas, as a tool to eradicate poverty having learned from the success story of the NEP in the Peninsular: “[p]overty which has been predominantly a rural and agricultural phenomenon in Malaysia has been reduced by growing education” (Hashim 1998, p.172). One study found that interaction between improvements in education and reform since the implementation of the NEP from 1970 to 1995 resulted in reduction in the value of the Gini Education index<sup>14</sup> from 0.445 to 0.383 (Lopez et al., 1998); the lower the value of the Gini Education index, the smaller the education inequality. Similarly, a recent study by Mohamed and Said (2012, p.1778) that analysed the distribution of education achievement at the national and regional level from 1995 to 2009 using the Gini Education index found that:

- i. The overall inequality in education in Malaysia has recorded an improvement in which the value of the Gini Education index reduced from 0.386 to 0.288.
- ii. The gap in education inequality between the Peninsular and East Malaysia states of Sabah and Sarawak continues to widen.
- iii. Education inequality in Sabah was greater than that in the Peninsular and at the national level.

In calculating the average years of education in Malaysia from 1995 to 2009, Mohamed and Said (2012) examined national and regional levels, urban and rural, and gender as shown in Table 3.6. Generally, the average years of schooling increased at the national level and in all categories. A faster average annual growth is noted in rural areas (2.3 percent) in comparison to urban areas (1.7 percent) beginning in 2002. This indicates the positive effects of the recent policy emphasising rural development.

Although Sabah has a lower average number of years of education in comparison to the Peninsular, it has improved from 6.3 years in 1995 to 8.3 years in 2009. This indicates that

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<sup>14</sup> This study follows the Gini Education index developed by Thomas et al. (2000) to investigate education inequality. In the calculation, data from the Household Income Survey from 1995 to 2009 were used. This survey is undertaken by the Department of Statistics Malaysia twice in every five years. The age of the head of household in the sample is 14 years old and above. The proxy for education attainment is the average years of schooling for all heads of households.

education opportunities and facilities in primary and, to a lesser extent, secondary levels in Sabah are comparable to other states in Malaysia. The faster average annual growth recorded in the period from 1995 to 2001 indicates the positive effect of the balanced development plan on Sabah under the New Development Policy (1991-2000). From a gender perspective, there is a gap between males and females in average years of education. However, females show signs of catching up recording a much faster rate of growth in comparison to males in the period from 2002 to 2009.

**Table 3.6: Average Years of Education in Malaysia by Selected Categories (1995-2009)**  
Source: Mohamed and Said (2012, p.1778)

	1995	1997	1999	2002	2004	2007	2009	1995-2002	2002-2009
								Average Annual Growth Rate (%)	
Overall	7.3	7.7	7.7	8.4	8.5	9.2	9.5	2.0	1.9
Urban	8.6	8.9	9.0	9.3	9.5	10.1	10.5	1.2	1.7
Rural	5.7	6.3	6.3	6.4	6.6	7.1	7.5	1.7	2.3
Male	7.3	8.1	8.14	8.8	8.9	9.4	9.8	2.7	1.6
Female	5.1	5.4	5.5	6.1	6.4	7.7	8.2	2.7	4.4
Peninsular	7.5	7.9	7.9	8.5	8.8	9.4	9.9	1.9	2.1
Sabah	6.3	6.8	6.8	7.7	7.9	7.9	8.3	3.0	1.0
Sarawak	6.1	6.2	6.4	6.9	7.6	7.6	7.7	1.9	1.5

Since the launch of the NEP, the federal government has invested in improvements in education and facilities. As of February 2011, more than RM1billion was allocated to improve basic infrastructure in rural Sabah and Sarawak with the aim of providing electricity and water for schools (Ministry of Education, Sabah 2012). The improvements in overall education attainment of the Sabah population can be observed in Table 3.7. Data show an overall increase in education attainment at all levels of education from 1991 to 2000. The population with education attainment to grade 6 and higher has almost doubled in 10 years. However, the numbers in these categories is still very much smaller in comparison to those with upper secondary education and below, which grew one-fold from a total of 827,740 to 1,657,590 people in 10 years.

**Table 3.7: Population Aged 10 Years to 75+ by Education Attainment, Sabah 1991, 2000, 2010**  
Source: Department of Statistics, Sabah (1991-2010)

Level of Education	Year		
	1991	2000	2010
Primary level and lower	586,491	1,114,546	536,664
Lower secondary	132,830	269,841	313,007
Upper secondary	108,419	273,203	436,333
Form 6	15,655	33,099	84,671
Certificate/diploma	12,367	31,992	4,147
Degree/advanced diploma	11,193	21,754	55,422
Postgraduate degree	No info	6,927	48,567
Unknown	2,340	62,874	351,679

It is apparent that the number of people with primary and lower-level education (or no formal education) outnumbers those in other categories. This is because this category includes people aged 10-14 who are in schooling to a much greater extent than people aged 15 to 75+ as shown in Table 3.8. The growth in number of the later age groups was more concentrated in the working population aged 25-44 years in 2000. It is possible that this rapid increase is caused by the arrival of low-skilled, low-educated foreign economic migrants who have worked and stayed in Sabah since 1990 and before.

**Table 3.8: Sabah Population with Primary and Lower Level of Education by Age Group 1991, 2000, 2010**

Source: Department of Statistics, Sabah (2012)

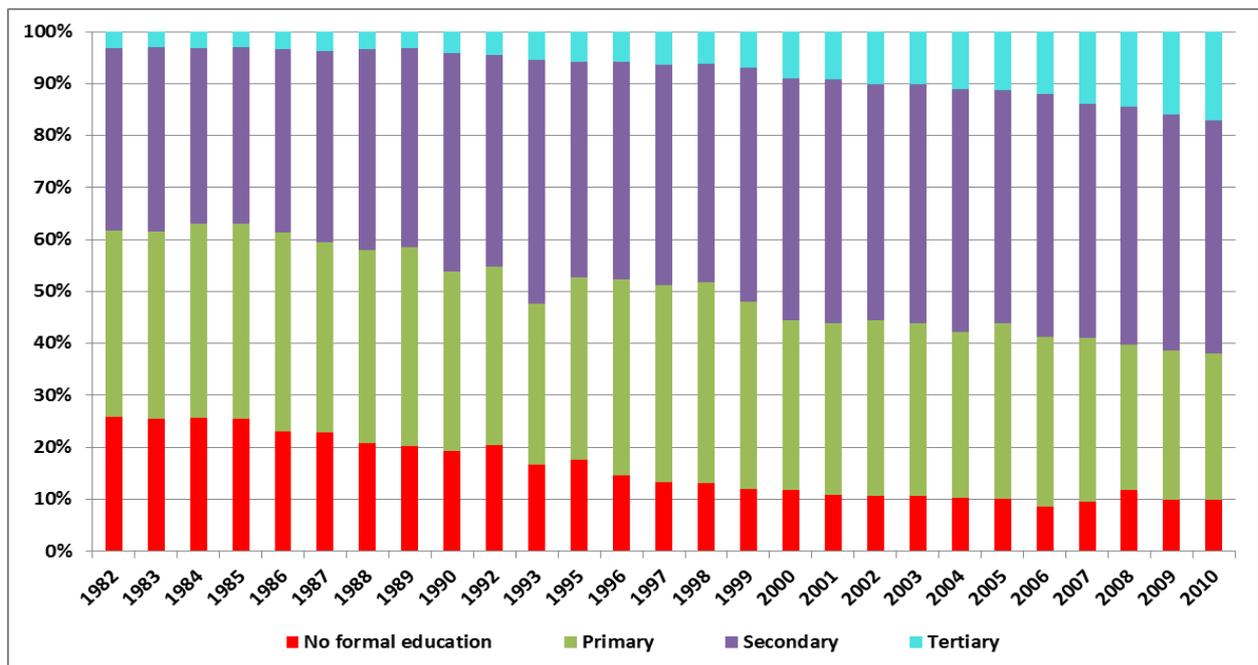
Age Group	Year		
	1991	2000	2010
10-14	172,025	296,991	145,541
15-19	86,794	117,545	10,160
20-24	75,050	90,111	12,996
25-29	70,700	98,322	13,547
30-34	60,422	98,365	14,344
35-39	41,901	97,664	14,930
40-44	26,681	86,857	18,264
45-49	18,286	62,484	19,854
50-54	13,784	45,927	19,965
55-59	8,486	37,411	13,830
60-64	5,518	32,250	8,258
65-69	3,158	21,231	5,653
70-74	2,053	14,376	3,211
75+	1,633	15,010	2,770

A study on the effect of education levels on growth in Malaysia shows that higher levels of education, especially at graduate level, significantly influence economic growth (Mohamed and Said 2012). At the micro level, higher levels of education will alleviate poverty in the long run because higher income promotes social mobility among poor households. Figure 3.8 shows the education attainment in the Sabah workforce.

It is apparent that Sabah is still lagging behind in tertiary-level education. Currently, there are only two public universities and four teacher training institutions in Sabah. Several public and privately owned colleges (Yayasan Sabah Group 2012) focus on technical education (SDC Blueprint 2011). In addition to financial support from the Higher Education Ministry, the local government through Yayasan Sabah Group also offers education scholarships, loans and bursaries especially to the *Bumiputera* to pursue tertiary education locally or abroad. Scholarships are also provided for postgraduate-level study (Yayasan Sabah Group 2012).

**Figure 3.8: Labour Force by Education Attainment (%), Sabah 1982-2009**

Source: Department of Statistics, Sabah (1982-2009)



In 1983, those with no education or primary education only, accounted for 63 percent of the Sabah workforce. Within 25, years the Sabah workforce has experienced massive change. The level of education attainment of the workforce has improved with 63 percent of the total

workforce now with secondary and tertiary education in 2009 outnumbering those with primary education and lower. This shift indicates that the portion of semi-skilled and skilled workers in the Sabah workforce has grown larger at a time when the state is in dire need of low-skilled workers in critical sectors, such as agriculture and construction. Although educated local people refuse the 3D jobs, immigrants see it as a golden opportunity (Kassim 2005a). To keep the agro-based economy going, low-skilled, low-educated foreign workers are recruited to fill the vacuum left by the local people.

Expansion in the public services sector has opened opportunities for and inspired educated local youths especially the Malay *Bumiputera* (Hashim 1998) to secure white collar jobs which offer a higher salary, fixed income, better work conditions and brighter career prospects. As a result, the proportion of people engaged in agricultural occupations has declined with the growth of urban areas, especially in Kota Kinabalu, Sandakan and Lahad Datu. For example, unemployment among children of FELDA settlers is high in Lahad Datu not due to the unavailability of jobs but owing to their refusal to work in the agricultural sector as their fathers did. To utilise the workforce, FELDA provided training beyond its traditional focus (palm oil) in the modern maritime industry of tuna fishing (*The Inside Edge* 2011). The trend of mobility out of traditional occupations will increase the demand for foreign workers in critical sectors.

Sabah is progressing towards becoming an industrial state through implementation of the SDC whereby more skilled and semi-skilled workers will be needed to support the knowledge-based economy. To be a vibrant, economically successful livable state by 2025 (SDC Blueprint 2007), the development of human capital has become the main focus of education planning. Simultaneously, local people (human capital) are being trained to meet future requirements for graduates in science, technical or vocational fields. While there is a greater need for science graduates to man existing and future industries (SDC Blueprint 2011, p.143), there is a surplus of graduates in the arts and humanities. The pool of unsuitable graduates who lack communications, technical and soft skills, coupled with the lack of available jobs matching their qualifications may partly contribute to the high unemployment rate (SDC Blueprint 2011, p.140) recorded at 5.6 percent in 2010; higher than the national level of 3.5 percent (Department of Statistics 2012b).

Promoting science and technology (S&T) to encourage secondary and tertiary students to take up courses in the field of science and in technical skills to meet the demand in the job market is the challenge that Sabah is facing. In addition, ensuring that courses offered in tertiary institutions always match the skills and expertise needed by industry is another. On top of that, to fully utilise the workforce, unemployed graduates who lack communications, technical and soft skills need to be retrained so that they will be more marketable for jobs. To achieve these objectives, the state's Human Resource Development allocated RM25.95 million to run engineering and mechanical skills programmes in 2010 (Sabah Budget 2010).

While local youth are educated and trained to fill the management positions and upcoming jobs created by the establishment of the SDC, production jobs that are dirty, dangerous and demanding (3Ds) are left for immigrants. These docile foreign workers are often willing to accept poor work conditions, low wages and long working hours. During the construction period of the SDC project, foreign workers' contribution in the construction sector is essential to ensure that it is completed by the scheduled date of 2025. When the SDC has run its full course, the production of resources, particularly palm oil, is expected to rise, thus dependence on foreign workers will increase and persist. As Sabah's resource-based economy is flourishing and the SDC is on its way to becoming a reality, these objectives are heavily reliant on low-skilled and low-cost immigrant workers mainly from Indonesia which will be discussed in the next section.

### **3.5 Demand for Foreign Workers**

Next to Peninsular Malaysia, Sabah is the destination that receives the second largest number of immigrants. As explained earlier, growth in the agriculture and plantation sectors has created a huge labour deficit in Sabah especially in low-skilled workers who do not need much education. The large movement of foreign workers occurred from the early 1960s to the 1980s responding to expansion in the timber industry, as well as in the cocoa and oil palm plantations (Johari and Goddos 2003, p.50). At that point, the presence of mostly Indonesian and Filipino migrants was not seen as a threat to the local people. In fact, they were welcomed to participate in the economic development of Sabah because not only did they solve the problem of labour shortage but they also helped reduce production costs (Kassim

2005a, p.9). To date, the foreign-born population accounts for 27.7 percent of Sabah's total population (Department of Statistics 2012b).

Unlike Peninsular Malaysia which receives foreign workers from a variety of countries of origin (the Philippines, Bangladesh, Vietnam, Nepal and Indonesia), Sabah only accepts migrant workers from the Philippines and Indonesia (Kassim 2006; Kanapathy 2008a). Table 3.9 shows the issuance of temporary work permits by nationality from 1997 to 2011. Following the regulation exercise in 2011, the number of legal and illegal foreign workers who are issued temporary work permits has been recorded. Data before 2009 show that foreign workers from Indonesia outnumbered those from the Philippines. A large portion of illegal workers who were issued temporary work permits in 2011 were Indonesians.

**Table 3.9: Issuance of Temporary Work Permits Based on Nationality in Sabah, 1997-2011**

Sources: Immigration and Registration Department; Ministry of Home Affairs, Putrajaya (2011)

\*Immigration and Registration Department, Sabah (2009-2011)

Year	Nationality			Total
	Indonesia	Philippines	Others	
1997	19,763	4,229	-	23,992
1998	76,441	17,383	-	93,824
1999	112,699	22,651	-	135,350
2000	86,760	8,258	213	95,231
2001	91,871	10,666	335	102,872
2002	132,031	13,944	5	145,980
2003	153,721	9,063	5	162,789
2004	168,875	8,569	6	177,450
2005	95,900	6,365	-	102,265
2006	200,449	12,034	-	212,438
2007	182,843	11,072	-	193,915
2008	149,659	10,442	-	160,102
2009*	-	-	-	312,246
2010*	-	-	-	117,043
2011*	-	-	-	124,469
				(legal)
				128,585
				(illegal)
				Total:
				253,054

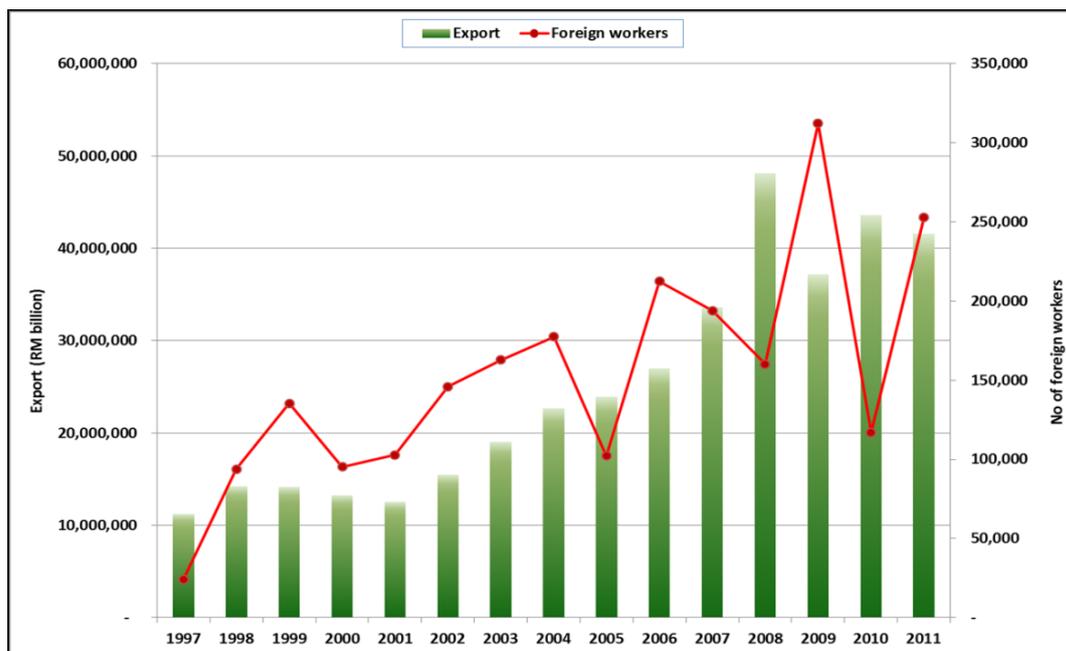
Analysis further reveals increasing numbers of foreign workers being issued temporary work permits in Sabah. For example, 23,992 migrants were issued temporary work permits in 1997 which escalated thirteen-fold to 312,246 in 2009. However, the fluctuating trend throughout

the years has often been influenced by foreign workers' registration or repatriation exercises conducted by Sabah Immigration Department (Kanapathy 2004).

Movement of foreign workers is often associated with the export outputs of a country that are contributing to the growth of real GDP as discussed by Hugo (2011, p.222). In Sabah's case, besides crude petroleum, the resource-based economy is highly dependent on the export of mainly palm oil, timber processing and other agricultural produce. Figure 3.9 shows the relationship between exports and the stock of foreign workers with changes in the number of foreign workers consistent with the growth of exports. For example, the highest exports recorded in 2008 influenced the demand for foreign workers, especially in the plantation sector. As a result, this gives rise to employment and the stock of foreign workers in the following year.

**Figure 3.9: Stock of Migrant Workers against Exports, Sabah 1997-2011**

Sources: Immigration Department, Sabah (1997-2011); Economic Planning Unit, Sabah (2011)



The demand for foreign workers declined when exports dropped in 2009: the number of work permits issued also reduced 27.3 percent in the following year from 312,246 to 117,043 (refer to Table 3.9). Therefore, two factors influence the number of legal foreign workers in Sabah, namely, demand for foreign workers and the registration or repatriation exercises as exemplified in Table 3.9 and Figure 3.9.

Table 3.10 shows the distribution of foreign workers in Malaysia and Sabah at national and regional levels in the main job sectors in 2009. At the national level, Malaysia employed most foreign workers in the manufacturing sector (35.3 percent) in comparison to employment in other job sectors. In contrast, at the regional level, more than half (53.9 percent) of foreign workers were employed in the plantation sector and about a quarter in the agriculture sector in Sabah. Further analysis reveals that of the total of 519,008 foreign workers in the plantation and agriculture sectors in Malaysia, 46.3 percent worked in Sabah in 2009. Foreign workers comprised 80 percent of workers employed in the state's plantation sector (Lajjun October 2009). It should be noted that these data do not include immigrants of illegal status.

That the Sabah manufacturing sector is relatively small is indicated by the number of foreign workers accounting for only 6.3 percent of the total Sabah workforce of 312,246. In contrast, at the national level, Malaysia has moved to the manufacturing and services sectors as major contributors to its economy since the early 1990s (EPU 1996), which accounts for the high percentage of foreign workers in the manufacturing sector as a whole. Table 3.10 also depicts the labour shortage problem that is concentrated on low-skilled workers in critical job sectors at the national and regional levels.

**Table 3.10: Employment Sector of Migrant Workers in Malaysia and Sabah, 2008-2009**  
Sources: Economic Planning Unit, Malaysia and Sabah Immigration Department (2009)

Sector	Malaysia		Sabah	
	Number	Percent	Number	Percent
Domestic	213,360	10.1	11,027	3.5
Agriculture	177,544	8.4	75,352	24.1
Plantations	341,464	16.1	<b>165,104</b>	<b>52.9</b>
Construction	316,559	14.9	24,188	7.7
Manufacturing	<b>749,953</b>	<b>35.3</b>	19,782	6.3
Services	213,360	10.1	16,813	5.4
Total	2,122,931	100.0	312,246	100.0

The concentration of foreign workers in the plantation and agriculture sectors in Sabah is often located in rural areas: it is therefore relevant to take a closer look at the Sabah population distribution by citizenship and location. Table 3.11 shows the increasing proportion of the foreign population in Sabah over three decades. The total population in

Sabah has risen 44.7 percent from 2000 to 2010, with 27.7 percent of the foreign population working in this state in 2010. It is apparent that the majority are concentrated in Sandakan and Tawau Divisions. Of the total foreign population in Sabah, 39.2 percent were located in Tawau while 45.8 percent were in Sandakan in 2010, making these two divisions the most preferred destinations for migrants.

The statistics presented here do not include the number of migrants with illegal status: if they were included, the foreign population would be much larger. Commenting on the difficulties in acquiring accurate foreign population data in Malaysia, Kanapathy (2008a, p.341) stated:

“Estimating the size of the migrant population in the country is a rather slippery task as the number of migrants in an irregular status varies greatly. The number of undocumented workers falls drastically following a crackdown or amnesty, but rises sharply thereafter.”

**Table 3.11: Distribution of Citizens and Non-Citizens by Administrative Boundaries in Sabah 1991, 2000, 2010**

Sources: Population and Housing Census, Department of Statistics Malaysia (1991-2010); Early report Population and Housing Census (2010); Department of Statistics, Sabah (1991-2010)

Administrative (Division )	1991		2000		2010	
	M'sian Citizens	Non-M'sian Citizens	M'sian Citizens	Non-M'sian Citizens	M'sian Citizens	Non-M'sian Citizens
Interior Division	253,497 (85.7%)	36,290 (14.3%)	311,244 (84.0%)	59,394 (16.0%)	364,600 (85.9%)	59,934 (14.1%)
West Coast Division	527,201 (88.5%)	60,891 (11.5%)	737,868 (88.2%)	98,630 (11.8%)	892,457 (83.6%)	175,132 (16.4%)
Kudat Division	123,034 (95.9%)	5,083 (4.1%)	160,140 (94.8%)	8,761 (5.2%)	180,733 (93.9%)	11,724 (6.1%)
Sandakan Division	336,428 (64.7%)	118,609 (35.3%)	351,416 (61.5%)	220,056 (38.5%)	380,554 (54.2%)	321,653 (45.8%)
Tawau Division	493,979 (58.3%)	206,128 (41.7%)	427,993 (65.2%)	227,983 (34.8%)	498,619 (60.8%)	321,336 (39.2%)
<b>Sabah State</b>	1,734,685 (74.5%)	425,175 (24.5%)	1,988,661 (76.4%)	614,824 (23.6%)	2,316,963 (72.3%)	889,779 (27.7%)

The early history of Sabah, as discussed earlier, shows that migrants from Indonesia and the Philippines were the main groups who settled in Sabah as spontaneous migrants, economic migrants and refugees. Owing to their location on the eastern seaboard, Sandakan and Tawau

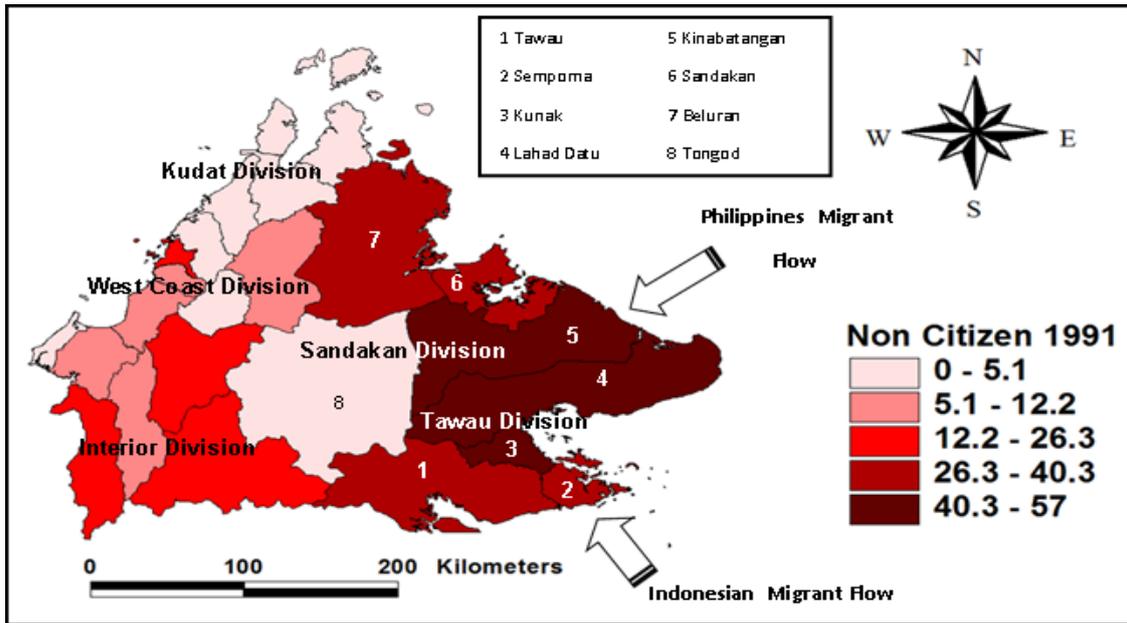
have traditionally been the two main entry points of the Filipino and Indonesian migrants, respectively. In describing these concentrations in Sabah, Johari and Goddos (2002; 2003) and Hassan et al. (2008) confirmed that the majority of Filipinos enter via Sandakan while Indonesians enter via Tawau port.

The Sandakan Division is located on the north-east coast of Sabah. Sitting on the east coast of Borneo Island, its location is near the Philippines' border. On the other hand, Tawau is located on the south-east coast of Sabah facing the Celebes Sea to the east and Kalimantan Indonesia to the south-west, thus sharing Indonesian land and sea borders (refer to Figure 3.11). These divisions' strategic locations make them easier to be accessed by land and water, especially using illegal routes. The long coast and the location of 151 islands in eastern Sabah waters are the main factors contributing to illegal entry. In addition, the trip via water transport from both neighbouring countries does not take very long. The nature of the flows through legal and illegal channels will be explained in Chapter 6.

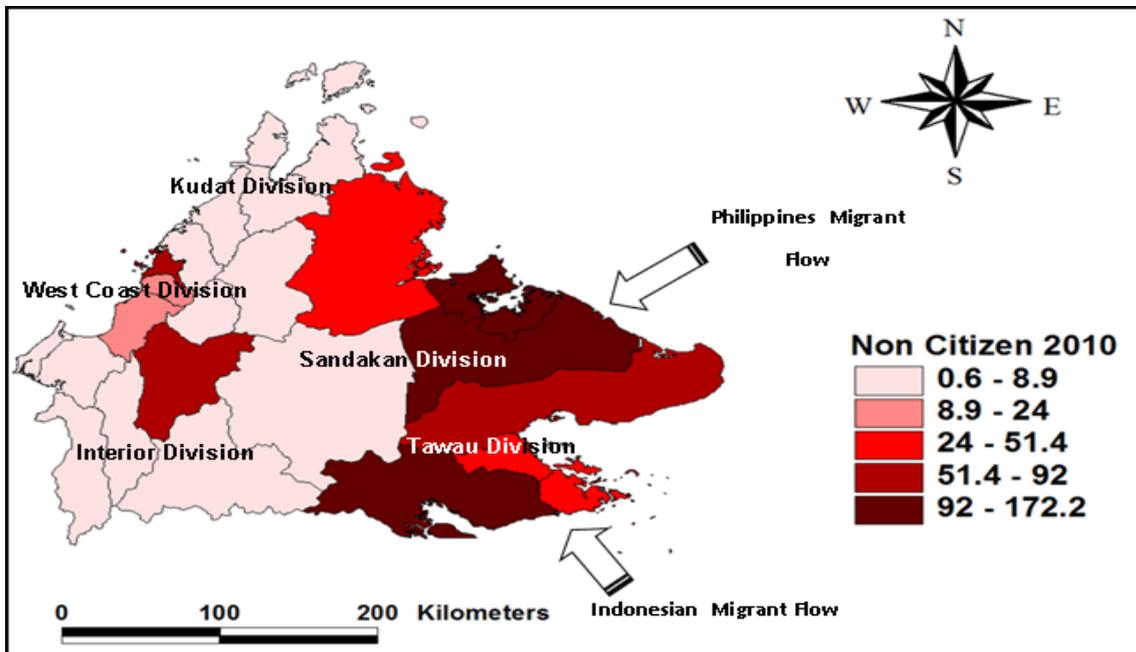
The concentration of Indonesian and Filipino migrants over three decades is illustrated in Figures 3.10 and 3.11. In 1991, migrants dominated the north-eastern area of Sandakan Division topped by Kinabatangan, followed by Sandakan and Beluran with total foreign populations of 118,609 (35.3 percent) of the total population. Three decades later, the foreign population doubled and was heavily concentrated in Sandakan followed by Kinabatangan. On the other hand, Tawau recorded 206,128 foreigners (41.7 percent) of the total population in 1991 concentrated in Lahad Datu and Kunak, followed by Tawau and Semporna. In 30 years, the foreign population has experienced a sharp increase dominating in Tawau followed by Lahad Datu.

Comparing these maps of foreign population distribution with the maps of areas planted for oil palm (Figures 3.6 and 3.7) shows the overlapping of the two data sets. This comparison clearly demonstrates that the foreign population in Sabah is concentrated in areas largely planted for oil palm.

**Figure 3.10: Foreign Population Distribution ('000) by Division and Migrant Flow to Sabah 1991**  
 Source: Adapted from Department of Statistics, Sabah (1991)



**Figure 3.11: Foreign Population Distribution ('000) by Division and Migrant Flow to Sabah 2010**  
 Source: Adapted from Department of Statistics Sabah, (1991)



### **3.6 Conclusion**

The importance of Indonesian migrant workers is well recognised in Sabah's economy with its high dependence on the primary sector. The concentration of migrant workers is largely in districts planted for palm oil such as the Sandakan and Tawau Divisions. The plantation sector in the Tawau Division has created a huge demand for foreign workers with 43 percent of the oil palm plantations in Sabah located in this area (Sabah Agriculture Department 2010). Thousands of job vacancies in the plantation and agriculture sectors are filled largely by Indonesian migrant workers.

While local youth are educated and trained to fill the management positions and upcoming jobs created by the establishment of the Sabah Development Corridor (SDC), production jobs regarded as 3D jobs are left for immigrants. Although importation of foreign labour has been taken as a short-term measure to meet the demand in specific sectors of the Sabah economy, given the state's development trajectory and changes in the workforce structure, Sabah's reliance on foreign workers will persist. In addition to the economic importance, the historical linkages, cultural homogeneity, strong social networks and close proximity between Sabah and its neighbouring countries play an important role in assisting international migration to Sabah, especially via illegal channels. However, the presence of a large number of foreign workers, particularly those who overstay, has important social and economic implications.

## **CHAPTER 4 RESEARCH METHODOLOGY**

### **4.1 Introduction**

This chapter describes the research methodology adopted here in seeking to understand Indonesian labour migration to Sabah. This study adopted multiple approaches of data collection as suggested by Creswell et al. (2003, p.11). Being deductive in nature, this study formed research questions prior to the collection of empirical evidence (Newman 2006, p.59), which guided the data collection. The study involved observations of a sample of a population at a point of time, (Babbie 2004, p.101) and is cross-sectional in nature. The main source of data was a survey conducted in collaboration with the Malaysia National Population and Family Planning Board (LPPKN).

This chapter begins with a discussion of the mixed methods approach and the justification of its selection in this study. The research framework shows how the study was conducted and the various methods used in data collection. This is followed by discussion of the secondary data sources used and then the primary data collection elements, such as in-depth interviews, focus group discussions (FGDs) and non-participant observation which provided supplementary information. The chapter discusses the processes involved in the main data collection, selection of the study area and the sample. The following section describes data entry and analysis and discusses the limitations of the study. Finally, the chapter concludes with the researcher's reflection on his experience in conducting the research.

### **4.2 Mixed Methods Approach**

Population geographers have a long history of using diverse research methods that combine qualitative and quantitative techniques (Findlay and Li 1999; Creswell 2006; Morse 2003). As the aim of social research is to comprehend, describe and explain the complexity of human behaviour and experience (Morse 2003), the decision to select appropriate methods very much depends upon the research questions being asked (Jackson 2011, p.46).

The mixed methods approach is defined as,

“... a research design with philosophical assumptions as well as methods of enquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative approaches in many phases in the research process. As a method, it focuses on collecting, analysing and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative data provides a better understanding of research problems than either approach alone”.

(Creswell 2006, p.5)

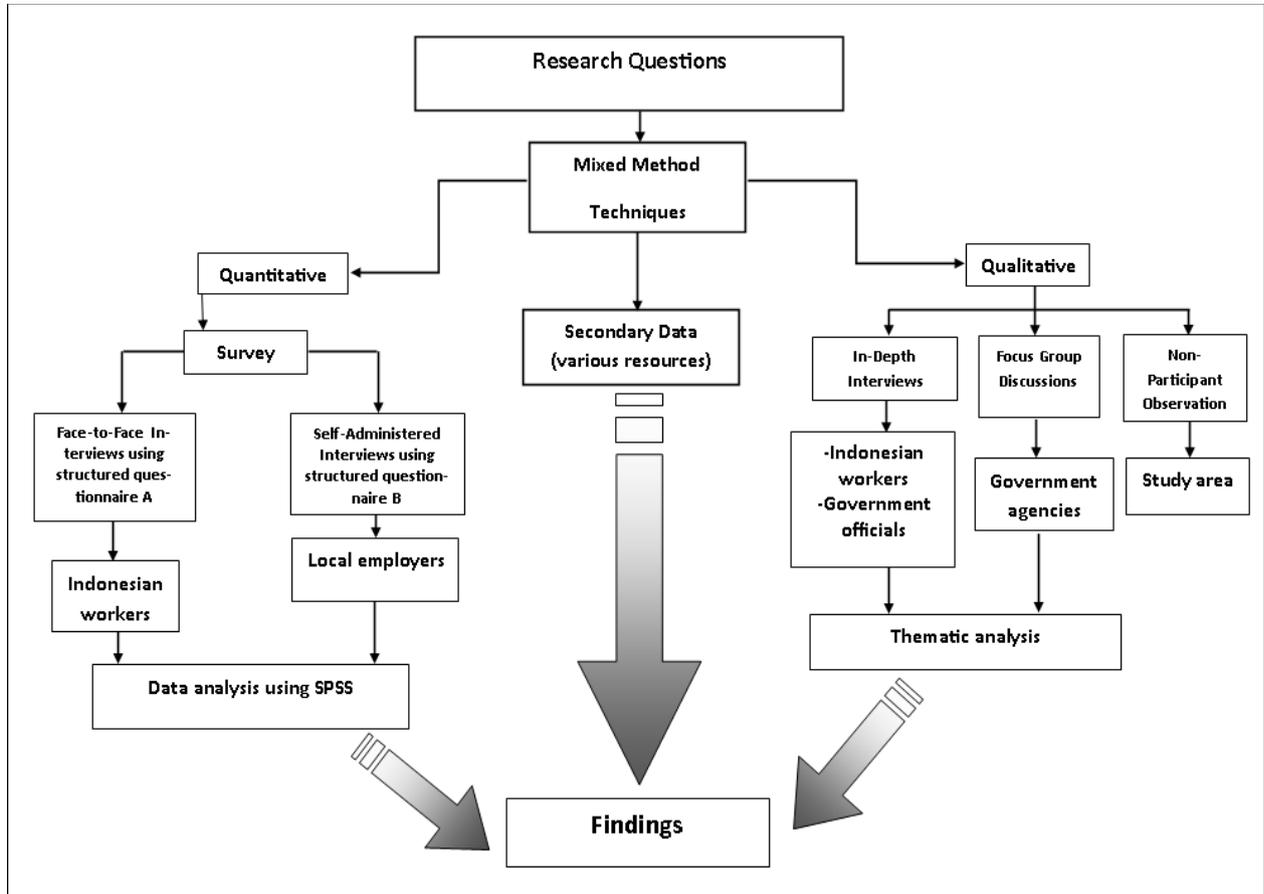
Prior to selecting this approach for the study of Indonesian labour migration, the researcher identified the research problems and the research questions. The purpose of this research is both descriptive and explanatory in nature, and thus requires more than one method of data collection (Newman 2006, p.34). Since all methods have their limitations and strengths, the methods selected in this study were “mixed in a way that they complement strengths and do not overlap weaknesses” (Tashakkori and Teddlie 1998, p.36), and helped to achieve triangulation, complementarity, development, initiation and expansion (Greene, Carracelli and Graham 1989, p.57).

The flowchart in Figure 4.1 illustrates the mixed methods approach adopted in this study. Both quantitative and qualitative data were collected and analysed through five different methods, namely, surveys, in-depth interviews, focus group discussions (FGDs), observation and secondary data collection. Surveys were conducted on two groups of respondents, namely Indonesian workers and employers. When compared to each other, the responses of employers tested the consistency of the responses of Indonesian workers. This helped to clarify and expand the knowledge on Indonesian migration to Sabah from different perspectives.

Qualitative data were derived from three methods of data collection, namely, in-depth interviews, focus group discussions (FGDs) and non-participant observation. In-depth interviews were conducted with both legal and illegal Indonesian workers, as well as middlemen and government officials. The interview responses helped to expand, describe and clarify the survey responses as this method allowed words and expressions to be used in explaining a certain issue, which was possibly not attainable in the survey method (Tashakkori and Teddlie 1998, p.36). This method was found to be suitable for collecting data on illegal workers who were difficult to locate. In studies of “hidden populations”,

Newman (2006, p.240) recommended mixing quantitative and qualitative styles of research for data collection.

**Figure 4.1: Indonesian Labour Migration to Sabah 2010: The Mixed Methods Approach**  
Source: ILMS Survey (2010)



The perspectives of government agencies directly involved in recruitment and management of foreign workers were also important in this study. FGDs were found to be the best method to obtain detailed information and opinions involving policy, regulations and implementation. This method is useful to “explore and delve into group members’ thinking” on the research topic (Johnson and Turner 2003, p.309). It also helped the researcher to reveal paradoxes and contradictions in responses from the survey and in-depth interviews thus challenging the results of these methods. Non-participant observation was also conducted in the selected study area mainly because “people do not always say what they always do” (Johnson and Turner, p.312). This helped the researcher to understand Indonesian migration issues in their

own context and natural setting, thus testing the consistency of findings derived from other instruments.

In addition, secondary data consisting of qualitative and quantitative data from official records, censuses, annual reports, archives, journals and newspapers were gathered in this study. A detailed explanation on these published and unpublished secondary data sources is presented in the next section. Johnson and Turner (2003, p.308) commented that by using a questionnaire as a core component and other methods as supplemental research strategies, termed “inter-method mixing”, a researcher can better understand the quantitative findings. Undoubtedly, the combination of five methods of data collection used in this study has extended the breadth and range of enquiry. The selection of data collection methods was based on results of pre-tests that provided many insights into this study, assisted by the LPPKN research board and discussions with the Ethnography and Development Research Unit (UPEP) of University Malaysia Sabah (UMS).

The quantitative data derived from the questionnaires were input and analysed using SPSS. Qualitative data derived from in-depth interviews and FGDs were analysed separately using thematic analysis. The results of the survey analysis comprised the core findings of the study while the data collected from the other methods, including secondary data, were supplementary to the understanding of Indonesian labour migration to Sabah.

In discussing the advantages of using mixed methods research, Tashakkori and Teddlie (2003, p.45) stated that applications of this strategy “simultaneously answer confirmatory and explanatory questions, and therefore verify and generate theory in the same study”. Morse (2003) added that mixing and multiplying the number of research strategies within a particular study will help to widen the dimensions and scope of a study. Most importantly, the use of the mixed methods approach neutralises or cancels out some of the weaknesses or limitations of individual data collection methods (Creswell et al. 2003). Despite its many advantages and strengths, mixed method research is not easy to conduct as it takes time and resources to collect both quantitative and qualitative data (Creswell 2006, p.10). The next section discusses the main secondary data sources.

### **4.3 Secondary Data Sources**

Secondary data are readily available data (Babbie 2004; Newman 2006) which can be numeric or non-numeric and can be generated through systematic reviews, through documentary analysis or large-scale datasets, such as the national census), and can be both published and unpublished. Most unpublished data used throughout this study were obtained from government reports as well as in-depth interviews with major stakeholders. Besides providing the background of the research, the information assisted in confirming and contradicting the results from the survey and determining the limitations of this study. The international migration data in Malaysia were derived from three major sources, namely, the Departments of Statistics, Labour Force and Immigration.

#### **4.3.1 Department of Statistics, Malaysia**

One of the most important sources of data in this study of Indonesian labour migration in Sabah is population and housing census data. Census data are widely available and a commonly used source of data on migrants worldwide, as questions usually include place of birth, enabling researchers to determine whether people are born outside national boundaries (Massey and Capoferro 2004). However, for the purpose of studying international migration, population censuses have some limitations. Firstly, since they are often undertaken only every 10 years, data do not capture rapid changes; secondly, censuses often adopt an enumeration basis which excludes some migrant groups; and thirdly, some migrant groups such as those undocumented are known to avoid enumeration (Bilsborrow et al. 1997, pp.52-53; Massey and Capoferro 2004, pp.1077-1078). In this study, both census data from the Departments of Statistics, Malaysia (DOSM) and Sabah (DOSS) were analysed.

The Malaysian Population and Housing Census, conducted every 10 years, provides population estimates on Malaysian and foreign citizens, and provides insights into the trends and patterns of population, as well as the characteristics of households (DOSM 2010).

Previously, a ‘de facto’<sup>15</sup> approach was used in earlier censuses but beginning in 2000, the ‘de jure’<sup>16</sup> approach was adopted, and included Malaysian and non-Malaysian citizens, who had stayed or intended to stay in the country for six months or more in the census year, at their usual residence as the census location (Bilsborrow et al. 1997).

Kanapathy (2008a, pp.338-339) listed the following groups of people who are included in the Malaysian census:

- i. people with their usual residence in Malaysia but who have been commuting across the Malaysian border to Thailand or Singapore for work or studies;
- ii. Malaysians who are away overseas on a short-term stay;
- iii. all foreign workers in Malaysia such as expatriates, skilled migrants, unskilled migrant workers and their dependents;
- iv. foreign long-term visitors and students; and
- v. foreign military, naval and diplomatic personnel and their family members.

A minimum stay of at least six months in Malaysia in the census year is used as the deciding factor for a person to participate in the census. Malaysian citizens and permanent residents who are away for a longer period (more than six months); Malaysian military, naval and diplomatic personnel and their families who are staying outside Malaysia; and foreigners such as tourists, businessmen, etc. who stay or intend to be in Malaysia for less than six months, are excluded from the census. The census fails to record long-term absentees and permanent departures of migrants (Kanapathy 2008a).

In addition, individuals whose status is illegal or unclear such as refugees (Kanapathy 2008a, p.341) and illegal immigrants (Kassim 2006; Hugo 2009c), are likely to be missed in the census enumeration (Hugo 2009c, p.9). Due to the limited coverage of non-Malaysian

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<sup>15</sup> The ‘de facto’ method is a method in which respondents are enumerated according to the place where they are on census night.

<sup>16</sup> The ‘de jure’ method is a method in which respondents are enumerated according to their place of usual residence.

citizens, DOSM (2011), in a note accompanying the census reports, calls for the cautious use of data. Many low-skilled migrant workers, due to their long working hours, are more likely to be excluded from the census due to their absence from their usual place of residence (Balakrishnan 2013, p.122). Furthermore, turnover of enumerators, locked premises and lack of cooperation from some residents are suspected to have limited the accuracy in terms of the coverage of immigrants. It is widely known that illegal immigrants refuse to be enumerated for fear of being apprehended and deported (Massey and Capoferro 2004; Kassim 2006).

Questions that can detect immigrants include birthplace and length of stay in Malaysia. According to Hugo (2009c, p.9), the former question only allows identification of the stock of first-generation migrants regardless of their length of time in Malaysia, while the latter question could differentiate recent migrants from long-standing migrants. Balakrishnan (2013, p.121) showed that the 2010 Malaysian Population Census provided more insights into the extent of repeat and circular migratory movement than previous censuses, by including a question on birthplace, and questions measured change in usual residence in 2005, 2009 and 2010. However, whether enumerated immigrants are legal or illegal is not known since the census does not include a question on legal status (Massey and Capoferro 2004, p.1077).

This study used census data from 1970 to 2010 relating to the state of Sabah and Malaysia. The analysis of available data on the distribution of Malaysians and non-citizens by administrative divisions and districts, the concentration of non-citizens in Sabah and its representation of Malaysians can be made from this source. While 27.7 percent of Sabah's population consisted of non-citizens in the 2010 census, Sandakan Division, followed by Tawau Division, had the highest proportion of non-citizens to Malaysians accounting for 45.8 percent and 39.2 percent, respectively (Section 3.5). Table 4.1 shows the growth over the four decades between censuses, with Sabah showing an extraordinary population increase of 390 percent. This was far above the population increase in the Peninsular (149.5 percent) which is comprised of 11 states and two federal territories, the population increase of 146.8 percent in Sarawak, which is the largest state in Malaysia, and the national gain of 164 percent.

**Table 4.1: Population Increase, Malaysia by Region 1970-2010**

Source: Department of Statistics, Malaysia (1970-2010)

	Population Census					Population Increase 1970 - 2010	Percent Increase (%)
	1970	1980	1991	2000	2010		
Malaysia	10,439,430	13,871,200	18,547,200	22,202,614	27,565,821	17,126,391	164.1
Peninsular	8,826,730	11,624,607	15,164,298	17,701,650	22,025,772	13,199,042	149.5
Sarawak	976,269	1,235,553	1,648,217	2,012,616	2,420,009	1,433,740	146.8
Sabah	636,431	1,011,040	1,734,685	2,488,348	3,120,040	2,483,609	390.2

Discrepancies in census data were also observed from changes in the census category names in which naturalised Indonesians and Filipinos emerged as ‘new *Bumiputera*’ over the period of 40 years. This included census categories such as ‘Others’, ‘Other Peribumi/Native Peoples’, ‘Indonesia’ and ‘Other *Bumiputera*’. Sadiq (2005, p.109) related this phenomenon to Sabah’s political agenda: “[i]ntroduction and withdrawal of census categories can be practiced to reach [the] political goal of the dominant political party”. The sharp increase in population suggests that a high influx of migrants and their assimilation into the *Bumiputera* communities increased the voting strength of Malay political parties (Kassim 1991, p.22). As a result, there was an increase in the proportion of ‘Malay’ and ‘Others’ categories in the 2000 census, and in the ‘Other *Bumiputera*’ category in the 2010 census, particularly in the eastern region of Sabah (refer to Section 8.3). Census data provide information on Malaysians by ethnicity and administrative divisions/districts, and the concentration of each ethnicity in the Sabah region could be analysed (Talip et al. 2008). Based on the 2010 census, the east coast region of Sabah, where Sandakan and Tawau Divisions are located, had the highest concentration of ‘Other *Bumiputera*’ and ‘Bajau’ ethnicities. However, the sub-ethnicities that comprised ‘Other *Bumiputera*’ and other census categories were not disclosed.

#### 4.3.2 Sabah State Government Agencies

Sabah has autonomy over immigration matters: the main state government agencies that manage employment of foreign workers are the Sabah Labour Force Department (SLFD) and Immigration Department of Sabah (IDOS), under the purview of the Ministry of Home Affairs, Sabah. Permits to employ foreign workers are issued by the SLFD based on applications for foreign workers from companies of different sectors (see Section 2.4). The

IDOS issues the entry visas for foreign workers before they enter Sabah based on the permits issued by SLFD. Foreign workers are issued work permits better known as PLKS or IMM13 after they have passed the medical examination in Sabah.

Most data from IDOS and SLFD were unpublished and were not easily accessed by the researcher as, according to their officers, they may create “political sensitivity” and social unrest among Sabah people. In fact, official data from other state government agencies, such as the Departments of Health and Education, were only available upon request along with an official letter from the chief director of LPPKN. Although matters related to illegal migration in the Peninsular and Sarawak are managed by the Department of Immigration in the Ministry of Home Affairs, in Sabah, where the problems associated with illegal migrants are acute, it is managed by the Federal Special Task Force (FSTF) under the National Security Council in the Prime Minister’s Department (Kassim and Md Shah 2004, p.20). Matters related to border security are handled by the Malaysian Maritime Enforcement Agency and Marine Operations Force.

The Sabah Labour Force Department plays a key role in upholding the enforcement of foreign workers’ employment regulations and labour law. This department sees that the *Sabah Labour Ordinance (Chapter 67)*, *Workers’ Compensation Act 1952* and *Private Employment Agencies Act 1992* are adhered to by employers and workers. Among its many functions, as listed by Jabatan Tenaga Kerja Sabah (July 2011), SLFD is responsible for:

- i. regulating foreign workers’ employment through issuance of licences to employ foreign workers to employers in Sabah;
- ii. ensuring that labour law is adhered to by employers and workers by conducting special enforcement operations with other enforcement departments or agencies on premises hiring migrant workers;
- iii. investigating and settling labour complaints and workmen’s compensation claims
- iv. regulating the employment of children, young persons and women; and
- v. handling questions and appeals from employers, migrant workers, trade unions and the public regarding labour matters.

The SLFD has the authority to prosecute employers who have violated the provisions of the labour laws. Its authoritative power has made SLFD a government agency that is feared by many employers. SLFD has direct access to employers and keeps a record of the details of companies employing migrants in Sabah. The agency's assistance in selecting a population sample for this study was therefore crucial to gain cooperation from employers who were reluctant for their migrant workers to be interviewed when approached by the researcher alone. However, only legal Indonesian workers could be reached using assistance from a formal agency; and the weakness in the data derived is that it was not inclusive of illegal migrant workers (Hugo 2009c, p.11). The official data of issuance of permits to employ foreign workers by SLFD were useful as a basis for employing the quota sampling method. However, the data did not show the exact number of foreign workers in the formal sectors in Sabah due to the exclusion of illegal migrants.

The other government agency that directly manages foreign workers is the Immigration Department of Sabah (IDOS) that generally monitors movement of people into and out of Sabah. Among its responsibilities are the issuing of temporary work permits (PLKS) to foreign workers in sectors, such as plantation, manufacturing, construction, services and domestic helper, and issuing entry visas to foreign workers who enter Sabah with permission from the Ministry of Home Affairs in Sabah. To manage the inflow of foreign workers to Sabah, IDOS has categorised foreign workers into professionals and technical workers (expatriates), semi- and low-skilled foreign workers, and illegal workers (Jemon 2005, p.44). In this study, the data on issuance of work permits to semi- and low-skilled foreign workers by sectors were used as a basis to estimate the proportion of Indonesian workers in each sector. Data on issuance of temporary work permits by nationality also show the proportion between Indonesian and Filipino migrants. However, the published data were not segregated by nationality before 2009 (refer to Section 3.5). These data provided background information on international labour migration to Sabah and helped the researcher to select Indonesian migrants as the research subject due to their larger numbers in Sabah compared to Filipino migrants.

Another type of data that provides information on the movement of Indonesian migrants is the number of arrivals and departures of non-citizens by IDOS. These data divide non-

citizens into three categories: Indonesian citizens holding visiting passes and border passes, Indonesian workers holding entry permits and other citizens holding visiting passes. An analysis of the gap between arrivals and departures in the annual report (where, in most cases, the number of departures is lower than arrivals) may suggest overstaying by migrants holding tourist visas or border passes (Johari and Goddos 2001; 2003). In this study, these data were useful for analysing the in-movement of Indonesian migrants to Sabah where it is common practice to misuse travel documents in order to work (refer to Section 3.5). In addition, arrival and departure data by points of entry could be used to confirm that the Tawau Division is the main entry point for Indonesians which led to the researcher's decision to choose Tawau Division as the study area.

Several other sources of data related to social factors of Indonesian workers and their families were also important in understanding Indonesian labour migration to Sabah. School enrolment records derived from the Sabah Education Department gave an idea of the trend among Indonesian migrants to send children to school in public schools and NGO-based learning centres. Foreign outpatient and inpatient registration records, as well as delivery records from the Sabah Health Department, also showed the extent of foreign citizens' use of government hospitals in Sabah.

#### **4.3.3 Other Secondary Data Sources**

In addition to gathering official data from government agencies, library research was also conducted to ensure the breadth of this study. A variety of related sources such as archives, books, journals, proceedings, government reports, newspapers, magazines and internet sources were used for this purpose. The early history of Bugis settlement and the diaspora found in archives were also useful in analysing the concentration of Bugis population in Tawau Division and supported the networking theory of this study of Indonesian labour migration to Sabah. However, migration data from local newspapers and tabloids in Sabah should be used with caution due to likely exaggerations and political propaganda (Ramasamy 2004). Although some of these sources portray a negative image of migrants, most of the current development of migration issues in Malaysia in general, and Sabah in particular, such

as the Special Lab for Foreign Workers, the 5Ps and 6Ps programmes and, recently, the Royal Commission of Inquiry's (RCI) investigation on *Projek IC* were derived from news excerpts.

#### **4.4 Primary Data Collection**

This study of Indonesian labour migration to Sabah involved Indonesian workers, local employers and government agencies using several methods, namely, surveys, in-depth interviews, focus group discussions (FGDs) and non-participant observation. The Indonesian Labour Migration Study 2010 (ILMS 2010) was executed in four main stages between October 2009 and December 2010.

This study was conducted in collaboration with a government agency, the National Population and Family Planning Board (LPPKN) which provided the financial support, physical facilities, workforce and expertise. This collaboration also helped to minimise red tape and smooth data collection. Cooperation with the Ethnography and Development Research Unit (UPEP), University Malaysia Sabah (UMS) enabled the researcher to gain some insights and assistance in conducting a pilot survey in Sabah based on their academic knowledge and experience.

##### **4.4.1 In-Depth Interviews**

In-depth unstructured interviews were used to elicit information to achieve a holistic understanding of respondents' opinions or situations (Berry 1999, p.1). Since this type of interview involved asking informants open-ended questions, the researcher needed to probe and paraphrase questions whenever necessary to obtain desired responses. This discovery-oriented method offers more detailed and a variety of responses and produces highly personal and confidential data (Duvell et al. 2009, p.228). In this study, in-depth interviews were conducted using informal conversational interviews as recommended in Patton (1987, p.113).

This approach was found useful and effective in this study, especially when approaching suspicious respondents who felt intimidated by a complete stranger. In addition, the presence of two enumerators from UMS who were of Tawau indigenous origin, helped the researcher to gain trust from the respondents. The informal interviews that lasted about 30 minutes each

session made respondents feel at ease and they sometimes forgot that they were being interviewed. Although most respondents refused to be recorded or to have their pictures taken, they agreed to introduce their friends for the next interview. Using this snowball sampling method, the number of legal and illegal workers reached its target of 20 respondents through the networking system of the enumerators and the respondents themselves. This method of interview enhanced the researcher's understanding of issues, such as illegal migration, social networks, problems in accessing health and education services, difficulties faced from lack of documents and survival strategies, which were impossible to be gained from a quantitative survey method.

About 20 legal Indonesian workers from the formal sectors also undertook in-depth interviews. The purpose was to seek detailed information relating to particular questions in the survey. For example, this method of interview allowed the researcher to gain a better understanding of the migrants' travel experiences and the role of social networks in facilitating their migration to Sabah, as well as their financial matters such as living expenses, remittances and savings in a way that a survey could not achieve.

In addition to the in-depth interviews targeting legal and illegal Indonesian workers that were carried out in public places, such as markets, shops, mosques and housing areas, this method was also used to interview six recruiting agents, known as *calo*, on Nunukan Island, Indonesia. Using the snowball sampling method, the respondents were introduced by the key informant who accompanied and assisted the researcher on Nunukan Island. The researcher gained some insights into how legal and illegal middlemen operate, their social networks, semi-legal channels of entry using *aspal* (authentic but falsified) documents, and the importance of Nunukan as a transit city. An interview with an Indonesian government officer provided information on the efficient water transport system that involves cruise ships, ferries and motor boats.

#### **4.4.2 Focus Group Discussions (FGDs)**

Focus group discussions (FGDs) are an in-depth field research method that brings together a small homogeneous group (usually six to 12 persons) to discuss topics on an area of study

(Schuck et al. 2004, p.2). In this study, FGDs were found to be the best method to extract detailed information and opinions involving immigration policy, regulations and implementation from the perspective of government agencies. The FGD sessions were carried out during pre-testing, involving government agencies that were directly involved in recruitment and management of foreign workers such as IDOS, SLFD and the Federal Special Task Force (FSTF).

The FGDs were carried out with the objectives to:

- i. discuss issues, problems and roles of government agencies in managing foreign workers;
- ii. confer on topics relating to implementation of existing policies and planning of new policies; and
- iii. gain access to the latest published and unpublished official data related to foreign workers.

Each FGD session involved five to six management officers who were decision makers and had authority in handling migration issues. The sessions had been planned and arranged much earlier through discussions with the three selected government agencies during pre-testing in April 2010. The themes to be discussed were predetermined during those meetings.

At the beginning of the FGDs, the researcher, who played the role of moderator, introduced himself, explained the study area and the purpose of the FGDs, followed by the self-introduction of the participants. The moderator then touched on the current issues of Indonesian migration as a platform for the discourse and initiated discussion by directing open-ended questions related to those issues. In this study, the researcher adopted the mixed-type focus group approach that allowed him to pose both open- and closed-ended questions to control the discussion, and allowed group members to move into related areas but also tried to keep participants focused, bringing them back to the main topic when needed (Johnson and Turner 2003, p.310).

The discussions were tape recorded with permission from the participants. This was transcribed verbatim into text form and translated into the English language since the discussion was conducted in Malay. Data were processed into a manageable form and analysed using thematic analysis and then used to support the survey findings in the thesis.

#### **4.4.3 Non-Participant Observation**

Non-participant observation demonstrates a collection of rich and directly observed data at a relatively low cost and requires limited amounts of time and preparation which is appropriate for a study that is conducted over a short time period (Cooper et al. 2004, p.1). According to Newman (2006, p.383), non-participant observation is conducted with the following objectives:

- i. to observe ordinary events and everyday activities as they happen in natural settings
- ii. to acquire an insider's point of view while maintaining the distance of an outsider
- iii. to notice both explicit (spoken) and tacit (unspoken) aspects of culture
- iv. to observe ongoing social processes without imposing an outside point of view.

In this research, non-participant observation was carried out during the pre-test and data collection phases. Data from early observations in April and October 2010 were useful for deciding on the study area and sample selection, and the design of more effective methods of data collection, for planning the operation schedule and movement, and for choosing suitable transport. In addition, observation allowed the researcher to determine the current issues relevant to Indonesian labour migration to Sabah.

During data collection and observation in November and December 2010, within the Tawau Division, the researcher was accompanied by a LPPKN officer and a local key informant. Visits to government and privately owned companies in the plantation, manufacturing, construction and services sectors were aimed at getting a real picture of the workplaces, working conditions and social amenities of Indonesian workers. It is important to mention that, as noticed from observation, Indonesian workers of Bugis ethnicity were dominant especially in rural plantations in the Tawau Division. Visits to places, such as floating villages, markets and shopping centres revealed how Indonesian workers lived together in the local community. The researcher also observed if social adaptation occurred in the mixed community. During the visit to busy formal and informal ports of entry, the researcher witnessed daily trips of both legal and illegal Indonesian workers to and from Nunukan Island and Pulau Sebatik via ferries and boats.

A two-day trip to Nunukan Island, a transit point for most Indonesian migrants, provided a real picture of the place, people and business activities in relation to Indonesian migration issues. From the observation of businesses, such as lodgings, money changers, travel document services, transportation and recruiting agents, the researcher understood the importance of intermediaries in supporting the economy of the local people in Nunukan. As a transit city for Indonesian workers from other provinces before entering Sabah, this information was useful for cross-checking responses gathered from the survey and in-depth interviews and to ensure consistency. This information is presented in the form of photos and vivid descriptions throughout the chapters of this thesis.

#### **4.4.4 Survey**

A survey is an economical instrument that allows the researcher to work closely with respondents. It involves probing, explaining and producing quantifiable data by covering a large number of respondents within a short period of time (Carling 2002; Newman 2006). Before the survey was conducted, there was a significant amount of preparation, including selection of the study area, selection of sampling methods and sample population, designing questionnaires, choosing and training enumerators, as well as planning and managing the fieldwork. The early preparation took place during preliminary, pre-testing stages months before the survey actually started.

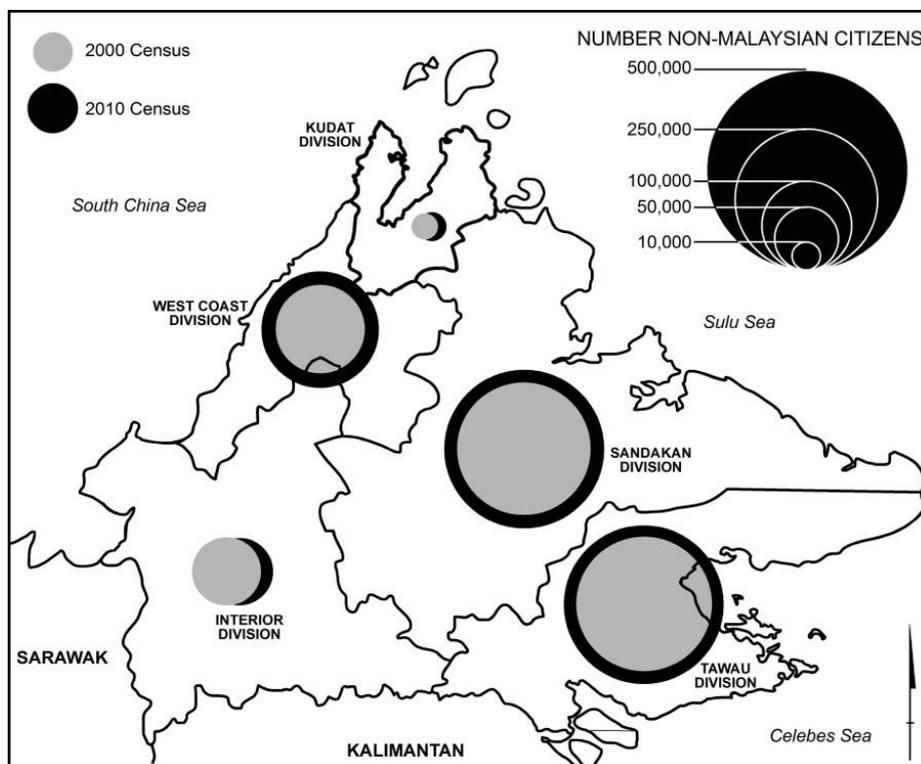
##### **4.4.4.1 Selection of Study Area**

This study focused on Sabah, East Malaysia and the factors that contribute to the flow of Indonesian migration to Sabah, such as early migration history, geographical proximity, economic development and workforce structure which have been explained in Chapters 1 and 3. The Tawau Division, located on the east coast of Sabah, was selected as the study area in this research, being a main entry point for Indonesian workers (Johari and Goddos 2002; 2003; Hassan et al. 2008), and as it had the second largest planted area of oil palms in Sabah, the Tawau Division housed one-third of the state's total population of non-citizens. Figure 4.2 shows the distribution of non-citizens in the districts of the Tawau Division based on the 2000 and 2010 censuses, with the non-citizen population mainly concentrated on the oil palm plantations.

In selecting the study area, factors such as location, time and cost constraints were taken into consideration. The pilot survey found that the Tawau, Semporna and Kunak districts were suitable study areas, but Lahad Datu was excluded mainly due to its remote location as it is more than 200 kilometres from Tawau town (Figure 4.2). By excluding Lahad Datu from the study, significant travel time and costs were saved. In addition, being located near the border of the Sandakan Division, there was a concern that the foreign population may be dominated by Filipino migrants.

**Figure 4.2: Distribution of Non-Citizen Population by Administrative Boundaries in Sabah, 2000, 2010**

Sources: Adapted from Population and Housing Census (2000), Department of Statistics, Malaysia; Early report Population and Housing Census (2010), Department of Statistics, Sabah



#### 4.4.4.2 Sampling Methodology

As determined in pre-test 2, the population of this study was selected based on the following criteria: respondents were of Indonesian origin, found in the Tawau Division, aged 18 and over, had first arrived in Sabah prior to 2010 and worked in a low-skilled sector. Individual migrants at the destination were selected as the survey unit (Babbie 2004, p.94).

The lack of a comprehensive sampling frame is a common problem found in international migration research and, in the Sabah case, the data on foreign workers were partial, scarce and often kept confidential. Other constraints included the refusal of illegal migrants to be identified and interviewed for fear of being arrested and deported. In the absence of knowledge about the larger population of Indonesian migrants where the sample was taken, the most appropriate sampling method was non-probability sampling (Newman 2006, p.220). However, there is a possibility that the non-probability sampling techniques could undermine the reliability and validity of the study (Doherty 1994), and thus the sample estimates are not statistically representative of the wider population (Blair 1999; Bryman 2004). Despite these limitations, the data could still be used to understand and interpret the social processes and be representative of the specific population being studied (Law 2004; Bryman 2008). In this study, several sampling methods were adopted to recruit different groups of respondents in different environments.

A convenience sampling technique was used to survey 37 employers. This method allowed a level of flexibility as samples are selected based on availability and the convenience to both researchers and respondents (Nardi 2006). Respondents were representatives of companies who were able to provide information about the company and workers (e.g. human resource personnel, manager, etc.). A self-administered survey was undertaken by 37 company representatives from four employment sectors to gain information on the company's profile, recruitment of foreign workers and opinion on the recruitment process and issues. Table 4.2 shows the number of employers interviewed.

**Table 4.2: Number of Employers Interviewed by Sector in Sabah**  
Source: ILMS Survey (2010)

Sector	Number of employers
Plantation	14
Manufacturing	11
Services	9
Construction	3
TOTAL	37

The snowball sampling technique whereby respondents are gathered by the referral method (Babbie 2004) was used to locate members in a unique population. Legal and illegal Indonesian workers found in the informal sector, as well as Indonesian recruiting agents

(*calos*) are examples of respondents interviewed using this sampling method. The ‘hidden population’ was difficult to locate and study but the inclusion of both illegal and legal workers was important in this study: the snowball sampling method was found suitable for this purpose. This type of sampling aimed to locate as many cases as possible (Newman 2006, p.222) and encouraged respondents to be at ease when talking with the interviewer.

**Table 4.3: Proportion of Indonesian Workers Issued Work Permits by Employment Sector**  
Sources: SLFD (2007-2010); IDOS (2010)

Sector	Number of Indonesian workers issued work permits					Number of Indonesian workers interviewed	%
	IDOM, Sabah		SLFD, Tawau Division				
	2010	%	2007	2008	2009	2010	
Plantation	70,251	60	15,310 (70.8%)	12,541 (67.6%)	13,230 (77.5%)	570	63
Manufacturing	13,227	11.3	5,381 (24.9%)	5,231 (28%)	4029 (23.6%)	219	24.2
Construction	3,864	3.3	418 (1.9%)	298 (1.6%)	289 (1.7%)	35	3.9
Services	3,595	3.1	515 (2.4%)	478 (2.6%)	325 (1.9%)	24	2.7
Informal	NA	NA	NA	NA	NA	56	6.2
<b>TOTAL</b>	<b>117,043*</b>	<b>100</b>	<b>21,624</b>	<b>18,548</b>	<b>17,063</b>	904	100

Note: \*The total number of all foreign workers from all sectors. Domestic helper, agriculture and other sectors are not included in the table.

Quota sampling was also used in this study as it allowed the selection of respondents who proportionally represent the specific characteristics of the population (Babbie 2004). Employment sectors such as plantation, construction, manufacturing and services as well as the informal sector were identified. To ensure that the sample was representative of the population in this research, the proportion of the population being studied was determined by following the proportion of Indonesian workers by employment sectors. The records on issuance of work permits and temporary work permits by employment sectors from SLFD and IDOS, respectively, were found useful for this purpose as indicated in Table 4.3.

While SLFD recorded the number of permits issued to employ foreign workers for Tawau Division, IDOS recorded the total number of temporary work permits issued in Sabah. However, these government agencies had no records on employment in the informal sector as IDOS does not allow foreign employment in this sector. Based on non-participant

observation and input from key informants, most foreign workers working as sales assistants, barbers, etc. are illegally employed. Foreign small traders 'buy' business licences from local people (who apply for business licences on behalf of foreigners), while others are illegal street hawkers. This variable was still included in this study as suggested by UPEP, UMS because a considerable number of migrants were found working in this sector during the pilot survey.

Despite the differences mentioned earlier, the data on issuance of work permits (2007-2020) as presented in Table 4.2 show trends in the proportion of Indonesian workers by employment sector in the Tawau Division specifically, and Sabah in general. Although the exact proportion of Indonesian workers could not be derived due to the inclusion of the illegal worker population, it can be concluded that employment in the plantation and manufacturing sectors in both the Tawau Division and Sabah was much higher than employment in the construction and services sectors. To avoid small numbers of respondents in the latter employment sectors, to meet the suggested average proportion in the division and state levels, and to fulfil a statistical rule of thumb that suggests at least 30 cases in each group are needed to produce a valid cross-table analysis (Fink 2003, p.40), the proportion of respondents interviewed in the latter groups was adjusted.

#### **4.4.4.3 Preparatory Stage of Data Collection**

The preparatory work for data collection involved three stages: preliminary, pre-tests 1 and 2. The preliminary stage was focused on the construction of the questionnaire for the survey of Indonesian migrants. Approval from the Human Research Ethics Committee of the University of Adelaide for these research instruments was granted in December 2009 which allowed continuation into the data collecting activities.

Pre-test 1 mainly involved:

- i. building rapport with key informants such as Sabah Labour Force Department (SLFD), Immigration Department of Sabah (IDOS), Federal Special Task Force (FSTF) and Sabah Economic Planning Unit (SEPU),
- ii. identifying the study area and respondents,
- iii. planning and conducting the first pilot survey; and
- iv. reporting the results of the first pilot survey to improve the questionnaire and overcome related problems.

The first pilot survey, involving 46 Indonesian workers from four job sectors: plantation, manufacturing, construction and services, was conducted in Tawau by four Master's degree students from UPEP, University Malaysia Sabah (UMS). The pilot survey helped identify weaknesses in the questionnaires, and identified difficulties in accessing remote plantations and challenges in recruiting respondents directly from employers without assistance from a formal channel such as SLFD. Pre-test 2 involved improvement of the research instruments and methods based on the results of pre-test 1. The improved questionnaires were used in pre-test 2 which aimed to assess:

- i. the management aspect of the pre-test operation,
- ii. sample selection methods assisted by SLFD,
- iii. comprehensiveness, suitability and flow of the two sets of questionnaires; and
- iv. participation rate of respondents.

Pre-test 2, conducted from 24-29 October 2010 involving 12 LPPKN officers and the researcher, managed to interview 51 Indonesian workers and four employers using Set A and B questionnaires, respectively. Generally, most respondents in the informal sector avoided interviews due to the illegal nature of their employment; some small traders had opened businesses without permits and some workers did not have proper documentation.

In pre-test 2, the following decisions were made:

- i. the number of respondents (Indonesian workers) was increased from 400 to 900 people;
- ii. inclusion of respondents (Indonesian workers) from the informal sector in this research;
- iii. addition of employers as respondents in the survey to gain a different perspective regarding Indonesian workers' issues; and
- iv. construction of the second set of questionnaires for employers in such a way that the issues were similar to those found in the questionnaires for Indonesian workers to enable comparative analysis of the findings.

To ensure the real data collection would run smoothly, some changes and improvement to solve problems encountered during pre-test 2 were made by:

- i. providing a set of criteria for respondents;
- ii. selecting enumerators who were Sabah-born and able to speak and understand the Bugis dialect; and

- iii. using the snowball sampling method assisted by key informants to approach respondents in the informal sector.

In pre-test 2, the government agency, Sabah Labour Force Department (SLFD), was appointed to assist in the sample selection of respondents (Indonesian workers) in four sectors as explained in Section 4.4.4.2. Appendix 8 shows the list of private companies selected by SLFD that provided the respondents. This sampling method limited the researcher to legal Indonesian workers. Therefore, the data collected were more representative of legal contract migrant workers, especially in the plantation sector.

#### **4.4.4.4 Questionnaire Development**

The questionnaire included a mixture of open- and closed-ended questions. This “intra-method mixing” (Johnson and Turner 2003, p.299) enables quantitative and qualitative data to be derived from the survey, and helps clarify responses to closed-ended questions. In this study, the survey method was used to collect the primary data by using two sets of questionnaires: Set A for Indonesian workers and Set B for employers (Refer to Appendices 9 and 10). Each questionnaire went through a process of reviewing, editing and improvement, going back and forth to the LPPKN research board, LPPKN research team and the researcher during the preparatory stage of data collection before they were endorsed.

The questionnaires were constructed by translating the research questions into structured closed- and open-ended questions. The objectives were to:

- i. conduct a socio-demographic analysis of themes such as family, education, health, living expenses and social adaptation of Indonesian workers at their destination;
- ii. identify the trends in legal and illegal flows of Indonesian migrants to Sabah;
- iii. determine the cause of the influx of Indonesian migrants to Sabah;
- iv. examine the impacts of Indonesian migrants on local people in respect to family, education, health, economy, housing, security, citizenship and community; and
- v. suggest implications for immigration policy and a suitable approach to the management of foreign workers and border control.

As found in pre-test 1, it was best to conduct the survey face-to-face using the Malay language which is similar to the Indonesian language. The questionnaires were translated using a technique known as “back translation” (Newman 2006) that requires two different translators to translate the questionnaires from the English language to the Malay language and then back to the English language.

Set A questionnaire consisted of 11 sections as shown in Table 4.4. They sought information from Indonesian migrant workers in the plantation, construction, manufacturing, services and informal sectors. Set B questionnaire consisted of six sections as shown in Table 4.5. They needed to be filled in by employers or their representatives from the selected non-governmental companies. They provided supplementary information on the perspective of employers for cross-checking information derived from the face-to-face survey of Indonesian migrant workers.

**Table 4.4: Summary of Content of Set A Questionnaire on Indonesian Workers**

<b>Section</b>	<b>Section Title</b>	<b>Objectives of each section</b> To gain information on:
A	Personal Information	demographic characteristics, such as age, gender, education level, religion and medical examination.
B	Family Information	marital status, the spouse status and location, as well as number of children, their place of birth, location and education levels, use of health and education services at the destination and social networks.
C	Family Planning	Reasons for family planning and the methods.
D	Arrangement for Accommodation	accommodation types, condition, arrangement and rental.
E	Prior to Coming to Sabah	pre-migration experience in terms of occupation, skills and wages, as well as decision to migrate and chose Sabah.
F	Migration Experience	while migration experience, such as arrangement, costs, transport, travel documents, length of journey, entry point, medical screening, agent and role of social networks.
G	Current Occupation	post migration experience-current occupation, sector, job stint, wages and skills.
H	Remittances and Saving	remittance behaviour, recipients and uses, remittances in kind, savings, property, living expenses.
I	Ability to Adapt with Social Life in Sabah	social adaptation, spoken language, local people and ethnicity.
J	Regulations and Policy	policy and regulation in terms of the awareness, problems and opinions.
K	Hopes and Aspiration	intention to stay and gain citizenship.

**Table 4.5: Summary of Content of Set B Questionnaire on Employers**

Section	Section Title	Objectives of each section To gain information on:
A	Company Profile	company background such as location, year of operation, number of foreign/local workers.
B	Employment Process for Indonesian Workers	Recruitment process, policy and regulation.
C	Recruitment Costs of Indonesian Workers	costs of levis, medical check-up and agent fees.
D	Salary and Wages of Indonesian Workers	wages, job stint, skills.
E	Factors in Recruitment of Indonesian Workers	preference and reasons of recruiting foreign workers.
F	Facilities Provided	amenities and facilities provided for migrant. workers as well as employee benefits.

#### **4.4.4.5 Research Team and Training the Enumerators**

The research team was formed based on input on the management aspects of the survey operation experienced in pre-test 2. The research team consisted of nine LPPKN staff, 14 enumerators and the researcher (Figure 4.3). To create a point of contact and facilitate relationships of trust and familiarity, enumerators in this study were hired from the same ethnic, cultural and linguistic groups as the research subjects as suggested by Duvell et al. (2009, p.234). In addition, experience in conducting surveys was taken into consideration as this factor can promote responses and minimise response bias in a survey (Fink 2003, p.58).

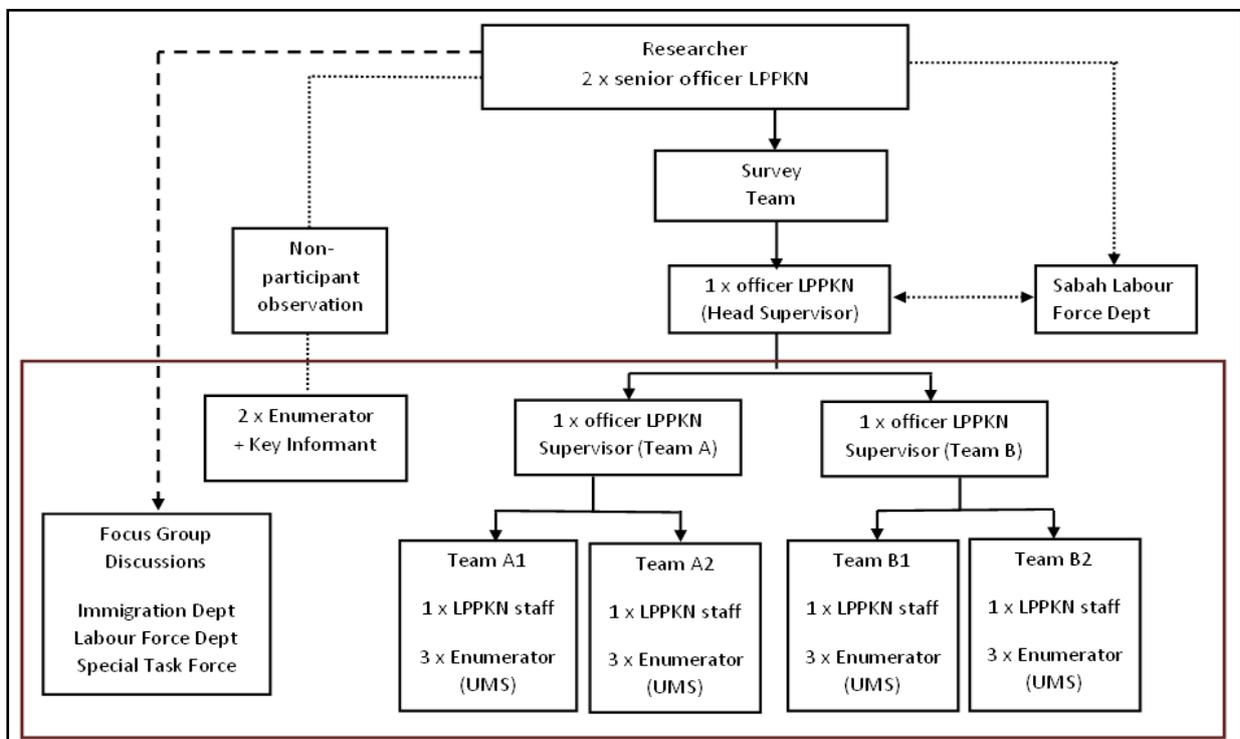
Therefore, Universiti Malaysia Sabah (UMS) students who were indigenous to Sabah and had experience in conducting surveys were chosen as enumerators, two of whom were indigenous to Tawau and able to speak in the Bugis dialect. This was important as Indonesian workers trusted Sabahans and preferred to be interviewed by using a mix of the Sabah dialect, Indonesian language and, at times, the Bugis dialect. The team was led by two LPPKN senior officers and the researcher who were responsible for conducting pre-tests 1 and 2, attending meetings with SLFD, surveying the research area and monitoring the research team, as well as collecting qualitative data through FGDs, in-depth interviews and observation.

The survey team was led by a LPPKN officer (the head supervisor) who ensured that the operational movement of teams A and B followed the fieldwork schedule (refer to Figure 4.3). He would contact SLFD for any updates and changes in the schedule. Teams A and B were respectively led by a supervisor who closely monitored either teams A1 and A2 or

teams B1 and B2. Each of these small teams consisted of a LPPKN staff and three UMS students. Prior to the survey, information on location, companies, number of respondents and movement was updated with the head supervisor briefing all team members on a daily basis.

It was important for enumerators to understand the purpose of the survey and of all questions in each set of questionnaires to maintain the standard and quality of data collected. For that reason, they attended a two-day training session (on 21-23 November 2010) conducted by the researcher and LPPKN officers. In the training session, enumerators were given a survey manual and two sets of questionnaires. They were divided into small groups to discuss and practice face-to-face interviews to measure their understanding and improve their interviewing skills. The UMS students also exchanged information with LPPKN staff on their experience in conducting migration research in Tawau. This training also emphasised interview ethics. Enumerators were also equipped with a survey manual as a source of reference to guide them during the actual survey.

**Figure 4.3: Indonesian Labour Migration to Sabah 2010: Research Team**  
Source: ILMS Survey (2010)



#### **4.4.4.6 Fieldwork**

The survey started on 24 November 2010 and ended on 5 December 2010. To reach destinations, the main form of transport was six four-wheel drive vehicles. Efficient transport was important for the success of the survey as the companies employing foreign workers were mostly located in rural areas, about 60 to 120 kilometres from Tawau town.

The survey was administered through face-to-face interviews, a method considered costly and time consuming but necessary for interviewing respondents with low education levels. In addition, this type of survey put respondents at ease, and when they were more relaxed, they would give more accurate responses. Indonesian workers were interviewed using the Set A questionnaire in which each question and its answer options were articulated. The responses were recorded verbatim onto the questionnaire. Enumerators used a mix of the Sabah dialect, Malay and Indonesian languages and, at times, the Bugis dialect to enhance understanding.

Each survey session started with the introduction of the survey team members. The supervisor provided a verbal briefing on the purpose of their visit and the study they were conducting as stated on the front page of the questionnaire. Respondents were assured they would remain anonymous: the responses given would be aggregated and treated as confidential and none of their responses would be used against them. The introductory session was important for enumerators to establish rapport with respondents and to gain their trust to ensure willingness to participate in the survey. Before the interview began, respondents were asked some filter questions to guarantee that they fitted the set criteria. They were dismissed to resume their work after they had completed the interview. A grooming kit was given to each respondent as a token of appreciation for their cooperation.

The self-administered survey was undertaken by employers as they were all literate, had attended a satisfactory level of education and understood the Malay language – the language used in the questionnaire. A representative from the company usually managed to complete a questionnaire in 15 to 20 minutes. Upon completion, the supervisor checked the questionnaire for any unanswered questions and got back to the respondents if he needed any responses.

As for the Indonesian workers, each interview session generally took about 30 to 40 minutes and these were conducted in batches by eight enumerators at one time. Therefore, the employer released 10 to 12 workers for the first hour, another batch in the second hour and so on. After each respondent was interviewed, the enumerator went through the questionnaire for any unanswered questions and got back to them if required. The questionnaire was then validated by the supervisor. The enumerator then recorded details of the interview by filling in a form enclosed with the questionnaire (refer to Appendix 9) and signed the form, followed by the supervisor's signature.

A systematic approach to operational management was maintained throughout the primary data collection phase. An achievement report consisting of the total number of questionnaires collected from companies by sector, the number of male and female respondents and the type of respondents interviewed, was prepared daily by the supervisors to be presented to the head supervisor. At this stage called 'master control', all questionnaires from all teams were gathered and checked against the report submitted by the supervisor. He then gave serial numbers to be recorded onto the questionnaires. The validated questionnaires were secured and ready to be input into SPSS. This practice would ensure validity and avoid the rejection of questionnaires. In addition, any problems, unusual occurrences and interesting findings were often shared among survey team members and the researcher in these daily meetings. This enabled researchers to update and closely monitor the progress and achievement of the survey, as well as planning ahead for the next data collection.

#### **4.5 Data Entry, Cleaning and Analysis**

Data analysis of the survey began after primary data collection ended. The validated, bound questionnaires were transported to LPPKN Kuala Lumpur to be input into the SPSS program, and coded and cleaned before the data could be used.

##### **4.5.1 Coding**

Data gathered from the survey were input into the SPSS program. The template was prepared earlier in the pre-coding stage before the survey was conducted. Variables were labelled and the answer options in objective and closed-ended questions were coded into numeric form.

The second stage of coding was done after the survey when responses for open-ended questions were available. This laborious process involved grouping of responses according to selected themes before they were coded into numeric form.

#### **4.5.2 Cleaning Data**

The data cleaning process was conducted to enhance the validity of results as it could correct errors made during the coding and data entry stages. It consisted of code cleaning, frequency checks and contingency cleaning. In code cleaning, variables were checked for their categories. For example, variables keyed in and spelled as 'Jawa', 'JAWA', 'Java', 'java', 'Jowo' and other similar combinations actually belonged to the same category. In this case, the coder would standardise the spellings into 'Jawa' so that all the variables would fall into the right category of ethnicity. In frequency checks, the coder ascertained that the frequency of a variable, for example, 'male' was consistent with the number of male respondents involved in the survey. Contingency cleaning looked for logically possible combinations using cross-classifications for instance, the variable 'married' should be consistent with the variable 'number of children'. During the process, the survey answer sheets were revisited to extract the original responses.

#### **4.5.3 Data Analysis and Presentation**

This study was descriptive and explanatory in nature; therefore, data analysis using the SPSS program involved descriptive analysis comprising frequency and cross-tabulations. The selection of dependent and independent variables for cross-tabulation was important so that the results would be more explanatory and related to the scope of study. The results were presented in tables and graphs suitable to the topic of discussion.

#### **4.6 Conclusion**

The journey through the preparation, primary data collection and the aftermath was long and challenging. Besides LPPKN, it involved many government and non-government agencies, the research team, key informants, respondents and Sabah people in general. Every one of them played his or her role well and contributed to the success of data collection.

Gathering secondary data was not easy, particularly from government agencies when it related to illegal migrant issues. An agency with autonomy over immigration data refused to release certain data due to the data being “highly sensitive”. Even after numerous telephone calls, official letters and actual visits to these government agencies, only limited data were released. The study also accessed data from the Sabah Education and Health Departments, and other government sources.

The success of the face-to-face interviews was facilitated by the cooperation of the Sabah Labour Force Department (SLFD) in assisting with the selection of respondents in four sectors. Selecting respondents was complicated as it involved Indonesian workers who were not included in official data. As a result, SLFD’s assistance was sought to help solve the problem. The data on issuance of work permits to Indonesian migrant workers were used to select the four main sectors and determine the proportion of Indonesian migrants in each sector. The SLFD also selected the non-government companies which provided the Indonesian respondents for the study. Although assistance from SLFD was crucial for the success of the survey of 896 Indonesian workers, this method only allowed the researcher to reach legal Indonesian workers. Therefore, the data collected were representative only of legal contract migrant workers, especially in the plantation sector.

The research team conducted interviews following all ethical standards. Their experience, discipline, good communication skills and dedication contributed to the smooth running of the survey. Problems such as language barriers and low levels of education among Indonesian workers were overcome in face-to-face interviews. The enumerators’ ability to speak the Sabah and Bugis dialects, as well as the Indonesian language, assisted greatly. There were no major problems faced during the survey. However, there was one incident when a private company made a last-minute cancellation of the scheduled interview. The SLFD’s immediate action of contacting another company as a replacement solved the problem. The survey on Indonesian workers, local workers and employers in the four sectors achieved the targeted numbers.

The researcher was directly involved in collecting qualitative data through in-depth interviews, non-participant observation and focus group discussions (FGDs). The researcher

expected to face difficulties in finding respondents for the in-depth interviews as an operation by the government to detect illegal migrants had taken place just before the data collection began. Therefore, the fear of being arrested was still felt by the majority of the Indonesian migrants. However, through networking, key informants and enumerators who were of Sabah indigenous origin managed to assure respondents. The researcher received good cooperation from key informants and FGD participants to obtain useful information.

## **CHAPTER 5**

### **CHARACTERISTICS OF INDONESIAN MIGRANT WORKERS IN SABAH**

#### **5.1. Introduction**

Indonesian labour migration to Malaysia in general and Sabah in particular can be traced back five centuries as a continuous process. However, it accelerated during the colonial period especially in the late nineteenth century (Hugo 1993, p.36; Kassim 2005a, p.1). This long-standing labour movement is characterised by both, circular and permanent migration (Hugo 1993, p.48), economic motivation, dominance of low-skilled workers, increasing female involvement and significant irregular migration (Hugo 1993; 2006; Raharto 2007). Universally, migration is a selective process and the extent and nature of that selectivity influences the nature and scale of the impact on both the countries of origin and destination (Hugo 1993, p.48). Moreover, this selectivity “tells us much about the causal process involved in migration, since differential probabilities of migration involved in selectivity are usually linked to the social structure in areas of origin and the specific opportunities open through migration in areas of destination” (Balan 1983, p.1). Thus, an understanding of migrants’ characteristics is important in studying the migration decision process and migration impacts.

This chapter describes the characteristics of Indonesian workers who migrate to Sabah, based on the ILMS Survey (2010). An analysis of migrants’ sex and age structure, place of origin, ethnicity, marital and family status, as well as educational levels and status assists in understanding the migration process.

#### **5.2 Age and Sex**

Changes in the gender balance of international migration flows in recent decades have been influenced by factors such as immigration regulations, gender-selective demand for foreign workers and changing gender relations in sending countries (Castles and Miller 2003, p.67). In addition, the fact that the migration experience of men and women often differs according to sex role perceptions and conventions in societies of origin and destination makes gender an important variable (Bilborrow 2006, p.5). The study of selectivity in migration by age and

sex is important because, according to Balan (1983, p.3), it affects marriage and fertility, the demand for health and educational services, as well as housing arrangements and costs of living.

An important global trend in Indonesian migration has been the so-called “feminisation” or increasing representation of women in flows. This is clearly evident in the Indonesia to Malaysia flow of labour migrants. Table 5.1 shows the increasing involvement of women in this movement.

**Table 5.1: Indonesian Migrant Workers to Malaysia by Sex, 1984-2011**

Source: Ministry of Workforce and Transmigration, Indonesia

Year	Males	Females	Sex Ratio
1984-85	5181	151	3431
1985-86	4292	887	484
1986-87	15214	3650	417
1987-88	5606	1219	460
1988-89*	1886	699	270
1989-90	8218	2912	282
1990-91	23673	5667	418
1991-92	23080	12411	186
1992-93	-	-	-
1993-94	-	-	-
1994-95	14858	26854	55
1995-96	8088	15821	51
1996-97	194343	127413	153
1997-98	5401	30847	18
1998-99	6465	20810	31
1999-2000	25089	29101	86
1999	80124	89053	90
2000	106659	85041	125
2001	44263	66229	67
2002	87562	65118	135
2003	57035	32404	176
2004	-	-	-
2005	-	-	-
2006	-	-	-
2007	110780	111418	99
2008	117052	140658	83
2009	62512	61374	102
2010	92442	61760	150
2011	95983	38122	252

Note: \*data for the period of 1 April 1989 to June 1990

As shown on Table 5.1, the sex ratio in the flow of official labour migration from Malaysia changed from 83 males to 102 females in 2008 to the numbers of males and females becoming balanced in 2009. From 2010 to 2011, it became male-dominant again due to a ban on the labour migration of female domestic workers by the Indonesian government in 2010 following exploitation (Hugo 2013). The flow of female workers continued but did not go through the official system in order to get around the ban. Most entered Malaysia through illegal channels facilitated by the social networking system.

In Sabah, however, the sex ratio of labour migrants remains dominated by males as is evident in the census and survey data presented in Table 5.2. However, it is important to note that the presence of females in the flow of migration from Indonesia to Sabah has increased in recent years. A survey by Hugo (2000, p.110) of migrant workers from East Nusatenggara to Sabah showed that in the 1970s and 1980s women were only occasionally involved in migration but since the mid-1990s their numbers have increased. This is due to two developments:

- i. the increased movement of family members accompanying migrant workers to Sabah – a trend that is not so apparent in Peninsular Malaysia; and
- ii. the independent migration of women to work in such jobs as domestic workers and as cooks and housekeepers in the barracks for migrant workers on plantations and elsewhere.

It appears that that the flow of Indonesian migrants to Sabah goes against the Indonesian out-migration trend that is female-dominant (Johari and Goddos 2002; Kassim 2004b). An increasing trend of female involvement in international labour migration in Southeast Asia, especially from the Philippines and Indonesia (Hugo 2004a, p.50), coincides with “the gender selective policies of labour-importing countries and the emergence of gender-specific employment niches” (Kaur 2007, p.4). Beginning in the 1980s, female Indonesian labour migrants outnumbered males due to a high demand for domestic workers in Middle Eastern countries, Malaysia and Singapore (Bandiyono and Alihar 1998; Firdausy 2005; World Bank 2006; Kaur 2007). A growing proportion of women were migrating on their own or as heads of households as a consequence of globalisation (Koser 2010a, p.304). However, feminisation of migration to Malaysia in general and Sabah in particular is gaining importance: women accounted for nearly half the total number of registered migrants in both the Peninsular and East Malaysia regions (IDOM 2001; 2012).

Male dominance in Indonesian labour migration to Sabah is common due to the type of work in which they are primarily involved (Johari and Goddos 2003; Amatzin 2006), that is, the plantation, construction, livestock, forestry and fishery sectors that demand physical strength and impose higher risks of injury. Therefore, it is not surprising that of total respondents in this study, 62 percent were male (Table 5.2). Unlike the growing industry of electrical and electronics manufacturing in the Peninsular that demand female migrant workers (Kaur 2008), the manufacturing sector in Sabah is concentrated on resource-based processing of agro-based, fisheries, timber and mineral products that demand male migrant workers (Abdullah 2003, p.133). Indonesian migrant women in Sabah are mostly employed in the domestic, services and informal sectors (Mulia 2011, p.48).

**Table 5.2: Distribution of Indonesian Workers by Gender, 2010**  
Sources: ILMS Survey (2010); Department of Statistics, Sabah (2010)

	MALE		FEMALE		Total		Sex Ratio
	No	%	No	%	No	%	
<b>Non-Citizens (Sabah)</b>	472,248	54.5	394,942	45.5	867,190	100	120
<b>Indonesian Citizens (Sabah)</b>	263,559	54.9	216,304	45.1	479,863	100	122
<b>ILMS 2010 Respondents</b>	558	62.3	338	37.7	896	100	165

As the majority of respondents were found in the plantation sector, followed by the resource-based manufacturing sector, the male to female ratio was significantly higher than in the official statistics. There was a ratio of 165 males to 100 females in the ILMS Survey (2010) (Table 5.2), higher than the ratio of Indonesian and non-Malaysian citizens in Sabah in 2010. This finding is therefore unique to the Tawau district, the second biggest producer of palm oil in Sabah.

Age restrictions set by destination countries can determine the age structure of migrant flows. The age of low-skilled workers migrating to Singapore is generally between 16 and 49 years (Chia 2011; MOM 2012). In Malaysia, the immigration law stipulates that the age of low-skilled workers in the formal sectors should be between 18 and 45 years (Rupert 1999; IDOM 2012). As a result of the age selectivity of international migration, the propensity to migrate tends to be highest among young people. In 2010, some 20.9 percent of international migrants in developing countries were aged from 25-34 years (UN 2011, p.13). In her study of undocumented immigrants in Sabah, Mulia (2011, p.48) found that, on average, her

respondents were aged 30-59 years and generally married, while Eki (2002, p.131) concluded that as the ages of migrants ranged from teenagers to those aged in their 40s for females and 60s for males, labour migration from East Flores to Sabah tended to be younger.

Figure 5.1 (open bars) shows that respondents' ages ranged from 15-74 at the time of survey: the majority (85 percent) were in the working age group of 20-44 years old confirming that the age restrictions' factor determines migrants' age structure. Most men (13.3 percent) were found in the age group of 35-39 years old, while most women (9.5 percent) were in the age group of 30-34 years old. This implies that female migrants in this study were generally younger than males. The fact that a small percentage of migrants (4.7 percent) were aged 50-74 years old indicates the possibility of permanent migration among Indonesian migrants.

**Figure 5.1: Age–Sex Structure of Indonesian Migrants in ILMS (2010) (open bars) and Sabah Population Census (2010) (shaded bars)**  
Sources: ILMS Survey (2010); Department of Statistics, Malaysia (2010)

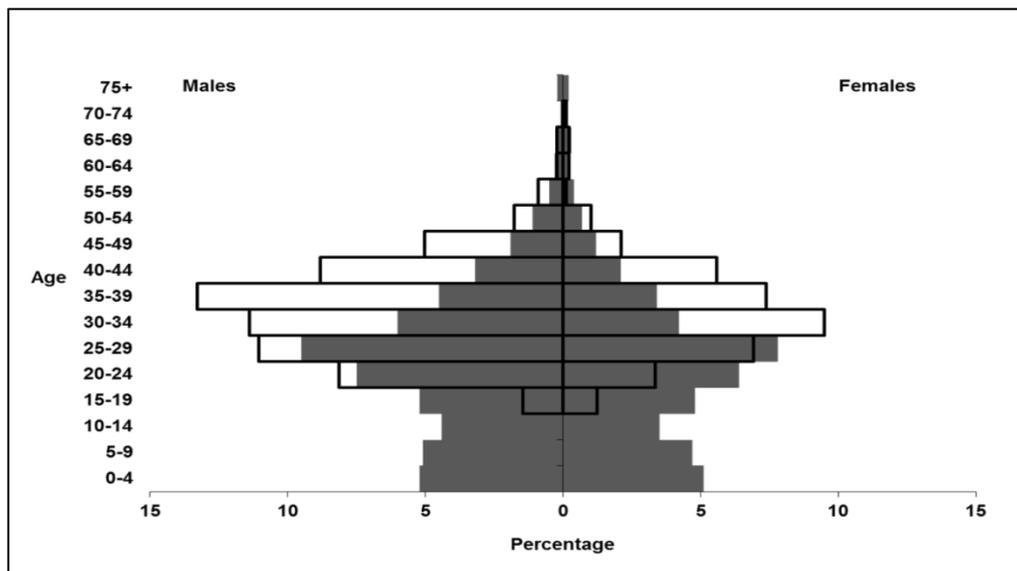


Figure 5.1 also compares the age–sex structure of the migrants in the study to Indonesian citizens in Sabah based on the Sabah Population Census 2010. The shaded bars show that within the working age cluster, from 15-60 years, the majority of the Sabah population (59.3%) were concentrated in the age group of 15-39 years. Most women (7.8 percent) and men (9.5 percent) were in the age group of 25-29 years. This indicates that the Sabah

population was generally young. Indonesian migration to Sabah which generally involves young migrant workers also contributed to this.

Most migration research finds that peak mobility is clustered in the 20s and 30s age groups (Hugo 2008, p.4). Tables 5.3 and 5.4 show that in the ILMS Survey (2010), the age of first arrival of most migrants (28.6 percent) was between 20 to 24 years with a median age of 22 years. Both men and women had a tendency to migrate at ages of 15-29 years with less from the older ages; with the mean age of first arrival of 23.5 and 23 years, respectively, confirming that migration is selective of the more productive young workers. In a study of Indonesian female migrant workers, the World Bank (2006) found that although official documents generally record migrants' ages as between 18 and 40 years, in reality, their ages range between 14 and 40 years. As the minimum migration age allowed in Malaysia is 18 years old (IDOM 2012), migrants who arrived at the age of 15-17 years old may have falsified their travel documents by altering their age. Falsification of age is common among people who migrate to Malaysia (Wong and Teuku Anwar 2003; Azizan and Naidu January 2010).

**Table 5.3: Age of First Arrival at Sabah by Sex**  
Source: ILMS Survey (2010)

Age Group	MALE		FEMALE		TOTAL	
	No	%	No	%	No	%
0-4	4	0.7	4	1.2	8	0.8
5-9	10	1.8	5	1.5	15	1.7
10-14	45	8.1	32	9.5	77	8.6
15-19	119	21.3	73	21.6	192	21.4
20-24	161	28.9	95	28.1	256	28.6
25-29	88	15.8	64	18.9	152	17.0
30-34	77	13.8	36	10.7	113	12.6
35-39	33	5.9	19	5.6	52	5.8
40-44	13	2.3	4	1.2	17	1.9
45-49	4	0.7	4	1.2	8	0.9
50-54	2	0.4	0	0	2	0.2
55-59	2	0.4	1	0.3	3	0.3
No info	2	0.4	1	0.3	3	0.3
Total	559	100	338	100	896	100

**Table 5.4: Mean and Median of Age of First Arrival at Sabah by Sex**  
Source: ILMS Survey (2010)

Sex	Age of first arrival at Sabah	
	Mean	Median
Male	23.5	22
Female	23.0	22
Total	23.3	22

This study also found some 11.1 percent of migrants (100) aged 0-14 years old first migrated to Sabah as dependents (Table 5.3). This second generation of migrants who are now working legally in the formal sectors in Sabah may be the products of registration and regulation programmes. Many migrants who enter Sabah illegally, or become illegal due to overstaying, take advantage of these programmes to change their status to legal workers (Kassim 2004; Kassim and Mat Zin 2011). Four regulation programmes have been conducted in Sabah between 1988 and 2009. Regularised migrants are absorbed into the formal sectors (IDOM 2010). In addition, fake documentation that could be easily bought in Sabah could make illegal workers seem legal (Sadiq 2005, p.107 and 108).

### **5.3 Ethnicity, Place of Origin and Religion**

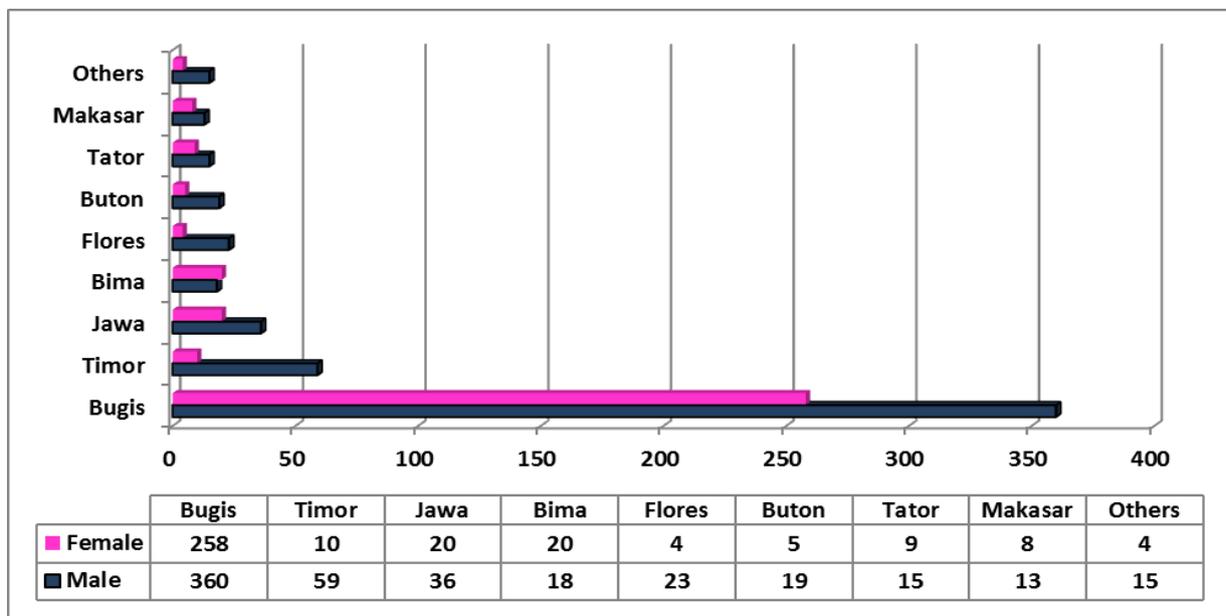
Ethnicity and place of origin are key migration differentials. Boyd (1989) and Mulia (2011) analysed these characteristics in relation to the study of migration and networking. It was found that chain migration often takes place within a particular migrant network, characterised by migrants of the same ethnic and place of origin involving family members, extended kinship or close-knit village-based groups (Nasution 1998; Kaur 2007). In discussing the tendency of female Indonesian migration to Malaysia to become permanent (in comparison to that to the Middle East), Hugo (1995, p.282) argued that “ethnic and language similarity of most Indonesians and Malays, and a less strict government attitude to such settlement” are the possible reasons.

From a historical perspective, during the British colonial era, Indonesian migration to Malaysia was encouraged and favoured by the British administration, as Indonesian migrants were “less conspicuous due to their ethnic and linguistic affinity with the Malays” (Spaan,

1994, p.98). The earlier migrants formed a networking system that eased the migration of later migrants to Peninsular Malaysia and Sabah (Hugo 1993; 2000; Bandiyono and Alihar 1998; Sintang 2007). In this study, ethnicity and place of origin data are useful in understanding the long-established networking system between the sending and receiving countries that link the new migrants with previous ones. In addition, ethnicity and religion are often associated with migrants' ability to settle, assimilate and gain rights of citizenship in Sabah (Hugo 1993; Johari and Goddos 2002; Sadiq 2005).

The ILMS Survey (2010) analysed the distribution of Indonesian workers by ethnicity and sex as shown in Figure 5.2. Bugis ethnicity accounted for 69 percent of total respondents, while other ethnicities formed minority groups in which each ethnicity accounted for less than 8 percent. Generally, this study also found that the male to female ratio was high in all ethnicities. There were more male than female migrant workers because male workers were required for the types of jobs in Sabah. Another factor contributing to this is that female out-migration is prohibited by local custom in some provinces, such as Timor and East Flores (Eki 2002).

**Figure 5.2: Distribution of Indonesian Workers by Ethnicity**  
Source: ILMS Survey (2010)



The Bugis whose heartland is in the province of South Sulawesi in Indonesia are well known as one of the most mobile *sukubangsa* (ethnic groups) in Indonesia (Naim 1974). Lineton (1975) has made a comprehensive study of the mobility of the Bugis throughout the Indonesian archipelago and shows how they have settled in significant numbers in Eastern Indonesia, as well as in Java, Sumatra and Kalimantan. Their movement in large numbers to Sabah is part of this Bugis diaspora. However, most Bugis labour migrants do not enter Malaysia through the official labour migration system but obtain a social visit passport in Nunukan and then disobey the conditions of that visa to work in Sabah.

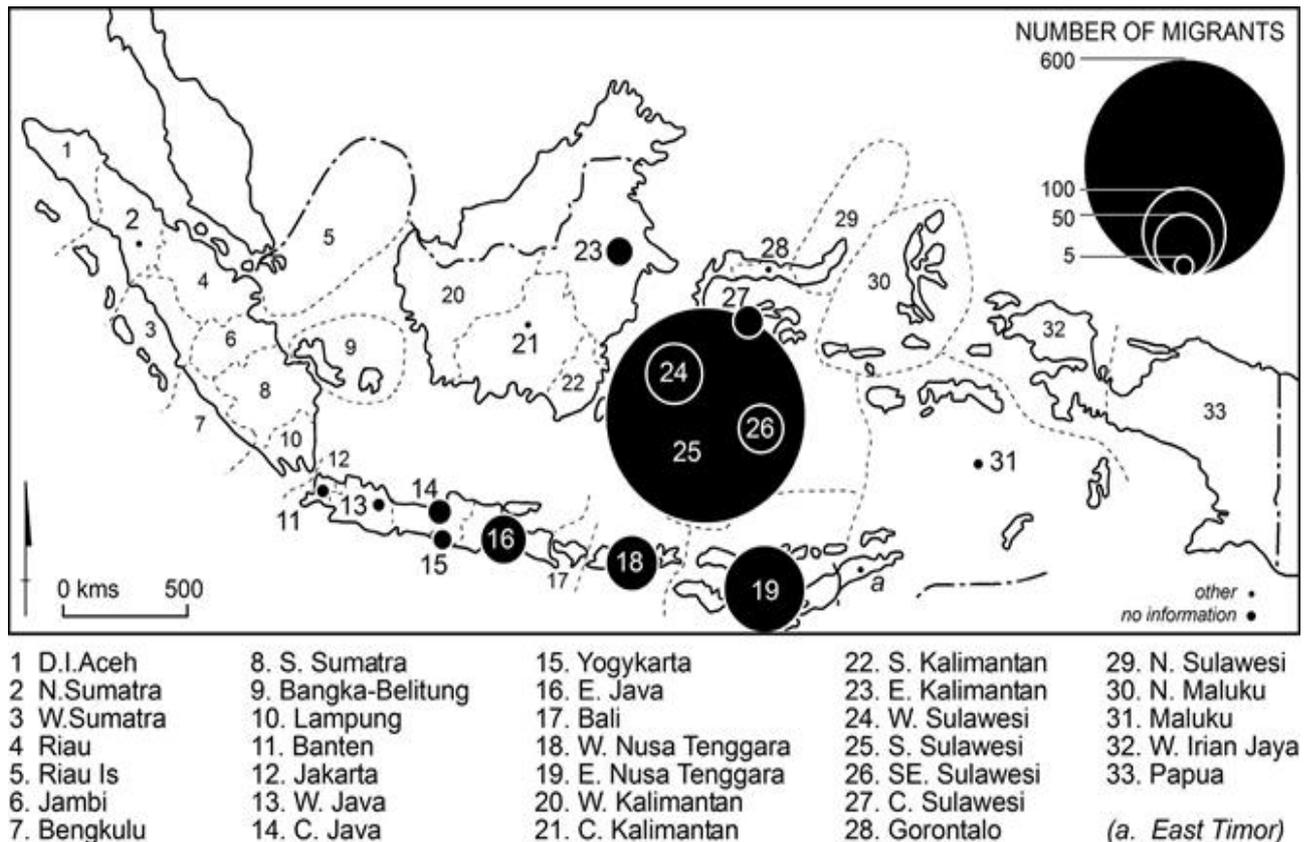
There are no data available on the actual proportion of the Bugis in the foreign population in Sabah as the Malaysian population census does not indicate ethnicity of foreigners (Department of Statistics 2012). However, a few studies of Indonesian migration conducted in Sabah found that the Bugis were a dominant ethnic group. In a case study on the migration process among illegal immigrants in Sabah, Mulia (2011) found that 40 percent of her respondents were of Bugis ethnicity, 36 percent were of Buton ethnicity, 16 percent were from Timor and 8 percent were from Java. In another study, Manan (2006) found that the fishing subsector was dominated by the Bugis from South Sulawesi and the Buton from South East Sulawesi. In addition, a survey by the Institute for Development Studies revealed that Indonesian workers in the plantation sector are predominantly of Bugis ethnicity: other ethnicities include those from Timor, Java, Batak, Buton and Tator (Johari and Goddos 2002). The high concentration of one particular ethnic group exemplified in Sabah may be influenced by historical roots, a well-established networking system, and linguistic, religious and cultural similarity.

When the ethnicity variable is cross-tabulated against place of origin and mapped, it is obvious that the Tawau Division in Sabah attracted migrant workers from three Indonesian regions, especially Sulawesi, followed by Nusa Tenggara and Java (Figure 5.3). Within these regions, the majority of respondents came from provinces, such as South Sulawesi (593), East Nusa Tenggara (98) and East Java (33).

In terms of ethnic groups, the Bugis who dominate the sample population originated from South Sulawesi, West Sulawesi and Central Sulawesi. Some respondents of Tator and

Makassar ethnicity, as well as the majority of the Buton originated from South Sulawesi and South East Sulawesi, respectively. The majority of respondents of Bima ethnicity came from West Nusa Tenggara, while the Timorese were from East Nusa Tenggara. Most Javanese originated from East Java and other provinces of Java.

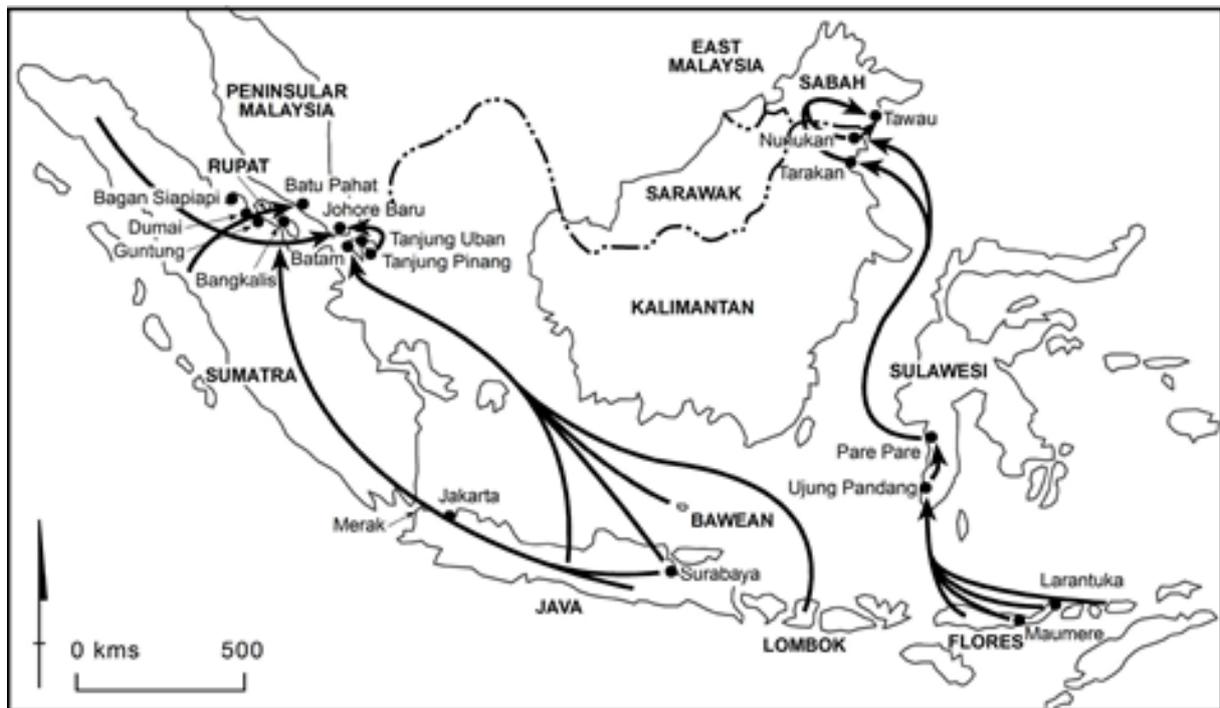
**Figure 5.3: Distribution of Indonesian Migrant Workers by Place of Origin and Ethnicity**  
Source: ILMS Survey (2010)



It is known that Indonesian migration to Malaysia, particularly the illegal movement, occurs along two main systems (Figure 5.4): the Peninsular system attracts workers from Western Indonesian areas of Java (especially East Java), Baewan Island, Northern and Eastern Sumatra and, to a lesser extent ,Central Java and West Nusa Tenggara (especially Lombok); while the East Malaysia system focusing on Sabah draws workers mainly from Eastern Indonesia, especially from the provinces of South Sulawesi and East Nusa Tenggara (Hugo 1993, p.45 and 47; Hugo 2000, p.102).

**Figure 5.4: Migration Flows of Indonesian Migrants to Malaysia**

Source: Hugo (2000, p.102)



Historical links between Sabah and Eastern Indonesia established even before and during the British Borneo Company period (1878-1941), as described in Section 3.2.2, help to explain this movement pattern. In a study on the success of the Bugis-Makassar diasporas in the Malay world, Andaya (1995, p.68) stressed that it was the link between the migrants and their homeland, South Sulawesi, which provided the workforce, marriage partners and trade that helped to sustain the Bugis abroad. It also gave political and cultural support to the later generations of the Bugis diaspora. Sintang (2007) showed that the Bugis mainly came as spontaneous migrants before 1882. The early settlers maintained their link with their place of origin which later supplied the manpower needed in the plantations during the British colonial period, as well as from the 1970s to 1980s when Malaysia was facing a labour shortage (Bahron 2007, p.4). These early settlers who acquired Malaysian citizenship when Sabah achieved independence in 1963 have been assisting the subsequent wave of illegal migration to Malaysia (Bandiyono and Alihar 1998; Hugo 2000).

Religion is also an important influence on the decision to migrate, settle and later assimilate in the country of destination. A study on female Indonesian migration to Saudi Arabia found

religious similarity to be the main reason for choosing the destination (STATT 2011) although it is extremely difficult to adapt to the society due to cultural and language differences. Cultural and religious similarity is one of the reasons Indonesian workers choose Peninsular Malaysia (Nasution 1998). Being Muslims makes it easier for Indonesian migrants to assimilate and gain acceptance in Sabah as they have no problem acquiring the necessary documents. To ease the process of becoming 'Sabahans', many Christian Filipino women convert to Islam and adopt Muslim names (Sadiq 2005, p.106 and 107). Similarly, the Japanese Research Project observed that some migrants in Sabah obtain rights to citizenship through religious conversion or marriage with the locals (Johari and Goddos 2002, p.28).

In terms of religion selectivity, Muslim countries such as Malaysia (Athukorala 2006) and Middle East countries (Ukwatta 2010) prefer Muslim foreign workers. Likewise, the 2004-2012 Indonesian emigration data (refer to Chapter 1) indicate that Muslim countries such as Saudi Arabia and Malaysia have consistently been the top destination countries in contrast with non-Muslim countries, such as Singapore and Hong Kong. Using Village Potential data from 2005 on plurality destination choice by village in Indonesia, Bazzi (2012) showed that the likelihood of a plurality of migrants going to the Middle East rather than Malaysia and Singapore is sharply declining due to the share of Christians in the population.

In the ILMS Survey (2010), the majority (some 90 percent) of respondents were Muslim while the rest were Christians. In another study conducted in Sabah, Muslim migrant workers of Bugis and Java ethnicity form the majority, while Timorese and Tators, who are mainly Christians, remain the minority group in the plantation sector (Johari and Goddos 2002). Indeed, freedom to perform religious practice and to be in a community of the same religious belief influence a migrant worker's ability to settle and their decision to stay in the job (STATT 2011).

#### **5.4 Marriage and Family Status**

One of the major fears in Southeast Asian destination countries (Hugo 2006, p.74) and the five Gulf countries (Ritzer 2000, p.101) is that temporary migrant workers may eventually reside in the region as occurred in Europe with guest workers in the 1950s and 1960s. Southeast Asian countries, such as Malaysia and Singapore, and Gulf countries, such as

Kuwait, Qatar, Bahrain, the United Arab Emirates and Oman, have adopted immigration policies that prevent low-skilled migrants from politically and socially integrating with their own societies. Some of the policies implemented in these destination countries that mainly receive a large number of low-skilled foreign contract workers as stated in Ritzer (2000, p.101) and Yong (2006, p.29 and 31) include:

- i. contract migrant workers are repatriated when their contracts expire;
- ii. work permit holders are not transferable between occupations or employers;
- iii. married contract migrant workers are not permitted to bring their spouses and children with them; and
- iv. unmarried female migrant workers are not allowed to marry at their destination and those who are found to be pregnant will be deported.

Ritzer (2000) commented that these policies are the mechanism to establish the temporariness of contract migrant workers although some are contrary to basic human rights (Kassim and Mat Zin 2011). According to Kassim (2006, p.141), the prohibition on taking along family members (spouse and children) is contrary to *Article 16 (1) of the Universal Declaration of Human Rights 1948* that states:

“Men and women of full age, without any limitation due to race, nationality or religion, have the right to marry and found a family. They are entitled to equal rights as to marriage, during marriage and its dissolution.”

Despite the prohibition imposed by these immigration policies, family migration among legal and illegal migrants is common in Malaysia, particularly in Sabah (Keban 1998; Kassim 2003; Johari and Goddos 2003; Kassim 2005; Jemon 2005; Kanapathy 2006; Kassim and Mat Zin 2011). The Federal Special Task Force (FSTF) recorded 294,704 registered Indonesian migrants in 1997 of whom some 42 percent were dependents (Kassim 2005a, p.18). In fact, in 2009, a special amnesty was granted to illegal foreign workers and their families where the foreign levy was reduced to half the cost to encourage registration and protect the interests of the plantation sector in Sabah. Some 312,837 illegal workers and their dependents were identified in this operation called “*Operasi Besepadu*” (Kanapathy 2010, p.12). In this survey, migrants’ family status and whether married migrants lived with their spouses and children in Sabah were investigated. This is important as staying with dependents increases living expenses at the destination and thus influences remitting

behaviour. In addition, the presence of migrants' dependents impacts on health and education services in Sabah (Johari and Goddos 2003; Kassim 2006; Kassim and Mat Zin 2011).

In the ILMS Survey (2010) of 896 migrants, 75 percent were married while 21 percent never married and the remaining 5 percent were divorced or widowed (Figure 5.5), implying the tendency of more married migrants in this study to take up migration in comparison to single migrants. This is because most married Indonesian migrants migrate to increase their income to support their families (Nasution 1998). This study also found that female migrants were more likely to be divorced and widowed (3.4 percent) than male migrants (1.5 percent), indicating an inclination to migrate among women with this status. Similarly, a study of Indonesian migration to Peninsular Malaysia shows that there was a higher percentage of divorced/widowed/separated women migrants than men (Balakrishnan 2013). Hugo (1995) argued that marital disruption is both a cause and effect of female migration, and those whose marriages are disrupted have a higher tendency to migrate. Cerrutti and Massey (2001) added that single mothers take up migration as a way to support their families.

**Figure 5.5: Indonesian Workers by Marital Status**

Source: ILMS Survey (2010)

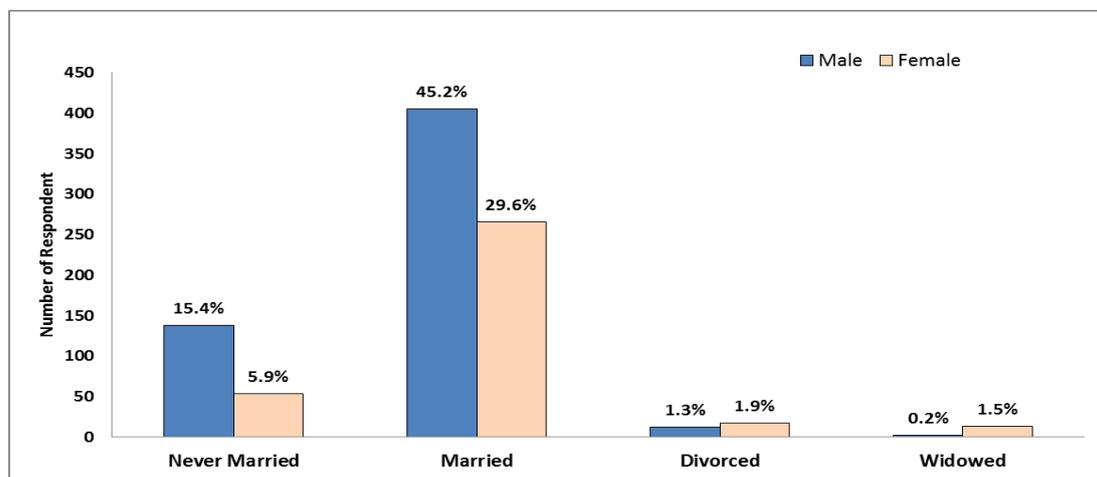


Table 5.5 shows that among 670 married migrants, 60.4 percent were males with the remainder female. A further analysis shows that the large majority of married migrants (91.3 percent) stayed with their spouses in Sabah which means only 8.7 percent left their spouses behind. There was a higher proportion of female migrants living with their spouses at the destination (96.2 percent) in comparison to their male counterparts (88.1%). Since the

respondents were legal workers, this finding indicates that the majority of legal migrant workers preferred staying with their spouses in Sabah. However, their spouses' legal status is not known. According to the immigration law, a migrant's spouse is legal if he or she has a work permit and stays in Sabah within the period stipulated by the contract but their children's status is illegal (IDOM 2012).

**Table 5.5: Married Migrants by Sex and Location of Spouse**

Source: ILMS Survey (2010)

Married Respondents	Spouse in Malaysia (Sabah)		Spouse in Indonesia	
	No.	(%)	No.	(%)
<b>Male N=405</b>	357	88.1	48	11.9
<b>Female N=265</b>	255	96.2	10	3.8
<b>Total N=670</b>	612	91.3	58	8.7

A study on migration from East Flores, East Nusa Tenggara to Sabah found that of 118 deported migrants, about 60 percent were dependents, indicating that most dependents were of illegal status (Raharto et al. 1999). Comparatively, a study on Indonesian migration to Peninsular Malaysia (Balakrishnan 2013) shows that there were more married (68.9 percent) than never married (26 percent) migrants: of the married migrants, some 50.8 percent stayed with their spouses at the destination. While migration to Peninsular Malaysia often involves single male and female migrants, most migration to Sabah is characterised with full family formation (Pillai 1999).

The work sector, location and employers' cooperation may partly influence decisions regarding family formation in Sabah. The ILMS Survey (2010) on employers found that all employers in the plantation sector provided housing for migrants and their families and 78.6 percent provided medical coverage for the whole family. Providing good housing and benefits are part of the strategy to attract workers (Gatidis 2005). Besides permitting migrants to work and reside with family members, some employers allow migrant workers to overstay after the five-year contract ends. The East Malaysian Planters' Association (EMPA) and the Malaysian Palm Oil Association (MPOA) concluded that migrant workers who live with partners and children tend to be more stable, loyal and productive workers while allowing migrants to leave Sabah after the five-year contract ends has caused employers to lose good,

experienced workers. Moreover, new recruitment of migrant workers is costly and time consuming (Yap 2005; Amatzin 2006).

In reality, the employment of foreign workers is not always temporary as employers in need of a stable labour supply often violate policy guidelines (Kassim and Mat Zin 2011, p.102). Permanent settlement is especially high in the plantation sector due to its location in remote areas and its sheer size which is conducive to harbouring migrants' family members who are often illegal (Wan Hassan et al. 2010; Kassim and Mat Zin 2011). Studies have shown that the presence of a spouse influences the decision of a migrant to settle permanently at the destination (Massey 1987; Lindstorm and Saucedo 1996). While most of the movement begins with migrants having intentions to return, there is evidence of some East Flores migrant workers settling permanently in Sabah (Hugo 2000, p.111). Battistella (2002, p.6) commented that the number of Indonesians and Filipinos (around 200,000) living with their dependents suggests a high level of settlement in Sabah.

Table 5.6 shows that some Indonesian migrants marry locals (5.7 percent) and other nationalities (1 percent) during their stay in Sabah. Based on in-depth interviews, some Indonesian migrants married other Indonesians at their origin and brought their spouses to live with them in Sabah at a later date, while some married at the destination. Although Malaysian immigration laws do not allow foreign low-skilled workers to marry during their contract period, migrant marriages are conducted through customary or religious rites, solemnised by people in their community (Mulakala 2010; Kassim and Mat Zin 2011). Marriages are in fact performed by unauthorised *jurunikah* (marriage officials) and therefore couples cannot possibly register their marriage legally in Malaysia, however, these informal marriages are legal according to Islam (Wan Hassan et al. 2010, p.122). These types of marriages have been practised since Indonesian migrants arrived in the 1970s. By 2009, there were approximately 52,000 stateless children in Sabah (Mulakala 2010, p.1): they are not recognised as Malaysian citizens although they were born in the country because Malaysia adopts *jus sanguinis* – the law of blood in granting citizenship (Stalker 1994, p.63). Their nationality is not Indonesian either, as they do not have Indonesian birth certificates (unless their birth is registered in the Indonesian embassy in Sabah). This situation has raised concerns especially in health and education services in Sabah, and has also created social

problems and increased the number of illegal immigrants. These issues will be discussed in Chapter 8.

**Table 5.6: Spouse of Indonesian Workers by Nationality**  
Source: ILMS Survey (2010)

<b>Spouse's Nationality</b>	
Malaysian	38 (5.7)
Permanent Resident	3 (0.4)
Indonesian	622 (92.8)
Others	7 (1.0)
<b>Total</b>	<b>670 (100 %)</b>

## 5.5 Education

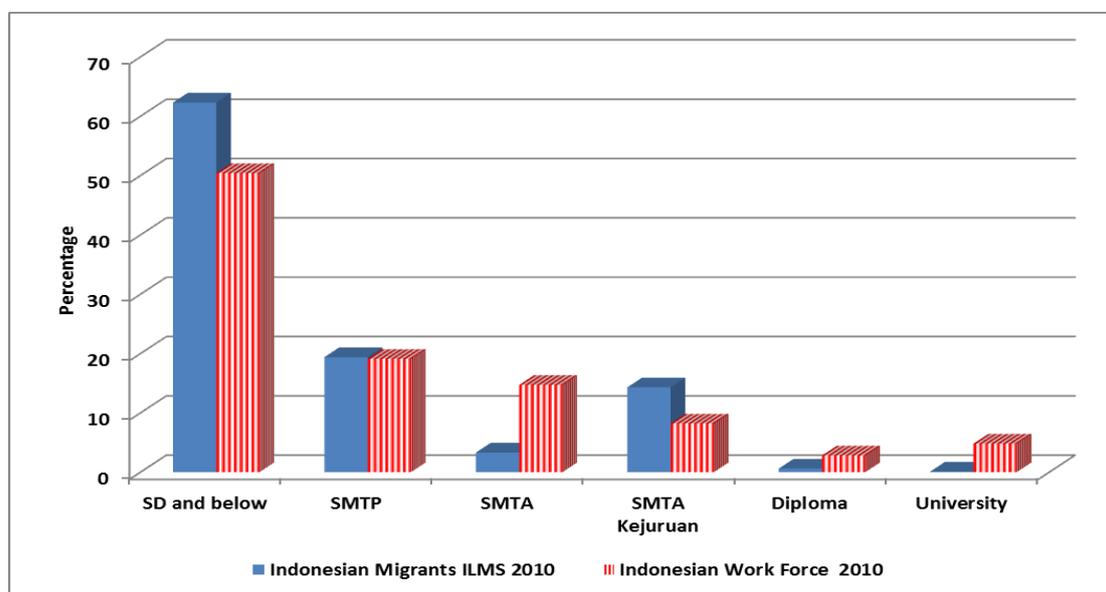
It is generally known that Indonesian labour migration to Malaysia is characterised by poorly educated and low-skilled migrant workers (Sukamdi and Haris 1997; Johari and Goddos 2003; Hugo 2004b; Kassim 2005c; Kaur 2007; IOM 2010b). Low education attainment among Indonesian migrants limits them to unskilled employment in the plantation, construction, domestic helper and services sectors at the destination. It also exposes migrants to greater vulnerability in relation to the denial of rights, and exploitation and abuse (Raharto 2007; IOM 2010b). This is due to the fact that these migrants often do not understand the contract they have signed and are not aware of their legal rights. In addition, illegal *calos* and *tekongs* often take advantage of migrants' inability to read and their limited understanding of labour migration regulations. This has possibly spurred labour migration through illegal channels (Raharto 2007, p.228).

Low levels of education are closely associated with human trafficking: of 3,696 victims assisted by IOM between 2005 and 2009 in Indonesia, some 90 percent were women and around half of the total victims had elementary education or less (IOM 2010b, p.18). Indonesian female migrants are more associated with illiteracy and low educational levels than their male counterparts (BPS 2010). In comparison, Filipino domestic helpers in Hong Kong are generally more educated, able to speak English and are better paid. They know their legal rights, are rarely indebted and have greater autonomy of choice and decision making than Indonesian women in the same sector and destination (Wee and Sim 2004, p.180).

Low levels of education attainment are dominant and widespread among the workforce in both formal and informal sectors in Indonesia (Nazara 2010; BPS 2010). However, general improvements in the length of compulsory education from six to nine years in Indonesia have had an impact on the educational structure of the Indonesian workforce and on recent migrants (Digdowiseiso 2009). As shown in Figure 5.6, this study has compared educational levels of respondents and the national data on the Indonesian workforce (DEPNAKER 2010). In analysing this trend, gender differences in educational and illiteracy levels have also been examined.

**Figure 5.6: Educational Levels of Migrant Workers in ILMS Survey (2010) and Indonesian Workforce Data (2010)**

Sources: ILMS Survey (2010); BPS (DEPNAKER 2010)



Notes: SD: Sekolah dasar/elementary school, SMTP: Sekolah menengah tingkat pertama/lower secondary, SMTA: Sekolah menengah tingkat atas/upper secondary, SMTA Kejuruan: technical education

Figure 5.6 shows the percentage of migrant workers with SD (elementary school) or less qualification in the ILMS Survey (2010) which was 11.9 percent higher than in the national workforce. Consistent with Eki (2002), the majority of return migrants (88 percent) and migrants who are still away (90 percent) in a study of East Flores migration to Sabah, had not received education beyond primary school. However, the situation had improved a decade later with the IOM-ERCOF 2010 Survey of Indonesian migrants in the Peninsular and Sabah by job sector finding that less than half of domestic helpers, labourers and service workers

had elementary education or less while more than 50 percent had finished secondary school (IOM 2010b).

As presented in Figure 5.6, although Indonesians with SD or less still dominated about 50 percent of the total workforce, the percentage of those with SMTP (lower secondary level) and SMTA (upper secondary level) qualifications was escalating. The trend indicates the replacement of workers with educational levels less than elementary schooling by those with higher than elementary schooling in the national workforce. Similarly, there were quite a number of migrants (37 percent) with SMTP, SMTA and SMTA Kejuruan (technical education) in the ILMS Survey (2010) indicating a general improvement in educational levels in Indonesia. The introduction of compulsory education to the end of lower secondary/SMTP (year 9), beginning in 1994, has contributed to higher levels of education among younger Indonesians (World Bank August 2004; Mulyani April 2012). However, a study by World Data on Education (WDE) (2010) reveals that, although the length of schooling has improved, the quality of education nationwide is generally low.

It is interesting to note that the percentage of migrants with SMTA Kejuruan in the ILMS Survey (2010) was higher than that at the national level as shown in Table 5.7. An analysis of labour market and supply in Indonesia shows that applicants with SMTA Kejuruan accounted for approximately 1.84 million (44.7 percent) of the total registered job seekers and, in comparison, job openings for these applicants were 442,320 (18.6 percent) of the total registered job vacancies (BPS 2010). The pressure of being unemployed and the difficulty of securing jobs at the origin surely motivates these higher educated migrants to seek jobs abroad as discussed in Chapter 7.

Table 5.7 compares Indonesian workers' level of education by sex in the ILMS Survey (2010) and the national workforce. The majority of migrants and especially women (67.2 percent) in the former survey had low educational levels (SD and less). Generally, more male than female migrants had SMTP to SMTA Kejuruan as their highest education attainment. This finding is very similar to the trend shown in the Indonesian workforce data in 2010. However, at the tertiary level, the percentage of women with diplomas and degrees was higher than men at the national level.

**Table 5.7: Educational Level of Migrant Workers by Sex in ILMS Survey (2010) and Indonesian Workforce Data 2010**

Source: ILMS Survey (2010; BPS (DEPNAKER 2010)

Education	Indonesian DEPNAKER 2010			ILMS 2010		
	Male	Female	Total	Male	Female	Total
<b>SD and less</b>	48.7	53.2	50.4	59.3	67.2	62.3
<b>SMTP</b>	19.5	18.3	19.1	21.3	16.3	19.4
<b>SMTA Umum</b>	16.1	12.4	14.7	2.7	4.4	3.3
<b>SMTA Kejuruan</b>	9.2	6.6	8.2	15.9	11.5	14.3
<b>Diploma</b>	2.1	3.9	2.8	0.5	0.6	0.6
<b>University</b>	4.5	5.5	4.8	0.2	0	0.1
<b>Total</b>	67,462,223	40,745,544	108,207,767	558	338	896

Notes: SD: Sekolah dasar/elementary school, SMTP: Sekolah menengah tingkat pertama/lower secondary, SMTA: Sekolah menengah tingkat atas/upper secondary, SMTA Kejuruan: Technical education

A further analysis of equality in education shows that illiteracy levels are apparent, especially among women across the Indonesian population in selected provinces from which most migrants in the ILMS Survey (2010) originated (Table 5.8). The illiteracy level is high in most under-developed provinces in Eastern Indonesia, such as East and West Nusa Tenggara, and South and West Sulawesi, as well as the over-populated area of East Java. This trend is reflected by the high percentage of low education attainment among workers in the national workforce data and the ILMS Survey (2010) in the selected provinces. Commenting on gender equality in education, the State Ministry for Women's Empowerment and Child Protection stated that the patriarchal system in Indonesia is still strong, and boys are given higher priority to education than girls especially in poor rural area (Osman October 2009).

Limited education facilities in East Flores, a sub-district of East Nusa Tenggara, caused low levels of education among its population (Mantra 1998). In another study on East Flores, Hugo (2000, p.109) rationalised that its location far from the centre of government and decision making in Jakarta (where all budget and developmental policy decisions are made); differences in ethnicity and religion to the centre in Java; and the relatively small number of population has made East Flores one of the poorest and least-developed regions in the nation. These findings exemplify the problems faced by most Eastern Indonesian provinces included in the ILMS Survey (2010).

**Table 5.8: Illiteracy Level and Workers with Low Qualifications in Indonesian Workforce and ILMS Survey (2010) by Province**

Source: ILMS Survey (2010); DEPNAKER (2010); BPS Indonesia (2010)

Province	Indonesian Census 2010			DEPNAKER 2010		ILMS 2010		
	No. of Population	Illiteracy Level (%)			Workforce	< SD (%)#	No. of Respondents	< SD (%)#
Male		Female	Total					
East Java	37,476,757	6.5	14.4	10.5	19,527,051	54.8	33	48.5
West Nusa Tenggara	4,500,212	12.1	20.6	16.5	2,252,076	58.2	42	40.5
East Nusa Tenggara	4,683,827	8.0	11.6	9.8	2,132,381	66.1	98	69.4
Central Sulawesi	2,635,009	2.9	4.1	3.5	1,220,454	53.1	14	28.6
South Sulawesi	8,034,776	8.7	12.8	10.8	3,571,317	50.1	593	66.9
West Sulawesi	1,158,651	8.0	12.1	10.1	532,171	60.9	45	73.3
Southeast Sulawesi	2,232,586	4.7	9.5	7.1	1,045,899	45.5	29	51.7
East Kalimantan	3,553,143	2.1	3.3	2.6	1,648,455	35.6	12	58.3
Others	-	-	-	-	-	-	30	20.0

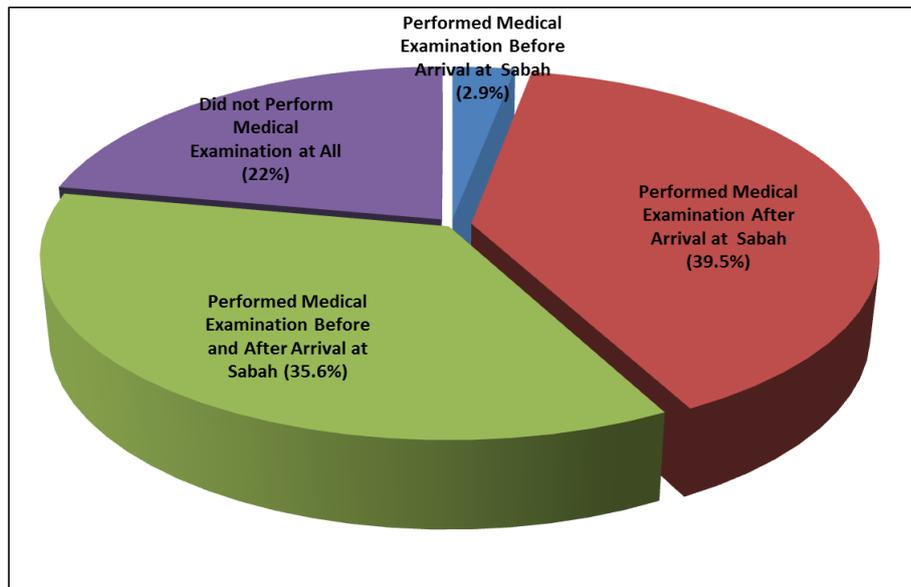
## 5.6 Medical Examination and Migrants' Status

In this study, migrants were not asked direct questions on their status (legal or illegal) when they first arrived. This was to avoid making migrants feel threatened. However, their status can be determined from the question on medical examination as this is part of the procedure in legal recruitment. Migrants who work in Sabah via legal recruitment are required to have a medical examination in the country of origin: within a month of arrival at the destination, another medical examination must be conducted in clinics approved by the government in Sabah (refer to Section 2.6). In 2007, there were 1.3 million foreign workers registered with FOMEMA and who had undergone medical examinations, with Indonesians making up 46.7 percent (635,445) of the total migrant workers (Ministry of Health 2010, p.5).

Figure 5.7 shows that most migrants (39.5 percent) had medical examinations after they arrived in Sabah, followed closely by those who had followed the legal recruitment procedure that requires medical examination before and after arrival in Sabah. The former finding is indicative of migrants first arriving through illegal or semi-legal recruitment practice with

them later taking advantage of the registration and regulation programmes conducted by the IDOM and SLFD and becoming legal workers. The latter indicates legal recruitment where migrants entered via legal channels when they first arrived.

**Figure 5.7: Medical Examination of Migrant Workers**  
Source: ILMS Survey (2010)



On the other hand, some 22 percent of migrants did not have any medical examination at all, indicating illegal recruitment when they first arrived and their illegal status at the time of the survey. Most of them were found working in the informal sector as small traders in the market and by roadsides, sales assistants in local shops and restaurants, cobblers, barbers, etc. Similarly, a study of foreign workers' employment in Sabah shows a high percentage (86.4 percent) of workers illegally employed mainly in the informal sector (Jemon 2003). It is important to note that a few migrants (2.9 percent) went through the legal recruitment channel when they first entered Sabah but became illegal workers when employers refused to send them for medical examination within a month of arrival fearing that their workers would be sent home if found unfit (Johari and Goddos, 2002).

### 5.7 Conclusion

This chapter examined the characteristics of 896 male and female Indonesian migrants. The flow of Indonesian migrants to Sabah has been more selective of males rather than females

due to the nature of jobs offered in the plantation, agriculture and resource-based manufacturing sectors that demand physical strength and impose high risks. Being economic migrants, the majority were aged from 20-44 years old confirming that the age restriction factor determines migrants' age structure. The study found that Tawau mainly attracted migrant workers from three Eastern Indonesian regions, namely, Sulawesi, Nusa Tenggara and Java with a high concentration of Bugis ethnicity. This may be influenced by factors such as historical roots and a well-established networking system as well as language, religious and cultural similarities that enhance chain migration.

There were more married than unmarried migrants in this study and the majority of those who were married stayed with their spouse in Sabah. Despite the immigration policies that prohibit migrants from bringing family members, especially spouse and children, family migration among legal and illegal migrants is common in Malaysia, particularly in Sabah. The decision to bring family may be partly influenced by the work sector, location and employers' cooperation. The provision of housing, the location of plantations in remote areas and their sheer size, as well as employers' intentions to keep experienced, stable workers, are seen as the motivation factors. Although migrants are not allowed to marry during their contract, there was evidence that this practice is common among migrants in Sabah. Violation of immigration laws through family formation has raised concerns in the health and education service sectors in Sabah, and has created social problems and increased the number of illegal migrants, especially stateless children.

Although the levels of education of migrants in this study were generally low, especially among women, there was evidence that improvements in the education system at the country of origin is influencing educational levels among migrants. However, it was found that improvements in the length of schooling years do not necessarily improve the quality of education nationwide. High illiteracy and low educational levels are apparent, especially among women in underdeveloped East Indonesian provinces where most migrants in this study originated.

While migration is undertaken mainly for economic reasons, migration for non-economic reasons is also important. Geographical proximity, language, cultural and religious similarity,

as well as having a spouse and relatives at the destination, tended to motivate migrants to choose Sabah. These findings show that the movement of Indonesian migrants to Sabah follows the global migration trend in which flows are typically larger among countries with geographical and cultural proximity; and confirms the important role of social networks in assisting migration. Although a lack of power in making decisions to migrate among Indonesian women is undeniable, there is a growing trend of women who are not following the norm.

## **CHAPTER 6**

### **MIGRATION STRATEGY AND NETWORKS**

#### **6.1. Introduction**

The reducing costs of transportation and communication have generally opened the international migration pathways in the Asian region (Massey 1987; Boyd 1989; Hugo 1999). Most importantly, distance and similarities are key determinants for most migrants because “people have more (and better) information about, as well as more extensive social and cultural links with countries that are closer to home” (Castles 2000b, p.28). This emphasises the role of social networking systems that help to minimise the risk and costs that a new migrant may encounter (Kaur 2007, p.5), as well as influencing the decision-making, settlement and adjustment processes (Hugo 1993; 1995).

The reasons for migration are numerous, diverse and complex (Chant and Radcliffe 1992; Hugo 1994; Chandra 2002). To improve the explanation and understanding of migration, one should incorporate gender into all aspects of migration analysis partly because it influences both the causes and consequences of migration (Carling 2005, p.20). Eversole (2006, p.29) argued that factors, such as individual decisions and household decision-making dynamics, as well as the economic and political environment at the origin, play an important role in the decision-making processes and act as the driving forces of migration. This chapter first discusses the migration decision-making processes of male and female migrants. This is followed by an analysis of the role of social networks in all stages of Indonesian labour migration to Sabah.

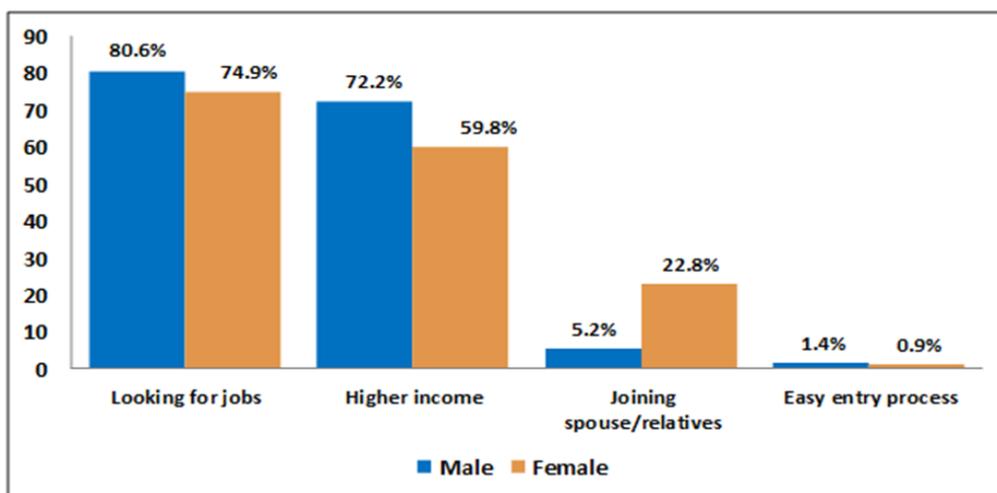
#### **6.2 Motives and the Decision to Migrate**

Many studies have identified economic reasons as the main factors that motivate people to migrate (Hugo 1983; Mantra 1998; World Bank 2008; Ukwatta 2010; IOM 2010a). While the neo-classical economic theory of migration considers the movement between countries as “an individual decision for income maximisation”, the new economics of migration theory views it as “a household decision taken to minimise risks to family income (Massey et al. 1993, p.432). However, in some contexts, women have little influence on migration decision in the household compared to men (Jolly and Reeves 2005; Kottegoda 2006). Although less

significant, reasons for migration can also be non-economic, for example, to escape natural disaster (Mantra 1998) and to expand experience (IOM 2010a). Kabeer (1991), Chant (1998) and Bilsborrow (2006) found that many married women, especially in developing countries, rarely migrate by themselves in comparison to married men but migrate within the framework of family reunification (following husbands abroad). However, over time, the trend for women migrants to work independently abroad is increasing (Hugo 2004a; Kaur 2008).

The ILMS Survey (2010) analysed the economic and non-economic factors influencing migration decisions. Figure 6.1 shows that economic factors such as ‘in search of jobs’ mostly influenced the decision to migrate, followed by ‘higher income’ for both males and females. It is interesting to note that ‘joining spouse/relatives’ was a more important determinant for women to migrate (22.8 percent) than for men. In explaining migration trends among female Indonesian workers, Eki (2002) stressed that female out-migration was strictly prohibited by local custom in East Flores; however, they often migrated to Sabah to join their spouses or brothers. These findings are parallel with the movement trend of Indonesian migration to Sabah that often involves full-family migration (Keban 1998; Kassim 2003; Johari and Goddos 2003; Kassim 2005b; Kanapathy 2006; 2010).

**Figure 6.1: Migrant Workers’ Reasons to Migrate by Sex**  
Source: ILMS Survey (2010)



It is noted that the answer ‘easy entry process’ was not a popular choice among migrants in the ILMS Survey (2010). Since the migrants in this survey were legal contract workers, this

finding indicates that entering Sabah through legal channels is not easy. As explained in Chapter 2.6, the legal recruitment process in both Malaysia and Indonesia is costly, time consuming and complicated (Spaan 1993; Kassim 2004; Amatzin 2004; IOM 2010b).

In addition to economic reasons, this study also investigated other non-economic factors that influenced migrants to choose Sabah as a destination. As shown on Figure 6.2, both males and females gave ‘geographical proximity’ as the main reason they chose Sabah. It is interesting to note that for females (42.6 percent), having spouses, relatives or friends in Sabah strongly influenced them to choose this as their destination. The finding is similar to the global migration trend described in Hugo (1993) and Borjas (1998), whereby flows are typically larger among countries with geographical and cultural proximity. It also confirms the importance of social networks (Hugo 1993; 1995), migratory chains (Castles 2000) or chain migration (Kaur 2007) in motivating and assisting migration, which will be explained in the next section.

**Figure 6.2: Reason for Choosing Sabah as a Migration Destination by Sex**  
Source: ILMS Survey (2010)

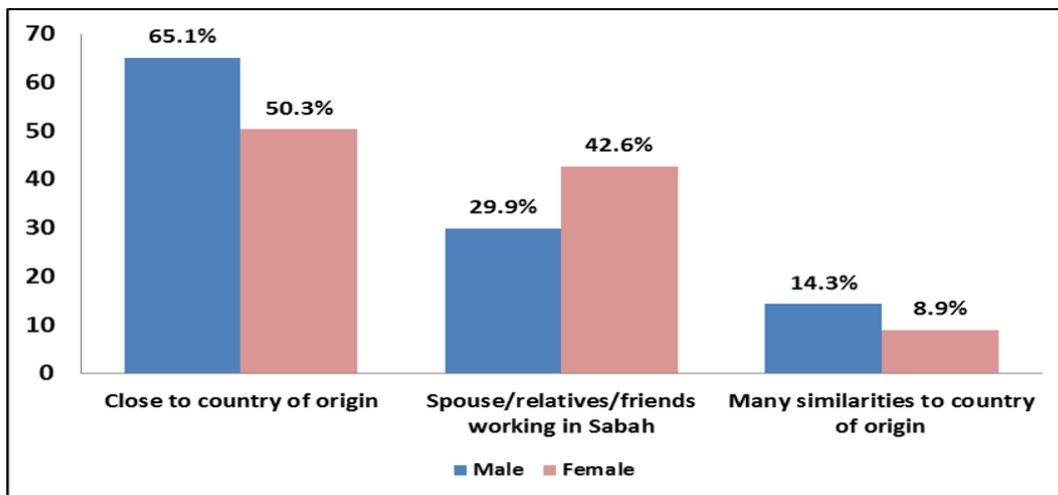


Table 6.1 shows that over three-quarters of male migrants autonomously made the decision to migrate while, for the majority of female migrants, the decision was made jointly (20.1 percent), by their spouse (12.4 percent) or by parents/family/relatives/others (19.8 percent). It is apparent that spouse, parents and family or relatives are important components in decision making, although a significant number of women independently made the decision (47.6 percent). While the lack of power among Indonesian women in

making the decision to migrate is undeniable, there is a growing trend of women moving away from the norm as indicated in studies of female migration in Southeast Asia by Asis et al. (2004), in Sri Lanka by Ukwatta (2010) and in Indonesia by Hugo (2005).

**Table 6.1: Who Makes the Decision to Migrate by Sex**  
Source: ILMS Survey (2010)

Individual/s who make/s decision to migrate	Sex		Total
	Male	Female	
Oneself only	441 (79%)	161 (47.6%)	602
Family/relatives	20 (3.6%)	43 (12.7%)	63
Parent/s	30 (5.8%)	22 (6.5%)	52
Oneself and spouse	15 (2.7%)	37 (10.9%)	52
Oneself and parent/s	27 (4.8%)	23 (6.8%)	50
Spouse	2 (0.4%)	42 (12.4%)	44
Oneself and family	10 (1.8%)	8 (2.4%)	18
Others	13 (2.3%)	2 (0.6%)	15
<b>Total</b>	<b>558</b>	<b>338</b>	<b>896</b>

When asked about the people who influence their decision to migrate, 40.3 percent of men and 24 percent of women claimed that nobody influenced their decision to migrate (Table 6.2). This finding indicates that most men did not rely on others to help them make the decision. It also means that although most men (79 percent) and some women are autonomous in making the decision to migrate, as shown in Table 6.2, they are influenced by people around them in one way or another.

Some 59.7 percent of men were influenced by the people they knew, such as Indonesian friends, parents, spouse, relatives, family and others, in making the decision to migrate. Of that total, it is interesting to find that 20.6 percent of men were influenced by Indonesian friends already in Sabah in comparison to only 7.3 percent by those in Indonesia. This finding indicates that the contact persons already at the destination may not only provide information about job prospects and income, but may also convince new male migrants with their success stories.

**Table 6.2: Individuals who Influence Decision Making to Migrate by Sex**  
Source: ILMS Survey (2010)

Individual/s who influence/s decision making to migrate	Sex		Total
	Male	Female	
Oneself only	225 (40.3%)	81 (23.9%)	306
Indonesian friends in Sabah	115 (20.6%)	35 (10.3%)	150
Parents	65 (11.6%)	54 (16%)	119
Spouse	11 (2%)	73 (21.6%)	84
Relatives	42 (7.5%)	42 (12.4%)	84
Family	35 (6.3%)	36 (10.7%)	71
Friends in Indonesia	41 (7.3%)	16 (4.7%)	57
Others	24 (4.3%)	1 (0.3%)	25
<b>Total</b>	<b>558</b>	<b>338</b>	<b>896</b>

Table 6.2 shows that parents (11.6 percent) were an important influence compared with spouse (2 percent) in making the decision to migrate among men. In many Asian countries including Indonesia, men are heads of nuclear families and often play a role as breadwinners and decision makers in which they are expected to provide financial support for their families (Raharto et al. 1999, p.99). In addition, “the notion of duty and filial piety” is often instilled in sons who are expected to repay parents for bringing them up (Chant 1999, p.6). These factors may perhaps explain the low percentage of wives and the higher percentage of parents influencing decision making among men.

Table 6.2 also shows that 24 percent of women independently made the decision to migrate while the rest were influenced by spouse, parents, relatives, family and Indonesian friends at the destination and origin. The findings, however, do not show a clear distinction among the people who influenced women migrants. Nonetheless, it can be said that spouse (21.6 percent) followed by parents (16 percent) were important components in influencing decision making. In most Asian countries, single women are considered ‘dependants’ of their parents while married women are dependants of their husbands. This custom is still widely practised in modern Asia despite women’s empowerment through improvements in education and involvement in the workforce (IOM 2010b). In fact, “[t]he involvement of parental or spouse approval is institutionalised in Indonesia where women wishing to work overseas as domestic helpers have to present a letter of approval from their family as a part of the official

administrative procedure” (Hugo 1995, p.285). These factors may explain the pattern in decision-making behaviour among Indonesian women.

### **6.3 Role of Social Networks**

It is well-known that much labour migration by both women and men in the Southeast Asia region often takes place within networks, not spontaneously (Hugo 2002; Athukolara 2006; Kaur 2007). Long-established and well-organised networking systems have been assisting the majority of Indonesian migrants as they move to Sabah (Hugo 1993; Mantra 1998; Raharto et al. 1999; Kassim 2002; Eki 2002; Johari and Goddos 2003; Firdausy 2006) and the network created by first-generation migrants is extremely difficult for government policy to control (Hugo 1993, p.130). The role of this network in assisting potential migrants is crucial as it “acts as conduits to channel new movers in an atmosphere of certainty” (Hugo 1995, p.288). Besides family members, relatives and friends, Eki (2002, p.160) found that these networks also includes various levels of intermediaries, such as heads of villages, local brokers/village sponsors, *taikong* (agents), boatmen, *mandors*, employers and even immigration officers.

This study has explored the dynamics and complexity of Indonesian migration to Tawau, Sabah by analysing social networks and travel experiences, as well as recruitment and movement strategies. Although it was not known from the survey whether migrants were first-time or repeat migrants, the questions on the above subjects referred to migrants’ first migration to Sabah. This section analyses the roles of social networks in assisting migration in all migration stages.

To investigate the presence of migration networks prior to migration, respondents were asked to identify their contact person/s already at the destination. There were a high percentage of friends from Indonesia (83.7%) followed by family members/relatives (72.7%) already in Sabah, indicating a social link between Indonesian migrants in Indonesia and the destination prior to their migration. Figure 6.4 shows that Indonesian friends (48.2 percent) and family/relatives (40.5 percent) in Sabah played a role as informants in respect to jobs and income prospects prior to migration. Similarly, a study of Indonesian migration to the Peninsular shows that family, relatives and friends in Malaysia were important sources of

information about working and living in the country (Sukamdi and Haris 1998; Adi 2003). More often than not, positive information motivates the migration of potential migrants. In addition to providing information, the roles of social networks in the pre-migration stage also include making travel arrangements and providing financial support to new migrants.

**Figure 6.3: Job Informant(s) for Indonesian Workers in Sabah**  
Source: ILMS Survey (2010)

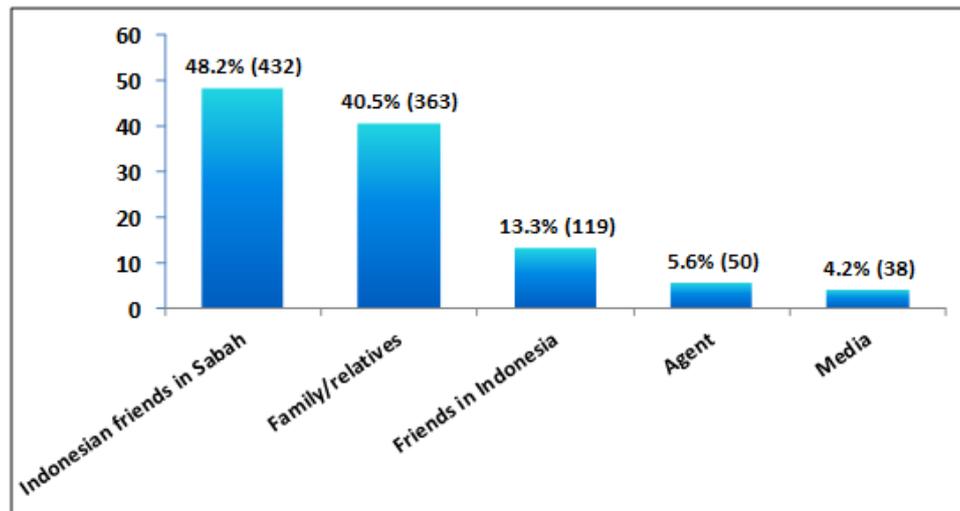


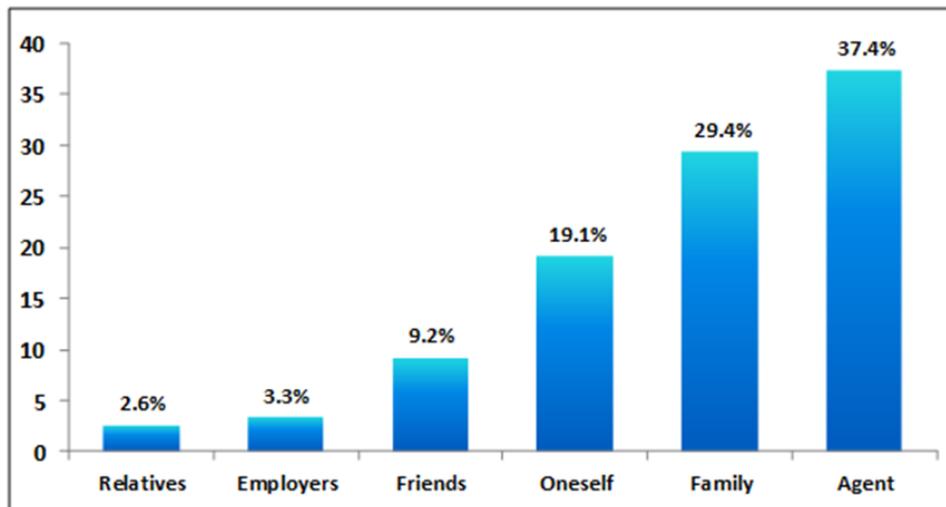
Figure 6.4 shows who arranged travel documents for Indonesian workers when they first migrated. The majority of respondents (41.4 percent) sought assistance from their social networks consisting of family members, relatives and friends, while 37.4 percent used services from agents such as local brokers/village sponsors to prepare travel documents. Although the *Sabah Ordinance (revised 2004)* states that recruitment of legal migrant workers must be made through both formal agents in Sabah and Indonesia beginning from 2004 (where jobs, employers and sector are pre-determined in a ‘calling visa’<sup>17</sup> prior to border crossing) (IDOM 2010), many migrants have entered Sabah through ‘semi-legal’<sup>18</sup>

<sup>17</sup> Calling visas are required to travel to Malaysia and to enter the country via the legal channel. Refer to Section 2.4 on the legal recruitment process of foreign workers.

<sup>18</sup> Ford (2006, p.228) defines semi-legal entry as border crossing by migrants holding legal travel documents such as passports, social visit passes and border passes through legal entry points. However, these documents limit migrants’ capacity to reside and work at the destination (refer to Chapter 2.5 on employment of foreign workers in Malaysia).

and ‘illegal’ channels<sup>19</sup>. The reason is that the latter channels, in which movement is assisted by social networks, are faster and cheaper than the legal channels (Ford 2006, p.228).

**Figure 6.4: Person(s) Who Arranged Travel Documents for Indonesian Workers**  
Source: ILMS Survey (2010)



The role of agents in preparing travel documents is apparent in this study. Wong and Teuku Anwar (2003) and Lindquist (2010) showed that these freelance agents, better known as local brokers/village sponsors, operate within migrants’ social networks. Their knowledge and connections link migrants to both formal and informal recruitment agencies (Firdausy 2006), as well as other government agencies, such as the Immigration Department that issues passports. This study indicates awareness among migrants that they need to travel with some form of travel documents.

The in-depth interviews in the ILMS Survey (2010) indicated a tendency of ‘semi-legal’ travel using legal travel documents such as passports and border passes or social visit passes, especially among new migrants whose travel documents are arranged by social networks comprising family, relatives and friends. This practice is also common among migrants from

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<sup>19</sup> The illegal channel is often described as risky and dangerous as migrants are exposed to the risk of being captured during the trip through dangerous illegal routes and when crossing the border through illegal entrances due to the lack of legal personal and work documents (Hugo 1993; Spaan 1998).

East Flores who seldom use recruitment services to travel to Sabah (Mantra 1998; Hugo 2000; Eki 2002), as this mode of entry is safer than illegal entry. This trend can be seen in Table 6.3 that presents arrival and departure data on Indonesian border pass holders.

**Table 6.3: Arrival and Departure of Migrants by Category Entering via Tawau Port**

Source: Immigration Department of Sabah (2008-2010)

	2008		2009		April 2010	
	Arrival	Departure	Arrival	Departure	Arrival	Departure
Indonesian citizens	244,910	231,405	163,640	139,793	47,701	45,694
Indonesian workers	28,590		13,615		4,148	
Other citizens	720	933	822	816	268	163
<b>Total</b>	<b>274,220</b>	<b>232,338</b>	<b>178,077</b>	<b>140,609</b>	<b>52,117</b>	<b>45,857</b>

Table 6.3 further strengthens the point that Tawau is the main entry point for most Indonesians. It is observed that, in 2008, the number of Indonesian citizens entering Sabah with border passes and tourist visas was 8.5 times greater than Indonesian workers who entered with work permits. Border passes are issued by Kabupaten Nunukan to Indonesian citizens who are residents of Nunukan and therefore hold the region's identity card. Nunukan residents can enter Tawau using border passes without passports, a privilege given to people who live in border regions to make 'traditional visits' to family members. Border pass holders are permitted to stay for only one month and are not allowed to work in Sabah. They must return to Nunukan within the period before re-entering. The convenience of moving in and out of Sabah has enabled border passes to be misused by many Indonesian economic migrants seeking jobs in Tawau (Siburán 2004, p.125), and has enabled illegal Indonesian migrants captured in Sabah and deported to Nunukan to re-enter Sabah within a matter of days (Wan Hassan et al. 2010; Kassim and Mat Zin 2011).

It is observed in Table 6.3 that the number of Indonesian citizens departing from Tawau during the 2008-2009 period was lower (371,198) than the number of arrivals (408,550). The gap between arrivals and departures (37,352) suggests that there is overstaying among Indonesian citizens who often end up as illegal workers. To work and reside in Malaysia more comfortably, some of them purchase fake documents such as work permits, passports, Malaysian identity cards and driving licences and convince employers, as well as the

authorities, that they are legal workers or have acquired Malaysian citizen status (see Chapter 8).

The ILMS Survey (2010) also investigated the main source of capital that financed migrants' travel costs. Table 6.4 indicates that nearly half of the respondents (47.2 percent) used their own savings and liquidated property to pay for the costs of travel and documents, while one-third (36.4 percent) were sponsored by family and relatives. This finding suggests that most migrants came from economic backgrounds that allowed them to become aware of migration opportunities, enabled them to fully or partially finance migration costs, and that they had access to migration networks as stated in Castles (2000a, p.272). This is because “[v]ery poor families are unlikely to migrate, unless there is an institutional mechanism for relaxing the credit constraint” (Athukolara 2006, p.28). The fact that many could meet their own travel costs may be explained by the economic level at their origin. The majority of migrants in this study (66 percent) came from South Sulawesi, a province with a higher economic level than East Nusa Tenggara. The proportion of the poor population in the former was less than half (10.29 percent) in comparison to the latter (21.23 percent) in 2010 (BPS 2010).

**Table 6.4: Main Source of Capital that Financed Migrants' Travel Documents and Costs**  
Source: ILMS Survey (2010)

Main source of capital	Frequency	Percentage
Own savings	412	46.0
Sponsored by family members and relatives	326	36.4
Advance/loan from agent/employer	86	9.6
Loan	31	3.5
Property liquidation	11	1.2
Others	8	0.9
No information	22	2.5
<b>Total</b>	<b>896</b>	<b>100.0</b>

Although some migrants had to rely on others to fund their travel expenses, they were aware that paying for one's own travel expenses could reduce the overall cost of migration. In a study of Indonesian migration to Malaysia, Wong and Teuku Anwar (2006) found that although funds for travel expenses are borrowed from relatives and friends, they are charged high interest rates. Migrants generally have to pay back double the principal within a year. Only a small number of migrants in the ILMS Survey (2010) had their travel expenses paid in advance by agents or employers. These migrants were usually bound by a contract with the

employers who have paid the agents. Migrants had to repay the travel cost through monthly wage deductions (Wong and Teuku Anwar 2003, p.206).

The significance of social networks in Indonesian labour migration to Sabah is shown in Table 6.5, with most (90.1 percent) migrants accompanied by family, relatives and friends on their first journey to Sabah. While men often travelled with friends (34.3 percent) and relatives (24.8 percent), women preferred relatives (28.3 percent) and spouse (21.1 percent) to accompany them. The role of agents (local brokers/village sponsors) was apparent in the pre-migration stage of arranging travel documents.

This study confirms the tendency for more female migrants to travel with companions than was the case for males. The majority of migrants, and especially women, preferred to travel in groups of two to five, while more men chose to travel alone. Similarly, Adi (2006) and Mulia (2011) found that cultural restrictions on the travel of women and their vulnerability to being exploited make them more likely to travel in groups. Similarly, Mantra (1988) and Eki (2002) found that new migrants from East Flores travelled in groups accompanied by return migrants (after a short visit to their villages), who used their established contacts, knowledge and experience to act as guides to ensure that they reached the destination safely. In this way, they were less exposed to exploitation by institutional networks operated by *taikongs* and a chain of middlemen (Spaan 1994). The use of long-established, familiar networks decreased the propensity to use formal channels.

**Table 6.5: Person(s) Accompanying Respondents during the Journey to Sabah**  
Source: ILMS Survey (2010)

Person(s) accompanying respondents during the journey to Sabah:	Respondents					
	Male N 558		Female N 338		Total N 896	
	N	(%)	N	(%)	N	(%)
• Alone	94	13.8	38	8.2	132	11.5
• Parents	29	4.3	49	10.6	78	6.8
• Siblings	48	7.0	63	13.6	111	9.7
• Spouse	77	11.3	98	21.1	175	15.3
• Relatives	169	24.8	131	28.3	300	26.2
• Friends	234	34.3	68	14.7	302	26.4
• Agents	31	4.5	16	3.5	47	4.1
<b>Total</b>	<b>682</b>	<b>100</b>	<b>463</b>	<b>100</b>	<b>1145</b>	<b>100</b>

In addition to travel arrangements and financial support, social networks provided support to new migrants in the post-migration stage especially in arranging accommodation and securing jobs. Table 6.6 shows that family/relatives (51.2 percent) and friends (17 percent) arranged migrants' accommodation when they first arrived. Some 16.2 percent of respondents had their accommodation arranged, and jobs secured, by employers upon arrival.

**Table 6.6: Person(s) Assisting with Accommodation in Sabah**  
Source: ILMS Survey (2010)

Person(s) assisting with accommodation upon first arrival in Sabah	Frequency	Percentage
Family/relatives in Sabah	459	51.2
Indonesian friends in Sabah	152	17.0
Employer	145	16.2
Agent	88	9.8
Oneself	44	4.9
Others	8	0.9
<b>Total</b>	<b>896</b>	<b>100.0</b>

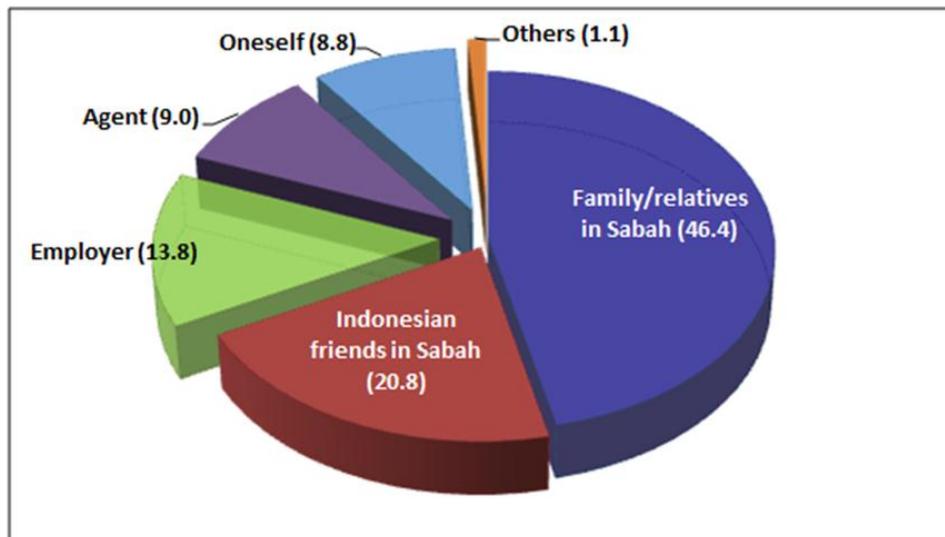
The involvement of social networks in assisting new migrants to settle at the destination is shown in Figure 6.5. Nearly half of the migrants (46.6 percent) were assisted in securing jobs by family and relatives, followed by Indonesian friends abroad (20.8 percent). This reflects the common trend of illegal employment among first-time migrants who often adopt 'semi-legal' entry to get into Sabah. Furthermore, 23 percent of migrants were assisted by agents and employers in securing jobs. In comparison, Mantra (1988) found that about two-thirds of respondents from East Nusa Tenggara and Baewan Island were assisted by family/friends/neighbours at the destination to secure employment. Many migrants from these provinces are known to have permanently settled in Malaysia but still maintain a relationship with their area of origin.

The findings show that kinship linkages, especially among Indonesian migrants of the same ethnic background, helped both new and senior migrant workers to maximise the benefits of working abroad. The importance of kinship among Indonesian migrants (the Bugis) in most palm oil plantations that this study found was emphasised by a *mandor* in an in-depth interview:

*“(I like [to help] recruiting my friends and relatives to work here. My boss [employer] trusts me, so it is easier for me to watch my relatives and village*

*mates when we work together. It feels like living in our own village when there are many relatives and friends working under one roof.”*

**Figure 6.5: Person(s) Assisting to Secure Jobs for Indonesian Workers in Sabah**  
Source: ILMS Survey (2010)



In summary, the survey clearly shows the importance of social networks in all stages of the migration of Indonesian migrants to Sabah. It also highlights that the assistance of agents (local brokers/village sponsors) was needed, especially in preparing travel documents, but that the role became secondary during migration and post-migration stages. It can be concluded that while migrants relied more on social networks in facilitating migration, agents' services were also used at different stages of the migration process. The use of formal or informal agents to facilitate the whole migration process by some migrants in this study therefore cannot be ignored.

#### **6.4 Travel Experience**

According to human capital theory, the propensity to migrate is higher if predicted earnings are greater in the destination country than in the origin country, provided the difference exceeds transportation, psychological and other costs (Bilborrow et al., 1997, p.303). Psychological cost refers to the emotional suffering and hardship a migrant endures in the destination country and may include tension/stress/anxiety, depression, loneliness, emotional change, anxieties about those left behind and low self-esteem (Ullah 2010, p.110).

Transportation costs include all financial costs incurred from travel arrangements, such as local brokers'/village sponsors' fees, agencies' fees, transport fees and document-processing fees (Morgan and Nolan 2011, p.12), as well as accommodation and subsistence costs during the waiting period for placement abroad, administrative costs for education and training and overseas placement fees, such as levies and work permit fees (Firdausy 2006, p.151).

Morgan and Nolan's (2011, p.12) qualitative study provided a general idea of the travel costs involved in legal recruitment in Semarang, Central Java. The fees for pre-departure medical exams, passport processing fees, repatriation insurance and agency processing fees can easily total IDR1,500,000 (USD165) – not including costs for preparation of other documents, agency fees and transport costs. Another qualitative study by Lindquist (2010) on legal recruitment on the island of Lombok showed that the travel costs charged by a legal recruitment agency increase if migrants use a local broker's/village sponsor's service to assist with medical clearance and travel documents. The commission received by a local broker/village sponsor from a legal recruitment agency can reach of up to IDR3 million (USD300) per migrant (Lindquist 2010, p.127). On top of that, Indonesian exit fees and bureaucratic delays increase the travel costs (Hugo 1995; Firdausy 2005; 2006).

The travel costs calculated in the ILMS Survey (2010) included costs of transport, food and accommodation during transit, as well as the journey and travel documents. Table 6.7 shows that the travel costs varied among migrants, ranging from less than IDR500,000 (USD59) to more than IDR1,500,000 (USD177). While the travel costs were less than IDR500,000 for a quarter of respondents, some 39.8 percent paid between IDR500,000 to IDR1,499,000. Moreover, in a study of legal recruitment of Indonesian migrants to Malaysia, the World Bank (2008, p.23) found that travel costs including travel documents such as entry visa, passport and Indonesian government levy, medical examination, food, accommodation, pre-departure orientation, insurance and transport could total up to IDR2,872,440 (USD316).

Some 21 percent of respondents paid more than IDR1,500,000: most migrants in this category had travel costs ranging between IDR2 million to IDR3.5 million (USD220-USD385) indicating the possibility of a legal mode of entry. Wong and Teuku Anwar (2003, p.201) found that travel costs generally depend on the type of transport used, the distance

from departure to entry point and mode of entry (illegal, semi-legal or legal). Generally, travel costs using illegal channels are cheaper than those of semi-legal and legal channels: travelling a short distance is cheaper than long distance, and using water transport is much cheaper than air transport.

**Table 6.7: Travel Costs of Indonesian Workers**  
Source: ILMS Survey (2010)

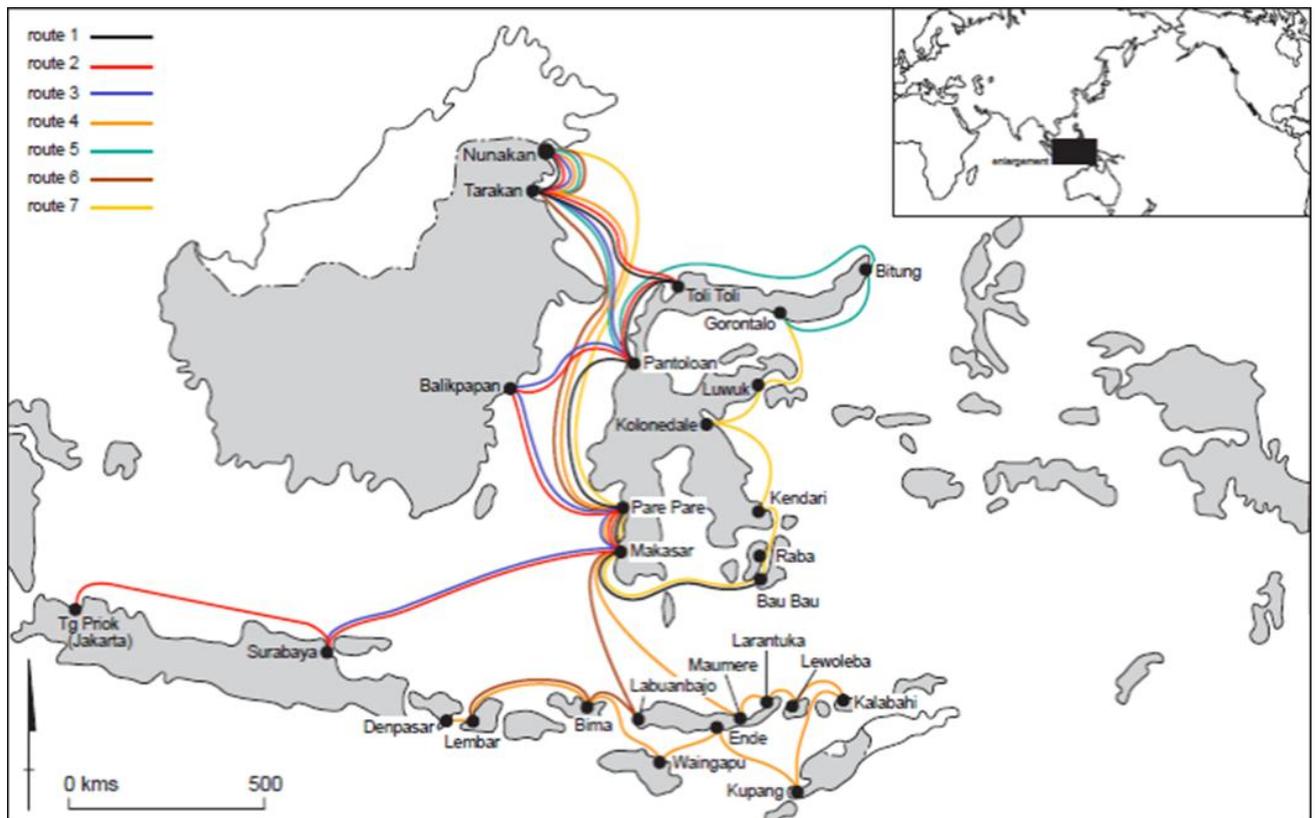
Costs of arranging travel and documents	Frequency	Percentage
Below IDR500,000	224	25.0
IDR500,000-IDR999,999	169	18.9
IDR1,000,000-IDR1,499,999	187	20.9
IDR1,500,000 and above	189	21.1
No information	127	14.2
<b>Total</b>	<b>896</b>	<b>100.0</b>

It is interesting to note that 127 (14.2 percent) respondents did not give a response to this question. This is either because they could not recall the travel costs they paid or they were too young to be aware of the costs as they came as dependants when they first migrated to Sabah. About 100 migrants in this study were in the latter category (see Section 5.2.1).

As distance and transport systems are often important determinants in Indonesian labour migration to Malaysia (Hugo 1993, p.42), the efficient means of land, water and air transport have considerably facilitated and simplified long-distance movement of Indonesian migrant workers to Malaysia (Mantra 1998; Wong and Teuku Anwar 2003; Siburan 2004). As presented in Figure 6.6, all larger passenger liners on regular routes in Indonesian waters are operated by P.T. Pelayaran Nasional Indonesia (Indonesian National Voyage) (Pelni), the national Indonesian shipping company. Currently, Pelni ship routes cover 91 harbours throughout the Indonesian archipelago with more than 28 passenger ships of 500 pax (passengers), 1,000 pax, 2,000 pax and 3,000 pax capacity. Sea transportation is an important means of transport connecting 17,503 islands in Indonesia. In addition, other water transport services are operated by private companies that provide ships, ferries and motorboats.

**Figure 6.6: Main Routes of P.T. Pelayaran Nasional Indonesia (Indonesian National Voyage) (Pelni)**

Source: ILMS Survey (2010)



- Notes: Route 1: Bau-Bau, Makasar, Pare-Pare, Balikpapan, Pantoloan, Toli-Toli, Tarakan, Nunukan.  
 Route 2: Tg. Priok (Jakarta), Surabaya, Makasar, Pare-Pare, Balikpapan, Pantoloan, Toli-Toli, Tarakan, Nunukan.  
 Route 3: Surabaya, Makasar, Pare-Pare, Balikpapan, Pantoloan, Tarakan, Nunukan.  
 Route 4: Denpasar, Lembar, Bima, Waingapu, Ende, Kupang, Kalabahi, Lewoleba, Larantuka, Maumere, Makasar, Pare-Pare, Tarakan, Nunukan.  
 Route 5: Gorontalo, Bitung, Pantoloan, Tarakan, Nunukan.  
 Route 6: Lembar, Bima, Labuanbajo, Makasar, Pare-Pare, Tarakan, Nunukan.  
 Route 7: Gorontalo, Luwuk, Kolonedale, Kendari, Raba, Bau-Bau, Makasar, Pare-Pare, Nunukan.

An Indonesian Coast and Sea Guard Unit officer (*Kepala Penjagaan Laut Pantai Indonesia*) in Nunukan explained that Pelni ships connect migrants who lived in the far-off Indonesian islands to Pare-Pare, South Sulawesi. Migrants who wish to continue their trip to the border town of Nunukan have an alternative to taking a direct route. Four smaller ships with a capacity of between 960 pax and 1500 pax travel from Pare-Pare to Nunukan, namely, KM Awu, KM Umsini, KM Tidar and KM Kerinchi. It takes approximately 36 hours to reach Nunukan: Indonesian migrant workers usually occupy approximately 65 percent of the ship's passenger capacity per trip. A ship's fare from Pare-Pare to Nunukan costs migrants around IDR290,000 (USD31.9) (Radar Tarakan Online August 2011).

Migrants in the ILMS Survey (2010) were asked about their travel experiences. The length of time taken by migrants to reach Sabah depended on the distance to the province from which they had departed and the ship route that they had taken. Table 6.8 shows that respondents from Sulawesi (93.9 percent) generally took two to three days or less to reach Sabah due to their close proximity to the destination. Migrants from far-off provinces such as Nusa Tenggara generally took around six to seven days (45 percent) or more (52.7 percent) to reach Sabah, as did those from Java.

**Table 6.8: Length of Journey Taken by Indonesian Migrants by Region**

Source: ILMS Survey (2010)

Region	Length of Journey						Total (%)
	Less than 2 days (%)	2 to 3 days (%)	4 to 5 days (%)	6 to 7 days (%)	More than 7 days (%)	No info (%)	
Sulawesi	52.0	93.9	70.9	42.3	36.4	75.0	76.1
Nusa Tenggara	8.0	1.8	19.2	45.0	52.7		15.6
Java	8.0	3.3	8.7	10.7	9.1		6.0
Others	32.0	0.8	0.6	1.3	1.8	25.0	1.9
No info		0.2	0.6	0.7			.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

An in-depth interview with an Immigration Department officer in Nunukan indicated that, for some migrants, the journey includes one or two days' transit in Pare-Pare, South Sulawesi to arrange the travel documents necessary to enter and work in Sabah and to assess the ferry service to Nunukan. Before Pare-Pare, Nunukan was a popular transit city due to its vicinity to Sabah and the fast and efficient services available there for arranging travel documents. Since the immigration office opened for operation in 1972, Nunukan had developed into a main transit city. However, after some changes introduced in Nunukan by the local authority in 2009, it took more than five days to process travel documents, involving a long wait, increasing the travel costs spent on food and accommodation in Nunukan.

Table 6.9 shows that Nunukan was the last transit point for the majority of respondents (95.2 percent) before entering Sabah. Indonesian migrants who already have proper travel documents would normally spend at least a night in Nunukan to wait for approval from agents in Sabah before crossing the border. Based on an in-depth interview with a legal agent in Nunukan, migrants also come without travel documents and seek assistance from informal

agents or *calos/taikongs* to arrange their *aspal* or ‘*asli tapi palsu*’ (authentic but falsified) documents. Local immigration officers are paid ‘special fees’ (bribery) to issue *Kartu Asal Penduduk* (local identity cards) and passports. Personal data, for example, ‘place of birth’ is changed to ‘Nunukan’ so Indonesian migrants can be issued border passes to facilitate movement between Tawau and Nunukan. Hugo (1993, p.47) highlighted that the relatively large number of legal migrants workers from East Kalimantan, as stated in official Indonesian data, are in fact migrants originally from South Sulawesi and East Nusa Tenggara who have entered through Nunukan or Tarakan in East Kalimantan. Other examples would be the alteration of migrants’ age to match the Malaysian Immigration Department’s requirement. The Indonesian Ministry of Women’s Empowerment acknowledged that 80-90 percent of the nationwide problem with false documents in illegal migration occurred in the internal pre-departure stage (Human Rights Watch 2004, p.3).

**Table 6.9: Travel Experience of Indonesian Workers before Entering Sabah**  
Source: ILMS Survey (2010)

<b>Entrance to Sabah:</b>	<b>Frequency</b>	<b>Percentage (%)</b>
<b>Last transit point in Indonesia before entering Sabah:</b>		
Nunukan	853	95.2
Tarakan	14	1.6
Others	26	2.0
No information	3	1.2
<b>Total</b>	<b>896</b>	<b>100.0</b>
<b>Types of transport used to enter Sabah:</b>		
Ferry	864	96.4
Speedboat	26	2.9
Plane	4	0.4
No information	2	0.2
<b>Total</b>	<b>896</b>	<b>100.0</b>
<b>Port of entry:</b>		
Tawau port	858	95.8
Kota Kinabalu/Tawau airport	4	0.4
Others	34	3.8
<b>Total</b>	<b>896</b>	<b>100.0</b>

Indonesian migrants can reach Sabah via water or air transport and the former mode of transport is much cheaper and more widely available than the latter. Thus, it is not surprising that the ferry was the most popular choice of transport for 96.4 percent of migrants (Table 6.9). From observation and in-depth interviews, it was noted that five ferries with a capacity of 100-158 passengers operate daily to and from Tawau and Nunukan port, namely,

KM Mega Express, KM Malindo Express, Mid East Express, KM Tawindo and MV Labuan Express (Plate 6.1). A one-way trip from Nunukan, Indonesia to Tawau, Sabah takes about two hours with a fee of IDR100,000 (USD11). According to the Consortium of Tawau Ferry Companies, at times, up to nine ferry services operate daily, particularly during busy festive seasons, managed by Tawau Ferry Terminal and Customs, Immigration and Quarantine (CIQ).

**Plate 6.1: Five Ferry Services Tawau-Nunukan-Tawau at Nunukan Port**  
Source: ILMS Survey (2010)



Meanwhile, 2.9 percent of migrants in this study used speedboats to cross the border which indicated illegal entry. Speedboat services are usually utilised by illegal migrants who come without any travel documents from Sungai Nyamuk in Pulau Sebatik which shares a border with Malaysia to Tawau (Dollah and Mosfi 2007, p.102). In fact, illegal migrants could take advantage of the daily speedboat services that carry goods and passengers between Pulau Sebatik and the Batu Batu jetty near Tawau port (Plate 6.2). Pulau Sebatik is only 10 kilometres from the jetty: thus, it is convenient for local people to make a daily trip to purchase basic needs, such as groceries and cooking gas in Tawau town. It is extremely difficult to differentiate Indonesian citizens from Malaysian citizens who live together in Pulau Sebatik or whether speedboat services are owned by Indonesians or Malaysians. Furthermore, illegal migrants holding *aspal* border passes can be easily mistaken as locals of Pulau Sebatik or Nunukan.

**Plate 6.2: Tawau-Pulau Sebatik-Tawau Boats at an Informal Batu Batu Jetty in Tawau**  
Source: ILMS Survey (2010)



These findings also highlight the importance of Tawau port as a main port of entry for Indonesian workers travelling to Sabah (Table 6.9). In-depth interviews indicated that ferry passengers must present their travel documents, such as passports and social visit passes or border passes, upon arrival at Tawau port on which the arrival date is stamped by immigration officers. These findings confirm the trend of using the semi-legal mode of entry among Indonesian migrant workers. Only a small number of migrants (3.8 percent) entered via other entrances, such as Kalabakan, Kampong Biawak, Sungai Udin and Kampung Ice Box which are closely associated with illegal entry. As with those who entered from Sungai Nyamuk in Pulau Sebatik, these illegal migrants also used speedboats as their main transport to cross the border (refer to Figure 6.8).

### **6.5 Recruitment and Movement Strategy**

This study has shown that there is a close relationship between social networks consisting of multiple layers of intermediaries and return migrants as well as family and friends at the destination who assist migrants at all migration stages. The decision to travel using legal, semi-legal or illegal channels is usually influenced by the particular networks assisting migrants (Mantra 1998; Ullah 2011). Sometimes, new migrants are not aware of the types of journeys taken or the documents that they need to carry (Eki 2002). Moreover, there is no clear distinction between legal and illegal recruitment in Indonesia as both legal and illegal

elements are interwoven in the movement and recruitment process (Jones 2000; Adi 2003). This section explores the dynamics of movement and recruitment strategies undertaken by Indonesian migrants to Sabah and aims to discover the role of social networks in facilitating them.

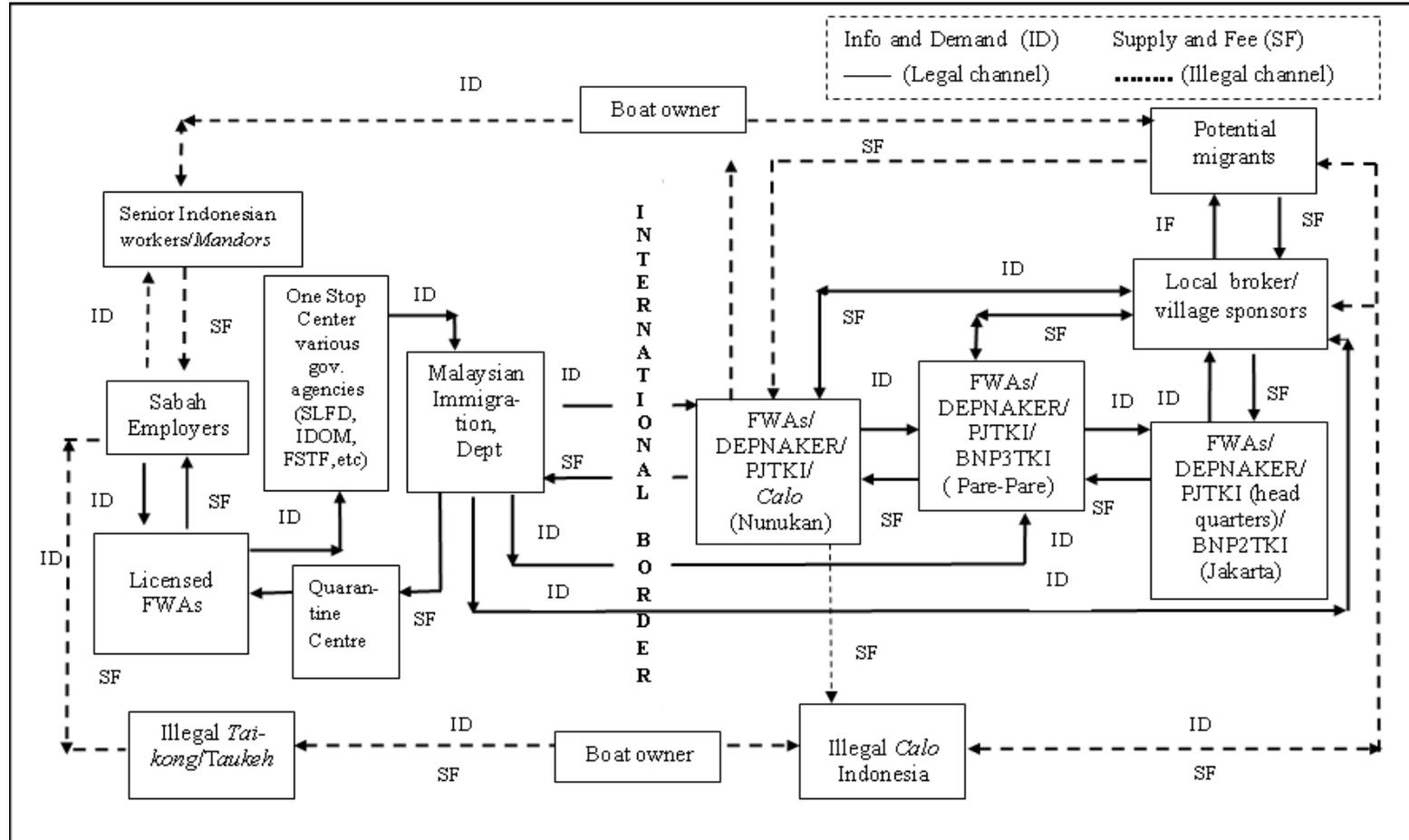
Based on data gathered from in-depth interviews, the survey and observation, it was found that Indonesian labour migration to Sabah arose through three major recruitment strategies (Figure 6.7). The first strategy was through systematic, regulated legal recruitment. It often took longer and was more costly as it involved many government and official institutions and fee requirements in both origin and destination countries. In the second recruitment strategy, trusted senior Indonesian workers (*mandors*) played a large role in recommending and referring prospective workers (usually from among their family members, relatives and village mates) to employers. Prospective migrants usually made their way to the destination through established social networks that influenced the mode of entry: legal, semi-legal or illegal. The third recruitment strategy involved middlemen known as *calo* or *taikong laut*, *taikong darat* and *taikong kerja* who played a major role in facilitating the recruitment and movement of illegal workers through illegal channels. Although the travel costs might be cheaper as legal documents were not required, border crossings via dangerous illegal routes in the dark of the night to avoid authorities was very risky.

### **6.5.1 Legal Recruitment**

Indonesia's legal recruitment is operated through a range of institutional networks including local brokers/village sponsors, FWAs (foreign workers' agencies) and government officials (Adi 2003, p.151). Currently, there are 550 registered FWAs (PJKIS) in Indonesia with 26 headquartered in Central Java. These companies are licensed by the Ministry of Manpower and Transmigration Indonesia (BNP2TKI) that processes labour request centrally

**Figure 6.7: Migration Channels of Indonesian Labour Migration to Sabah**

Source: ILMS Survey (2010)



Notes: SLFD: Sabah Labour Force Department; IDOM: Immigration Department of Sabah; FSTF: Federal Special Task Force; DEPNAKER/PJTKI: Legal FWAs in Indonesia; BNP3TKI: Ministry of Manpower (provincial level); BNP2TKI: Ministry of Manpower (national level)

Based on the ILMS Survey (2010), some FWAs in Sabah such as Sri Balung Sdn Bhd would rather communicate with known and trusted FWAs in Nunukan or Pare-Pare to avoid being swindled by unknown FWAs elsewhere that sometimes turn out to be foreign worker recruitment syndicates. These syndicates often violate labour recruiting practices by falsifying medical reports and passports and conducting bribery (Human Rights Watch 2004, p.8).

FWAs are usually linked to prospective workers by local brokers/village sponsors. In a study of labour recruitment on the island of Lombok, Lindquist (2010, p.126) found that the dramatic growth of these informal field agents (local brokers/village sponsors) in Lombok and across Indonesia has been due to the formalisation of labour recruitment especially in the domestic helper sector in the last decade: “[u]nlike the *taikong* ..., *kepercayaan* (trust) rather than *keberanian* (bravery) has become the most important expressed quality in contemporary recruitment”. These individual agents or freelance mediators work for both government-licensed FWAs and illegal recruiters (Quinn 2002; Firdausy 2005) and receive incentives from recruitment agencies for each candidate they successfully recruit (World Bank 2006; Lindquist 2010).

FWAs in Indonesia are responsible for conducting interviews and tests, preparing travel documents and insurance, and ensuring that prospective workers have passed a medical examination and attended pre-departure orientation. They accompany workers on their trip via a passenger ship to the destination and ensure that migrant workers are received by employers’ representatives at Tawau port.

Effective from July 2010, upon arrival at Sabah, new migrants must be sent to quarantine centres to undergo a medical examination. Similar to FOMEMA in the Peninsular, the monitoring and supervision of medical examinations for the mandatory health screening programme is run by Growarisan Sdn. Bhd. Currently there are 53 panel clinics in the Tawau Division (and more in other divisions) that are licensed by IDOM to conduct medical examinations on new migrants. Those who are unfit will be deported immediately. The costs of food, accommodation and medical examination during the period of quarantine are to be borne by employers. This new regulation has been implemented to ensure that new migrant

workers are not pregnant, do not carry any infectious diseases and are fit to work in Sabah (Growarisan 2013).

Legal recruitment is often delayed by the processes and stages involved. The in-depth interviews with employers indicated that, to accelerate the process, some large companies recruited more than 200 workers in one intake. For example, Sime Darby Sdn Bhd's and FELDA's appointed FWAs in Sabah collaborated with FWAs in Jakarta to identify suitable workers. To further ensure prospective workers were fit for the jobs, these companies sent their representatives to the source to interview and select suitable workers, while FWAs in Indonesia handled the legal processes necessary for the selected workers to work abroad. Local brokers/village sponsors played an important role in recruiting workers from rural areas in Indonesia and referred them to FWAs in Jakarta.

Another strategy adopted in legal recruitment involves small FWAs in both Sabah and Nunukan that maintain good communications and proactively contact employers to establish if they need new workers. The small FWAs operating in Nunukan gather potential workers from various eastern Indonesian provinces with the help of local brokers/village sponsors. They provide training for potential workers (domestic helpers) in Nunukan while waiting for the approval of necessary documents. When the documents are ready, the small FWAs in Sabah representing the employers met new workers at Tawau port. By avoiding the processing of travel documents through legal agencies in Jakarta, significant time and costs are saved.

The human resource manager of Umas Tawau Plantation Sdn Bhd stated that they sometimes directly contacted a trusted local broker/village sponsor to identify and choose prospective workers on behalf of their company. This ensured that selected workers had medical clearance and travel documents and they referred these workers to the local registered FWA that managed their recruitment. This method had been more rewarding to employers as local brokers/village sponsors had direct contact with both employers and prospective workers.

### 6.5.2 Recruitment Facilitated by *Mandors*

The second main recruitment strategy is facilitated by trusted, established senior migrant workers (*mandors*). Supervisors or *mandors* are usually delegated a considerable degree of power to manage workers under their supervision. They are also responsible for attending to labour shortage problems (Wan Hassan et al. 2011, p.122). Wong and Teuku Anwar's (2003, p.182) study of migration processes and labour market integration of different ethnic groups showed that each migrant uses his or her familiar networking system that is ethnicity-based to enter and work in Malaysia through legal, semi-legal or illegal channels.

These *mandors* operate in many ways. Some *mandors* in the ILMS Survey (2010) operated from the destination via telephone informing their family members, relatives and village mates about job prospects and encouraged them to migrate. The companies then sent their managers to the source to interview willing potential workers. The details of short-listed interviewees were then submitted to FWAs in the local area to handle all legal processes. The *mandors* and companies' representatives met prospective workers in Nunukan and accompanied them to Tawau port. Some *mandors* were sent to their villages by their companies to directly handle the recruitment process. After identifying suitable workers, their details were submitted to a trusted FWA in Nunukan or Pare-Pare who would communicate with FWAs in Malaysia to process the workers' legal travel documents. The *mandors* themselves accompanied prospective workers to Pare-Pare and then to Nunukan where the travel documents were processed. *Mandors* usually used either semi-legal or legal modes of entry to cross to Tawau port depending on employers' requests. An employer in an in-depth interview explained that processing travel documents in Pare-Pare instead of Jakarta has significantly saved costs and time, and is preferred by many employers.

Wan Hassan et al.'s (2011) qualitative study showed the high level of trust that employers place on their *mandors*. Bugis *mandors* in his study were entrusted with RM20,000 on each trip to Sulawesi to recruit new migrants in their villages. *Mandors* prefer recruiting their own people for the following reasons: firstly, it is easier to manage people they know; secondly, they speak the same language; thirdly, the Bugis are known for their loyalty, thus minimising the risk of abscondment; and, finally, the Bugis are hard-working and highly disciplined and, thus, are suitable to carry out heavy work in the plantations (Wan Hassan et al. 2011, p.122).

In addition, using social networks achieves successful recruitment of workers as it is easier to handle new workers whose sense of obligation and respect towards the *mandors* (who have helped them obtain the jobs and provide on-the-job training) prevents abscondment (Gatidis 2004, p.28).

Hugo (1995, p.289) highlighted the role of employers and workers of the same origin in securing jobs abroad,

“mutual dependence relationship developed between an employer or group of families from a particular origin guarantees potential migrants employment and also assures the employer of a regular, trusted supply of labour”.

Consistently, one migrant in an in-depth interview in the ILMS Survey (2010) indicated the importance of social networks built on trust and strong brotherhood in seeking jobs abroad:

*“It is easier for us to come [to Sabah] if there are family, relatives and friends who help securing jobs abroad. The most important thing is that I trust them. They will not trouble their own people. A Bugis saying goes, “sipattuwo sipattokong” – together we live, together we support each other”.*

Some *mandors* have also recruited new workers through illegal channels. They returned to their villages, identified and selected potential workers who were mostly their relatives and friends and then travelled together to Nunukan. To avoid the high costs of obtaining legal travel documents and work permits, they sought assistance from boat owners (*calo/taikong laut*) who were often their friends or relatives (Plate 6.3) to cross the Malaysian border illegally from Sungai Nyamuk in Pulau Sebatik.

**Plate 6.3: Speedboat from Sungai Nyamuk Arriving Near Tawau Port Transporting Illegal Migrants**

Source: ILMS Survey (2010)



The in-depth interviews with a few *mandors* and Indonesian workers revealed that Pulau Sebatik which shares a border with Malaysia has become a popular illegal route. Speedboats from Sungai Nyamuk on the Indonesian border can readily dock at *kampung air* (floating villages) located along Tawau shores facing Pulau Sebatik (Plate 6.4). Floating villages are easily accessed by illegal migrants. One popular village is Kampung Ice Box (Wan Hasan and Dollah 2008, p.6). It is used as a transit point before migrants are transported to their workplaces. Recruitment of illegal workers is often practised by employers (sub-contractors) and small holders whose plantations are located in remote areas which makes operations by local authorities almost impossible (Kassim and Mat Zin 2011).

**Plate 6.4: Close Proximity between Sabah and Indonesia**  
Source: ILMS Survey (2010)



### 6.5.3 Illegal Recruitment

The third major recruitment strategy involves illegal migration initiated by *calos/taikongs*. Geographical factors such as close proximity, the shared border between Tawau and Indonesia, an extensive coastline that stretches 1,400 km and small islands surrounding Sabah (Dollah and Omar 2004, p.1; Wan Hassan et al. 2008, p.10) enable circular movement between the two regions through illegal routes. An in-depth interview with a staff member of the Indonesian Coast and Sea Guard Unit (*Kepala Penjagaan Laut Pantai Indonesia*) (Plate 6.5) revealed that at least eight illegal routes known as '*lorong tikus*' (rat trails) are often used to traffic illegal workers into Sabah. The dangerous routes taken by illegal *taikong laut* (sea

*taikong*) using speedboats through mangroves at night-time made it impossible for authorities to detect their movement. Figure 6.8 shows that there were two trails through Sungai Nyamuk, Pulau Sebatik; three trails through Kalabakan in Tawau; two trails through Sungai Ular, Simengaris in North Kalimantan; and another through Sungai Serudung in Tawau. It is believed that there are another 50 illegal routes in East and West Kalimantan used by *taikong darat* (land *taikong*) to transport migrants in the dark of night (Djelantik 2011, p.11). *Taikong kerja* (work *taikong*) receives migrant workers and brings them to employers (Wong and Teuku Anwar 2003, p.183). This established networking system sustains illegal migration to Sabah.

**Plate 6.5: In-Depth Interview with an Indonesian Coast and Sea Guard Unit Officer (*Kepala Penjagaan Laut Pantai Indonesia*) at Nunukan**

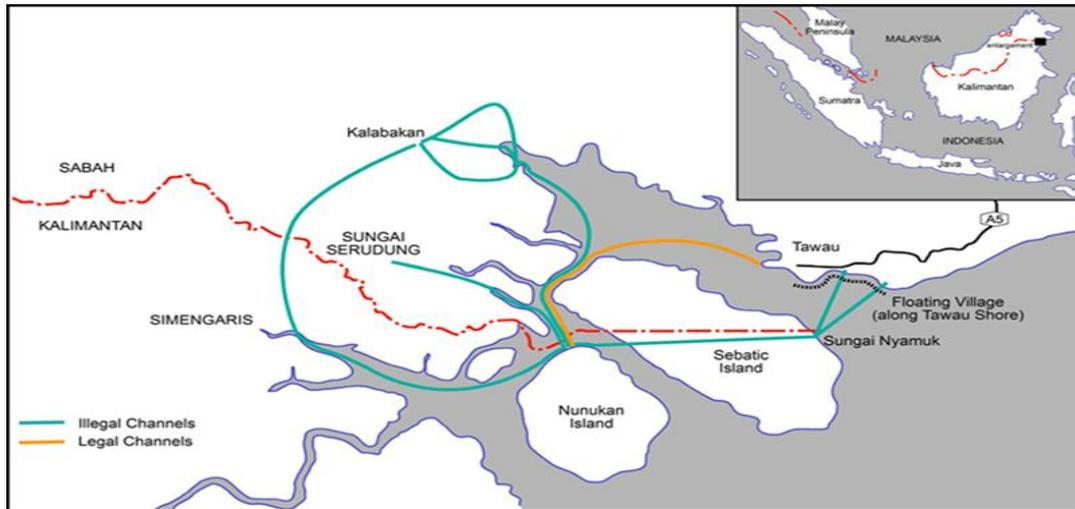
Source: ILMS Survey (2010)

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This figure/table/image has been removed to comply with copyright regulations. It is included in the print copy of the thesis held by the University of Adelaide Library.

**Figure 6.8: Routes Known for Illegal Border Crossing**

Source: ILMS Survey (2010)



Notes: There are two trails through Sungai Nyamuk, Pulau Sebatik; three trails through Kalabakan in Tawau; two trails through Sungai Ular, Simengaris in North Kalimantan; and another through Sungai Serudung in Tawau.

The in-depth interviews among employers found that the demand for illegal workers sustained illegal migration. Employers thought that recruiting illegal workers was much faster and cheaper as they could avoid lengthy legal processes and paying for annual levies, as well as providing employee benefits. It also solved the problem of seasonal or temporary increases in demand for workers especially in oil palm plantations during harvesting seasons. Illegal recruitment/movement, which was more popular in the 1980s and 1990s (Linguist 2010), is organised by unlicensed recruiters known as *calo*, *taikong*, *tauke* or *mandor* who are highly organised and facilitate the entire process of migration from arranging travel documents to securing jobs at the destination (Hugo 1993, p.57). However, this institutional network has a reputation of being exploitative, money-oriented and deceitful (Spaan 1994).

An in-depth interview with a registered foreign worker agent indicated that potential migrant workers in Nunukan (who were waiting for legal documents to be ready) often fell prey to these *calo/taikongs* who influenced them to undertake illegal entry. They were promised immediate jobs without being burdened with the payment of levies. Some *calos/taikongs* offered financial assistance in the form of money advances which can be repaid by monthly wage deduction. This activity has caused financial loss to small FWAs operating in transit cities such as Nunukan and has encouraged illegal migration. Table 6.10 summarises the migration routes taken by Indonesian migrants to Sabah.

**Table 6.10: Summary of Migration Routes Taken by Indonesian Migrant Workers to Sabah**  
Source: ILMS Survey (2010)

Route	Travel documents	Movement process	Length/Costs/Risk
legal	An Indonesian identity card and passport, entry visa issued by IDOM attaché in Indonesia. - passed medical examination - attended a pre-departure course	-Recruited through a formal Foreign Workers Agency in Indonesia -Enters through a formal port of entry in Tawau, Sabah -Uses a ferry/passenger ship service or plane to travel -Can ensure a safe journey and entry to Sabah as well as work place	-A lengthy, costly and complicated recruitment process. - A legal foreign worker is protected by Malaysian employment laws and receives more employment benefits
Semi-legal	A border pass or a tourist visa (an <i>aspal</i> Indonesian Identity card and border pass can be purchased in the border town, Nunukan)	Recruited directly by an employer, through a <i>mandor</i> or an informal agent in Indonesia -Enters through a formal port of entry in Tawau, Sabah -Uses a ferry/passenger ship service or plane to travel - Can ensure a safe journey and entry to Sabah	- Costs are incurred when purchasing <i>aspal</i> documents and travel tickets. -Recruitment process is short but a rather costly -Becomes illegal when overstays and works in Sabah -An illegal worker is not protected by Malaysian employment laws and is denied employment benefits; is easily exploited by employers and <i>calos</i> -faces risk of being identified and deployed but easy to reenter from Nunukan
Illegal	None	Recruited directly by an employer, through a <i>mandor</i> or illegal <i>calo/taikong</i> in Indonesia -Enters through an informal port of entry in Tawau, Sabah -Uses a speedboat to cross the border through dangerous rat trails -Is exposed to the risk of being exploited by <i>calos</i> during the journey	-Recruitment process is short -Costs are greatly varied from one illegal <i>calo</i> to another. They are higher if the migration costs are borrowed from a <i>calo</i> . - An illegal worker is not protected by Malaysian employment laws and is denied employment benefits; is easily exploited by employers and <i>calos</i> -faces risk of being identified and deployed

## 6.6 Conclusion

This chapter has explored the dynamics and complexity of Indonesian migration to Tawau, Sabah. While migration is undertaken mainly for economic reasons, non-economic factors also play a role. Geographical proximity, language, cultural and religious similarity as well as having relatives at the destination have motivated migrants to choose Sabah as a destination. Indonesian migration to Sabah follows the global trend whereby flows are typically larger among countries with geographical and cultural proximity. It also confirms the important role of social networks in assisting migration. While autonomous decision making is more

apparent among men than women, individuals, such as parents, friends, family members, relatives and spouses also influence decision making. While the lack of power among Indonesian women in making the decision to migrate is undeniable, there is a growing trend of women making independent decisions.

The study found that the use of long-established, familiar networks; tremendous improvements in water transport and telecommunication systems; and the availability of fake document syndicates have greatly facilitated movement to Sabah. The tendency of adopting a semi-legal mode of entry which provides familiarity and security has decreased the propensity to use formal channels which are centralised, costly and time consuming, as well as illegal channels which involve risk. Thus, there is no clear dichotomy between legal and illegal recruitment in Indonesian labour migration to Sabah as both legal and illegal elements are intertwined in the movement and recruitment processes.

In addition to the importance of networks, this study has highlighted the important role played by *mandors* and local brokers/village sponsors in the recruitment of migrant workers. Both *mandors* and local brokers/village sponsors worked within social networks; the former linked employers with prospective workers, while the latter linked new migrants to institutional networks that operated both legally (PJTKIS) and illegally. The trend of using *mandors* to assist in the recruitment process of new migrants will continue to sustain chain migration and occupation clustering in the work sectors in Sabah. In this study, migrants of Bugis ethnicity largely found in the plantation sector practised a recruitment strategy that was similar to that practised by people from East Flores in the study by Eki (2002). Ethnicity-based recruitment strategies were preferred by many employers in this study as it maintained a stable flow of reliable workers through the relationship between *mandors* and new migrants.

The following chapter will look into migrants' pre-employment and wages in the country of origin in comparison to those at the destination to better understand their motivation to migrate. It will also analyse living costs at the destination and their relationship to remittance-sending behaviour.

## **CHAPTER 7**

### **ECONOMIC LINKAGES AND IMPACTS OF INDONESIAN LABOUR MIGRATION TO SABAH**

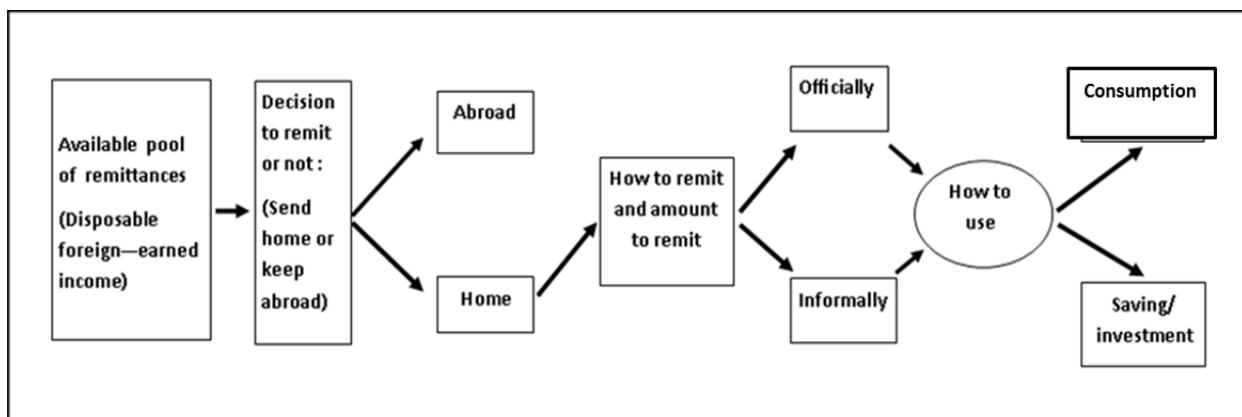
#### **7.1. Introduction**

The economic dimension of migration has generated considerable interest in the development discourse in recent years, mainly because of positive micro- and macro-economic impacts associated with remittances to origin countries (World Bank 2006; Singh 2009; Ullah 2010). At the household level, remittances are used for basic subsistence and, to a lesser extent, repaying debts and investment in education, property and businesses (IOM 2010a). Consequently, through a ‘trickle-down effect’ of increased consumption, savings and investments, remittances can also benefit non-migrant households and can lead to economic growth in local communities (Hugo 1995; Sander 2003; IOM 2010a), as well as improving the quality of life, health and education (Bhuyan et al. 2001; Alam et al. 2011). At a macro level, remittances are an important source of foreign exchange, which can “serve as a pillar to support and improve creditworthiness and access to [the] international capital market” (NPRS-PRF October 2007, p.1), cushion the impact of economic recession (Labita August 2010; Alam et al. 2011) and assist in reducing poverty in many developing nations (Mamun and Nath 2010; Alam et al. 2011).

Remittance outflows negatively impinge upon senders’ balance of payments (Narayan and Lai 2007; Hugo et al. forthcoming). However, on the positive side, the presence of migrant workers meets labour market shortages and helps generate exports. The net result may indicate an improvement in the host countries’ balance of payment position despite net remittance outflows (Ghosh 2006, p.33). In fact, if labour is regarded as an export, Taylor (1999, p.67) rationalised that remittances are “part of the payment for exporting labour services” that returns to the origin. While the use of migrants’ remittances is a topic of interest for sending countries to optimise the contribution for their growth and development (Chandavarkar 1980), financial service providers are more interested in the remitting behaviour, especially the mode of transfer as they could benefit from the service charges and migrants’ savings if they could attract remittance sending through formal channels (Sander 2003; IOM 2010a; Yang 2011).

Neo-classical economic theory views migration in developing countries as an outcome of individual cost–benefit decisions to maximise expected income (Todaro 1976). By sending a family member abroad, a household makes an investment that is recovered when migrants send remittances home (Stalker 1994, Alam et al. 2011) thus explaining why migrants from areas with low earnings tend to move to countries with high earnings. Ullah (2010) analysed migrants’ decisions based on income, working conditions and costs of living in the country of origin in comparison to post-migration conditions and travel costs. His study revealed that push factors, such as unemployment, poverty and family pressure, influenced the decision to migrate and that there was usually a wage differential between origin and destination. In addition, travel costs which often become a debt payable at the destination, coupled with costs of living, had a negative impact on the volume and scale of their remittances. Similarly, Gunatilleke (1992) and Ullah (2010) found that attention has been given to single migrants leaving their family behind but very few studies have analysed the cost and benefits of migration among those who bring their dependants to the destination.

**Figure 7.1: The Remittance System: A Decision Model**  
 Source: Adopted from Russell (1986, p.679)



Russell (1986, p.679) rationalised that the volume and scale of remittances are determined by several factors such as the number of workers present at the destination, wage rates, economic activity at both destination and origin, exchange rates and relative interest rates between the destination and origin. Other factors include political risks, modes and convenience for transferring funds, marital status and education level of migrants, number of

female migrants at destination, years since out-migration, household income levels and employment of other household members at origin.

“Cost and benefit of migration is a focal point of many researchers which approach often fails to define the complicated relationships between determinants and effects of remittances”.

(Russell 1986, p.678)

A model of the remittance system (Figure 7.1) proposed by Russell (1986) is an economic framework for analysis of remittances that highlights the key decision points and the choices faced by migrants. The intermediate effects of remittance flows, namely, the available pool of remittances, decision to remit, how to remit, amount to remit and their uses are influenced by the set of determinants mentioned earlier. For example, low educational levels among migrants limit them to low-skilled jobs that pay low wages (Hugo 1993; Kassim 1997; Johari and Goddos 2003; Djelantik 2011). However, a higher real exchange rate between the destination and origin operates so that when the wage at the destination is transferred to the family left behind, it translates into larger purchasing power, and rationalises migration from low- to high-income countries (Ku 2008, p.2).

The decision to remit or to spend the wages at the destination can be influenced by migrants' return intentions. Many studies have found that migrants with the intention to return home tend to remit more than those who plan to stay permanently at the destination (Galor and Stark 1990; Massey and Akresh 2006; Collier et al. 2011). In addition, marital status and location of spouse and children (left at the origin) have a positive relationship to remittance-sending behaviour (Dustmann and Mesters 2010; Lee et al. 2011). In contrast, family unification at the destination reduces the volume of remittances (Chandavarkar 1980; Anderloni 2007).

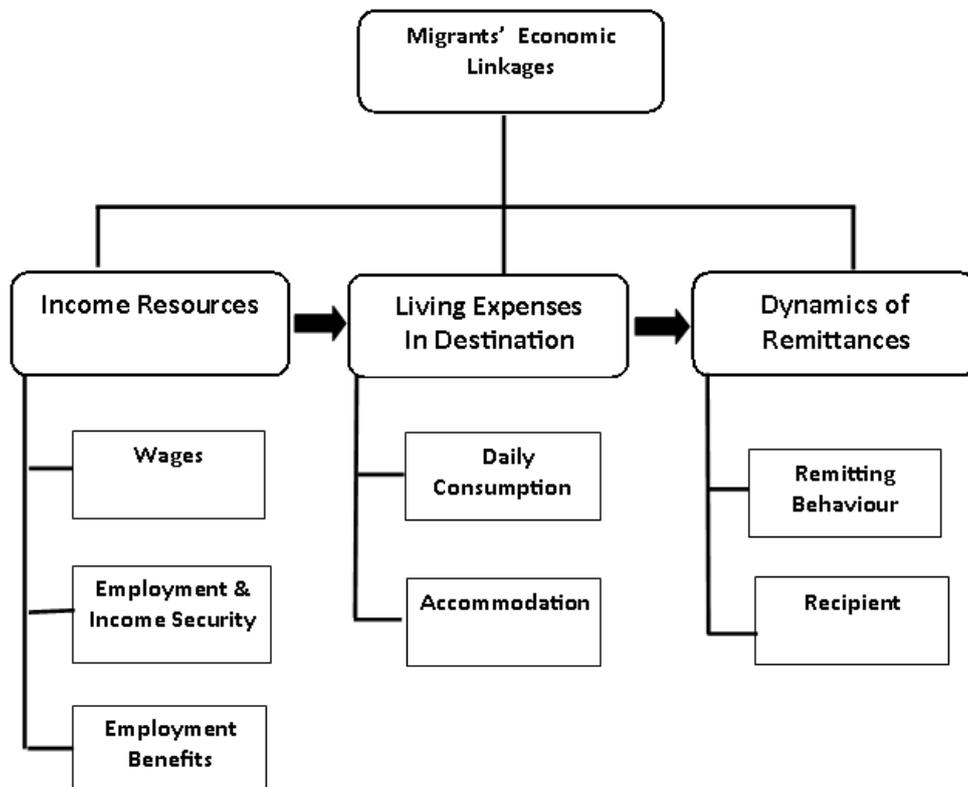
The tendency of migrants to use formal or informal modes of money transfer is related to the services offered by agencies. Lower remittance fees charged by formal money transfer agencies and the expansion of service locations may increase the frequency of remittances through formal modes (Yang 2011). While migrants usually lack direct control over the use of remittances, the household income level of the family left behind often influences the uses. Many papers on low-skilled migrants have argued that remittances are often used for basic

daily needs and rarely fund productive investments (Byron and Condon 1996; Barrero et al. 2009).

This study has attempted to extend Russell’s model of the remittance system by focusing on Indonesian migrants who bring their dependants to Sabah. Considering that living with a family incurs higher living expenses than living alone, this study looked into how the decision to remit (particularly in terms of the volume and frequency of remittances) is influenced by the living expenses incurred at the destination. Therefore, taking the standard neo-classical economic theory approach introduced by Todaro (1976) in examining the costs and benefits of migration, this study also extends Russell’s model of the remittance system to analyse the economic impacts of Indonesian migration to Sabah.

To understand the economic linkages between the destination and origin at the micro level, this chapter will look into income resources, living expenses and the dynamics of remittances as shown in Figure 7.2.

**Figure 7.2: Migrants’ Economic Linkages ILMS Survey (2010)**  
Source: ILMS Survey (2010)



In the ILMS Survey (2010), sources of income are mainly basic wages<sup>20</sup>; but on top of these are financial incentives that provide extra income outside basic wages and employee benefits that help reduce living expenses with the provision of accommodation, food allowance, medical coverage and other benefits. Wage differentials, along with pre- and post-migration employment conditions between origin and destination are compared to rationalise migrants' decision to seek jobs abroad.

This chapter looks into migrants' living expenses at the destination where daily consumption and accommodation usually form the biggest portion of monthly expenditure (Ullah 2010). Finally, the migrants' remitting behaviour, as well as the recipients and uses are analysed. The analysis of migrants' economic linkages is conducted based on selected determinants of remittances identified by Russell (1986, p.679) such as sex, employment before and after migration, marital status, income level, exchange rate and facility for transferring funds.

## **7.2 Pre- and Post-Migration Employment**

This section compares the nature of migrants' pre- and post-migration employment. It explains migrants' occupation and employment by sector, for males and females in pre-migration employment. Then, it compares pre- and post-migration employment by sector to see if previous skills and job experience matter in obtaining new jobs at the destination and it also compares wage differentials between origin and destination.

### **7.2.1 Pre-Migration Employment**

Table 7.1 shows that prior to migration, some 65 percent of respondents (mostly men) were in some kind of employment, 11 percent were in school and 23 percent were unemployed. The fact that women made up 41 percent of the latter suggests that the unemployed category is inclusive of homemakers. Data also suggest that it is a common practice among youth to leave secondary school to enter the labour force. For example, in 2009, almost 7 percent (2.3

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<sup>20</sup> In this study, wages and remittances are measured in MYR (Malaysian ringgit). The currency conversion used in this chapter is fixed at MYR1 equals to IDR3030 (Indonesian rupiah); USD1 (US dollar) is set at MYR3.

million) of Indonesian children aged 7-14 years were in employment, particularly in the agriculture sector in Eastern Indonesia and Sulawesi regions (UCW 2012). In addition, in the period 1985 to 2010, the adult mean years of schooling was between 3.5 and 5.8 and by 2011, the population with at least secondary education was 31.1 percent male and 24.2 percent female (UNDP 2011, p.2). Similarly, research on labour migration from East Flores to Sabah found that 70 percent of respondents were aged between 14 and 19 years when they first migrated (Eki 2002, p.129). Since the legal age for migrant contract workers as allowed by the Immigration Department of Malaysia is 18 years old (IDOM 2012), younger migrants may enter the country clandestinely or by using fake travel documents that alter their age as discussed in Chapter 6.

**Table 7.1: Pre-Migration Occupation of Indonesian Workers at the Origin**  
Source: ILMS Survey (2010)

<b>Sex</b>	<b>N</b>	<b>Working</b>	<b>Schooling</b>	<b>Unemployed</b>	<b>No info</b>
<b>Male</b>	558	430 (77.1 %)	58 (10.4 %)	68 (12.2 %)	2 (0.4 %)
<b>Female</b>	338	154 (45.6 %)	42 (12.4 %)	139 (41.1 %)	3 (0.9 %)
<b>Total</b>	<b>896</b>	<b>584</b> <b>(65.2 %)</b>	<b>100</b> <b>(11.2 %)</b>	<b>207</b> <b>(23.1 %)</b>	<b>5</b> <b>(0.6 %)</b>

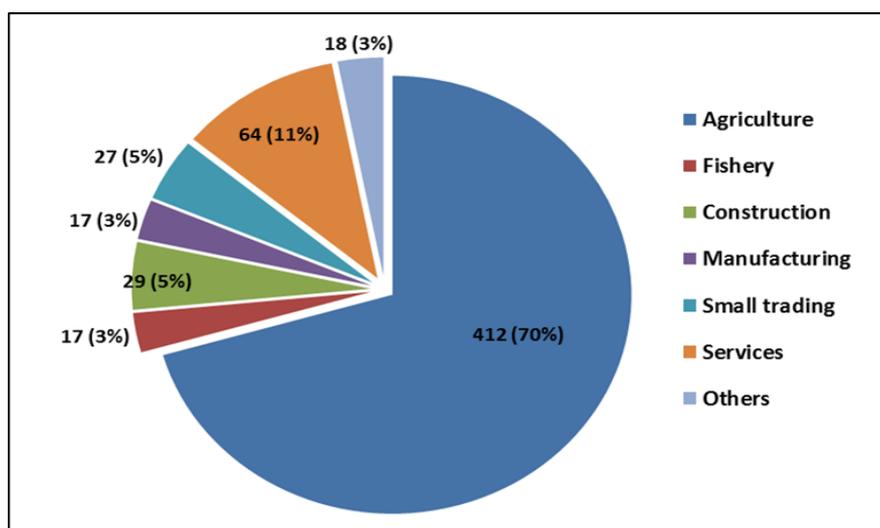
Employment in Indonesia is dominated by the informal sector due to the slow growth in job creation in the formal sector. Firdausy (2005, p.5) found that the worsening unemployment situation in Indonesia since 1999 has resulted in a higher unemployment rate and an increase in informal sector employment. In 2002, the National Socio-Economic Survey (SUSENAS) revealed that some 70 percent of the total workforce was employed in the informal sector (Alisjahbana and Manning 2006, p.239) and the scenario did not change much in the following three years (Nazara 2010, p.20). Observing this situation, the World Bank (2010, p.2) rationalised that:

“Labour regulations played a large part in explaining jobless growth, but workers’ skill are also part of the equation ... In other words, Indonesia’s services which still make up for the highest employment share have failed to translate growing activity into an equivalent increase in employment ... There are indications that the skills profile of the Indonesian workforce has not evolved along with the demands of the labour market, which may have contributed to slow employment growth in the service sector”.

While the informal sector is often associated with low education, low wages, poor work conditions and a lack of job and employment security or employee benefits, rather than being unemployed, many Indonesians turn to informal employment for immediate, short-term gains (Nazara 2010, p.33). Closely associated with poverty, the informal economy is a phenomenon in both urban and rural Indonesia, comprising 92 percent of agricultural and 52 percent of non-agricultural employment in 2002. The poor in the former are heavily concentrated in agriculture where self-employment and family work on small farms predominate (Alisjahbana and Manning 2006, p.239).

An analysis of pre-migration employment by sector (Figure 7.3) in the ILMS Survey (2010) depicts a distinct feature of rural employment in Indonesia. Some 70 percent of respondents were in the agriculture sector where the majority worked either as farmers on their own rice fields or were landless farmers, casual workers or unpaid workers. Some 11 percent who worked in the services sector held jobs as gardeners, cleaners, domestic workers, drivers and tailors, while 5 percent were petty traders and generally sold homemade food, vegetables and groceries. The rest worked in non-agricultural occupations as production workers (3 percent), fishermen (3 percent) and construction workers (5 percent). Most importantly, 99 percent of pre-employed respondents worked in the informal sector, and only 1 percent worked in the formal sector as clerks, replacement teachers or village representatives.

**Figure 7.3: Pre-Migration Employment by Sector (n=584)**  
Source: ILMS Survey (2010)



Further analysis of pre-migration employment for males and females in Table 7.2 indicates that about 75 percent of women worked in the agriculture sector. Similarly, in Sakernas (2009), the employment structure showed that women were more heavily concentrated in informal employment in rural Indonesia, playing a major role as family workers, than was the case for males (Nazara 2010, p.21). The ILMS Survey (2010) also found a high percentage of men worked in the agriculture sector (68.8 percent) and, to a lesser extent, in male-dominant sectors, such as fishery and construction.

**Table 7.2: Pre-Migration Employment by Sector and Sex**  
Source: ILMS Survey (2010)

Sex	N	Agriculture	Fishery	Construction	Manufacturing	Business	Services	Others
Male	430	296 (68.8 %)	17 (4 %)	29 (6.7 %)	12 (2.8 %)	15 (3.5 %)	54 (12.6 %)	7 (1.6 %)
Female	154	116 (75.3 %)	-	-	5 (3.2 %)	12 (7.8 %)	10 (6.5 %)	11 (7.1 %)
<b>Total</b>	<b>584</b>	<b>412 (70.5 %)</b>	<b>17 (2.9 %)</b>	<b>29 (5.0 %)</b>	<b>17 (2.9 %)</b>	<b>27 (4.6 %)</b>	<b>64 (11.0 %)</b>	<b>18 (3.1 %)</b>

### 7.2.2 Post-Migration Employment

As presented in Section 5.2.4, the majority of respondents had little education and were currently working in the plantation sector. Since the labour market situation in Sabah demands low-skilled foreign workers who are willing to work in 3D jobs eschewed by local people, the pre-migration experience had little influence on the choice of their after-migration occupation. The ILMS Survey (2010) found that 52.6 percent of migrants who had prior experience in plantations were recruited to a similar sector in Sabah, with less than 12 percent in services, followed by the construction and manufacturing sectors.

Although work conditions at the destination are 3D in nature, many respondents interviewed in the ILMS Survey (2010) said that they would rather risk pursuing jobs in Sabah for higher wages and income security than living on less than USD2 per day (in purchasing power parity, PPP terms) as experienced by 50 percent of Indonesians in 2009 (Wihardja 2012).

**Table 7.3: Number of Respondents Working in the Same Industry as in Pre-Migration Employment**

Source: ILMS Survey (2010)

Sector	No. of respondents in current job	Pre-migration employment was in the same industry as the current job	
	N	N	Percent
Plantation	563	296	52.6
Construction	24	2	8.3
Manufacturing	218	10	4.6
Services	35	4	11.4

Generally, employment in agriculture and, to a certain extent, manufacturing, construction and services in Sabah is in the formal sector (Department of Statistics, Malaysia 2009). The majority of respondents in the ILMS Survey (2010) were legal Indonesian workers in the formal sector in oil palm plantations located in rural Sabah. These permanent workers are bound to at least a three-year contract, extendable yearly thereafter for another two years, and usually work in jobs classified according to skills requirement, gender preference and specific characteristics (ILO 1997, p.12). Most migrants in the plantation sector are employed as field operation workers and are involved in preparation, harvesting and maintenance jobs (Adnan July 2012). Men dominate in the physically demanding jobs such as harvesting and carrying fresh fruit bunches (FBB) and pruning; thus, they receive higher wages, while women are found in less physically demanding jobs, such as collecting loose fruit and weeding, thus receiving lower wages (Felda Plantations Sdn Bhd 2008; ILMS Survey 2010).

The plantations take care of workers' welfare, namely, medical benefits, accommodation, transport, social security benefits, termination and lay-off benefits (ILO 1997, p.12; Felda Plantations Sdn. Bhd 2008). According to Manan (2006, p.80) and Jemon (2005, p.46), these requirements need to be fulfilled by employers applying for an employment of foreign workers' licence<sup>21</sup>. As all legal foreign workers are registered under the Sabah Labour Force Department and protected under the *Sabah Labour Ordinance 1967 (revised) 2005* (KESERU 2005; Manan 2006, p.96), legal Indonesian workers with 'contract of service',

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<sup>21</sup> Foreign workers' licences can be applied for by principal employers/out-sourcing companies who have more than 10 workers (Jemon 2005; Manan 2006).

generally experience better terms and conditions of employment, representation of labour, collective bargaining and grievance compensation than those with a ‘contract for service’ (as explained in Section 2.5.2) or of illegal status.

All respondents in this study were employed under a ‘contract of service’. However, it is important to highlight the fact that illegal migrants in the plantation sector are often recruited as casual workers verbally bonded under ‘contract for service’ by out-sourcing companies or self-employed contractors, also known as ‘contractors for labour services’. They supply workers to plantations based on seasonal needs especially during good harvests and when facing labour shortages. The in-depth interviews in the ILMS Survey (2010) found that this service is preferred by employers in small and medium enterprises (SMEs) and in generally all sectors, especially plantation, construction and services. Employers who are not directly liable for workers can keep production costs low (Navamukundan 2002, p.118).

As explained in Section 2.5.2, these self-employed contractors receive a lump sum payment for completion of jobs and pay wages to their contract labourers. A study by the ILO (1997 p.13) found that the utilisation of such contract labour in the plantation sector involves several unfair labour practices. Some self-employed contractors pay wages that are lower than the market rate and do not provide employment benefits, such as medical coverage and housing. Since self-employed contractors are paid by commission, they tend to reduce workers’ wages to gain more personal profit. “Abuses with regard to wages and terms and conditions of employment by self-employed contractors often go unchecked because of the informal social control mechanisms available to labour contractors” (Navamukundan 2002, p.118).

### **7.3 Migrants’ Economic Linkages**

The majority of Indonesian migrants in this study migrated for economic reasons as discussed in Chapter 5. Therefore, it is important to analyse migrants’ economic linkages at the destination which include income resources, living conditions and remittances to understand the economic impacts. This section compares the economic conditions among provinces in Indonesia and the wage differentials between the origin and destination. Income security and employment benefits offered by the formal sector in Sabah are highlighted, in contrast to

their absence in informal employment in Indonesia. As most Indonesian migrants in this study brought their dependants, living expenses at the destination, in terms of consumption and accommodation, are another important factor.

### **7.3.1 Wages**

Wage differentials between the origin and destination have proven to be one of the most important determinants in making decisions to migrate and have been the main focus of many researchers (Gunatilleke 1992; OSCE 2006; Ku 2008; Ullah 2010). Economic reasons, mostly the lack of regular employment and low wages at home, often prompt Filipinos to work abroad (Asis 2005b). In Bangladesh, high population growth and poverty levels are determinants of increased emigration (Ullah 2010). Similarly, wage differentials have been proven to be one of the main drivers of Indonesian emigration to Malaysia (Hugo 1993; Raharto et al. 1999).

According to Sakernas (2000), 75 percent of family workers in rural Indonesia were in the agriculture sector, dominated by female unpaid workers, and the share of wage employment was small (13 percent). The reason was that three-quarters of wage employment in agriculture was found in the informal sector where landless labourers worked in individually owned rice fields. Similarly, two-thirds of employment in the manufacturing sector was dominated by low-productivity household and small-scale informal industries (Dhanani and Islam 2004, p.4). Currently, based on Sakernas (2009), the labour force situation in Indonesia is still dominated by the informal sector (70 percent), which is dominated by the self-employed assisted by seasonal/unpaid workers (20.7 percent), followed by self-employed workers (19.9 percent), family workers (17.9 percent) and agricultural seasonal workers (6.1 percent).

Table 7.4 presents the economic situation of Indonesia which includes selected economic indicators in the six provinces from which the majority of respondents in the ILMS Survey (2010) originated. These economic indicators, such as the unemployment rate and proportion of informal to formal employment, imply the extent of non-stable employment and low-level employment security (Dasgupta 2001) in Indonesia. Economic pressure at the origin along

with wage differentials between the origin and destination are often the main push factor of emigration (Hugo 1993; Raharto et al. 1999; Eki 2002; Asis 2005; Ullah 2010).

**Table 7.4: Economic Indicators and Differences in Wages Earned between Countries of Origin and Destination by Selected Provinces 2011**

Sources: # www.bps.go.id/, accessed on 22 January 2012; \*Nazara (2010); @ calculated from the ILMS survey (2010)

Province	Poor Population (%)#	Employment (million)#	Employment in Informal Sector (%)*	Unemployment (thousand) (%)#	Minimum Wages at the Province (IRP) (Feb 2011)#	Minimum Wages at the Province (MYR)	Current Average Monthly Wages (MYR)@	Difference in Wages (MYR) Gain in Wages (%)
East Java	14.2	19.4	65.8	845,647 (4.2 %)	732,000	241.58	942.73	701.15 (290.2 %)
West Nusa Tenggara	19.7	2.1	67.3	116,412 (5.4 %)	950,000	313.53	898.10	584.57 (186.4 %)
East Nusa Tenggara	21.2	2.2	83.3	59,655 (2.7 %)	850,000	280.52	946.58	666.06 (237.4 %)
Central Sulawesi	15.6	1.3	70.7	55,812 (4.3 %)	827,500	273.10	862.53	589.43 (215.8 %)
South Sulawesi	10.3	3.4	68.4	243,021 (6.7 %)	1,100,000	363.03	871.19	508.16 (140 %)
Southeast Sulawesi	14.2	1.0	70.7	46,232 (4.3 %)	1,100,000	363.03	921.67	558.64 (153.9 %)

Migrant workers in Sabah tend to come from specific regions in Indonesia which have a significant poor population (World Bank 2009, p.8). The table shows that poverty is the highest in East Nusa Tenggara (21.3 percent) followed by West Nusa Tenggara (19.73 percent). These regions are characterised by a high percentage of informal employment of 83.3 percent and 67.3 percent, respectively. Eki (2000, p.172) found that economic pressure in Eastern Nusa Tenggara was the main push factor for emigration to Sabah for better jobs and higher wages.

The incidence of high out-migration from South Sulawesi to Sabah is expected as, of the six provinces, it recorded the highest unemployment rate of 6.7 percent with the majority being employed in the informal sector (68.4 percent). In addition, the following non-economic factors may also encourage out migration:

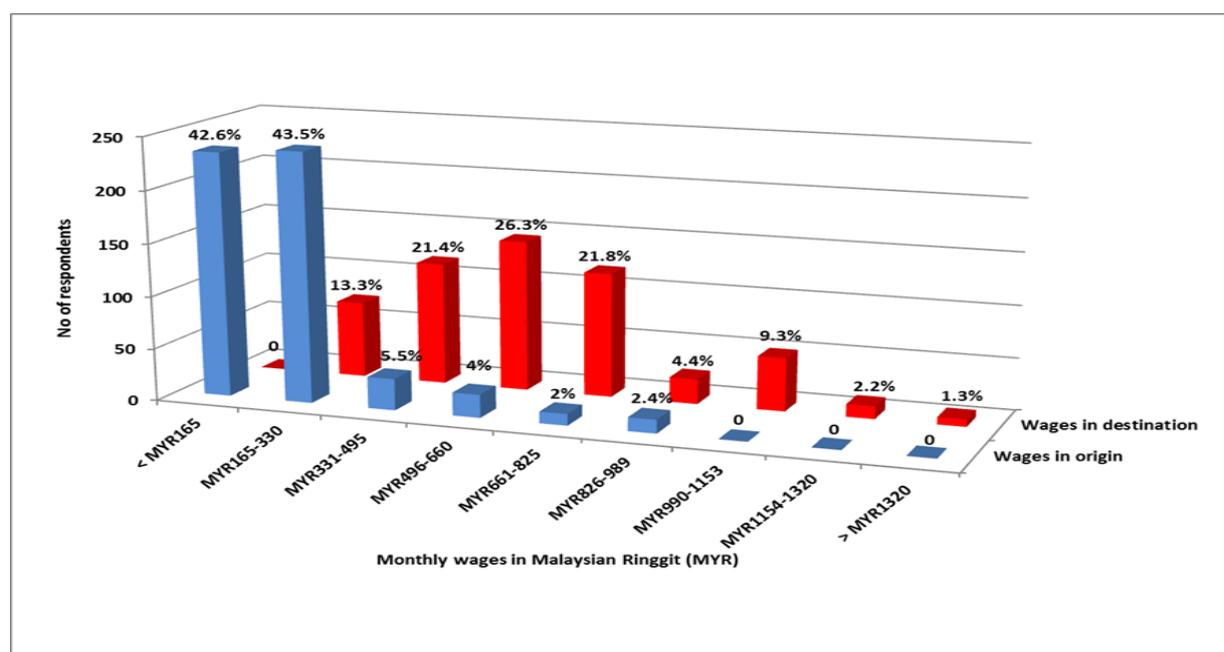
- i. The close proximity between South Sulawesi and Sabah.
- ii. The large population of South Sulawesi.
- iii. A strong migration tradition among the Bugis.

- iv. A strong Bugis networking system particularly in the plantation sector where *mandors* (supervisors) play an important role in recruiting new workers.
- v. Pare-Pare, the second largest port in South Sulawesi, provides frequent passenger transportation to and from Nunukan, a border town near Tawau, Sabah.
- vi. There are many recruitment agencies in Pare-Pare that could assist the unemployed to secure better jobs in Sabah.

Minimum monthly wages in the six selected provinces from which most respondents came are also depicted in Table 7.4. When minimum wages at the origin were compared to the respondents' current average monthly wages, East Java recorded the highest wage differential of 290.2 percent. This was because the minimum wage was not only the lowest among these 6 provinces – MYR241.58 (USD80.52) but also it was the lowest across the 26 provinces in Indonesia in 2006 (World Bank 2012, p.8). South Sulawesi, on the other hand, recorded the lowest wage differential of 140 percent against the relatively high minimum wages of MYR363.03 (USD121.01). This situation was due to the increase in petrol prices and inflation that affected the cost of living (BPKM and JICA, 2007, p.59). However, most of the working population (68.4 percent) in this province received incomes below the minimum wage due to their involvement in informal employment.

The wage comparison between the origin and destination in Figure 7.4 shows that in pre-migration employment, respondents' lowest income was somewhat less than MYR165 (USD55), while the highest was from MYR826-MYR989 (USD275-USD329). The higher end of income suggests that about two percent of respondents in this study were landowners working on their rice fields assisted by family workers. Generally, 43.5 percent earned from MYR165-MYR330 (USD55-USD110) a month in pre-migration employment. Due to their involvement in informal rural agricultural employment, 42.5 percent of respondents earned less than MYR165 (USD55). The majority of respondents experienced a wage increase in their post-migration employment. Figure 7.4 shows that their monthly income including basic wage, financial incentives and extra allowances ranged from MYR165 (USD55) to more than MYR1320 (USD440). In addition, some 70 percent had wages ranging from MYR331-MYR825 (USD110-USD275) with the biggest group (144) among them earning from MYR496-MYR660 (USD165.30-USD220).

**Figure 7.4: Wage Differential between the Origin and Destination (N=547)**  
Source: ILMS Survey (2010)



A further analysis of wages (Table 7.5) found that the majority of respondents (68.7%) experienced an increment of at least 100 percent. Of the total, 38.4 percent respondents had an increment of 250 percent and above, while 31.3 percent had an increment of less than 100 percent. Of the total respondents who experienced a 250 percent increment, 43.6 percent were males and 23.4 percent were females. On the other hand, of the total respondents who experienced less than 100 percent increment, 24.8 percent were males and a high 49.6 percent were females. The findings indicate that males experienced a higher wage increment than their female counterparts.

**Table 7.5: Wage Increment between Pre- and Post-Employment**  
Source: ILMS Survey (2010)

	Wage Increment (%)					Total
	Less 100	100-150	151-200	201-250	More than 251	
Male	101 (24.8%)	42 (10.3%)	48 (11.8%)	38 (9.4%)	177 (43.6%)	406 (100%)
Female	70 (49.6%)	19 (13.5%)	6 (4.3%)	13 (9.2%)	33 (23.4%)	141 (100%)
<b>Total</b>	<b>171</b> <b>(31.3%)</b>	<b>61</b> <b>(11.2%)</b>	<b>54</b> <b>(9.9%)</b>	<b>51</b> <b>(9.3%)</b>	<b>210</b> <b>(38.4%)</b>	<b>547</b> <b>(100%)</b>

Note: \*calculation: [(post-employment wages minus pre-employment wages)/pre-employment wages]x100=increment (%)

Table 7.6 shows the monthly wages by sex and sector. Generally, male respondents earned more than females with the latter receiving an average of MYR250 less than males per month. The minimum and maximum wage rates were also lower for females than males. Overall, the average monthly wages of respondents in this study was MYR634 (USD211.3). Manufacturing and construction paid the highest wages while the informal sector paid the lowest. Similarly, Sabah’s current average wage is MYR577 (USD192) at the time of study (Che Jaafar May 2012).

**Table 7.6: Summary Statistics of Monthly Wages (MYR) by Sex and Sector**  
Source: ILMS Survey (2010)

Characteristics	n	Mean	Median	Minimum	Maximum
<b>Sex</b>					
Male	558	778	750	350	1400
Female	338	528	500	200	950
<b>Sectors</b>					
Plantation	563	637	590	300	1400
Manufacturing	218	685	595	350	1100
Services	35	566	450	320	950
Construction	24	675	695	400	1100
Informal	56	515	490	200	980
<b>Overall Total</b>	896	634	590	200	1400

Table 7.7 shows the estimation of wage rates in the plantation and manufacturing sectors based on in-depth interviews. The findings indicate that jobs requiring greater physical strength and skills, as well as those involving higher risk and greater difficulty, pay higher than jobs with lesser requirements. Job tenure which is closely related to work experience, skill level and knowledge also determines a migrant’s wage rate particularly for *mandors* (supervisors).

**Table 7.7: Estimation of Wage Rates by Selected Sector and Job Type**  
Source: ILMS Survey (2010)

Plantation Sector		
Job Type	Job Description	Wage Rates
<i>Mandors</i>	Requires work experience derived from substantial job tenure. Responsible for workers' productivity, job quality and discipline.	 <b>MYR1400</b>       <b>MYR300</b>
FFB Harvesters	Requires physical strength and some work experience. Skill is gained from job tenure. Wage rate is higher when harvesting in difficult terrains.	
FFB Carriers	Requires physical strength to carry FFB from the plantation to the roadside. Wage rate is higher in absence of machinery.	
Machine operators/lorry drivers	Requires skills, knowledge and some job experience.	
FFB loaders	Requires physical strength to load FFB from the roadside onto the lorry.	
Maintenance/general field operation workers	Requires some physical strength and little work experience.	
Loose fruit collectors	Does not require physical strength/work experience	
Manufacturing Sector		
Supervisors	Requires work experience derived from substantial job tenure. Responsible for workers' productivity, job quality and discipline.	 <b>MYR1100</b>       <b>MYR350</b>
Machine operators/maintenance	Requires skills, knowledge and some job experience.	
Lorry drivers	Requires skills and a little job experience.	
Production workers in palm oil/wood/brick factory	Most positions require some physical strength, skill and work experience. Usually involves big companies.	
Production workers in food/coal/animal feed factory	Usually involves small size companies.	

Table 7.8 compares monthly wages paid to local and foreign workers, indicating that wage discrimination is apparent in all formal sectors in Sabah. Generally, foreigners were paid lower than local people in the manufacturing, services and construction sectors. While around 61 percent of employers paid foreign workers monthly wages of MYR500-MYR999 (USD166.7-USD333), local workers mainly received wages that ranged from MYR1,000-MYR1,499 (USD333.3-USD499.6). It is interesting that a high percentage of employers in the plantation sector paid foreign workers higher wages than local people, perhaps due to greater willingness of foreign workers to take up more demanding tasks than the local people.

**Table 7.8: Monthly Wages Paid by Employers to Workers by Nationality and Sector**  
Source: ILMS Survey (2010)

Monthly Wage	Plantation (N=14)*		Manufacturing (N=11)*		Services (N=9)*		Construction (N=3)*		Overall Total (N=37)*	
	L	F	L	F	L	F	L	F	L	F
< MYR 500	50.0	20.0	20.0	50.0	12.5	33.3	0.0	5.0	26.6	32.3
MYR500-MYR 999	50.0	70.0	60.0	40.0	62.5	66.7	50.0	80.0	56.7	61.3
MYR 1,000 - MYR 1,499	0.0	10.0	20.0	10.0	25.0	0.0	50.0	5.0	16.7	6.5

Note : **L** = Local : **F** = Foreign

### 7.3.1.1 Employment and Job Security

Job security refers to the security (of income) associated with having employment as an employee (Dekker February 2010, p.1). Although the term is often used interchangeably with employment security, the latter is a broader concept that Dekker (February 2010, p.4) defined as:

“The confidence of being able to keep, find or create gainful employment, now and in the future, based on the development of your own human capital and on well-functioning (labour market) institutions”.

Secure employment is an important aspect in employment because it is the main means to secure income (Dasgupta 2001, p.2 and 4). In legal terms, the ILO (1995, p.18) defines employment security as,

“... workers have protection against arbitrary and short notice dismissal from employment, as well as having long-term contracts of employment and having employment relations that avoid casualization”.

Based on this definition, employment security is not applicable to self-employed workers or various kinds of non-standard (informal) employment.

In Indonesia, about 70 percent of workers are involved in informal employment, such as self-employed, casual and unpaid family workers and, thus, do not have employment security. According to Dhanani and Islam (2004), a survey undertaken in the early 1990s suggested that very few workers enjoyed employment security outside the civil service, and this remains almost the same in recent years (Nazara 2010). To break away from this situation, many poor Indonesians in areas like Kabupaten East Flores “*pergi melarat*” (Raharto et al. 1999, p.75) which means find jobs offering higher income and some form of employment security abroad. The employment security indicators analysed in this section are the likelihood of losing present employment and the likelihood of finding alternative employment; employment tenure and status; as well as coverage of employment protection legislation, derived from Dasgupta (2001). The aim is to understand employment and job security in the formal sector in Sabah which seems to be one of the pull factors attracting Indonesian migrants.

The labour market in Malaysia is divided into formal and informal sectors where migrants in the former sector are usually bound by a ‘contract of service’ while, in the latter, this is by a ‘contract for service’. “Workers in [the] informal sector cannot expect full compliance of provisions of the Employment Act and other labour legislation” and cannot join trade unions (Navamukundan 2002, p.118). In addition, they are excluded from most bonuses and allowances (Bormann et al. 2010) with this also applying to illegal migrant workers. As most respondents in the ILMS Survey (2010) were found in formal employment, they were protected under the *Employment Act 1955 Labour Ordinance (Sabah Cap 67 revised 2005)* that ensures they receive a monthly income of at least the minimum wage fixed by the government (Che Jaafar May 2012). The minimum wage rate gazetted in July 2012 enables all contract migrant workers in Sabah and Sarawak to receive minimum pay of MYR800 a month, and in the Peninsular, MYR900 a month, effective January 2013 (CIMB May 2012; Teoh June 2012; Gooch May 2012). An interview with an official in the SLFD revealed that currently an average wage rate of MYR17-MYR25 per day is stated in the written contract between an employer and a contract migrant worker in all formal sectors in Sabah.

In addition, migrant workers also have rights to other benefits such as overtime pay, paid leave and paid maternity leave, as shown in Table 7.9. Migrant workers are to receive overtime pay if they have worked more than the maximum of eight hours a day or 40 hours a week. In addition, they enjoy one paid public holiday a week and, after two years’ tenure, they are granted eight days of paid leave a year. Female workers have the right to 60 days of paid maternity leave. In short, a job as a regular full-time foreign contract worker directly employed by a company in the formal sector has more labour protection and a higher level of employment security than in the informal sector.

Besides the benefits received under the Sabah Labour Ordinance, regular full-time foreign workers also benefit from a variety of financial incentives offered by principal employers in the formal sector in Sabah. Financial incentives are given based on a worker’s job performance and are included in the monthly salary (except for the annual bonus). Interviews with 37 employers found that financial incentives differed between sectors and enterprises. They depended on the size of an enterprise and whether it was private or government-owned. For example, a larger, government-owned plantation offers higher wages, better incentives

and work conditions than a small, privately owned plantation. Table 7.9 shows that foreign workers from the services sector received the least financial incentives compared to those in other sectors. This was due to the small size of operation in most restaurants, tyre shops, laundromats and small traders in the town area in Tawau.

**Table 7.9: Benefits and Financial Incentives above Basic Income for Foreign Workers in Main Job Sectors in Sabah**

Sources: # ILMS Survey (employers) (2010)

\**Sabah Labour Ordinance 1955 (Sabah Cap 67 revised 2005)*

	List of benefits and financial incentives	Jobs sector			
		Plantation	Manufacturing	Construction	Services
<i>Sabah Labour Ordinance 1955 (revised 2005)*</i>	Overtime	√	√	√	√
	Paid leave	√	√	√	√
	Paid maternity leave	√	√	√	√
Company Incentives#	Quality of work	√	X	X	X
	Productivity	√	√	X	X
	Risk/difficulty level	√	√	√	X
	Skills	√	√	√	√
	Price bonus (monthly) (profit sharing scheme)	√	X	X	X
	Annual bonus	√	√	√	√
	Job tenure	√	√	√	√
Full attendance	√	√	√	√	

Financial incentives are the main source of extra income received by foreign workers on top of their basic monthly salary. This increase in total monthly income affects workers' ability to save money and send remittances. The in-depth interviews among Indonesian workers found that they would work really hard to maximise their monthly earnings. Generally, they could earn from MYR300-MYR450 (USD100-USD150) in extra income a month if they were productive, and willing to take job risks, undertake difficult tasks and work long hours. Most employers agreed that financial incentives motivate foreign workers to work harder and, more often than not, they outperform local people. Similarly, employers prefer employing migrant workers in the plantation (Amatzin 2004) and construction sectors (Abdul Rahman et al. 2012) for the same reason. In short, the nature of 3D jobs in Sabah is based on "the more you work, the more you earn" concept which does not correspond with local people's attitude to jobs as "the longer the work tenure, the higher income you get and the less you work".

On the other hand, illegal foreign workers do not benefit from financial incentives. The in-depth interviews with illegal Indonesian workers revealed that the only incentive received on top of their basic salary was overtime payment. They had to accept low wages and little financial incentives as their illegal status allowed employers to conduct unfair labour practices (Quinn 2002, p.111). In a study on Indonesian workers in Sabah, (Jemon 2003, p.340 and 344) found that 92 percent of migrant workers (the majority of whom worked in the informal sector) earned MYR200-MYR600 (USD66.6-USD200). Some 86.4 percent of workers in this study were illegally employed, and the growing number of foreign workers (mostly illegal) under contract for service is a grave concern of the trade unions (Navamukundan 2002, p.118).

### **7.3.1.2 Employee Benefits**

Employee benefits in kind are non-wage compensation provided to employees in addition to their monthly salary and financial incentives. Employee benefits help increase workers' economic security, and improve worker retention across the organisation. The National Compensation Survey groups employee benefits into five categories: paid leave, supplementary pay, retirement, insurance and legally required benefits (Bureau of Labour Statistics 2012).

This study compares employee benefits received by workers at their origin and destination. It includes employee benefits commonly found in the formal sector in Sabah such as accommodation (employer-provided or paid), life insurance, minimum medical coverage, paid leave, transport (employer-provided or paid) and food (employer-provided or paid). This is important in investigating the working conditions experienced by the majority of Indonesian workers who stay for short periods in Sabah.

The in-depth interviews asked if Indonesian workers received any form of employee benefits in pre- and post-migration employment. Table 7.10 shows that the manufacturing and plantation sectors in Sabah offered the most employee benefits while the construction and services sectors offered the least. The majority of respondents were legal migrant workers bound by a contract of service, under which employers provided at least benefits such as life

insurance, minimum medical coverage and paid leave. In a study of Indonesian workers in Sabah, Manan (2006, p.34) stressed that employers are required to provide insurance coverage as stated in the *Workers' Compensation Act 1952 (Act 273)* and *Regulations and Orders* that protect the social safety of migrant workers from becoming an industrial casualty. In addition, employers of rural plantation and mining sectors who provide accommodation must comply with the *Standard of Housing and Amenities Act 1990 (Act 446)*. On the contrary, most migrants received few employee benefits in their pre-employment at their origin due to its informal nature.

**Table 7.10: Employee Benefits: Comparison Between Origin and Destination**

Source: ILMS Survey (employers and respondents) (2010)

Employee Benefits	Jobs Sector							
	Plantation		Manufacturing		Construction		Services	
	Indonesia	Sabah	Indonesia	Sabah	Indonesia	Sabah	Indonesia	Sabah
Accommodation (provided/paid)	×	√	√	√	√	√	√	√
Food allowance	×	×	√	√	No info	×	√	√
Life insurance	×	√	×	√	×	√	×	×
Medical coverage	×	√	√	√	No info	√	√	√
Transport (provided/paid)	×	√	×	√	×	×	×	×
Paid leave (sick, public holiday)	×	√	×	√	×	√	×	√

Poor working conditions are expected in informal rural agricultural employment from which most migrants in this study came. Employers did not provide any form of employee benefits and workers were not protected under any labour regulations. For example, although the national real wage for agricultural workers was IRP28,582 per day (USD3.14) (Berita Resmi Statistik March 2012), in practice most farm workers received IRP10,000-IRP20,000 (USD1.10-USD2.20). Extra allowances or bonuses were not applicable (ILMS Survey, 2010).

Based on the above discussion, it is clear that most legal Indonesian migrants working in Sabah received wage increases and experienced some form of employment and job security as well as employee benefits. On top of the wage differentials, migrants could earn extra monthly income from financial incentives, and could reduce monthly living expenses especially through the provision of accommodation, transport, food and health coverage by

employers. Therefore, higher income coupled with lower living expenses enable migrants to save some money for remittances. The following sections will discuss living expenses and remittances, especially for migrants who bring family with them to Malaysia.

### **7.3.2 Living Expenses at Destination**

Most research on international migration highlights the benefits of remittances to families left behind and to the sending countries (Gunatilleke 1992; Taylor 1999; Ku 2008; Yang 2011), but there are not many studies on migrants' living expenses at the destination and how these influence their remitting behaviour. Huguet (2003, p.129) pointed out that "despite the obvious importance of remittances, there is limited information about the financial activities of migrants while abroad". On the same note, Page (2009, p.333) stressed that understanding migrants' ability to remit is as crucial as their motivation to remit. He argued that migrants with small earnings, only sufficient to cover their basic living expenses, will not be able to send remittances even if they want to. As described in Section 5.2.3, the ILMS Survey (2010) found that the majority of respondents (670) were married and 91 percent of them had spouses living with them in Sabah.

#### **7.3.2.1 Daily Consumption**

The ILMS Survey (2010) analysed monthly consumption and average wages among migrants of different family status. In this study, single migrants included those who were married but left their family behind, as well as divorced and unmarried migrants. Table 7.11 shows the different pattern in daily consumption expenditure between male and female migrants, with women spending nearly half of their wage on daily consumption while men spent around 40 percent. The in-depth interviews found that female migrants who mostly had working spouses spent more on family daily consumption, while most of their spouses' income went to savings and remittances. Most male migrants received financial support from their spouses who had some form of permanent or part-time job.

**Table 7.11: Daily Consumption at Destination by Sex and Family Status**  
Source: ILMS Survey (2010)

Characteristics of migrants	N	Average consumption per month in 2010 (MYR)	Mean wage (MYR)	Proportion of income in 2010 (%)
<b>Sex</b>				
Male	558	311	778	39.9
Female	338	296	628	47.1
<b>Family status</b>				
Family in Sabah	449	361	735	49.1
Family left behind	61	208	770	27.0
Family in Sabah & Indonesia	200	301	757	39.8
Divorced/widowed	5	190	674	28.2
Unmarried	181	189	702	26.9

This study also analysed the cost of daily consumption according to family status and its proportion to mean wage. Respondents with family in Sabah used up to nearly half (49.1 percent) of their income on daily consumption. As expected, single migrants (married but with family left behind, unmarried and divorced) spent only about a quarter of their income. It is important to highlight that the lower proportion of income migrants spend on their daily consumption at the destination, the more money they could put into savings and remittances.

### 7.3.2.2 Accommodation

In addition to daily consumption, accommodation generally consumes a big portion of monthly income (Ullah 2010). A study of survival strategies of foreigners in Sabah showed that squatter areas had become a popular choice of migrants partly because of the relatively low rental (Kassim and Md. Shah 2004). Table 7.12 indicates that more than three-quarters of respondents had their accommodation arranged by employers. This is expected as housing provision was part of the employee benefits received by many foreign workers, particularly in rural plantations and construction sites as explained in Section 7.3.1. Less than a quarter of the migrants arranged their own accommodation, through a family or relatives and others. If they worked in the plantation sector, they received a housing allowance of MYR50 a month (Felda Sdn Bhd 2008). The in-depth interviews found that most family or relatives allowed migrants to stay free of charge, while others only asked for small rental fees.

**Table 7.12: Arrangement of Initial Accommodation at Destination**  
Source: ILMS Survey (2010)

Individual(s) who arranged current accommodation	Value	Percentage
• Oneself	84	9.4
• Family/relative in Sabah	69	7.7
• Employer	708	79.0
• Others	35	3.9
<b>Total</b>	<b>896</b>	<b>100.0</b>

A more detailed analysis was conducted to determine the mean accommodation cost of migrants by sex and family status as displayed in Table 7.13. Generally, migrants who arranged their own accommodation paid amounts ranging from less than MYR100 to more than MYR300 (USD33.3-USD100) for house rental. When family status is considered, migrants with family in Sabah who arranged their own accommodation paid the most (MYR160.79 (USD53.59)) for house rental. However, the cost would be lower if they received a housing allowance from employers.

**Table 7.13: Accommodation Cost at Destination by Sex and Family Status**  
Source: ILMS Survey (2010)

Characteristics of Migrants	N = 896	House Rental				Provided by Employer	Own House/ Relatives	Others	No info
		<MYR 100	MYR 101-200	MYR 301+	Mean (MYR)				
<b>Sex</b>									
Male	558	9	21	1	138.87	484	36	4	3
Female	338	12	15	1	139.68	265	34	8	3
<b>Family Status</b>									
Family in Sabah	449	4	12	1	160.79	391	31	7	3
Family left behind	61	7	4	0	108.18	46	2	2	0
Family in Sabah & Indonesia	200	7	11	0	147.74	166	12	2	1
Divorced/widowed	5	0	0	0	0	3	2	0	0
Unmarried	181	3	9	0	126.15	143	23	1	2

Based on the in-depth interviews, these migrants (mostly men) had worked for more than five years and some were married to local partners. On the other hand, migrants who had left their family in Indonesia and those who never married spent the least on their accommodation because they opted for shared housing arrangements.

As shown in the ILMS Survey (2010), migrants with family in Sabah spent more on their monthly consumption and accommodation than single migrants. However, provision of accommodation by employers to most migrants, coupled with employee benefits, such as medical coverage as well as provision or allowance of transport and food, helped reduce their overall living expenses. In addition, financial incentives received on top of their basic wages helped increase their monthly earnings. The ratio of monthly living expenditure to the mean wage determines migrants' savings and eventually remittances. Indeed, living conditions and cost of living at the destination are important determinants of remitting behaviour (Lundius et al. 2008).

### **7.3.3 Dynamics of Remittances**

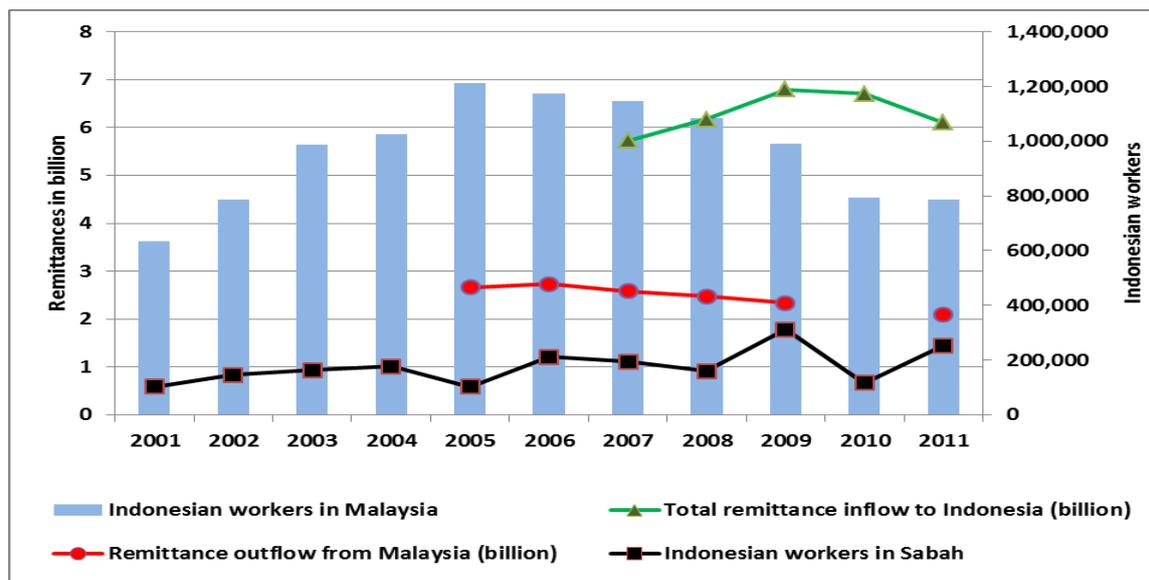
Remittances are transfers of money by a foreign worker to his or her home country. It is an important source of income to many developing countries as "it constitutes the largest monetary inflow, exceeding worldwide aid" (Alam et al. 2011, p.22). Indonesia is mainly a remittance-recipient country where the flows of remittances are a stable and consistent source of foreign exchange (World Bank 2009, p.12). In 2011, Bank Indonesia recorded USD2.1 billion of remittances from Malaysia. However, the volume would be higher if it included remittances sent through informal institutions (*New Straits Times* January 2012; *The Jakarta Post* January 2012).

Although the total inflow is not as significant as the top remittance-recipient countries, namely India, Mexico, China and Philippines (Alam et al. 2011, p.23), with remittances only making up less than 10 percent of the country's export income (Hugo et al. forthcoming) and the level seeming smaller relative to total GDP, remittances remain highly significant in the Indonesian local and regional context (Raharto 2007; World Bank 2009). For instance, the World Bank (2009) estimated that 90 percent of total remittances in 2006 went to Java: Hugo (2004, p.120) conservatively estimated that East Flores received USD20 million in annual remittance flows, arguing that remittances are the major financial flow into Nusa Tenggara region.

Figure 7.5 shows that Indonesian remittance flows have been experiencing a steady increase from USD5.722 billion in 2007 to USD6.1 billion in 2011. Malaysia has been the main

remittance sender contributing 45 percent and 30 percent of total remittances received in 2007 and 2011, respectively. This is consistent with the Indonesian Government policy that promotes the export of labour and remittances, and the Malaysian authorities allowing the use of foreign labour to help generate the country's economic development (Sukamdi et al. 2004; Kanapathy 2006).

**Figure 7.5: Indonesian Workers and Remittance Flow, 2001-2012**  
 Sources: World Bank (2012); Bank Nasional Indonesia (BNI) (2012); Immigration Department of Sabah (2012); Immigration Department of Malaysia (2012)



The trends in the official number of Indonesian workers in Malaysia as a whole and the state of Sabah are shown in Figure 7.5. Although these figures are a significant underestimate, they clearly indicate the importance of the Indonesia–Malaysia migration corridor that is designated the seventeenth largest in the world (World Bank 2011). In all, 40 percent of Indonesian migrant workers in Malaysia in 2006 were employed in the informal sector (World Bank 2009): this influenced remitting behaviour. As explained earlier in Section 3.6, the 2010 population census of Malaysia showed that the foreign population accounted for about 38 percent of Sabah's total population with most being Indonesians concentrated in the Sandakan and Tawau Divisions.

### 7.3.3.1 Remittance Patterns

Chandavarkar (1980, p.37) stated that:

“The remittances of migrants are subject to a variety of socioeconomic factors: the usually higher cost of settlement and living abroad; the need to keep a “nest egg” of savings abroad ...; the length of stay abroad; the ease of access to remittance facilities at the place of work; and even the educational levels of migrants”.

Although many factors influence remitting behaviour, this study focused on the tendency to send remittances, and their volume and frequency. In addition, it discusses the medium of transfer, as well as the recipients and uses of remittances. It analyses the influence of family status and sex on remitting patterns and behaviour particularly for migrants with dependants abroad.

Some 80.1 percent of migrants interviewed in the ILMS Survey (2010) sent money home in the same year. Table 7.14 shows no significant difference between male and female migrants in their propensity to remit money. When compared by family status, almost half of the migrants with family in Sabah sent remittances followed by a quarter of migrants with family at both the origin and destination. In comparison, those who did not remit included mostly migrants with family in Sabah (62.1 percent).

**Table 7.14: Percentage of Respondents Sending Remittances by Sex and Family Status**  
Source: ILMS Survey (2010)

Characteristics of Migrants	N=896	Send Remittances	
		Yes	No
<b>Sex</b>			
Male	558	450	108
Female	338	277	61
Total	896	727	169
<b>Family status</b>			
Family in Sabah	449	344	105
Family in Indonesia	61	53	8
Family in Sabah & Indonesia	200	182	18
Divorced/widowed	5	5	0
Never married (single)	181	143	38

The in-depth interviews found that migrants who had worked less than two years in Sabah lacked the economic stability to remit, while the majority who had stayed longer with an intention to stay permanently tended to remit less. Similarly, in a study of Mexican migrants

in the US, Orozco (2003) found that migrants in their fifth to sixth year abroad sent the most, whereas both recent migrants and migrants who stayed more than 10 years tended to remit less.

Migrants were asked about the total amount of cash remittance they had sent in 2010. As summarised in Table 7.15, the mean amount remitted was MYR2,720 (USD906.7) a year which is equivalent to an average of USD75.7 per month per sender. On average, migrants remitted almost one-third of their income earned in Sabah in 2010. The Bank of Indonesia estimated that, on average, Indonesian overseas workers sent 45 percent of their monthly income home (World Bank 2008).

The value of cash remittance sent by migrants in 2010 was analysed for males and females by family status. Table 7.15 shows that, although female migrants earned MYR150 (USD50) less than men a month, their remittance was 3.5 percent higher, consistent with other findings that female migrants tend to remit a higher proportion of their income (Page 2009; IOM 2010a). A variation in the proportion of remittance to income is noted among different family types. It appears that unmarried migrants remitted the highest proportion of income (33.1 percent) in contrast to migrants with family in Sabah who remitted the least (19 percent). This finding indicates that remittances are “carved out of the disposable income that migrants receive after deducting the cost of living expenses and, in some cases, savings and other costs” as demonstrated in Russell’s remittance system model (Ullah 2010, p.158). Similarly, in the case of Turkish migrant workers, Chandavarkar (1980, p.37) commented that the portion of remittances tended to decline significantly when migrants reunited and stayed with their families abroad.

As discussed in Section 7.3.2, migrants with family in Sabah spent half of their income on daily consumption in contrast to single migrants (unmarried, divorced and those who had left their family behind) who only spent a little more than a quarter. Conversely, in a survey of Indonesian workers in Malaysia, Kanapathy (2006, p.14) found that as food and accommodation were provided by employers, migrants in the services sector and domestic helpers remitted about 93 percent of their income. In the case of Indonesian migrant workers in the ILMS Survey (2010), the provision of financial incentives and employee benefits, for

example, housing, food, transport and medical coverage, have helped them to increase their income and reduce the cost of living expenses. However, migrants' average wage of MYR704 (USD234.7) which is just above the Sabah current average wage of MYR577 (USD192.3) hindered them in remitting more even if they intended to do so.

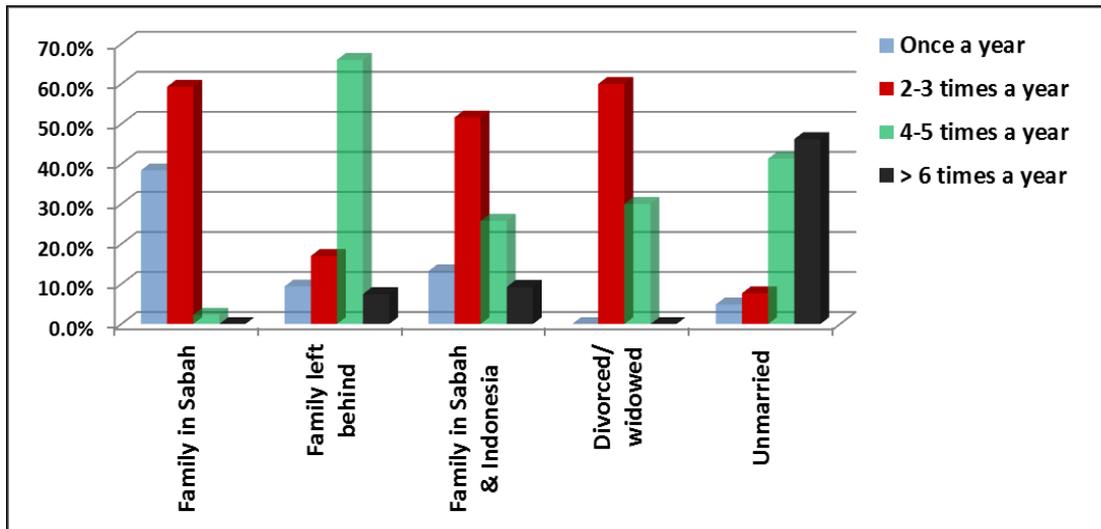
**Table 7.15: Cash Remittances and their Proportion to Wages by Sex and Family Status**  
Source: ILMS Survey (2010)

Characteristics of Migrants	N 727	Mean amount remitted in 2010 (MYR)	Average remitted per month in 2010 (MYR)	Mean wage (MYR)	Proportion remitted in 2010 (%)
<b>Sex</b>					
Male	450	2808	234	778	30.1
Female	277	2634	211	628	33.6
<b>Family status</b>					
Family in Sabah	344	1669	140	735	19.0
Family left behind	53	2946	246	770	32.0
Family in Sabah and Indonesia	182	2817	235	757	31.0
Divorce/widowed	5	2360	196	674	29.1
Unmarried	143	2772	231	702	33.1
<b>Overall total</b>	<b>727</b>	<b>2720</b>	<b>227</b>	<b>704</b>	<b>32.2</b>

Figure 7.6 shows that migrant workers of different family status remitted at a variety of times. The majority of migrants, particularly divorced migrants, migrants with family in Sabah and migrants with family at the origin and destination, sent money irregularly, twice or three times a year. Most migrants with family left behind and unmarried migrants sent money more frequently (4-5 times). While 46.2 percent of unmarried migrants had a tendency to remit every two months, some 38.4 percent of migrants with family in Sabah tended to remit only once a year. The results indicate that remittance sending was higher among single migrants and lower among migrants with family abroad.

**Figure 7.6: Frequency of Sending Remittances by Family Status**

Source: ILMS Survey (2010)



A further analysis was conducted to understand the relationship between remitting frequency and the remittances' value. Table 7.16 shows a higher frequency inversely related to the value of remittance per transaction, and vice versa. Some 84 percent of migrants who remitted four times or more a year sent from MYR200-MYR599 per transaction, while about three-quarters of those who remitted three times or less a year sent from MYR600 to over MYR1,000.

**Table 7.16: Frequency and Value of Cash Remittances**

Source: ILMS Survey (2010)

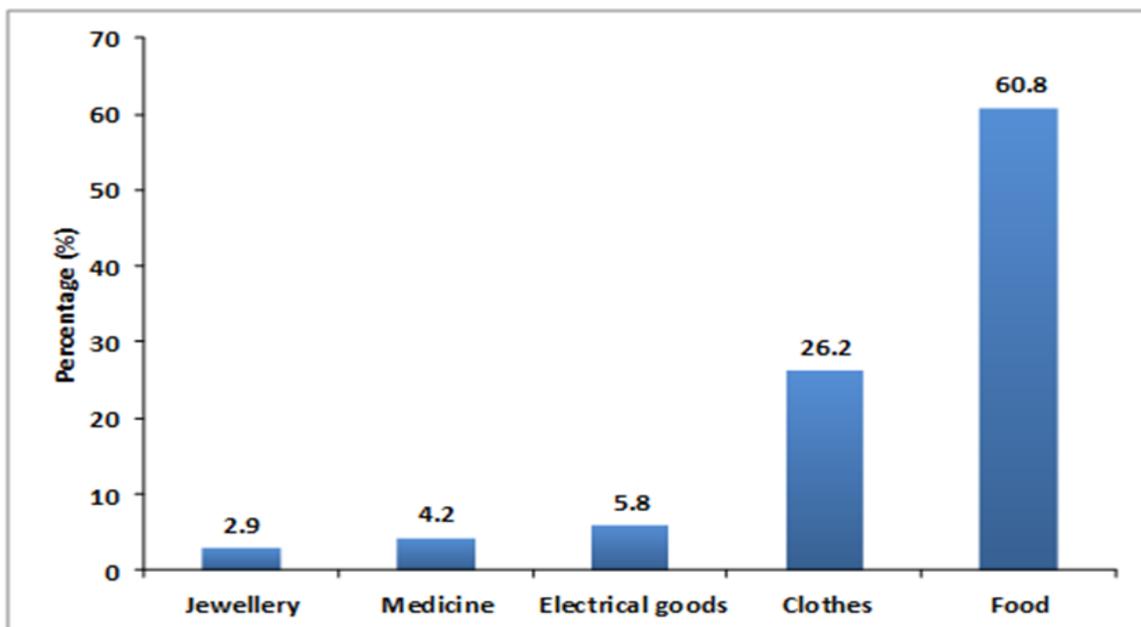
Value of remittances per transaction	Frequency in sending cash remittances				Total N=727
	Once a year	2-3 times a year	4-5 times a year	More than 6 times a year	
	N=168	N=321	N=151	N=87	
<MYR 200	0	4	13	6	23
MYR 200-399	0	32	35	43	110
MYR400-599	0	87	86	36	209
MYR600-799	9	148	17	2	176
MYR800-999	34	37	0	0	71
MYR1,000 +	124	10	0	0	134
No info	1	3	0	0	4

Commenting on remitting trends in developing countries, Sander (2003, p.6) generalised that the value of remittances is often small but frequent, and higher in festive seasons, for example, Chinese New Year, Christmas, Eid Fitr and Dilwali. Smaller amounts of money per

transaction to Indonesia reflect the low salaries among migrant workers (World Bank 2008, p.26). In a survey on Indonesian migrants in Malaysia, IOM (2010, p.81) found that of migrants who sent an occasional remittance (30 percent), an average amount of MYR736 (USD209) was sent per occasion with the purposed being mainly for a festive season followed by health-related matters. Other occasions included school fees and the death of family members.

In addition to remittances in cash, Indonesian migrants also bring home remittances in kind. The ILMS Survey (2010) found food to be the main item sent home as shown in Figure 7.7. The in-depth interviews revealed that food items sold in Tawau were much cheaper and of a higher quality in comparison to food items at the origin.

**Figure 7.7: Remittances in Kind**  
Source: ILMS Survey (2010)



Included among the popular items were manufactured foods such as Milo, Nescafe, condensed milk, skimmed milk and cooking oil (Plate 7.1a). These items are usually brought home upon migrants' return for cultural and religious festivals or as special gifts much valued by family members and relatives. These goods are also transported by foreign worker agents who often travel by boat to and from Tawau and Indonesia (Plate 7.1b). Goods sent by this courier service are charged at approximately MYR30-MYR40 (USD10-13) per *karung guni*

(bundle). According to Eki (2002, p.255), the flow of goods, particularly construction material, is apparent in Eastern Flores region. Upon their return, migrants charter a boat from Sabah to deliver the goods. From the findings, it can be said that Indonesian migrant workers in Malaysia prefer sending goods that are value for money and useful for sustaining daily household economic activities and that symbolise their success in working abroad.

**Plates 7.1 a and b: Variety of Items Sent by Indonesian Migrants through Tawau Port**  
Source: ILMS Survey (2010)

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### **7.3.3.2 Mechanisms of Remittance Transfers**

The network of cross-border remittance transfer in the Malaysia–Indonesia remittance corridor constitutes both formal and informal funds’ transfer entities. The former comprises banks, money transfer operators (MTOs) and postal money orders at the post office, while the latter includes money changers<sup>22</sup>, hand delivery, employment agencies and courier services (World Bank 2009, p.35). Given this wide variety, the choice of remittance transfer is often determined by several factors such as trustworthiness, accessibility, service and transaction

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<sup>22</sup> Money changers use the Hawala system. They transfer the money from the destination to origin country through a network of Hawala brokers. When a migrant approaches a money changer in Malaysia and pays the amount of money to be remitted to the broker, he contacts his network at the origin and informs them about the transaction. The broker from the origin sends money to the recipient. In the Hawala system, the money actually does not leave the country.

costs (Sander 2003, p.9). The World Bank (2009, p.40) compared incentives offered by remittance channels based on interviews with Indonesian migrant workers and remittance service providers (RSPs) which is presented in Table 7.17.

**Table 7.17: Comparative Analysis of Incentives of Remittance Channels**

Source: World Bank (2009)

Incentives	Bank	Postal (Money Order)	Money Transfer Organisation (MTO)	Money Changer	Informal Channels
Access without ID	No	No	No	Yes	Yes
Geographic coverage in Malaysia	Limited	Good	Limited	Unknown	Good
Relative price of fee	Variable	Inexpensive	Expensive	Inexpensive	Unknown
Speed	Moderate to slow	Slow	Fast	Fast	Variable
Language barrier	Variable	Variable	Variable	Variable	None
Minimal paperwork	No	No	No	Yes	Yes

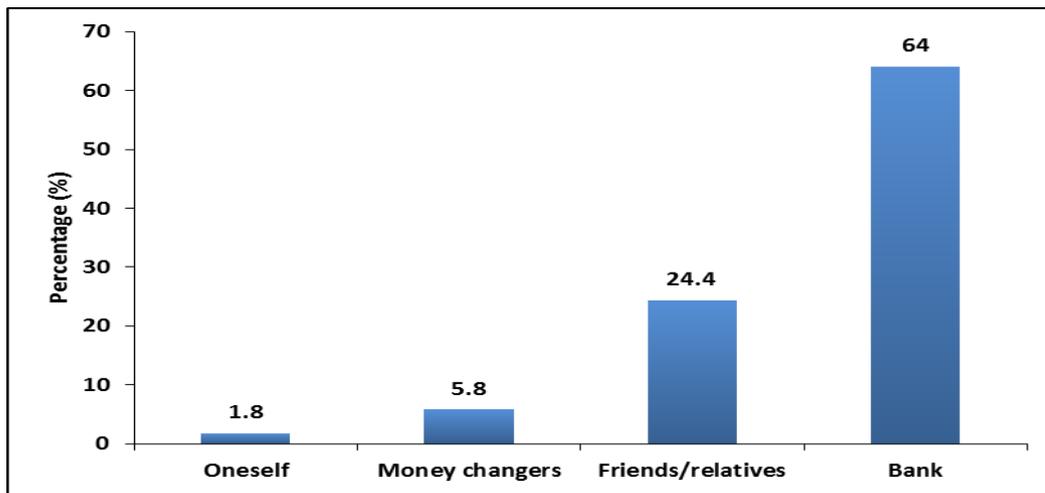
The findings indicate that:

- i. the cost of remitting funds through formal channels is higher than informal channels;
- ii. undocumented workers have more incentives to use informal remittance channels; and
- iii. factors that influence the decision to use informal channels include physical access, institutional access, regulatory access, comparative cost, availability of competitive alternatives and the financial literacy of migrant workers themselves.

The ILMS Survey (2010) found that formal entities, such as banks, were the most preferred medium of remittance transfer (64 percent) in comparison to informal entities (36 percent), such as hand delivery and money changers. Similarly, a survey on Indonesian migrants in Malaysia found that 75 percent of migrant workers used formal channels such as telegraphic transfer or bank draft while a quarter used informal channels such as agents, money changers, friends and relatives (Kanapathy 2006, p.15). Consistent with the above findings, interviews with Bank Negara Malaysia found that 90 percent of formal remittance transfers go through bank institutions.

**Figure 7.8: Mode of Sending Cash Remittances**

Source: ILMS Survey (2010)



The in-depth interviews with employers showed that some Indonesian workers, particularly those who worked in the plantation and manufacturing sectors, received their monthly salaries through their own bank accounts. This system is practised to minimise the risk of migrant workers being robbed when keeping a lot of cash at home, and to ensure that every migrant worker receives his or her full salary on time every month. According to Kanapathy (2006, p.15), “official transfer of remittances in Malaysia is relatively higher than elsewhere since many local banks encourage savings and remittances by providing special facilities for foreign workers”. In addition, many small branches or booths of commercial banks specialising in foreign transactions are strategically located in areas where migrants work or gather (World Bank 2008, p.30). Despite the high cost of remittances in relation to migrants’ low income, banks have been the most popular choice due to trustworthiness, accessibility and services.

It is estimated that 30 percent of total remittances are not recorded in official accounts in Asian countries such as India, Indonesia, the Philippines and Sri Lanka (Ghosh 2006, p.15). In the ILMS Survey (2010), preference for sending remittances through informal channels was more inclined towards hand delivery (30.2 percent) through returning friends or relatives and by the migrant himself or herself. Given the proximity between the origin and destination countries, hand delivery can be convenient, and the cheapest and fastest way of sending remittances among Indonesian migrants. Although money changers often offer a competitive

exchange rate and are highly accessible even in remote areas in Malaysia and Indonesia, they were not a popular choice for sending remittances according to this study.

### 7.3.3.3 Recipients and Uses of Remittance

Economic categories of altruism, self-interest and family loans have been used to partly explain the motivation in sending remittances in international migration research (Taylor 1999; OECD 2006; Page 2009; Mamun and Nath 2010). Altruism refers to migrants who gain satisfaction from increasing the welfare of their family or relatives through remittances. Migrants who are driven by self-interest to remit tend to keep their family left behind contented or accumulate assets by investing in their home area to get ready for their return. In the context of the extended family framework, migrants are motivated to remit money to pay debts to the family or relatives who provided a sum of capital to enable migration (Page 2009, p.334). In the ILMS Survey (2010), the reasons migrants sent remittances home is reflected by who received them (Table 7.18) and how they are used (Figure 7.9).

**Table 7.18: Main Recipients of Remittances by Family Status**  
Source: ILMS Survey (2010)

Sender of remittance by family status	Recipient of remittance				
	Parent(s)	Spouse	Child(ren)	Sibling(s)	Relative(s)
Family in Sabah N=344	277 (78%)	0 -	0 -	55 (15.5%)	23 (6.5%)
Family in Indonesia N=53	23 (23.2%)	34 (34.3%)	41 (41.4%)	1 (1.0%)	0 -
Family in Sabah & Indonesia N=182	109 (40.67%)	5 (1.8%)	141 (52.%)	10 (3.7%)	3 (1.1%)
Divorced/widowed N=5	4 (80%)	0	0 (0)	1 (20%)	0 -
Never been married (single) N=143	113 (76.4%)	0 -	0 -	26 (17.6%)	9 (6.%)
<b>Total</b>	<b>526</b> <b>(60.1%)</b>	<b>39</b> <b>(4.%)</b>	<b>182</b> <b>(20.8%)</b>	<b>93</b> <b>(10.6%)</b>	<b>35</b> <b>(4%)</b>

In this study, migrants were given a multiple answer question in which more than one recipient of remittances could be chosen (Table 7.18). It appears that parents (60.1 percent) and, to a much lesser extent, siblings (10.6 percent) were recipients of remittances for all migrants of different family status. Single migrants (divorced and unmarried) as well as

migrants with family in Sabah sent remittances mainly to their parents. Similarly, Hugo (1983, p.18) found that unmarried temporary migrants remitted money mainly to their parents; whereas married temporary migrants who left their family behind sent money to wives or children. The ILMS Survey (2010) found that sending remittances to spouses was not a popular choice because the majority of migrants in this study had their spouse with them in Sabah.

The location and presence of spouse and children play a major role in influencing migrants' choice of recipients for remittances. In the absence of spouse and children at the origin, migrants with family in Sabah chose parents (78 percent) as recipients of their remittances. This pattern of behaviour is also apparent among divorced migrants and those who have never married. However, migrants with family in Indonesia and migrants with family located at the origin and destination sent lesser amounts of remittance to their parents. The former gave priority to their own nuclear family comprising spouse (34.3 percent) and children (41.4 percent) as recipients of remittances before their parents. The latter sent remittances to children followed by parents in the absence of their spouse.

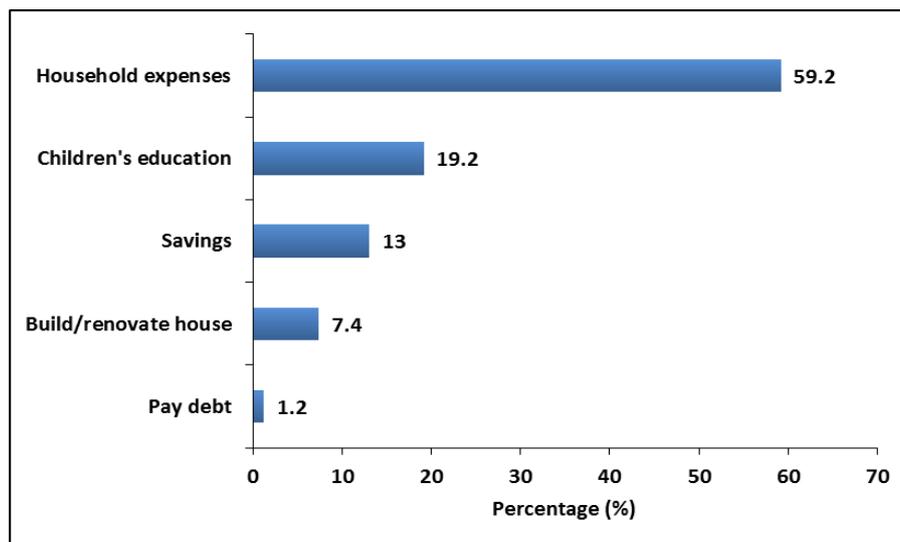
In terms of motivation for sending remittances, the results indicate that all migrants who sent money to their parents were motivated by altruism. In his study on international migration in West Java, Hugo (1983, p.19) found that strong obligations towards supporting parents among most married and unmarried West Javans drove migrants to send remittances to their parents. He added that the strong "bonds of filial loyalty" is another reason migrants send remittances. In other words, sending remittances can be seen as fulfilling expectations and social obligations in taking care of old parents as is widely practised in the Asian region.

Migrants with family in Indonesia seem to be driven by both altruism and self-interest when sending money to their family left behind. They made sure that their spouse and children lived comfortably and that children received education before putting aside some money for savings. Figure 7.9 shows that spouses of migrants often kept some cash remittances in savings which could later be used to build or improve their house and buy land. While repaying family loans was often associated with remittances sent to relatives, it is interesting that in this study, some migrants who had stayed abroad for more than 10 years and received

a higher salary, sent remittances to siblings and relatives as a loan to pay for their travel costs and enable migration from the origin to Sabah. The small percentage of remittances used for paying debts was relative to the small number of new migrants involved in this study.

Figure 7.9 also shows that about 60 percent of remittances sent by migrants in the ILMS Survey (2010) was used for household expenses. According to Hugo (1993, p.108), “remittance can be of great significance to a rural family and comprise a considerable portion of the household income”. The fact that less than a quarter of remittance was used for education is explained by the tendency of migrants in this study to bring their spouse and children to the destination. However, as found in most research, only a small portion of remittances sent by migrants was spent on savings and investment (in this case, for building or renovating their house).

**Figure 7.9: Uses of Remittances**  
Source: ILMS Survey (2010)



#### 7.4 Conclusion

This chapter has discussed the economic linkages and impacts of Indonesian labour migration to Sabah. Economic differences between Malaysia and Indonesia provide support for the standard neo-classical economic theory that partly explains the movement of migrant workers from low- to high-wage countries (Todaro 1976). The decision to move tends to include

elements such as wage differentials, employment opportunities and job security and, to a certain extent, employee benefits at the destination.

This study has extended Russell's model of remittances by including expenses at the destination that can influence the decision to remit, particularly among migrants accompanied by their family. It has been demonstrated that the costs of living expenses are higher among migrants with family in Sabah than among single migrants. This explains the tendency to send less frequently and a lower volume of remittances among the former. Hence, the trend of being accompanied by family to Sabah has implications for migrants' remitting behaviour. Besides the economic impact, the trend of staying with family at the destination has social impacts on the migrant themselves and on local people, especially in terms of use of education and health services. The next chapter will analyse migrants' demographic and social impacts in Sabah.

## CHAPTER 8 DEMOGRAPHIC AND SOCIAL IMPACTS OF INDONESIAN LABOUR MIGRATION TO SABAH

### 8.1 Introduction

Migration to East and Southeast Asian countries is generally perceived by policy-makers as low-skilled temporary labour migration which is not expected to lead to permanent settlement (Castles 1998). Labour importation strategies are usually motivated by short-term economic considerations, ignoring potential long-term political and social consequences. Contract labour systems in the Gulf oil countries and Asia are based on a differential exclusion model which means that migrants are accepted within strict functional and temporal limits (Castles 1998; 2000a; 2003).

“They are welcomed as workers but not as settlers; as individuals not as families or communities; as temporary migrants, but not as long-term residents”.

(Castles 2003, p.11)

In other words, migrants are integrated temporarily into certain societal subsystems, such as employment and housing and some aspects of the welfare system, such as education and health, but excluded from others, such as political participation. Ritzer (2000) commented that these policies are the mechanism through which the temporary status of contract migrant workers is established although some of these conditions are contrary to basic human rights (Asis 2003; Kassim and Mat Zin 2011).

However, the migration situation in Malaysia is different from that in the Gulf oil countries. Geographical, cultural, religious, historical and linguistic proximity, coupled with long-established social networks, makes it challenging for the government to successfully implement the Gulf model of temporary migration, particularly in Sabah (Hugo 1993; Kassim 2005; Johari and Goddos 2003). Migrants from neighbouring countries, such as the Philippines and Indonesia, tend to stay longer than they are permitted: many bring family members and aim to gain citizenship to facilitate their living in Sabah. Migrants hope that by gaining citizenship, they can enjoy rights and services, including free education, scholarships and admission to public universities; health care; employment and business; housing and property ownership; social security; freedom of movement; political participation; and voting rights as well as holding a passport, and that these privileges can be handed down to the next generation (Wan Hassan and Abd Rahim 2008a, p.138).

The practice of granting citizenship to mostly Indonesian and Filipino Muslim migrants has attracted attention from local residents, especially the indigenous Sabahan ethnic minority and the opposition political parties that represent them, as it raises issues, such as the ethnic balance, social security and *Bumiputera* privilege (Sina 2006; Wan Hassan and Abd Rahim 2008b). It is feared that the continued influx of migrants will disrupt Malaysia's delicate ethnic balance (Pillai 1992). Not only will migrants become citizens with voting rights, but they will also have access to affirmative action policies with their status as *Bumiputera* (Sadiq 2005; Wan Hassan and Abd Rahim 2008a). The *Bumiputera*, or 'sons of soil', who include the Malays and indigenous communities, have privileges in education, employment, political power and wealth (Ariffin 1995, p.347)

This chapter discusses the internal factors that facilitate the process of gaining citizenship in Sabah based on the possible routes to citizenship (Sadiq 2009). It shows how historical factors, cultural affinity and political linkages facilitate the transition from temporary to permanent migration among legal and illegal migrants. It explains the impact of the granting of citizenship to migrants on the demographic structure based on population census data. It also highlights the problems faced by migrant workers in accessing health and education services due to a lack of legal documents and their status as non-citizens, thus reiterating the importance among migrants in Malaysia of gaining citizenship either through legal or fraudulent means.

## **8.2 International Migration and the Impact on Sabah's Demographic Structure**

Sabah's reliance on migrant workers to help generate economic growth began long before it achieved independence in 1963. Since the introduction of a capitalist economy by the British Borneo Chartered Company in 1881, migrants from China and Java were imported to Tawau, Sabah to work in commercial planting of coconut, rubber, bananas and tobacco, as well as in the timber industry. Tawau's economic development also attracted spontaneous migrants, mainly from Sulawesi (Bugis), Indonesia, as well as natives from the Philippines (Bajau and Suluk). The early history of migration to Tawau has influenced contemporary international migration from Indonesia and the Philippines to modern Sabah. This section analyses Sabah's demographic structure before and after independence.

## 8.2.1 Demographic Structure before Independence (1891-1960)

Changes in the proportion of indigenous and foreign populations before independence can be observed in the population censuses undertaken by the British North Borneo Chartered Company (BNBCC) every 10 years beginning in 1891 (Table 8.1). Only a decade after the arrival of the BNBCC, the indigenous population dropped to 76.9 percent and has progressively decreased since then. During the period of 1891-1960, the proportion of foreigners increased from 23.1 percent to 32.5 percent including the Chinese who comprised 23 percent of the whole Sabah population in 1960. A small European elite was involved in government administration and commercial companies. The 'Others' category consisted of migrants originating from mainly Java, Kalimantan and Sulawesi; a small number of migrants from Pakistan and Cocos Island; Filipino natives (Bajau and Suluk); Sarawak natives (Dayak); and other migrants accounting for 41,485 people or 9.1 percent of the total Sabah population.

**Table 8.1: Distribution of Sabah Population by Country of Origin, 1891-1960**

Sources: North Borneo: A Report on the Census of Population (1921); North Borneo: A Report on the Census of Population (1951); North Borneo: A Report on the Census of Population (1960)

	1891	1901	1911	1921	1931	1951	1960
	Number/Percentage (%)						
Indigenous	51,593 (76.9)	79,948 (76.5)	172,584 (80.4)	203,041 (77.1)	205,218 (74)	243,009 (72.7)	306,498 (67.5)
Foreigners	15,469 (23.1)	24,579 (23.5)	42,145 (19.6)	60,284 (22.9)	72,128 (26)	91,220 (27.3)	147,686 (32.5)
Chinese*	NA	NA	NA	39,256 (15)	50,056 (18)	74,374 (22.3)	104,542 (23)
Europeans*	NA	NA	NA	565 (0.2)	647 (0.2)	1,213 (0.4)	1,896 (0.4)
Others*	NA	NA	NA	20,290 (7.7)	21,555 (7.8)	15,545 (4.6)	41,485 (9.1)
<b>Total Population</b>	<b>67,062</b>	<b>104,527</b>	<b>214,729</b>	<b>263,252</b>	<b>277,476</b>	<b>334,141</b>	<b>454,421</b>

Note: \* Sub-categories of Chinese, Europeans and 'Others' make up the total population of 'Foreigners'.

The category 'Foreigners' in the population census conducted by the BNBCC implies the function of the political boundary created by the colonial power that separated the local citizens ('indigenous') from outsiders or newcomers. The political boundary created separation in countries under colonial rule; the English in Sabah and Sarawak, the Dutch in

Indonesia, and the Spanish and later the US in the Philippines. However, this invisible political boundary was meaningless to native peoples in the three regions who were used to crossing the borders freely for economic reasons (barter trading) and maintaining family ties (Kassim 1987; Wan Hassan et al. 2008). These movements shaped Sabah's demographic structure after independence.

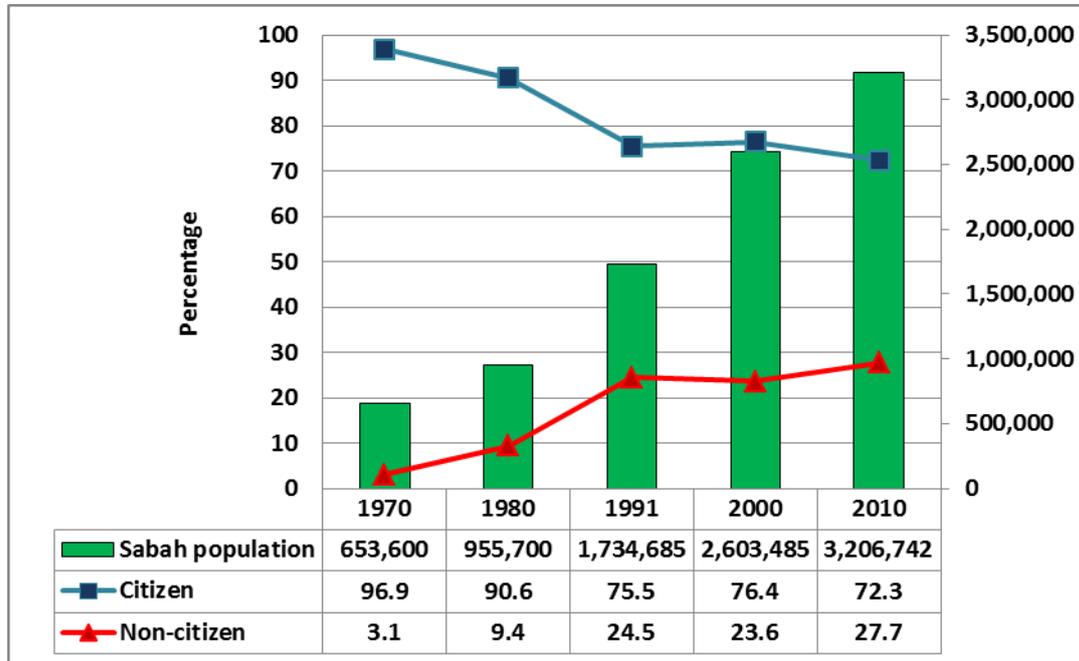
### **8.2.2 Demographic Structure after Independence (1970-2010)**

After Sabah achieved its independence in 1963, the population composition experienced a drastic change. Foreigners who had resided in Sabah for more than seven years were granted citizenship through naturalisation (Kassim 2004). In addition to Sabah native peoples consisting of more than 32 ethnic groups, dominated by Kadazan Dusun and Murut (The Report Sabah 2011), the foreign population of various origins, such as Chinese from China, Javanese from Java, Bugis from Sulawesi, Suluk and Bajau from the Philippines and many others became Malaysian citizens. As a result, the number of non-citizens dropped to 3.1 percent with an increase in the number of citizens as shown in the 1970 population census (Figure 8.1). The Chinese who were mostly urban dwellers grabbed the opportunity to register as Malaysian citizens but most Suluks refused to do so and remained migrants. Their refusal may be related to their claim that Sabah was part of the Sulu Sultanate (Wan Hassan et al. 2008; Kassim 2004; 2009) and, hence, of the Philippines. However, the proportion of citizens has shown a decreasing trend over the four subsequent decades corresponding with an increasing trend in the proportion of non-citizens.

It can be observed from Figure 8.1 that the proportion of non-citizens increased sharply from 9.4 percent in 1980 to 24.5 percent in 1991. The growth of the non-citizen population was associated with rapid economic growth due to expansion in oil palm plantations and by 2010, non-citizens accounted for 27.7 percent of the total population in Sabah.

**Figure 8.1: Number of Sabah's Population by Census 1970, 1980, 1991, 2000 and 2010**

Source: Adapted from Department of Statistics, Sabah (2011)



In addition to unregulated, unchecked in-movement of economic migrants, there was a massive inflow of refugees from South Mindanao, Philippines in the early 1970s until around 1984 during the war between Manila and the MNLF<sup>23</sup> (Kassim 2004; 2009; Wan Hassan et al. 2008). According to Kassim (2004; 2009) and *The Malaysian Insider* (January 2013), the accommodating stance of Tun Mustapha, then Sabah's Chief Minister, made possible the temporary residence of some 73,000 Filipino refugees who fled to Sabah. They were supported by the federal government and the UNHCR<sup>24</sup> which provided them with assistance in resettling into five villages in Sandakan, Semporna and Tawau, constructing basic infrastructure and livelihood opportunities. They were also assisted by early established generations of settlers of the same ethnicity (Kassim and Imang 2005; Kassim 2009; Lego

<sup>23</sup> The MNLF (Moro National Liberation Front) formalised in the 1970s in the wake of resurgence of Islamic identity among Philippine Muslims who felt oppressed by Christian-dominated government and politically marginalised. 'Moro' denotes a political identity distinct to the Islamised peoples of Mindanao and Sulu (Muslim & Guiam 1999).

<sup>24</sup> UNHCR (United Nations High Commissioner for Refugees). Malaysia is not a signatory to the 1951 Convention Relating to the Status of Refugees or to its 1967 Protocol.

2012). Unlike Vietnamese refugees who arrived on the Peninsular in 1975, some 70-80 percent of whom were ethnic Chinese and who arrived in large numbers (Lego 2012, p.80), Muslim Filipino refugees were welcomed and given IMM13 permits allowing them to reside and work without limitation in Sabah and Labuan (Kassim and Imang 2003; Kassim 2009). However, in comparison to the number of economic migrants who came after 1978, the number of Filipino political refugees is relatively small (Sadiq 2005, p.106).

The positive response to Filipino refugees was due to several factors: firstly, their arrival occurred at a time when there was a shortage of labour in the logging and plantation sectors (Kassim 2009, p.58). Secondly, Tun Mustapha's claim of ancestry to the Sulu Sultanate obliged him to protect his people (Syed Mohamed 1971; Sina 2006; Kassim 2009). Thirdly, the presence of Muslim Filipinos with their possible assimilation helped to increase support for his Islamic political party, USNO (IC Palsu December 2008; Lego 2012). Based on his study of Filipino refugees in Sabah, Lego (2012, p.79) commented that,

“The situation in Sabah remains problematic to this day and the policies of the Sabah state government towards Filipinos in the 1970s ... illustrate the link between Malaysia's complex ethnic composition, the Islam factor, and refugee policies”.

International migration in early Sabah altered the demographic structure and added to the complexity of the multicultural society. Due to early immigration from Indonesia which has a culture, religion and language that are similar to the Malays, many Malays in Sabah are descendants of Indonesians.

“Thus, Indonesians coming to Malaysia now have a strong tendency to interact closely with Malays, inter-marry and assimilate. The same is true of Filipinos from the southern part of Philippines who entered Sabah”.

(Kassim 2003, p.40)

According to Wan Hassan et al. (2008, p.27), terms such as '*Bugis Sabah*' and '*Bajau Sabah*' emerged after independence to differentiate between descendants of early settlers who are Malaysian citizens and newcomers (migrants) of the same ethnicity who are non-citizens. However, it is difficult to differentiate descendants of early settlers from new economic migrants of the same ethnicity who came from the 1970s onwards as they possess close similarities in language, religion, physical appearance and culture (Kassim 1996; Sina 2006). This contributes to “blurred membership” as described in Sadiq (2005; 2009), and their flow

to Sabah is seen by many non-Malays as “an attempt by some Malay politicians to bolster the Malay population” (Kassim 2002; p.17).

Changes in the Sabah population structure over the last two decades can be observed in Table 8.2. Between the 1991 and 2000 censuses, the number of citizens under the categories of ‘Malay’, ‘Bajau’ and ‘Others’ experienced an extraordinary increase of 145.1 percent, 61.9 percent and 390.6 percent, respectively, much higher than the increase in categories such as ‘Kadazan Dusun’, ‘Murut’, ‘Other *Bumiputera*’ and ‘Chinese’ in the same year. Muslim Indonesians were believed to be assimilated into the ‘Malay’ category. The population structure changed a decade later with a significant reduction in the number of citizens in the categories of ‘Malay’ and ‘Others’ which corresponded with an increase of 69.8 percent in the number of citizens in the ‘Other *Bumiputera*’ category which includes Indonesians, Filipinos and other Sabah native peoples (minorities). As a result of the ‘restructuring’ of the Sabah population since 1891, Kadazan Dusun, the ethnic majority group, was outnumbered by ‘Other *Bumiputera*’ for the first time in 2010 (Mariappan 2010, p.41).

**Table 8.2: Distribution of Malaysian Citizens in Sabah by Ethnic Groups (1991, 2000, 2010)**  
Source: Adapted from Department of Statistics, Sabah (2011)

Ethnicity	Years			Difference (value and %)	
	1991	2000	2010	1991-2000	2000-2010
Malay	123,810	303,497	184,197	179,687 (145.1)	-119,300 (-39.3)
Kadazan Dusun	343,407	479,944	568,575	136,537 (39.7)	88,631 (18.5)
Bajau	211,970	343,178	420,279	131,208 (61.9)	77,101 (22.5)
Murut	53,860	84,679	102,393	30,819 (57.2)	17,714 (20.9)
Other <i>Bumiputera</i>	270,473	390,058	659,865	119,585 (44.2)	269,807 (69.8)
Chinese	218,233	262,115	295,674	43,882 (20.1)	33,559 (12.8)
Others	25,518	125,190	48,527	99,672 (390.6)	-76,663 (-61.2)

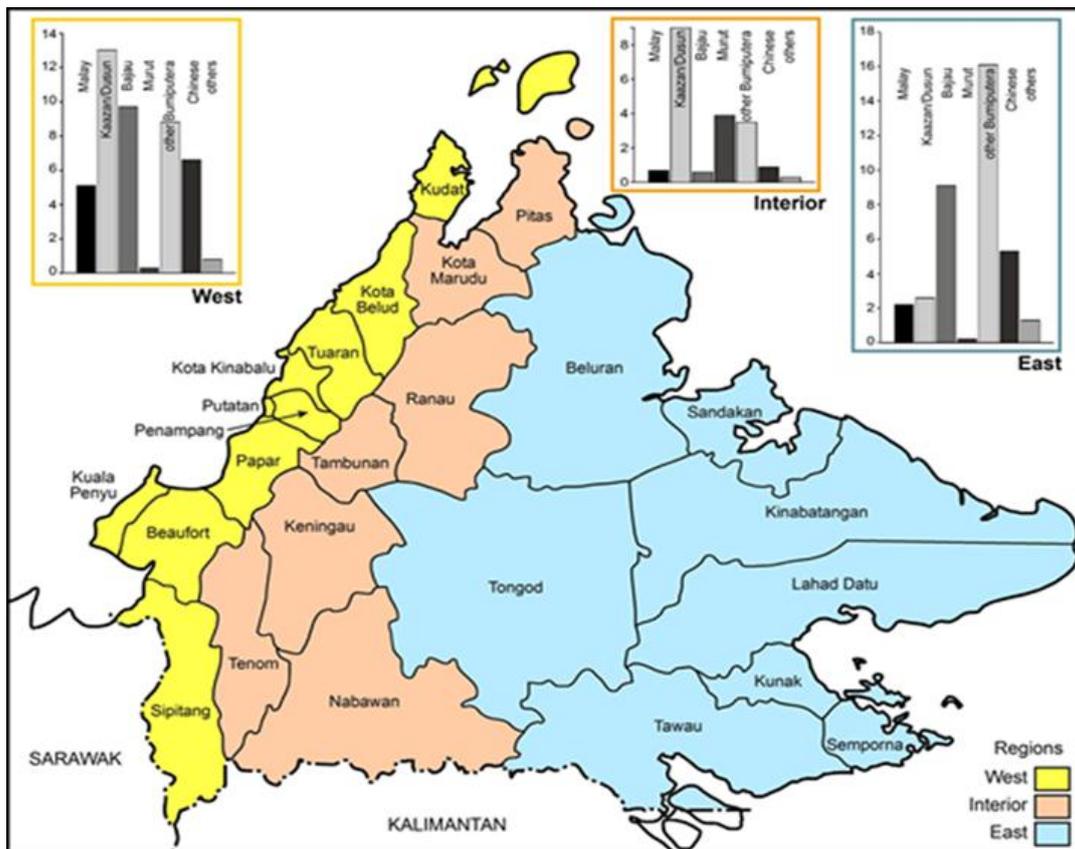
The extraordinary increase in the number of citizens of the most populous categories as shown in Table 8.2 cannot possibly be explained by the increase in the number of natural births. It is believed that assimilation of Muslim Indonesians and Filipinos into ‘Bajau’, ‘Malay’ and ‘Other *Bumiputera*’ categories is a strategy of a Malay *Bumiputera*-based political party to enlarge the number of its party members to gain political strength. Census data indicate the possibility of manipulation of *Bumiputera* census categories to cloud the real number of naturalised Filipino Bajau (and Suluk) or Indonesian Bugis in the state, as observed in Sadiq (2005, p.112), and to create chances to deny or minimise the influx of immigrants (Sina 2006, p.79).

The ‘Other *Bumiputera*’ category which has been used since the population census in 1991 with the replacement of the category ‘Other *Peribumi*’ (other native peoples), does not reveal the sub-ethnic groups collapsed within it. However, all major ethnic groups (Kadazan Dusun, Murut, Malay and Bajau) which were collapsed into the ‘*Peribumi*’ category in 1980 appeared under their individual categories in 1991. The changes in census categories may have a political advantage considering that “Census categories can be introduced or withdrawn according to the political goals of the dominant political party in Sabah” (Sadiq 2005, p.109).

An analysis of ethnic distribution in Sabah in 2010 is illustrated in Figure 8.2. The proportion of ethnic groups varies in the three sub-regions. The West Coast shows quite an even distribution of ethnic groups dominated by Kadazan Dusun followed by Muslim *Bumiputera* ethnic groups, such as Bajau, ‘Other *Bumiputera*’ and Malay. The Interior was dominated by non-Muslim *Bumiputera*, namely Kadazan Dusun and Murut.

Interestingly, ‘Other *Bumiputera*’ (16 percent) was the majority followed by Bajau in the East Coast Region which is the main entry point for Indonesians and Filipinos. This indicates that international migration since before independence and assimilation of migrants in the long run has boosted the proportion of ‘Other *Bumiputera*’ and Bajau on the one hand and decreased the proportion of Kadazan Dusun and Murut on the other.

**Figure 8.2: Distribution of Sabah Citizens by Ethnicity in Economic Sub-Regions**  
 Source: Department of Statistics, Sabah (2011)



### 8.3 Routes to Citizenship among Migrants

The complexity of social, political, historical and geographical aspects in Sabah has opened several paths to citizenship for migrants, particularly those from the Philippines and Indonesia. These internal factors contribute to a situation, termed by Sadiq (2005; 2009) as ‘blurred membership’<sup>25</sup> and the establishment of a ‘network of complicity’<sup>26</sup>, the combination

<sup>25</sup> A condition in which proof of citizenship (e.g. birth certificates and identity cards) are absent (particularly among native peoples in interior rural areas who are not aware of the importance of legal documents), and the availability of various forms of fake documentation which makes it impossible to differentiate between fake and original ones. Blurred membership compromises attempts to distinguish between a citizen and a foreigner as native-born individuals have no legal documents to prove their citizenship status (Sadiq 2009, p.72).

<sup>26</sup> “The bending and manipulation of state laws to facilitate the entry, settlement, and socioeconomic and political participation of illegal immigrants by groups (not only individuals) within the political leadership, bureaucracy, the police and security forces, and the municipal and local functions of a state” (Sadiq 2009, p.58).

of which is crucial to the formation of ‘documentary citizenship’<sup>27</sup>. This section explains how these concepts relate to the current situation in Sabah where illegal migration is out of control, full family formation among low-skilled migrants is common, and gaining citizenship is quite easily achievable for short-term contract migrant workers, illegal migrants and refugees. This is impossible in a country like Australia, a major immigration country in the Pacific where strict border and residence control is practised to prevent entry of low-skilled and illegal migrants (Wongboonsin 2003, pp.86-89).

Sadiq (2009) categorises Malaysia as being among the weakly documented developing countries along with other states such as Indonesia, the Philippines, Thailand, Pakistan, India and others. The common features of these weakly documented countries where citizenship is weakly institutionalised are:

- i. Paperwork that is more visible in urban locations than in internal rural populations where state authority is weakly felt. The state’s inability to provide reliable documentation results in various types of undocumented native peoples and thus supports blurred membership.
- ii. The range of documents used to identify a person in the absence of a standardised system (paperwork is neither widespread nor standardised), and the government’s inability to distinguish fake citizenship documents from the real ones.

‘Blurred membership’ whereby native peoples in rural Sabah do not own birth certificates and Malaysian identity cards, is one of the key challenges yet to be solved by the Sabah government. Exclusion that is closely associated with poverty and remoteness is one of the most important causes of people who live in the interior and have no documents proving their citizenship. Exclusion is obvious, particularly in remote villages with naturally hilly topography, where accessibility, infrastructure and utilities are still inadequate (Mulok et al. 2010, p.15). While villagers are cut off from modern facilities and services located in town

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<sup>27</sup> Illegal migrants become ‘citizens’ through the use of forged documentation purchased from fake industry players or with real documentation, for example, an identity card gained through fraudulent means. Illegal migrants gain access to documentary citizenship through networks of complicity and the existence of blurred citizenship (Sadiq 2009, p.116).

areas due to the lack of infrastructure, poverty makes transport and the cost of obtaining legal documents unaffordable. As reported in 2011, there were an estimated 50,000 paperless citizens mostly residing in Sabah's interior and those who did not have MyKads (compulsory Malaysian identity cards) were above 16 years and had their birth registered late with the National Registration Department (NRD) (*Borneo Post* March 2011). Currently, to solve the problem, the NRD is operating an intensive mobile registration service accompanied by a magistrate to reach and verify these paperless citizens (*Borneo Post* March 2011; *The Malaysian Insider* January 2013).

The situation of 'blurred membership' can be manipulated by interest groups or individuals to grant citizenship to migrants for political reason or financial interest (Sadiq 2009, p.111). This study focuses on the former due to the importance of ethnic politics in Sabah. Figure 8.3 shows how political links influence the granting of citizenship to migrants. As the sharing of political and economic power is based largely on the ethnic proportion in the population, political parties in Sabah are very much dependent on support from particular ethnic groups. One of the strategies of political parties to win an election is by placing candidates who have the same ethnicity as the majority of the population in particular constituencies as voters are expected to support political leaders of their own ethnicity (Wan Hassan and Abd Rahim 2008a, p.136).

A village head plays an important role in making this possible as he links political leaders to potential voters among the villagers of his own ethnic group (Figure 8.3). The need for political leaders to gain political strength and the role played by a village head opens a path to citizenship through fraudulent means among migrants (Route B). In Sabah, Route B is supposed to be used to identify and grant citizenship status to the indigenous population, especially in rural areas, where they often lack birth certificates and identity cards. In *Projek IC*, this route was opened to all migrants regardless of their status: legal, illegal, IMM13 holders (refugees) and PR (permanent residents) as long as they were willing to vote for the ruling party.

**Figure 8.3: Routes to Citizenship in Sabah**

Sources: Developed from *Malaysiakini* (March 2013); Zulkifli (February 2013); *The Malaysian Insider* (February 2013); Sadiq (2005; 2009)

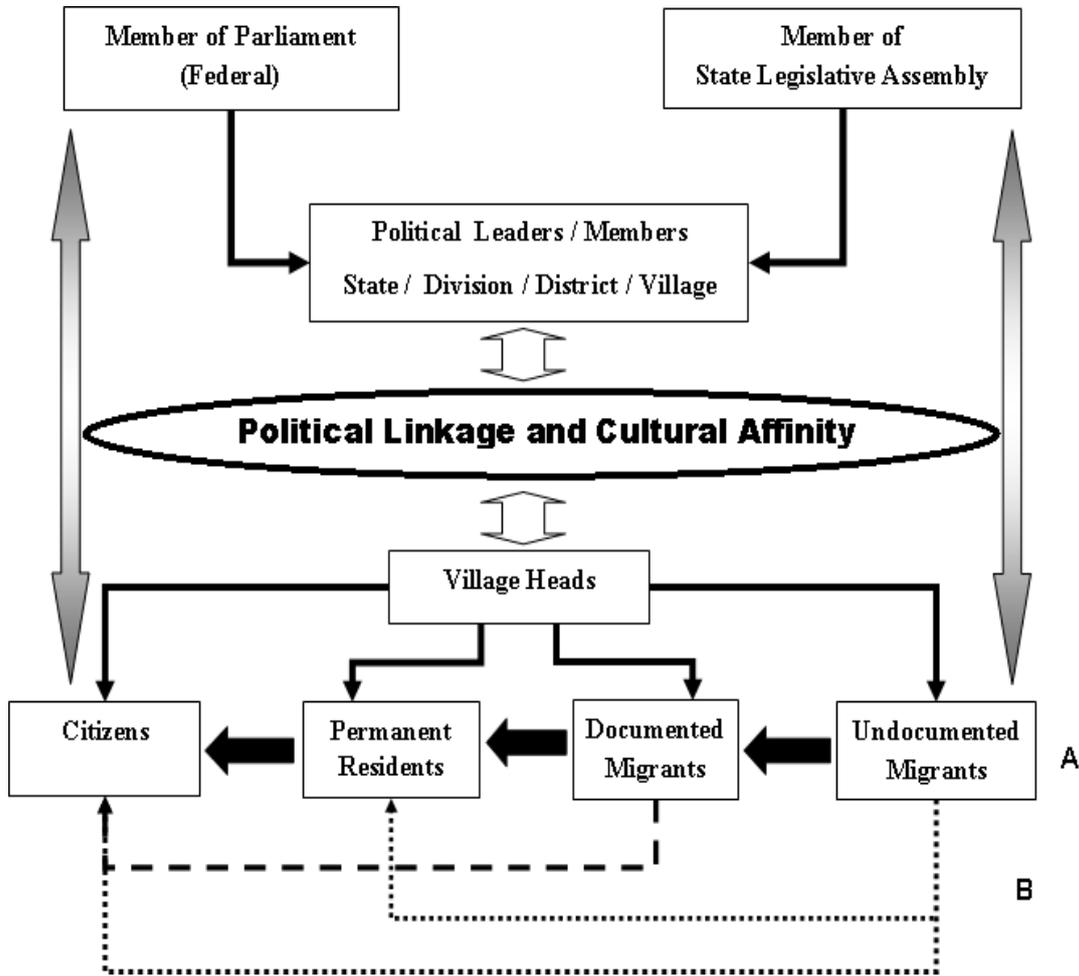
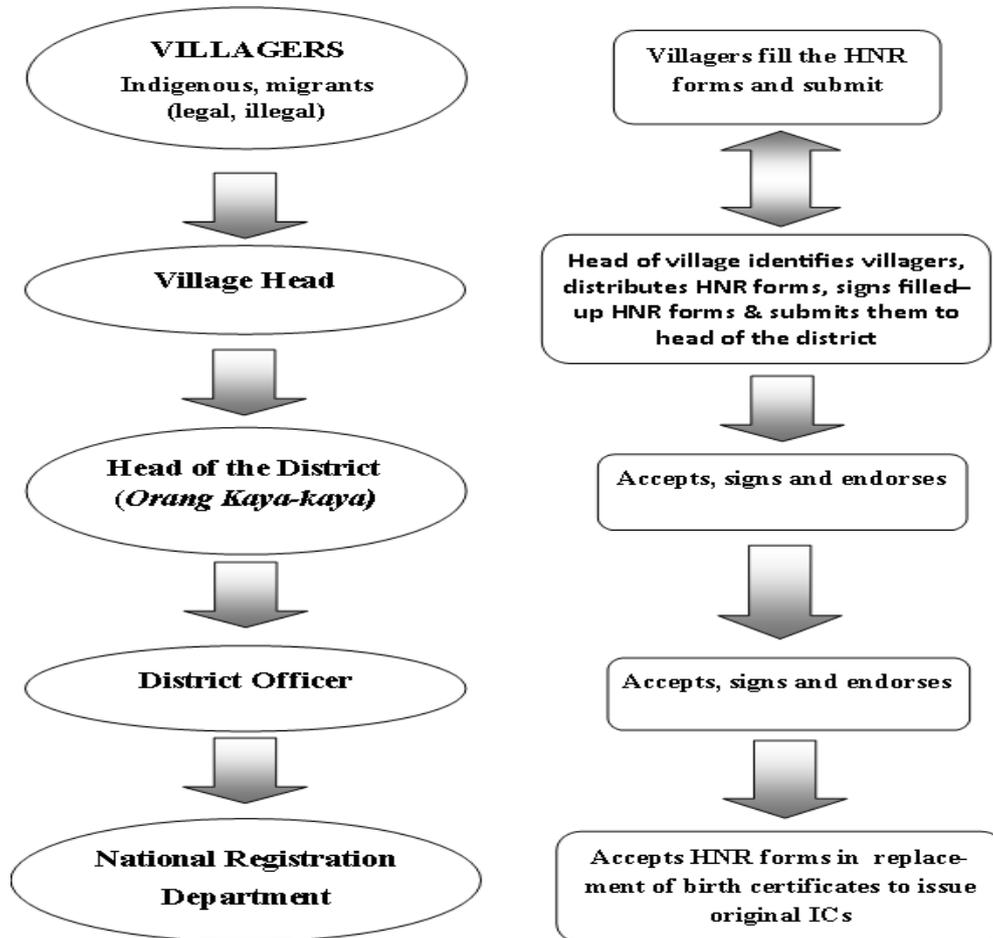


Figure 8.4 shows the process involved in granting citizenship through Route B and how the network of complicity weakens the gatekeeping function of a state, thus encouraging the inflow of illegal migrants and facilitating documentary citizenship. Illegal migrants learned about and took advantage of the phenomena of ‘blurred citizenship’ and ‘weakly institutionalised citizenship’ to facilitate improvements to their lives at the destination and to finally surface as citizens. The citizenship gained through these fraudulent means can be passed down to their children. Ultimately, the real ICs (identity cards) can be used to apply for Malaysian passports which enables these ‘new citizens’ to travel internationally.

**Figure 8.4: Process of Gaining Citizenship in Sabah**

Sources: *Malaysiakini* (19 March 2013); Zulkifli (February 2013); *The Malaysian Insider* (February 2013)



The desire to gain equal rights and responsibilities as well as better economic opportunities is among the reasons for seeking citizenship (Bittle and Roch 2009). This is because “Citizenship is an important milestone along migrants’ journey toward full political and economic membership in destination countries” (Sumption and Flamm 2012, p.2). In terms of employment prospects, naturalised citizens usually earn more than their non-citizen counterparts, are less likely to be unemployed and are better represented in skilled jobs (Picot and Hou 2011; Sumption and Flamm 2012). The ILMS Survey (2010) analysed the relationship between aspirations to become Malaysian citizens and family status and length of stay. Overall, 53.6 percent of migrants, regardless of family status and length of stay, aspired to become Malaysian citizens (Table 8.3).

**Table 8.3: Migrants' Aspiration to Become Malaysian Citizens by Family Status and Length of Stay in Sabah**

Source: ILMS Survey (2010)

Family Status	N	Aspiration to be Malaysian Citizens (%)		
		Yes	No	Undecided
Family in Sabah	499	267 (53.5)	137 (27.5)	45 (9)
Family in Indonesia	61	27 (44.3)	23 (37.7)	11 (18)
Family in Sabah & Indonesia	200	102 (51)	72 (36)	26 (13)
Divorced	5	1 (20)	4 (80)	0
Never married	181	83 (45.9)	81 (44.8)	17 (9.4)
<b>Total</b>	<b>896</b>	<b>480 (53.6)</b>	<b>317 (35.4)</b>	<b>99 (11)</b>
<b>Length of Stay in Sabah</b>				
Less than 5 years	304	124 (40.8)	133 (43.8)	47 (15.4)
5-9 years	164	73 (44.5)	70 (42.7)	21 (12.8)
10-14 years	156	91 (58.3)	55 (35.3)	10 (6.4)
More than 15 years	272	192 (70.6)	59 (21.7)	21 (7.7)
<b>Total</b>	<b>896</b>	<b>480</b>	<b>317</b>	<b>99</b>

The findings indicate that, as expected, the majority of migrants in the ILMS Survey (2010) who had their family in Sabah and had stayed for more than 15 years also wanted to reside and gain citizenship in Sabah. The need to gain citizenship is especially crucial for this group of migrants to ensure that their family live comfortably and their children have a bright future through having access to basic facilities, such as free primary and secondary education, as well as public health care services. As with education, gaining citizenship is a form of social mobility whereby through becoming naturalised citizens, migrants have more employment opportunities to improve their lives and status in the society.

#### **8.4 Impacts on Services**

Health and education are basic human rights that should be received by everyone regardless of their status. However, disadvantaged groups of people, such as those living in poverty,

those living in remote areas, migrants and refugees, are often denied access to basic health and education services. This issue was highlighted by the UNICEF Executive Director (UNICEF March 2013) who stressed that “health must always be at the heart of the global development agenda”. In promoting education as a basic need, UNICEF emphasises that free compulsory, quality education ensures future opportunities for children (UNICEF October 2011).

Malaysia is a country that receives a large number of low-skilled migrants, particularly from Indonesia, and implements policies that establish the temporary position of contract migrant workers (Ritzer 2000; Asis 2003; Kanapathy 2008b). The employment of low-skilled migrant workers’ policy does not allow workers to bring their family members or to get married during their stay in Sabah: yet, in reality, the presence of migrants’ dependants is apparent from the data collected in the 5Ps programme in 2010. There were a total of 92,289 dependants consisting of migrants’ spouses and children. Of the total, 32,785 had illegal status (IDOM 2012) (refer to Section 2.6). Instead of being repatriated, 59,504 were registered during regulation exercises prior to 5Ps programmes, and were guaranteed by their spouses (migrant workers). The status of ‘registered’ dependants remains questionable. Indirectly, this action indicates that Sabah allows migrants’ dependants to stay in Sabah, while there is no clear policy in relation to their rights to access basic education and health services. Many illegal migrants take advantage of regulation exercises to register their dependants and become legal workers (Kassim and Md Zin 2011). The presence of migrants and their dependants in Sabah poses issues relating to basic health care and education services which are the focus of the following sections.

#### **8.4.1 Health Care**

Public health policy and practices in determining access to health care services for people of different status vary greatly across countries. Asian countries such as China, Vietnam and Thailand provide their citizens with universal coverage through public insurance schemes which are funded from tax deductions (Ng 2011, p.3). However, migrants are denied access to free health care from public hospitals unless their employers or the migrants themselves pay their insurance fees (*Asiaonehealth* August 2011). Migrants in developed countries with

a universal health insurance system, for example, the US, Australia and many European countries such as the UK, Spain and Germany, are entitled to the same kind of health care access as residents, but barriers to care for illegal migrants have received particular research attention, especially in the US due to their large number (Gray and Ginneken 2012). Illegal migrants in most countries are not entitled to free hospital care but to limited free emergency care (Jayaweera 2011; Gray and Ginneken 2012) except for the UK which provides free HIV treatment for all people irrespective of their status with the introduction of a new policy in 2012 (Winnett February 2012).

Currently, Malaysia does not have a national health care insurance scheme. The Ministry of Health (MOH) is the main government agency responsible for providing public health care services. Under the tax-based public system, all citizens are able to access public hospitals with highly subsidised user fees charged for inpatient and outpatient services (MOH 2012). Under the MOH fee schedule, patients are charged MYR1 (USD0.3) for treatment in general outpatient clinics, and MYR5 (USD 1.7) for specialist care in public hospitals, while in rural health units, services are delivered free of charge. For inpatient care, subsidies are provided based on the income earned by patients (Bakri et al. 2000, p.11).

On the other hand, low-skilled foreign workers are provided with limited access to health services. The *Foreign Workmen's Compensation Act 1952* makes it compulsory for an employer to insure his foreign employees with a locally registered insurance company for any possible liability which may be incurred. However, the coverage is limited to occupational-related accidents and provides a one-off payment to the victims and/or their dependants in cases involving temporary or permanent disablement and death (Goh 2007, p.157 and 165). There was no clear policy in Malaysia that made it compulsory for employers to provide health care insurance for migrant workers to access public hospitals (Kanapathy 2006, p.15) until January 2011. The currently implemented Malaysian law mandates that employers provide legal foreign workers with the Foreign Worker Hospitalisation and Surgical Insurance Scheme which covers up to RM10,000 (USD3,270) a year in medical expenses (Global Insurance January 2011).

Some large plantation companies located in rural areas provide minimum medical coverage for outpatient care in private clinics on the plantations. However, this does not cover high inpatient and surgical costs charged by public hospitals for migrants who need hospitalisation or further medical treatment. Without government subsidies (which are allocated only for citizens), high out-of-pocket health care costs can make migrants less able to pay for the care that they need. It is said that many migrants (legal and illegal) flee from hospitals before they are officially discharged (Kassim and Imang 2005, p.162). Others believe that foreign patients who registered using fake ICs profited from prescription medication (meant for citizens) from public hospitals (*Proham Press Releases* January 2013). Due to their inability to settle bills for medical treatment or hospitalisation, unsettled public hospital bills of migrant workers totalled RM11 million in 2004 (Kanapathy 2006, p.15), and has increased to RM18 million (USD5.8 million) as at November 2010 (Devadason 2011; Hector and Somwong January 2011).

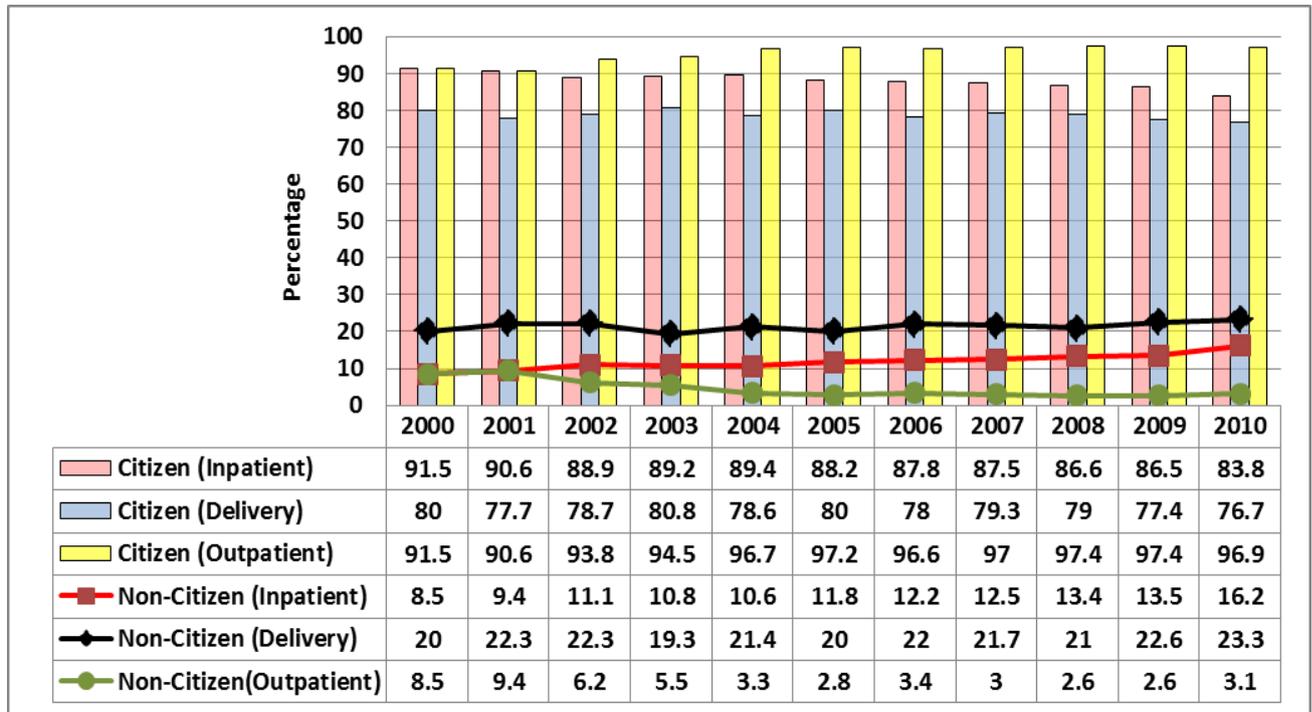
Migrant workers with illegal status who often receive low pay and are deprived of any forms of medical benefits are the most disadvantaged group. Migrants' dependants (spouse and children) are also regarded as having illegal status as the policy does not allow settlement of low-skilled migrant workers and their families in Malaysia. The presence of 900,000 illegal migrants in a state that has a population of 3.1 million is often blamed for the overcrowded hospitals, long waiting times for treatment and lack of beds in government hospitals (Pillay et al. 2011; Miwil September 2012). This problem has become more severe with a shortage of general practitioners in public hospitals, especially those located in rural Sabah such as Keningau and Lahad Datu districts (Miwil September 2012).

Figure 8.5 shows the use of public health services by both the local and foreign population in Sabah in one decade. From 2000-2010, the percentage of foreigners who were treated as outpatients compared to local citizens was generally low. The reason is that some migrants, especially those working on rural plantations, had options to visit clinics provided by employers to seek outpatient treatment (refer to Section 7.3.2). However, the number of both foreign inpatients and births compared to local citizens in public hospitals was high despite the expensive, unaffordable charges imposed on foreign workers. Within 10 years, foreign

inpatients accounted for 16.4 percent of inpatients and 23 percent of births, with the non-citizen to citizen ratio of 19 to 100 and 30 to 100, respectively.

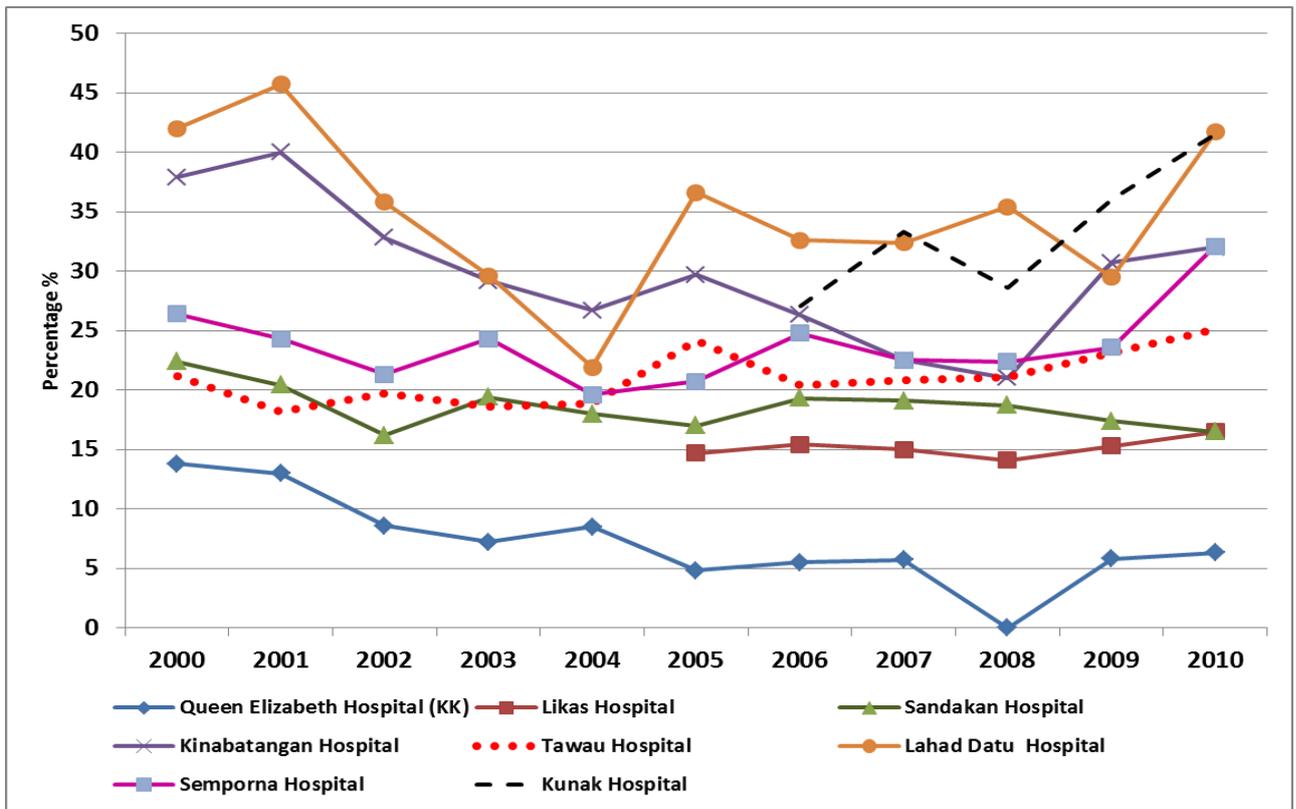
**Figure 8.5: Number of Local and Foreign Outpatients, Inpatients and Births in Public Hospitals in Sabah**

Source: Ministry of Health, Sabah (2011)



As shown in Figure 8.6, the number of foreign inpatients in public hospitals was apparent in districts, such as Kinabatangan, Semporna, Tawau, Kunak and Lahad Datu, which are located in the East Coast Region of Sabah. These districts recorded between 32 percent and 41.7 percent foreign inpatients in 2010. This is owing to the population of non-citizens being generally high due to the availability of vast oil palm plantations. Normal delivery and complications of pregnancy were among the five main causes of hospitalisation in 2008 (MOH 2010, p.24),

**Figure 8.6: Distribution of Foreign Inpatients in Public Hospitals by Selected District, 2000-2010**  
 Source: Ministry of Health (2010)



It is reported that, of the total 53,532 births in Sabah in 2010, some 23.3 percent were foreign births (MOH Sabah 2010). Figure 8.7 shows that public hospitals in districts with high foreign population, such as Lahad Datu, Kunak, Tawau and Kinabatangan, recorded from 32 percent to 48 percent foreign births in 2010 – higher than the state level. These official data reiterate the finding of the ILMS Survey (2010) that showed almost two-thirds of respondents had children born in Sabah. This has implications for education services for migrants’ children in Sabah, especially when they reach the schooling age of six years old.

**Figure 8.7: Distribution of Foreign Births in Public Hospitals by Selected District, 2000-2010**

Source: Health Department, Sabah (2011)

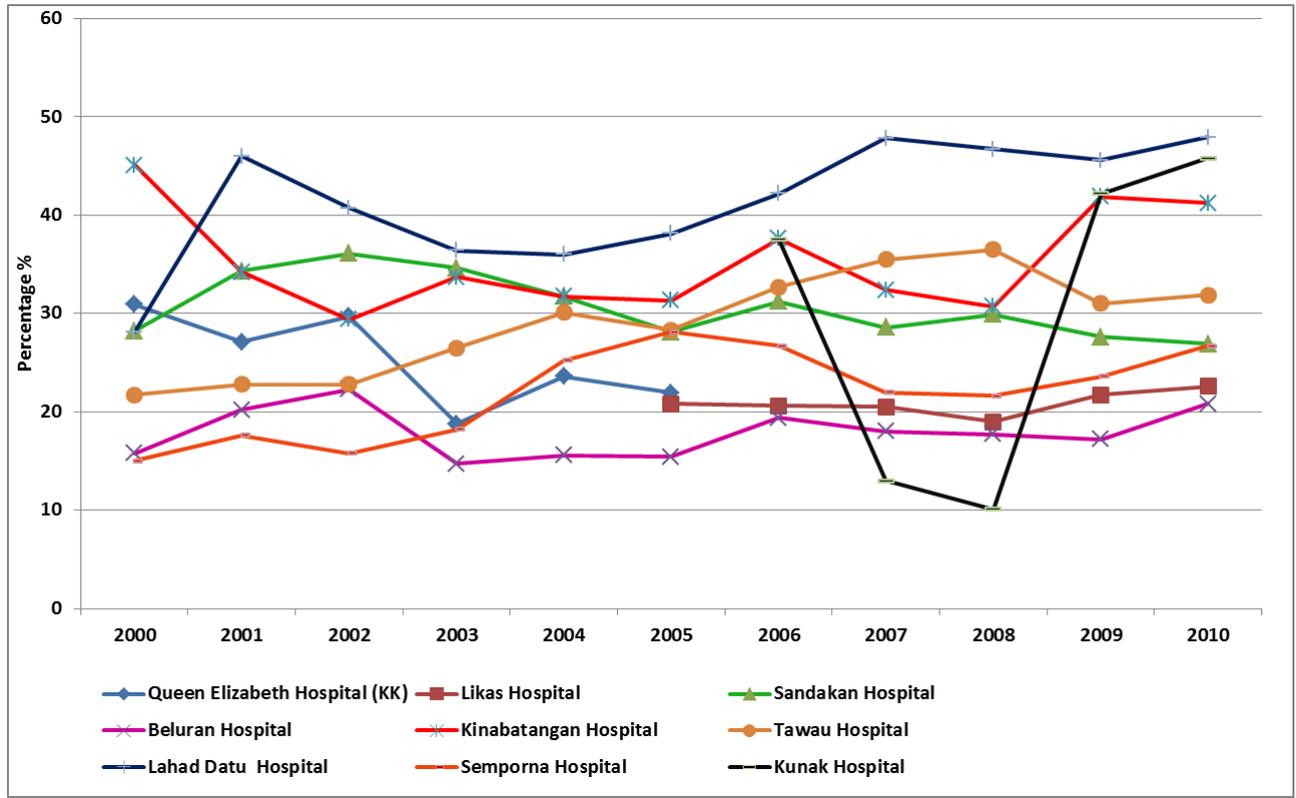


Table 8.4 shows that there were 1,172 migrants' children born in Sabah and, of the total, 795 children (67.8 percent) were delivered at home assisted by midwives of their own ethnicity. Some 28 percent (330) of the children were born in public hospitals, with a small number (47) born in private hospitals. Analysis by family status found that most migrants with family in Sabah and Indonesia (74.2 percent), as well as family in Sabah (66.2 percent) had their children delivered at home. A small number of migrants in this study who delivered their children in public hospitals had to pay high hospital charges as they were not eligible for government subsidies as explained earlier. The in-depth interviews with migrants showed that they were accepted by the hospitals by presenting their husbands' work permits but they had to pay a deposit during registration. To avoid paying full hospital charges, they returned home before they were officially discharged. This finding indicates that it is common for some migrants to access public health care without paying the full hospital charges that they incur. This practice contributes to the problem of unsettled migrants' hospital bills (Kanapathy 2006; Devadason 2011).

**Table 8.4: Number of Respondents' Children Born in Sabah by Family Status and Place of Delivery**

Source: ILMS Survey (2010)

Family status	Number of migrants' children delivered in:			Total
	Government hospitals (%)	Private hospitals (%)	Home (%)	
Family in Sabah	29.7	4.1	66.2	854
Family left behind	39.1	13	47.8	23
Family in Sabah & Indonesia	22.7	3.1	74.2	295
Total	<b>330</b> <b>(28%)</b>	<b>47</b> <b>(4.2%)</b>	<b>795</b> <b>(67.8%)</b>	<b>1172</b> <b>(100%)</b>

The ILMS Survey (2010) also confirmed the tendency for temporary migrant workers in Sabah to have families despite the immigration law prohibiting this practice. In practice, the employment of foreign workers is not temporary and has continued for over three decades. This results in family formation, reunions and the emergence and expansion of migrant settlements, especially in Sabah. Employers in need of a stable labour supply often violate policy guidelines on employment of foreign workers by allowing migrant workers to stay with their families in the houses provided, especially in rural plantations. "This disjuncture between policy and reality is the root cause of many problems associated with employment of foreign workers" (Kassim and Md Zain 2011, p.102).

Another problem associated with the birth of migrant children in Sabah is the lack of birth certificates. The immigration law prohibits migrant workers from getting married and having children during their contract: thus, migrants cannot possibly register their marriage with the NRD and, without legal marriage certificates, they cannot register their newborns. The only possible way for foreign parents to register newborns in Malaysia is with their respective consulate office. Since the majority of migrants live in rural plantations, the location of the Indonesian consulate in Kota Kinabalu, Sabah makes it difficult owing to unaffordable travel costs. This contributes to the growing number of stateless children which was estimated to be 50,000 children in Sabah in 2011 (Thin August 2012). Their legal status and lack of birth certificates are barriers to accessing public health and education services (Thin August 2012).

Articles 7 and 8 of the UN Convention on the Rights of the Child (CRC) declare that national governments must register children (including those born to illegal migrants) immediately

after birth and that all children enjoy the right from birth to acquire a nationality. Citizenship must be granted to children born in their country if they are not recognised by another country (Heap and Cody 2009, p.20). However, Malaysia and other countries worldwide do not implement these rules leaving many children stateless.

The lack of birth certificates becomes more complex in cases in which illegal migrants and their children are detained and waiting to be deported. It is difficult to decide the nationality of the illegal migrants without personal documents such as passports and birth certificates. In addition, stateless children are vulnerable to abuse and exploitation, especially if separated from their parents (Heap and Cody 2009). Most importantly, stateless children will have an uncertain future should they continue to stay in Sabah as they are denied the rights to marry, own a property, open a bank account, work and travel (Green and Pierce 2009, p.34). The absence of citizenship denies the ability to exercise their human rights, poses obstacles to meeting their basic needs and prevents their full participation in society (Green and Pierce 2009, p.34).

To solve the problem of stateless children and clear any confusion about their nationality, beginning from July 2011, the NRD issued red birth certificates to migrants' children to differentiate them from the green ones issued to Malaysian citizens (*Borneo Post*, March 2011). The red birth certificate states that Sabah is the birthplace of migrants' children but they have the same nationality as their parents. The implementation of this new law will initially benefit legal migrants' children who live close to the town centre where the NRD offices are located. Reaching the children of migrant workers who live in rural plantations and those of illegal migrants will surely pose a great challenge for Sabah.

#### **8.4.2 Education**

Article 28 of the Convention of the Rights of the Child (CRC) states the rights of every child to free and compulsory primary education (UNICEF 1996); however, the Malaysian government seemed to have reservations on this Article when adopting the Convention (SUHAKAM 2009). Children of low-skilled contract workers, children with refugee status and children of illegal migrants are all regarded as illegals, and are denied access to free

public schools. Only children of Malaysian citizens who have birth certificates can have this privilege. Children of permanent residents are allowed access to public schools but they have to pay school fees. Foreigners' children including expatriates, refugees and foreign contract workers are limited to studying in private and international schools for which the fees are expensive.

The issue of stateless children being denied education facilities in Sabah has been the centre of discussion in many studies (Kassim and Md Shah 2004; Kassim and Imang 2005; Kassim 2009; Mulakala 2010) and has received the attention of non-government organisations, such as UNICEF Malaysia and Borneo Child Aid Society (BCAS) (better known as Humana). While their status as foreign citizens and lack of personal identification often prohibit migrant workers' and refugees' children from enrolling in public schools, their poor economic situation makes studying in private or international schools almost impossible. Fortunately, the establishment of non-profit Humana schools has given hope to this disadvantaged group in acquiring a basic education.

The enrolment of foreign students in public schools in Sabah has taken centre stage in public discussions among locals (Johari and Goddos 2002; Kassim and Md Shah 2004; Omar 2005; Peters 2005). The earlier government policy allowed access to public schools to foreign children with an annual fee of MYR120 for primary- and MYR240 for secondary-level schooling (Kassim and Md Shah 2004; Kassim and Imang 2005; Kassim 2009) and they were not entitled to receive subsidies, such as free milk, exercise books and text books (Johari and Goddos 2002, p.34). In 1987, there were 25,970 migrant students in public primary schools with the figure dropping to 20,000 a decade later (Kurus, Goddos and Koh 1998, p.172).

Table 8.5 shows the number of Indonesian migrant children receiving education in both primary and secondary public schools which declined over the period 2000-2010. A significant drop in the number of children occurred in 2003 and the trend persisted in the following years due to changes in education policy that made it compulsory for foreign children to present birth certificates on enrolment (Kassim and Imang 2005; Kassim 2009). From 2003 onwards, foreign children, especially those born in Sabah, the majority of whom did not possess birth certificates, were denied access to Malaysian public schools. Some

migrant children who were accepted into these schools used support letters and identification cards of their relatives who had permanent residence (PR) or Malaysian citizen status as reported in Muhiddin (2000) and Kassim and Md Shah (2004).

**Table 8.5: Number of Indonesian Children Receiving Education in Sabah 2000-2010**

Source: Ministry of Education (2011)

Types of School	Education Level	Year										
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public School	Primary	9953	9007	7111	2406	1640	1448	684	283	163	137	122
	Secondary	1489	1240	1185	586	316	253	185	156	152	93	52
	Total	11442	10247	8296	2992	1956	1701	869	439	315	230	174
NGO/Indonesia Informal School	Primary	-	-	-	-	-	-	3756	6972	7137	8007	9139

Efforts to provide migrant children with affordable basic education were initiated by a non-profit NGO, Humana (Child Aid Society), funded by worldwide donations aiming to fulfil the UN's Convention on children's rights for education. Humana learning centres obtain support from many parties. Beside worldwide donations, the Ministry of Education Malaysia issues the teaching permits and the Indonesian government provides the teachers. School infrastructure and facilities are financed by participating palm oil companies which also provide basic accommodation for teachers and transportation for children (Venning, October 2006). For instance, Wilmar International, an established palm oil company, spends about USD55,000 per year on operational expenses for 13 Humana schools in its plantations across East Malaysia that benefit more than 1,000 students (Wilmar November 2009). Larger companies such as Wilmar, IOI, Sime Darby, TH Plantations and many others do more to look after their workers' children than smaller companies (Motlagh January 2013). Since it began its operation in 1990, Humana learning centres have received an encouraging response from migrant children and by 2010 they recorded 9,139 enrolments (Table 8.5). Children of plantation workers, urban immigrant children and members of nomadic Bajau Laut have all benefited from these learning centres (Humana 2013).

The first batch of Indonesian teachers who arrived in 2006 were attached to 51 Humana learning centres; 15 in Lahad Datu and Tawau Districts, 17 in Kinabatangan District and 19

in the Sandakan District (Venning November 2006). The number of teachers increased along with the number of learning centres and migrant children. There were a total of 120 Indonesian and non-Indonesian volunteer teachers in 2006 and by 2010 the number had increased to 263 (Table 8.10). Humana continued to expand and by 2012, there were a total of 140 centres, mainly in plantation areas along the east coast of Sabah serving more than 12,000 children (Humana 2013). However, not all migrant and refugee children have the opportunity to attend Humana or Indonesian schools due to the shortage of schools. For example, Kota Kinabalu Indonesian School which began its operation in 2008 has only six classrooms and can only accommodate 326 primary students. The applications for enrolment was often much higher than the school could accept. The Consulate General of the Republic of Indonesia (KJRI) in Kota Kinabalu estimated that there were approximately 30,000 migrant children in Sabah who did not receive formal education in 2008 (Lazuardi March 2009). The condition is more acute in smaller plantations especially those located in rural Sabah, where no learning centres exist. Children of migrants working in the manufacturing, construction and services sectors also lack access to NGO learning centres.

**Table 8.6: Number of Teachers in NGO/Indonesian Schools in Selected Districts in Sabah**

Source: Department of Education, Sabah (2011)

District	2006		2007		2008		2009		2010	
	INA	NON								
Lahad Datu	7	11	14	22	10	23	19	30	25	30
Tawau	8	14	9	15	13	30	21	46	29	46
Kinabatangan	26	29	28	30	23	23	21	45	27	45
Sandakan	14	11	13	8	12	23	15	33	28	33
Total Teacher	55	65	64	75	58	99	76	154	109	154

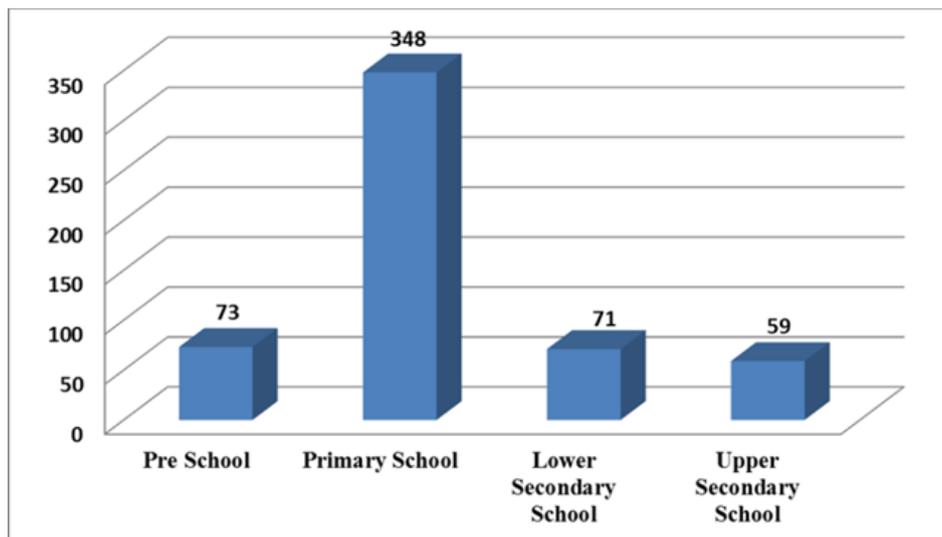
Notes: INA: Indonesian teacher; NON: Non-Indonesian teachers

The ILMS Survey (2010) found that 551 school-aged migrant children received formal education in Sabah (Figure 8.8), while 595 did not go to school. Most children were at primary level (63 percent) and pre-school level (13.2 percent) and went to Humana learning centres available in the plantations where they lived. Although Humana has not yet provided secondary education, quite a number of children went to lower- and upper-secondary public schools. The in-depth interviews found that some migrants sought assistance from their

relatives or friends who had lived in Sabah for many years and have been granted PR or Malaysian citizen status. They acted as guardians to migrant children and managed to enrol the children into public schools. In this study, 38 migrants had spouses who were Malaysian citizens and three others were of PR status. Consequently, their children would have no problems accessing public schools in Sabah.

**Figure 8.8: Number of Migrants' Children Attending Schools in Sabah by Levels of Education (N=551)**

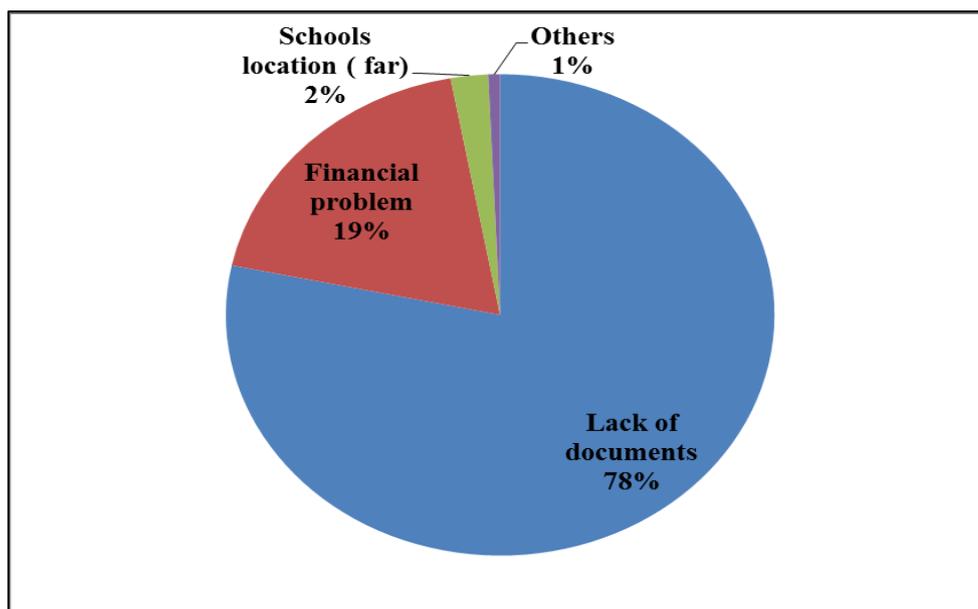
Source: ILMS Survey (2010)



A further analysis revealed that a few migrant children managed to pursue their study up to post-secondary (form 6) and tertiary levels (diploma and first degree). Although the number is small, it indicates strong awareness among migrant families about the importance of education in upgrading their social mobility.

Sending children to school in Sabah was a challenging task for some migrants: although there were 414 migrants who had school-aged children, only 138 admitted that they faced various problems as presented in Figure 8.9. However, this does not mean that migrants who refused to respond did not face any problems in sending their children to school. The majority (78 percent) of migrants who responded had difficulties providing the necessary documents for enrolling their children in public schools. Therefore, a lack of documents was the main barrier experienced by many migrant children in accessing public schools (Wan Hassan and Dollah 2008; 2011; Mulia 2011).

**Figure 8.9: Problems in Sending Migrants' Children to Schools in Sabah (N=138)**  
Source: ILMS Survey (2010)

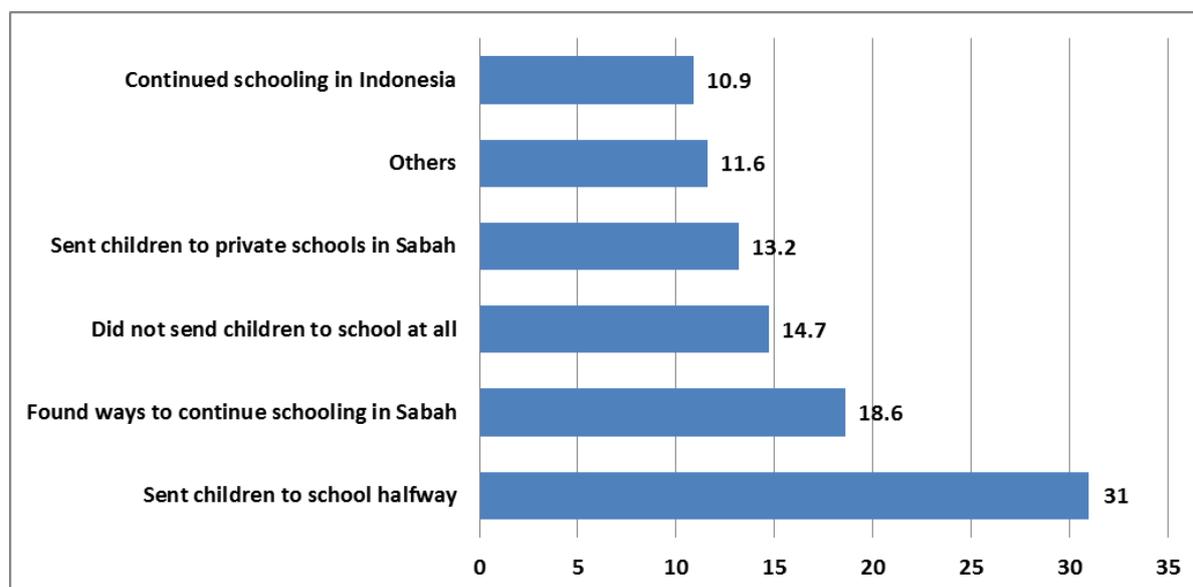


Financial problems were prominent among migrants in this study. Being in the lower-level occupations, most migrants earned average wages below MYR800. The high costs of private and international schools, as well as their distance from home, can be prohibitive. A survey conducted by SUHAKAM (2009) on migrants in the plantation sector found that 20 percent did not send their children to school due to lack of documents and five percent complained that the schools were located far from their homes. Only 55 percent of respondents sent their children to school.

When asked about the solution to this problem, responses as shown on Figure 8.10 reveal that some migrants (18.6 percent) were determined to keep their children at school and were willing to work hard and earn more income while 13.2 percent had to send their children to private schools although it was costly. A small number of migrants (10.9 percent) sent their children to Indonesia to continue their secondary education, while others (11.6 percent) either asked their relatives and friends who had PR, or Malaysian citizen status, to become their children's guardians and provide support letters for school enrolment, or borrowed money from relatives.

**Figure 8.10: Ways to Solve Problems in Sending Migrants' Children to Schools in Sabah (N=129)**

Source: ILMS Survey (2010)



Note: 'Others' refers to "asked assistance from relatives and friends with PR and Malaysian citizen status" and "borrowed money from relatives".

However, some migrants did not respond positively to the challenges, and 14.7 percent decided not to send their children to school at all. Most migrants (31 percent) only let their children receive primary education in Humana schools and then discontinued their schooling. An observation by Aminulah (November 2011) in an IOI-owned oil palm plantation in Tangkulap showed that these children helped with household chores and cared for the younger ones. Sometimes they were seen in the plantations helping their mothers to collect loose fruit during weekends to earn extra income. With low education levels and limited job opportunities, these children would often end up as plantation workers like their parents. In an observation on foreign workers in urban areas, Kassim and Md Shah (2004, p.9) claimed that all migrant family members regardless of their age would try to work and contribute to their family income to make ends meet. School-aged children were seen in the market area selling plastic bags and cigarettes, and carrying goods for small tips. Doing odd jobs was considered good training before the children were allowed to get proper jobs later.

## 8.5 Conclusion

This chapter has discussed the pathways to citizenship and the social impacts of Indonesian migration to Sabah, focusing on issues relating to the granting of citizenship to migrants, as well as the impact on health and education services. It showed how geographical, cultural, religious, historical and linguistic proximity coupled with long-established social networks makes it challenging for authorities to successfully implement the strict temporary migration policy promulgated by the Malaysian national government. Using the concepts of 'the paths to citizenship' illustrated by Sadiq (2009), this chapter discussed the social, political, historical and geographical complexity that has contributed to 'blurred membership' and the 'network of complicity' which have opened paths to documentary citizenship for migrants in Sabah. Despite the temporary policy of labour migration in Malaysia, many contract migrant workers have obtained fast-track citizenship often through fraudulent means.

Fears that the continuing influx of migrants and the ready granting of citizenship are disrupting Sabah's delicate ethnic balance are based on the fact that the sharing of political and economic power is largely based on the ethnic proportions in the population. An analysis of results of the Sabah population censuses from 1991 to 2010 showed an extraordinary increase in the number of citizens in particular categories. The move to change the demographic structure of Sabah into a *Bumiputera*-dominant community has strengthened the voting power of Malay-based political parties. This has resulted in a change in the ethnic make-up of the population, especially in the eastern region covering the Sandakan and Tawau Divisions.

The practice of migrants bringing their family with them to Sabah is significant as almost three-quarters have had children born in Sabah: this practice has impacted on health and education services as well as raising the issue of stateless children. Difficulties in sending migrant children to schools in Sabah are related to their status as migrants and lack of legal documents. The Malaysian government's refusal to provide access to free schooling and subsidised hospital services to migrant children reflects its migration policy that prohibits family formation among temporary contract migrant workers. Due to these restrictions, migrants find ways to obtain citizenship as a strategy to provide their families with access to services in Sabah.

Strict enforcement of a temporary migration policy does not seem to be beneficial for migrants or for Sabah. The current policy that prohibits family formation, permanent settlement and dual citizenship, as well as limiting admission, legal rights and lengths of stays, encourages illegal migration. A change towards a more flexible migration policy that focuses on the rights and social welfare of migrant workers and their dependants should be initiated so that migrants are given more opportunities. Thus, obtaining fast-track citizenship would not be necessary for migrants to gain access to social services and live comfortably in Sabah. Naturalisation should be the only way in which migrants can become Malaysian citizens to prevent upsetting the delicate ethnic balance issue through the granting of fast-track citizenship. The Malaysian authorities should fight against corruption and networks of complicity, as well as working to solve the blurred membership issue that opens the paths to citizenship among migrants.

## **CHAPTER 9 CONCLUSION AND IMPLICATIONS**

### **9.1. Introduction**

This study has examined the changes in migration of low-skilled, contract foreign workers in formal sector occupations in Malaysia. It has analysed the patterns of Indonesian labour migration to Sabah and its economic, political and social impacts. Despite a policy of short-term migration being implemented for low-skilled foreign contract workers, in reality, Indonesian labour migration to Sabah is largely permanent in nature. Indonesian workers were found to stay longer than their contracts permitted, brought their family members with them and got married during their stay in Sabah. Social networking, geographical proximity, similarity in language, religion and appearance, and the granting of fast-track citizenship as well as push factors, such as differences in poverty, unemployment levels and wages encourage movement of the Indonesian labour migration to Sabah. This study has made a small contribution to the limited knowledge of the Indonesian labour migration to Sabah, the least-studied, but nevertheless, important aspect of international migration to Malaysia.

This chapter draws together the conclusions of the study, assesses the extent to which each of its objectives has been achieved and discusses the implications arising from the findings. Some policy recommendations are put forward which seek to maximise the benefits and minimise the negative effects of migration. The chapter concludes with some recommendations for future research while highlighting some limitations of the study.

### **9.2. Major Findings and Implications**

This section discusses the major findings and implications of this study on Indonesian labour migration to Sabah. It begins with discussion on the internal changes in the economy and workforce structure in Malaysia that have led to labour shortages and importation of foreign workers. It also discusses the patterns and characteristics of migrant workers, and their migration strategies, as well as the demographic and social impacts of migration.

### **9.2.1 Changes in Malaysia's Development Leading to Employment of Foreign Workers**

Changes in Malaysia's economic development, educational levels and workforce structure initiated by the NEP have encouraged the movement of foreign workers, especially low-skilled Indonesian contract workers. An analysis of Malaysia's economy by sectors demonstrates the successful transformation from an agro- to an industrial-based economy with diversification of agriculture from rubber to large-scale oil palm plantings as well as the shift from primary to secondary and later tertiary sectors, as a major source of growth. Rapid economic growth has created job opportunities for low-skilled jobs in the manufacturing, construction and agriculture sectors which are eschewed by local people.

In addition to rapid economic development, improvements in education attainment have also contributed to the shortage in low-skilled workers. As a middle-income economy, Malaysia's educational achievement is relatively strong although the patterns of highest educational qualifications are below the OECD average (Keating 2010). While workers with upper-secondary qualifications form the largest group in the Malaysian workforce, many job vacancies are for low-skilled occupations. The analysis of job supply and demand in Chapter 2 has two implications: there is demand for both highly-skilled and, most importantly, for low-skilled workers. This labour–supply demand imbalance was the catalyst for the movement of foreign workers to Malaysia, particularly low-skilled Indonesian contract workers. This mismatch is especially evident in Sabah. The unemployment rate is higher than the national average and is indicative of the refusal by local youth to take up low-paying 3D jobs. In addition, mobility out of traditional agricultural occupations, and rural to urban mobility have contributed to a shortage of low-skilled workers in the plantation sector.

In addition to the pull factors, push factors such as the wide economic and demographic differences between Indonesia and Malaysia largely contribute to movement in the Indonesia–Malaysia labour migration corridor. As a labour-surplus country, Indonesia sends its workers abroad as a strategy for solving problems associated with unemployment and poverty. Hence, neo-classical migration theory that emphasises economic differences between the origin and destination can be used to explain Indonesia–Malaysia migration.

However, Malaysia's dependence on foreign workers for cheap labour has also slowed down the process of mechanisation of industries which is to be achieved by 2020 (Narayanan and Lai 2007). While the local workforce is trained to become skilled and highly-skilled workers, foreign workers are employed to fill the vacancies in low-skilled, low-paying 3D jobs in the formal sector to help Malaysia generate exports and remain competitive in global markets. It will take some time before Malaysia can be fully transformed from a labour-intensive to a techno-intensive economy and, during the transition, the country will turn to cheap foreign labour.

### **9.2.2 Trends and Characteristics of Indonesian Labour Migration to Sabah**

Indonesian labour migration to Malaysia in general and to Sabah in particular is a continuous process that began five centuries ago and accelerated during the British colonisation when migrant workers were recruited as indentured labourers under Dutch and local contracts to help develop its capitalist economy. Historically, there was an ease of assimilation of the Indonesian migrants within Malay society due to cultural, religious and language similarities. Census data grouped these migrants into the Malay category when Malaysia achieved its independence. Many believe that Indonesian migrants were used as a demographic buffer against the flow of Chinese and Indian migrant workers into the Peninsular. The accommodating attitude towards Indonesian migrants continued throughout the 1970s and 1980s and the movement was not regulated by any comprehensive immigration policy and regulations until 1991. Over-reliance of the economy on one source country is reflected by data that show registered Indonesian workers made up two-thirds of the total foreign workforce by 2000 (IDOM 2012). However, in recent years, their proportion has been reduced through diversification of source countries and the implementation of anti-migrant policies.

An analysis of the number of foreign workers in Malaysia compared to GDP shows that the growth of foreign workers correlated with the level of economic growth. This indicates that a decreasing trend in the number of registered foreign workers in recent years may have been caused by sluggish economic conditions, the ongoing efforts to curb illegal immigrants and the mechanization on of industrial sectors in Malaysia undertaken as part of the strategy

to reduce dependence of the country's economy on foreign labour. However, the nature and scale of Indonesian labour migration to Sabah is different from that to the Peninsular. Employment of foreign workers in Sabah is closely associated with the palm oil industry: by 2009, more than half of foreign workers were employed in the plantation sector comprising 80 percent of the total Sabah workforce within that sector. Nevertheless, dependence on plantation workers has gradually reduced with practices in farm mechanisation and automation as indicated by the reduction in labour to land ratio from 1:5 in 1990 to 1:9 in 2000 (Amatzin 2004, p.6).

Male dominance is a major trend in Indonesian labour migration to Sabah due to the physical nature of occupations in the plantation, construction, forestry and resource-based manufacturing sectors. Indonesian migrants in this study had low educational levels compared to the Malaysian population but were at higher levels than the Indonesian average. The majority of migrants were young, aged from 20-44 years, reflecting the preference of Malaysian employers and immigration law requirement. Migrants were often aged between 20 and 24 years when they first arrived: a quarter of the migrants arrived when they were aged less than 15 years indicating the illegal practice of bringing family members to the destination. Some two-thirds of migrants were married and more than 90 percent brought their spouse to the destination, indicating a high level of permanent settlement despite the restrictions imposed by official immigration policy. Chain migration is reflected in the dominance of Muslim Bugis in the plantation sector and, in general, social networks have facilitated family movement, overstaying and chain migration among migrants.

Illegal migration was found to be highly significant in the Indonesia–Sabah labour migration corridor so the reported migration figures are only a fraction of total movements. The majority of migrants in the survey had legal status; however, being legal workers did not mean that they entered Sabah through legal channels. They may have entered using tourist visas or border passes and then overstayed and worked illegally before taking advantage of the regulation programmes conducted by the Immigration Department of Sabah (IDOS). This is confirmed by the fact that more than one-third had medical examinations only after they arrived. Those who entered through formal channels had medical examinations both at the origin and destination.

Another feature of illegal migration in Sabah is that the majority of these migrants stay permanently and some are accompanied by their family as suggested by registration data collected in the 5Ps programme. This programme, implemented by the Special Laboratory on the Management of Foreigners (SLMF) with the aim of enhancing the management, entry system, monitoring and confirmation of foreigners in Sabah (Liusin May 2010), includes registration, amnesty, monitoring, enforcement and deportation. Unfortunately, stateless children born to migrants in Sabah are a burden on education and health services.

### **9.2.3 Roles of Social Networks in Pre-, During and Post-Stages of Migration**

Almost all migrants in the ILMS Survey (2010) maintained strong links with their home country which influenced their mobility decisions. Long-established and well-organised ethnicity-based social networks have long played a major role in Indonesian migration to Sabah. In addition to family members, relatives and friends, these networks include various levels of intermediaries, such as village heads, local brokers/village sponsors, *taikongs* (agents), boatmen, *mandors* (supervisors), employers and even immigration officers (Eki 2002, p.160). While legal and illegal migration is often discussed separately in the literature, in Sabah, the status is blurred as both legal and illegal elements are interwoven in the movement and recruitment process (Jones 2003; Adi 2003).

There are many ways that migrants may change their status from illegal to legal in Sabah. For example, migrants who start working as illegal workers can change their status to legal workers when they re-enter via legal channels (by submitting a new application) and by obtaining legal employment in formal sectors (Kassim and Mat Zin 2011). Migrants may also be legalised during regulation programmes, which have been conducted four times in Sabah between 1988 and 2009, and absorbed into the formal sectors (IDOM 2010). In addition, the common use of fake and falsified documents that are easily available through fake syndicates, both in Sabah and the border town, Nunukan, makes illegal migrants seem legal. The role played by social networks makes this possible with the networks including various levels of intermediaries who provide assistance in all stages of migration whether through legal, semi-legal or illegal channels.

The new economics of migration view migration as “a household decision taken to maximise risks to family income” (Massey et al. 1993, p.432). The ILMS Survey (2010) found that migration was often a collective rather than individual decision involving family members, relatives and friends. More men made autonomous decisions, while many women migrated as part of family strategies where they were not fully in control. Non-economic reasons, such as joining spouse, relatives and friends in Sabah, were higher among females. Generally, most migrants moved for economic reasons.

The role of local brokers or village sponsors, who often link migrants with formal and informal agents, as well as employers, is apparent in the pre-migration stage as they often assist migrants with travel documents and inform them of job opportunities abroad. Although some migrants had to rely on others to fund their travel expenses, migrants in this study were aware that paying for one’s own travel expenses reduced the overall cost of migration. The majority of migrants, especially women, preferred travelling in groups accompanied by spouses, family members and friends. This practice reduces the risk of being exploited by institutional networks operated by *taikongs* and by other middlemen. In the post-migration stage, assistance was given by providing temporary accommodation and in securing jobs. Indeed, social networks are crucial in facilitating movement in the Indonesia–Sabah labour migration corridor which reduces the use of formal channels.

Recruitment and movement strategies (legal, semi-legal or illegal) undertaken by migrants are influenced by the particular networks through which they were assisted. *Mandors* play an important role in recommending and recruiting new Indonesian workers of their own ethnicity. This ethnicity-based recruitment strategy is most beneficial for employers as it often provides a stable flow of manageable and loyal workers, through the relationship between *mandors* and new workers. It also maximise the benefits of working abroad among both senior and new migrant workers. Social networks also affect migration behaviour particularly among low-educated migrant workers. This results in chain migration and occupation clustering dominated by the Bugis followed by those from Flores and the Javanese, especially in the plantation sector in Sabah.

Migrants preferred semi-legal entry when they first worked in Sabah as it was cheaper and less complicated than legal entry and provided more security than illegal entry. Most migrants entered Sabah using border passes and tourist visas rather than work permits. Fake or falsified documents can be easily purchased, especially in Nunukan, with this assisted by social networks that involve fake document syndicates. Low security levels and high corruption among officials enables the issuance of authentic but falsified documents known as *aspal* (authentic but falsified). For example, changes in age and marital status are often needed to fulfil requirements of the IDOS and employers. By changing the place of birth to Nunukan in *Kartu Penduduk*, migrants are able to apply for border passes to conveniently enter and exit Sabah using the visiting privilege meant for Indonesians born in Nunukan.

In addition to social networks, improvements in water transport and communication systems, as well as close proximity between eastern Indonesia and Sabah, are important factors that influence the migration flows. Human capital theory states that propensity to migrate is higher if predicted earnings are greater in the destination than in the origin provided the difference exceeds transportation, psychological and other costs (Bilsborrow et al. 1997, p.303). Thus, Indonesian migrants adopt movement and recruitment strategies that reduce the financial and psychological costs of migration.

#### **9.2.4 Economic Linkages and Impacts**

An analysis of migrants' employment conditions, economic indicators, wage differences, employment security and employees' benefits in both Indonesia and Sabah was discussed in Chapter 7. Economic differences, such as high unemployment, high employment in the informal sector, poverty and low wages, as well as lack of employee benefits and security were the push factors motivating migrants to take up low-skilled, low-paying 3D jobs in Sabah. Nearly a quarter of migrants in the ILMS Survey (2010) were unemployed prior to migration, and the majority of those who were employed came from the rural agricultural sector.

The ILMS Survey (2010) found that there were differences in wages between male and female migrants, primarily because female migrants earned lower wages. Wage

discrimination between foreign and local workers was apparent, especially in the manufacturing, construction and services sectors where wages above MYR1,000 (USD333.30) were received mainly by local workers. Conversely, the plantation sector paid migrant workers more than local workers based on job performance, skill levels, working hours, job tenure and the level of difficulty.

The formal sector in Sabah offers job security to legal migrant workers. Contract workers are protected by the *Employment Act 1955* and other labour legislation that ensure they receive minimum standards: at least a monthly minimum wage, life insurance, medical coverage, overtime pay, paid leave and paid rest days. In addition, employers provide financial incentives, accommodation and other forms of employee benefits that help reduce their living expenses. However, migrant workers employed by labour contractors under contract for service and illegal workers are not protected by the Employment Act or any legislation, so they do not receive benefits and often experience unfair labour practices. Some employers prefer employing illegal migrant workers and those under ‘contract for service’ to reduce their production costs. This has become a major concern of trade unions as this denies migrants’ their rights and is contrary to their welfare (Navamukundan 2002; Devadason and Chan 2013).

The study also found that the common practice of migrants having their family at the destination influenced remittance-sending behaviour. The reason is that migrants with their family in Sabah tend to spend more on monthly accommodation and consumption in comparison to single migrants or those who have left their family behind. Consequently, migrants with their family in Sabah sent remittances less often, with only half of them sending remittances home and some did not remit at all. In addition, the intention to stay permanently and family reunion may weaken the intention to remit (Chandavarkar 1980; Orozco 2002; 2003; Lundius et al. 2008).

Most migrants in this study sent remittances through bank institutions. This is partly because most legal workers receive their salary through their bank accounts. The choice of remittance-sending medium is also influenced by several factors such as trustworthiness, accessibility and services. The Malaysian government encourages migrants to send

remittances through formal channels by improving accessibility to formal remittance transfer facilities. However, illegal migrants have to send remittances through informal channels as their lack of documents prevents them from opening a bank account.

Altruism, self-interest and family loans partly explained the motivations for sending remittances in this study. Most migrants regardless of their family status sent remittances to their parents at the origin. This finding implies the strong bonds of filial loyalty and the sense of obligation in taking care of old parents as is widely practised among migrants (Hugo 1983; Mamun and Nath 2010). However, migrants who left their family behind prioritised their spouse and children before their parents in sending remittances. Most remittances in this study were used for basic subsistence and less for savings and investments. Nevertheless, remittances have significant positive impacts in the Indonesian local and regional context (Raharto 2007; World Bank 2009; Hugo et al. forthcoming).

### **9.2.5 Demographic and Social Impacts**

The granting of fast-track citizenship not only allows migrants to access free education and health services as well as other privileges but also gives them the right to vote. According to Sadiq (2005; 2009) and Sina (2006), 'blurred membership' is used by Malay political parties to boost the number of voters. Census data show that, over time, international migration and assimilation of migrants have changed the population structure of Sabah by boosting the proportion of 'Other *Bumiputera*' and Bajau categories in the East Coast Region which is the main entry point for Indonesians and Filipinos. This corresponded with the decrease in the proportion of Sabah native peoples, such as Kadazan Dusun and Murut.

It was found that some migrants were granted fast-track citizenship and given real identity cards assisted by a 'network of complicity' that included political figures, government officials, village heads and others through fraudulent means in exchange for their votes. These authentic Ics are valid for a lifetime, transferable to children and enable them to receive the benefits meant for local citizens. Other migrants purchased fake documents to facilitate their lives at the destination and would finally surface as citizens. The availability of

paths to permanent residency and citizenship has given hope for a better life, especially to migrants who are with their family, and has encouraged migrant flow to Sabah.

The presence of migrants with their family in Sabah has implications for health and education services, especially when immigration policy only protects legal contract migrant workers but not their family members whose status is defined as illegal. The fact that almost three-quarters of married migrants in the ILMS Survey (2010) had children born in Sabah indicates the common practice of family formation among Indonesian migrants in Sabah. With migrants and their families unable to receive government subsidies when they access hospital services coupled with their generally low income, hospital charges are higher than they can afford. Data on foreign outpatients indicated that less foreign workers used government hospitals due to the availability of clinics provided by employers, especially in the plantation sector, while inpatients and birth data showed that more migrants used the services despite the unaffordable charges imposed on them. This was indicated by unsettled migrant hospital bills that had amounted to RM18 million by November 2010, implying the demand for hospital services among foreign workers.

Access to primary education remains a challenge for migrant children: the study revealed that the most common problems for migrants in sending their children to public schools were the lack of documents and financial costs. As migrant children are not allowed to enter public schools, the responsibility for providing basic education especially in rural plantations lies on the shoulders of NGOs, such as Humana. They are supported by employers of especially large plantation companies who provide school infrastructure and facilities. However, not all migrant children have the opportunity to attend Humana schools as the number of children is greater than the schools available. In addition, migrant children in the manufacturing, construction and services sectors also lack access to NGO learning centres.

### **9.3 Current Policy Implementation and the Problems**

Immigration policies in Malaysia are built on the assumption that the importation of low-skilled migrant workers is a short-term remedy for labour shortage problems in critical sectors (Kanapathy 2006; 2008b; Devadason 2011). The policy guidelines and measures are

more often than not implemented on an ad hoc basis in response to economic, social, security and political concerns. Following an economic downturn, employment of migrants is discouraged through a series of programmes such as amnesties, deportations, retrenchments, harsh punishments and import bans (Kassim and Mat Zin 2011; Devadason and Chan 2013). On the other hand, when the economy is vibrant and demand for low-skilled workers increases, migration is encouraged, and illegal migrants are registered, and absorbed into the formal sector. In short, the policies fail to recognise migrant worker contributions over the long term as they focus on the benefits gained by the country from foreign labour migration.

As in other receiving countries in Asia, labour migration policies in Malaysia limit the scale of labour migration, the duration of migration and integration of migrants (Piper 2004). Migrant workers are faced with many restrictions during their temporary stay in Malaysia. However, in reality, the employment of migrant workers is not temporary, especially in Sabah, where family unification and formation is common. Employers who need stable, long-term workers often violate the policy guidelines by allowing migrant workers to overstay and to bring their family members or to get married and have children. As a result, there has been a rise in the number of stateless children with implications for education and health services.

Regulation programmes seem to give the wrong signal especially to migrant workers who often enter using illegal and semi-legal channels. These programmes have become a stepping stone for illegal workers, as well as migrant dependants, to becoming legal. Other factors that encourage illegal and semi-legal migration channels are the costly, complex and time-consuming procedure of legal entrance as explained in Chapter 2, the availability of long-established social networking and the close proximity between Indonesia and Malaysia as described in Chapter 6. Therefore, it can be implied that the existing immigration system has failed to curb illegal migration to Sabah.

Legal status does not guarantee that the basic rights of a low-skilled foreign worker will be protected by the labour laws. This is due to the lack of basic rights, equal treatment and equal labour standards (Devadason and Chan 2013). Generally, migrant workers receive minimum medical coverage as the *Workers' Compensation Act 1952 (Act 273)* only pays a minimum one-off payment for temporary and permanent disability caused by industrial casualty. This

does not cover migrants' medical expenses and hospitalisation (Goh 2007, pp.157-165). It is hoped that the currently implemented Malaysian law which mandates that employers provide legal foreign workers with the Foreign Worker Hospitalisation and Surgical Insurance Scheme (FWHS/SKHPPA) will reduce migrants' medical expenses. In addition to medical insurance, employers, especially plantation and manufacturing companies located in rural Sabah, are expected to follow the *Standard of Housing and Amenities Act 1990 (Act 446)* by providing housing and amenities for migrant workers. However, more often than not, migrants are limited to poor housing conditions due to weak law enforcement.

Discrimination and restrictions faced by migrant workers at the destination have made them resort to fraud to ease their lives and improve their working conditions. This is made possible by the fake document industry players who sell fraudulent documents which can be detected using a special device. However, the gaining of original Malaysian identity cards through fraudulent means assisted by a network of complicity should be the main concern here. Becoming citizens allows migrants to access free primary and secondary education, and health services and the extension of citizenship rights to their children. An increase in the number of 'Other *Bumiputera*' in the 2010 census indicates that besides helping to generate the Malaysian economy, foreign workers are utilised for political benefits of the Malay-based political party. The fast-track granting of citizenship to migrants is currently under investigation.

### **9.3.1 Policy Proposals and Implications**

Malaysia is becoming a techno-intensive developed nation in which mechanised and automated industries will need fewer low-skilled workers by 2020 (Narayanan and Lai 2007). However, the aim of reducing dependency on foreign workers has been found to be a challenging task, especially when Malaysia needs to stay competitive in global markets and reduce production costs. Malaysia did not achieve its target of reducing the migrant worker intake to 1.5 million as announced in the 9<sup>th</sup> Malaysia Plan (2006-2010) with the number of foreign workers standing at approximately 1.88 million in 2011. Demand for foreign workers will continue indefinitely, especially for sectors eschewed by locals in which mechanisation and automation are difficult to apply such as plantations, child care and domestic helpers.

Thus, low-skilled foreign labour migration to Malaysia cannot be seen as a short-term measure as this tends to overlook the basic rights of contract migrant workers and their families. It also fails to appreciate their long-term contribution to the Malaysian economy. Therefore, the country needs to formulate suitable policy measures which benefit not only Malaysia, but also the sending countries and the migrant workers themselves. It is time to practice good governance and management rather than implementing policing measures on migrant workers.

First of all, regulations and labour laws need to be tightened to avoid abuses by outsourcing companies and employers who often exploit illegally recruited foreign workers to cut down production costs. Effective enforcement of labour laws in terms of minimum wages, medical insurance, working hours, paid leave and paid public holidays will ensure that their legal rights are observed by employers and outsourcing companies. Authorities must ensure that all employers and outsourcing companies fulfil the requirement of the *Minimum Wages Order 2012* by paying a minimum monthly wage of MYR800 (USD266.7) to migrant workers in Sabah, Sarawak and Labuan, and MYR900 (USD300) to those in the Peninsular by June 2013 (MOHR 2013). The ILMS Survey (2010) found that some legal migrant workers, especially women, were paid as low as MYR400 (USD133.3) a month as the jobs did not require much physical strength. On top of that, they had to pay part of the levies through monthly wage deductions and were not covered by medical insurance. Thus, the implementation of minimum wages would greatly benefit this lowest income group of foreign workers and promise them a better life.

However, the implementation of minimum wage policy comes with the new ruling that allows employers to deduct the full amount of levies from migrants' monthly wages. In addition, a monthly deduction of not more than MYR50 (USD16.7) for accommodation is also applicable (previously, it was free of charge). This is to ease the burden of employers in the plantation and domestic helper sectors, who also now have to pay a premium of MYR120 for medical insurance (SKHPPA) effective from January 2011 (foreign workers from other sectors were required to buy the insurance policy themselves through monthly wage deduction). Although there is a guarantee that these migrant workers will receive a minimum wage, it includes deductions that are used to improve their quality of life at the destination.

Foreign workers with medical insurance can now access government hospitals by presenting their passports to have their medical as well as hospitalisation expenses covered. Now that migrants have to pay for their accommodation, that money could be used to improve their housing and amenities. Thus, inspections by the authorities should be done regularly to ensure that employers and outsourcing companies fulfil the requirements in the *Standard of Housing and Amenities*. Since implementation of minimum wages and medical insurance (SKHPPA) is only applicable to legal workers, and benefits mainly plantation workers and domestic helpers, it is hoped that this new ruling would encourage legal migration into these critical sectors.

Permanent residency and full family formation among migrants, especially in Sabah, needs careful attention as it involves the social welfare of migrant children and delicate political issues. The current temporary policy explained in Chapter 8 is no longer applicable to migrants who stay with their families because it is contrary to human nature and basic needs. The policy is usually motivated by short-term economic considerations and ignores potential long-term political and social consequences. The differential exclusion model adopted in the policy only accepts migrants within strict functional and temporal limits (Castles 1998; 2000; 2003). Policy-makers do not expect that low-skilled temporary labour migration will lead to permanent settlement. Therefore, immigration policy only acknowledges legal migrant workers and not their dependants. Due to their illegal status, migrant children are denied access to free basic education and subsidised hospital services. Many of those born in Sabah are stateless as they do not possess any personal documents (birth certificates). The problem of uneducated and stateless children will become more complex in the future if the government does not take action to rectify the situation. Currently, it is estimated that there are 50,000 migrant children in Sabah and the number will grow.

The move to issue red birth certificates to migrant children born in Sabah effective from July 2011 was one of 22 proposals made by the Special Laboratory committee set up to study the illegal immigrant problems at regional and national levels (*Borneo Post* March 2011). This proposal aims to correct the misunderstanding that every child born in Malaysia will automatically become a Malaysian citizen. The issue of the red birth certificate is for the easy recognition and clear status of a child and also ends the confusion of parents who had thought

that their children born in Malaysia are automatically Malaysian citizens (*Borneo Post* March 2011). However, as found in this study, migrant children are often born at home making it rather challenging to implement this measure. The NRD should cooperate with employers of the plantation and manufacturing sectors, whose locations are often in rural Sabah, to identify and reach these children in order to register them using the biometric identification systems and to issue birth certificates. If they succeed, data on migrant children in Sabah can be generated and a close estimation of their number by age can be made which will be useful for planning education services and preventing future claims that they are Malaysian citizens.

Educating migrant children should become an important agenda for the Sabah state government. Instead of playing a minimal role by issuing permits to build Humana learning centres, the state government should formulate a policy that requires employers of all formal sectors to provide physical education infrastructure and facilities for migrant children. Good collaboration with Humana and the Indonesian government in providing teachers and an education syllabus should be maintained. This would increase the number of Humana schools and widen access to basic education for migrant children. If successful, this could prevent child labour practices and, at the same time, prepare these children to continue their secondary education in Indonesia. As secondary schools for migrants' children are not yet established by similar organisations to Humana, migrants should be encouraged to send their children back to Indonesia to continue their secondary education while being cared for by grandparents or relatives.

Migrant workers should also be allowed to bring their spouse to Malaysia. Denying them the right to form a family tends to encourage illegal migration. However, to ensure that migrants are able to financially support their family, migrant spouses should come as workers and be given a job by the migrant employer. Cooperation from employers in the formal sectors is needed for this to be achieved. Employers should be encouraged to provide a job for a migrant's spouse as well as housing and amenities for their family. The Ministry of Health could assist in disseminating information on family planning so that migrants will be able to plan their family size in accordance with their economic strength.

Pathways to permanent residency and citizenship should be initiated as resisting this strategy increases illegal permanent settlement. However, migrants should be selected based on their commitment to Malaysia, years of service and their lack of criminal records. This opportunity should be open not only to expatriates but also to low-skilled migrant workers. On the other hand, the granting of fast-track citizenship through fraudulent means in exchange for votes must be stopped immediately. The NRD and Commissioner of Election (SPR) should collaborate in updating the database of the registered voters' list by deleting names of deceased citizens to prevent incidents of 'phantom voters' as reported in previous general elections (Wan Hassan and Abd Rahim 2008a; 2008b). The situation known as 'blurred membership', whereby the inability of paperless native peoples in rural areas to prove their citizenship is manipulated for political or financial interests, must be rectified immediately.

The main problem that comes with the movement of Indonesian workers to Malaysia is the large and growing number of illegal migrants. Lack of knowledge about legal migration among Indonesian migrant workers makes them more vulnerable to exploitation by middlemen who operate the illegal movement (Quinn 2002; IOM 2010b; Djelantik 2011). Online applications to work abroad should be promoted and widely practised in Indonesia, as this reduces the cost of preparing travel documents and eliminates middlemen who often manipulate new migrants. In addition, weaknesses in the official labour migration system and immigration law in Indonesia, as well as in Malaysia, need immediate attention. The cost of legal recruitment should be reduced to encourage legal migration. This is possible by regulating and standardising the fees of recruitment agents both in the origin and destination. Training and retraining programmes conducted in the home country for new and returned migrants (BNP2TKI 2012) should be continued, as this is expected to develop clear migration objectives, skills and self-empowerment and, upon return, create developmental benefits for Indonesia.

Both Malaysia and Indonesia should fight against corruption among government officials as this is usually the main cause of poor enforcement of immigration and labour laws. If successful, networks of complicity that exist for both economic and political reasons, which often facilitate illegal and semi-legal migration, as well as the granting of citizenship through fraudulent means, will be contained. This will also allow effective enforcement of labour

laws that protect the legal rights of low-skilled migrant workers. More migrants will choose legal channels if the Malaysian government can ensure that legal migrant workers are given basic rights, equal treatment and equal labour standards. Good governance and management of migrant workers rather than policing measures should be practiced, particularly when handling low-skilled migrant workers.

#### **9.4 Theoretical Implications**

There is no single theory on its own that can explain international migration due to its diversity (Massey et al. 1999; Stahl 1995). However, a combination of economic and non-economic theories, such as the neoclassical, dual labour migration, social networks and world systems are able to provide some explanation of Indonesian migration to Sabah. Neoclassical theory focuses on the large-scale flow of low-skilled workers from a labour-surplus to a labour-scarce country. In this theory, wage differentials and migration costs are the main factors that influence the decision to move. The flow of Indonesian low-skilled workers to Sabah will continue indefinitely due to rapid economic development and improvements in education. Therefore, both the Malaysian and Indonesian governments should reduce the travel costs to increase the benefits of migration. This is possible by reducing the costs, time and complexity of migrating via formal channels and improving working conditions at the destination.

There is an increased demand for low-skilled workers to take up elementary occupations in Malaysia. While the local supply for such workers is diminishing, the government has turned to the importation of foreign labour to fill the gap. Both improvements in education and the refusal of local youth to take up elementary occupations are the cause of the labour–supply imbalance. According to dual labour migration theory, international migration is demand-based and the flow is initiated by the formal recruitment mechanisms and policies at the destination (Massey et al. 1993; De Hass 2010; Ullah 2010). In addition, low-skilled 3D jobs are labelled as jobs meant only for migrants and thus eschewed by local workers. Migrants, on the other hand, accept these jobs because low wages at the destination tend to be higher than those at the origin, while the poor status associated with these jobs has little to do with their social expectations at the destination (Berger and Mohr 1975).

It is known that social networks play an important role in facilitating migration to Sabah, and their role is apparent in pre-, during and post-migration stages as they lower the costs and risks of movement and increase the expected net returns to migration (Massey et al. 1987; Koser 2010a). In the context of the Indonesia–Sabah migration corridor, labour movement dates back to the pre-colonial period and was heightened during the colonial period. According to world systems’ theory, other factors that influence the decision to migrate include close proximity, similarity in language, culture and colonial bonds (Arango 2000). In addition, globalisation has eased movement through improvements in transport and communication systems.

### **9.5 Limitations of the Study**

There were many constraints when conducting migration research in Sabah. One was the absence of a comprehensive sampling frame. Other constraints included illegal migrants refusing to be identified and interviewed, and the reluctance of employers to cooperate and allow their workers to be interviewed. Therefore, assistance from a government agency, the Sabah Labour Force Department (SLFD) that has direct access to employers, was obtained to recruit respondents from formal sectors. However, this method only allowed the researcher to reach legal Indonesian workers. Therefore, the data collected are more representative of legal contract migrant workers, especially in the plantation sector.

The researcher faced problems in studying illegal migration and the migration industry because respondents such as illegal migrants, *mandors* and *calos* were often reluctant to be interviewed. Primary data on illegal entry and employment collected via in-depth interviews were based on the experience of a few people and may not apply to others. Nonetheless, the information was useful in understanding the movement strategies of Indonesian migrants to Sabah.

The ILMS Survey (2010) was conducted using the cross-sectional method. Therefore, it is impossible to measure the long-term economic, political and social impacts of Indonesian labour migration. In addition, due to the non-probability sampling techniques used in this study, the sample estimates may not be representative of the wider population. However, the

study is useful for understanding the trends and impacts of Indonesian migration in Tawau Division.

## **9.6 Recommendations for Future Research**

One of the important findings in this study is the trend of full-family migration among the majority of respondents although the immigration policy prohibits low-skilled, contract migrant workers from bringing their spouse and children to Sabah. There is a need to design a survey that could generate primary data to explain the trends, causes and impacts of this movement. This study would also need to include the decision-making process, movement strategy, adjustment and settlement at the destination, the social impacts (health and education services) and economic impacts (cost of living, investments and remitting behaviour). Migrants' future plans and intentions to stay should be discussed as these involve their children who are only provided with basic primary education in Sabah.

The presence of the Bugis from Sulawesi was prevalent in the plantation sector as established in the ILMS Survey (2010). This study conducted in the destination country indicates that pull factors, such as differences in wages, employment security, employee benefits, unemployment rates, as well as non-economic factors, namely joining spouse or relatives, were important factors in motivating the movement. Future studies should be conducted at the origin from which the migrants have come and where their families still reside to fully comprehend the nature, causes and impacts of the Bugis movement to Sabah. Among other things, social links, as well as economic and non-economic push factors, should be included in these studies. Currently, most studies on the East Malaysian migration system have been limited to East Nusa Tenggara–Sabah migration with none on Sulawesi–Sabah migration; while most studies on the Bugis diaspora have adopted the historical approach.

## **9.7 Conclusion**

This chapter has summarised the major findings of this study and its implications. The study provides an understanding of changes, trends and impacts of Indonesian labour migration to Sabah. It concludes that the low-skilled labour migration industry between Indonesia and

Malaysia will continue indefinitely. Therefore, it is pertinent for the two nations to work together on immigration and emigration policies that emphasise the rights and welfare of migrants. Bilateral efforts, good governance and effective management should be able to maximise the triple benefits that the migrants, Indonesia and Malaysia could reap from the labour migration flow. Although Malaysia is not ready to permit permanent settlement and family formation among low-skilled migrants, it needs to formulate a suitable policy for migrant dependants already at the destination.

On the other hand, proper enforcement, punitive actions and regular inspection may curb malpractices among recruiting agents, at both the origin and destination, and employers who are known to take advantage of migrant workers. Most importantly, both governments should fight against corruption that accounts for the ineffective implementation of immigration laws and the expansion of the fake document industry. Educating migrants on migration, legal rights and related skills prior to their migration should be continued and enhanced. This will help migrants increase their knowledge and self-empowerment to prevent exploitation by various stakeholders.

## Appendices

### **Appendix 1: A Chronology of Migration Policies, Implementation and Issues in Malaysia 1968-2011**

Source: Devi 1986; Kassim 1995; APMRN 1996; 2000; Abu Bakar 2002; Migration News Oct 2002; 2008; 2009; 2010; 2011; 2012; Kassim 2006; Mei 2006; Kaur 2007; Kanapathy 2008; Abella and Ducanes 2009; The Star June 2010; Malaysia Kini June 2010; Hock 2011; Kassim and Md Zain 2011; Borneo Post June 2011; Aug 2011; Sept 2011; Oct 2011; June 2012; Aug 2012; The Malaysian Insider Aug 2012; The Star Jan 2013; Bernama August 2013; MOHR 2013.

Year	Chronology of Migration Policies, Implementation and Issues
1968	- Work permit was required for non-citizen workers.
1969	- Employment Act 1969 was enacted (restriction and work permit).
1981	-Law allowing the establishment of legal recruitment of foreign workers were established(disbanded in 1995)( <i>Jawatankuasa Pengambilan Pekerja Asing</i> ).
1984	-Medan agreement- bilateral agreement between Malaysia and Indonesia for the supply of workers to agriculture/plantation sector at first then extended to domestic work sector (was cancelled in 1986).
1985	-Memorandum of understanding with the Philippines for domestic workers.
1986	-Memorandum of understanding with Bangladesh to recruit plantation workers and Thailand for plantation, construction workers.
1987	-Legalised the use of Indonesian workers in the plantation sector.
1989	-PPTII- ' <i>Program Pemutihan Pekerja Tanpa Izin Indonesia</i> ' literally translated 'the legalisation of illegal workers' – A programme to legalise undocumented workers (postponed twice). -A New scheme was introduced. Employers are required to pay a deposit of 250 dollars which will be used to depot the workers who break their contracts. -Migrant workers were to be recruited directly from Indonesia and not through contractors for plantations.
Jan 1990	-Freeze on labour importation from Indonesia.
1991	-A 5-years-programme named Registration, recruitment and enforcement programme was introduced only in the Peninsular. -Policy to equalise wages of foreign workers to that of locals. -Formation of Cabinet Committee on foreign labour.
Oct 1991	-Introduction of an annual migrant-worker levy, which varies by sector and skill category (general,semi-skill and unskill). Agriculture (MYR360, MYR540, MYR720); Construction(MYR420, MYR540, MYR900); Manufacturing (MYR420, MYR600, MYR900); Services (MYR360, MYR540, MYR720).
Dec 1991	-Launching of Ops Nyah 1 – (Operation Expunge I – to stop illegal infiltration).
1992	-Launching of Ops Nyah II – (Operation Expunge II – to weed out illegal immigrants). -Formation of the Committee for Foreign Workers at the Ministry of Human Resources ( disbanded in 1995).
Apr 1993- Jan 1994	-Ban on unskilled workers recruitment. Ban lifted for manufacturing sector. Ban implemented on unskilled and semi-skilled workers for all sectors .

Oct 1995	-Special Task Force on Foreign Labour (the sole agency for recruitment – a one stop agency to deal with the processing of immigrants).
Dec 1995	-All Levies increased by 100 percent except for agriculture and Domestic workers .it was raised to MYR 1,200 for Construction and manufacturing and MYR 720 for services.
1995	-A ban on Malaysian agencies to recruit migrant workers directly except for domestic work sector.
Jan 1996	-Freeze on the importation of skilled and unskilled labour expect for critical sectors in manufacturing and recreation/tourist industries.
Apr 1996	-Hari Raya Amnesty for Indonesian illegal workers for a period of 3 months (October to December 1996) – illegal migrant workers from Indonesian were allowed to return if they paid a compound of MYR 1,000 each, received their temporary work permits and their own travel tickets.
1996	-Programs for irregular workers. -Amnesty was extended to Feb 1997. -Ops Nyah II was launched to weed out illegal workers. -Expansion of detention Centres (MYR 10 million allocated).
Aug1996- Jan 1997	-Freeze on labour importation. Employers were encouraged to recruit workers from 9 detention centres. Eventually cancelled the exercise due to the lukewarm response from employers.
1997	-An amendment to immigration act to incorporate harsher penalties to control the increasing number of undocumented workers. -Introduction to work permit system. -Foreign Workers Medical Examination Monitoring Agency (FOMEMA) was established. -Total ban on all new recruitments due to economic crisis.
Mac 1997	-Task Force disbanded- function taken by the Foreign Workers Division of Immigration Department of Recruitment of Foreign Workers.
Aug 1997	-Ban on new recruitment on migrant workers due to the AC. Second regularisation exercise for illegal migrants from Indonesia, Thailand, the Philippines , Bangladesh and Pakistan.
1998	-The 1959/63 Immigration act was amended to include clauses to curb illegal migration. -A freeze on foreign labour recruitment ; permits were not renewed and more amnesty programmes were introduced. -Imposed conditions for the employment of domestic workers. Employers were required to fulfil income criteria. -Foreign Workers regularisation programme in Sabah to weed out illegal migrants.
Jan 1998	-A mandatory Employee Provident Fund (EPF) was introduced in 1998 for all migrant workers except for domestic workers. Migrant workers were expected to contribute 11 percent of their wages and employers 12 percent to the fund (EPF was abandoned in 2001). -Annual Levy was raised to MYR 1,500 for the construction, manufacturing and services sector. It was maintained at MYR 360 for the plantation and domestic

	workers.
Jul 1998	-Ban on the renewal of work permits for the services sector lifted.
Oct 1998	-Ban on new recruitment lifted -120,000 new work permits approved for migrant workers in plantation and construction sectors.
Nov-Dec 1998	-Freeze on the importation of migrant workers was lifted.
Feb 1999	-Levies were lowered for all categories (from MYR 1,500 to MYR 1,200), except domestic workers. New hiring's of mostly Indonesian workers.
Oct 1999	-Recruitment of Sri Lankans in the manufacturing sectors.
2001	-Mandatory contribution to EPF was revoked.
May 2001	-Ban on the intake of workers from Bangladesh mainly as a result of some clashes between the workers and some locals.
Oct 2001	-Reduced duration of work permits from a maximum of 5 to 3 years.
2002	-Hire Indonesian Last Policy. -Low-skill workers who have been certified by the national Vocational Training were able to extend their stay for further 5 years (maximum of 10 years ). -Another amendment was made to the Immigration Act 1959/63 with harsher penalties for undocumented workers including employers and owners or tenants of buildings. -Approval for workers from Uzbekistan, Kazakhstan and Turkmenistan. -G to G agreements for recruitment of workers.
Feb 2002	-Maximum work permit extended to a 3+1+1 ruling (except for domestic services). -Ban on new recruitment of Indonesian workers in all sectors, except for domestic services.
Mac-Jul 2002	-Amnesty programme to one million undocumented workers.
Jul 2002	-Recruitment of Cambodia in the agri-plantation, manufacturing and construction sectors.
Jan 2003	-Restrictions lifted on Indonesian workers in the manufacturing and construction sectors.
Apr 2003	-Freeze on hiring of migrant workers from SARs related countries.
Sept 2003	-Signing of MoU between Malaysia and China – for workers in ceramics and furniture.
Okt 2003	-Amendment to Immigration Act 2002 – higher penalty for illegal immigration. -Mandatory whipping of up to six strokes of the cane for irregular migrants and their employers.
Dec 2003	-Signing of MoU between Malaysia and Vietnam.
2004	-Malaysia- Indonesia MoU ( Law no : 39/2004) which allows Malaysia employers to hold workers passports and other documents for safe keeping. -Foreign workers have to undergo a compulsory two week training programme on language ,customs and Malaysia life style.
Oct 2004	-Illegal workers were allowed to return on official permits.
2005	-Permission granted to migrant workers whose contract had expired to change employers within the same economic sector as long as their work permits are still

	valid.
Mac 2005	-Signing of the MoU between Malaysia and Pakistan.
Aug 2005	-RELA, or the People's Volunteer Corps were given power to arrest unauthorised migrant until mid-2009 – provided opportunities for extortion. -Levy was revised for the third time- and recruitment procedures were revised MYR 1,200 (Peninsular) MYR 960 (East Malaysia) for Manufacturing and construction MYR 1,800 (Peninsular) East Malaysia (MYR 1440) For non-domestic services, MYR, 540 for plantations .
2006	-Ministry of Home Affairs licensed 270 outsourcing companies to recruit mainly South Asian migrants. -Employers recruiting less than 50 workers were to recruit their workers through labour outsourcing companies. -Electronic Labour Exchange (ELX) created at the MOHR – mandatory for employers in plantation, construction, manufacturing and services to advertise vacancies in the ELX before they can apply to bring in migrant workers.
Mei 2006	-Malaysia and Indonesia signed a standard contract for Indonesian domestic workers in Malaysia.
2007	-Launch of I-Kad, identification card issued for foreign student, expatriates and documented migrant workers in Malaysia (delay in issuing the card). -New outsourcing system that did not attach workers permits to a particular employer dilutes the control of the government. Outsourcing companies are permitted to hire and supply foreign workers to employers.
Jul 2007	-Major operation to round an estimated 500,000 irregular migrants.
Oct 2007	-Ban on the recruitment of Bangladeshi workers because of problem arising from agents (both recruiting agencies in their home country and outsourcing companies in Malaysia).
Jan 2008	-Unskilled migrant workers would not have their work permits extended if they have been in the country for five years or more.
Aug –Dec 2008	- <i>Operasi Bersepadu</i> (integrated operations) in two phases were launched. (Aug 7-Dec 18, 2008) - covered West Coast Sabah.
Feb-Dec 2009	- <i>Operasi Bersepadu</i> (integrated operations) Phase two (Feb23-Dec 31 2009) - covered East Coast Sabah. -During the two phase exercise 312,837 illegal immigrants and their dependants without document, 57,197 refugees and 230,000 valid foreigners with document.
2009	-Freeze on the issues of new licenses for labour outsourcing companies.
Jan 2009	-Freeze on labour importation to the manufacturing sector. -MoU between Malaysia – India to improve the foreign workers management.
Apr 2009	-Cost of levy to be borne by employers, instead of workers.
Jul 2009	-Freeze on the importation of migrant workers lifted for specific industries.
Oct 2009	-Protests by migrant workers that employers continued deducting wages to cover the levy charges.
2010	-A crackdown on illegal workers scheduled around Chinese New Year and postponed to a later date. -A new MOU between Malaysia and Indonesia agreeing on a day off for the domestic

	<p>workers and allowing them to keep their own passports. No agreement on minimum wage.</p> <p>-Job Clearing System policy was implemented to ensure jobs are advertised and given to local before an employer was allowed to apply for foreign workers.</p>
June 2010	<p>-A special laboratory set up to update and improve management and entry system, monitoring and identifying foreigners in Sabah. It studies solutions and actions to resolve Sabah's illegal immigrant problem.</p> <p>-Some 30 officials from various government agencies and departments were gathered aiming to provide the latest data on foreigners in Sabah based on categories: legal, illegal (PATI), types of jobs, sector and industry.</p>
June 2010	<p>-<i>Operasi Bersepadu 3</i> (integrated operation phase 3) was launched involving 24 series.</p>
Nov 2010	<p>-Compulsory medical insurance policy for migrant workers (excluding domestic workers) effective Jan 2011-annual premium of MYR 120 per workers.</p>
2011	<p>-Indonesian governments moratorium against Malaysia on the issues of domestic workers.</p> <p>-Mou for Domestic workers from Indonesia, agreed on a day of in a week and will be compensated for the worked day.</p> <p>-No agreement on minimum wage (however, the Indonesian government has stated MYR 700 as the minimum wage to be paid and compulsory insurance policies for domestic workers)(agreed on the minimum wages later in the year).</p> <p>-Fixed agency fees through direct recruitment (possible elimination of agencies in Indonesia) the cost of bringing a maid has been capped at MYR4,511 with RM2,711 for agency fees and the balance of MYR1,800 an advance payment recoverable by the employer in instalments of MYR300 deducted from monthly salary over the course of 6 months.</p>
July 2011	<p>-The legalisation and amnesty Programme for illegals (6P) which aims to register 1.2 million illegal migrants has been launched. The programme that included six components of registration, legalisation, amnesty, monitoring, enforcement and deportation will be operated in stages. However, Sabah excluded the legalisation component, hence the 5P programme.</p> <p>-A total of 2,320,034 foreign workers and illegals were registered using the biometric system under the 6P amnesty programme when the deadline for registration ended on 31 August 2011. About 1.3 million were illegals. Sabah registered a total of 345,343 migrants including their family; 161,370 were illegals. The biometric data such as foreigners' profile, employer, photograph, whereabouts, expiry dates of passes and permits, home and work address can be accessed by the system. It will prevent identity and travel document forgery.</p>
Oct 2011	<p>-The post registration (enforcement process) began by focusing on illegal immigrants and unregistered employers. Simultaneously, post legalisation process focusing on registered legal/illegal migrants were carried out and was supposed to end in January 2012. Legalisation stage was not included in Sabah 5P programme.</p>
April 2012	<p>-Legalisation process ended after being extended twice. Some 372,335 migrant workers who were originally illegals were absorbed into the formal sectors. In the third process of amnesty, a total of 123,346 illegals were pardoned and returned</p>

	home voluntarily. Indonesians accounted for 77,396, followed by Indians (9,532), Nepal (8,235), Myanmar (7,132) and Cambodia (4,754). In Sabah, some 137,217 illegals were registered under amnesty programme.
Aug 2012	-Formation of Royal Commission of Inquiry (RCI) to investigate problems related to illegal immigration in Sabah led by Steve Shim (Chairman), a former Chief Judge for Sabah and Sarawak.
Jan 2013	-Public hearings of RCI began and as at August 2013, some 197 witnesses have completed giving evidence before the commission in nine proceedings held since January.
June 2013	-Employers must follow The Minimum Wages Order 2012 by paying a minimum wage of MYR800 (USD266.7) to migrant workers in Sabah, Sarawak and Labuan; and MYR900 (USD300) to those in the Peninsular by June 2013.

## Appendix 2: Distribution of Foreign Workers in Malaysia by Nationality 1992-June 2012

Source: Ministry of Home Affairs 2011; Immigration Department of Malaysia 2012

Country of Origin	1992-Jan 97	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	June 2012
Indonesia	317483	316111	210772	269194	603453	634744	788221	988165	1024363	1211584	1174013	1148050	1085658	991940	792809	900529	769154
Bangladesh	123757	247056	146752	110788	158149	114308	82642	94541	54929	55364	62669	217238	316401	319020	319475	238155	133909
Myanmar	1238	13624	5151	3698	3444	6539	27870	48113	61111	88573	109219	104305	144612	139731	160504	159644	139619
Nepal	401	125	368	328	666	48437	82074	109067	149886	192332	213551	189389	201997	182668	251416	279020	272893
India	2372	19125	14330	13103	18934	26312	39248	63166	78688	134947	138313	142031	130265	122382	95112	93391	90280
Vietnam	-	-	-	-	-	-	-	-	72788	81195	106751	113903	87806	72682	51956	60485	51811
Pakistan	3704	10742	4054	2605	3101	2392	2000	2141	1156	13297	11551	16511	21278	21891	28922	28212	28374
Philippines	32643	17151	10678	7299	14651	11944	21234	17400	16663	21735	24088	23283	26713	24384	35338	48589	40379
Cambodia	-	1	137	163	812	1399	2408	2898	3278	5832	8222	10766	12887	11542	49677	45720	28897
China	-	-	-	-	165	131	122	165	600	1428	2482	6633	-	9038	9862	9496	8483
Thailand	24177	3461	2864	2130	2335	2508	20599	10158	5463	5751	13811	18456	21065	19402	17209	15119	8662
Sri Lanka	119	3	34	352	1386	1115	1111	1066	1003	3050	4421	3964	3940	3321	5294	5347	4440
Laos	-	-	-	-	-	-	-	-	89	70	58	-	62	57	70	70	67
Others	740	-	-	-	-	-	-	-	69	80	60	-	9912	88	227	321	245
<b>Total</b>	<b>506634</b>	<b>627426</b>	<b>395140</b>	<b>409660</b>	<b>807096</b>	<b>849829</b>	<b>1067529</b>	<b>1336980</b>	<b>1470090</b>	<b>1815238</b>	<b>1869209</b>	<b>2044805</b>	<b>2062596</b>	<b>1918146</b>	<b>1817871</b>	<b>1884098</b>	<b>1577213</b>
<b>Differences in number to previous year's</b>		<b>+</b> <b>120792</b>	<b>-</b> <b>232286</b>	<b>+</b> <b>14520</b>	<b>+</b> <b>397436</b>	<b>+</b> <b>42733</b>	<b>+</b> <b>217700</b>	<b>+</b> <b>269451</b>	<b>+</b> <b>133110</b>	<b>+</b> <b>345148</b>	<b>+</b> <b>53971</b>	<b>+</b> <b>175596</b>	<b>+</b> <b>17791</b>	<b>-</b> <b>144450</b>	<b>-</b> <b>100275</b>	<b>+</b> <b>66227</b>	<b>-</b> <b>306885</b>

### Appendix 3: Distribution of Foreign Workers in Malaysia by Sector 2000-June 2012

Source: Ministry of Home Affairs 2012; Department of Immigration 2012

Sector	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	June 2012
<b>Domestic helper</b>	177,546 (22.0%)	194,710 (22.9%)	232,282 (21.7%)	263,465 (19.7%)	285,441 (19.4%)	320,171 (17.7%)	310,662 (16.6%)	314,295 (15.3%)	293,359 (14.2%)	251,355 (13.1%)	247,069 (13.5%)	226,626 (12.0%)	167,852 (10.6%)
<b>Manufacturing</b>	307,167 (38.1%)	312,528 (36.8%)	323,299 (30.3%)	385,478 (28.8%)	475,942 (32.4%)	581,379 (32%)	646,412 (34.6%)	733,372 (35.9%)	728,867 (35.3%)	663,667 (34.6%)	672,823 (37%)	716,617 (38.0%)	592,943 (37.6%)
<b>Construction</b>	68,226 (8.5%)	63,342 (7.5%)	149,342 (14%)	252,516 (18.9%)	231,184 (15.7%)	281,780 (15.5%)	267,809 (14.3%)	293,509 (14.4%)	306,873 (14.9%)	299,575 (15.6%)	235,010 (13%)	263,472 (14.0%)	231,105 (14.7%)
<b>Services</b>	53,683 (6.7%)	56,363 (6.6%)	64,281 (6%)	85,170 (6.4%)	93,050 (6.3%)	159,662 (8.8%)	166,829 (8.9%)	200,428 (9.8%)	212,630 (10.4%)	203,639 (10.6%)	165,258 (9.1%)	161,460 (8.6%)	139,062 (8.8%)
<b>Agriculture</b>	200,474 (24.7%)	222,886 (26.2%)	298,325 (28%)	350,351 (26.2%)	384,473 (26.2%)	472,246 (26%)	477,497 (25.6%)	503,201 (24.6%)	520,867 (25.2%)	499,910 (26.1%)	497,711 (27.4%)	515,923 (27.4%)	446,251 (28.3%)
<b>Total (%)</b>	<b>807,096 (100%)</b>	<b>849,829 (100%)</b>	<b>1,067,529 (100%)</b>	<b>1,336,980 (100%)</b>	<b>1,470,090 (100%)</b>	<b>1,815,238 (100%)</b>	<b>1,869,209 (100%)</b>	<b>2,044,805 (100%)</b>	<b>2,062,596 (100%)</b>	<b>1,918,146 (100%)</b>	<b>1,817,871 (100%)</b>	<b>1,884,098 (100%)</b>	<b>1,577,213 (100%)</b>

### Appendix 4: Number of New Vacancies by Occupational Category, Malaysia 2003-July 2012

Source: Ministry of Human Resources 2003-2012; Ministry of Finance 2003-2012; Masco 2008

Skill Level	Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	July 2012
	Number of Vacancies (%)									
<b>Fourth Skill</b> Legislators, senior officers, managers	1039 (1.2)	1661 (3.3)	1789 (0.6)	1470 (0.2)	2018 (0.2)	-	-	-	-	-
<b>Fourth Skill*</b>						120444 (11.3)	146957 (9.5)	132631 (7.5)	251271 (11.1)	53294 (6.0)
Managers	-	-	-	-	-	54501 (5.1)	84118 (5.4)	65321 (3.7)	23225 (1.0)	25017 (2.8)
Professional	-	-	-	-	-	65943 (6.2)	62839 (4.1)	67310 (3.8)	228046 (10.1)	28277 (3.2)
<b>Third and Fourth Skill</b> Professional, technician, associate professionals	4032 (4.6)	12039 (24.1)	29010 (9.5)	36731 (4.4)	65437 (7.9)	-	-	-	-	-
<b>Third Skill*</b> Technician, Associate professionals	-	-	-	-	-	36135 (3.4)	53942 (3.5)	74037 (4.1)	41167 (1.8)	22321 (2.5)
<b>Second Skill</b>	81847 (94.2)	36279 (72.6)	128391 (42.4)	298699 (35.8)	305660 (37.0)	198072 (18.7)	383564 (24.8)	424907 (23.8)	657949 (29.1)	264899 (29.8)
Clerical (Clerical support workers)*	7540 (8.7)	11799 (23.6)	15885 (5.2)	15648 (1.9)	27068 (3.3)	34990 (3.3)	60738 (3.9)	57598 (3.2)	45064 (2.0)	21820 (2.5)
Service, shop and market sales workers (services and sales workers)*	5747 (6.6)	4627 (9.3)	26038 (8.6)	62085 (7.4)	76557 (9.3)	61135 (5.8)	133083 (8.6)	135570 (7.6)	200839 (8.9)	61337 (6.9)
Skilled agriculture and fishery workers	8196 (9.4)	624 (1.2)	14935 (4.9)	68539 (8.2)	81371 (9.9)	131 (0.0)	292 (0.0)	44331 (2.5)	165757 (7.3)	73725 (8.3)
Craft and related trades	-	1134 (2.3)	18793 (6.2)	44764 (5.4)	32913 (4.0)	16818 (1.7)	18493 (1.2)	28794 (1.6)	82253 (3.7)	26063 (2.9)
Plant, machine operators and assemblers	60364 (69.4)	9332 (18.7)	52740 (17.3)	107663 (12.9)	87751 (10.6)	84998 (8.0)	170958 (11.1)	158614 (8.9)	164036 (7.3)	81954 (9.2)
<b>First Skill</b> Elementary occupations	-	8763 (17.5)	145311 (47.7)	497775 (59.6)	452067 (54.8)	704329 (66.5)	961886 (62.2)	1155646 (64.6)	1309161 (57.9)	548328 (61.7)
<b>Total</b>	<b>86918</b>	<b>49979</b>	<b>304501</b>	<b>834675</b>	<b>825182</b>	<b>1058980</b>	<b>1546347</b>	<b>1787221</b>	<b>2259548</b>	<b>888842</b>

**Appendix 5: Number of New Vacancies Reported by Industry, Malaysia 1998-July 2012**

Source: Ministry of Human Resources 1999-2012; Ministry of Finance 1999-2012

Agriculture, Forestry and Fishing	5231	24268	31315	36234	43805	29048	1373	40438	188104	226759	275548	230670	327670	399522	194291
Manufacturing	52159	66175	67480	60471	75655	34971	17769	112542	348302	275155	327798	695418	693711	689422	345640
Other@	17220	17875	24689	34756	43327	32893	30833	151520	294733	323268	-	-	-	-	-
Mining and Quarrying*	-	-	-	-	-	-	-	-	-	-	1450	1377	2517	3369	1253
Construction*	-	-	-	-	-	-	-	-	-	-	107421	111622	250820	388241	142819
Services*	-	-	-	-	-	-	-	-	-	-	346763	507627	512503	778994	204839
<b>Total</b>	<b>74610</b>	<b>108318</b>	<b>123484</b>	<b>131459</b>	<b>162787</b>	<b>96918</b>	<b>49975</b>	<b>304500</b>	<b>831139</b>	<b>825182</b>	<b>1058980</b>	<b>1546347</b>	<b>1787221</b>	<b>2259548</b>	<b>888842</b>

## Appendix 6: Distribution of Sabah Population by Ethnic Group and Region 2010

Source: Department of Statistics Sabah 2011

Region/ District	Malaysian Citizen								Non- Citizens
	Malay	Kadazan / Dusun	Bajau	Murut	Other <i>Bumiputera</i>	Chinese	Indians	Others	
<b>WEST</b>	<b>117,400</b>	<b>300,338</b>	<b>224,801</b>	<b>8,070</b>	<b>204,960</b>	<b>151,993</b>	<b>4,099</b>	<b>14,898</b>	<b>184,755</b>
Kota Kinabalu	36,918	71,335	74,731	2,554	60,512	96,852	2,291	5,625	112,145
Kota Belud	1,408	38,708	32,338	176	12,878	1,207	75	420	5,970
Tuaran	4,483	45,175	35,738	400	8,145	4,645	183	1,423	5,243
Penampang	6,004	43,742	9,422	1,429	13,089	28,636	652	2,085	20,854
Papar	34,113	29,062	22,536	712	12,609	6,649	220	1,033	21,500
Kudat	2,575	3,770	18,227	157	46,616	5,132	67	366	8,494
Kota Marudu	1,305	42,443	10,450	93	9,660	1,795	71	527	1,945
Beaufort	14,080	11,372	3,443	1,696	26,469	3,820	145	1,358	4,023
Putatan	12,384	8,548	15,989	763	9,248	2,978	331	1,942	3,681
Kuala Penyu	4,130	6,183	1,927	90	5,734	279	64	119	900
<b>EAST</b>	<b>51,496</b>	<b>59,331</b>	<b>210,883</b>	<b>4,203</b>	<b>373,881</b>	<b>123,531</b>	<b>2,734</b>	<b>26,557</b>	<b>633,264</b>
Tawau	12,149	6,575	31,616	2,811	139,027	41,567	865	6,356	171,409
Lahad Datu	8,584	10,199	40,146	326	53,846	12,649	477	3,631	77,003
Semporna	2,595	854	78,550	42	11,668	1,096	77	1,264	41,722
Sandakan	23,169	17,161	40,288	528	103,164	66,233	1,014	9,061	148,438
Kinabatangan	1,315	2,572	1,932	173	22,798	520	137	3,191	117,689
Beluran	2,339	20,889	4,779	241	30,436	902	93	1,062	45,801
Kunak	1,345	1,081	13,572	82	12,942	564	71	1,992	31,202
<b>INTERIOR</b>	<b>15,301</b>	<b>208,906</b>	<b>14,595</b>	<b>90,120</b>	<b>81,024</b>	<b>20,150</b>	<b>620</b>	<b>7,072</b>	<b>71,670</b>
Ranau	988	81,592	1,108	143	3,839	1,582	62	747	5,739
Pitas	681	5,830	4,055	101	26,177	350	28	257	1,285
Sipitang	5,756	3,988	972	4,825	13,724	1,265	59	1,419	3,756
Tenom	2,141	6,625	1,285	29,169	7,409	4,860	40	559	4,509
Nabawam	258	813	299	25,096	665	294	7	297	4,580
Keningau	4,634	70,400	5,588	29,682	12,731	11,001	388	3,282	40,029
Tambunan	436	31,043	439	446	1,234	390	12	160	2,137
Tongod	407	8,615	849	658	15,245	408	24	351	9,635

**Appendix 7: Planted Area of Oil Palm (Hectare) by Division and District, Sabah 1976-2010**  
 Source: Department of Agriculture Sabah, 1976-2010

DISTRICT	1976	1980	1990	2000	2010
Tawau	17,782.0	23,274.0	41,151.0	93,182.0	165,887.5
Semporna	6,571.0	12,699.0	17,764.0	42,507.7	49,205.5
Lahad Datu	3,432.0	4,443.0	69,081.0	205,610.0	271,517.2
Kunak	7,105.0	13,133.0	28,469.0	59,064.9	79,477.7
<b>TAWAU DIVISION</b>	<b>34,890.0</b>	<b>53,549.0</b>	<b>156,465.0</b>	<b>400,364.6</b>	<b>566,087.9</b>
Sandakan	15,524.0	17,067.0	35,622.0	98,417.3	123,633.0
Kinabatangan	3,453.0	4,433.0	46,437.0	299,174.3	332,339.8
Tongod	-	-	-	2,151.9	27,227.1
Beluran	9,043.0	10,295.0	31,066.0	98,990.4	217,365.3
Telupid	-	-	-	33,781.7	54,549.0
<b>SANDAKAN DIVISION</b>	<b>28,020.0</b>	<b>31,795.0</b>	<b>113,125.0</b>	<b>532,515.6</b>	<b>755,114.2</b>
Kudat	1,332.0	769.0	941.0	726.4	3,743.0
Matunggong		-	-	2,326.8	2,122.2
Pitas		1,251.0	1,292.0	3,526.8	4,332.8
Kota Marudu	1,496.0	2,437.0	2,234.0	3,450.0	3,499.7
<b>KUDAT DIVISION</b>	<b>2,828.0</b>	<b>4,457.0</b>	<b>4,467.0</b>	<b>10,030.0</b>	<b>13,697.7</b>
Kota Belud	-	6.0	9.0	374.0	477.0
Ranau	1.0	1.0	-	264.3	1,849.9
Tuaran	-	-	154.0	413.0	427.8
Kota Kinabalu	-	-	-	-	-
Penampang	-	-	-	-	4.9
Papar	3.0	1,644.0	1,661.0	3,026.0	3,649.2
<b>WEST COAST DIVISION</b>	<b>4.0</b>	<b>1,651.0</b>	<b>1,824.0</b>	<b>4,077.3</b>	<b>6,408.8</b>
Beaufort	2,200.0	2,498.0	5,580.0	10,963.1	18,233.2
Sipitang	-	-	21.0	363.0	443.2
Kuala Penyu	-	-	-	1,107.0	1,073.1
Tenom	20.0	16.0	-	1,643.6	4,991.0
Keningau	-	-	-	516.0	1,143.5
Sook	-	-	-	9,102.7	20,589.7
Tambunan	1.0	1.0	-	-	261.1
Nabawan	-	-	4.0	32.4	3,365.8
<b>INTERIOR DIVISION</b>	<b>2,221.0</b>	<b>2,515.0</b>	<b>5,605.0</b>	<b>23,727.8</b>	<b>50,100.6</b>
<b>TOTAL ( SABAH STATE)</b>	<b>67,963.0</b>	<b>93,967.0</b>	<b>281,486.0</b>	<b>970,715.3</b>	<b>1,391,409.2</b>

**Appendix 8: List of Non-Government Companies in 5 Sectors and the Number of Respondents Involved in the ILMS Survey (2010)**

**Sector: Plantation**

NO.	DATE	COMPANY	AREA	INDONESIAN WORKERS			EMPLOYER
				MALE	FEMALE	TOTAL	
1.	23/11/10	LDG. CENDERAMATA (SABAH SOFTWOODS BERHAD)	TAWAU	15	10	25	1
2.	23/11/10	LDG. KERUING (BENTA WAWASAN SDN. BHD)	TAWAU	23	7	30	1
3.	24/11/10	LDG. UMAS (USAHAWAN BORNEO PLANTATIONS)	TAWAU	43	17	60	1
4.	25/11/10	LDG. APAS BALUNG (SLDB)	TAWAU	27	29	56	1
5.	25/11/10	LDG. SG. BALUNG (BORNEO SAMUDERA)	TAWAU	26	33	59	1
6.	28/11/10	FELDA UMAS 05 (LKTNS)	TAWAU	46	19	65	1
7.	30/11/10	LDG. BATURONG 1 (IOI CORPORATION BERHAD)	KUNAK	25	12	37	1
8.	30/11/10	MUIS MELEWAR PLANTATION 2	KUNAK	24	15	39	1
9.	30/11/10	LDG. PEGAGAU (BORNEO SAMUDERA)	SEMPORNA	15	25	40	1
10.	30/11/10	LDG. SEGARIA (BOUSTEAD EMASTULIN)	SEMPORNA	20	9	29	1
11.	1/12/10	LDG. SAPANG (KEMABONG SDN. BHD)	KUNAK	12	11	23	1
12.	1/12/10	SYKT PJ NAGUS SDN. BHD	SEMPORNA	28	13	41	1
13.	3/12/10	LDG. ANDDRASSY (SIME DARBY SDN. BHD)	TAWAU	10	8	18	1
14.	4/12/10	SUDUT JASA ESTATE (TECK GUAN INDUSTRIES)	TAWAU	30	18	48	1
<b>TOTAL</b>				<b>344</b>	<b>226</b>	<b>570</b>	<b>14</b>

**Sector: Manufacturing**

NO.	DATE	COMPANY	AREA	INDONESIAN WORKERS			EMPLOYER
				MALE	FEMALE	TOTAL	
1.	26/11/10	KIN YIP WOOD SAW MILL SDN BHD	TAWAU	25	13	38	1
2.	26/11/10	TECK GUAN STEEL SDN BHD	TAWAU	5	-	5	1
3.	26/11/10	FOOK NGIAP SAW MILL SDN BHD	TAWAU	25	8	33	1
4.	26/11/10	IKUTMAJU SDN BHD	TAWAU	17	23	40	1
5.	1/12/10	OMNIGEL SDN BHD	TAWAU	3	1	4	1
6.	1/12/10	KOONG SHING SDN BHD (TINGKAYU PALM OIL MILL)	KUNAK	20	10	30	1
7.	2/12/10	QL TAWAU FEEDMILL SDN BHD	TAWAU	10	2	12	1
8.	2/12/10	RAJANG PLYWOOD (SABAH SDN BHD)	TAWAU	12	3	15	1
9.	3/12/10	TERNAKAN TRIWANA (RASTAMAS)	TAWAU	2	7	9	1
10.	3/12/10	CIPTA BIQUETTES SDN BHD	TAWAU	7	4	11	1
11.	4/12/10	TECK GUAN INDUSTRY SDN BHD	TAWAU	14	8	22	1
<b>TOTAL</b>				<b>140</b>	<b>79</b>	<b>219</b>	<b>11</b>

**Sector: Informal**

NO.	DATE	COMPANY	AREA	INDONESIAN WORKERS			EMPLOYER
				MALE	FEMALE	TOTAL	
1.	27/11/10	GOLTRA SDN. BHD	TAWAU	17	1	18	1
2.	27/11/10	TEE KIM SIAH CONSTRUCTION SDN. BHD	TAWAU	3	0	3	1
3.	27/11/10	TAI YEN CONSTRUCTION SDN. BHD	TAWAU	3	0	3	1
<b>TOTAL</b>				<b>23</b>	<b>1</b>	<b>24</b>	<b>3</b>

**Sector: Construction**

NO.	DATE	AREA	INDONESIAN WORKERS		
			MALE	FEMALE	TOTAL
1.	28/11/10	TAWAU	26	25	51
2.	29/11/10	TAWAU	1	4	5
		<b>TOTAL</b>	<b>27</b>	<b>29</b>	<b>56</b>

**Sector: Services**

NO.	DATE	COMPANY	AREA	INDONESIAN WORKERS			EMPLOYER
				MALE	FEMALE	TOTAL	
1.	27/11/10	TAWAU GOLF CLUB	TAWAU	4	4	8	1
2.	27/11/10	JADE OCEAN RESTAURANT	TAWAU	2	1	3	1
3.	27/11/10	OCEAN AREA RESTAURANT	TAWAU	2	3	5	1
4.	29/11/10	ELEGANT CURTAINS and CUSHION	TAWAU	1	-	1	1
5.	29/11/10	CHAN FURNITURE	TAWAU	1	-	1	1
6.	29/11/10	99 CAFÉ	TAWAU	-	3	3	1
7.	29/11/10	SHAN SHUI GOLF and COUNTRY RESORT BERHAD	TAWAU	2	5	7	1
8.	29/11/10	CNY BIOSCIENCE	TAWAU	3	1	4	1
9.	4/12/10	PAKARMAX ELECTRICAL SDN BHD	TAWAU	2	1	3	1
		<b>TOTAL</b>		<b>17</b>	<b>18</b>	<b>35</b>	<b>9</b>

Serial No.				

# **QUESTIONNAIRE**

**RESEARCH ON INDONESIAN MIGRANTS IN TAWAU,  
SABAH  
(INDONESIAN WORKERS)**

**BY**

**SYED ABDUL RAZAK BIN SAYED MAHADI**

**PhD Candidate of  
Department of Geographical, Environmental  
and Population Studies  
University of Adelaide**

**In collaboration with**



**NATIONAL POPULATION AND FAMILY DEVELOPMENT BOARD  
(LPPKN)**

**MALAYSIA**

**NOVEMBER 2010**

**RESEARCH ON INDONESIAN MIGRANTS IN TAWAU SABAH  
(INDONESIAN WORKERS)**

Greetings,  
Dear Sir/Madam,

I am representing LPPKN research team. We are conducting a reasearch on”Indonesian migrants in Tawau, Sabah”. The purpose of this research is to identify factors, process, wages and recruitment cost of foreign workers specifically Indonesians.

The information collected is important in assisting the government in planning more effective programmes and policy in human resource management. All information given is **CONFIDENTIAL and only be used for this research only.**

You are selected based on purposive method to conduct this survey. Your cooperation and time dedicated in completing this questionnaire is highly appreciated.

**FOR OFFICE USE ONLY**

1. Date of interview: _____	2. Name of interviewer: _____
3. Time interview starts: _____	4. Time interview ends: _____
5. Interviewer's comment:  _____  _____	
6a. Name of first reviewer:  _____	7a. Name of second reviewer:  _____
6b. Date of first review:  _____	7b. Date of second review:  _____
8a. Name of data coder/ Data Entry:  _____	9a. Name of supervisor:  _____
8b. Date of data coding/Data Entry:  _____	9b. Supervisor's comment:  _____  _____













C2.	Why do you/your spouse <b>NEVER</b> used any family planning methods?  1 <input type="checkbox"/> WANT TO HAVE A CHILD 2 <input type="checkbox"/> SPOUSE REFUSED 3 <input type="checkbox"/> MEDICAL REASON 4 <input type="checkbox"/> OTHERS (STATE: _____ )	} GO TO SECTION D  <input style="width: 40px; height: 20px;" type="checkbox"/>																																																																																								
C3.	Do you/your spouse use any family planning methods including traditional ones?  1 <input type="checkbox"/> YES (TO QUESTION C5)      2 <input type="checkbox"/> NO (TO QUESTION C4)	<input style="width: 40px; height: 20px;" type="checkbox"/>																																																																																								
C4.	Why did you/your spouse stopped using family planning method?  1 <input type="checkbox"/> WANT TO HAVE A CHILD 2 <input type="checkbox"/> SPOUSE REFUSED 3 <input type="checkbox"/> MEDICAL REASON 4 <input type="checkbox"/> SIDE EFFECTS 5 <input type="checkbox"/> METHOD FAILURE 6 <input type="checkbox"/> NOT SUITABLE 7 <input type="checkbox"/> OTHERS (STATE: _____ )  <b>FOR ALL ANSWERS ABOVE, GO TO SECTION D.</b>	<input style="width: 40px; height: 20px;" type="checkbox"/>																																																																																								
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C5.	What is family planning method being used?  <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th rowspan="2">METHOD</th> <th>a. Current Method</th> <th>b. Source</th> <th>c. Have ever used method ... ?</th> </tr> <tr> <th>1= YES 2= NO</th> <th>REFER TO CODE</th> <th>1= YES 2= NO</th> </tr> </thead> <tbody> <tr><td>1</td><td>Pill</td><td></td><td></td><td></td></tr> <tr><td>2</td><td>Device in Womb</td><td></td><td></td><td></td></tr> <tr><td>3</td><td>Injection</td><td></td><td></td><td></td></tr> <tr><td>4</td><td>Condom</td><td></td><td></td><td></td></tr> <tr><td>5</td><td>'Safe time' Method</td><td></td><td></td><td></td></tr> <tr><td>6</td><td>Withdrawal</td><td></td><td></td><td></td></tr> <tr><td>7</td><td>Prevent Copulation</td><td></td><td></td><td></td></tr> <tr><td>8</td><td>Tubaligation</td><td></td><td></td><td></td></tr> <tr><td>9</td><td>Visectomy</td><td></td><td></td><td></td></tr> <tr><td>10</td><td>Implant</td><td></td><td></td><td></td></tr> </tbody> </table>		METHOD	a. Current Method	b. Source	c. Have ever used method ... ?	1= YES 2= NO	REFER TO CODE	1= YES 2= NO	1	Pill				2	Device in Womb				3	Injection				4	Condom				5	'Safe time' Method				6	Withdrawal				7	Prevent Copulation				8	Tubaligation				9	Visectomy				10	Implant				<table style="width: 100%; height: 100%;"> <tr><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td></tr> <tr><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td></tr> <tr><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td></tr> <tr><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td></tr> <tr><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td></tr> <tr><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td></tr> <tr><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td></tr> <tr><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td></tr> <tr><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td></tr> <tr><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td><td><input style="width: 40px; height: 20px;" type="checkbox"/></td></tr> </table>	<input style="width: 40px; height: 20px;" type="checkbox"/>																													
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E7.	<p>Who informed you about jobs and income in Sabah? <b>(MULTIPLE ANSWERS)</b></p> <p>1 <input type="checkbox"/> MEDIA  2 <input type="checkbox"/> AGENT  3 <input type="checkbox"/> FRIEND(S) DI INDONESIA  4 <input type="checkbox"/> INDONESIAN FRIEND(S) IN SABAH  5 <input type="checkbox"/> OTHERS (STATE: _____)</p>	<div style="text-align: center;"> <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/> </div>
		<b>For office use</b>
E8.	<p>Why did you choose Sabah as your preferred destination? <b>(MULTIPLE ANSWERS)</b></p> <p>1 <input type="checkbox"/> CLOSE TO THE COUNTRY OF ORIGIN  2 <input type="checkbox"/> SPOUSE/ RELATIVE(S)/ FRIEND(S) WORK(S) HERE  3 <input type="checkbox"/> A LOT OF SIMILARITIES WITH THE COUNTRY OF ORIGIN  4 <input type="checkbox"/> OTHERS (STATE: _____ )</p>	<div style="text-align: center;"> <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/> </div>
E9.	<p>Who made decision for you to migrate to Sabah? <b>(MULTIPLE ANSWERS)</b></p> <p>1 <input type="checkbox"/> OWNSELF  2 <input type="checkbox"/> SPOUSE  3 <input type="checkbox"/> MOTHER/FATHER  4 <input type="checkbox"/> SIBLINGS  5 <input type="checkbox"/> OTHERS (STATE: _____ )</p>	<div style="text-align: center;"> <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/> </div>
E10.	<p>Who influenced you in making decision to migrate?</p> <p>1 <input type="checkbox"/> MOTHER/FATHER  2 <input type="checkbox"/> FRIEND(S) IN INDONESIA  3 <input type="checkbox"/> INDONESIAN FRIEND(S) IN SABAH  4 <input type="checkbox"/> AGENT  5 <input type="checkbox"/> SPOUSE  6 <input type="checkbox"/> OTHERS (STATE: _____ )</p>	<div style="text-align: center;"> <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/> </div>
<b>SECTION F: MIGRATION EXPERIENCE</b>		<b>For office use</b>
F1.	<p><b>DOCUMENT AND TRAVEL MANAGEMENT COST</b></p> <p>Who assisted you in managing travel document? <b>(MULTIPLE ANSWERS)</b></p> <p>1 <input type="checkbox"/> FAMILY MEMBER(S)  2 <input type="checkbox"/> FRIEND(S)  3 <input type="checkbox"/> AGENT(S)  4 <input type="checkbox"/> OTHERS (STATE: _____ )</p>	<div style="text-align: center;"> <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/> </div>











		For office use																																																													
H8.	<p>If <b>YES</b>, what is/are the good(s)? (<b>MULTIPLE ANSWERS</b>)</p> <p>1 <input type="checkbox"/> FOOD  2 <input type="checkbox"/> MEDICATION  3 <input type="checkbox"/> ELETRICAL GOOD  4 <input type="checkbox"/> CLOTHING  5 <input type="checkbox"/> ACCESSORY  6 <input type="checkbox"/> OTHERS (STATE: _____ )</p>	<table border="1"> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </table>																																																													
H9.	<p>Whom do you often send the <b>good(s)</b> to? (<b>MULTIPLE ANSWERS</b>)</p> <p>1 <input type="checkbox"/> PARENTS  2 <input type="checkbox"/> WIFE/HUSBAND  3 <input type="checkbox"/> CHILDREN  4 <input type="checkbox"/> OTHERS (STATE: _____ )</p>	<table border="1"> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </table>																																																													
H10.	<p>Usually, where do you keep your money/salary <b>while you are in Sabah?</b> (<b>MULTIPLE ANSWERS</b>)</p> <p>1 <input type="checkbox"/> AT HOME  2 <input type="checkbox"/> KEPT BY A RELATIVE/FRIEND  3 <input type="checkbox"/> BANK  4 <input type="checkbox"/> REMIT IMMEDIATELY TO THE COUNTRY OF ORIGIN  5 <input type="checkbox"/> KEPT BY THE EMPLOYER  6 <input type="checkbox"/> KEPT BY A FAMILY MEMBER WHO LIVE IN SABAH  7 <input type="checkbox"/> GROCERY SHOP  8 <input type="checkbox"/> OTHERS (STATE: _____ )</p>	<table border="1"> <tr><td> </td></tr> </table>																																																													
H11.	<p>How much is your monthly expenditure for the following items?</p> <table border="1" style="width: 100%;"> <thead> <tr> <th></th> <th>Types of expenditure</th> <th>(a) Monthly (RM)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Rental</td> <td></td> </tr> <tr> <td>2</td> <td>Food and grocery</td> <td></td> </tr> <tr> <td>3</td> <td>Transportation</td> <td></td> </tr> <tr> <td>4</td> <td>Medical</td> <td></td> </tr> <tr> <td>5</td> <td>Schooling</td> <td></td> </tr> <tr> <td>6</td> <td>Others (State: _____ )</td> <td></td> </tr> </tbody> </table>		Types of expenditure	(a) Monthly (RM)	1	Rental		2	Food and grocery		3	Transportation		4	Medical		5	Schooling		6	Others (State: _____ )		<table border="1"> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>																																								
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H12.	<p>Do you own the following property? (<b>CODE ON THE APPLICABLE BOXES</b>)</p> <table border="1" style="width: 100%;"> <thead> <tr> <th></th> <th>Type of property</th> <th>In Malaysia 1= YES 2= NO</th> <th>In Indonesia 1= YES 2= NO</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Land</td> <td></td> <td></td> </tr> <tr> <td>2</td> <td>House</td> <td></td> <td></td> </tr> <tr> <td>3</td> <td>Businesses (Grocery shop, others)</td> <td></td> <td></td> </tr> </tbody> </table>		Type of property	In Malaysia 1= YES 2= NO	In Indonesia 1= YES 2= NO	1	Land			2	House			3	Businesses (Grocery shop, others)			<table border="1"> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </table>																																													
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H13.	<p>Are you able to do the following when you stay in <b>Sabah</b>?</p> <table border="1"> <thead> <tr> <th></th> <th>Achievement</th> <th>1= YES 2= NO</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Purchase land in your own country</td> <td></td> </tr> <tr> <td>2</td> <td>Purchase/build/renovate house in your own country</td> <td></td> </tr> <tr> <td>3</td> <td>Send family members to school</td> <td></td> </tr> <tr> <td>4</td> <td>Send remittances to your own country</td> <td></td> </tr> <tr> <td>5</td> <td>Settle debt</td> <td></td> </tr> <tr> <td>6</td> <td>Lend money to others</td> <td></td> </tr> <tr> <td>7</td> <td>Save money for future</td> <td></td> </tr> <tr> <td>8</td> <td>Perform Pilgrimage (FOR MUSLIMS)</td> <td></td> </tr> </tbody> </table>		Achievement	1= YES 2= NO	1	Purchase land in your own country		2	Purchase/build/renovate house in your own country		3	Send family members to school		4	Send remittances to your own country		5	Settle debt		6	Lend money to others		7	Save money for future		8	Perform Pilgrimage (FOR MUSLIMS)		<table border="1"> <tr> <td><input type="checkbox"/></td> </tr> </table>	<input type="checkbox"/>							
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<b>SECTION I: ABILITY TO ADAPT WITH SOCIAL LIFE IN SABAH</b>			<b>For office use</b>																																		
II.	<p>Can you speak in ..... ?</p> <table border="1"> <thead> <tr> <th rowspan="2">Language</th> <th colspan="2">Ability to speak</th> </tr> <tr> <th>Know</th> <th>Don't Know</th> </tr> </thead> <tbody> <tr> <td>(a) Malay Language</td> <td></td> <td></td> </tr> <tr> <td>(b) English Language</td> <td></td> <td></td> </tr> <tr> <td>(c) Chinese Language</td> <td></td> <td></td> </tr> <tr> <td>(d) Local Dialect (State: _____ )</td> <td></td> <td></td> </tr> <tr> <td>(e) Others (State: _____ )</td> <td></td> <td></td> </tr> </tbody> </table>	Language	Ability to speak		Know	Don't Know	(a) Malay Language			(b) English Language			(c) Chinese Language			(d) Local Dialect (State: _____ )			(e) Others (State: _____ )			<table border="1"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>									
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I2.	<p>What language do you use when communicating with local people in Sabah? <b>(MULTIPLE ANSWERS)</b></p> <p>1 <input type="checkbox"/> MALAY LANGUAGE  2 <input type="checkbox"/> INDONESIAN LANGUAGE  3 <input type="checkbox"/> ENGLISH LANGUAGE  4 <input type="checkbox"/> LOCAL DIALECT (STATE: _____ )</p>	<table border="1"> <tr> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																															
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I3.	<p>Where do you often communicate or interact with them? <b>(MULTIPLE ANSWERS)</b></p> <p>1 <input type="checkbox"/> WORK PLACE  2 <input type="checkbox"/> PUBLIC PLACES  3 <input type="checkbox"/> HOUSING AREA  4 <input type="checkbox"/> OTHERS (STATE: _____ )</p>	<table border="1"> <tr> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																															
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# **QUESTIONNAIRE**

## **A STUDY OF INDONESIAN MIGRANTS IN TAWAU, SABAH: (EMPLOYERS' PERSPECTIVES)**

**BY**

**SYED ABDUL RAZAK BIN SAYED MAHADI**

**PhD Candidate of  
Department of Geographical, Environmental  
and Population Studies  
University of Adelaide**

**In Collaboration with**



**LEMBAGA PENDUDUK DAN PEMBANGUNAN KELUARGA NEGARA  
(LPPKN)**

**MALAYSIA**

**NOVEMBER 2010**

**A STUDY OF INDONESIAN MIGRANTS IN TAWAU, SABAH  
(EMPLOYERS' PERSPECTIVES)**

Greetings,  
Dear Sir/Madam,

I am representing LPPKN research team. We are conducting a research on "Indonesian migrants in Tawau, Sabah". The purpose of this research is to identify factors, process, wages and recruitment cost of foreign workers specifically Indonesians.

The information collected is important in assisting the government in planning more effective programmes and policy in human resource management. All information given is **CONFIDENTIAL and only be used for this research only.**

You are selected based on purposive method to conduct this survey. Your cooperation and time dedicated in completing this questionnaire is highly appreciated.

**INSTRUCTION: PLEASE TICK ( √ ) ON THE CHOSEN ANSWER. RECORD YOUR ANSWER CLEARLY. THIS QUESTIONNAIRE IS DIVIDED INTO SIX (6) PARTS.**

SECTION A: COMPANY PROFILE		For Office Use
A1.	What is your current position?  1 <input type="checkbox"/> Chief Executive Officer 2 <input type="checkbox"/> Business Owner 3 <input type="checkbox"/> Manager 4 <input type="checkbox"/> Assistant Manager 5 <input type="checkbox"/> Supervisor 6 <input type="checkbox"/> Others (Please specify: _____ )	<input type="checkbox"/>
A2.	Please state the name of your company: _____	<input type="text"/>
A3.	What is the main industry of the company? ( <i>Tick √ on ONE of the followings</i> )  1 <input type="checkbox"/> Agriculture / Forestry / Hunting / Fishery 2 <input type="checkbox"/> Manufacturing 3 <input type="checkbox"/> Construction 4 <input type="checkbox"/> Retail Commerce / Sundry/ Restaurant / Hotel 5 <input type="checkbox"/> Finance related / Insurance/ Property and Trade 6 <input type="checkbox"/> Others (Please specify: _____ )	<input type="checkbox"/>
A4.	Where is the company/business located? 1 <input type="checkbox"/> Tawau 2 <input type="checkbox"/> Kunak 3 <input type="checkbox"/> Semporna 4 <input type="checkbox"/> Others (Please specify: _____ )	<input type="checkbox"/>
A5.	How long has the company been in operation?  _____ years	<input type="text"/>



B4.	How does company feel towards the process of employing Indonesian workers? Please rate according to the scale below.							
	1-Strongly Disagree, 2-Disagree, 3-Neutral, 4- Agree, and 5-Strongly Agree							
	<b>INSTRUCTION: CIRCLE ONLY ONE FOR EACH OF THE FOLLOWING</b>							
	a.	The recruitment procedure (of Indonesian workers) takes a long time to complete	1	2	3	4	5	<input type="checkbox"/>
	b.	The recruitment process (of Indonesian workers) is tedious and complicated, thus resulting in employment of illegal workers.	1	2	3	4	5	<input type="checkbox"/>
	c.	The basis of (3+1+1 year) work permit implemented by the Malaysian Immigration has benefitted employers.	1	2	3	4	5	<input type="checkbox"/>
d.	The policy which allows employees to bring family members (dependants) into Sabah has put a burden onto the employers and Indonesian workers.	1	2	3	4	5	<input type="checkbox"/>	
e.	The renewal of work permits for Indonesian workers is not complicated	1	2	3	4	5	<input type="checkbox"/>	

<b>SECTION C: RECRUITMENT COST OF INDONESIAN WORKERS</b>		<b>For Office Use</b>
C1.	Is the current cost of recruiting Indonesian workers high?  1 <input type="checkbox"/> YES                      2 <input type="checkbox"/> NO	<input type="checkbox"/>
C2.	What is the estimated cost of recruiting an Indonesian worker?  RM _____	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

**NOTE:**

**REFER TO QUESTION B1,  
FOR COMPANIES/EMPLOYERS MANAGING RECRUITMENT OF INDONESIAN  
WORKERS ON THEIR OWN, PLEASE ANSWER QUESTIONS C3 AND C4.**

C3.	<p>How does your company manage the cost of recruiting Indonesian workers?</p> <p>1 <input type="checkbox"/> Fully paid by the company.  2 <input type="checkbox"/> Partly paid by the company and partly by the employees through salary deduction.  3 <input type="checkbox"/> Fully paid upfront by the company and then reimbursed through employees' salary deduction.  4 <input type="checkbox"/> Others (Please specify:  _____  _____ )</p>	<input type="checkbox"/>
C4.	<p>How does the company manage levi payment for Indonesian workers.</p> <p>1 <input type="checkbox"/> Fully paid by the company.  2 <input type="checkbox"/> Paid upfront by the company and then reimbursed through employees' salary deduction.  3 <input type="checkbox"/> Overall cost paid by the agent and then reimbursed through employees' salary deduction.  4 <input type="checkbox"/> Others (Please specify:  _____  _____ )</p>	<input type="checkbox"/>

**NOTE:**

**REFER TO QUESTION B1,  
FOR COMPANIES/EMPLOYERS ENGAGING IN THE SERVICE OF AGENT/FOREIGN  
WORKERS AGENCY, PLEASE ANSWER QUESTIONS C5 AND C6.**

C5.	<p>Is recruiting Indonesian workers via the service of agents/ foreign workers agency costly?</p> <p>1 <input type="checkbox"/> YES                      2 <input type="checkbox"/> NO</p>	<input type="checkbox"/>
		<b>For Office Use</b>
C6.	<p>How does your company pay for the cost of recruiting Indonesian workers to agents/foreign workers agency?</p> <p>1 <input type="checkbox"/> Fully paid by the company.  2 <input type="checkbox"/> Paid upfront by the company and then reimbursed through employees' salary deduction.  3 <input type="checkbox"/> Overall cost paid by the agent and then reimbursed through employees' salary deduction.</p>	





E3	The following is a list of 8 ethnic groups in Indonesia. Please rank them according to preference in choosing workers for the company.		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	a.	Javanese		
	b.	Sundanese		
	c.	Acehnese		
	d.	Madurese		
	e.	Bataks		
	f.	Flores		
	g.	Balinese		
	h.	Buginese		
	i.	Others (Please specify: _____)		

<b>SECTION F: FACILITIES PROVIDED</b>	<b>For Office Use</b>
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	Please state the facilities and services provided by the company to the Indonesian workers.	
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	Facilities	Availability	Mode of settlement		
			Funded by the company	Paid by the employees	
F1.	Food	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
F2.	Employee's quarters	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
F3.	Employee's quarters (including family)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
F4.	Medical and healthcare (for employees)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
F5.	Medical and healthcare (for employees and family)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
F6.	Insurance (employees only)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
F7.	Return fare to home country	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
F8.	Remittance sending to home country	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

*Thank you  
For your co-operation*

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