



UNIVERSITI PUTRA MALAYSIA

**IMPACT OF FOREIGN LABOUR ON LABOUR PRODUCTIVITY AND
OUTPUT GROWTH IN THE MALAYSIAN MANUFACTURING SECTOR**

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**IMPACT OF FOREIGN LABOUR ON LABOUR PRODUCTIVITY AND
OUTPUT GROWTH IN THE MALAYSIAN MANUFACTURING SECTOR**

By

NORAINI ISA

**Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia,
in Fulfilment of the Requirements for the Degree of Master of Science**

November 2011

Abstract of thesis to be presented to the Senate of Universiti Putra Malaysia
in fulfilling the requirement for the degree of Master of Science

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Comment [d1]: Is this true?

Chairman: Zaleha Mohd Noor, PhD

Faculty: Faculty of Economics and Management

The growing presence of foreign labours in Malaysia can be explained by excess demand for cheap labour due to rapid economic growth and industrialization. Consequently, when the foreign labours flux a country, it becomes necessary that their impact towards productivity and output in this country be analysed. Thus, this study determines the impact of foreign labours on labour productivity as well as their effect on output growth in Malaysian manufacturing sector. The Cobb-Douglas production function is used to derive the model specification in this study. The results in this study showed that foreign labours have positive and significant impact on labour productivity. Foreign labours also have positive influence on output growth in Malaysian manufacturing sector. Furthermore, the study also revealed that foreign labours are complements to domestic labours.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk Ijazah Master Sains

Comment [d2]: Sarjana?

**KESAN BURUH ASING TERHADAP PRODUKTIVITI BURUH DAN
PERTUMBUHAN OUTPUT DALAM SEKTOR PEMBUATAN DI MALAYSIA**

Oleh

NORAINI ISA

November 2011

Pengerusi: Zaleha Mohd Noor, PhD

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Pertambahan pesat kemasukan buruh asing di Malaysia telah disebabkan oleh lebih permintaan terhadap buruh kos rendah apabila Malaysia mengalami pertumbuhan ekonomi yang pesat dalam perindustrian. Apabila buruh asing mengerumuni sesebuah negara, analisis terhadap sumbangan mereka terhadap produktiviti dan output perlu dilakukan. Oleh itu, kajian ini dijalankan bagi mengenalpasti kesan buruh asing terhadap produktiviti buruh dan seterusnya kesan terhadap pertumbuhan output dalam sektor pembuatan di Malaysia. Dalam kajian ini, fungsi pengeluaran Cobb-Douglas digunakan untuk menerbitkan spesifikasi model. Keputusan kajian menunjukkan buruh asing mempunyai kesan yang positif dan signifikan terhadap produktiviti buruh. Buruh asing turut memberikan pengaruh yang positif kepada pertumbuhan output dalam sektor pembuatan di Malaysia. Selain itu, kajian ini mendapati bahawa buruh asing merupakan pelengkap kepada buruh domestik.

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I certify that a Thesis Examination Committee has met on 25th November 2011 to conduct the final examination of Noraini binti Isa on her thesis entitled “Impact of Foreign Labour on Labour Productivity and Output Growth in the Malaysian Manufacturing Sector” in accordance with the Universities and University Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U.(A) 106] 15 March 1998. The Committee recommends that the student be awarded the Master of Science.

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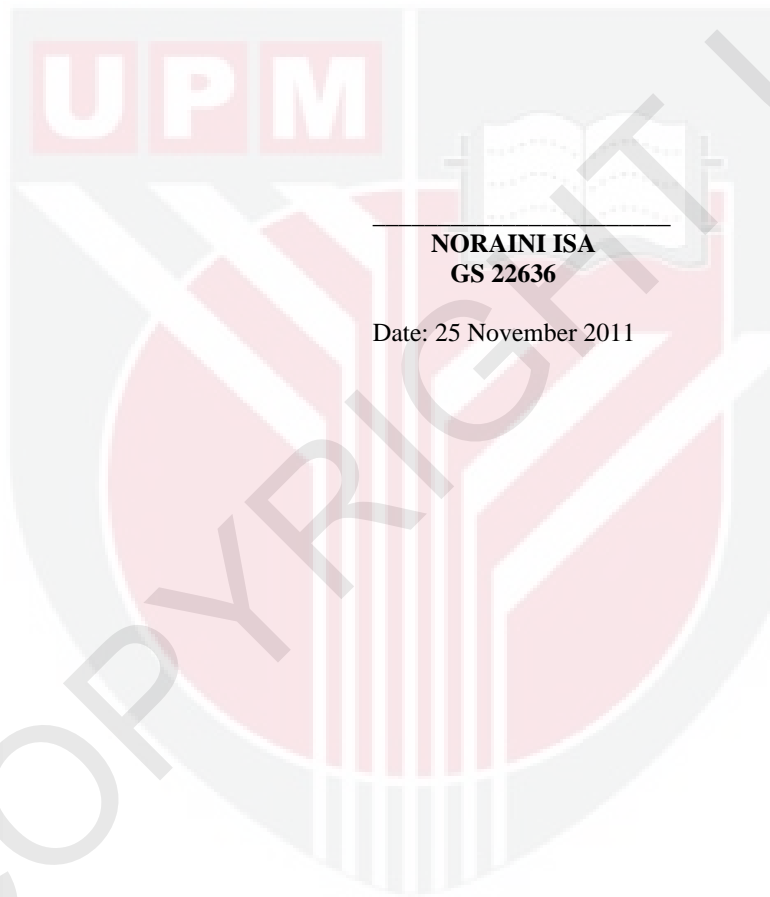
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DECLARATION

I declare that the thesis is my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously, and is not concurrently, submitted for any other degree at Universiti Putra Malaysia or at any other institution.



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