



## Research Article

# THE EFFECT OF ILLEGAL MIGRANT WORKERS ON THE ECONOMIC DEVELOPMENT OF MALAYSIA

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## ABSTRACT

Malaysia over the years has shown huge development by eradicating a huge level of poverty and channelizing its resources in a good way. Immigrants have played a very positive role in this economic development. The main purpose of this research is to visualize the contribution of illegal migrant workers in the Malaysian economy. The primary and secondary research methods are being used in this research paper to analyses the situation more broadly. The survey technique and the government's reports are used to collect data. The results have shown that unemployment around the globe is the main reason for the illegal migration of the workers. The statistics said that about 2.1 million immigrants are being registered, whereas, about 1 million are undocumented individuals. The studies have shown that these low –skilled workers can contribute to the economy and GDP of Malaysia by 1.1%. This will ultimately help the Malaysians to increase their wage rate and create a large amount of employment in the country. The analysis has also showcased that Malaysia has a higher gross national income per capita than Indonesia. Some individuals come with proper visas while some come through illegal means. Maximum cases are being reported about the workers who migrate to Malaysia on illegal grounds. Malaysian people have remarkably gained a great deal of education in the past few years. So for the primary source of laborers, these Illegal migrants are being used with lower skills. This study will help to analyze how much the economic development of Malaysia is dependent on illegal migrant workers.

## Article History

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## Keywords

Illegal Migrants,  
Malaysian GDP,  
Unemployment

## Abbreviations

NIL

## JEL Classifications

J21; F16; F66



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## INTRODUCTION

Malaysia is eradicating the poverty level with the help of channelizing the resources appropriately. With this, the increase in migrant workers in Malaysia is seen and the term migrant worker is reflecting the foreign workers. The increase in employment opportunities in Malaysia is attracting thousands of foreign migrants and among all the foreign migrants, some are illegal and some are legal (Othman, 2016). The legal migrants are playing a positive role in economic development whereas the illegal migrants are playing a negative role in economic development. The problem is raised due to the legal immigrants as the violation of the rules and the regulations are seen. The increase in illegal immigrants is seen due to the poor Malaysian immigration policy. With the increase in employment practices, it is providing a positive impact on economic development as well as it is increasing the illegal immigrants (Toppr, 2015).

The aim of this research is to identify the effect of immigrant workers on the Malaysian economic development. The objective of this research is to visualize the impact created on the Malaysian economic development by illegal immigrants. The research question considered in this context is provided below:

- Are the illegal immigrants establishing a negative impact on the Malaysian economic development?

## LITERATURE REVIEW

### ILLEGAL IMMIGRANTS (IV)

Illegal immigrants are considered to be the people who migrate across the national borders without even complying with the legal requirements. People who arrive legally but then overstay their visas may also be considered as an illegal status. Illegal immigrants provide a serious impact over Malaysia which has worried the government regarding the Malaysian community. When immigrant workers earn the required amount and send it back to their home, they become more enthusiastic to meet the dream of having their own home and other associated comforts (Othman, 2016). At the present maximum of the foreign workers are found in the manufacturing industries, domestic helper, coffee shops, cleaning services, and Mamak shops.

Further migrants who are irregular are found mostly in the informal sectors of the economy or the remote parts of the country. These types of migrants when are an unemployed attempt to illegal activities. Actually they are also open towards exploitation and have much little legal redress. But the irregular immigrants contribute an equal amount in developing and enhancing the economy of the country. There are several laws and restrictions regarding the employment and entry of irregular immigrants in Malaysia. Illegal employment is less time consuming and cumbersome and cheaper for both migrants and workers. The recruitment policy for the contract immigrants workers with the help of a work permit system ties up the migrant worker to a particular location and employer (Psu, 2015).

Illegal immigrants make use of fake identities at the checkpoints. At some point in time the officer in charge has the idea that the identity that is used by the workers is fake and not the original one but they still allow entry. These types of activities are practiced by most of the immigrants' illegal workers. Later, the authority in charge conducts the illegal immigrant raid. The workers who used fake identities are arrested and are sent back to the countries. Moreover, deals have also become common in this era. Deals regarding human trafficking and illegal migrants are sold in a very low amount and they are sent to the border under the deportation (Ramstetter, 2016). The selected IV is directly linked to the undertaken research and due to this reason, it is supporting the framework.

#### INCREASING CRIMINAL ACTIVITIES (IV)

Apart from the issue of criminal activities in Malaysia the immigrants also encourage another issue of hazardous diseases. It is very common that the illegal immigrants who come to Malaysia are often from rural regions. Therefore it can be analyzed that they are more prone to the harmful disease for example TB, AIDS and HIV. As a result of this the health issues among the population of the nation have drastically increased (Loh, Simler, Wei & Yi, 2019). The business of women smuggling is enhanced mainly for forced prostitution which leads to HIV and the overall economy of the nation is directly impacted by these issues. The increasing rate of illegal immigrants has mainly weakened the low skilled market of the labor force. Their nation is dealing with an extensive degree of unemployment among the market of low skilled laborers. The decline in the employment rate directly impacts the overall economy of the nation. An increasing number of the labor force would lower down the cost to hire labor. The concept of demand and supply could be highlighted. As per this concept the rise in the labor force would increase the supply of laborers and thus it would diminish the wages of labor (Mazlan, Manaf & Rahman, 2017). The increase in the criminal activities is seen due to the illegal immigrants in Malaysia. As the illegal immigrant is directly related to the criminal activities as well as it is directly related to the research objective, due to this reason, it is supporting the research.

#### DECREASING PRODUCTIVITY (MV)

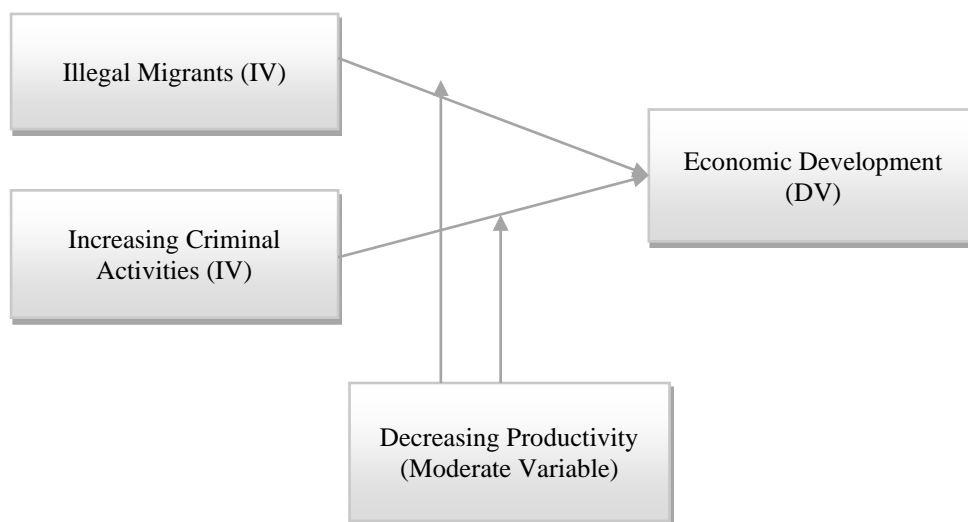
The decreasing productivity is directly linked with the economic development. The decreasing productivity of the nation hampers the overall development of the Malaysian economy. With the increasing number of illegal immigrants the demand of the existing labor force of the nation is getting diminished. The lower demand of labor force of Malaysia is due to the increasing supply of human resource. The increasing labor force is lowering down the labor cost along with their wages. This gradually affects the productivity of the workers. As a result of declining productivity the overall economic growth is affected to a significant rate. Due to decline in the gross domestic product of workers the overall impact can be seen on the productivity. Therefore the increasing illegal immigrants do not enhance the productivity. The unproductive immigrants lower down the nations' gross domestic product. The decreasing productivity as a moderate variable is linking the both the IVs and the DV. Due to this reason, it is support the research objective.

#### ECONOMIC DEVELOPMENT

The economic development is directly related to the workers activities carried out in Malaysia. The increase in the total amount of illegal migrants in Malaysia has affected the nation's economy in a significant way. The contribution of these illegal immigrants in crimes, and in various social ills is high. The increasing number of migration in Malaysia is also an increasing number of problems in its economy. Due to this, people are not able to visit a number of places in the nation particularly at night and for their

safety, the people of the nation reinforce their windows and doors with metal grills. This issue has gone beyond the control of the Malaysian government and has majorly affected social security (Shen, Wen, Yong, Jiet & Yin, 2017). The main reason behind the deteriorating social security is because the migrants who illegally entering into the nation are the wanted terrorists of other nations. The main reason behind their visit to Malaysians is to discharge them from the impeachment of law. These immigrants are directly linked with cases of rape and robbery. As per the research it has also been found out that the culture of the nation is significantly impacted by illegal immigrants and some of the cultural changes which have been observed in the nation are their lifestyle, and their tendency to fight has increased (Ismail, 2015). For this reason, it is seen to be impacting the overall economic development of Malaysia. The research topic undertaken for this study is directly related and due to this reason, it is supporting the research.

### CONCEPTUAL FRAMEWORK



**Fig. 1.** Conceptual Framework  
Source: Author

As per the conceptual framework presented by the author, it is reflecting that economic development is the dependent variable and the independent variables are Illegal migrant worker, decreasing productivity and the increasing criminal activities. The decreasing productivity is a moderate variable as it is moderately impacting the economic development. The increasing criminal activities are identified as the strong variable as it is establishing huge impact on the economic development.

### HYPOTHESIS DEVELOPMENT

H1: Illegal immigrants have significant impact on the economic development of Malaysia.

H2: Increasing criminal activities are impacting the economic development of Malaysia.

H3. Decreasing productivity is impacting the economic development of Malaysia.

## RESEARCH METHODOLOGY

### SAMPLE SIZE AND DESIGN

The sample sizes undertaken for this research are 384 participants. The selected participants are seen to be a mix of Malaysian local and the foreign workers. For the research study, quantitative research design process is selected by the researcher. The researcher is undertaking the SPSS analysis process for collecting the data by using interview process. The quantitative method is used for analyzing the opinions, behaviors and other required variables and generates the results from a large sample population (RICE, 2018).

### PROCEDURE OF RESEARCH

The quantitative research process is undertaken as a method which is helping the researcher in gathering data with the help of SPSS method of data collection. This will be helping the researcher in analyzing the gathered data and interpreting the data through the help of these methods. The questionnaires will be developed by the help of Likert 5point scale. The Likert 5 point scale consists of five main questions and the individuals have to answer those five questions. The options for 5 questions are strongly agreed, agree, uncertain, disagree, and strongly disagree. This method is both simple and effective. In addition to this, the method is less time consuming for both researchers and individuals. The outcome of the research will help the researcher in finding out the actual results and consequences of illegal foreign workers in the Malaysian economy.

## DATA ANALYSIS

**Table I.** Demographic variables

Gender	Frequency	Percentage %
Male	200	52%
Female	184	48%
Age Group		
15-20	84	22%
21-25	140	36%
26-30	160	42%
Income		
Below 10000	40	10%
10001- 15000	44	12%
15001-20000	170	44%
20001-25000	130	34%
Occupation		
Student	84	22%
Private service individual	300	78%

Source: Author

**Table II.** Reliability Test

Variables	Items	Cronbach's Alpha
Illegal Immigrants	5	0.960
Increasing Criminal Activities	5	0.966
Decreasing Productivity	5	0.988
Economic Development	5	0.980

Source: Author

**Table III.** Kaiser-Meyer-Olkin and Bartlett's Test

<b>KMO measure of sampling</b>	<b>.801</b>
Chi-square approx.	1294.320
Df	81
Sig.	.001

Source: Author

**Table IV.** ANOVA

	Sum of square	df	Mean square	F	Sig
Regression	650.895	5	190.97	25.974	.001
Residual	932.434	89	6.453		

Source: Author

## RESULTS AND FINDINGS

On the basis of the gathered secondary data and the primary data in the data analysis section, it has been proved that illegal immigrants are establishing a negative impact on Malaysian economic development. The illegal immigrants are seen to be unskilled workers who are involved in executing the crime-related activities. The significant levels of the threats are seen to be raised with the conduct of crimes executed by illegal immigrants (Ilo, 2019). From the ANOVA, the sig value is seen to be less than 0.05 which reflects that the rejection of the null hypothesis is made and the acceptance of the H1, H2 and H3 is made. This is proving the undertaken hypothesis provided by the researcher. This is leading to the destruction of the Malaysian economic environment. From the Kaiser-Meyer-Olkin and Bartlett's Test, it is seen that sig value is also less than 0.05 which is 0.001. It can be said that the rejection of the null hypothesis can be made. The change in the immigration policy is essential as the unskilled workers are seen to be involved in illegal activities (Statista, 2020). From the reliability tests, it is seen that all the variables are provided the Cronbach's alpha value less than 1.00 and the values are also near to 1.00. Due to this reason, the hypothesis framed is supporting the undertaken research. The deserving workers are sometimes not accepted due to the inappropriate immigration policy. The migration of illegal workers is establishing problems. The problems are seen in the form of law impeachment, terrorism, and other criminal activities. The unsocial activities carried out by these people are for the reason of making the degradation in economic development. The growths in illegal immigrants are seen to the out of control which is becoming a major issue (Iruthayaraj & Pappusamy, 2015). On the basis of the primary data gathered from the management staff of the government and the non-government organization, it is seen that illegal immigrants are a critical threat to the



downfall of the Malaysian economy. The responses gathered are seen to be providing a positive response to the questions provided in this context. From the above mentioned primary data, it is clearly recognized that the primary data support the hypothesis from the secondary data and it is clear that the illegal immigrant workers are a critical threat to the Malaysian economy.

## CONCLUSIONS

The research undertaken is justifying the aims and objectives of the research along with the framed hypothesis. The policy experiments should be executed for the purpose of controlling the increase in illegal immigrants to the country. Malaysia is seen to be establishing a fair administrative system but an improper function of the policies is carried out by the government officials. Due to this reason, the increase in illegal immigrants is seen. The nationwide surveillance program should be executed for the purpose of removing the impact as is seen in this context. The wide gap is present in policy implementation and policy intent and due to this reason the policy is heavily skewed for controlling the migrant labor supply. The active planning and joint venture of government officials will enable Malaysia to remove the issue of economic downfall established by illegal immigrants. Thus, the proper measurement of control will be enabling them to remove the impact (Ismail & Yuliyusman, 2015).

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## APPENDICES

Q1: Do you think that illegal immigrant workers are a critical threat to the Malaysian economy? Y/N

**Table V:** illegal immigrant workers are a critical threat to the Malaysian economy

Total no of participates	384	
Yes	300	78%
No	84	22%

Source: Author

Q2: Do you agree with the fact that the maximum illegal immigrants in Malaysia are unskilled labor?

Strongly Disagree/ Disagree/ Neutral/ Agree/Strongly Agree

**Table VI:** Maximum illegal immigrants in Malaysia are unskilled labor

Total no of participates	384	
Strongly Disagree	0	0%
Disagree	4	1%
Neutral	80	21%
Agree	170	44%
Strongly Agree	130	34%

Source: Author

Q3: Do you think that considerable amount of workers are criminal or terrorists fled from other countries?

**Table VII:** Considerable amount of workers are criminal or terrorists fled from other countries

Total no of participates	384	
Yes	290	76%
No	94	24%

Source: Author



Q4: Do you think illegal immigrant workers increases rate of criminal incidences in Malaysia?

**Table VIII:** Illegal immigrant workers increases rate of criminal incidences in Malaysia

Total no of participates	384	
Yes	270	70%
No	114	30%

Source: Author

Q5: Do you think illegal immigrant workers have significant negative impact on Malaysian economy?

**Table IX:** Illegal immigrant workers have significant negative impact on Malaysian economy

Total no of participates	384	
Yes	250	65%
No	134	35%

Source: Author