

## PERCEPTION OF LOCAL YOUTH IN SABAH TOWARDS CAREER IN OIL PALM PLANTATION

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### Abstract

Sabah is the biggest state in contributing to the oil palm commodity in Malaysia. At present, the total hectares are 1.51 million hectares (MPOB 2015) and 28% of palm oil came from this state. With the rapid expansion of oil palm plantation and required high labour intensive in this sector, more than 80 % of plantation labor in this state mainly came from Indonesia and Philippines. The pressing issue now is the rising social issues of the illegal foreign workers without work permit thus; the best answer is to hire local youth. . Nevertheless, the problem is compounded by the fact that it is difficult to hire the local youth workers and the progress on mechanization has also not been encouraging. Therefore, this study which was conducted in the State of Sabah attempts to identify the perceptions and factors that can attract more local youth to work in oil palm plantation. A survey method through questionnaire was used to collect data from 156 of local youth between 16 years to 40 years of age as focused respondents which were selected using random sampling method. Descriptive statistics was applied in order to rank the factors according to the demographic factors of the respondents such as gender, age, marital status, education level, parents background, location and working status that affecting the factors of perceptions of local youth to work in oil palm plantation in Sabah.

**Keywords:** Local Youth workers, Oil Palm Plantation, Perceptions factors

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### 1. Introduction

The oil palm industry is a major contributor in the export of Malaysian agriculture. As of 2014, total planted oil palm in Malaysia is about 5.39 Million hectares and the state of Sabah has the most extensive area of oil palm cultivation in Malaysia. The total of 1.51 million hectares represents about 28 percent of the total area of oil palm cultivation in Malaysia (MPOB, 2015). Palm oil was exported to 145 countries around the world and all thus placing it as an economic generator in the agriculture sector. The increase in this commodity is expected to continue based on its advantages and its ability to generate income to oil palm cultivation in Malaysia.

In Malaysian oil palm plantations, a work force is needed when the use of mechanization and high technology is not yet comprehensive. In addition, the acceptance of mechanization among the smallholders is the cause of the high labor intensive in FELDA Scheme. Sufficient force is important to ensure the operation of the farm will be completed on schedule to meet the needs of Malaysian palm oil industry. Dominance of foreign workers in the plantation sector in Malaysia is not rather uncommon. Statistics published by the Malaysian Labor Department stated a total of 300,000 foreign workers employed in farm and industrial commodities, especially in oil palm plantations at the moment (Che Johari, 2008). Malaysia Palm Oil Board Statistic in 2010 recorded a total of plantation labors were 500,817 workers, which 73.69 % were foreign labor and 94.81 % were from production operation as an oil

palm harvesters. This fact clearly shows the dangerous indication and unsustainability of oil palm plantation industry in Malaysia

Based on the Malaysia Immigration Statistic 2010, the foreign labour has decreased from 347,659 persons in 2008 to 218,268 persons in 2009 . Specifically, the number of Indonesian workers has decreased from 287,786 to 166,570 workers. Moreover, these foreign workers migrated from Indonesia to Malaysia as unskilled workers (Che Hashim Che Hassan 2009).The reduction of foreign employment is due to several factors. First, the government is trying to reduce dependency on foreign workers in the plantation sector, and secondly, migrants from Indonesia have declined following the opening of large-scale oil palm plantations in Indonesia. Low intake of foreign labor migration in the local area can further safeguard the socio-economic activities of the local population. As the plantation sector is still oriented labor force, companies need local workforce to replace the foreign labor force. Proactive measures should be taken as the opening of oil palm plantations on a large scale in Kalimantan, Indonesia.

Promoting local residents especially local youth to work in oil palm plantations need to be given priority and attention, especially local youth that stay in settlers scheme which owned by the government. These local youth need to be given priorities as these groups are familiar with the life, environment and condition in oil palm plantation. Unfortunately, most of them not interested to work in plantation when they choose agricultural sector as the third choice after manufacturing and retail sector (Malaysia Human Resource Statistic 2013).

According to Norsida (2008), the local youth claimed work in agricultural sector as burdening and tiring work. Past studies have indicated negative perceptions and attitudes among the local youth as to why they are not interested to work in oil palm plantation (Gidarakou 1999). Lack of knowledge or skill is found to be another factor affecting the interest of youth to involve in the agriculture sector (Frick et al., 1995). Simultaneously, the alarming social issues among unemployed local youth in Settlers Scheme such as hanging culture, drug addicts and free sex cases has brought attention of the government ( Husin Junoh 2011). Based on Ann Wang Seng (1994), the hanging culture contributed negative impact on attitude due to unemployment. Hence, unemployment give personal implication such as psychology, social and financial factor (Shadare and Tunde 2012).

Thus, this plantation sector and the government need to find solution regarding the local youth as they could be the finest substitute to decrease the dependency on foreign labour. While sustaining the oil palm plantation sector, and they can boost their economy. Oil palm plantation companies would enhance the social-economic value of the local youth people who work in the field. All benefits and facilities required by the workers as a high basic salary, housing, water and electricity, allowance, Employees Provident Fund (EPF), medical benefits, school aid, insurance and others should be given to local people and should be reviewed (Selvakumaran and Shanmugam, 1995). This paper aims to identify factors affecting the participation of local youth in Sabah to work in oil palm plantation. In other words, the purpose of this paper is to study the participation of local youth in Sabah in terms of their perception towards the career in oil palm plantation

## **2. Method**

A research survey using the descriptive analysis approach was applied in this study. The dependent variable is the participation of local youth to work in the plantation. The independent variables include the perceptions of the respondents on the economic profitability, working environment, social infrastructure and status, government policy and happiness to work in the plantation.

A sample consists of 156 local youth which were selected randomly between age 16 to 40 years old staying within the location 5 kilometers radius within the plantation in Sabah. Questionnaire was designed to be used as in data collection method through personal interviewes. The respondent's population involved was in Kunak, Sandakan and Lahad Datu. The demographic factors information was identified based on the 156 respondents of local youth in the three districts in Sabah. The involvement of and the participation of the local youth in plantation also had been identified from the questionnaires.

Descriptive analysis was conducted to analyses the demographic factor information study which include residential area, age , gender, marital status, education, race ,occupation, religion, parents background and involvement in plantation sector. The independent variables using the Likert skills which represented the six independents variables which consisted economic profitability, working environment, social infrastructure, social jobs status , government and employer policy and working happiness.

Reliability analysis was done to estimate on the consistency of the data and the Cronbach Alpha was used as the index for reliability of the data. ( Tavakol and Dennick 2011). As suggested by Nunnaly (1978), the Cronbach's Alpha reliability test should have a minimum value of 0.6 for the data to be considered as consistent in the early stage of research. These data were further analysed the factor analysis consist the dependent variables and independents variable in this study.

### 3. Analysis of data

Based on the study by Houghton (1993), the distance affects the availability of labour market within the industry; hence the radius within 5 km will attracted the local youth to work in plantation. Thus this study Among the 156 respondents, a total of 94 respondents from district of Sandakan, followed by 32 respondents from Lahad Datu and 30 respondents from Kunak District. Table 1 presents the complete profile of respondents.

Table 1: Sample Characteristics

<b>VARIABLE</b>	<b>Frequency</b>	<b>Percent</b>
<b>Age</b>		
<20years	40	25.6
21-30 years	94	60.3
31-0 years	22	14.1
<b>Gender</b>		
Male	110	70.5
Female	46	29.5
<b>Marital Status</b>		
Married	49	31.4
Single	106	67.9
Widow	1	0.6
<b>Education Level</b>		
No Formal Schooling	2	1.3
Primary School	16	10.3
UPSR Certificate	5	3.2
LCE	13	8.3
MCE	40	25.6
Technical Certificate	6	3.8
HCE	17	10.9
Diploma	18	11.5
Degree/ Master, Phd	39	25.0

<b>Race</b>		
Malay	33	21.2
Chinese	5	3.2
Kadazan	37	23.7
Iban	1	0.6
Bugis	80	51.3
<b>Religion</b>		
Muslims	99	63.5
Christians	51	32.7
Buddhist	3.8	3.8

Majority of the respondents are male at the age of 21 to 30 years old, single and having Secondary Certificate. In terms of race, more than half of respondents are representatives of Bugis. The background of the family is seen important where parents may influence the perception towards participation and career development. According to Anderson (1994), the parents influence and molded their children for their future. From Table 2, about 41 percent of respondents have their father working in the agricultural sector. Most of the respondents' mothers, on the other hand are working in other sector or not working at all and becoming full housewives when more than 75 percent of them stated that their mother do not work in this sector.

Table 2: Father and Mother Working / Not Working in Agriculture

<b>WORKING IN AGRICULTURE SECTOR?</b>		<b>Frequency</b>	<b>Percent</b>
<b>Father</b>			
YES		64	41
NO		92	59
<b>Mother</b>			
YES		3	24.4
NO		118	75.6

Table 3 shows the distance of the respondent's home to nearest plantation. It is found that a total of 55 (35.5%) respondents had about 0 to 1kilometer (km) of distance, 64 respondents (41%) had 1.1 to 3 km of distance, while only 37 respondents had more than 3km of distance. This shows that majority of local youth is living the furthest up to 3 kilometers from the plantation sector. In other words, transportation is not an issue when it comes to distance.

Table 3: Distance of the Plantation and their home

<b>DISTANCE FROM PLANTATION SECTOR</b>	<b>Frequency</b>	<b>Percent</b>
Up to 1KM	55	35.5
1.1-3KM	64	41
3.1-5KM	37	23.7

The result on working status of the respondents and their involvement in plantation sector is shown in Table 4. When asked whether the respondents are currently working, only half of

respondents (55.1%) said they are currently working. Those not working were just finished school and still looking for jobs. In terms of involvement in the plantation sector, only 18 respondents are currently working in the plantation sector. A total of 26 respondents had worked previously in the plantation sector in which they gained some experience in working in this particular sector but left due to several reasons. Some of them quit because of getting better job in other sector but some because they do not prefer to work in plantation sector. However the majority of respondents never worked in plantation sector.

Table 4 : Working Status and Involvement in Plantation Sector

VARIABLE	Frequency	Percent
<b>Current Working Status</b>		
YES	70	44.9
NO	86	55.1
<b>Involvement in Plantation Sector</b>		
Currently Work	18	11.5
Previously Work	26	16.7
Never Work	112	71.8

#### 4. Results and discussion

This study utilized 49 variables from the six components of independent variables where factor analysis was used to measure the perceptions of local's youth from their participation towards career in oil palm plantation. From Table 5, the results of Cronbach's Alpha show a positive consistency on the data when Cronbach's Alpha value estimated was higher than the index of reliability test (0.6). This shows that there is consistency among the perceptions of the local youths used in the study of participation the local youth to work in oil palm plantation and it can conclude that the study based on the questionnaires is fit for this study

Table 5: Reliability Test

Components	Cronbach'Alpha	Based No of Items
Economic Profitability	0.769	8
Working Environment	0.720	10
Social Infrastructure	0.866	8
Social Job Status	0.738	5
Policy of Government / Employer	0.806	8
Working Happiness	0.850	10

Factor analysis is done to provide a confirmatory test of measurement theory for the constructs and explains how the variables that are being measured logically and systematically represent the constructs that are involved in the theoretical model. The overall results of KMO and Barlett's Test show that the model is fit with the collected data.

Table 6: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.814
Bartlett's Test of Sphericity	Approx. Chi-Square	305.770
	Df	28
	Sig.	.000

From Table 6, the Kaiser- Meyer- Olkin Measure of Sampling Adequacy (MSA ) shows a value of 0.814 which show greater than above minimum requirement (0.5 ) (Brett 2012 ) . Theoretically the overall (MSA) result shows an evidence of strong and adequate correlation among the six components in this study. The economic profitability in Table 7 is one of the components from the six components. Component 2 related to working environment shows the value 0.708, component 3 social infrastructure 0.863, components 4 social job status shows value 0.755, components 5 policy government and employer shows the value 0.809 and component six shows the value 0.773. All this value an indication that this components or factor analysis was suitable with the variables from these components. The Bartlett's Test of Sphericity in all components the value .000 shows there were significance level that's indicates that the factor analysis were useful with this components data.

### Descriptive analysis

The groups of local youth which does not involve work in the plantation choose the highest mean on the perceptions on based on the six components of independents variables compared to the other two dependents variables of local youth which involved still work in the plantation and the group of local youth which had an experience work in the plantation. The group of local youth of still working in plantation chooses the working happiness to work in the plantation based from the highest mean compared to local youth group which had an experience to work in the plantation. This shows this local group had higher expectation to work career in oil palm plantation. Based on the analysis the perception of local youth showed the p-value of 0.327 which not significance with economic profitability. The second component which involved in the working environment shows a p-value of 0.002 and significance with the perception of local youth on working environment in oil palm plantation. The other components also shows a p-value >0.5 which shows the non-significant level with the perceptions of local youth towards the career in oil palm plantation.

Table 7 shows the knowledge of the local youth on minimum wage policy set by the government's guidelines of RM900 per month. The result shows that about 63.5 percent of respondents know the minimum wages offered from the government. Moreover, a total of 119 respondents (73.6%) agreed with the minimum wages rate.

Table 7: Knowledge Level of Minimum Wages

	Frequency	Percent	Valid Percent	Cumulative Percent
YES	99	63.5	63.5	63.5
NO	57	36.5	36.5	100.0
Total	156	100.0	100.0	

Based on the answer given by the local youth who are currently working in the plantation on why they still work in the plantation, the respondent rank 'no suitable job' as the first answer, 'limited choice of work' as second, followed by 'the infrastructure awarded by the plantation sector' as third, 'not interested to work in urban area' as fourth, 'close proximity with family member' as fifth, 'social influence' as the sixth, 'no qualification' as seventh, 'distance to work place' as eight and other factors as the last ranking.

The financial benefits appear to be the main reason why the local youth are still working in the plantation based on the ranking 1 to 9. They rank 'fully furnished accommodation' as the first choice followed by 'compensation'; 'transportation for school children'; 'employee provident fund and social security organization fund'; 'medical benefits'; 'preschool subsidies' 'water and electricity utilities'; and finally the 'community hall'. These results are

as expected because these amenities can attract the local youth to stay in their neighborhood and participate in the plantation sector.

The local youth that are not working in the oil palm plantation but had some experience stated that they are not interested to work in the plantation because of several factors. Based on the questionnaire designed and ranking from 1-10, majority of the respondents stated 'no future' as their first ranking, followed by 'instability of income'; 'social influence from family and friends' 'transferring to manufacturing sector'; 'no entertainment'; 'transferring and getting new job in public sector'; 'getting and transferring in private sector'; 'plantation sector policy'; and lastly the 'competition among working mates'.

Based on the local youth groups which never worked in the plantation, they ranked several factors as to why they are not interested to work in oil palm plantation. The description items which incurred in this questionnaire includes low wages, no future, instability of income, social influence, no entertainment, work difficulties and burden of work, no attraction of working environment, occupational hazard, isolated areas, no glamorous job and other factors. As expected, these group ranks 'low wages' as the first factor, followed by 'instability of income'; 'no future' and 'no entertainment' as their fourth factor of why they refuse to work in plantation sector.

## 5. Conclusion

This study provides the evidence that three dependent variables regarding the involvements in plantation sector, which is local youth groups that currently working, not-working, and had previously worked in the plantation have relationships with the six components of independents variable based on the factor analysis and the descriptive analysis. The KMO shows strong evidence on the correlation with the six components of the perceptions. This finding also supported the frequency analysis on plantation sector needs to give a higher priority on the perceptions of local youth on the career in the plantation. In terms of minimum wage policy, the descriptive analysis contributed a positive indicator of bench marking when majority of respondents agreed with the minimum wage rate offered. This is supported by the finding that most of the respondents agreed that low wages is the main factor why the local youth do not interested to work in the plantation.

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