



## Developing International Migrant Labors Pattern: The Case of Tourism and Hospitality Industry

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### ABSTRACT

The needs of international migrant labors to fill in the shortages of labor in various sectors have created several advantages. Further, the employment of international migrant labors in tourism and hospitality industry presents a series of opportunities alongside challenges for stakeholders such as migrants, employers and host communities. The international migrant labors can assist in making market entry mode and marketing strategies selection decisions. A study was conducted to develop international migrant labors pattern in the case of tourism and hospitality industry in Langkawi, Malaysia. The pattern of international migrant labors is presented through their various socio-demographic profiles. It is noted in the pattern that majority of the international migrant labors is male within the range of 31-50 years old and only few of them are still single. In fact, most of them are from Thailand. The pattern shows similar results for the female international migrant labors. The pattern also highlights that the international migrant labors for both male and female graduated from university, however, only few of the females possessed the degree certificate. Interestingly both male and female international migrant labors can communicate good English. This pattern would assist the tourism and hospitality industry to plan a strategic recruitment process concerning the international migrant labors. By taking into account their socio-demographic profiles would contribute to the segmentation of the international migrant labors for future recruitment.

**Keywords:** International Migrant Labors, Pattern, Employment, Tourism and Hospitality Industry

**JEL Classifications:** F22, J21, Z31

### 1. INTRODUCTION

The tourism and hospitality industry is considered unpopular as an employment choice due to its low status and large surplus of unskilled labor market (Saunders, 1981). Even though the estimates of the number of jobs in tourism and hospitality continue to grow, there is also a concern that the industry will experience a labor shortage in the near future (CTHRC, 2003). In fact, the industry largely has an image of providing low skilled and low paying jobs, and attributes that are not likely to motivate mobility into the industry (Krakover, 2000; Hjalager and Anderson, 2001). Hence, the tourism and hospitality industry is expected to have a difficult time attracting and keeping labor.

However, in Malaysia, the arrivals of international migrant labors significantly help meet the shortage of labor of the various economic sectors of the country. According to the Economic Report 2010/2011, from the total of 1.8 million international

migrant labors in Malaysia, majority was from Indonesia (50.9%), followed by Bangladesh (17%), Nepal (9.7%), Myanmar (7.8%), India (6.3%) and Vietnam (4.2%). Today, there is an estimated 6.7 million international labors who are working in various sectors in Malaysia with 2.1 million legal and 4.6 million unauthorized workers. As reported in the Labour Force Survey Report Malaysia (2014), there are 2.135 million registered international labors in Malaysia with almost 800,000 legal international labors working in unskilled sectors ranging from cleaners, helpers, laborers, service workers and garbage collectors. Since the number of international migrant labors have been tremendously increased, it is important for the tourism and hospitality industry to develop a pattern on their socio-demographic profiles. This would eventually assist the Workforce Department particularly in designing and preparing new policy for the Work Act 1955 and the Immigration Act 1959. Therefore, a study was undertaken in Langkawi, Malaysia to develop a pattern of the international migrant labors working

in the tourism and hospitality industry by investigating their socio-demographic profiles.

## 2. LITERATURE REVIEW

### 2.1. The Needs for Migrant Labors

According to the OECD report (OECD, 2009), since the mid-1970s, the migration across national borders has been a rising trend for the OECD countries and the number has been speeding up tremendously in the mid-2000s. The number of unemployment for OECD countries increased reaching up to 7.3% in February 2009 and up from 5.6% a year earlier. The conditions of economic downturn significantly affected the labor market of migrant labors. Furthermore, countries such as the United States and Japan experienced a decreased of total employment between 2007 and 2008 where else countries such as Spain reached a rate of unemployment of 15.5%, Turkey with 10.2%, and Ireland with 10%. Additionally, there is clear evidence of less temporary labor migration in Europe which is dwarfed by the decline in free-movement migration, which accounted for as much as half of all migration in recent years. The report significantly reported that the number of new applicants to the UK's Worker Registration Scheme fell 24% in 2008 and 32% in 2009. As for Ireland, the comparable declines were 42% in 2008 and 60% in 2009. Switzerland where else Norway stated both saw 30% declines.

Many studies have stressed on the needs of migrant labors to fill in the shortages of labor in various sectors. In fact, the idea of migrant labors had created several advantages for the selected sectors for instance, the immigrant employees can assist in making market entry mode, marketing strategies selection decisions and in tackling business environmental barriers between the immigrants' country of origin and country of residency (Chung, 2002, 2004; Chung and Enderwick, 2001). The study by Chung (2002) on firms' in China, Taiwan and Hong Kong confirmed the impact of immigrant employee effects on the selection of marketing strategy. The findings suggested that firms with an immigrant employee effect tend to adapt their products and price strategies more than those which do not have such an advantage. Additionally, studies also indicated that immigrant employees can help firms shorten their learning process about a foreign host market. The study significantly confirmed that firms with low international business experience can still operate successfully in host markets by relying on the experience and networking of their immigrant employees in these markets. Meanwhile, another study on New Zealand firms operating in Taiwan found that the immigrant effect had a significant influence on the choice of market entry mode (Chung and Enderwick, 2001). This study suggested that firms which were controlled or established by immigrants from the host market were more likely to choose a Foreign direct investment mode.

### 2.2. Migration in the Tourism and Hospitality Industry

In the perspective of employment in this world, Ajis et al., (2014) highlight that the countries in Asia can be considered as the major providers of foreign immigrants. Migration of labors to the tourism destination is common to both developed and developing countries, although developed countries of tourist destinations may be in a stronger position to absorb new migrants due to their

more diversified and stable economic base. According to Mohamed et al., (2012), the numbers of international labors are increased from year to year whereby assisting companies to save costs by employed labors in lower scale salary. Additionally, a study by Bachtiar et al., (2015) suggest that the contribution of professional international labors to outputs' growth is relatively small compared to middle and heavy industries that intensively utilize physical capital even though the demand for it is still beneficial. According to Walsh (1991) in the UK, the employment of part-time, temporary and casual laborers was central to productivity and not peripheral as had previously been suggested in previous literature.

One of the complexities of tourism employment is that establishments that may have a mainstay of domestic and international tourists will also be used by locals, especially during the off season (Lee-Ross and Pryce, 2010). Although many studies suggest positive outcomes from employing foreign workers, some negative consequences for the industry have also been identified. Choi et al., (2000) and William and Hall (2000) argued that this ongoing relationship between migration, migrant labor and tourism employment continues partly because a mobile international workforce offers a solution to labor shortages where the local workforce is not willing to engage in low pay, low status and seasonal employment. In fact, the presence in large numbers of migrant labors in such hospitality organizations is of consequence for tourism academics as it carries implications for both destination image and the tourist experience of the destination.

Tourism can also bring about migration within the labor force, through the creation of employment opportunities. Thus, the major motivation for this type of tourism-induced migration is economic, "even where social objectives are also significant" (Connell, 1987. p. 108). Even when migrants are from a similar social and cultural background as the local population, other negative impacts may still result. For example, migration to tourism areas fosters urbanization with its large potential for adverse effects such as congestion, inflated land prices, modified social organizations and changes in cultural values (Cleverdon, 1979; Cukier-Snow and Wall, 1993). In addition, migrants will often work for lower wages than the local unemployed population, especially if these migrants originate from rural areas (Lever, 1987). Further supporting this claim, Monk and Alexander (1986) found that migrants to Margarita Island, Venezuela, were the main beneficiaries of tourism-generated employment, since many of the newly-created jobs were either inaccessible to the poorer segments of the local population or unattractive to the better off segments. However, in another study, migrants are found to become a source of community tension, particularly if they are perceived to be a burden on community resources, to represent competition for jobs or if they do not integrate into the host society and thus seem to challenge social norms (Rogers et al., 2009).

Some researchers have found that migration is common in tourism employment, especially where the seasonality of the tourist traffic is significant (Monk and Alexander 1986; Lever, 1987). Circular migrants can serve a seasonal industry without loading the community with a heavy social service burden. At the same time,

immigration for tourism has caused a demand for employment (Merrill, 1982). Harrison (1992) supported the view with an example from Kenya, where despite the high numbers of new jobs created by tourism, regional unemployment remained high because of the large numbers of migrants who sought work within the tourism sector. Another question regarding migration which should be addressed is whether migrants compete for tourism jobs with the local labor force or whether they fill a niche left open for social, cultural, economic or political reasons. Many migrants were found to share a number of characteristics: They tended to be young, predominantly male (although migration of women has increased as their educational opportunities have expanded), had more than primary level education, and came from a wide socioeconomic strata.

### 3. RESEARCH METHODOLOGY

400 international migrant labors who are legally working in the tourism and hospitality industry in Langkawi were selected as sample of the study. This is based on 291,997.44 international migrant labors working in the service sector in Malaysia (Department of Statistics, 2012). Questionnaire survey was used as primary data collection of the study. Only 4 and 5 star hotels, fast food service restaurants and international cuisine restaurants in Pantai Cenang area, Langkawi were considered as unit of analysis. Pantai Cenang was selected as it consists of most tourism and hospitality sectors of the island and additionally, it also represents major tourism spots and activities in Langkawi.

The questionnaires were distributed to the international migrant labors through the human resource managers or related officers at the sectors. Within 2 weeks, the researcher approached the human resource managers or related officers to gain the completed questionnaires. The questionnaire consisted of respondent's socio-demographic profiles such as gender, age, marital status, educational level, qualification, proficiency in English and country of origin. The study used the Statistical Program for Social Science with descriptive and inferential analysis to identify patterns and general trends in the dataset of this study.

### 4. RESULTS AND DISCUSSION

A total of 258 useable questionnaires out of 400 were obtained, representing 64.5% response rate. The socio-demographic pattern of international migrant labors in the tourism and hospitality industry is presented as below.

#### 4.1. Gender and Age Pattern

The percentage of the results indicated that 70.5% respondents are male and the remaining 29.5% is female. As for the age distribution, the percentage showed that 2.7% is <18 years old, 69.4% is between 18 and 30 years old, 27.1% is between 31 and 50 years old and the remaining 0.8% is >50 years old. Figure 1 depicts the pattern of international migrant labors according to their gender and age distribution. Even though most of the international migrant labors are male, the pattern shows that none of them is under the category of >50 years old. In fact, majority

of the female international migrant labors are >50 years old. The highest percentage of male international migrant labors is between the ages of 31 and 50 years old. Similarly, this is also accountable for the female international migrant labors.

#### 4.2. Gender and Marital Status Pattern

Additionally, the questionnaire also asked the respondents their marital status and the results highlighted that most respondents are single (51.9%). Meanwhile 40.3% is married, 4.3% is divorced and another 3.5% is provided as other category. Figure 2 presents the pattern of international migrant labors according to their gender and marital status. It can be seen that most of the male international migrant labors are under the category of other status. Most of them are also divorced and only few are married and still single. The similar results are also can be seen for the female international migrant labors.

#### 4.3. Gender and Educational Level Pattern

The respondents were also asked to indicate their educational level and the results of the survey emphasized that majority are educated from secondary school (41.4%), followed by high school (38.4%), college (13.6%) and university (7.0%). Figure 3 presents the pattern of international migrant labors according to their gender and education level. The patterns show that both male and female highlight similar pattern for their educational level background.

Figure 1: International migrant labors gender and age pattern

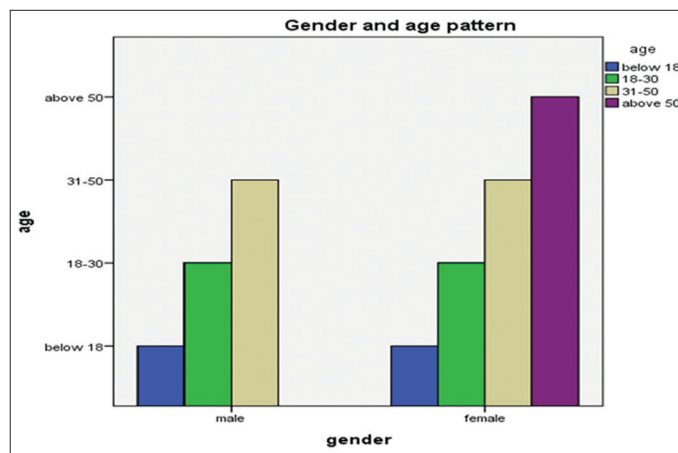
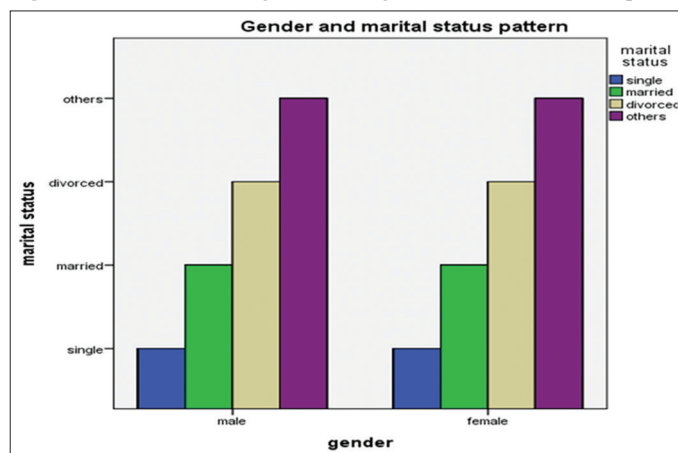


Figure 2: International migrant labors gender and marital status pattern



Even though only a small portion of the overall international migrant labors graduated from university, most of the male and female international migrant labors graduated from university. In contrast, few of them were secondary school leavers.

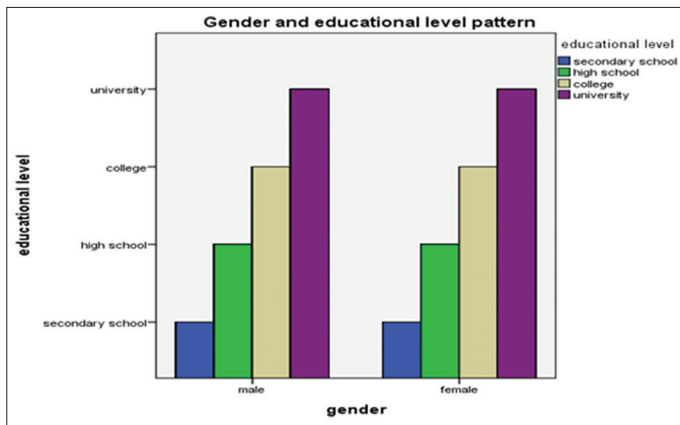
**4.4. Gender and Qualification Pattern**

Additionally, the results noted that majority of the respondents have possessed a certificate (50.8%). In fact, most of them have also possessed diploma/higher diploma (43.0%) and followed by undergraduate degree (5.0%) and postgraduate degree (1.2%). Figure 4 depicts the pattern of international migrant labors according to their gender and qualification. Majority of the male international migrant labors possessed a postgraduate degree which eventually is in line with their educational level. Only few of them possessed a certificate. However, none of the female international migrant labors possessed a postgraduate degree as they stated in their educational level. Most of them only possessed undergraduate degree.

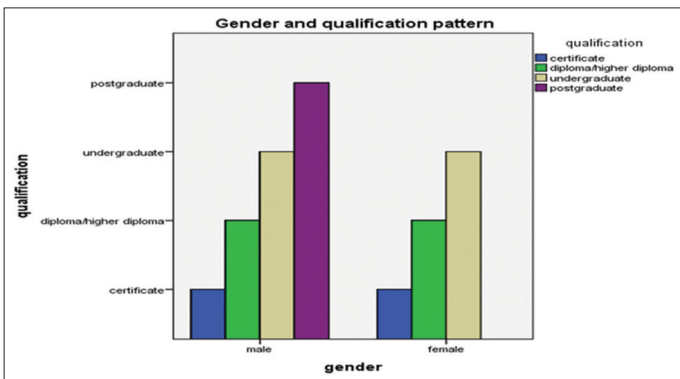
**4.5. Gender and Proficiency in English Pattern**

The results of the study eventually highlighted that majority of the international migrant labors also stated that they can speak good English (36.0%) and very good English (22.5%). The remaining stated as can speak little English (24.4%) and very little English (17.1%). The pattern of international migrant labors according to their gender and proficiency in English is depicted in Figure 5. Both male and female can speak good English which reflected their educational level and qualification.

**Figure 3:** International migrant labors gender and educational level pattern



**Figure 4:** International migrant labors gender and qualification pattern



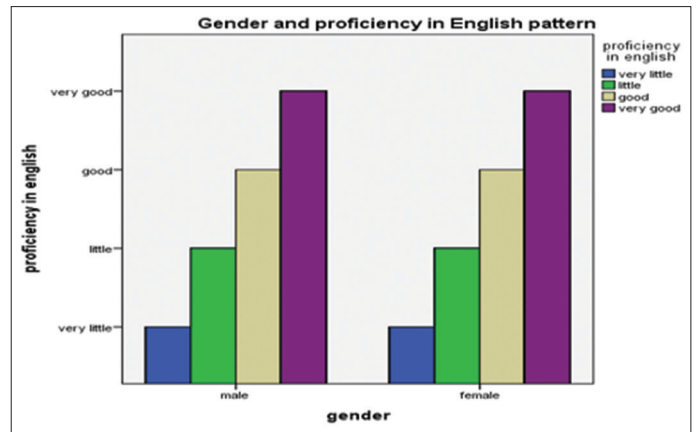
**4.6. Gender and Country of Origin Pattern**

The respondents were further asked to state their country of origin. The results of the survey indicated the highest percentage is from Indonesia (21.3%). The findings then revealed that 17.8% respondents is from India, followed by 15.9% respondents from Bangladesh, 12.4% from Philippines, 8.5% from Thailand, 2.7% from Pakistan and 0.4% from Vietnam. However, the results also indicated that 20.9% respondents are from other countries such as Nepal, United Kingdom and few are from Maldives. Even though the highest percentage is from Indonesia, based on the their gender as depicted in Figure 6, most of the male international migrant labors are from Thailand and same goes to the female. Majority of the female international migrant labors are also from Vietnam whilst the male are from under the category of other countries not stated in the questionnaire.

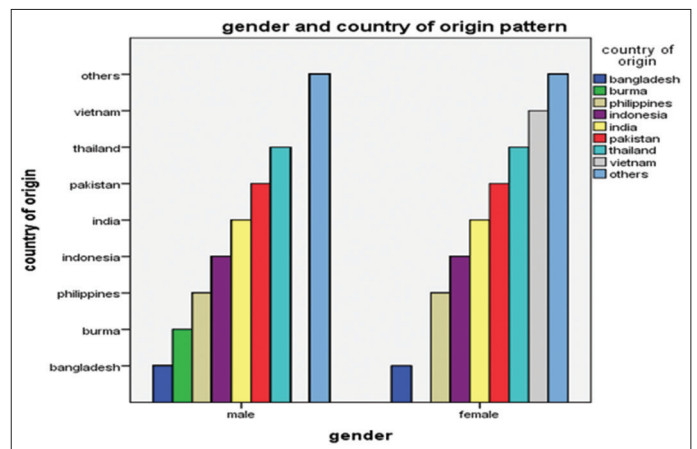
**5. CONCLUSION**

The pattern of international migrant labors in the tourism and hospitality industry specifically in Langkawi, Malaysia provides significant impacts to the recruitment of employment. Sectors in tourism and hospitality industry need to plan strategic approach to balance the arrival of international migrant labors since majority of them are currently from Thailand. The sectors should also recruit

**Figure 5:** International migrant labors gender and proficiency in english pattern



**Figure 6:** International migrant labors gender and country of origin pattern



international migrant labors from other countries by taking into account their skills level such as from Phillipines and Burma. Additionally, having male international migrant labors with university degree probably would assist the sectors to have more professional international migrant labors who will be dealing with the customers. More, the sectors should also plan to recruit female international migrant labors who are below the age of 50 so they can work hard towards achieving the highest level of productivity. Age factor is considered vital element in the recruitment process particularly when it involved recruiting international migrant labors since the sectors probably need to apply for the life and medical insurance for them. Having this pattern eventually provides the industry with data and valid information which can be used to plan strategic recruitment process. It would also assist the industry to overcome the issue of labor shortages within the industry and more, can be used to segmentize the arrivals of international migrant labors accordingly to their country of origin.

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