

**THE EFFECT OF PERCEIVED THREAT,
APPRECIATION AND ENDORSEMENT OF
INTEGRATION ON ATTITUDE OF LOCAL
WORKERS TOWARDS FOREIGN WORKERS
IN SABAH: THE MODERATING EFFECT OF
GENDER**



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**FACULTY OF BUSINESS, ECONOMICS AND
ACCOUNTANCY
UNIVERSITI MALAYSIA SABAH
2023**

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GENDER**

MOHAMAD SHYAFIQ EZZAT BIN YAHYA



**THIS THESIS SUBMITTED IN FULFILLMENT OF
THE REQUIREMENT FOR THE DEGREE OF
MASTER OF BUSINESS**

**FACULTY OF BUSINESS, ECONOMICS AND
ACCOUNTANCY
UNIVERSITI MALAYSIA SABAH
2023**

UNIVERSITI MALAYSIA SABAH

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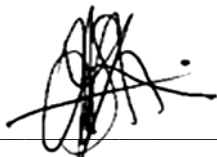
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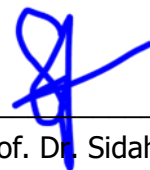
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WORKERS TOWARDS FOREIGN WORKERS IN
SABAH: THE MODERATING EFFECT OF
GENDER**
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FIELD : **INTERNATIONAL BUSINESS**
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ACKNOWLEDGEMENT

First and foremost, I want to thank God for providing me with the opportunity to pursue my Master's degree and for letting me to successfully complete this long and arduous journey. My thanks and gratitude go to my supervisors, Associate Prof. Dr. Sidah Idris and the beloved late Sir Wajiran Sinun, who inspired me to pursue higher education in the first place. Even though I have been away from the scene due to personal and other issues, they did not give up on encouraging me. I am actually embarrassed that I bothered them to search for me when I was away. Special thanks to Dr. Sidah who never gave up on me eventhough I already gave up myself. I greatly appreciate their assistance. May Allah protect you both and Allah is the only one who can repay your kindness.

My gratitude also goes to my co-workers, Dr. Amer, Dr. Rudy, Dr. Fearozh, Nasri, Nurshazani, Imran, Cy and Nadia who assisted me with this study. Their assistance adds colour to my academic life. I wish you all the best with your life and studies.

Finally, this thesis is dedicated to both my parents, who have always been there for me. I will never forget my late grandparents who have supported me all this time. Al-Fatihah for them. Furthermore, I always remember my siblings and friends. Alhamdulillah. Words alone cannot express my gratitude to everyone. May Allah bless all the people I have met and assisted me in completing my studies. This has motivated me to make my best attempt to achieving my master's degree in Business (International Business).

I am proud to share this achievement with all of you.

Mohamad Shyafiq Ezzat Bin Yahya

22 February 2023

ABSTRACT

The number of foreign workers keeps increasing in Malaysia, especially in the manufacturing, construction, and plantation industries. In the instance of palm oil plantations in Malaysia generally or Sabah specifically, the majority of the labour force are foreign workers. As the employment of locals in the oil palm industry increased, interaction between foreign workers and local workers would also increase. The purpose of this study was to determine the relationship between threat perceptions, appreciation, and endorsement of integration and local attitudes toward foreign workers as moderated by gender. This study used primary data to determine the relationship between independent and dependent variables, and it was analysed with SPSS and SmartPLS 3.0. There were 124 respondents which are local workers who worked together with foreign workers in this study. Questionnaires were primarily used to gather data from the respondents. It was concluded that local workers have a positive attitude towards foreign workers. However, gender had no significant effect as moderators in the relationship between perceived threats, appreciation, and endorsement of integration toward foreign workers. This research adds to the practical field as it will help key players to solve problems relating to foreign workers in the palm oil industries as well as increase the body of knowledge.

Keywords: Attitude, Perceived Threat, Endorsement of Integration, Foreign workers, Palm Oil Plantation

ABSTRAK

KESAN ANCAMAN YANG DIRASAI, PENGHARGAAN, DAN SOKONGAN TERHADAP INTEGRASI KE ATAS SIKAP PEKERJA TEMPATAN TERHADAP PEKERJA ASING DI SABAH: KESAN GENDER SEBAGAI MODERATOR

Bilangan pekerja asing terus meningkat di Malaysia, terutamanya dalam industri pembinaan, pembuatan dan perladangan. Dalam kes ladang kelapa sawit di Malaysia amnya atau Sabah khususnya, majoriti tenaga kerja adalah pekerja asing. Apabila pengambilan pekerja tempatan dalam industri kelapa sawit meningkat, interaksi antara pekerja asing dan tempatan juga meningkat. Kajian ini dijalankan adalah bertujuan untuk menjelaskan hubungan antara persepsi ancaman, penghargaan, dan pengesahan integrasi dan sikap pekerja tempatan terhadap pekerja asing seperti yang dimoderasikan oleh jantina. Kajian ini menggunakan data sumber primer untuk menentukan hubungan antara pembolehubah bebas dan bersandar, dan data ini dianalisis menggunakan SPSS dan SmartPLS 3.0. Sejumlah 124 pekerja tempatan yang berkerja bersama pekerja asing merupakan responden kajian ini. Soal selidik digunakan untuk mendapatkan maklum balas responden. Hasil kajian menunjukkan bahawa persepsi ancaman, penghargaan, dan pengesahan integrasi mempunyai hubungan yang positif dengan sikap terhadap pekerja asing. Walau bagaimanapun, jantina tidak memberi kesan sebagai moderator dalam hubungan antara ancaman yang dirasakan, penghargaan dan penerimaan integrasi terhadap pekerja asing. Sebagai kesimpulan, pekerja tempatan mempunyai sikap yang positif terhadap pekerja asing. Kajian ini menyumbang kepada bidang praktikal kerana ia akan membantu pemain utama menyelesaikan masalah berkaitan pekerja asing dalam industri minyak sawit dan peningkatan badan pengetahuan.

Kata Kunci: *Sikap, Ancaman yang Ditanggap, Penerimaan Integrasi, Pekerja asing, Perladangan Kelapa Sawit*

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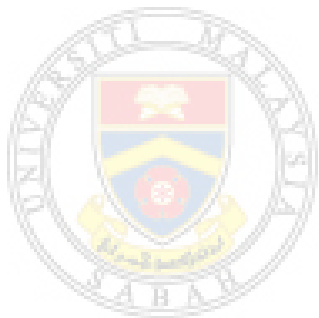
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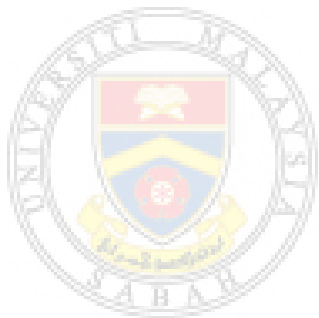
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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter discusses the study's background and the problem statement that served as the study's foundation. This chapter also stated the research objective, research question, scope of study, significance of study, and definitions of key terms.

1.2 Research Background

Previous research on the attitudes of locals toward foreign workers found that they have a negative perception towards these groups, particularly those who work in the business-related industry and the likes of blue-collar workers or those with low skill levels (Wei *et al.*, 2018; Loganathan *et. al*, 2019; Goldberg *et al.*, 1995). This is because the discrimination, according to which individuals of low socioeconomic standing are likely to perceive the foreign workers as a source of threat to economic well-being, and that fear of economic competition, is likely to prompt them (Scheepers, *et al.*, 2002).

According to the Malaysian Department of Statistics (2022), as of June 2022, there are 2.1 million foreigners working in various sectors. The number of foreign workers (documented and undocumented) increased from 1.8 million in 2013 to 2.2 million in 2016 (Lee and Khor, 2018). While in 2019, it was estimated around 2.96-3.26 million foreign workers, including undocumented foreign workers, live in Malaysia, together constituting 20-30% of Malaysia's total labour force (World Bank 2019). In Peninsular Malaysia, the influx of foreign workers is concentrated in the manufacturing sector, whereas in Borneo, they are concentrated in the plantation

sector (Berita Harian, 2015). It cannot be denied that palm oil plantation was one of the most important revenue streams for Sabah. The need for increased production prompted an increase in recruitment, as a large plantation requires a large workforce. The workforce in the plantation industries is mostly made up of foreign workers, with locals usually working as foremen because the locals are not interested in doing hard labour for a low wage. Based on Malaysian Palm Oil Board (MPOB)'s 2022 data, in August this year, the oil palm plantation sector's total labour requirement was 437,212. However, the number of workers in the sector was only 382,582, recording a shortage of 54,630.

Datuk Shamsudin Bardan, executive director of the Malaysian Employers Federation (MEF), stated in 2018 that there are currently 2.8 to 2.9 million foreign workers in Malaysia. This foreign labour, particularly blue-collar workers, contributes significantly to the national economy, accounting for 10 percent to 11 percent of the total. He added that, while foreign workers contribute positively to the national economy, some Malaysians are concerned about their presence.

Foreign workers were given different definitions according to different studies in different settings and environments. The definition for foreign workers used in this study is referring to those workers coming from outside the country that have legal documents to work in Malaysia (Omar, 2017). In this study, the main objective is to identify the attitude towards foreign workers in the palm oil plantation industry. According to Richard (2017), attitude is a psychological construct, it is a mental and emotional entity that inheres in or characterizes a person. These were acquired by experiences which in turn will change the perception over time. As more interactions between local workers and foreign workers take place, the attitude towards foreign workers would be formed.

Malaysians have a negative attitude toward foreign workers in general (International Labour Organization, 2023; and International Labour Organisation and United Nation Women, 2019). It was thought that the negative perception of foreign workers stemmed primarily from cases of crime involving foreign workers. According to the Home Minister, from 2016 to 2019, the police recorded a total of 42,451 criminal cases involving foreigners (The Star, 2019). However, the crime rate by foreign workers in 2018 was 10,781 from a total of 88,662 around 7.7 percent of the total crime rate, which decreased from 2017 with 11,441 from a total of 99,162

crimes around 8.7 percent (DOSM, 2021). This demonstrates that crime committed by foreign workers is lower than that of locals.

Foreign workers who work in the labour force or in low-level jobs, as well as those who are undocumented and entered Malaysia illegally, are the most likely to commit crimes. Because these foreign workers have no ties to the area, they can flee to their home country. Regarding white-collar or professional foreign workers, the nature of their jobs means that they have a lower need to commit crimes, but they may still cause concern among local workers.

Aside from crime, some jobs that require skills and pay higher wages give the locals negative impression of foreign workers. When incidents like this occur, a negative impression is created, which leads to economic discrimination against foreign workers. People will usually help in-group members more than out-group members (Piliavin *et al.*, 1981). Worker categorisation into in-group and out-group workers has resulted in in-group favouritism (Brewer, 1979). These accentuate the appearance of economic discrimination. However, an ILO and UN Women (2019) study found that 47 percent of Malaysian respondents believe that foreign workers have “an overall negative net effect” on the national economy, while 30 percent believe that foreign workers have “an overall positive net effect” among 1,009 respondents.

When it comes to economic discrimination, many sociologists and economists have developed new theoretical models to explain economic discrimination, which at times contradict each other. The conflict-Marxist approach believes that racial discrimination behaviour is motivated by labour market competition and employers' desire to weaken the working class and reap profits (Bonacich, 1976; Cummings, 1980; Reich, 1971; Szymanski, 1976), whereas the neo-classical theory (Arrow, 1973 and Becker, 1957) believes that employer discrimination is economically irrational. There are numerous socio-psychological explanations for economic discrimination, many of which suggest that motivation to discriminate, actual discrimination, and prejudice were motivated by a fear of competition and the perceived threat posed by the minority population. The greater the sense of threat and fear of competition, the greater the motivation to discriminate against the foreign population (Olzak, 1995).

It is hoped that this study would change Malaysians' attitudes toward foreign workers. Aside from that, this study aims to explain the reasons for the perception of foreign workers in order to gain a better understanding of the mechanisms underlying the emergence of hostility and discriminatory attitudes toward foreign workers in a host society.

According to previous research on the attitudes of locals toward foreign workers, locals have both positive and negative perceptions towards these groups. It was aimed at foreigners working in the business-related industry, such as blue-collar workers and infrastructure workers, as well as those with low skill levels (Rustenbach, 2010; Coenders *et al.*, 2005; Raijman and Semyonov, 2004). This is due to discrimination, where individuals of low socioeconomic standing are likely to perceive foreign workers as a threat to their economic well-being, and the fear of economic competition is likely to instigate them (Scheepers *et al.*, 2002). This study aimed to ascertain the attitudes of local workers toward foreign workers in palm oil plantations. It is critical to understand the current state of the local's attitudes toward foreign workers, whether positive or negative.

Many researchers have conducted studies on attitudes toward foreign workers (Quilian, 1995, 1996; Scheeper *et al.*, 2002; Somyonov, Raijman, and Anat, 2002; Yoon *et al.*, 2008; Savelkoul, Scheepers *et al.*, 2011; Rosenbluth *et al.*, 2016). Nonetheless, the study of attitudes toward foreign workers is new in Malaysia, and this was especially true in Sabah.

1.3 Problem Statements

Most previous research on attitudes toward foreign workers was conducted in developed countries without distinction between white-collar and blue-collar workers (Yoon *et al.*, 2008; Ward and Masgoret, 2008; Saran, 2009; Rustenbach, 2010; Ward *et al.*, 2011; Savelkoul *et al.*, 2011; Markaki and Longhi, 2012; Hainmueller and Hopkins, 2014; Rosenbluth *et al.*, 2016). While studies on attitudes toward foreign workers are common in developed countries, these studies are few and far between in developing countries.

Based on the early Population and Housing Census 2020 issued by Department of Statistics Malaysia (DoSM), in 2020, the total population of the state of Sabah is 3,418,443 people. From this number, around 23.7% or 810,443 of Sabah's population is made up of foreigners. Their number is growing, so the question of why they are perceived negatively should be addressed in order to improve the local's attitudes toward foreign workers as not every foreign worker had committed a crime or stole a job from the local.

According to Rahmah and Ferayuliani (2014), the number of foreign workers in the manufacturing sector accounts for 36.9 percent and the plantation sector accounts for 19 percent. The flood of foreign workers in Peninsular Malaysia is concentrated in the manufacturing sector, whereas in Sabah and Sarawak, it is focused in the plantation sector (Berita Harian, 2015). This phenomenon occurs because the country does not have enough labour in these industries, as local people are unwilling to take on difficult, dirty, and dangerous (3D) jobs, resulting in the need for the workforce to be outsourced from abroad (Lode *et al.*, 2023 and The Federation of Malaysian Manufacturers (FMM) 2018). With higher education, more and more locals prefer jobs in offices with better pay, working conditions, and environments rather than 3D jobs (Mydin *et al.*, 2014). Aside from that, foreign workers are willing to work even if their wages are lower than those of local workers, despite Malaysia's minimum wage law (Mydin *et al.*, 2014). Unfortunately, by employing foreign workers, the low-skilled labour force increased, resulting in low productivity and poor work quality (Shaari, 2003).

A few studies have been conducted to investigate the extent to which support for economic discrimination is motivated by fear of competition and perceived threat. Fear of competition and perceived threat is summarised as the attitude toward foreign workers in those papers. While this type of study is popular in developed countries due to the influx of foreign workers, Malaysia, as a developing country, also receives a large number of foreign workers.

As previously stated, (Rahmah and Ferayuliani, 2014 and DOSM, 2022), the number of foreign workers is increasing every year. As such, the local's attitudes toward foreign workers are also vital, as foreign workers are typically associated with negative economic and social perceptions. That being said, this mainly affect the low-

level workers. Even on social media, foreign workers are portrayed negatively because they are a minority in this country, making their actions more visible.

Over the last few decades, Malaysia has seen a significant increase in the number of foreign workers, particularly from Nepal, Bangladesh, India, Indonesia, and the Philippines, to work as blue-collar workers (Azizah, 2012; Ministry of Human Affairs, 2011 and Teh, 2015). The majority of the foreign workers were required in the construction and plantation industries. In 2018, 80 percent of the workers in the infrastructure and development industries in Peninsular Malaysia were made up of foreign workers, Human Resource Minister (2018). Other than the needs for a huge workforce, Solehah and Dicks (1999) found that Malaysian businesses continue to favour employing foreign workers because it is more profitable as employers believe that hiring foreign workers is much cheaper than investing in expensive high-tech machinery as their wages are relatively low.

However, temporary employment statistics from Malaysia's Immigration Department show that the number of foreign workers has decreased from 2.06 million in 2008 to 1.76 million as of 31 July this year (Ministry of Human Resources, 2018). Datuk Seri Richard Riot Jaem went on to say that in Sarawak, the state government has been losing RM1 billion per year in the palm oil industry since 2012 due to uncollected fresh fruit bunches (FFBs) caused by a shortage of harvesters. The Indonesian government has begun to open many palm oil plantations with good wages; as a result, many Indonesian workers prefer to work in Indonesia rather than Malaysia. This reduces the workforce in palm oil plantations, as the majority of workers are from Indonesia.

The International Labour Organisation (ILO) and United Nations Women (UN Women) (2019) survey revealed that locals in Malaysia have a negative view of foreign workers. While foreign workers are urgently needed, the social, economic, political, and crime problems arose because of the employment of foreign workers' (Lode, Lee, Yusof and Lee, 2023). According to the Sabah Board of Visiting Justices (LHP) (2019), the state prison is considered to be overcrowded, with immigration-related offences being among the causes (Daily Express, June 2022). However, the crime rate by foreign workers in 2018 was 10,781 from a total of 88,662 or around 7.7 percent of the total crime rate, which was a reduction from 2017 with 11,441 from a total of 99,162 crimes or around 8.7 percent (DOSM, 2021). This shows crime

committed by foreign workers is lower than that of locals. Most previous studies used perceived threat to measure attitude toward foreign workers as one of the main reasons why the locals' attitude toward foreign workers is negative. In this study, it is critical to determine whether the perceived threat felt by locals in Sabah, Malaysia is high or low, because a high level of perceived threat is associated with a negative attitude, whereas a low level of perceived threat indicates a positive attitude.

Aside from that, Endorsement of Integration was used as an independent variable in the previous study (Ward et al., 2011). Unlike other developed countries that have a strong sense of nationality and look down on people from other countries, such as Japan, South Korea, Germany, and Israel, Malaysians, on the other hand, enjoy socialising, especially if there are similarities or things that can bring them together, and vice versa (Mun, 2013). This will give them a reason to interact with other people.

It is impossible to deny that foreign workers make a significant contribution to the economy and society. However, only a handful of people recognised or appreciated their contribution or work. The industries where most of these foreign workers are working in are critical to Malaysia's development because the primary reason for the intake of foreign workers was to fill the labour shortages in Malaysia's vital industries. Previous studies used 'valued foreign workers' as one of their variables to measure attitude, which has the closest meaning to appreciation (Ward et al., 2011).

The reason this study was carried out in the palm oil industry in Sabah is due the fact that the plantation industry employs the greatest number of foreign workers in the state. The subject of this study is foreign workers. In most previous studies, no substantial evidence showed categorisation of foreign workers, whereas in this study, the subject focused only on foreign workers, and a criterion is followed by following the definition of foreign workers. This paper aims at examining the local worker's attitudes towards foreign workers, specifically the workers in the palm oil plantation in Sabah. This knowledge can be used to supplement the findings of previous studies on attitudes toward foreign workers. The above surveys differ in sample size, sampling methods, and questions asked, making it difficult to generalise findings from single surveys to the general population. As a result, this study decided to use the survey question that meets the needs of this study.

A mixed finding of positive and negative results had been found in previous studies on attitude towards foreign workers. The majority of the past studies found out that, the attitude toward foreigners are mostly negative on different level of job level, particularly those who work in the business-related industry and the likes of blue-collar workers or those with low skill levels (Goldberg *et al.*, 1995; Savelkoul *et al.*, 2011; Rosenbluth *et al.*, 2016; Wei *et al.*, 2018; Loganathan *et al.*, 2019). Positive attitude towards foreign workers was also found from past studies. These past studies were carried out in developed countries (Ward, Masgoret and Vouclair, 2011).

In Malaysia studies carried by organization such as the ILO and UN Women (2019) survey revealed that locals in Malaysia have a negative view of foreign workers. This shows that only a little study shows a positive attitude towards foreign workers. The purpose of this study was to determine whether local workers have a positive or negative attitude toward foreign workers.

1.4 Research Objectives

The aim of this research is to study the relationship between threat perceptions, appreciation, and endorsement of integration and local attitudes toward foreign workers as moderated by gender.

The specific objectives of this research are stated as follows:

- i. To investigate relationship between Perceived Threat and Attitude towards Foreign workers
- ii. To investigate relationship between Endorsement of Integration and Attitude towards Foreign workers
- iii. To investigate relationship between Appreciation and Attitude towards Foreign workers
- iv. To investigate effect of gender as a moderator towards the relationship between independent variables and Attitude towards Foreign workers

1.5 Research Questions

The questions pertaining to this research were addressed in line with the objectives of this study. The research questions are as follows:

- i. Is there any relationship between Perceived Threat and Attitude towards Foreign workers?
- ii. Is there any relationship between Endorsement of Integration and Attitude towards Foreign workers?
- iii. Is there any relationship between Appreciation and Attitude towards Foreign workers?
- iv. Is there any effect of gender as moderator towards the relationship between independent variables and Attitude towards Foreign workers?

1.6 Scope of Study

This purpose of this research is to learn about local people's attitudes toward foreign workers. This study wants to determine the local's attitude towards foreign workers in the palm oil plantation industry given the variables of perceived threat, appreciation and endorsement of integration with gender as a moderator. This study involved a survey on local workers in palm oil plantations that also accommodate foreign workers on their site. The surveys were carried out to determine locals' attitudes toward foreign workers (Yoon, Song and Bae, 2008; Raijman *et al.*, 2004 and Ward, Masgoret and Vouclair, 2011).

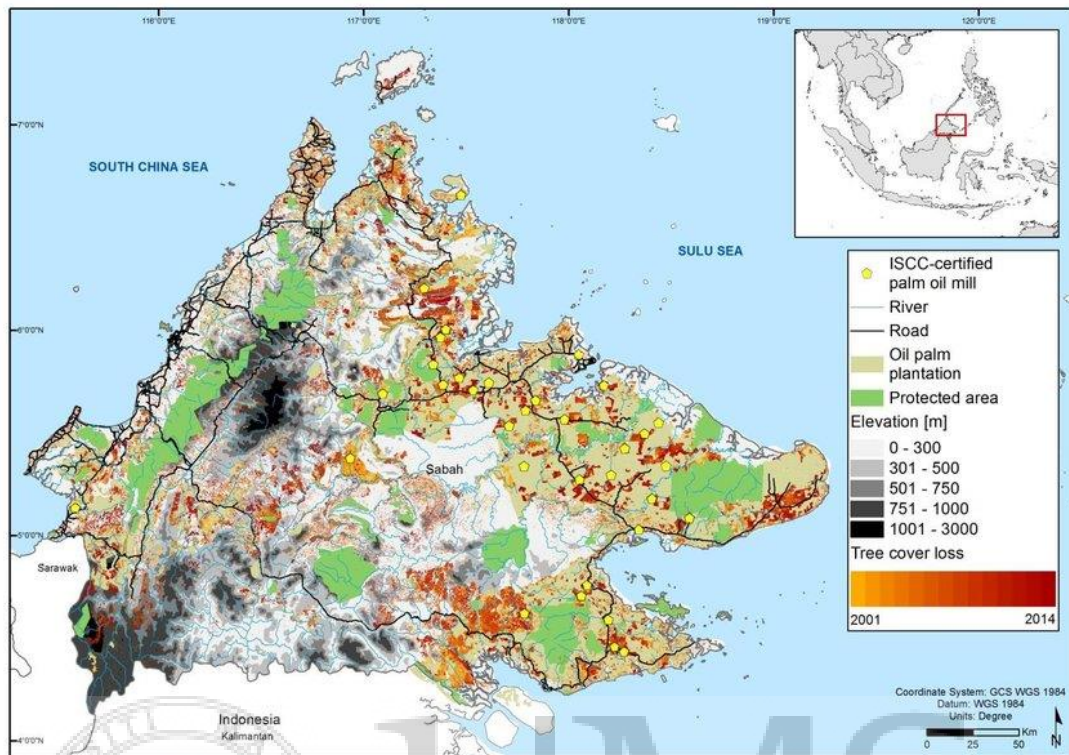


Figure 1.1 : Palm Oil Area in Sabah

Source : Blumroeder at el. (2018)

This study was conducted in the state of Sabah, Malaysia and focused on the palm oil plantation industries in Sabah. As the data collection was carried out when the Movement Control Order (MCO) was in force. While the number of questionnaires should be evenly distributed among the region of Sabah, due to the MCO, the study had gathered data anywhere that was permissible. This research has chosen individuals who are local to Sabah and are involved in the plantation industry. This study applied a face-to-face and Google form survey method that was developed by using structured questions for collecting primary data to reach the targeted population. This study used primary data as its main data source with no interview session.