



MALAYSIA ADOPTS OUTSOURCING SYSTEM IN THE HIRING OF FOREIGN WORKERS

The Philippine Overseas Labor Office (POLO) in Kuala Lumpur reported that beginning January 2006, the Malaysian government has adopted the outsourcing system as an option to the current private recruitment system in the hiring of foreign workers. The new system defines outsourcing as bringing into Malaysia legal foreign workers from the outsourced countries and managing the workers for the principal/employer companies. Under this system, the outsourcing company is the direct employer of the worker. Foreign workers allowed under the system are limited to workers in the **farming, plantation, service, construction and manufacturing sectors.**

The Malaysian government believes that the outsourcing system is a better alternative to the current private recruitment system primarily because of the elimination of agents or middlemen who charges exorbitant recruitment fees to the workers. To ensure the successful implementation of the new system, the Malaysian government has put in place stringent procedures in the accreditation of outsourcing companies such as going through a strict board interview to seek the approval of the Chairman of the Cabinet Committee for Foreign Workers and submission of proof of specialization in the recruitment, management and administration of workers. Outsourcing companies must be wholly owned by Malaysians and must also have a paid up capital of at least RM 100,000.00. The outsourcing company's license is also subject to revocation once it is proven that it had violated the conditions set by the Malaysian government in the issuance of license.

Source: POLO Report

February 2006