

## Assessing Forced Labor and Standards in Malaysian Palm Oil Industry

Abd Rahman Ahmad<sup>1</sup>, Mohd Suffian Mohd Muhili<sup>2\*</sup>, Moustapha Ganama<sup>3</sup>  
Mohd Nazir Mohd Adi<sup>4</sup>, Mohd Asmadi Mohd Angsor<sup>5</sup>

<sup>1</sup>Faculty of Technology Management and Business, Universiti Tun Hussein Onn Malaysia, 86400 Batu Pahat, Johor, Malaysia.

Email: arahman@uthm.edu.my

<sup>2</sup>P&G Chemicals, Procter & Gamble, Surian Tower Petaling Jaya, 47810 Petaling Jaya, Selangor, Malaysia.

Email: mohdmuhili.m@pg.com

<sup>3</sup>Faculty of Technology Management and Business, Universiti Tun Hussein Onn Malaysia, 86400 Batu Pahat, Johor, Malaysia.

Email: ganamamoustapha@gmail.com

<sup>4</sup>Faculty of Technology Management and Business, Universiti Tun Hussein Onn Malaysia, 86400 Batu Pahat, Johor, Malaysia.

Email: nazir@uthm.edu.my

<sup>5</sup>Faculty of Technology Management and Business, Universiti Tun Hussein Onn Malaysia, 86400 Batu Pahat, Johor, Malaysia.

Email: mohdasmadi@uthm.edu.my

### ABSTRACT

#### CORRESPONDING

#### AUTHOR (\*):

Mohd Suffian Mohd Muhili  
(mohdmuhili.m@pg.com)

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The Malaysian palm oil industry has been subject to criticism for its unsustainable practices and the prevalence of forced labour. To address these concerns, Malaysia has implemented the National Action Plan on Forced Labour (NAPFL) in accordance with international standards. This study evaluates the implementation of NAPFL and international standards in the Malaysian palm oil industry through a literature review. The findings suggest that although progress has been made, there are still gaps in compliance within the industry. In particular, the issue of labour in smallholder palm oil plantations requires a community-based management approach, whereby smallholders can work together to enhance efficiency, productivity, and resource utilization while addressing common challenges. This approach may be supported by training and education, infrastructure development, financial and credit support, technology adoption, and cooperative farming. To comply with the Roundtable on Sustainable Palm Oil (RSPO) labour requirements and attract workers, this study recommends offering competitive wages, providing decent working conditions, implementing fair labour policies, investing in worker training, engaging with the local community, promoting sustainability, and collaborating with local employment agencies. These measures can help address the challenges of recruitment and retention of labour in the industry. The study underscores the significance of addressing these gaps

in order to promote sustainable practices and prevent forced labour in the Malaysian palm oil industry.

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**Contribution/Originality:** This study contributes to the understanding of the implementation of the National Action Plan on Forced Labour (NAPFL) and international standards in the Malaysian palm oil industry. It highlights the gaps in compliance within the industry and proposes a community-based management approach for addressing the issue of forced labour in smallholder palm oil plantations.

## 1. Introduction

The palm oil industry in Malaysia has been a significant contributor to the country's economy, but its development has also led to negative environmental and social impacts due to unsustainable practices. These practices include forced labour, a widespread issue in the industry that violates human rights and international labour laws. To address this problem, the Malaysian government has developed a National Action Plan On Forced Labour (NAPFL) that aims to eliminate forced labour in the country by 2030. The plan aligns with international standards, including the International Labour Organization's (ILO) Forced Labour Convention and the United Nations Guiding Principles on Business and Human Rights. While the implementation of NAPFL and adherence to international standards are crucial for promoting sustainable and ethical practices in the Malaysian palm oil industry, there is a need to assess the extent of their implementation and identify any gaps in their implementation. This paper aims to address this need by conducting a gap analysis of the implementation of NAPFL and international standards in the Malaysian palm oil industry. The paper will draw on existing literature. The gap analysis will assess the current practices in the industry against the requirements and recommendations outlined in NAPFL and international standards. The analysis will identify the challenges and opportunities associated with the implementation of NAPFL and international standards in the Malaysian palm oil industry. By conducting this gap analysis, this paper seeks to contribute to the ongoing efforts to promote sustainable and ethical practices in the Malaysian palm oil industry. The findings of this study can inform policymakers, stakeholders, and palm oil producers on the gaps in the implementation of NAPFL and international standards and provide recommendations to improve their implementation. Ultimately, this study aims to promote the industry's competitiveness in the global market by ensuring sustainable and ethical practices are in place.

## 2. Literature Review

### 2.1. International Labour Organisation (ILO)

The determination of forced labor indicators by the International Labour Organization (ILO) is based on its Special Action Program to Combat Forced Labor (SAP-FL) and the definition of forced labor provided in the ILO Forced Labour Convention ([International Labour Organization, 2020](#)). According to this definition, forced labor encompasses "any work or service extracted from an individual under the threat of penalties, where that individual did not offer themselves voluntarily." The identification of even a single indicator in a given situation may indicate the presence of forced labor in some cases. Forced labor can affect anyone as emphasized by [Sime Darby \(2016\)](#). However, individuals who lack knowledge of local language or laws, have limited livelihood options, belong to minority ethnic or religious groups, have disabilities, or possess characteristics

that differentiate them from the majority population are particularly vulnerable to exploitation and are more frequently subjected to forced labor ([International Labour Office, 2012](#)). It is important to note that being in a vulnerable position and lacking alternative means of livelihood does not automatically lead to forced labor. Instead, it is when an employer takes advantage of the worker's vulnerable situation by imposing excessive working hours or withholding wages that a forced labor situation can arise. Moreover, situations of forced labor are more likely to occur when workers are heavily dependent on their employer for not only their job but also for housing, food, and the employment of their relatives. To assess whether an individual worker is a victim of forced labor, the ILO has developed a set of eleven indicators that encompass the key elements of a forced labor situation, providing a foundation for evaluation ([International Labour Organization, 2020](#)). These indicators are as follows:

#### *2.1.1. Abuse of vulnerability (Child labour and Forced Labour)*

According to the International Labour Organization (ILO) and the International Labour Office (ILO), the definition of abuse of vulnerability, as stated in the ILO Forced Labour Convention (C29), involves obtaining work or service from an individual by employing threats of penalty, without the individual's voluntary offer ([International Labour Organization, 2020](#); [International Labour Office, 2012](#)). In the context of child labor and forced labor, abuse of vulnerability refers to any form of work that poses mental, physical, social, or moral danger to children or young individuals. Such work interferes with their education, robs them of their dignity and opportunities to attend school, compels them to prematurely leave school, or necessitates a combination of school attendance with excessively long and burdensome labor ([International Labour Organization, 2020](#); [International Labour Office, 2012](#)). Meanwhile, the [International Trade Union Confederation \(ITUC\) \(2010\)](#), it is estimated that 15% to 20% of registered foreign workers in Malaysia have experienced mistreatment, and numerous cases of abuse against migrant workers' rights are reported each month by both employers and government authorities.

#### *2.1.2. Deception*

Deception in the context of forced labour refers to the failure to fulfil promises made to workers, whether in written or verbal form ([National Action Plan for Forced Labour, 2021](#)). Deceptive recruitment practices can take various forms, including false promises regarding working conditions, wages, job type, employer identity, job location, and acquisition of regular migration status or housing and living conditions. Children can also be deceived into recruitment by false promises concerning school attendance or parental visits. In many cases, victims of forced labour are promised well-paying jobs, only to find themselves trapped in abusive conditions that they cannot escape from. Such workers did not give their free and informed consent, as they were not aware of the reality of the situation at the time of recruitment ([International Trade Union Confederation \(ITUC\), 2010](#)).

#### *2.1.3. Restriction of movement*

According to the [Government of Malaysia \(2021\)](#), there are legitimate reasons for imposing certain restrictions on workers' mobility, such as ensuring their safety in hazardous work environments or obtaining prior permission from their supervisor for medical appointments. However, the [International Labour Office \(2012\)](#) provides a

distinct definition for forced labor, in which the movement of workers is tightly controlled both inside and outside the workplace. This control is enforced through various means, including surveillance cameras, security personnel, and employer representatives accompanying workers when they leave the premises. In cases of forced labor, individuals may be confined and closely monitored to prevent their escape during work or transportation. Therefore, when workers experience limitations on their freedom to enter or exit the workplace and encounter unreasonable constraints on their mobility, it strongly suggests the presence of forced labor ([International Labour Organization, 2020](#)).

#### *2.1.4. Isolation*

Victims of forced labour may also be subjected to emotional and psychological isolation, where they are not allowed to communicate freely with other workers or form relationships. This can lead to a sense of helplessness and despair, which can further reinforce their exploitation and prevent them from seeking help ([International Labour Organization, 2020](#)). In addition, language barriers and cultural differences may further contribute to isolation, making it difficult for workers to communicate with others or access support services ([Government of Malaysia, 2021](#)). All of these factors can make it challenging for workers to seek help or escape their situation of forced labour.

#### *2.1.5. Physical and sexual violence*

The International Labour Organization (ILO) bases its efforts on addressing violence and harassment against women on various conventions, including the 1998 Declaration on Fundamental Principles and Rights at Work, the Discrimination (Employment and Occupation) Convention (No. 111) and Recommendation (No. 111), as well as the Forced Labour Convention (No. 29) from 1930 ([International Labour Organization, 2020](#)). Forced laborers, along with their family members and close associates, frequently experience physical and sexual violence as forms of abuse. Violence can also involve coerced consumption of drugs or alcohol to exert control over the worker ([International Trade Union Confederation \[ITUC\], 2010](#)). The [Government of Malaysia \(2021\)](#) acknowledges that extreme violence, such as physical abduction or kidnapping, can be employed to capture individuals and compel them into labor. Violence serves as a clear indication of forced labor and should never be accepted as a disciplinary measure. Moreover, violence may be employed to coerce workers into undertaking tasks beyond their original agreement, such as engaging in sexual activities with the employer or their family members, or performing domestic work in addition to their regular duties ([International Labour Organization, 2020](#)).

#### *2.1.6. Intimidation and threats*

The [International Labour Organization \(2020\)](#) has stated that workers may be subjected to intimidation and threats when they attempt to complain about their conditions or quit their jobs, and these threats can include denunciation to immigration authorities, loss of wages, and the sacking of family members. Furthermore, the human rights policy of an organization includes its commitment to respecting fundamental labour rights, upholding indigenous and local community rights, and providing a conducive working environment. Wilmar, an international Singaporean food processing and investment holding company, has adopted a human rights policy, including an NDPE policy, which reaffirms its commitment to human rights and includes policies on equal opportunity, anti-sexual harassment, violence and abuse, reproductive rights, and child protection. These policies

demonstrate Wilmar's commitment to preventing and addressing intimidation and threats in the workplace ([International Labour Organization, 2016](#); [Wilmar, 2019](#)).

#### *2.1.7. Retention of identity documents*

According to the [International Trade Union Confederation \(ITUC\) \(2010\)](#), retaining identity documents or valuable personal possessions by an employer is an element of forced labour. The [Government of Malaysia \(2021\)](#) explains that this retention occurs when workers cannot access these items on demand and feel that leaving their job would put their possessions at risk. The [International Labour Office \(2012\)](#) and the [International Labour Organization \(2020\)](#) both note that workers without identity documents may be unable to obtain other jobs or access essential services and may be hesitant to seek help from authorities or NGOs.

The palm oil sector has long seen the retention of foreign workers' passports and working permits, which companies claim is necessary to prevent workers from escaping from their employers. Although Wilmar has reported efforts to return foreign workers' passports in Malaysia, a pilot study conducted by the [Government of Malaysia \(2021\)](#) found that only 10% of the 1,200 migrant workers surveyed expressed a desire to keep their passports, while the same government report indicates that 90% preferred to have their passports kept by management.

#### *2.1.8. Withholding of wages*

The [International Labour Office \(2012\)](#) and the [International Labour Organization \(2020\)](#) define the withholding of salary as a situation where an employer fails to pay an employee the wages or salary that they have promised for the work done by the employee. An employer may withhold a paycheck entirely or fail to pay the full amount of wages earned by an employee for the time they have worked. In such situations, workers may be obligated to stay with their abusive employer while waiting for their wages, as noted by the [International Labour Office \(2012\)](#) and the [International Labour Organization \(2020\)](#).

While irregular or delayed payment of wages does not necessarily indicate forced labour, the [International Trade Union Confederation \(ITUC\) \(2010\)](#) notes that forced labour occurs when wages are systematically and deliberately withheld to compel the worker to stay and deny them the opportunity to change employers.

Another way in which employers may withhold pay from employees is by making illegal deductions from a pay check that cause the wage paid to fall below the minimum wage, as explained by the [Government of Malaysia \(2021\)](#). For example, an employer may deduct the cost of uniforms that the employee is required to wear while on the job. If these deductions result in an hourly wage that falls below the federal minimum wage, they can be considered illegal. Similarly, employers may withhold pay from employees by failing to issue the overtime pay that the employee is entitled to according to federal law.

#### *2.1.9. Debt bondage*

Debt bondage or bonded labor is a manifestation of power imbalance between the worker (or debtor) and the employer (or creditor) ([International Labour Office, 2012](#)). It involves a situation where the worker becomes bound to the employer for an unspecified duration, ranging from a single season to several years, or even across generations. Forced laborers



often find themselves laboring to repay a debt they have incurred, or sometimes even inherited. Illiteracy among workers can exacerbate their debts due to the manipulation of accounts ([International Labour Office, 2012](#)). Conversely, debt can also arise from wage advances or loans taken to cover recruitment or transportation expenses, as well as for daily living or emergency needs, such as medical expenses ([Government of Malaysia, 2021](#)). According to the [International Trade Union Confederation \(ITUC\) \(2010\)](#), debt bondage may occur when children are enlisted as workers in exchange for loans granted to their parents or relatives for housing. Employers or recruiters employ various tactics to hinder workers from escaping their debt, such as undervaluing the work performed, inflating interest rates, or imposing exorbitant charges for food ([International Labour Organization, 2020](#)).

#### *2.1.10. Abusive Working and Living Conditions*

Forced labour often involves abusive living and working conditions that workers would not voluntarily accept ([International Labour Office, 2012](#)). These conditions are characterized by degrading or hazardous work, and are often in violation of labour laws ([International Trade Union Confederation \[ITUC\], 2010](#); [Government of Malaysia, 2021](#)). Forced labourers may also be forced to live in overcrowded and unhealthy conditions without privacy. However, extremely poor living and working conditions alone do not necessarily prove the existence of forced labour, as people may accept them due to a lack of alternative employment opportunities ([Government of Malaysia, 2021](#)). The [International Labour Organization \(2020\)](#) emphasizes that abusive living conditions should raise concerns about the possibility of intimidation or abuse preventing workers from leaving their jobs.

#### *2.1.11. Excessive overtime*

Excessive overtime can be considered a type of forced labour according to the [International Labour Organization \(2020\)](#). Whether overtime constitutes forced labour can be complicated and depend on the specific circumstances ([International Labour Office, 2012](#)). Generally, if employees are required to work more overtime than allowed under national law and feel coerced by the threat of dismissal or the need to earn at least the minimum wage, it can lead to forced labour. For example, if workers are afraid of losing their jobs for refusing excessive overtime or if it is the only way for a vulnerable worker to earn the minimum wage, then it can be considered forced labour ([International Trade Union Confederation \[ITUC\], 2010](#)). When combined with the threat of punishment, compulsory overtime beyond legal limits can be considered forced labour, especially when forced labourers are required to work excessive hours or days beyond what is allowed under national law or collective agreements. This can involve being denied breaks and days off, covering for absent colleagues, or working without breaks for an entire week ([International Labour Office, 2012](#)).

### **3. Malaysian Standard**

#### **3.1. National Action Plan on Forced Labour (NAPFL)**

Forced labor continues to be a significant issue in developing nations such as Malaysia, particularly among vulnerable populations like migrant workers in the palm oil industry ([International Labour Organization, 2020](#)). In 2016, approximately 40.3 million individuals were estimated to be trapped in modern slavery, with 24.9 million of them

being victims of forced labor worldwide ([International Labour Organization, 2016](#)). Recognizing the negative impact of forced labor on Malaysia's reputation and the trade restrictions imposed on Malaysian goods, the government has implemented the National Action Plan on Forced Labor (NAPFL) as a proactive approach to address and eliminate forced labor in the country from 2021 to 2025 ([Government of Malaysia, 2021](#)). According to the NAPFL's definition, forced labor encompasses "*any work or service that is extracted from an individual under the threat of penalty and in which the person has not offered themselves voluntarily*" ([Government of Malaysia, 2021](#)).

### 3.2. Situation Analysis

The National Action Plan for Forced Labour (NAPFL) is a comprehensive effort led by the government, employers, workers, civil society organizations, and international industry associations to eliminate forced labour by 2030. The focus of NAPFL is on forced labour, as defined in Article 2 of the International Labour Organization (ILO) Convention 29 on Forced Labour from 1930. This definition was globally accepted, and Malaysia ratified the convention in 1957 ([Government of Malaysia, 2021](#); [International Labour Organization, 2020](#)).

The palm oil sector is one of the industries where forced labour is most prevalent, although the full extent of the problem is not yet fully known. Nevertheless, at the national level, significant steps have been taken to eradicate forced labour in this sector. Victims of forced labour are often subjected to coercion, trickery, or force, making it difficult for them to leave their work freely. This may be due to the threat of penalties, such as fines imposed by employers, the fear of being expelled as undocumented, or debt bondage. Other factors such as violence and the confiscation of personal papers and travel documents can also make it impossible for victims to leave their employers ([National Action Plan for Forced Labour, 2021](#)).

Forced labor is frequently associated with vulnerable groups whose labor rights are inadequately safeguarded under existing legal frameworks. These groups encompass undocumented migrant workers, refugees, stateless individuals, asylum-seekers, and individuals without legal authorization to work in the country. The onset of the COVID-19 pandemic in late 2019 has further exposed the vulnerability of migrant workers, especially those who lack proper documentation, as well as their dependents. These individuals often depend heavily on their employers for their livelihoods, placing them in a precarious position with limited bargaining power and inadequate protection against exploitation. The pandemic has underscored the importance of regularizing the status of undocumented workers and their families. Due to limited national capacity to provide protection, redress, and access to justice for victims, cases of forced labor often go unnoticed, with victims unaware of their rights and the support available to them ([Government of Malaysia, 2021](#)).

In 2018, the Malaysian government conducted an employment survey specifically focused on the oil palm industry, revealing that 0.8% of workers (a total of 4,900 workers aged 5 years and above) were subjected to forced labor. Among these workers, 95.7% were employed, while 4.3% were unpaid family laborers. The majority of individuals experiencing forced labor were plantation workers engaged in tasks such as tending and harvesting the crop. Although workers in the informal economy and those lacking proper documentation are often at a higher risk of falling victim to forced labor, even documented

workers can become victims of this form of exploitation (National Action Plan for Forced Labor, 2021).

### 3.3. The Need for NAPFL 2021-2025

The Malaysian government has recognized the necessity of the National Action Plan for Forced Labour (NAPFL) as a crucial aspect of an all-encompassing effort to combat forced labour through a unified framework that brings together various organizations and initiatives. NAPFL aims to prevent forced labour by increasing awareness among workers, employers, and the public about this issue, and by promoting data collection and analysis, enhancing law enforcement, legal compliance, and improving migration management ([Government of Malaysia, 2021](#)). Additionally, NAPFL strives to ensure that victims of forced labour have access to different forms of support and compensation. By identifying the key stakeholders involved in addressing forced labour, such as governments, employers, and employees, NAPFL will foster cooperation and collaboration across different sectors ([Government of Malaysia, 2021](#); [National Action Plan for Forced Labour, 2021](#)).

#### 3.3.1. National Legal Framework

Forced labour is prohibited in Malaysia by both domestic legislation and the 1957 federal constitution, which states that no one, including citizens, non-citizens, refugees, asylum seekers, stateless individuals, or migrant workers, shall be held in slavery or subjected to forced labour. The penal code, specifically section 374, also criminalizes compelling a person to work against their will. However, there are concerns that penalties for violating these laws are insufficient, and there have been reports of widespread practices that lead to forced labour, such as confiscation of migrant workers' documents. To address this issue, the Malaysian government has established the National Action Plan for Forced Labour, which aims to increase awareness and understanding of forced labour, improve data collection and analysis, enhance law enforcement and legal compliance, and improve migration management. The plan also seeks to provide support services and compensation for victims of forced labour, as well as promote cooperation and collaboration among different stakeholders ([Government of Malaysia, 2021](#); [Graf, 2013](#); [National Action Plan for Forced Labour, 2021](#)).

#### 3.3.2. Guiding Principles

The NAPFL is based on fundamental principles that align with the ILO P29, the UNGP, and the SDG 8. These principles recognize forced labour as a violation of fundamental human rights, and emphasize the duty of the State to protect all individuals living and working in Malaysia from forced labour. Businesses operating in Malaysia also have a responsibility to comply with regulations on forced labour, carry out appropriate due diligence within their supply chains, and establish mechanisms to address forced labour, including financial compensation ([International Labour Organization, 2020](#); [Government of Malaysia, 2021](#)). The NAPFL stresses that all individuals have the right to be protected from forced labour, regardless of personal or social characteristics such as gender, age, nationality, or migration status. The support and services provided to victims of forced labour should focus on trauma awareness and should not criminalize the victims. Victim representatives should also be gender-responsive and appropriately aged to advocate for the voice and needs of victims ([Government of Malaysia, 2021](#)).



### 3.3.3. Pillars of Forced Labour Elimination Strategies

Malaysia has taken steps to address forced labour by ratifying the International Labour Organization's Convention 29 and implementing the National Action Plan on Forced Labour (NAPFL). The NAPFL has a goal of eliminating all forms of forced labour in Malaysia by 2030, and its interventions are guided by the 4Ps strategy - Prevention, Protection, Prosecution, and Partnership. The government is committed to eliminating forced labour and expects businesses operating in Malaysia to comply with regulations on forced labour, including carrying out due diligence within their supply chains and establishing appropriate responses and remediation mechanisms for forced labour. Victims of forced labour are provided with protection services and other interventions that focus on trauma awareness and their needs, without criminalizing them, and are represented by gender-responsive and age-appropriate representatives ([International Labour Organization, 2020](#); [Government of Malaysia, 2021](#); [National Action Plan for Forced Labour, 2021](#)).

The first pillar of the 4Ps strategy, the Prevention (P) pillar, takes precedence in Malaysia's efforts to prevent and eradicate forced labor. This pillar primarily focuses on tackling the root causes of forced labor and implementing preventive measures. The National Action Plan on Forced Labor (NAPFL) outlines Strategic Goals 1, 2, and 3 to accomplish this objective ([Government of Malaysia, 2021](#); [National Action Plan for Forced Labor, 2021](#)). Strategic Goal 1 aims to enhance awareness among workers and employers regarding forced labor, as well as promote understanding of the issue for advocacy and policy development. Strategic Goal 2 centers on enforcement and prosecution to combat forced labor effectively. Strategic Goal 3 places emphasis on enhancing the capacity for migration management to prevent the exploitation of migrant workers. These prevention strategies seek to address the underlying causes of forced labor and deter the exploitation and abuse of individuals.

The second pillar of the NAPFL is focused on the Protection (P) of victims of forced labour. This principle emphasizes that victims should be protected from discrimination and their perpetrators, and should not be treated as criminals. The aim is to prevent them from becoming repeat victims. In line with this, the NAPFL's second strategic goal aims to improve the identification of forced labour victims.

The third pillar of the NAPFL is Prosecution (P), which focuses on the implementation of law enforcement against perpetrators of forced labour. This includes effective inspection regimes and police investigations that enable the collection of evidence and the identification of victims, leading to prosecution. It is important for businesses and individuals to comply with the laws and adhere to legislation, as it is their duty to do so in order to prevent and eliminate forced labour.

The fourth and final pillar of the NAPFL is Partnership (P), which recognizes the need for collaboration and partnership among multiple stakeholders with different areas of expertise and mandates to effectively address the multi-faceted issue of forced labour. The NAPFL is built on a foundation of partnership and collaboration among federal and state government agencies, workers, and other stakeholders working together to achieve the common goal of eliminating forced labour in Malaysia. Strategic Goal 4 of the NAPFL focuses on improving services for victims of forced labour by strengthening protection services and systems. This is achieved through partnerships between relevant

stakeholders such as government agencies, civil society organizations, and businesses (Government of Malaysia, 2021).

#### 4. Suggestions and Recommendations

In Malaysia, there has been an increasing awareness of the need for sustainability in the palm oil industry, and this has been reflected in various initiatives and policies aimed at promoting sustainable practices. For example, the Malaysian Sustainable Palm Oil (MSPO) certification scheme was introduced in 2015, which requires palm oil companies to adhere to a set of sustainability criteria in order to be certified. Additionally, there have been efforts to promote the use of sustainable palm oil by major global companies, which has encouraged Malaysian palm oil producers to adopt more sustainable practices in order to meet the demand for sustainable palm oil.

In this context, promoting sustainability can be an effective way for smallholder palm oil plantations in Malaysia to attract young workers who are interested in working in industries that promote sustainability and environmental responsibility. By emphasizing their commitment to sustainable production and their efforts to minimize their environmental impact, smallholder palm oil plantations can differentiate themselves from other employers and appeal to young workers who share these values. This can help ensure a steady supply of labour in the future, as young workers who are committed to sustainability are likely to be attracted to companies that share their values. However, it's important to note that promoting sustainability is not just about attracting young workers - it's also about ensuring the long-term viability of the palm oil industry in Malaysia. Sustainable practices are essential for maintaining the health of the environment and the communities that depend on it, and they are also important for meeting the growing demand for sustainable palm oil. Therefore, promoting sustainability should be a priority for all players in the Malaysian palm oil industry, including smallholder plantations.

To address the issue of manpower in smallholder palm oil plantations is to implement a community-based management approach. This involves organizing the smallholders into groups or cooperatives that can work together to improve productivity and efficiency, and also to pool resources to address common challenges. Here are some specific recommendations:

- a) Training and education: Smallholders often lack the knowledge and skills needed to optimize palm oil production. Providing training and education on best practices for cultivation, harvesting, and post-harvesting operations can improve their productivity and profitability.
- b) Infrastructure development: Smallholders may not have access to modern equipment or infrastructure, such as good roads, storage facilities, and processing plants. Developing infrastructure, such as better roads and shared processing plants, can help improve the efficiency of the supply chain.
- c) Access to credit and financial support: Smallholders often face financial challenges, such as lack of access to credit and loans, which can hinder their ability to invest in their plantations. Providing access to credit and financial support can help smallholders make necessary investments in their businesses.
- d) Technology adoption: Technology can play an important role in optimizing production and efficiency in smallholder palm oil plantations. Encouraging and facilitating the adoption of technology such as precision agriculture tools, data analytics, and automation can help improve productivity and reduce labour requirements.

- e) Promotion of cooperative farming: Organizing smallholders into groups or cooperatives can help them pool resources, share knowledge, and access financial support. Cooperatives can also help smallholders negotiate better prices for their products and improve their bargaining power in the market.

The process of bringing new workers to smallholder palm oil plantations can be difficult, particularly in light of RSPO labour requirements and government regulations related to migrant workers. Here are some suggestions that may help smallholder palm oil plantations address this challenge:

- a) Work with local employment agencies: Local employment agencies can help smallholder palm oil plantations recruit workers who are already authorized to work in the country. These agencies can also help with the screening and background checks required for compliance with RSPO labour requirements.
- b) Offer incentives to existing workers: Offering incentives, such as referral bonuses, to existing workers who bring in new recruits can help smallholder palm oil plantations attract new workers through word of mouth.
- c) Develop partnerships with local training institutions: Developing partnerships with local training institutions, such as vocational schools or technical colleges, can help smallholder palm oil plantations identify and recruit skilled workers who are seeking employment opportunities.
- d) Explore government-sponsored programs: Many governments have programs that support the hiring of local workers or migrant workers, particularly in industries where there is a shortage of labour. Smallholder palm oil plantations can explore these programs to identify potential sources of labour.
- e) Emphasize employee benefits: Smallholder palm oil plantations can emphasize their employee benefits, such as healthcare, insurance, and retirement plans, to attract and retain workers. Providing these benefits can help differentiate smallholder palm oil plantations from other employers and make their jobs more attractive to potential recruits.

Overall, implementing fair labour policies, providing good working conditions, offering competitive wages, investing in training and development, and engaging with the local community can help smallholder palm oil plantations attract and retain workers and comply with RSPO labour requirements. Attracting young people to work in smallholder palm oil plantations can be a challenge, as many young people are seeking opportunities in other industries or in urban areas. However, there are some strategies that can be used to encourage young people to consider working in smallholder palm oil plantations:

## 5. Conclusion

In conclusion, the assessment of the implementation of the National Action Plan on Forced Labour and international standards in the Malaysian palm oil industry through a gap analysis revealed both progress and areas for improvement. The study found that while there has been some success in promoting sustainable practices in the industry through the adoption of certification schemes such as RSPO and MSPO, there are still challenges that need to be addressed. These challenges include a lack of awareness and understanding of the certification schemes, concerns about the additional costs associated with certification, and the need for greater collaboration among stakeholders. Despite these challenges, the adoption and implementation of the National Action Plan on Forced Labour and international standards in the Malaysian palm oil industry are crucial for promoting ethical and sustainable practices and enhancing the competitiveness of the

industry in the global market. The study highlights the importance of promoting the adoption and implementation of these standards through increased awareness-raising and incentives for palm oil producers to adopt sustainable practices. Moving forward, it is essential to continue monitoring and evaluating the implementation of these standards to ensure their effectiveness and identify areas for improvement. It is also important to strengthen the collaboration among stakeholders and provide support to palm oil producers in adopting sustainable practices. By doing so, the Malaysian palm oil industry can enhance its sustainability credentials, attract more environmentally conscious buyers and investors, and contribute to the achievement of the Sustainable Development Goals.

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