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FOR IMMEDIATE RELEASE

MPC urges the plantation industry to adopt automation and mechanisation to boost higher productivity

17 February 2023, Petaling Jaya – Malaysia Productivity Corporation (MPC) is committed to facilitating the plantation industry to adopt automation and mechanisation to boost firm-level productivity and competitiveness.

MPC is working closely with the Special Task Force to Facilitate Business (PEMUDAH) through its Technical Working Group on Human Capital (TWGHC) to push for innovation as the way forward for the plantation industry.

MPC Director General, Dato' Abdul Latif bin Haji Abu Seman said, "MPC has identified technology adoption and skilled talent as the main multipliers for productivity. These are the drivers to enable an efficient and effective production process and increase the ease of doing business".

"Automation and mechanisation are the way forward for the plantation industry to reduce its dependency on low-skilled foreign workers. MPC is facilitating this effort by developing a strategic roadmap for reference".

"At the micro level, technological advancement boosts productivity and efficiency. It reduces the cost of doing business through process improvement; hence companies can maximise sales and profits. MPC believes that this will also impact wages as employees' salaries can be increased alongside productivity improvement".

"Enterprise productivity subsequently contributes to macro or national level productivity growth as Gross Domestic Product (GDP) increases from more business sales and profits", said Dato' Latif.

MPC and PEMUDAH's TWGHC recently conducted *gempa* at Sime Darby Plantation Berhad to collect data and understand mechanisation and automation in the palm oil

industry. The benchmarking visit also looked at machine application in a biological environment.

The palm oil industry contributed RM48.3 billion to Malaysia's GDP in 2020. Since the outbreak of COVID-19 at the end of 2019, the industry has faced a critical shortage of foreign workers. In 2022, it is noted that the palm oil plantation industry needed 63,000 workers to overcome this problem. This calls for the application of automation and mechanisation as viable solution. It fits well within the Industrial Revolution 4.0 (IR4.0) framework.

PEMUDAH Co-Chair from the industry, Dato' Dr. Ir. Andy Seo Kian Haw opined that other plantation companies could emulate Sime Darby Plantation Berhad's practices in mechanisation and automation.

"The information gained from the visit is vital towards plantation technology transformation, which will positively impact Malaysia's economy. We need to have a more sustainable solution to boost productivity in the plantation industry. Hiring foreign workers is only a temporary measure".

Dato' Seri Wong Siew Hai, Co-Chair of TWGHC, shared the same sentiment, "Over-reliance on foreign workers is not the ultimate solution to mitigate the shortage of workers. To increase productivity per worker, technology must come into play. The suitable choice of machines should depend on land size, terrain conditions, management preferences, and economic returns".

"Sime Darby Plantation Berhad's success is founded on resilience, adaptability and dynamism of employees towards mechanisation. The company developed a purpose-driven mechanisation roadmap that initiated continuous improvement and innovation, reducing the dependency on low-skilled workers and increasing process efficiency", said Dato' Seri Wong.

End.

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About Malaysia Productivity Corporation (MPC)

MPC is a statutory body under the Ministry of International Trade and Industry (MITI). It drives national productivity holistically at the national, sectoral, and enterprise levels through five main thrusts: developing future talent, driving digitization and innovation, ensuring industry accountability for productivity, building a robust ecosystem, and fostering productive mindset. It collaborates strategically with the private and public sectors by emphasising productivity as a key agenda to boost productivity growth and national competitiveness, ultimately leading to shared well-being and prosperity.