INTENTION TO MIGRATE: UNDERLYING FACTORS AFFECTING MALAYSIAN BRAIN DRAIN

Mohd Safwan Ghazali¹, Muhammad Adininizar Zia Ahmad Kusairee², Peck-Leong Tan², Nurul Hafizah Mohd Yasin¹ and Mohd Rushdan Yasoa¹

¹Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan, Malaysia
²Faculty of Business Management, Universiti Teknologi Mara, Malaysia

Email: safwan.g@umk.edu.my

Abstract - A high growth rate in the past have brought the country to its present state of being a middle income nation and has led to Malaysian skills professionals urging for better standard of living with better accommodation, better health care and other general needs which then have direct impacts onto the labour market. However, due to globalization, the mobility of labour has increased and this has encouraged them to seek for better opportunities outside their country of birth. This situation has created negative impacts to the sending countries such as shortage of skilled workers. Resulting from this, many skilled workers from the developing countries have been pitched to fill the shortage of skilled workers there. The phenomenon above is called brain drain which means that skilled workers tend to leave or work for other countries rather than their homeland. Brain drain is not only an issue in Malaysia itself but has been recognized globally. This will create an issue whether our talent pool can maintain equilibrium to support our robust industry growth or not. Hence, the objective of this study is alarming in terms of future migration of Malaysian youth talent pool and to discover the underlying factors influencing them to migrate. Subsequently, this study will involve Malaysian respondents who are currently studying abroad. The analyses will used are factorial analysis and Multiple Linear Regression Analysis. The expected results of this study are useful for the government through Talent Corporation to find out the effective solutions and strategies to retain our highly talented youth expertise.

Keywords: Human Capital, Future Migration and Brain Drain Phenomenon.

1. Introduction

The human capital agenda is of paramount importance as Malaysia embarks upon its journey towards a high-income nation by 2020. There are a lot of investment opportunities need to be looked into which can plug in employment opportunities and directly boost up the economy. Apart from that, Malaysia has successfully transformed its status to an upper middle upper income country due to its rapid development in various industries. Consequently, the country’s development has led to citizens urging for better standard of living with better accommodation, better health care and other general needs which then have direct impacts onto the labour market. In Malaysia, we need labour workforce especially skilled workers such as engineers, accountants and doctors to operate and manage all tangible resources. Besides that, investors from foreign countries who have operated or set up their factories locally have also created demand for professional employees especially those with technical expertise. However, due to globalization,
the mobility of labour has increased and this has encouraged them to seek for better opportunities outside their country of birth. This situation has created negative impacts to the sending countries such as shortage of skilled workers. On the same note, organizations from developed countries also tend to aim the developing country’s skilled workers for lower labour cost to augment their revenue generation. Resulting from this, many professionals from the developing countries have been pitched to fill the shortage of skilled workers there. To obtain this advantage, some have imported foreign labors while some outsourced their projects elsewhere and Malaysia could not escape from this phenomenon as well. The phenomenon above is called brain drain which means that skilled workers tend to leave or work for other countries rather than their homeland. In line with the approach taken by Carrington and Detragiache (1998), Docquier and Rapoort (2004), and Docquier and Rapoport (2011), brain drain is defined as the emigration of high-skill individuals, where a high-skill emigrant is a foreign-born individual, aged 25 or more, with an academic or professional degree beyond high school (i.e. ‘post-secondary’ or ‘tertiary educated’) at the census or the survey date. This has resulted too much less contribution received to develop the country once the skilled workers leave. Brain drain (BD) occur when the country or government has provided all the essential accommodation including a relatively huge amount of money to develop the human capital but all the investment will be washed down the drain if the people especially skilled workers decided to stay and work abroad. Eventually, we will lose our human capital and this will hinder the development of the country. Hence, it is very crucial to retain the talent in home country for the sake of the country’s development.

1.1 Brain Drain in the Malaysian Landscape

In 2010, there were approximately one million Malaysian diasporas living and working in other countries and a third of them consist of a group of intellectuals who have high talented skills which ethnic Chinese account for almost 90% of the Malaysian diaspora in Singapore; they are similarly overrepresented in the countries of the OECD (World Bank, 2011). According to a study by Winters (2007) it was estimated that there were 785,000 Malaysians living overseas, and an estimated two out of every three are likely to be skilled workers. There are around 40% in Singapore; 30% in OECD countries, while there are 20% in other Asian countries and 10% in other regions of the world. Brain drain is not only an issue in Malaysia itself but has been recognized globally. But brain drain is likely to have reduced the quality of the human capital stock. Brain drain is prone to positive selection: the best and brightest typically leave first (World Bank, 2014). Migration of Malaysians to other countries is not a new issue and we are not facing this phenomenon alone. Regardless of the nation status, brain drain has become an issue that has affected all countries. However, many literatures have indicated that this matter is more serious in developing countries.

1.2 Problem Statement

Referring to the Talent Corporation analysis 2014, for every ten skilled Malaysians born in Malaysia, one of them chooses to leave the country for several reasons. According to report entitled “Malaysia Economic Monitor: Brain Drain” by World Bank (2011) highlights the key
factors that motivate Malaysians to move abroad include differences in earnings potential, career prospects, quality of education and quality of life. Discontent with Malaysia’s inclusiveness policies is a key factor too—particularly among the non-Bumiputeras who make up the bulk of the diaspora. In addition, The New York Times article called “Loss of Young Talent Thwarts Malaysia’s Growth” has highlighted the skilled workers or teenagers believe that Singapore is better in terms of career advancement, higher salary offered and better education system (Gooch, 2010). On the same note, respondents has stated that they might return to Malaysia if there were to be any better opportunities, if it looks possible in terms of career prospects, or if they were to be married to Malaysians who want to live in his homeland. Presently, firms in Malaysia are already facing difficulties in employing accountants due to this phenomenon. According to Jauhar and Yusoff (2011), there are high demands of Malaysian accountants especially from our neighbouring country, Singapore. In a long term perspective, when the demand for accountants outweighs the supply in Malaysia, this will hamper the booming industries and consequently firms will face problems managing their financial records as well as staying in line with the accounting standards. Similarly, the state of Penang also claims that they have lost out on a multibillion-dollar foreign direct investment due to the shortage of electronic and electrical expert engineers (The Straits Times, November 10, 2009). Nevertheless, each year Malaysia produces thousands of engineers whether it is from the private or public institutions of higher learning but most of them elect to go abroad. In addition, according the analysis through by World Bank (2011) the trend also indicates that the emigration phenomenon in Malaysia becomes ‘younger’, as more people below the age of 23 emigrate This showed how dim the chances are for skilled workers to return to Malaysia once they leave and how pessimistic they are towards Malaysia’s future. Therefore, this study is to identify the underlying factors affecting brain drain and proposed a feasible framework of intention to migrate among Malaysian Future Professionals. As the saying says, prevention is better than cure.

Figure 1.1: The Malaysian diaspora in 2010 is estimated at 1 million, a third representing brain drain

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Diaspora in 2010</th>
<th>Brain drain in 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>827</td>
<td>277</td>
</tr>
<tr>
<td>S1</td>
<td>1023</td>
<td>306</td>
</tr>
<tr>
<td>S2</td>
<td>1023</td>
<td>335</td>
</tr>
<tr>
<td>S3</td>
<td>1415</td>
<td>365</td>
</tr>
<tr>
<td>S4</td>
<td>1415</td>
<td>453</td>
</tr>
</tbody>
</table>

Source: Malaysia Economic Monitor: Brain Drain, World Bank (2011)
Note: World Bank staff calculations and simulations S1-4 are scenarios accounting for uncertainty on non-residents in Singapore
1.3 Research Objectives

The general objective of the study is to examine the intention to migrate by Malaysian respondents who are currently studying abroad. This relationship is examined by surveys that will conduct on selected respondents who are intending to migrate and their reasons behind their intentions. This study will provides a comprehensive report on the economic and non-economic aspects of the brain drain phenomenon. These objectives would be achieved by the following specific objectives:

i. To determine the extent of intention to migrate and seeking job abroad by Malaysians who are currently pursuing study abroad;
ii. To identify underlying factors leading to migration by Malaysians who are currently pursuing study abroad;
iii. To propose a revised framework of intention to migrate that will lead to Brain Drain problem.

1.4 Research Questions

Given the above discussion, the issues that this study will address are:

i. To what extent the by Malaysians who are currently pursuing study abroad intent to migrate?
ii. What are the underlying factors that drive by Malaysians who are currently pursuing study abroad intentions to migrate?
iii. Which of the underlying factors (economic and non-economic) have the most influence on the intentions to migrate by Malaysians who are currently pursuing study abroad?
2. Literature Review

Due to insufficient international data, assessing the economic impact of international migration is a challenging issue. Indeed, each individual’s decision to move will always depend to some extent on circumstances unique to them. However, existing literature and migration theory has pointed out the net migration gains is the main push or pull factors for migration.

2.1 Intention to Migrate

Malaysia is one of the many developing countries under the threat of a middle-income trap as a result of high emigration rates. Many literatures indicate that many skilled workers especially scientist, doctors and so forth have decided to migrate overseas due to several reasons. Economic aspects such as higher income or other financial advantage as well as non-economic aspects such as better educational opportunities, working conditions and family influence are stated as the common factors for migration (Awases, & Braichet, 2007; Connell, Zurn, Stilwell, Carr, Inkson, & Thorn, 2005; Tansel&Gungor, 2007;Schoorl et. al., 2000). A study by Dalen et.al, (2003) shows that the intentions to migrate is a strong indicator for how we expect the individual to act in the near or long term future. The reviews of past studies are fairly confident about the close correlation between intentions and actions. This is evident from the strands of studies that topic of intentions to migrate has been widely discusses by other researchers especially from other countries, but in Malaysian context there has not been fully addressed.

2.2 Lack of Career Prospects

One of the factors of migration among people is lack and limited opportunities in the specific field of expertise especially for their career prospects. Certain professional careers may not be offered by employers in Malaysia and if available, of course there is high competition to get the position. The restraint of this situation especially in knowledge and intensive skills sectors leads to emigration and obstruct immigrate return to their homeland. A lack of suitable high-productivity employment opportunities in the professional field an individual would wish to work in provides a strong incentive for migration. A range of professional occupations may not be offered in much depth in Malaysia (World Bank, 2011). The lack of depth and breadth of the job market, particularly in knowledge and skill-intensive sectors, provides both an incentive to emigrate and a disincentive to return-migrate. Professional development on the other hand is indirectly related to career satisfaction, working environment, job scopes, getting higher education and experience in the work field (Laura chappell et. al., 2009). Jauhar and Yusoff (2011) added that the two major issues related to workers in Malaysia are the lack of skilled and educated workers and migration of skilled local workers to neighbouring countries. Career advancement or promotion is also one of the factors that can motivate skilled workers to leave when there is an inadequate career advancement opportunity perceived by the worker (Oosthuizen & Ehlers, 2007). Some researchers have examined the impact of job prospects towards the intention to leave or return to country of origin (Khoo, Hugo, & McDonald, 2011) have later interviewed the respondents on their reasons to leave. Besides that, the imbalance
number between the pools of people trained in the developing country and the opportunities that exist in that country drives people out to find more promising job opportunities abroad (Sanchez-Arnau and Calvo, 1987).

2.3 Lower Quality of Life

A social and security issue in home country has been debated in several studies as a push factor to leave (Hendel & Kagan, 2011; Tansel & Gungor, 2003). According to The World Justice Project (2012), Malaysia is ranked 19th among 153 countries and is the safest country in South East Asia region. However, the anxiety on social and security issues still stresses the intention to migrate. Distinction in quality of life between homeland and abroad influence immigrant decision whether to return or remain abroad. Lately, there are a lot of issues and cases in Malaysia that have been discussed and disseminated through media social like assassination, armed robberies and kidnappings especially the high impact stories which happen in Sabah. This seems, security issue is one of (minor) cause factors among them (people) to remain as immigrant. Crush et al (2005) there are sense of social injustice and unequal access to certain policies and respondents believe that living abroad especially in developed nations will still allow them to practice their culture, religion and lifestyle freely. Furthermore, Baruch et al. (2007) have conducted an empirical study on the reasons for international students’ inclination to stay in their host countries. The study was conducted via a sample of 949 management students who came to study in the United Kingdom and the United States. The results suggested that students’ perceptions of career dissatisfaction, limited job opportunities and lower quality of life in term of social and security issues affect their intentions to stay abroad.

2.4 Less Attractive Salary/Income

Many immigrant works abroad is because of the high income offered to them especially for professional position like doctor, engineer, lecturer, bank executive etc. This condition caused by their expertise’s becomes superior valuable abroad. Not just for professional and highly skilled position, some position like storekeeper, cleaner and barista also have attractive salary and a lot of benefits when work abroad due to currency exchange and labour policy. However, this is not the only factor they choose to work abroad. Many literatures have indicated that migrants are motivated by higher salary or wages that are offered in foreign countries compared to the ones locally. According to Jauhar and Yusoff (2011) lucrative salary has been a dominant reason for brain drain when she conducted the preliminary study on the factors that drive brain drain of accountants in Malaysia. Subsequently much studies by different researchers also show that higher salary earned abroad have been the main encouragement for the skilled worker to migrate (Dahl & Sorenson, 2010; Carr, Inkson, & Thorn, 2005; Awases, & Braicht, 2007; Tansel & Gungor, 2003). Highlighted in the study by Oosthuizen et al. (2007) in South Africa which is based on 501 samples size, 95.5% of the nurses are not able to maintain the desired living standard due to low salaries and are considering to leave to seek better opportunities elsewhere. On the other hand, one survey of science students in their final year in Macedonia found out that the opportunity to earn more salary was the top motivation for students’ to leave (Davies and Wooton, 1992). In addition, a survey of migration intentions of final year students’ in Botswana and Swaziland shows that the desire to earn higher salary was the most important economic
reason, while in Namibia it was the second most important reason for leaving (Crush et. al., 2005). Theoretically, as mentioned by Maslow (1943), people will be driven by higher salaries to secure their needs and satisfaction. This is supported by a research done by Jauhar and Yusoff (2011) where a senior manager (finance and accounting), wage rates in Malaysia is around RM 10, 610.00 but in Singapore at the same position level the employees will received RM 20, 472.00. Therefore, the wage differences answered the question of why many Malaysians migrated to Singapore either temporarily or permanently.

2.5 Political, Social and Economic Instability/Injustice

Injustice in social hierarchy is one of the broadly discussed issues that no ending in Malaysia because of many ethnic dimensions involved. According to the World Bank surveyed when conducted Malaysia Economic Monitor: Brain Drain in 2011, unequal access to higher education system, scholarship, and others between “Bumiputera” and “Non-Bumiputera” greatly debated in the parliament and this condition have significant attention especially among “Non-Bumiputera” younger generation. These issues may contribute to the decision either to emigrate or return among (them) related Malaysian. Political and economic perceptions have a dynamic relationship (Carr, Inkson, & Thorn, 2010). Political and economic stability is the essence of retaining talent in the host country. Political motivation which includes the policy decision, taxation as well as the freedom of movement showed a significant relationship with the intention to migrate (Lam, 2002). These factors have been fairly debated during the 1960s and 1970s (Portes 1976; Lidgard and Gilson 2001). Meanwhile, in Lebanon loss of talent is a more general concern due to political instability and sluggish economic conditions since the end of the civil war in 1990 where up to 180, 000 Lebanese (many of them skilled) have left the country (Business Middle East, 2001). Similarly, political and economic instability are also correlated with migrants’ intentions to stay abroad for a certain period of time due to the government policies, income distribution and more prosperous economic prospects in foreign countries are relatively favorable (de Tinguy and de Wenden, 1993). Nevertheless, Johan Mahmood Merican, who leads the agency tasked with pulling back Malaysian talents overseas, Talent Corporation, says the messy socio-political situation in Malaysia is creating a lack of confidence in the economy, leading to more young Malaysians studying or living abroad to consider staying put in foreign lands.

2.6 Family members, Friends and Relatives Influence

The role of family influences or family networks in inspiring the intentions to migrate is clearly visible among highly educated students. Although few studies exist regarding the effects of family members, friends and relatives influences on the intention to migrate, but many researchers, Greenhaus and Callanan (1994); Smithson (1999); Hui and Tan (1996); Brown (2002) agreed that family members, friends and relatives will influence more on their career choice. Therefore, people will consider this factor to determine career choice which again leads to migration. In a nutshell, family members, friends and relatives influences impact both the decision-making process to migrate and choosing the best career for an individual (Brown, 2002). For example in Lesotho, nearly half of the students (47 per cent) indicated that their families would encourage them to leave Lesotho. The impact of family or network influences as
drivers of international migration was highlighted by Torbat (2002) and Vertovec (2000). Furthermore, Baruch et al. (2007) have conducted an empirical study on the reasons for international students’ inclination to stay in their host countries via a sample of 949 management students who came to study in the United Kingdom and the United States. Respondents were asked whether their family members, friends or relatives encouragement influence their actions in migrating overseas in term of work and study. The results suggested that families or relatives group’s influence affect their intentions to stay abroad. But in Malaysia perspective there is not fully addressed how families or relatives group’s influence affect their intentions to migrate. Therefore this proposed research differs from those previous studies in context of Malaysia cases.

2.7 Proposed Research Framework

![Figure 4.2: Research Framework](image)

3. Conclusion

If the enabling conditions are satisfied, talent management policies could play a pivotal role in promoting return migration. In addition, Malaysia could also engage more deeply with the diaspora, creating diaspora trade councils, involving the diaspora in investment promotion missions, and even considering direct inputs from the diaspora into policymaking. Human capital is the bedrock of the high-income economy. As Malaysia prepares to join the league of high-income nations, it is embarking upon a structural transformation of its economy that relies on skill-intensive and innovation-led growth. Hence it is worthwhile to conduct a research that focuses on exploring the significant factors influencing the future professional leaving Malaysia. Therefore, this conceptual paper concludes that it is important to understand the intention of future professional to migrate because existing literature has indicated that intentions are good predictors of future behaviour, but it remains an open question whether intentions to migrate lead to actual migration and this remains to be researched.
References


Smithson, J. (1999). Equal choices, different futures: Young adults talk about work and family

Skopje: Institute of Economics

Discussion Paper No. 1310, 1-1


Mason, HO: Cengage Learning