

# Brain Drain: Propensity to Leave by Malaysian Professionals

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**Abstract**— Globalisation has led to the fierce competition for skilled labor between firms and thus leading to intense labor mobility worldwide. Shortfall in professionals in host countries has led organizations on a rampant search for foreign professionals needed to fill up the gap in their own country. Most commonly observed is the outflow of professionals from developing countries to the developed nations more often than not at the expense of the developing countries. Malaysia is one developing country which is not spared from this phenomenon that is detrimental to the economy. Malaysian professionals are heavily sought after because they are able to adapt themselves anywhere in the world, multi-lingual and inexpensive. Malaysian professionals are steadfastly flowing out to fill the soaring demands abroad. If this situation were to continue, Malaysia would have to endure a shortage of professionals within the country. Approaches to offset this phenomenon have to be carried out immediately. Thus the present study examined the relationship between the push-pull factors and propensity to leave which eventually may lead to Brain Drain. Seeing that brain drain of our Malaysian professionals will continue to go on which definitely will have an impact on our transformation, the responsibility to keep this situation in check has fallen on our shoulders.

**Index Terms** — Brain drain, propensity to leave, professionals, Malaysia

## I. INTRODUCTION

Globalization although have done huge improvements in terms of international business and has managed to boost up international trade figures in leaps and bounds, it somehow or other has negatively affected the human resource sector worldwide. Unavoidably it has caused shortage of human resources as they are becoming more and more mobile each day. Thus, many businesses have increased the mammoth search for cheaper labor of quality overseas to amplify their revenue generation, as well as to stay ahead in the aggressive cut throat business arena. Some companies have outsourced, some have imported foreign labors whereas some have invested overseas to obtain this advantage. Meanwhile, some countries entice foreign professionals or labor to fulfill the needs in their countries to avoid shortfalls. In a study by Winters, et al (2007) it was estimated that there were 785,000 Malaysians residing overseas, and an estimated two out of

every three are likely to be professionals. About 40 % in Singapore; 30% in member countries of the Organisation for Economic Cooperation and Development such as the United States, Canada, Australia, New Zealand and United Kingdom;

20% in other Asean countries including Brunei, Indonesia and the Philippines and 10% in other regions of the world.

In addition, deputy foreign affairs minister, A. Kohilan Pillay, remarked that a total of 304,358 had left the nation between March 2008 and August 2009 as compared to 139,696 in 2007. The main reasons for this sudden hike in the figures are better education, career and business prospects which are available overseas. This was further strengthened when Stewart Forbes, executive director of the Malaysian International Chambers of Commerce and Industry added that one of the biggest reasons for Malaysia's brain drain is its lack of education opportunities (The Star, February 6, 2010). How and can we entice them to come home? This however, has not been a successful endeavor as over the last 9 years only 770 returned to Malaysia to work and some has since left. Pacific Bridge Inc, an international headhunting and human resource consulting firm conducted a study focusing on Asia and indicated that Malaysian professionals are well sought after due to not only their strong professional qualification but also their multilingual abilities.

Malaysia is facing a severe brain drain in its workforce, especially in the area of skilled labor and professionals (The Star, July 9, 2007). According to Asian Strategy & Leadership Institute director Tan Sri Ramon V. Navaratnam, the loss of quality and skilled workforce was due to higher pay and better perks offered by companies overseas (The Star, July 9, 2007). The debate on the brain drain, or the emigration of skilled workers, is not new but it has taken on greater urgency in the context of globalizing economy and ageing societies.

The figure in 2005 shows how alarming the outflow of human capital for Malaysia is when compared with the 919,302 world average migration per nation. Malaysia is losing people at a higher rate than other nations. A high percentage of this outflow is skilled labour. The reasons why Malaysians leave are varied, and have been discussed repeatedly in various forums. But it is of little comfort when we realize that while our neighbours are able to draw an inflow of skilled talent through immigration-friendly policies, attractive rewards and open environments, Malaysia is only able to draw low-skilled foreign labour. There are an estimated 2.5 million foreign workers in the country, both legal and illegal, all largely holding menial jobs in agriculture, manufacturing, construction and low-paying service sectors.

This phenomenon occurs in almost all sectors, including

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marketing, production, finance, as well as engineering. In Malaysia, one sector that is badly affected is accountancy (New Straits Times, September 8, 2007). It is evident that massive brain drain has been occurring and this scenario has caused shortage of accountants in Malaysia. This can be justified by the fact that Malaysia boasts of a large pool of highly qualified accountants who are able to adapt and work with any races due to the multicultural origins and fluent in a few languages as well. According to CPA Australia Malaysia Division president Christina Foo, the global shortage of accountants was a very real issue that cuts across a broad spectrum of industries (The Star, May 15, 2008). In the latest survey by the Institute of Certified Public Accountants of Singapore (ICPAS), 67% of the firms surveyed indicated that they are sourcing for audit staff from Malaysia (34%), China (21%), Philippines (16%), Indonesia (9%) and others (20%) like Australia, Hong Kong, India, etc (<http://www.channelnewsasia.com/cpasingapore/topchallenge.htm>).

Developed countries have been attempting to lure accountants from Malaysia; experienced as well as high quality fresh graduates to fill the gaps of accountant scarcity in their home countries. These countries managed to convince Malaysian accountants to traverse the globe and work there by promising higher salary and building a mental picture of how wonderful life would be overseas.

At present, firms in Malaysia are already facing difficulties recruiting accountants due to this phenomenon. As time passes by, ultimately, shortfall of accountants will emerge in Malaysia. When the demand for accountants outweighs the supply in Malaysia, this will hamper the booming industries and consequently firms will face problems managing the financial records as well as staying in line with the accounting standards. In other words, this scenario might bring an increase in the rate of corporate scandals in Malaysia. Besides, businesses financial processes such as book keeping procedures will be more costly as the pay for each remaining accountants in Malaysia will be increased. Companies will also have a hard time in their stocks offering and maintaining investors' relations because of the difficulties these firms might face in the publications of their public investors financial statements. As a final resort, Malaysian companies will have to source for foreign accountants

On the same note, according to the Malaysian Institute of Architects, there were some 1,600 professional architects in the country in 2007 – about the same as the number 10 years before. Unlike in the West, where design talents would be celebrated and held in high esteem, the profiles of their Malaysian counterparts were seldom recognized, remembered or published. Thus leading to many Malaysian architects choosing to use their talents overseas.

Similarly, Penang recently lost out on a multibillion-dollar foreign investment. The reason stated by state officials was because it does not have enough experienced electrical and electronic engineers. This has become a critical issue as Penang is dubbed the country's Silicon Valley. According to Penang Chief Minister Lim Guan Eng the state lost US\$3 billion worth of foreign investment simply because it could not 'commit' to having 1,000 engineers (The Straits Times, November 10, 2009). This is thus, a growing concern. Where

are our local engineering graduates? Each year Malaysia produces thousands of engineers whether it is from the private higher learning institutions or public institutions of higher learning. According to Pacific Bridge Inc, Malaysian engineers and technical workers were increasingly finding opportunities especially in Singapore, China and the Middle East. Thus this research is conducted with the intention to study the crucial factors that are leading to this phenomenon and how and what can the policy makers do to improve the worsening situation.

With all these negative developments, it is extremely crucial for the policy makers to propose and implement certain changes in order to prevent or curb the human capital flight of our Malaysian professionals.

Therefore, the focus of this proposal is on the propensity to leave of Malaysian professionals (accountants, architects and engineers) working in Malaysian organizations in the hope of providing some insights into possible factors that may be important in explaining Malaysian professionals' propensity to leave.

## II. GAP IN PREVIOUS STUDIES

There has been a great deal of research on brain drain (e.g., Carr et al., 2005; Docquier et al., 2007; Hart, 2006; Martineau et al., 2004; Oberoi & Lin, 2006; Rosenblatt & Sheaffer, 2001; Tansel & Gungor, 2002; Saint-Paul, 2004; Zweig, 2006). These studies are descriptive in nature. However, Baruch et al. (2007) have conducted an empirical study on the reasons for international students' inclination to stay in their host countries in 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 ethnic differences and labour markets, their adjustment process to the host country, and their family ties in host and home countries all affect their intention to stay.

Little research has examined on the 'push' and 'pull' factors of brain drain. To date, there has only been one study which examined the factors that drive brain drain in Malaysia (Junaimah et al., 2009) but it was conducted among 150 accounting students and professional accountants. The study found that higher salary and benefits program and international exposure is positively related to brain drain. Despite the growing interest in brain drain, empirical research on 'push' and 'pull' factors of brain drain among architects and accountants has been limited and, hence more empirical research is called for. More research cannot only show the level of propensity to leave, but also identify factors and suggest ways to overcome it.

## III. OBJECTIVES OF RESEARCH

- 1) To discover the extent of intention to leave by Malaysian professionals.
- 2) To identify the PULL factors leading to propensity to leave by Malaysian professionals.
- 3) To identify the PUSH factors leading to propensity to leave by Malaysian professionals
- 4) To discover which of the PUSH-PULL factors have the most influence on the intention to leave by Malaysian professionals, and

5) To suggest solutions to curb the phenomenon

*Research Questions*

- 1) To what extent is the intention to leave by Malaysian professionals?
- 2) What are the PULL factors leading to the propensity to leave by Malaysian professionals?
- 3) What are the PUSH factors leading to the propensity to leave by Malaysian professionals?
- 4) Which of the PUSH-PULL factors have the most influence on the intention to leave by Malaysian professionals, and
- 5) What kinds of solutions can be provided to help the government prevent or reduce the brain drain phenomenon which is prevalent in developing countries in particular the Malaysian government?

IV. DEFINITION OF BRAIN DRAIN

Brain drain, as professional migration is sometime called, in Malaysia is not a new phenomenon. Brain drain is traditionally viewed as the movement of highly-skilled individuals, sometimes referred to as knowledge workers, from their home countries to countries that offer them greater opportunities in their area of specialty as well as in terms of living conditions and lifestyles (Tansel & Gungor, 2003). Recently, brain drain is the departure of highly educated people from one profession, geographic region, or nation to another (Wild, Wild and Han, 2010) or in other words, brain drain is defined as the flow of human capital out of a country, particularly skilled individuals and tertiary graduates (Haylock, 2005). This happens when these professionals find that or believes that the pasture is greener on the other side and thus leaves their home country in pursuit of better life conditions. Today with the borderless system already well in place, we find thousands of professionals flock from one nation to another yearly.

V. RESEARCH ISSUE AND HYPOTHESES

This research is based on the ‘push/pull’ model (see Baruch, 1995). It depicts an analysis based on Lewin’s (1951) field theory, where people experience contradictory forces in making a decision whether or not to move to a different country. To further base the research issue in established theory, it is worth combining it with the theory of ‘reasoned action’ (Fishbein & Ajzen, 1975). This theory predicts that the actual action of the Malaysian professionals (to leave) will be positively related to their propensity to do so,,which, in turn, will be affected by their attitudes. Figure 1 shows an adaptation of Fishbein and Ajzen’s model to the decision-making of Malaysian professionals.

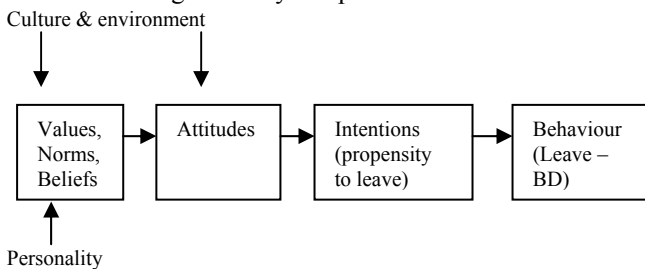


Figure 1: Fishbein and Ajzen theory of reasoned action for migration

VI. THE PROPOSED RESEARCH MODEL

Based on the above discussion, Figure 2 presents the research model for this study. This model presents a comprehensive perspective of the ‘pull’ and ‘push’ factors that influence the propensity of Malaysian professionals to leave their current working organizations to work in foreign countries.

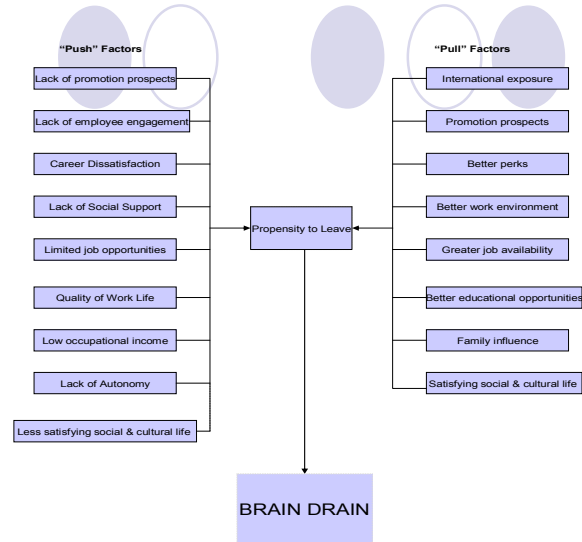


Figure 2: Proposed Research Model

From the proposed research model, a few propositions have been arrived at.

- P1: Lack of promotion prospects in Malaysia will be positively related to brain drain of Malaysian professionals
- P2: Lack of employee engagement in Malaysia will be positively related to brain drain of Malaysian professionals
- P3: Career dissatisfaction in Malaysia will be positively related to brain drain of Malaysian professionals
- P4: Lack of social support in Malaysia will be positively related to brain drain of Malaysian professionals
- P5: Limited job opportunities in Malaysia will be positively related to brain drain of Malaysian professionals
- P6: Lower quality of work life in Malaysia will be positively related to brain drain of Malaysian professionals
- P7: Low occupational income in Malaysia will be positively related to brain drain of Malaysian professionals
- P8: Lack of autonomy experienced by the professional in Malaysia will be positively related to brain drain of Malaysian professionals
- P9: Less satisfying social & cultural life in Malaysia will be positively related to brain drain of Malaysian professionals
- P10: International exposure will be positively related to brain drain of Malaysian professionals.
- P11: Promotion prospects abroad will be positively related to brain drain of Malaysian professionals.
- P12: Better perks and benefits abroad will be positively related to brain drain of Malaysian accountants.
- P13: Better work environment abroad will be positively related to brain drain of Malaysian professionals.
- P14: Greater job availability abroad will be positively related to brain drain of Malaysian professionals.

*P15:* Better educational opportunities abroad for family members will be positively related to brain drain of Malaysian professionals.

*P16:* Family influence from abroad will be positively related to brain drain of Malaysian professionals.

*P17:* Satisfying social and cultural life abroad will be positively related to brain drain of Malaysian professionals.

#### The Importance and Benefit of the Research

This research:

- 1) Will highlight the factors that lead professionals to decide to move abroad and remain there.
- 2) May help reduce if not prevent completely the brain drain phenomenon.
- 3) Is also with the intention to attract local professionals to come home and serve the nation.
- 4) Will provide academicians and policy makers with a clear understanding of the problems faced by these professionals.
- 5) Will be able to provide possible solutions to this underpinning issue.
- 6) To assist universities in the nation to improve the curricula design for their programs

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