

Editor's Introduction

The Brain Drain Cycle in Malaysia: Rethinking Migration, Diaspora and Talent

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Abstract: The 'brain drain' refers to the outflow of entrepreneurial skills and talent hindering productivity and, arguably, prospects for economic growth. In Malaysia, the brain drain dilemma has political, economic, social and cultural dimensions. Therefore, this special journal issue offers a range of approaches that, taken together, help sharpen understandings of the contentious brain drain as well as the politics of diaspora and economic migration. Based on evidence from Southeast Asia and other developing regions, this introductory paper contends that the global brain flow is cyclical, with various combinations of drains, leakages, gains, and brain sharing schemes observable at different times in accordance with changing political and economic circumstances. Scholars have long noted that return flows of highly-skilled migrants are sensitive to fluctuations in economic and political conditions, and to the development of well-designed recapture programmes such as those led by Talent Capital Singapore and Talent Corporation Malaysia. The art and science of recapture programmes remains imperfect, although efforts are being made by policymakers throughout Southeast Asia to address both the qualitative and quantitative aspects of the brain cycle.

Keywords: Brain drain, diaspora, Malaysia, migration, Philippines, Singapore, talent
JEL classification: F22, I24, J15, O15

1. Introduction

Originally coined on 7 January 1963 by the London *Evening Standard*, the phrase 'brain drain' refers to the outflow of entrepreneurial skills and talent hindering productivity and, arguably, prospects for economic growth. In Malaysia, the brain drain dilemma has political, economic, social and cultural dimensions. Therefore this special journal issue offers a range of approaches that, taken together, help sharpen understanding of the contentious brain drain cycle as well as the politics of diaspora and economic migration. Evidence is gathered and presented from Southeast Asian cases, particularly Malaysia, Singapore and the Philippines.

Alarm caused by the emigration of scientists from the United Kingdom was first prompted by a Royal Society (1963) report, and then seized upon by the Minister for Science, Lord Hailsham, who deployed the phrase in the House of Lords on 27 February 1963 (Godwin *et al.* 2009: 36). The loss of British scientists and engineers, primarily to the United States of America, was considered an insidious threat. Having spent millions on technical expansion,

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the British government was accused of ‘erecting a vast and expensive preparatory school for American industry’, and later in 1963 Labour Leader Harold Wilson delivered a ‘white heat’ speech during a party conference in Scarborough, calling for an end to the brain drain (Godwin *et al.* 2009: 36).² Alarmism coupled with verbosity served to greatly enlarge the debate and bring it to wide public and parliamentary attention. Indeed, the original Royal Society (1963) report prompted significant newspaper coverage and sparked a series of letters to *The Times* offering apocalyptic views of British science and economy (Godwin *et al.* 2009: 39). It required the relatively sober, detached analysis of the British Advisory Council on Scientific Policy to detect flaws in the argument, such as the sole focus on PhD holders (ignoring undergraduates and MA holders) as well as incomplete statistics, with no data available for re-immigration or ‘returnees’ (Godwin *et al.* 2009: 40).³ For those monitoring the current brain drain and talent exodus controversies in Malaysia, this must sound like a familiar pattern.

By the late 1960s, the debate shifted to the impacts of brain drain on developing countries, with greater emphasis on accuracy and critical analysis. For instance, it was found that 49 doctors emigrated from Turkey in 1968, but this number was deemed meaningless unless researchers could determine what proportion of all Turkish medical graduates it represented (Baldwin 1970: 360). Subsidiary questions were also raised, such as whether these doctors would have found useful and satisfying employment had they remained in Turkey, and whether in the longer run the brain drain would actually raise the overall standard of the Turkish medical profession by creating the need for international accreditation and standards.⁴ In cases such as Malaysia and Singapore, it was found that the ‘insistent pressure for educational expansion’ actually led to a brain overflow, meaning surpluses in university graduates that the economy could not readily absorb (Baldwin 1970: 362).⁵ The oversupply of graduates and concomitant pressures to migrate has also been referred to as the ‘diploma disease’ (Dore 1976). Therefore in some instances the outflow of new (surplus) graduates may be a positive trend, creating a bank of human capital overseas that, in theory, can be strategically drawn upon when needed.⁶ These gifted brains may be of great qualitative importance, for if they choose (or can be convinced)

² In the early 1970s, studies found that as many as 3,000 tertiary educated persons from Latin America migrated to the USA (Portes 1976: 489). The training and education for each professional migrant came at an estimated cost of USD20,000 for the home country, thus reinforcing British arguments about the creation of expensive preparatory schools for American industry.

³ Early studies confirmed that returnees did not show up in migration statistics (*terra incognita*), even though many do in fact return to their country of origin after working abroad for varying periods (Baldwin 1970: 363). The most frequently cited reason for return is to visit aging family members.

⁴ Around the same period (late 1960s, early 1970s), physicians graduating in Argentina found that an overabundance of doctors were already fully utilising research laboratories and surgeries in the capital, Buenos Aires, and that there were few opportunities to practice advanced medicine in provincial Argentina (Portes 1976: 498). It was only logical for these brains to seek opportunities abroad.

⁵ For comparative purposes, in India the brain overflow has long been a cyclical problem. In the late 1960s, for instance, government officials were reported to have expressed their hopes that large numbers of brains *would not* return since the country had no way of putting them to work (Baldwin 1970: 365).

⁶ As Stark (2004) points out, there is a strong consensus that poverty and under-development result from deficiencies in human capital, thus making access to these diasporic brain banks of critical importance.

to return, they bring foreign experiences, outlooks and access to networks that could not have been acquired at home.

Using a political economy framework, Portes (1976: 491) accurately pointed out that the brain drain is conditioned, at the most general level, by the asymmetric structure of the global system. In other words, the global flow of brains can be rationalised and explained by political and economic imbalances, and the interchange between developed and developing countries. In the absence of barriers or blockages, highly-skilled emigrants naturally flow towards those countries where conditions for scientific, technological and professional work are most favourable. From a cosmopolitan perspective, each individual's well-being is of moral concern regardless of where he or she lives (Kapur and McHale 2006: 305). Notwithstanding the strong ties that bind people to their places of origin and the highly circumscribed international migration regime, greater job prospects and sunnier economic opportunities lead many to emigrate, and the 'barriers facing the highly skilled are coming down as richer countries see economic and demographic advantage in buttressing their talent and taxpayer ranks' (Kapur and McHale 2006: 305).

Consideration must also be given to domestic factors such as economic capacity, institutions, political stability, rights and freedoms and the rule of law, as well as the microstructure of relationships, influences and interactions that affect individual decisions and choices (Portes 1976: 500). China in the 1980s provides a useful example for microstructure analysis. In the midst of major economic transformation, reform and modernisation under Deng Xiaoping, the Peoples Republic of China sent some 80,000 sponsored students and scholars abroad to undertake studies and research primarily in the fields of science and technology (Broaded 1993: 277). When Chinese officials realised that only about a quarter of those sponsored actually returned, there were fears that prolonged periods of study abroad would lead to a brain drain crisis. The government searched for policy entry points in order to increase the probability of return, and decided to launch a mass media campaign using *The People's Daily* to emphasise the glory of the homeland and the duty of each citizen to contribute towards national development (Broaded 1993: 278). Concrete steps were also taken to control the outflow of Chinese brains, including restricting access to the TOEFL test, promoting study areas that would increase the likelihood of return by linking degrees to career opportunities and employment trends in China, and by imposing a psychoanalytical predictive test upon students and scholars in an attempt to sponsor only those who were most likely to return (Broaded 1993: 282).⁷

In the perpetual quest for best practices, it is likely that senior managers responsible for Talent Corporation Malaysia initiatives such as the Returning Experts Programme are on the lookout for comparative case studies. While the details of Thailand's Reverse Brain Drain programme, launched in 1996, are relatively well documented (Welch 2011: 96), an earlier experiment in China may be of equal or greater comparative interest. In the 1980s Returned Scholars Service Centres were established in order to locate, recruit and assist overseas scholars to make connections with employers in China. Enticing brainy, productive Chinese to return required generous, integrated incentive packages with guarantees of

⁷ The Test of English as a Foreign Language (TOEFL) score is one of the criteria considered by university selection committees prior to the acceptance of foreign students.

flexible job markets, access to prime housing and opportunities to apply for research funding (Broaded 1993: 282). Given that many of the targeted returnees were from scientific and medical backgrounds, central and provincial government officials worked together to establish open laboratories that served as 'holding units' for returnees to keep them occupied for a year or two while they searched for suitable employment. Of course, the need to appear generous and accommodating while courting prospective returnees must always be balanced with the practical goal of maintaining the morale of existing employees, staff, scholars and researchers. Indeed, as stewards of Malaysia's brain gain policy, managers at Talent Corporation are all too aware of the need to guard against the resentment that favouritism can breed in professional settings, as well as perceptions of returnees as selfish, unpatriotic or, at the extreme, traitors to the national cause.

However well crafted these strategies and policy entry points may have been, the timing of return for many Chinese migrants depended largely on the internal political situation, indicating a high level of concern and awareness about the political climate. Studies found that Chinese intellectuals were becoming increasingly disillusioned with Communist Party rule by the mid-1980s, and in the aftermath of the June 1989 Tiananmen Square incident, there was a genuine legitimacy crisis in the country (Broaded 1993: 299). To draw parallels, the Malaysian government's mishandling of the July 2011 Bersih 2.0 rally in Kuala Lumpur generated a significant amount of negative press worldwide, contributing to disillusionment and perceptions of political malaise (Kessler 2011; *The Economist* 2011). Another intractable problem relates to the 'ethnic question' in Malaysia, including the assumed correlation between special *bumiputera* rights and the tendency of non-Malays to seek work and study opportunities abroad (Welch 2011: 68).⁸

Taking all of these factors into account, this introductory paper contends that the global brain flow is cyclical, with various combinations of drains, leakages, gains, and brain sharing schemes observable at different times in accordance with changing political and economic circumstances. More than forty years ago, Baldwin (1970: 363) correctly noted that return flows of highly-skilled migrants were sensitive to fluctuations in economic and political conditions, and to the development of well-designed recapture programs such as those currently led by Talent Capital Singapore and Talent Corporation Malaysia. The art and science of recapture programs remains imperfect, although efforts are being made by policymakers throughout Southeast Asia to address both the qualitative and quantitative aspects of the brain cycle.

2. Quantification and Economic Modelling

In his article *Quantifying the Malaysian Brain Drain and an Investigation of its Key Determinants*, Foo finds that highly-skilled migrants are best defined as foreign-born individuals, aged 25 or above, holding academic or professional diplomas beyond high-school (post-secondary or tertiary educated). Despite intensive media coverage and policy debate, no specific dataset has been developed on the stocks and flows of Malaysian-born

⁸ *Bumiputera*, or 'sons of the soil', is a classification that applies to all Malays and indigenous ethnic groups in Peninsular and East Malaysia, although more often than not the term is implicitly used to refer to the Malays only (Tong 2008: 50).

migrants. Therefore Foo's paper attempts to fill this gap by presenting an estimate of the stocks and flows of Malaysian-born migrants throughout the world. The author's high-low estimate dataset demonstrates that there is a clear upward trend of overall migrant stock, with Singapore accounting for one out of every three high-skilled migrant who decides to leave Malaysia. Interestingly, the numbers generated by Foo seem to indicate that the brain drain may not be as acute as popularly believed. One constant, however, is that Singapore remains the destination of choice for ambitious, adventurous or disillusioned Malaysians. This is partially a consequence of natural factors such as close historical and geographical links, and partially the result of deliberate strategies to target and court Malaysia's best and brightest with promises of academic scholarships and attractive career prospects. By exploring the key determinants of high-skilled migration, the author finds that high income levels in destination countries, livability and religious diversity, proximity, and the English language are associated with higher emigration rates. Of the 194 Malaysian migrants surveyed by Foo, 70 per cent were unsure whether they would return home, while 80 per cent felt that their professional goals had been met through migration. The longer migrants stay in their host countries, the stronger the social connections they make, the more property they purchase, the more children they have, and the less likely they are to return home.

Sifting through decades of scholarly debate, Glytsos (2010: 108) reduces the brain drain to traditional and modern views. The traditional view is essentially negative, focusing on the quantifiable loss of valuable human capital and investments in education and training, and the relatively unquantifiable 'lost externalities' (productivity, influence, leadership) that the employment of highly educated persons creates in the home country. The modern view, by contrast, takes a positive spin on the brain gain (Glytsos 2010: 109). With regard to education, home country losses are counterbalanced by the success of the emigrants in their host country, creating positive 'feedback effects' such as the promotion of trade, capital flows and technology transfers. Moreover, emulation occurs when successes abroad motivate young people to seek higher education at home, creating a net gain because not all the newly educated will emigrate, thus raising welfare and growth at home, increasing domestic human capital and social benefits for all. Contributing to this complex debate, the article by Harnoss entitled *Economic Costs of the Malaysian Brain Drain: Implications from an Endogenous Growth Model* is the next to appear in this special journal issue. Harnoss provides a preliminary estimate of the economic costs and benefits of the Malaysian brain drain. In technical terms, a simple human capital augmented labour production function is specified, with endogenous skill and knowledge spill-over effects. From this model, the overall costs of the emigration of skilled Malaysians are estimated, and the results suggest two policy implications. First, fundamental economic reforms will reduce skilled emigration flows, but will not reverse the continuous outflow of talent. Second, skilled immigration appears to be an economically more powerful lever than retention or re-attraction of the Malaysian diaspora.

While there are persistent disagreements over the precise economic impact of migration and brain drain, Malaysia's talent exodus is a headline grabber, often portrayed as a serious limiting factor for economic development, having detrimental impacts on productivity generally and highly specialised sectors such as biosciences and semiconductor fabrication specifically. Indeed, as Ho and Tyson point out in their article *Malaysian Migration to Singapore: Pathways, Mechanisms and Status*, the Malaysian government led by Prime

Minister Najib Razak remains on high alert, and has included the brain drain dilemma in its major initiatives such as the New Economic Model and the Economic Transformation Plan. Similarly, the National Economic Advisory Council (NEAC) of Malaysia, established in 2009, recognises the need for specialised talent to drive economic growth and lift Malaysia out of its middle income trap by 2020. In 2010 the Najib administration set up Talent Corporation to further stymie the loss of capable individuals and to attract foreign talent to fill professional gaps in critical economic sectors. Thus, talent emigration (and immigration) tends to take precedence over other forms of migration in Malaysia because of perceptions of state dependence on talented professionals, and assumed impacts on overall economic progress. Ho and Tyson endeavour to broaden the scope of debate beyond conventional push and pull factors by examining specific pathways and mechanisms of migration, using the Malaysia–Singapore migration corridor as a case study. Indeed, the authors examine multiple pathways of migration, the mechanisms through which particular Malaysian migrants arrive in Singapore, the extent to which they engage in Singaporean society, and corresponding government policies to encourage or discourage the flow of brains across the migration corridor.

3. Policy, Politics and Diaspora

In *Malaysian Migration to Australia*, Hugo demonstrates that the Malaysian diaspora in Australia has a distinctive composition. Indeed, the diaspora is found to be dominated by non-*bumiputera* groups, especially ethnic Chinese Malaysians of working age who are highly educated, highly skilled, geographically concentrated and classed within higher income groups. They clearly represent a group that has the potential to meet the shortage of highly skilled workers in Malaysia. Hugo proceeds to consider the extent to which this talented, mobile segment of the diaspora is interacting with counterparts back in Malaysia to explore potential niche markets and opportunities to contribute to national development in their homeland. Their potential development contribution accrues not just from the human capital which they emigrated with, but the enhanced skills, experience and contacts that they accumulated while abroad. Australia is one of the few countries with an international migration flow data collection system that enables return migration to be measured. As a distinguished professor at the University of Adelaide, Hugo is well placed to make innovative use of destination-end data to examine Malaysia's second largest overseas community.

To the extent that the Malaysian government can wield any meaningful influence over the diaspora, Talent Corporation managers must operate directly under the Prime Minister's Department and liaise with the Public Services Department (PSD), the Performance Management and Delivery Unit (PEMANDU), government-linked corporations (GLCs), various ministries (finance, human resources, education, home affairs and immigration), strategic planning units, as well as the private and non-governmental sectors. Targets and goals must not only compliment but also reconcile the hyperactive reform agenda launched by the Najib administration. As Ahmad (2010) found, this includes the Tenth Malaysia Plan, the National Key Results Areas (NKRAs), the National Key Economic Areas (NKEAs), the New Economic Model (NEM), the Government Transformation Programme (GTP) and the Economic Transformation Programme (ETP) with at least 131 Entry Point Projects (EPPs). Based on the latest pre-election budget indicators, this list of hyper-reforms may suffer from 'politics as usual' as generous cash handouts, civil servant bonuses and infrastructure

projects for *bumiputera*-owned companies are earmarked in order to placate vested interests and core constituencies prior to the announcement of the thirteenth general election (Hookway 2011; Sadiq 2011).

With anywhere from 30 to 45 inspiring young staff and managers working at Talent Corporation at any given time, it is unsurprising that new ideas are being generated and old, seemingly intractable political problems such as ethnic relations and dubious electioneering are being confronted.⁹ Without detracting from the core goals of the Returning Experts Programme, senior figures at Talent Corporation are aware that flexible, non-traditional, transnational working conditions can be productive and effective for both host and home country (interviews in Kuala Lumpur, July 2011). Two examples of high-profile Malaysians are instructive. First, from his base at the London School of Economics, Professor Danny Quah is highly productive and his contribution to Malaysia (as a member of the NEAC, for instance) can be optimised from London rather than Kuala Lumpur (*The Star* 2011). Second, global fashion icon Jimmy Choo used his power and prestige to establish a shoe institute in Malaysia.

The genuine push to improve conditions for, and enhance the status of, Malaysian women in the workplace is long overdue. Talent Corporation's rather drearily named 'Malaysian talent supply pipeline' indicates that two of the main leakages are underemployed female graduates and migrants (the brain drain). Directors of NES Global Malaysia responsible for the development and deployment of talent acknowledge that many retired Malaysians are still at the height of their abilities and can continue to make a positive contribution in key sectors (interviews in Kuala Lumpur, July 2011). Of course, the future trajectory of Malaysia's brain cycle depends largely on the choices made by young generations. In *Ethnicity, Education, and the Economics of Brain Drain in Malaysia: Youth Perspectives*, Tyson, Jeram, Sivapragasam and Azlan critically examine the role of education as well as the changing socio-economic pressures faced by young Malaysians. It is argued that specific features of Malaysian education and political economy, with their attendant racial fixations, are contributing to the country's brain drain.

The Malaysian government continues to dedicate substantial amounts of time, energy and resources into talent initiatives with the aim to train and retain domestic talent, while simultaneously enticing the diaspora to return home. In a somewhat contrarian manner, Tyson, Jeram, Sivapragasam and Azlan argue that, despite the best intentions, government initiatives are being undermined by the straightjacket of Malaysian electoral politics, youth suffocation in both domestic (family) and educational environments, and the perennially 'sensitive' nature of ethno-communal relations. To help illustrate their point, the authors refer to two exemplary examples from recent Malaysian film and theatre, namely the Pusat Komunikasi Masyarakat (Community Communications Centre, KOMAS) film *Gaduh* directed by Brenda Danker and Shahili Abdan, and the Instant Café Theatre play entitled *Parah*, written by Alfian Saat and directed by Jo Kukathas.

Finally, for comparative purposes, Nititham's reflective article *Migration as Cultural Capital: The Ongoing Dependence on Overseas Filipino Workers* demonstrates that

⁹ Variations and flexibility in numbers of staff result from short-term secondments and are a reflection of Talent Corporation's rapidly changing needs, mandates and challenges.

dependence on overseas migration is a part of Filipinos' cultural capital. Drawing on fieldwork with Filipinos in Ireland and the Philippines, this article addresses the key factors of Filipino overseas migration and how these in turn affect how Filipinos orient and identify themselves. More specifically, Nititham argues that familiarity with outward migration, the international demand for reproductive labour and healthcare workers, the reliance on remittances, and unique aspects of political economy in the Philippines shape the lenses through which Filipinos interpret their social norms, positions and experiences in the diaspora. Looking at migration as a life change strategy presents viable ways of incorporating the ranges of personal experiences along with the institutional dynamics of diaspora. It also recognises choice, agency, and the diversity of people's circumstances and goals, all of which are driven by complex stimuli and can be situated within a larger framework of global politics and economics.

It is hoped that, taken together, the articles in this special journal issue offer a range of approaches that help sharpen understandings of the contentious brain drain as well as the politics of diaspora and economic migration. In Malaysia, these dilemmatic issues have political, economic, social and cultural dimensions, and therefore a multidisciplinary collaborative approach is called for, with students and scholars from many different backgrounds invited to contribute to the ongoing debate.

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