

# Brain drain and middle-income trap key issues

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KUALA LUMPUR: Malaysia needs to reach out to talented people wherever they come from, apart from bringing back its own, said Malaysian Institute of Certified Public Accountants (MICPA) vice-president Datuk Johan Raslan.

He said many Malaysians could be found working overseas as they were often adaptable, multi-lingual and inexpensive.

"The world wants Malaysians. We need to get them back, but we must not hold them back," Johan said in the opening address of the two-day MICPA-Bursa Malaysia Business Forum 2009.

Cities such as Hong Kong, Singapore, London and Sydney were open to attracting talent and Malaysia needed to be equally so, he said.

"We should not shut out people with skills and expertise simply because they were not born here. We need to reach out to talented people wherever they come from," he said.

Johan added that the country's liberalisation measures put it "on the starting block" towards becoming a high-income economy and what was

needed now were the fine details.

He also said the corporate sector must take ownership of abolishing corruption and not just consider it the responsibility of the government alone. "For every taker, there is a giver," he said.

"In the final analysis, it is equally important to provide a conducive environment that is clean, fair and predictable, to attract companies to set up here, stay here and do business."

Speaking in the first discussion session on *Competing in the New Global Landscape*, Institute of Strategic and International Studies (ISIS) Malaysia assistant director general Steven CM Wong, suggested that to become a high-value economy, the country should "get off protective industries", "get rid of energy subsidies" and "get off the dependence on foreign workers".

He said the potential disruption to business of some of his proposals such as the last one was really part of "transition costs". Wong, whose research interests include international economics and international relations, also suggested that the Malaysian economy was too much consumption driven and there was a need to focus on production aspects.

Datuk R Karunakaran, a former director-general of the Malaysian Industrial Development Authority, who was moderating, pointed out that one key issue to higher salary was higher productivity. "With productivity comes better pay and better income," he said.

In terms of composition of the economy for most developed countries, more than 60% of annual gross domestic product (GDP) came from the services sector, with Malaysia somewhere just over 50%. "That is a characteristic of a high-income economy and that is the transformation we will have to go through," he said.

Deputy director in the Public-Private Partnership Centre and Secretariat to the Economic Council of the Economic Planning Unit Dr Soh Chee Seng said: "Our productivity levels are not really low, it is just that they are falling behind other rapidly developing countries like China, India, Indonesia and Thailand."

He agreed that it was necessary for the country to be more open to attract the talent in the areas that it needed, "not just foreign talent but also Malaysians who are attracted elsewhere".

HSBC Bank Bhd executive direc-

tor Jon Addis said the diaspora of Malaysians was not a bad thing, as his home country Britain had benefited from a similar trend.

"If those skills and money return to Malaysia, that's a good thing."

He questioned whether foreign workers should be an issue and suggested that it might be a better strategy to raise the standard of education for Malaysians so that they could do the higher-value jobs while leaving the low-wage jobs to foreign labour.

He also said the country's infrastructure was still "patchy" such as in terms of public transit, which had some idiosyncrasies.

Genting Group Malaysia's head of strategic investments and corporate affairs Datuk Justin Leong said the Malaysian culture of adaptability and flexibility provided a good talent pool for businesses to expand overseas.

He said that from his experience, most Malaysians working overseas still held Malaysian passports and continued to have a lot of goodwill towards the country. Attracting them back was a possibility through sufficiently attractive job opportunities as well as improved safety and rule of law, he said.