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POLICY BRIEF

WHY MALAYSIA'S BRAIN DRAIN REQUIRES IMMEDIATE POLICY ATTENTION

Author Name	Designation
Dr. Hassanudin Mohd Thas Thaker	Associate Professor
	**Affiliation** Department of Economics, International Islamic University Malaysia (IIUM) **Area of Expertise** Financial Economics **Contact Email** hassanudin@iium.edu.my

Key Insights

Malaysia's brain drain rate reached 5.5% of its working-age population in 2023, nearly double the global average of 3.3%.

Talent exits are driven by more than wages: professionals also respond to weak meritocracy, governance deficits, poor work-life balance, and ethical misalignment.

The diaspora is highly concentrated, with about 1.13 million Malaysians in Singapore out of roughly 1.8 million overseas Malaysians.

A Maqasid al-Shariah approach reframes retention around faith, wellbeing, intellect, family continuity, and just wealth creation.

Malaysia's Brain Problem and Policy Response

Malaysia's brain drain challenge has become a structural development issue rather than a temporary labour-market imbalance. The issue of argument is that the departure of highly educated Malaysians weakens productivity growth, innovation capacity, public-service quality, and the country's ability to transition into a knowledge-intensive economy. Generally, 5.5% of Malaysia's working-age population lived and worked overseas in 2023, almost twice the global average of 3.3%. This level of outmigration signals a persistent loss of capability, especially when the country continues to invest heavily in education, technical training, and professional formation. Talent flight therefore reduces not only the present supply of skilled labour, but also the future pool of managers, researchers, clinicians, innovators, and policy leaders needed for long-term national competitiveness. Thus, the claim that standard retention measures are too narrow. Salary adjustments, tax incentives, and returnee programmes remain useful, but they are insufficient when professionals believe that other countries offer more dignified and trustworthy career systems.

The decision to migrate is influenced by whether institutions reward competence fairly, whether career progression is transparent, whether workplaces support family life, and whether professionals can pursue success without compromising ethical or religious commitments. In this sense, brain drain reflects both economic dissatisfaction and institutional disappointment. Therefore, holistic framework is required to move beyond a purely market-based reading of migration and ask how Malaysia can create a national environment in which talented people see staying as compatible with both professional advancement and meaningful living.

This broader diagnosis matters because highly skilled mobility is often sticky. Once professionals build careers, social networks, and family routines abroad, return becomes harder. Moreover, the scale of the challenge includes concentration as out of 1.8 million Malaysians working overseas, about 1.13 million are in Singapore alone. It also points to an estimated RM1.3 trillion loss in human capital over the last fifty years and reflects in continuous attrition in shortage sectors, such as healthcare. These numbers suggest that Malaysia is not facing random circulation alone; it is confronting concentrated and repeated losses in occupations that generate high spill over effects for the wider economy.

A successful policy response must therefore treat retention as a system-wide reform agenda, not a one-off incentive package.

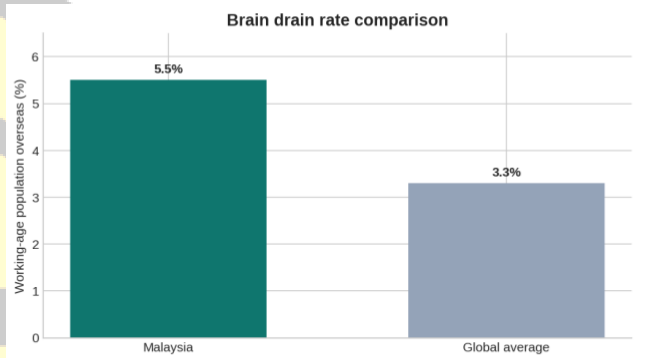

Figure 1. Malaysia's brain drain rate compared with the global average. Source: Human Resources Ministry Malaysia (2023)

Diagnosing Talent Exodus Through *Maqasid al-Shariah*

Since the conventional policy has struggled, the Maqasid al-Shariah, the higher objectives of Islamic law, as a holistic framework can be used for analysing human welfare. Under this approach, professionals evaluate life choices not only through income but also through five interrelated dimensions: protection of faith (*Hifz al-Din*), life and wellbeing (*Hifz al-Nafs*), intellect and knowledge development (*Hifz al-Aql*), family continuity (*Hifz al-Nasl*), and wealth with justice (*Hifz al-Mal*).

This framework is especially relevant in Malaysia because it captures how economic and moral considerations interact in a Muslim-majority society while still offering policy insight for a wider, plural national context. It helps explain why professionals may leave even when domestic jobs are available: they are often comparing entire life systems rather than just pay packages.

Viewed through this lens, the current policy brief identifies several mutually reinforcing drivers of talent exodus.

- First, governance and meritocracy matter. When recruitment, promotion, or recognition appear shaped by patronage, bureaucracy, or weak accountability, professionals infer that effort and excellence will not be rewarded proportionately.

- Second, the quality of professional ecosystems matters. Ambitious Malaysians seek environments with strong research infrastructure, clearer skills ladders, better innovation finance, and deeper communities of practice.

- Third, family and wellbeing considerations carry substantial weight. People assess whether they can raise children in safe, efficient, and affordable cities, access quality healthcare and education, and balance work with caregiving and religious responsibilities. Brain drain thus reflects the cumulative effect of institutional, professional, and social comparisons.

This policy brief adds an important ethical dimension to this analysis. It argues that many professionals experience a form of spiritual or moral dislocation when institutions normalise corruption, opaque decision-making, or excessively transactional definitions of success. In contrast, workplaces that demonstrate trustworthiness, fairness, room for religious practice, and a visible commitment to public purpose are more likely to retain talent. This does not mean professionals migrate only for religious reasons. Rather, the argument is that meaningful work, ethical leadership, and social justice are part of how people evaluate whether a country offers a future worth building. By comparing some cases, including the United Arab Emirates, Qatar, Turkey, Indonesia, and Morocco, reinforce this point: retention improves when governments create coherent ecosystems that combine capability, identity, family life, and opportunity instead of relying on isolated incentives.

The policy implication is clear. Malaysia's challenge is not merely to match external salaries, which is often fiscally unrealistic, but to offer a superior value proposition rooted in dignity, trust, professional growth, and social stability. A Maqasid-based approach helps policymakers shift from asking, 'How do we stop people from leaving?' to asking, 'How do we build institutions in which talented people can flourish?' That change in perspective is the central strength of the full paper and the foundation of the policy brief.

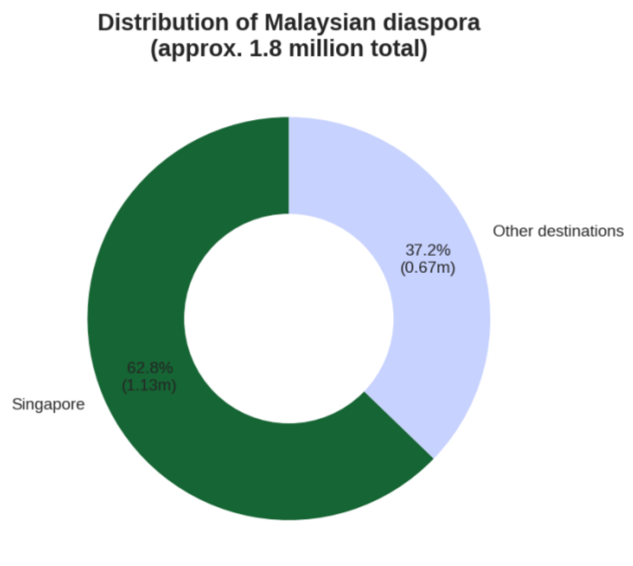

Figure 2. Estimated distribution of Malaysians overseas: Singapore versus other destinations. Source: Department of Statistics Malaysia (2023)

Policy Directions for a Sustainable Talent Retention Strategy

The policy brief proposes an Islamic Personnel Retention Framework to convert these ideas into actionable policy. The first pillar is institutional trust. Malaysia should strengthen merit-based recruitment and promotion, publish clearer performance standards, reduce bureaucratic opacity, and tighten anti-corruption enforcement across public institutions and government-linked entities.

These steps matter because they signal that professional excellence and integrity will be rewarded fairly. The second pillar is ecosystem development. Rather than depending on generic retention incentives, policymakers should build strategic, high-skill sectors where Malaysians can pursue globally competitive careers at home. This specifically points to the promise of halal industries, Islamic finance, healthcare, higher education, research, and innovation-led entrepreneurship. In these fields, stronger research funding, postgraduate-industry linkages, and cross-sector mobility could make domestic career pathways far more attractive.

A third pillar is family-centred retention. Flexible work arrangements, affordable quality childcare, gender-neutral parental leave, caregiver re-entry pathways, and more liveable urban environments would directly affect the stay-or-leave decision of skilled professionals.

A fourth pillar is fair wealth creation. Competitive salaries remain important, but the paper argues that professionals also respond to opportunities for asset-building, profit-sharing, and Shariah-compliant entrepreneurial finance. Talent tends to remain where people believe they can build a secure future rather than simply earn a monthly income.

A final pillar is diaspora engagement. The paper encourages policymakers to move beyond a rigid return-or-loss mind-set and treat overseas Malaysians as part of a broader national capability network. Some may return permanently, but others can still contribute through investment, mentoring, visiting appointments, remote collaboration, and sectoral knowledge exchange.

In practical terms, implementation should begin with a cross-ministerial task force, a public scorecard linked to the five Maqasid dimensions, and pilot programmes in sectors facing severe skill shortages. Performance indicators should include not only returnee counts, but also reduced exit intention, stronger retention in healthcare and research, improved career satisfaction, and higher trust in promotion systems.

Overall, the full paper shows that Malaysia can reduce brain drain only through a more credible social contract with its skilled population. Retention policy will succeed when professionals see the country as a place where they can combine competence with conscience, career mobility with family wellbeing, and economic achievement with public purpose. By grounding policy in Maqasid al-Shariah, the paper offers a holistic framework that is both normatively compelling and practically useful for sustainable talent retention.

Policy Recommendations
Institutionalise merit-based recruitment, promotion, and anti-corruption safeguards to rebuild trust in public and private career systems.
Develop high-skill, faith-aligned employment ecosystems in halal industries, Islamic finance, healthcare, education, research, and digital services.
Strengthen family-centred retention through flexible work, affordable childcare, parental leave, and better urban liveability for professionals.
Adopt an Islamic Personnel Retention Framework aligned with Hifz al-Din, Hifz al-Nafs, Hifz al-Aql, Hifz al-Nasl, and Hifz al-Mal.

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For questions, feedback and comments, please contact

Assoc. Prof. Dr. Hassanudin Bin Mohd Thas Thaker
hassanudin@iium.edu.my

Assoc. Prof. Salman Ahmed Shaikh
salman@iium.edu.my