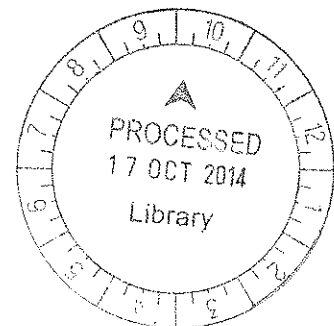


INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

A Study on International Students' Preferences to Work in Malaysia upon Graduation

Author: Dai Hairong
Student No: I 12002129
Supervisor: Mrs. Azliza Azrah Mohd Zakaria
Ethics Number: aBUS/PG/CP/00182
Submission Date: 27th August 2014
Final Word Count: 16,644 Words



Faculty of Business, Communications and Law

Abstract

In recent years, more and more people prefer to study abroad. Based on different reasons, some of the knowledge workers which are the overseas students prefer to work in another country after graduation. However, talents are very important for a country, and a lot of countries are offering good conditions in order to attract overseas students to return. As we know, Malaysia is a multinational country, and its population is composed of people from all over the world. They have different religions, beliefs, and customs. Different reasons attract people from different countries come to Malaysia and settle down in this country. Since 2010, Malaysia proposed an Economic Transformation Programme (ETP) project, which is a good opportunity for all the international students. As for Malaysia government, they need a lot of talents in the process of developing economy. Overseas students is a burgeoning group, when they face the choice of going home or staying in the host country, they will be influenced by different factors to make the decision. Such as the demands of labor market, the culture, and the society. For Malaysia's international students, to figure out which factors will influence students' preferences to work in Malaysia is very important for the government. The objective of the research will be analyzed based on the questionnaire and the data that collecting from international students, and factors influencing international students' preferences to work in Malaysia upon graduation will be found out. The quantitative approach will be used in this research to collect data, and 200 respondents will be chosen to finish the questionnaire. The 5-Point Likert Scale will be used to measure the questionnaire. The data will be analyzed through using SPSS software.

Key words: students' preferences, economic factor, social support, culture factor, labor market, international students, Malaysia

Acknowledgement

This MBA project is the result of a long semester which is included a lot of hard work, patience and support. I would like to thank INTI International University for providing me this platform to increase my knowledge and experience during the process in my MBA project. It was certainly a unique and challenging task for me to complete this project and it would be impossible for me to complete it without the encouragement and support given by certain people. I would like to take this opportunity to express my appreciation and gratefulness to those who have contributed in this MBA project.

First and foremost, I would like to express my deepest appreciation to my supervisor Mrs. Azliza Azrah Mohd Zakaria, who was guiding, offering her advices in the progress of completing this project. She has put her considerable efforts to monitor and advise me from the very beginning to the end of this project. Without her patient supports during this project, it would be extreme tough for me to complete it.

Secondly, I would like to especially thank my friends Wahyu Bagus Ardiyanto, Zhang Shan and Yang Yu. I want to thanks them for their help when I have some problems, especially on the SPSS software data analyzing. I also want to thank all my friends accompany me during this tough period and give me great help in the learning process.

Apart from that, I would like to thank my family members who have consistently given me support and strength in this MBA project. Their encouragement have boosted my courage and confidence during the process of this project.

Dai Hairong

27th August 2014

Declaration

"I hereby declare that this research project is of my own effort except for those summaries and information of which the sources are clearly specified"

Dai Hairong

27th August 2014

Table of Contents	Page No.
Abstract.....	I
Acknowledgement.....	II
Declaration	III
List of Tables	VII
List of Figures.....	VIII
List of Abbreviations	VIII
 Chapter One.....	 1
Introduction	1
1.1 Chapter Overview	1
1.2 Background	1
1.3 Problem Statement	4
1.4 Research Objectives	6
1.5 Significance of the Study.....	7
1.6 Scope of the Research.....	8
1.7 Limitations of the Study.....	9
1.8 Outline of the Research	10
1.9 Chapter Summary	11
Chapter Two.....	12
Literature Review	12
2.1 Chapter Overview	12
2.2 Talents at Present	12
2.3 Awareness of Knowledge Workers.....	15
2.3.1 Types of Knowledge Workers	15
2.3.2 Typical Actions of Knowledge Workers	15
2.3.3 The Risks about Knowledge Workers	17
2.3.4 Advantages as Oversea Students.....	17
2.4 Students Preference	18

2.5 Key Concepts of Theory.....	19
2.6 Economic Factor	21
2.7 Social Support.....	22
2.8 Culture Factor	24
2.9 Labor Market.....	25
2.10 Conceptual Framework.....	27
2.11 Chapter Summary	27
Chapter Three	28
Research Methodology	28
3.1 Chapter Overview	28
3.2 Research Design	28
3.3 Research Approach	29
3.4 Measuring Instrument	30
3.5 Study Population, Unit of Analysis, Sample Selection and Sampling Techniques.....	31
3.6 Data Collection.....	32
3.7 Analysis Methods	33
3.8 Validity and Reliability Test.....	34
3.9 Questionnaire Design.....	36
3.10 Ethical Consideration	38
3.11 Chapter Summary	39
Chapter Four.....	40
Research Findings	40
4.1 Chapter Overview	40
4.2 Descriptive Analysis	40
4.3 Factor Analysis.....	43
4.3.1 KMO Value and Bartlett's Test	43
4.3.2 Factor Analysis on Independent Variables	44
4.3.2.1 Factor Analysis of Economic Factor	44

4.3.2.2 Factor Analysis of Social Support.....	46
4.3.2.3 Factor Analysis of Culture Factor	48
4.3.2.4 Factor Analysis of Labor Market.....	50
4.3.3 Factor Analysis on Dependent Variables	52
4.4 Reliability Test.....	54
4.4.1 Reliability testing on all variables	54
4.4.2 Reliability testing on independent variables	54
4.4.3 Reliability testing on dependent variable.....	55
4.5 Correlation Analysis	56
4.5.1 Correlation of Economic factor with Students Preference.....	56
4.5.2 Correlation of Social Support with Students Preference	57
4.5.3 Correlation of Culture Factor with Students Preference.....	58
4.5.4 Correlation of Labor Market with Students Preference	59
4.5.5 Summary of the Results in Correlation Analysis	59
4.6 Multiple Regression.....	60
4.7 Summary of Hypothesis Results	63
Chapter Five.....	64
Conclusion, Recommendation and Personal Reflections.....	64
5.1 Chapter Overview	64
5.2 Result Discussion	64
5.3 Conclusion	66
5.4 Recommendations	67
5.4.1 Government.....	67
5.4.2 Universities	68
5.5 Implications for Further Research	70
5.6 Personal Reflection.....	70
References.....	72
Appendices	81

List of Tables

Table 3.1:	Measuring Instrument.....	31
Table 3.2:	The Guidelines of MSA.....	35
Table 3.3:	Summary of Questionnaire (Demographic Information).....	36
Table 3.4:	Summary of Questionnaire (Independent Variables).....	37
Table 3.5:	Summary of Questionnaire (Dependent Variables).....	38
Table 4.1:	Summary of Demographic Profile.....	41
Table 4.2:	Acceptance Level of KMO Value.....	43
Table 4.3:	Summary of Factor Analysis on Economic Factor.....	44
Table 4.4:	Summary of Factor Analysis on Social Support.....	46
Table 4.5:	Summary of Factor Analysis on Culture Factor.....	48
Table 4.6:	Summary of Factor Analysis on Labor Market.....	50
Table 4.7:	Summary of Factor Analysis on Students' Preference.....	52
Table 4.8:	Reliability Testing on All Variables.....	54
Table 4.9:	Reliability Testing on Independent Variables.....	54
Table 4.10:	Reliability Testing on Dependent Variable.....	55
Table 4.11:	Categorization of the Scale of Correlation Coefficient.....	56
Table 4.12:	Correlation of Economic factor with Students' Preference.....	56
Table 4.13:	Correlation of Social Support with Students' Preference.....	57
Table 4.14:	Correlation of Culture Factor with Students' Preference.....	58
Table 4.15:	Correlation of Labor Market with Students' Preference.....	59
Table 4.16:	Meaning of R-squared Value.....	60
Table 4.17:	Model Summary of Economic factor, Social Support, Culture Factor and Labor Market on Students' Preferences.....	60
Table 4.18:	Anova Test of Economic factor, Social Support, Culture Factor and Labor Market on Students' Preferences.....	61
Table 4.19:	Coefficient of Economic factor, Social Support, Culture Factor and Labor Market on Students' Preferences.....	61
Table 4.20:	Summary of Hypothesis Results.....	63

List of Figures

Figure 1.3.1: Places of Origin of International Students in Malaysia, 2010.....	4
Figure 1.3.2: Places of Origin of International Students in Malaysia, 2010.....	5
Figure 2.1: Conceptual Framework.....	27

List of Abbreviations

CF = Culture Factor
EF = Economic factor
ETP = Economic Transformation Programmer
HR = Human Resource
KMO = Kaiser-Meyer-Olkin
LM = Labor Market
MIU = Manipal International University
MOE = Ministry of Education and its precedent the State Education Commission
MSA = Measure of Sampling Adequacy
OECD = Organization for Economic Co-operation and Development
PLS = Partial Least Square
SP = Students' Preferences
SPSS = Statistical Package for Social Science
SS = Social Support
USIM = Islamic Science University of Malaysia

Chapter One

Introduction

1.1 Chapter Overview

The first chapter will introduce the research issues and the basic information about this study. First will start with the background of the situation in section 1.2, then section 1.3 will talk about the problem statement. Section 1.4 will introduce research objectives, and section 1.5 will introduce about the significance of the research. Subsequently, the scope of this study will be explained in section 1.6, and next section 1.7 will discussed about the limitation of the research. At the end of this chapter, the outline of the present study will be concluded in section 1.8.

1.2 Background

- **Knowledge Economic**

According to Walter and Snellman (2004), knowledge economy was defined as the production and services which are based on some knowledge-intensive activities. Due to these activities, people are able to make more contributions to the science advancement, improve technology skills, and rapid obsolescence. One of the most important elements of knowledge economy is the greater reliance on intellectual capabilities rather than those physical inputs or natural resources (Brinkley, 2009). As a matter of fact, knowledge economy is based on using knowledge to generate both tangible and intangible values. All the technologies are used to transform some human knowledge into machines, and this knowledge can be used to help people to make decisions in various fields and then get related economic values. Obviously, knowledge economy has the

ability to develop without technology, and the main concern is still about human capital.

Tracing the economic history, the first stage is called agricultural economy, which was mentioned by Ahodo (2014). It was the production era, which was full of crops and livestock with a discipline known as agronomics. Agricultural economy put focus on land usage, and try to maximize the crop yield and maintain a good soil eco-system (Veeman, 2005). The second stage is called industrial economy. According to Allen (2010), main parts of industrial economy were manufacturing sector and service sector, and mass production came out in this period. After this, knowledge economy started to develop, which was started from late 1900s till now with huge technology and human capital sectors (Brinkley, 2009). This is the reason why human resources are becoming more and more important for the development in nowadays.

Human resources actually is the set of individuals composes of workforce, and they work for organization, business sector, or economy (Dessler, 2012). People sometimes use human capital as the synonymous with human resources, in spite of human resources have a wider meaning than human capital. What's more, other terms sometimes with the same meaning are also used, such as talents, labor, and even people.

● **Knowledge Worker**

With the development of knowledge economy, a new group of people starts to play an important role in the developing process, and these people are called knowledge worker. Knowledge worker is someone who works for a living at the tasks of developing or using knowledge, and their main capital is knowledge. These workers include individuals who work in the information technology fields, such as systems analysts, technical writers, academic professionals, researchers

programmers (Henry, 2013). In addition, knowledge workers are employees who have a deep background in education and experience, and they are considered as who are "think for a living". Typical examples include doctors, scientists, lawyers, teachers and also students.

Nowadays, the importance of knowledge workers is becoming more and more valued. Based on their education background, most of the workers have a strong ability in study and practice as well as in adapting to the working environment. As they have the basic knowledge about job, thus, this kind of people can effectively complete the work, and their working efficiency will be higher than un-knowledge workers (Schrack, 2013).

Obviously, students are a group of knowledge workers, especially for high education level students like master level and PhD level. As a special group, overseas students also belong to knowledge workers, knowledge is not the only one advantage they have, while they also have a strong ability to adapt different environment (Gergana Markova, 2011). They are young, and they have enough passion for live and work. Especially for fresh graduates, as everything is new to work in a different environment, it is a big chance for them to improve themselves.

In the past several decades, more and more students preferred to stay and work in another country after finishing their study. For example, from 1978 to 2007, in total more than 1.2 million of Chinese students had studied abroad. However, the quantity of the students who went back to China upon graduation was 0.3 million within these 30 years, which is occupied for only 26% (Yuna, 2013). The rest of the overseas students did not want to come back to China for working (JSJ.edu.cn, 2008).

However, the present's situation about overseas students is completely different

from the past few years. According to China Daily (Luo, 2013), the returning overseas students in China is 86,700 in 2011, and one year later, the population became 272,000 which is increased about 46 percent. This phenomenon was not only appeared in China, many countries have this issues.

1.3 Problem Statement

Based on the data getting from the Ministry of Higher Education Malaysia (Malaysia, 2013), the quantity of students from Iran, China, Indonesia, Yemen and Nigeria are the top five ones in Malaysia. At the end of 2010, Malaysia had 86,923 international students in total (Table 1.1). After two years, the population of international students was close to 100,000 (2012). The top five countries were still the same as the ones in 2010, however, the number of students in Indonesia exceeded Iran and China, and became the top one in Malaysia. It can be seen that the number of oversea students increasing fast in Malaysia (Table 1.2).

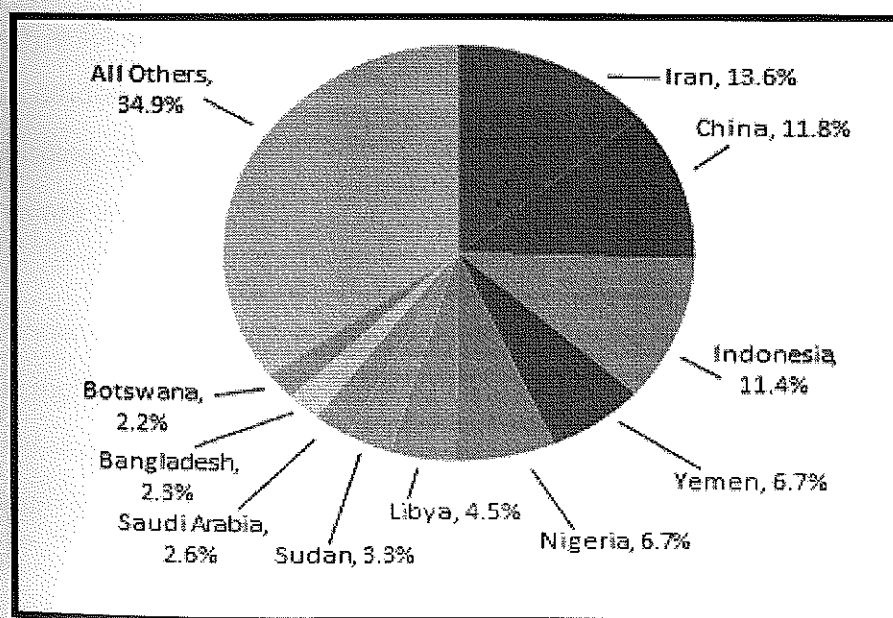


Figure 1.3.1: Places of Origin of International Students in Malaysia, 2010

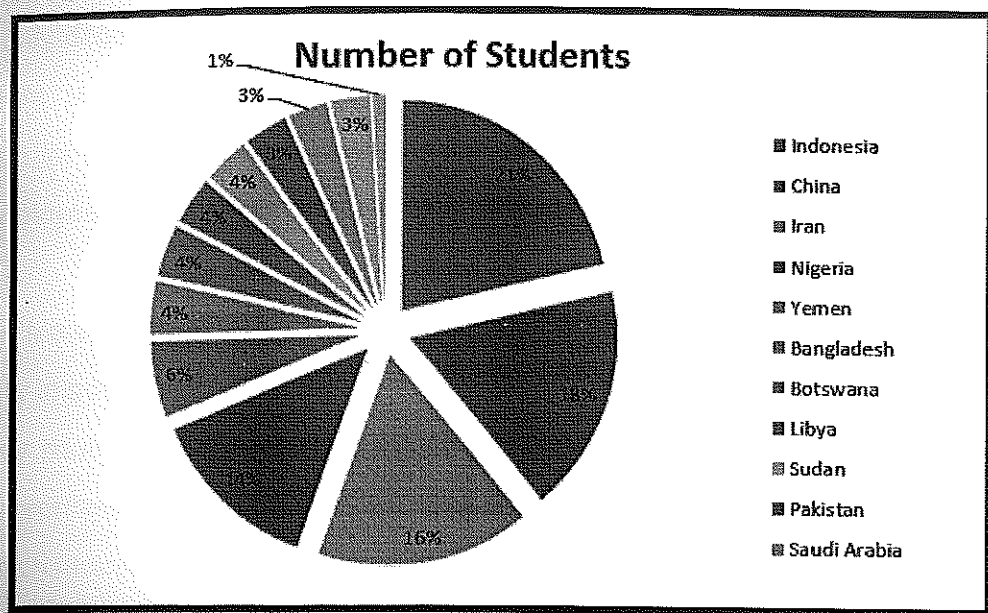


Figure 1.3.2: Places of Origin of International Students in Malaysia, 2012

With the rapid development of the economy, most of the countries are paying more attentions on the overseas students, and hope they can come back to their home country to do some contributions after graduation. Especially in nowadays, it is an era of lacking of talents, and every country need talents. Under similar situation, a lot of countries offer some favorable policies and conditions to the overseas students in order to attract them to come back. Thus, in these few years, the returning rate for overseas students has become higher, more and more students are willing to go back to their home countries after graduation.

As we know, Malaysia proposed an Economic Transformation Programme (ETP) project since 2010. In this programme, they have set up many tasks for the next 10 years, and more than 3.3 million of jobs will be offered. There are 12 key Economic areas including Agriculture, Business Services, Communications Content & Infrastructure, Education, Electrical & Electronics, Financial Services, Greater Kuala Lumpur, Healthcare, Oil, Gas and Energy, Palm Oil & Rubber, Tourism and Wholesale & Retail. Each task needs a lot of human resources, and

if only depends on the local people is far from enough. Thus, for the next few years, Malaysia needs a lot of knowledge workers to achieve the development plan for the country and realize the ETP project. Thus, how to attract excellent employees to work in Malaysia will become a big challenge for the country.

For Malaysia Government, how to attract talents to work in Malaysia is becoming very important. Overseas students has the advantage for the country is because they have already lived in Malaysia for a period, so they are familiar with the environment in Malaysia. What the government needs to do is to understand which factors will influence international students' preferences to work in Malaysia upon graduation, and to understand which factors will influence them to make the decision. Thus, the gap is the competition about talents or knowledge workers between their home country and the host country. The fact is that this is not only the competition between two countries, but also the competition among worldwide countries.

1.4 Research Objectives

Based on the problem statement, the research objective is to investigate the factors which will influence Malaysia's international students' preferences to work in Malaysia upon graduation.

The specific research objectives are listed as following:

RO1: To investigate the relationship between economic factor and international students' preferences to work in Malaysia upon graduation.

RO2: To determine the relationship between social support and international students' preferences to work in Malaysia upon graduation.

RO3: To find out the relationship between culture factor and international students' preferences to work in Malaysia upon graduation.