Influence of Economics on the Formation of a Malaysian Diaspora in United Arab Emirates (UAE)

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ABSTRACT

The United Arab Emirates (UAE) is one of the high income Gulf states. Membership in the Gulf Cooperative Council (GCC) particularly highlights the economic importance of the UAE in the region. Rapid economic development is one of the attractions for other nationalities, including Malaysians, to migrate and work in UAE. This article examines the economic development and prospects of the UAE which makes this state the main attraction in the search for a better livelihood. In addition, this article also analyses the influence of economic attraction in UAE on the formation of a Malaysian diaspora. On the whole, this study adopts qualitative and quantitative approaches through methods of content analysis, structured interview and questionnaire in data collection and analysis. Research outcome shows that the economic influence is the main reason or attraction for the Malaysian arrival in UAE. The economic expansion in UAE has also attracted Malaysian companies to invest capital there at the same time causing an influx of Malaysians to form a diaspora. The importance of this research is the relevance of looking into the UAE way and policies for developing economic prospects in attracting foreign nationalities. This is important because foreigners are regarded as the catalyst for UAE’s economic expansion. The same may be applied in Malaysia by identifying suitable policies to attract investors to Malaysia simultaneously generating further national economic expansion. Further research may be done by analysis of some other attractions, such as socio-cultural and political, in the formation of the Malaysian diaspora in the UAE.

Key words: Economic attraction, diaspora, Malaysian, United Arab Emirates (UAE), Gulf Cooperative Council (GCC).

Introduction

Concomitant with global development, the issue of migration is the focus of those who wish for a better opportunity, particularly in matters involving economic strength, such as income levels, and quality of life. Migration refers to a person’s moving from a place to another with the purpose of settling there temporarily or permanently. There are two types, internal and international migration. Internal migration refers to moving within the same country while international migration refers to moving out of a country to another with crossing of international borders.

In line with this, Malaysians are not exempted from the issue of international migration. Many of them have migrated overseas to work or study. Many factors have influenced a person to reside overseas, among which is the opportunity of a better job and a more lucrative salary than can be gained here (Mujani et al., 2012a). In addition, they also have the chance to know the culture and learn a foreign language as well as enjoy new surroundings. However, the economic factor, particularly the economic attraction of a country, is considered the main motivation factor which mobilises migration to form a diaspora. Along with the economic factor, are other incidental factors such as adding to work experience, life satisfaction and avoidance of stress in one’s own country.

Among the states which are the focus of Malaysians who seek a better livelihood is the United Arab Emirates (UAE). The UAE is the richest state in the Gulf area and the key proponent of the Gulf Cooperative Council (GCC).
Council (GCC). Rapid economic development has attracted the interest of many nationalities who flock to work in UAE. Malaysians are not left out in choosing to serve in UAE. In addition, there are Malaysian companies who cooperate with companies in UAE and establish branches there. This cooperation not only provides job opportunities for Malaysians, but also for the locals and other nationalities. In addition, Malaysia-UAE relations are based on economic interest and cooperation among Muslim countries.

**Background of the United Arab Emirates (UAE):**

UAE is among the richest states in the Gulf region. It is comprised of seven small Emirates (districts), headed by several groups known as Shaykhdoms. The Emirates, with British interference, had signed a treaty to form a union. Finally in the year 1971, UAE was formed and headed by a President who is supported by seven members of the Supreme Council, each representing one of the emirates, Abu Dhabi, Dubai, Sharjah, ‘Ajman, Umm al-Qaywain, Ra’s al-Khaimah and Fujairah (Khalifa, 1979). The President of the UAE is Khalifah b. Zayed al-Nahyan, who has ruled since the year 2004, replacing his father, Zayed b. Sultan al-Nahyan.

**Geography:**

UAE is situated in south-eastern Arabian Peninsula. It comprises of seven emirates, Abu Dhabi, Ajman, Dubai, Fujairah, Ra’s al-Khaimah, Sharjah and Umm al-Qaywain. Abu Dhabi and Dubai are the biggest cities which dominate UAE’s economic development. The capital city is Abu Dhabi (Sarmidi et al., 2010). UAE’s neighbours are Qatar in the north-west, Saudi Arabia in the west and Oman in the south. UAE has a coastal length of about 750 kilometres, facing the Gulf of Persia, Gulf of Oman and Hormuz Straits. The UAE mainland is divided into two, the highland areas and the desert (Heard-Bey, 1982).

The highland area in UAE known as the Hajar Mountains begins in the gulf area of the Hormuz Straits and extends into Oman. However, the Hajar Mountains situated in UAE is only 1/10th of the total area, that is, 35,000 km² and the rest lies in Oman. The mountains are approximately 2,000 to 3,000 metres above sea level, measuring 2,000 metres at Ru’us al-Jibal and 3,000 metres at Jabal al-Akhdar in Oman. The mountains are not a water catchment area because there are no rivers flowing to the sea. Thus the rainfall distribution is neither much nor frequent, about 107 millimetres annually. However, the Hajar Mountains are regarded as the main factor for the rapid economic development in UAE, particularly in the management of water supplies. The mountain range hinders the winds which bring rain from the Indian Ocean causing low rainfall distribution in UAE. Thus, the government has set up a system to pump water from underground to supply water to the people. This system is also set up in the other emirates besides Abu Dhabi and Dubai (Heard-Bey, 1982).

The desert area covers 2/3 of the total land area of UAE. This desert, 800,000 km² in area, and encompassing UAE, Saudi Arabia and Oman is known as Rub’ al-Khali. The area is the habitat of Arab Bedouin tribes. According to Heard-Bey (1982), the first European who crossed Rub’ al-Khali on camel was Bertram Thomas in the years 1930-1933, from Dhufar to Doha, capital of Qatar. Some years after that, an air route was established over the desert. The desert Rub’ al-Khali has a few oases, particularly in the emirate Ra’s al-Khaimah.

The shorelines of UAE face the Gulf of Persia, Gulf of Oman and Hormuz Straits. These three waters are very crucial to UAE because of the abundant petroleum resource. Between the petroleum areas in these waters are the oil rigs of Abu al-Bukhush, Fath, al-Bunduq and Mubarraz. In addition, there are some island groups administered by UAE, for example, Mubarraz and Marawwah administered by the Abu Dhabi Emirate (Heard-Bey, 1982). Other than petroleum, UAE has other marine resources such as fisheries and pearls. Pearls are easy to obtain because of the shallow waters, about 90 metres in depth. The narrow waters facilitate movement and migration, particularly of Shiite Iranians, to UAE.

**Population:**

The total population of UAE is 5,066,000 (in 2009) and Islam is the official religion. Nearly 2/3rds of the population is concentrated in Abu Dhabi (1,628,000 persons) and Dubai (1,722,000 persons). The population growth rate is 6.3% in the year 2009 (Sarmidi et al., 2010). However, the majority of the population originate from outside compared to the local population.

Even though the total percentage of the UAE population is small compared to the foreign nationalities there, Arabic prevails as the official language. However, other languages are also in use, such as Persian, English, Hindi and Urdu. The use of other languages is influenced by the presence of various other nationalities, particularly from South Asia. The percentage of Muslims in UAE is 96%, of which 80% are Sunni whereas 16% are Shiite. The remaining 4% comprise of adherents of other religions, such as Christian, Zoroastrian and Hindu.

There are several tribes among the Arabs in UAE, among them is Banu Yas, the largest and most influential Arab tribe in UAE, particularly in Abu Dhabi emirate. The Arab tribes present in Abu Dhabi are Manasir,
Dhawahir, Al Bu Khayl, Al Bu Hamir and Omani. The tribes who dominate the Trucial Coast are Na'im, Al Bu Shamis, Balush, Bani Qitab and Bani Ka' b. Meanwhile, the tribes Sharqiyin, Al ‘Ali, Za’b, Naqbiyin, Tanaij, Ghafalah, Shihuh, Dhahuriyin and Omani reside in the northern areas of UAE (Heard-Bey, 1982).

**Economic Development of UAE:**

The UAE economy developed because of petroleum mining in its land and waters. Petroleum is considered as the main source of revenue for UAE. Extraction started in the year 1952, although petroleum was only discovered in early 1960’s after three attempts in several areas in Dubai (Davidson, 2008). In the year 1971, Sheikh Rashid b. Said al-Maktum established the Dubai Petroleum Company (DPC) to manage all affairs in oil extraction. Towards the decade 1980’s, the export revenue of DPC increased by sharply reaching about 420,000 barrels a day. The oil profits were used to establish several companies to generate development and expand the UAE economy. Among them are Dubai Aluminium (DUBAL), Dubai Cabling Company and Dubai Investment Group (Davidson, 2008). This clearly shows that the rulers of UAE have utilised the oil resource to increase the country’s riches, at the same time creating an environment which can further strengthen the economy. The same scenario applies to the other emirates such as Abu Dhabi and Sharjah.

Besides oil, the UAE economy is also dependent on other resources, such as fisheries, agriculture, pearls, commerce and industry. The long shoreline facing the Gulf of Oman and Persian Gulf enable UAE citizens who live along the coast to engage in fishing and pearl diving activities. In the agricultural sector, UAE frequently exports fruits such as dates and vegetables. The status of Abu Dhabi and Dubai as established financial and commercial centres, particularly in the Gulf region, places the UAE as a hub of business and investment for the rest of the world, including Malaysia (Heard-Bey, 1982).

Interestingly, UAE does not emulate the Western model of infrastructure development for its cities. According to Hivdt (2009), UAE rulers have copied some developed Eastern economies such as Japan, South Korea, Taiwan and Singapore. Further, Dubai’s development model is similar to the Singapore and Hong Kong development models because of the shared characteristic of small city-state cum entrepot port. This is probably due to the UAE’s reluctance to be tied down to the Western model of progress and development while there are developed Asian economies with more stable economic attraction and better achievement than some Western countries. Confidence in her own strength and the inclination to emulate the Asian model of development has made the UAE among the richest in the world. Despite the economic crisis of 2007 to 2010, development was not set back. Various facilities are built, such as the Burj Khalifa in Dubai, as an attraction to economic development, at once providing opportunities to every category of people, including Malaysians, who search for a better livelihood in this Gulf state.

**Analysis:**

Based on structured interviews with several respondents, comprising of embassy officials, employers and Malaysian club committee members, almost all respondents agree on the economic factor as motivating Malaysians to migrate to UAE. The economic factor is not purely based on the financial interest of each individual, but also hinges on the current rapid economic development of UAE. The abundant job opportunities and the high income are economically attractive to Malaysians. Logically, an individual would not migrate to another country unless the country is economically stable. This is because the economy is a principal element of the political integrity and social equity of a country. Hence, the UAE economy in a state of rapid development is able to attract many foreign nationalities, including Malaysians, to work there.

According to a statement submitted by Mr. Haikal Hanib, officer at MATRADE Dubai, there are about 6,500 Malaysians in UAE and about 100 Malaysian companies. The involvement of many Malaysians prove that the presence of the Malaysian diaspora mobilises the UAE economy simultaneously generating economic attraction to outsiders. And Malaysian participation is in the sectors of services and business. Most of the Malaysians in UAE are registered under one association known as MY-UAE. The purpose of this association known for its slogan ‘For Malaysians, By Malaysians’ is to look after the welfare of Malaysians in UAE.

The formation of the Malaysian Business Council in Abu Dhabi and Dubai proves the inclination of Malaysian companies to invest in Malaysia. The council was set up for the purpose of assisting Malaysians investors and companies to seek the economic opportunities provided by the UAE government. Among the activities of the council are (http://malaysianbizcouncil.blogspot.com/):

1. To organise discussions between heads of Malaysian companies with UAE on commercial cooperation.
2. To organise dialogue sessions between relevant UAE parties with Malaysian ministries and departments.
3. To promote Malaysian economic prospects to UAE investors and companies or foreign companies in UAE registered with the council.
4. To organise business seminars and exhibitions.
To publish important information related to Malaysian government agencies in the interest of parties involved in business, such as information on government agencies operating in UAE, Malaysian embassy offices and consuls in UAE as well as agencies under MATRADE.

This economic factor is supported by several facts submitted based on structured research interviews conducted. Among the interviewees is Mr. Abdul Muin Abdul Majid, a Malaysian serving as Head of BERNAMA Bureau in UAE, who gives his opinion as follows: “In my view, the main factor is the job. Some choose to do their own work, as a pilot in Emirate Airlines. Other factors are taking new opportunities, the financial factor, opportunity for children to attend an international school, feeling bored with working in Malaysia, and so on.”

The above statement proves that UAE has such strong economic attractions that it can create new job opportunities, for individuals who are interested in higher income. In the context of Malaysian companies and investors, the attraction is in the atmosphere conducive for Malaysian companies and investors to place their capital there. Hence, the UAE economic attraction is utilised by a number of Malaysians to strengthen their financial position.

A statement on the economic attraction of UAE leading to migration and formation of the Malaysian diaspora was also made by Dr. Mastura Muhamad, President of the Malaysian Business Council of Abu Dhabi (MBCAD), in an interview as follows, “First is the opportunity, when Dubai was first linked to Abu Dhabi as capital of UAE, the abundant opportunities attracted their arrival. Second, business became more profitable, salaries more than double, these attract And looking for work experience, work experience is very important, even though an Arab country, here it’s very modern, we compete globally, when I was in Abu Dhabi University, I was only a Malaysian Assistant Professor, they took many Professors from America, even the Arabs themselves studied in America. They want to impact the knowledge faster for their new generation; competition is there, even though their way is different from ours. We have to adapt to the culture, but we feel proud because we are at a high level, we bring our name here.”

Based on the questionnaire answered by 105 respondents, 17 questions submitted relate to the motivation factors for migration and working in UAE. 3 of these 17 questions directly relate to the economic and financial factor. These 3 questions encompass the lucrative income, high living allowances and no income tax. These questions mostly receive the reply ‘Strongly Agree’ on the scale as against other answers, and achieve a high mean >4.00. The number of ‘Strongly Agree’ answers to the question more lucrative income is 71 persons (mean= 4.61). And the number of respondents who ‘Strongly Agree’ with the question on high living allowances is 48 persons (mean=4.06). The third question relating to economic and financial factor is the tax exempt income in UAE attracting the interest of many Malaysians to serve there. The number of respondents who ‘Strongly Agree’ to this question is 73 persons (mean=4.53).

This clearly shows that the economic factor is the main factor for the migration and formation of the Malaysian diaspora in UAE. The three characteristics, lucrative salary, high living allowances and tax exempt income form the economic attraction for the influx of foreign nationalities in UAE. Without a robust economy and capacity for economic development, it would have been impossible to sustain the above characteristics which attract the interest of Malaysians to go there (Mujani et al., 2012b).

Hence, the economic progress of UAE is the main factor for Malaysians to work in the Gulf. The other aspects, such as looking for new experience and a comfortable life are incidental to it. Besides economic stability, political integrity, social security and Western style modernity, particularly in Abu Dhabi and Dubai, have stimulated economic development in UAE and made it the focus of foreign nationalities in the Gulf.

Conclusion:

The economic attraction of the UAE has provided various opportunities for Malaysian people and companies to work and invest in UAE. The world class facilities constructed in various areas, particularly Abu Dhabi and Dubai, stimulate the economic development of the UAE at once creating a comfortable atmosphere for other nationalities to live and work there. In the Malaysian context, particularly with the government’s aspiration to encourage Malaysians to return and serve their own country, economic attraction needs to be given due attention in the national development agenda. Base on questionnaires submitted, 105 respondents consider UAE way more economically advanced compared to Malaysia, able to provide job opportunities with lucrative salaries exempt from income tax. There are some aspects which show that the development of Malaysia and UAE are at par, such as infrastructure development, education opportunities, abundant job opportunities, better health services and absence of natural disasters. The current shortcoming of Malaysia is in economic attraction. Even though the Malaysian economy is recovering and returning to growth, the development is still unable to bring home Malaysians to work here. Hence, the formation of a Talent Corporation by the government in order to satisfactorily resolve the brain-drain problem, must look particularly into the issue of economic attraction so that the Malaysian diaspora overseas, including UAE, will come back to serve their beloved country.
References

http://malaysianbizcouncil.blogspot.com/