
MALAYSIA'S PERFORMANCE IN

IMD WORLD TALENT REPORT 2014



HUMAN RESOURCE

1.0 INTRODUCTION

1.1 The IMD World Competitiveness Center present its IMD World Talent Report 2014, which includes a talent ranking for all countries that are part of the IMD World Competitiveness Yearbook (60 countries as of 2014). The data are gathered from the Center's extensive database, which encompasses 19 years of competitiveness-related data. Access to such a comprehensive repository of data allows us to trace the evolution of the ranking over the last decade.

1.2 The objective of the IMD World Talent Ranking is to assess the ability of countries to develop, attract and retain talent to sustain the talent pool available for enterprises operating in those economies. To this aim, it is important to assess how countries evolve within the talent ranking. Relevant data have thus been compiled from 2005 to 2014 and the ranking is based on both hard data and survey data. While the hard data have been gathered from various sources, the survey data were obtained from the Center's executive opinion survey designed for the World Competitiveness Yearbook.

2.0 MALAYSIA'S PERFORMANCE IN IMD WORLD TALENT REPORT 2014

Malaysia achieved Top 5 most talent competitive countries globally

2.1 IMD World Talent Report 2014 has ranked Malaysia **5th out of 60 countries with the score of 85.770**, steadily improved its position on the overall World Talent Ranking from 20th place in 2005. At 5th position, Malaysia has been placed in the same league as Switzerland (1st), Denmark (2nd), Germany (3rd) and Finland (4th), ahead of countries like Netherlands (7th), Canada (8th), Sweden (9th), Norway (10th) and Singapore (16th) (Appendix 1).

2.2 **Malaysia exhibits a strong performance as the top leading country in Asia-Pacific and ASEAN region.** Malaysia is ranked ahead of Singapore (2nd), Australia (3rd), Hong Kong (4th), Indonesia (5th), New Zealand (6th) and Taiwan (7th) in the Asia-Pacific region. In the ASEAN region, Malaysia is ahead of Singapore (2nd), Indonesia (3rd), Thailand (4th) and Philippines (5th). (Appendix 2).

2.3 Through the observations, Malaysia has been set to be an example in showing that a strategy aiming at improving both the home-grown and overseas talents has positive impact on the country's performance in the overall talent ranking.

2.4 Malaysia achieved top ten positions in two of the three factors assessed; **Appeal Factor is ranked 5th and Readiness Factor 7th**, while Investment and Development factor advanced 8 positions from 19th to 11th. The detail of Malaysia's performance in the three talent factors is shown in Appendix 3.

2.5 The World Talent Report 2014 reported that Malaysia experiences an opposite pattern to that of Brazil and India, steadily improving its position on the overall World Talent Ranking from 20th place in 2005 to the 6th spot in 2010 and up to the 5th rank in 2014.

2.6 Within the **readiness factor**, Malaysia sees an increase in the score of the employee training criterion from 6.17 in 2005 to 7.71 in 2014. The availability of skilled labor improves from 5.77 to 6.95 while access to finance skills is enhanced from 6.15 to 7.40. At the senior management level, Malaysia improves in international experience from 5.83 in 2005 to 7.23 in 2014. Likewise, access to competent senior managers increases from 5.89 to 7.44.

2.7 The ability of the country's educational institutions to meet the talent requirement of the market is also enhanced in the 2005-2014 period. The educational system indicator rises from 5.54 to 6.86. Likewise, the university education criterion increases from 5.49 to 6.90, while that of language skills improves from 5.60 to 7.52. In addition, the emphasis that schools assign to science increases from 6.04 to 6.98 in the period under consideration.

2.8 Malaysia's **appeal factor** also improves. The level of worker motivation in companies increases from 6.08 in 2005 to 7.68 in 2014. At the same time, the criterion covering the brain drain as a hindrance to the competitiveness of the country improves from 4.84 and 6.51. Similarly, the ability of the country to

attract foreign highly skilled people increases from 6.42 in 2005 to 7.24 in 2014, while the quality of life improves from 6.76 in 2005 to 7.48 in 2014.

2.9 Similar improvements occur under the **investment and development factor** in the period 2005-2014. Malaysia's pupil-teacher ratio for both primary and secondary education improves from 18.08 to 12.60 and from 16.50 to 13.10, respectively. The percentage of the country's female labor force slightly increases from 36.06% in 2005 to 37.03% in 2014. The country's implementation of apprenticeship programs increases from 6.49 in 2013 to 7.12 in 2014. Although Malaysia's total public expenditure on education decreases from 6.98% in 2005 to 5.80% in 2014, the country's total public expenditure on education per pupil improves from 20.54% in 2007 to 23.15% in 2014.

3.0 METHODOLOGY

3.1 The ranking is structured according to three factors: 1) investment and development, 2) appeal and 3) readiness:

The investment and development factor takes into account the investment in and development of the home-grown talent. It traces the size of public investment on education by incorporating an indicator of public expenditure.

3.2 The appeal factor goes beyond the focus on the local labor force to incorporate into the analysis the ability of the country to tap into the overseas talent pool. It does so by including indicators such as the cost of living and quality of life in a particular economy.

3.3 The success of the investment in and development of talent and the ability to attract and retain talent is reflected in the availability of skills and competencies to sustain an economy's talent pool. The readiness factor looks at the context of the talent pool. It considers the growth of the labor force and the quality of the skills available (Figure 1).

Figure 1: Components of the talent factors

| Investment and development factor | Appeal factor | Readiness factor |
|---|---|---|
| <ul style="list-style-type: none"> • Total public expenditure on education • Total public expenditure on education (per pupil) • Pupil-teacher ratio (primary) • Pupil-teacher ratio (secondary) • Apprenticeship • Employee training • Female labor force | <ul style="list-style-type: none"> • Cost of living • Quality of life • Attracting and retaining • Worker motivation • Brain drain • Foreign skilled people | <ul style="list-style-type: none"> • Labor force growth • Skilled labor • Finance skills • International experience • Competent senior managers • Educational system • Science in schools • University education • Management education • Language skills |

3.4 In order to calculate the IMD World Talent Ranking, IMD:

Normalize data to the 0 to 1 values in order to bring all indicators into the same value range

- Calculate the average of the normalized criteria
- Use averaged criteria to generate the three talent competitiveness factors
- Aggregate factors to build the overall talent ranking
- Normalize the overall ranking to the 0 to 100 range to facilitate the interpretation of results

3.5 However, there are some caveats. For certain years, the sample varies according to the evolution of the IMD World Competitiveness Yearbook. That is to say, some countries appear in the talent ranking only for the years in which they are part of the Yearbook. For example, Latvia only appears in the 2013 and 2014 talent rankings because it became part of the Yearbook in 2013. Similarly, rankings for Iceland are only available from 2010.

3.6 The survey data follow the evolution of the Yearbook. The executive opinion survey employed in the Yearbook is constantly updated and a relevant question for the talent ranking may only have been incorporated in recent years. Therefore the availability of data for that particular indicator could be restricted to

only a segment of the decade considered in this report. Specifically, the apprenticeship indicator is available for 2013 and 2014. The attracting and retaining talent and management education indicators are available from 2007 and 2008 (respectively) to the present. Additionally, hard data may not be available for specific countries in specific years.

APPENDIX 1

WORLD TALENT RANKINGS 2014 OVERALL PERFORMANCE

| COUNTRIES | 2014 | |
|-----------------|----------|---------------|
| | RANK | VALUE |
| Switzerland | 1 | 100.00 |
| Denmark | 2 | 91.769 |
| Germany | 3 | 86.177 |
| Finland | 4 | 86.079 |
| Malaysia | 5 | 85.770 |
| Ireland | 6 | 83.767 |
| Netherlands | 7 | 81.756 |
| Canada | 8 | 80.566 |
| Sweden | 9 | 79.942 |
| Norway | 10 | 77.842 |
| Austria | 11 | 76.125 |
| USA | 12 | 74.674 |
| Luxembourg | 13 | 72.274 |
| Iceland | 14 | 71.066 |
| UAE | 15 | 70.398 |
| Singapore | 16 | 69.556 |
| Belgium | 17 | 68.836 |
| Israel | 18 | 66.283 |
| Australia | 19 | 64.220 |
| United Kingdom | 20 | 62.910 |
| Hong Kong | 21 | 62.186 |
| Qatar | 22 | 55.278 |
| Latvia | 23 | 54.180 |
| France | 24 | 53.169 |
| Indonesia | 25 | 53.130 |
| New Zealand | 26 | 52.996 |
| Taiwan | 27 | 52.564 |
| Japan | 28 | 50.407 |
| Lithuania | 29 | 50.280 |
| Estonia | 30 | 48.704 |
| Ukraine | 31 | 47.674 |
| Kazakhstan | 32 | 46.321 |
| Portugal | 33 | 44.096 |
| Thailand | 34 | 43.798 |
| Turkey | 35 | 42.232 |
| Poland | 36 | 42.210 |
| Czech Republic | 37 | 40.850 |
| Romania | 38 | 38.081 |

OVERALL WORLD TALENT RANKINGS 2014 (cont'd)

| COUNTRIES | 2014 | |
|-----------------|------|--------|
| | RANK | VALUE |
| Jordan | 39 | 37.021 |
| Korea | 40 | 36.356 |
| Philippines | 41 | 35.879 |
| Greece | 42 | 35.469 |
| China Mainland | 43 | 35.372 |
| Chile | 44 | 34.921 |
| Spain | 45 | 34.557 |
| Slovak Republic | 46 | 33.676 |
| Italy | 47 | 32.688 |
| India | 48 | 31.631 |
| Slovenia | 49 | 31.187 |
| Mexico | 50 | 31.102 |
| Hungary | 51 | 28.382 |
| Brazil | 52 | 25.309 |
| Russia | 53 | 24.376 |
| Colombia | 54 | 23.825 |
| Argentina | 55 | 23.510 |
| South Africa | 56 | 23.274 |
| Peru | 57 | 19.021 |
| Croatia | 58 | 15.978 |
| Venezuela | 59 | 12.359 |
| Bulgaria | 60 | - |

APPENDIX 2

WORLD TALENT RANKINGS BY
ASIA – PACIFIC REGION

| COUNTRIES | 2014 | |
|-----------------|----------|---------------|
| | RANK | VALUE |
| Malaysia | 1 | 85.770 |
| Singapore | 2 | 69.556 |
| Australia | 3 | 64.220 |
| Hong Kong | 4 | 62.186 |
| Indonesia | 5 | 53.130 |
| New Zealand | 6 | 52.996 |
| Taiwan | 7 | 52.564 |
| Japan | 8 | 50.407 |
| Thailand | 9 | 43.798 |
| Korea | 10 | 36.356 |
| Philippines | 11 | 35.879 |
| China Mainland | 12 | 35.372 |
| India | 13 | 31.631 |

WORLD TALENT RANKINGS BY
ASEAN REGION

| COUNTRIES | 2014 | |
|-----------------|----------|---------------|
| | RANK | VALUE |
| Malaysia | 1 | 85.770 |
| Singapore | 2 | 69.556 |
| Indonesia | 3 | 53.130 |
| Thailand | 4 | 43.798 |
| Philippines | 5 | 35.879 |

APPENDIX 3

MALAYSIA'S CRITERIA PERFORMANCE

| IMD WORLD TALENT REPORT 2014 | 2014 (n=60) | |
|---|----------------|----|
| Overall Ranking | 5 | |
| Investment and Development 2014 | 11 | |
| • Total Public Expenditure on Education (%) | HD | 14 |
| • Total Public Expenditure on Education per Pupil | HD | 26 |
| • Pupil – Teacher Ratio (Primary Education) | HD | 16 |
| • Pupil-Teacher Ratio (Secondary Education) | HD | 35 |
| • Apprenticeship | SD | 4 |
| • Employee Training | SD | 4 |
| • Female Labor Force (%) | HD | 53 |
| Appeal 2014 | 5 | |
| • Cost – of – Living – Index | HD | 16 |
| • Attracting and Retaining Talents | SD | 13 |
| • Worker Motivation | SD | 3 |
| • Brain Drain | SD | 10 |
| • Quality of Life | SD | 25 |
| • Foreign High – Skilled People | SD | 12 |
| Readiness 2014 | 7 | |
| • Labor Force Growth | HD | 11 |
| • Skilled Labor | SD | 6 |
| • Finance Skills | SD | 15 |
| • International Experience | SD | 4 |
| • Competent Senior Managers | SD | 1 |
| • Educational System | SD | 11 |
| • Science in Schools | SD | 5 |
| • University Education | SD | 14 |
| • Management Education | SD | 10 |
| • Language skills | SD | 15 |