

## Iranian Entrepreneurs in Malaysia: Reasons for Their Migration

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**Abstract:** This paper discussed the international migration studies and their shortcomings of entrepreneurs' migration reasons, especially between two developing countries. The push and pull factors of migration decision were discovered with reviewing the literature. By interviewing five Iranian small business owners in Malaysia, it seems there is a new category of migrational reasons for immigrant entrepreneurs. Findings showed that the entrepreneurial reasons were effective in the migration decision of immigrant entrepreneurs besides the socio-economic and politic factors. In this paper, focusing on immigrant entrepreneurs in developing countries will help to provide a better understanding of both migration and entrepreneurship phenomena, so that could pave the way to demonstrate a new entrepreneurs' migration model.

**Key words:** Immigrant entrepreneurs • International migration • Push-pull factors • Developing countries • Iranian entrepreneurs • Malaysia

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### INTRODUCTION

In the contemporary world, immigrants play an important role in the national entrepreneurial activity development of host countries [1]. In the early 21 century, there were 175 million international migrants in the world; it represented 2.9 per cent of the world population, supplemented by estimated 10 million illegal migrants [2, 3]. Immigrant entrepreneurs used their traditional home country values to facilitate their success in entrepreneurial ventures. They created the necessary resources for sustainable local development such as employment and apprenticeship positions, as well as income for cities and countries. Ethnic businesses contribute to the host economy by increasing economic and cultural diversity, reducing unemployment among immigrants and raising living standards in ethnic groups [4, 5].

International migratory flows have become much more extensive and complicated over the past decades. While 'international migration' can be examined from distinct political, social, economic and cultural contexts; the reasons for this migratory phenomenon are highly varied in nature [6, 7]. Skilled emigration ration substantially heightened during the end of 20<sup>th</sup> century [8]. Making money is one of the most important criteria for each immigrant and most of the studies and theories were

unilateral in context, with the focus on labour migration [9]. On the other hand, they focus mainly on labour migration in developed countries because of the significant number and economic and social influence of immigrant labours in these countries, which are traditionally migration destinations and pioneers in academic research. Only little attention has been given to entrepreneurial and refugee migration. The migration movements are primarily motivated by economic considerations and majority of migrants tend to be job seekers and only minority of them initially move for self-employment. Therefore pervious literature over-represented on the labour perspective [10-12]. This paper would like to close this gap by illustrating the especial entrepreneurial reasons, which encourage the entrepreneurs to migrate. The finding can be useful for the policy makers in order the better managing of national human capital.

This paper first gives a brief overview of the international migration studies and the advantages of Push-Pull theory in describing the migration reasons. To be more specific about Iranian Immigrants in Malaysia, the related character of two Iran and Malaysia will be discussed briefly after that. Then the methodology, results and discussion will be presented. Finally, the study is concluded by some suggestions for further studies.

**International Migration:** While several authors have reviewed the existing theories and models of international migration (see e.g. [12-16]), still there is no integrated theory on the process of international migration. In other words, while the most essential motivation of migration is of economic nature [17] because of the variety of other significant facets of this phenomenon such as demographic, political, sociological and others, but no comprehensive theory has been formulated up to date [12, 18]. Therefore, it seems necessary to study this subject in different immigrant groups and in different destinations, especially in developing countries.

Studies on ethnic communities in business life have increased over the last years while these studies have considered labour migration and only limited attention has been given to migration of entrepreneurs [18, 10, 11, 12]. On the other hand, most of immigrant entrepreneurs' studies are limited to those immigrants who choose to be entrepreneurs after their arrival in the host societies. These studies, have divided the entrepreneurial motive factors for immigrants in two categories. *Structural* factors are related to the destination like; social exclusion, race discrimination, high unemployment, poor access to markets. In addition, *cultural* factors are related to immigrants such as specific values, skills and cultural features including internal solidarity and loyalty, flexibility, personal motivation, strong work ethics, informal network contacts with people from the same ethnic group and flexible financing arrangements [4, 12, 19].

However, in the migration literature, there are two different views about the migratory pathways of entrepreneurs. The first explanation is that migrant entrepreneurs are motivated by the same basic economic drive as labour migrants, which are to improve their economic situations upon arrival at their target destination. In other words, the expected income and profits attract their attention to the migration [20]. They were also subjected to spatial imbalances in the distribution of production factors, which forced them to leave their place of origin [21-24]. In that sense, entrepreneurial migration has only a slight difference with labour migration. Therefore, it is unnecessary to distinguish between the two categories and explanations for labour migration are also available for migration of entrepreneurs [10, 11].

The second view looks at the different characteristics of entrepreneurial migration and labour migration. Management skills are the basic source of entrepreneurial

activities, while labour migrants offer technical skills. The entrepreneur's motivation for migration is to search for the best place that offers the best opportunity for profit. On the other hand, labour migration depends on the availability of jobs at a particular region coupled with an adequate pay scale. Immigrant entrepreneurs, instead of lining up for jobs with the local people, create their own jobs and even provide employment for them [10, 11]. This paper has followed the second view.

As discussed, while many theories have been proposed to describe the migration reasons, there is no single, coherent, well developed theory of immigration that takes into account multilevel processes, multiple causes, initiating and sustaining forces and historical and contemporary flows [12]. In this way, to consider different kind of factors, which contribute to entrepreneurial migration between two developing countries, one of the most commonly known theoretical concepts in migration researches called *push-pull model* is used.

**Push-Pull Theory:** Everett Lee formulated the push-pull theory as a general theory of migration for both internal and international migration in 1966. According to this approach, migration is determined by a summarized comparison of a wide range of the positive factors in destination countries and negative factors in the origin residence [25].

While some scholars argue against the simplicity of this theory, since it just simply lists push and pull factors [12], this model provides an in depth explanation of the reasons behind the migration of a specific group between two countries and would be used to help explain migration reasons in this study. Moreover, this model is general and it is not restricted to an explanation of just workers migration reasons [6]. In other hand, in this model the economical factors like wages and unemployment could be considered as push or pull factors as well as network ties and household needs and features desired [18].

Push-Pull model, which is currently used in most recent global migration reports, such as those compiled by the World Bank (e.g. [26]), seems to have special potential to describe the different effective factors of migration phenomenon. Numerous studies listed the migration push factors including; economics, demographics, social, cultural and political hardship prevalent in the originating countries, while the pull factors include the comparative advantages in the host countries [12, 27, 28].

In this paper, the migration reasons of Iranian entrepreneurs would be explored in the push-pull perspective. To consider the role of effective factors such as social, economy and political situation of the origin and destination countries, which are highlighted by the respondents, will be introduced briefly in following.

**Iran and Immigration:** As a country located in the Middle East, Iran has many commonalities with neighbouring Muslim countries. However, with its unique historical, linguistic and racial identities, it has developed a different and particular culture. Two distinct vectors in Iranian culture can be identified as nationalist and Islamist [29].

Iran, as one of the oldest civilizations in the world, presents the immigration and emigration phenomena at extreme degrees. In its recent history, Iran has claimed to have the highest rates of brain drain in the world whereas at the same time topping the list as the world's largest refugee haven. Since the Islamic Revolution, Iran has become the starting point of steady migration of elite people. Majority of such emigrants prefer to settle in the United States or Western Europe [30]. While Iranian migrants' first destination is the USA, they are well known as a high educated with high entrepreneurship rate there [31]. In contrast with some researches about Iranian immigrants in the developed countries especially in the USA, there is little attention to them in comparison to other migrant groups or in other host countries. Moreover, most of them are in the Persian language and they were principally conducted in their origin country; Iran. Therefore, these studies mostly described the immigrants' intentions, not their real migration reasons [32-34].

While Iran's emigrants, who are mostly Afghans and Iraqis, are mainly poor educated or even untaught, the majority of Iranian immigrants are highly educated and possess entrepreneurial and management skills [30]. Based on the Iranian Ministry of Science, Research and Technology estimation, the flight of human capital costs the government over 50 billion US dollar annually, which is two times the revenues received from selling oil [35, 36].

Iran has frequently topped the list of refugee-hosting countries after its Islamic revolution. The United Nations High Commissioner for Refugees (UNHCR) estimates that Iran is host to the third-largest refugee population in the world. While UNHCR estimated there were 111,684 refugees, asylum seekers, internally displaced persons and other persons of concern from Iran [3], the happenings that occurred after Iran's presidential election in 2009 and the continuation of global sanctions against Iran's nuclear program by the UN Security

Council resolutions, led to a new wave of migration of Iranian elites. In addition, while Iranian first traditional migrational destinations are the USA and Western Europe, due to the low level of political interaction with other governments, Iranian travellers now face many challenges. For example, a visa is now mandatory for entry to most countries [30, 37].

In this situation, Malaysia is one of the few countries that Iranians are allowed to enter and stay for a period of up to three months with a tourist visa, which can be obtained upon arrival. As a result, Malaysia has become one of the most attractive travel and investment destinations for Iranians in these years. While Iranians have significant historical presence in Malaysia by the evidence of more than 300 Persian words in Malay language [38], but the new wave of Iranian migration is completely different.

**Iranians in Malaysia:** Malaysia as one of the most economically progressive countries has fastest growth rates among other developed countries in the world. Malaysia plans to become a developed country by 2020. In order to gain the target, the Malaysian government has been employing appropriate incentive policies to attract foreign investors and entrepreneurs' knowledge and wealth. Young and growing population; appropriate government rules and policies; geopolitically situated in Southwest Asia near China (the world's largest producer) and Singapore (International goods transportation hub); a beautiful natural environment, weather, which is always warm and rainy; along with natural resources like oil, palm and wood industries make Malaysia economically attractive to investors and entrepreneurs from a different range of businesses [39, 40].

The presence of an Islamic government and a multicultural social structure, in combination with relatively open social liberties, made Malaysia an ideal destination for a wide variety of Iranians. However, although the presence of Iranian businesspersons in Malaysia can be traced back to the 16th century AD [38], this new wave of Iranian immigration to Malaysia has been interesting and impressive only in recent years.

While the online statistical abstract of the U.S, provides useful information on self-employment statistics related to immigrant businesses [41], it is difficult to obtain some related information in most developing countries like Malaysia. According to the non-official report of Iranian embassy in Malaysia, more than 70,000 Iranians are living in Malaysia, which it seems to be doubled yearly in past five years. Moreover, this statistic includes around 14,000 academic students and around 100

lecturers [42]. However, the publication of more than ten Persian language magazines and the launch of the first Internet TV can be regarded as a clear sign of the growth in Iranian migration to Malaysia.

**Methodology:** This was a descriptive survey of the migration reasons of Iranian small and medium business owners' in Malaysia. The qualitative exploratory method used to analyzed the qualities of exploration and discovery in this research [43]. For this purpose, respondents were interviewed to give the researcher the opportunity; to investigate in-depth, to discover new clues, reveal dimensions of the problem and to secure vivid, accurate inclusive accounts that are based on personal experience [44]. Interviews allow the interviewee certain advantages that are not present in other forms of data gathering. People are more willing to talk than respond to written material and may actually enjoy talking. The interviewee is also able to explain in detail the purpose of the study, discuss during the interview and respond to any questions that the respondent might have [45]. An appropriate sample size for a qualitative study is one that adequately answers the research question. The general rule in qualitative research is continuing to sample until eliciting new information and insights can no longer be elicited [46]. In this study the evidence for the existing entrepreneurial reasons for migration was searched.

Respondents are chosen in Johor Bahru the capital city of Johor state, which is the biggest province of Malaysia. Johor Bahru is the second largest urban area after the national capital in Malaysia and receives 49.9 percent of the country's annual foreign tourists, also as the border town of Singapore and it is one of the biggest industrial centres of the country [47]. While the number of Iranians in Johor Bahru increased vastly in recent years, most of these Iranians are students or their relatives.

Two entrepreneurs were founded through their advertisements in Persian magazine and other respondents were founded by other referee. By this way, more than 13 Iranian business owners were found in Johor Bahru, but just 10 persons were entrepreneurs and have one or more employees. On the other hand, among those Iranian entrepreneurs, just eight people accepted to be interviewed. In addition, no respondents let the researcher to record his interview process. This concern seems to be because of the current political complexity of their origin country.

Although the number of sample seems to be small but as a qualitative study, the deep interviews with these Iranian business owners seems to discover their real migration reasons in the proper manner. Moreover, an aesthetic thrust of sampling in qualitative research in a small scale is more comprehensive. In summary, with careful sampling and equally careful collection techniques, a surprisingly small number of interviews can yield the data to answer the research questions [48].

Due to the importance of this study as a primary research on Iranian entrepreneurs in Malaysia and their specific cultural character and current political situation of their origin country, acquiring their trust in order to collect genuine answers was crucially important. Data was collected between the 1st of November 2010 and 30th December 2010. The questions were open ended and the questioning process was done in a friendly atmosphere.

## RESULTS AND DISCUSSION

Seven respondents of this study came to Malaysia through last five years for the entrepreneurial purpose. They all were men and five of them were active in ethnic business as owner of Iranian restaurants while the others were active in the mainstream market who selling Iranian handicrafts and other goods.

Table 1: Iranian Entrepreneurs Migration Push-Pull Factors

	Push Factors	Pull Factors
Economical	High living cost; High inflation, Economic downturn; Unfair access to resources	Lower living cost; Higher income
Political	Lack of individual freedoms; Constant fear of confiscation of property; Restrictions for religious activities	Meritocracy; Personal freedoms like free speech and free religious activities possibility
Social and cultural	Hostility with the entrepreneurial concept; Lack of hygiene and environmental cleanliness; Risk of drug addiction and low quality	Laws and regulations in society; Attention and respect for elites and entrepreneurial activities; Environmental hygiene; High quality of education system for children; Unhappy atmosphere education; Peaceful and happy atmosphere in the community
Entrepreneurial	Unfair, expensive, time taking process and difficulties in getting financial supports; High start up and expansion costs; Lack of equitable access to economic opportunities; Global sanction; Lack of scientific and technical access; Cumbersome administrative and governmental system; Lack of access to high quality and open telecommunication	Open access to global market; Access to technicians, spare parts, researchers and communication facilities; Standard administrative bureaucracy; Lower start up and expansion costs; Getting financial support opportunities for expansion

Table 1 demonstrates the important migration reasons of the respondents. In order to have an enhanced understanding of the responds root causes, in the previous section, the specific related social, economical and political situation of both host and destination countries were discussed briefly. As mentioned before, previous studies have introduced and discussed the first three categories of migration reasons [27]. Moreover, Fallahi and Monavarian [32] introduced similar demographic and economic, political, social and cultural factors for the migration of elites from Iran. However, in this study, the entrepreneurial factors were found as an effective item on the migration decision of Iranian entrepreneurs in Malaysia which is not discussed before.

It is an undisputable general assumption that the vast majority of immigrants leave their home countries to looking for a better life or a higher life standard for themselves and their families [49]. This willingness should also cover the specific entrepreneurial needs. It means the enterprise related reasons should be pondered in entrepreneurs' migration studies as well as their individual reasons. According to the interviews, it seems entrepreneurial problems and motives should be considered boldly and they could be a significant category of entrepreneurs' migration reasons.

### CONCLUSION

As discussed, there is not enough study about the reasons of entrepreneurs' migration. In this study the entrepreneurial reasons and related conditions, which have led to the migration of entrepreneurs from Iran to Malaysia were discussed. The enterprise related factors along with personal factors, which promote or hinder the migration, were considered. This result could be a good evidence for lightening further studies. Similar studies especially with larger sample from other immigrant groups and in other countries should be done to validate the finding and introduce a new model of international migration of entrepreneurs or decision model of establishing the business in abroad.

However since the entrepreneurial activities play an important role in the migration decision of immigrant entrepreneurs, in future studies, entrepreneurial motives and barriers they had in their country of origin or they face in the destination should be considered as one of the categories of their migration push and pull factors. On other hand, the lack of official statistics about foreign entrepreneurs or business owners in developing countries

like Malaysia, shows the neglect of these countries agencies on this important phenomenon. Therefore, establishing supportive units to survey their needs can be an effective step to improve Malaysian attraction in order to fascinate more foreign investors and entrepreneurs into Malaysia.

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