

Migration's benefits for the home country

Global labour mobility, particularly in high-skilled jobs, has escalated. The number of migrants with a tertiary degree increased nearly 130% between 1990 and 2010, while migrants of other education levels doubled, and low-skilled (primary educated) migration grew 40%. Digital labour markets and internet-based platforms that connect workers worldwide have also grown.

More than half of the high-skilled technology workers and entrepreneurs in Silicon Valley are foreign-born. Prominent firms with immigrant chief executive officers have included Google, Microsoft and Pfizer. Most high-skilled migrants have come from China and India, and the receiving countries have included the US, UK, Canada, and Australia.

This migration and resultant diaspora connections can be very important sources of brain gain. The positive impact of immigration on knowledge spillovers to the countries of immigrants' origin has been shown for scientific publications and inventions. When researchers immigrate to the US, more patents from the US get cited by patents from the countries of immigrants' origin and more scientific papers published in the US cite papers from the immigrants' origin country. Sending countries gain access to technical information from their overseas community.

These spillover benefits capture only the lower bound of the overall knowledge diffusion due to immigration. The availability of information and communication technologies, and easier access to the internet and smartphones, help individuals become facilitators of knowledge. In addition, immigrants arriving from their origin countries might be better at expressing knowledge in a way that is more easily absorbed in their former homeland. These factors suggest that the amount of knowledge disseminated due to immigration could go far beyond formal scientific knowledge.

Beyond knowledge diffusion, skilled migrants serve as effective conduits for many forms of global exchange in a networked world: trade, foreign direct investment, finance, knowledge, technology, entrepreneurship, cultural norms and political views.

Diaspora and outsourcing

Using data from oDesk, the world's largest online platform for outsourcing, we examined the role played by the Indian diaspora in the outsourcing of jobs to India (see *Diasporas And Outsourcing: Evidence From oDesk And India* by Ejaz Ghani, William Kerr and Christopher Stanton, World Bank). Data support that the Indian diaspora has facilitated the outsourcing of jobs to India. Yet, the size of the Indian diaspora on oDesk, and the timing of its effects, make it clear that the Indian diaspora was not a very important factor in India becoming the leading country on oDesk for fulfilling work.

In fact, evidence suggests that the diaspora's use of oDesk increased with familiarity of the platform, rather than a scenario where diaspora connections served to navigate uncertain environments. Diaspora-based contracts mainly served to lower costs for the company contacts outsourcing the work, as the developers in India are paid about the market wage for their work. The higher likelihood of Indians outsourcing to India did increase with time. These trends were not just due to diaspora connections overcoming uncertain environments. Instead, utilization of diaspora connections increases with familiarity, suggesting a longer-term complementarity between online platforms and diaspora connections.

These results lead to the conclusion that diaspora connections continue to be important, even as online platforms provide many of the features that diaspora networks historically provided (e.g., information about potential developers, monitoring and reputation foundations). The benefits

typically cited for diaspora networks include stronger access to information (especially very recent or tacit knowledge), matching and referral services that aid in linking firms together, language skills and cultural sensitivity that improve interactions, and repeated relationships that embed trust in uncertain environments and provide sanction mechanisms for misbehaviour.

Traditional wisdom has viewed migration as exodus of human capital, and a brain drain—something that should be prevented. Evidence seems to suggest otherwise, as migration has promoted global diaspora networks, human capital investment, circular migration, and the transfer of technology. This can enable policymakers to better integrate immigration in both origin and destination countries. Global integration is generating ever greater returns for matching talent with the right job or opportunity.

Skilled migration will increasingly involve shorter durations and circular paths in conjunction with increased globalization, due to greater global integration, lower transportation costs and rising standards of living outside of traditionally advanced economies. Such migrants have made exceptional contributions, propelling the knowledge frontier and spurring economic growth. In this process, the mobility of skilled workers has become critical to enhancing productivity and economic growth. Improved people allocation can be as powerful as global trade in goods, and financial allocation. Unfortunately, labour and talent has been relatively slow to globalize, given that less than 3% of global population lives outside their country of birth.

Ejaz Ghani is lead economist at the World Bank.

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