



# DYNAMICS OF GLOBAL MOBILITY AND BRAIN GAIN

By Jayantee (Mukherjee) Saha

Globalisation has familiarised us with the idea that the continued liberalisation of world trade, and the movement of goods, capital and services on which it is based, is also leading to a spectacular liberalisation of the free movement of persons. According to the United Nations (2002), the number of international migrants increased from 154 million to 175 million between 1990 and 2000. It is this global mobility which has given rise to the phenomenon of **'Brain gain'**.

Brain gain is a situation, in which many trained and talented individuals seek entrance into a country. In the late 1990s, the literature shifted from *'brain drain'* to *'brain gain'*, exploring the potential benefits of skilled migration. Skilled migrations are often associated with *remittances, return migration with enhanced skills, creation of trade and business networks and opportunities*. The term *'brain gain'* was coined at a Canadian symposium in 2000 referring to a time when many highly skilled Canadians were moving to the United States, while simultaneously many qualified immigrants were coming to Canada from a number of different nations. This is also sometimes referred to as a **'brain exchange'**.

Last year in an interview, Minister Mentor Lee Kuan Yew has said Singapore is facing a **'pretty serious' brain drain problem**. In an interview with the United Press International (UPI), Mr Lee said **Singapore is losing about 4 to 5 per cent of the top 30 per cent of its population every year**. Mr Lee said every year; **some 1,000 people**

**at the top end are giving up their citizenship. And he believes the numbers are growing**. To counter this, he is spearheading a brain gain campaign by bringing in more and more global talent.

Gradually, Asia is emerging to be a beneficiary to the phenomenon of *'brain gain'*. Western gurus have always looked to the East for inspiration. MIT's Edgar H Schein has been extensively studying the Singapore's Economic Development Board and futurist John Naisbitt based himself in Kuala Lumpur to produce Megatrends Asia, to name a few and innumerable experts from the west who have found their interest in India and China. Asia has its own way of management thinking, which is a methodical and artistic blend of science with spirituality.

Debate on how skilled labour migration affects capacity in source countries is currently ongoing. When skilled workers migrate, the source country loses their skills and output. When migrants are disproportionately made up of skilled workers, the source country experiences a decline in average-per worker income, even though wages for the skills of the migrant worker in the source country (or "skill price") may go up as the supply goes down. Educational investments in the source country become subsidies to the destination country. These effects constitute the much lamented "brain drain".<sup>1</sup>

According to an alternative school of thought, skilled migration leads to **"brain gain"** and helps to build capacity in source countries.

Case studies suggest that skilled migration can prompt families to invest more in education, both because of the prospect of securing an overseas job and because the skill prices are pushed up in the source country as skilled migrants leave. Source countries also benefit from the return of migrant professionals, bringing back increased skills and knowledge. Some evidence suggests that these return flows are significant, and that many of these return migrants have received further education and training. Education and training in destination countries benefit source countries when skilled migrants return. When skilled migration estimates are adjusted for such return migrants, the net brain drain can be sharply reduced.

In the current era of globalisation, global links may be more important than the human capital "stock" in a particular country. A professional may contribute more value to the source country by residing overseas than by returning permanently. In the private sector, for example, firms boost productivity by linking up across borders to integrate production networks that supply raw materials, manufacture components, assemble finished goods, and move them through regional and global distribution chains to consumers. Skilled migrant workers and investors participating in such production networks may benefit firms in their source country, even though they are residing elsewhere.<sup>1,2</sup>

International migration is increasingly influencing the global economy. Cross-border financial capital flows have transformed the global economic and political landscape over the last half-

century. According to Southeast Asia Workers Remittance Study 2005, remittances sent by migrant workers amount to some US\$200 billion going to countries and regions in Latin America, Asia, Africa, and Europe.

Contemporary Southeast Asia is a region with high levels of labour migration, both short and long term. Japan and Singapore are predominantly immigrant recipients, countries such as Indonesia and the Philippines send immigrants and workers to richer countries, thereby contributing to the largest single foreign exchange activity in labour-surplus countries of Asia, outweighing commodity exports.

### ISSUES AND IMPLICATIONS OF GLOBAL MOBILITY AND BRAIN GAIN

Traditional schools of thought focused only on the negative impact of brain drain on the sending economies, while new models introduce the possibility of brain gain through several channels (*human capital, remittances, return migration or FDI and trade linkages*).

**a) Human Capital Development** - Human capital is the driving force of prosperity in a globally competitive economy. Talented individuals usually seek entrance into a country for better opportunities. With enhanced opportunities, earning and learning capabilities of these individuals increase leading to overall human capital development.

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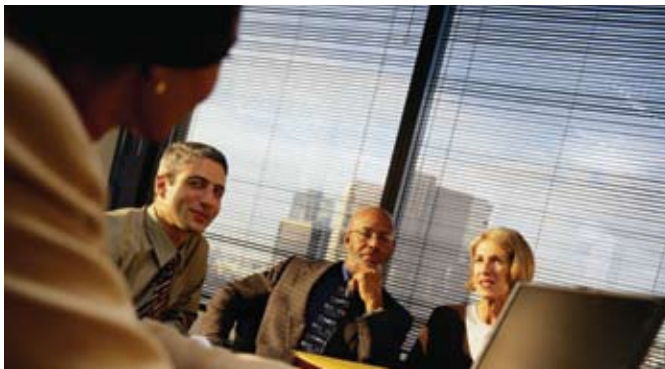
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**b) Remittances and economic benefits** - Remittances to developing countries increased 18% in 2006 (USD 229 billion in all) and 16% in 2007 (USD 265 billion), according to World Bank estimates. Remittances are widely considered an exceptionally stable source of finance for developing countries. On the other hand, by importing manpower from the developing countries, developed countries do reap economic benefits. For example, a recent study published by the National Association of Foreign Student Advisors (NAFSA) reports that in the year 2007, international students and their families added \$15.54 billion to the United States economy. Almost half of all the PhD recipients in the USA in any year are now foreigners. This 'brain gain' has consequences, not just for the 'education business', but also for the future of the economy.

- b) Return migration** - Return migration is the phenomenon of migrants returning to their home countries after having spent a number of years in the host country which takes place due to either of the following
- Attaining their objective to save a certain sum of money
  - The emergence of new job opportunities back home
  - A yearning for home, and
  - Failure to find a job or to fit in to the host society.

The global economic slowdown has encouraged migrants to return home. Malaysia's Human Resources Ministry said in October 2008 that it is prepared to provide repatriation assistance for all Malaysian workers in Singapore who lose jobs there. Recent literature suggests that emigration prospects can raise the expected return to human capital and foster investment in education at home either through remittances, foreign direct investments (FDI), networking opportunities, trade linkages and even return migration.

**c) Circular migration** - Circular migration means a continuing, long-term, and fluid pattern of international mobility that can exist naturally or with government involvement. According to this, a person with citizenship in two or more countries can easily move among them without restriction. Circular migration is quite popular a policy in certain Gulf countries and East Asian economies that need foreign labour but do not want them to

settle permanently. For Example, after working in Saudi Arabia on a two-year contract, a construction worker from Pakistan must return home before he is allowed to return for another two year contract. The worker cannot bring his family and stands little chance of becoming a Saudi citizen.

**d) Xenophobia** - Xenophobia (*dislike of foreigners*) is one of the challenges of global mobility that may at times hinder the prospect of brain gain. A few global studies fear xenophobia could rise in many countries in 2009 as economies continue to weaken, unemployment rises and native born populations see immigrants as competitors for jobs. According to a recent transatlantic survey, 65% of American and Britons said immigration will lead to higher taxes as a result increased demand for social services by immigrants and over 50% thought that immigrants are currently taking jobs away from native-born workers.

Singapore has derived substantial benefits from global mobility ranking high in the "brain gain" race to lure talented foreign professionals. It's lucid migration laws, political stability, safety and security, good infrastructure, policy continuity and growing employment opportunities has magnetic effect to attract global talent. Nearly a third of Singapore's labour force is foreign workers adding to its stability and long-term prosperity. In the year 2007, Singapore announced that it would more than double its number of talented foreign professionals and students in five years. Singapore has been issuing six-month work visas for college students and college graduates between 17 and 30 from eight advanced countries, including the U.S., Britain, Japan and Germany. These foreign students are permitted to choose any profession and there is no ceiling on their wages under the Singaporean government's plan to encourage them to live and work there for a long time.

Minister Mentor Lee Kuan Yew says he spearheaded **Singapore's brain gain campaign. "If Singapore is a computer hard disk drive, then talented foreign professionals can play a role in boosting the disk drive's capacity by millions of bytes!"** <sup>14</sup>

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