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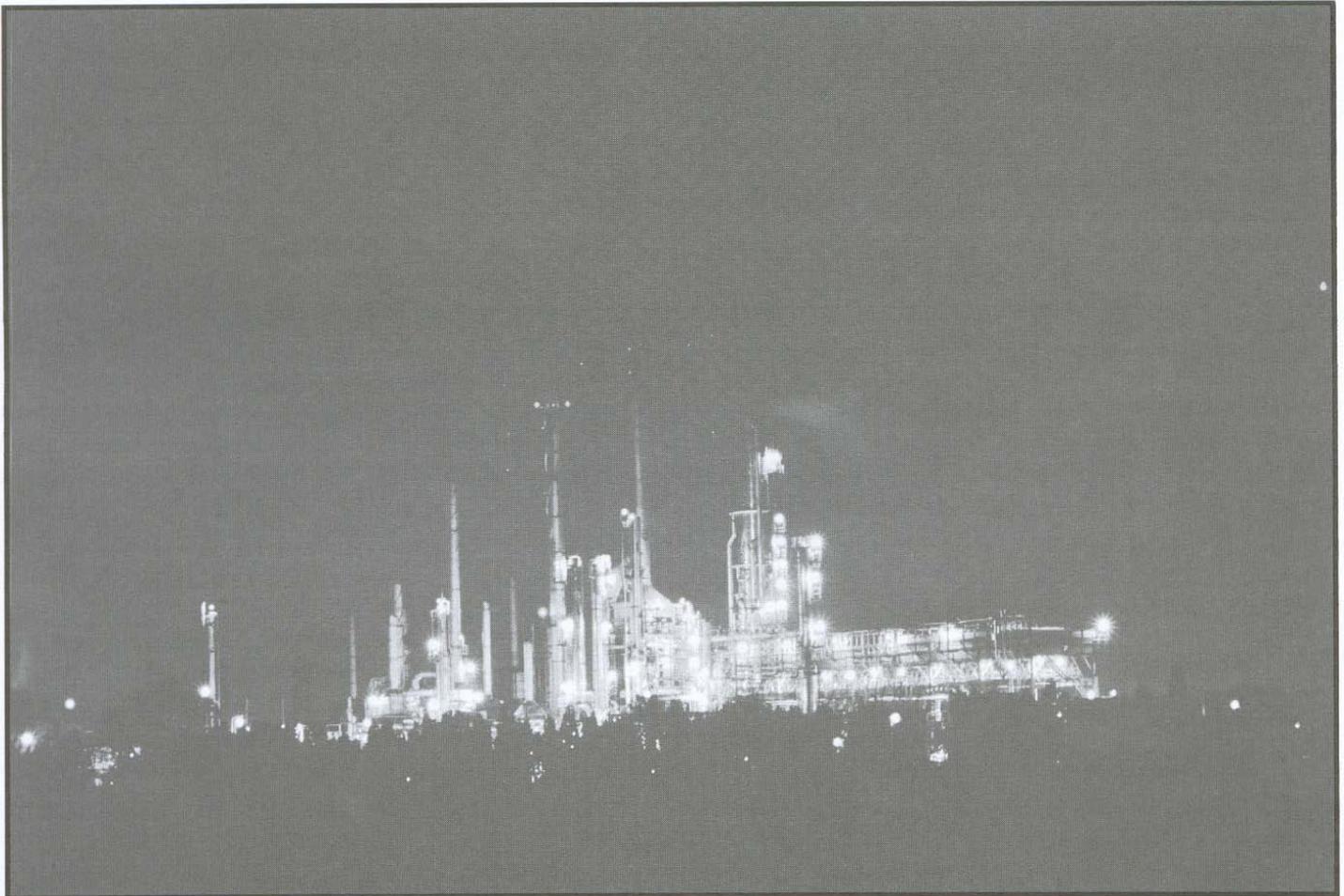
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Review

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*To prevent corruption and inefficiency in Thai state-owned enterprises, good corporate governance such as building greater transparency in key decision-making processes, and enabling greater participation among stakeholders is needed to bring into their governances. See related article on page 7.*

# The Thai Diaspora: One Way Out in Solving Shortages of Highly Skilled Labor\*

Yongyuth Chalamwong\*\*

The objectives of this article are to review the Asian Diaspora, especially the case of the Thai Diaspora, in various countries and to assess the impacts of diasporic policies on associated home countries, with the aim of remedying the problem of shortages of highly skilled labor.

## 1. INTRODUCTION

In this context, the term diaspora refers to powerless transnational ethnic communities, including political communities, in North America and the United Kingdom as well as in various Caribbean States. The main source countries in Asia are India, China, South Korea, and Vietnam, with Thailand providing a limited number.

The concept of nationality linked to a single ethnic group's placement within a particular geographic location (e.g., Thai diaspora in the United States, or Canada) creates a demand for cultural products that would maintain diasporic links. Global air travel encourages peripatetic tendencies among diasporics. Some economic links with "off-shore" production, foreign direct investment (FDI) in export-oriented agriculture, and the power of multinationals in the consumer markets of developing countries have resulted in the large-scale movement of people.

The movement of emigrants from various countries of origin to different parts of the world has created diasporas which are layered with periods of emigration. We believe that mass migration has led to new economic growth in the countries of the New World. The routes of diasporas are non-linear between the homeland and the diasporics' place of residence. The settlements of particular communities around the world have developed intricate networks among themselves.

Diasporas have created structures of worldwide capitalism in conducting transnational economic activities; they also have formed alternative globalization processes. In former times, diasporic movements were determined by colonization and trading connections and sometimes the movement of overseas war refugees, but now they occur because of the accessibility of various modes of efficient and low-cost transportation and communication as well as the phenomenon of "economic refugees."

Transnational communities are now also making extensive use of online electronic services, e.g., e-mail, and the Internet, which are remarkable tools in diasporic efforts to reconstruct family trees or ethnic connections. For example, the Thai Diaspora in the United States maintains connections with extended family members in Thailand and relatives working elsewhere. Diaspora websites have become an important means to counter the effects of cultural imperialism and to foster worldwide cultural diversity. They are often organized as a means of maintaining institutional links such as among college alumni.

Thailand has created the "World Thai Expert Link," which uses information and communication technologies to mobilize the scientific and managerial elements of the Thai Diaspora, thereby enabling a reversal of the brain drain that has affected Southeast Asian countries.

## 2. THE RECENT EAST ASIAN EMIGRATION OF HIGHLY SKILLED PROFESSIONALS

The East Asian emigration to Western developed countries is linked with relatively highly skilled and well-educated migrants. College-educated Thai adults account for 40.7 percent of Thais in the United States,

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\*\* Dr. Yongyuth is Research Director for Labor Development, Human Resources and Social Development Program, TDRI.

which is only 2 percent less than that of the United States-born population. However, the majority of people from East Asian countries are more highly educated than the average United States native-born population.

From 1994 to 2000, Thai college- or graduate-school-trained adults in the United States exceeded 20,000 in number, indicating a significant flow of highly skilled persons, many of whom came to stay. In general, 22 percent of college-educated East Asian people have a United States bachelor's degree. About 29 percent of college-educated Thais received a bachelor's degree and a small fraction of them have a master's degree.

Asian scientists and engineers have helped the United States shape its technical progress and technology transfers. A total of 8,100 Asian-born college graduates in the United States in 1997 were working in science and engineering occupations.

Arguably, the large absolute flow of educated migrants represents a "brain gain" for developed countries and a "brain drain" for developing countries. The stock of educated Thais in OECD countries however is very small, accounting for only 1.6 percent of the total. Therefore, the negative effect may be fairly small. Reasons for this may be related to the strong family ties of the Thai people and the continuation of fast economic development at home.

However, economic growth in East Asia has shifted the pattern of international migration over the last quarter of a century away from the former destination, OECD. Thailand has become a net immigration country for skilled workers, as industrial development has remained high from the 1980s until now. Nonetheless, the influx of more than 1 million illegal migrants from neighboring countries (86% of them coming from Myanmar, 8% from Cambodia and 6% from Laos) is making Thailand a net immigration country of low-skilled workers.

The number of semi-skilled Thais going abroad each year is around 200,000 persons. The most popular destination for semi-skilled workers from Thailand is Taiwan, accounting for 60 percent of the total emigrants. The remaining popular destinations are Middle Eastern and African countries, making the stock of semi-skilled emigrants reach about 300,000 persons in 2002.

Thailand also sent about 5,000 officials to study in the United States, the United Kingdom and Australia in recent years. As mentioned previously, semi-skilled and skilled Thai workers have emigrated to many countries to find work. These emigrants comprised both regular and irregular skilled workers. For example, in Japan irregular Thai migrants were estimated to be about 23,000 in 2000; about 10.3 percent of these overstayed their visas. About 6,000-10,000 regular migrants from Thailand are now working in Japan under "trainee-programs."

Skilled Thais also work in Taiwan, Malaysia, and Singapore. There are about 120,000 skilled workers in Taiwan, about 13,000 in Malaysia and about 16,000 in

Singapore. In 2003, these overseas workers remitted about US\$1.3 billion to Thailand.

Since the majority of semi-skilled Thai workers are employed under contract, once their contracts end, all of these workers are supposed to return home. These emigrant workers generally have been middle-income rural people, who work very hard and have been able to save money in their country of residence and remit large amounts home.

Based on the above information, in the past Thailand clearly faced shortages of semi- and low-skilled workers. However, the large demand gap has been filled by abundant immigrant workers from neighboring countries. So far the shortage of highly skilled workers and technicians generated by FDI has been overcome by allowing investors to import their own workers from their countries of origin.

### 3. ASSESSING THE IMPACTS OF THE DIASPORA

As citizens of one country emigrate to other countries, in theory there should be net benefits in order to justify their movement. In the real world, however, the truth is somewhere between the winners and the losers. We believe that the benefits and losses from skilled migration are never one-way flows; they are shared by the sending and receiving countries.

#### 3.1 Perceived Benefits for Emigrants or Diasporic Communities

(1) Improved human capital: Thais emigrating to higher wage countries may stimulate persons to pursue a higher education; human capital would thus be increased, which would stimulate overall growth once they return to their home country.

(2) Stimulate investment in the home countries: Emigrants are well placed to evaluate investment opportunities and they possess contacts that would facilitate this process; emigrants encourage foreigners to invest in their home countries; emigrants are in a position to identify more trustworthy and competent partners; and sometimes return migrants become the local counterparts of foreigners (foreign investors) in their investment.

(3) Stimulate trade expansion: If migrants are exposed to nationals from a particular country, they may alter their perceptions of doing business with those countries. In Thailand, many enterprises today were products of such connections in the past.

(4) Bring home hard currencies: Some diasporic persons or communities, after having accumulated sufficient savings, return home for the rest of their lives. Such savings can be significant. For example, overseas Filipinos send home almost US\$8 billion annually, while overseas Thais remit more than US\$1.0 billion annually.

(5) Thai students studying abroad can exploit the comparative advantages of different host countries for specific training, thereby returning with new ideas and channeling benefits to the home country.

### 3.2 Perceived Negative Impacts for Emigrants

(1) The departure of highly skilled workers may impose costs on those remaining at home. The “brain drain,” or migration of highly skilled human resources, represents a “loss” to the sending country, because it loses out on the returns on capital it has invested in the individual. Governments make investments in training and educating each individual, and therefore expect a return on their investment when those individuals work and pay taxes, etc.

(2) Postponement of establishing institutional infrastructure is another adverse effect. The literature recently indicated that the well-educated elite play important roles in establishing public institutions, including legal structures, the ability to enforce contracts and set norms of governance. The departure of these people delays those processes, or it may mean that the processes will never take place.

The overall net impacts of the departure of highly skilled persons are inconclusive. Because networks of skilled persons in circulation have tended to cause a shift from a brain drain to globalization, brain exchange, brain circulation and global mobile workforce, it means that the benefits and costs are shared.

### 3.3 Existence of International Networks of Diasporic Communities

There are existing international networks or associations which have become important forums for cross-generational investments and mentoring as well. Individuals within these networks often invest individually or jointly, acting as “angel investors” who are more accessible to immigrants than the mainstream venture-capital community. As a result, one key role of diasporic networks is in serving as transmission networks, contributing to capital flows and trade as well as technology transfers. Technology transfers, from the generation of new ideas by firms to other firms at home and abroad, followed by research and development, may generate both products and processes.

### 3.4 Policies on Highly Skilled Labor

The economic returns to “relocation” shaped by differences in earnings and employment opportunities and the cost of moving are factors affecting the international migration of highly skilled persons. In contrast, international migration is restricted and shaped by the state policies of the receiving and sending countries.

For example, the United States visa category H-1B is intended to permit the entry of skilled workers. Australia and Canada use a points-based or employment-

based system to identify skilled migrants for preferential entry. Singapore attracts highly skilled foreign workers by imposing a levy on employers of less skilled workers while offering a tax break to all employers who recruit highly skilled workers.

The motivation of scholars to immigrate or their decision to stay abroad is a product of a complex blend of economic, political, social, culture and personal factors. The impact of each factor varies from country to country and from individual to individual and it fluctuates from time to time. For example, students from Thailand are well distributed among the United States, the United Kingdom, Japan and Australia, but college students predominate in the United States. Their numbers increased more than 67 percent during the period from 1981 to 2000. Why? Is it because the quality of education in the United States is higher than in other countries or is the cost of studying in the United States cheaper or is it a matter of personal choice or just a combination of several reasons?

It is quite clear that there are gaps in high-level human expertise. Most European Union countries, Australia, the United States and Canada are adopting strategies to cope with labor shortages by acquiring both temporary and permanent migrants. Attractive offers and student switching programs may motivate foreign graduates to stay overseas instead of returning home. Although developed countries are competing with each other to get and/or retain highly skilled professionals, developing countries are not in a position to compete with them.

However, a number of countries have implemented programs to attract their migrants back. One objective is to replace expensive expatriate workers with nationals having similar or better qualifications, through programs such as “Assisted Return,” which is supported by the International Organization for Migration (IOM), and UNDP-TOKTEN (United Nations Development Programme-Transfer of Knowledge through Expatriate Nationals). The hope is that combinations of a range of factors will increase trade and investment as a result of the liberalization of trade and services under the General Agreement on Trade in Services (GATS), and that free trade arrangements will generate greater freedom of mobility among WTO members.

## 4 UTILIZATION OF THE “THAI DIASPORA OPTION”

In order to counter the brain drain, many countries have adopted restrictive policies to make migration more difficult, e.g., in getting out of a country, or to offer incentives for highly skilled workers to remain at home.

It is quite clear that, in a country such as Thailand, the public sector cannot offer highly skilled professional salaries and a working environment comparable to that of developed countries. Therefore,

the “return option” approach remains virtually impossible to implement, except in the private sector.

Thus, we believe that the “Diaspora Option” is more appropriate for Thailand. We see brain drain not as a loss but as a potential gain for Thailand as a sending country. We look at highly skilled expatriates as a pool of potentially useful human resources for the home country. The challenge is to mobilize these “brains” so that they will want to return home to support national development.

### *Country experiences*

1) A project which Thailand has implemented in the past was the promotion of “brain mobility” virtually on the Internet. Called the Reverse Brain Drain Project, the project turned out to be very attractive with its website becoming extremely popular.

- We do not promote or facilitate the return of Thai professionals living overseas to work in government agencies or in the private sector in Thailand.
- Instead, we identify and attract experienced high-level Thai professionals living overseas to participate in mission-oriented projects and in the development of core teams led by the respective Thai professional abroad.

We want Thai emigrants to be a part of the nation-building process without uprooting them from their homes elsewhere in the world.

2) We follow the “Diaspora Option,” which is based on network approaches.

We build a network of expatriate knowledge by setting up connections between highly skilled expatriates and the home country so that information and knowledge can be exchanged. For example, the most popular diaspora networks for intellectuals and scientists are the following:

- (1) The Reverse Brain Drain Project, which attracts Thai professionals to return from abroad and to assist various development and technology-oriented projects (biotechnology, etc.)
- (2) The Association of Thai Professionals in America and Canada has been actively involved in sending Thai professionals from universities and private agencies to carry out joint research studies, teaching, and advisory services.
- (3) The Association of Thai Professionals in Europe and (4) the Association of Thai Professionals in Japan have also cooperated closely with the Thai government.

Based on the experiences of many developed countries, it is recommended that the Thai government should establish a “Thai Diaspora Institute” for a number of reasons.

- (1) It would be a forum for eminent members of the Thai Diaspora all over the world to exchange their experiences.
- (2) It would be a single-window contract mechanism to deal with the Thai Diaspora in order to meet members’ needs.
- (3) It would be well funded and well staffed with people who have had interactions with the public in dealing with the Diaspora.
- (4) It would be a place to maintain a contact database on the Thai Diaspora and a web portal communication system to ensure efficient operations.

We believe that the above recommendations should help to serve the needs of the government in trying to maintain the competitiveness of the country in the new global economy.

