Chapter 2
Review of Literature

The movement of people especially the professionals is said to have imposed a heavy cost on the sending country. It also benefits them in substantial ways. Theoretical discussion with respect to these impacts abound, though there is a dearth of estimates of the losses or gains imposed on the home country, since quantification of costs and benefits has been difficult (Adams, 1968; Bhagwati, 1977; Appelyard, 1989 and 2001).

2.1 Brain Gain Approach

Brain gain approach is based on the assumption that highly skilled professionals who migrated to a developed country are able to play an important role in the development process of their home country through various channels such as remigration or networks of expatriates. The approach focuses on the formation of new human capital, technological transfer, remittances and monetary investments, rather than looking at the loss of human capital. It argues that movement of highly skilled professionals cannot be stopped in the global economics. This approach offers two options, Return and Diaspora option. The return option, first implemented in the 1970’s continued till 90’s, and involves attempts made by home countries to encourage their highly skilled expatriates to return home (like TOKTEN). For the return option to succeed, home countries have to

1 TOKTEN is a mechanism for tapping and mobilizing qualified expatriate professionals from developing countries to return to their countries of origin, as consultants, for short periods of time, to share their accumulated skills and experience and to perform tasks that might otherwise be performed by international consultants. The UNDP, in partnership with governments, civil society organizations, and donors, is currently implementing the programme in 35 countries. The TOKTEN Programme was initiated by UNDP in 1977 to encounter the effects of 'brain drain' in the developing countries by bringing back talented expatriate nationals to their home countries based on a spirit of volunteerism. Presently, it is under the auspices of the United Nations Volunteer Programme (UNVP) and is managed by the United Nations Office for Project Services (UNOPS).

Several Countries like China India; Poland; Palestine, Turkey; Vietnam. Other TOKTEN projects are implemented in Pakistan, Lebanon, Liberia, Syria, Senegal, Nepal, Bosnia and Herzegovina, Philippines, Guinea-Bissau, Mali, Morocco, Madagascar and Cambodia made remarkable technologies advances through TOKTEN projects. The TOKTEN is regarded as an added dimension of technical cooperation, which contributes in reducing the adverse effects of the brain-drain, with several advantages. Recipient institutions benefit from the expertise contributed by TOKTEN consultants at low cost to them, consultants
be in a position to offer to the expatriates the salaries and infrastructure comparable to their host countries. Developing countries are naturally not in a position to compete with the industrialized countries in this regard. Hence, a new and different approach to the brain drain emerged, known as the *diaspora option*. The *diaspora option* of brain gain hypothesis focuses on backward linkages of the expatriates with home country. It states that knowledge, expertise and vision of expatriates can be utilized for the development of the home country without their physical presence (Meyer, 2001 and Kuznetsov, 2006).

This option is based on network approach where a network is a regular set of contacts or connections among individual actors or groups (Granovetter and Swedberg, 1992). In this case, associations of immigrants or Home Town Associations formed in the host country emerged as an important ways of sharing the knowledge and learning between two countries. There are a few examples where associations of expatriates have helped in the reduction of poverty and worked towards the sustainable development of home countries (Meyer et al 1997; Hunger, 2001 Dustdar- Sinclair 2002; Lowell, 2002 and Yevzeny, 2006). In this connection, Meyer and Brown (1999) identified over forty such professional associations and out of which, fifteen expatriate associations were established with the singular aim of mobilizing highly skilled expatriates to return their knowledge through an open exchange. These associations of expatriates have lent help in various fields from extending information literacy to knowledge and productivity in developing country economies. The ability and potential of the members of these associations have played a role in sharing and application of the information, as demonstrated by the fact that almost all members of the organizations have completed a Masters or Doctoral degree. In recent research Meyer pointed that that number of these associations has grown exponentially in last few years (2007). Reason of the same can be understood from ‘mode of sharing’ which seems to be an important factor in this case, as Teferra says: ‘*latency of skilled labor circulation both in the traditional physical form, as well as the virtual mode and the mechanism to tap its fluidity and power is enhanced by unprecedented and profound developments in information and derive satisfaction by contributing to the development and benefit of their countries not only from the experience and knowledge gained but also because each TOKTEN assignment counters the effects of brain drain. This programme is also unique since it permits a transfer of expertise and an exchange of know-how and experience in the language of the country of origin* (http://www.sd.undp.org/Publications/pub2/TOKTEN.htm).
communication technologies (ICT) (Teferra, 2000, p.3). Saxenian (2002) says that ‘Pride of home country is often a compelling reason to join’ the associations for members. Though, not all members of these associations/networks join them for same reason/factors.

However, in the past, countries have tried to experiment with various strategies to neutralize the negative effects of brain drain such as designing of Restrictive policies (to make migration more difficult) and Incentive policies (aimed to make emigration less attractive- e.g. offering highly skilled workers incentives to remain in the home country). Other experiments were around compensatory policies wherein either the receiving country or the individual migrant gets taxed in order to compensate the sending country. However, all these policies could not be implemented effectively due to various reasons. In this scenario, ‘brain gain strategy’ as mentioned above provides another way of engaging with expatriates. Over the last one decade, concept and nature has been fast changing by the emerging of phenomena like ‘brain circulation’, ‘brain exchange’, ‘brain mobility’ and so on. New thinking around brain gain recognizes the potential of highly skilled expatriates for the development of the home country. To reap the benefits some options and platforms have been explored which have enabled immigrants to actually share their knowledge with host as well home countries. One of such platforms is associations of immigrants used for exchange of information and forging new ties between “home” and host countries (Findlay, 2000; Meyer 2001; Lucas, 2001 and Martin, 2002 and Meyer 2007). These case studies indicate about the potential of this option. Therefore, a fundamental shift to perceiving brain drain not as a loss, as in the traditional perspective, but a potential gain to the sending country is required. In this case, highly skilled expatriates become a reservoir of potentially useful human resources for their country of origin. The challenge remain is to understand the networking of high skilled immigrants.

2.2 Network theory and Brain circulation:

The process of migration assumes that migrant networks are sets of interpersonal ties that connect current migrants, former migrants and non-migrants in origin and destination areas through ties of kinship, friendship, and shared community origin (Massey and Espana, 1987; Owusu, 2000). They increase the likelihood of international
migration because it lowers the costs and risks of movements and increases the expected net returns to migration (Hugo, 1982; Taylor, 1986). Boyd says that networks "connect migrants across time and space. Once begun, migration flows often become self-sustaining, reflecting the establishing of networks of information, assistance and obligations which develop between migrants in the host society and friends and relatives in the sending areas. These networks link populations in origin and receiving countries and ensure that movements are not necessarily limited in time, unidirectional or permanent (1989; 641)."

If we apply the Network theory in individual choice for migration, it can be said that it decreases the cost of migration by providing related information on accommodation and employment which increases the probability of employment in the destination country and also reduces deportation. Studies show that networks can play many roles since they tie veterans to newcomer expatriates, allow for rapid transmission of information about openings in workplaces or opportunities for new business startups (Waldinger, 1997). Networks also provide better information within workplaces, reducing the risks associated with initial hiring and most importantly connect co-ethnic entrepreneurs, who take up membership as an index of trust (Bailey and Waldinger 1991). It is said that networks are self-reproducing in terms of membership, since each of the incumbents recruit friends or relatives from his or her group. The role of networks has also been pointed out in connection with migrant entrepreneurship as it identifies clusters of business opportunities for them through their associates and networks (Waldinger, 1997; Orozco, 2005). However, relationships among migrants are likely to be many-sided, rather than just specialized, as it effects may go beyond their informational value, engendering both codes of conduct and the mechanisms for members who violate norms (Portes and Sensenbrenner 1993). Messay et al (1993) also contemplates that networks may make international migration extremely attractive as a strategy for risk diversification and cost reduction. It is believed that when migrant networks are well-developed, foreign jobs are put within easy reach of most community members, making emigration a reliable and secure source of income. Every new migrant expands the network and reduces the risks of movements for all those to whom he or she is related,
eventually making it virtually risk-free and costless (Peixoto, 2001). This theory accepts the view of international migration as an individual or household decision process, but argues that the act of migration at one point of time systematically alters the context within which future migration decisions are made.

The above discussion primarily focused on the importance of networks as a means of migration and its role in labour market but closer examination of the network theory open up new ways to examine these channels of migration to subdue the effects of brain drain. There is a need to study the network theory from different perspectives where it can explain the growth and success of emigrants in destination countries and most importantly review how the success of migrants can be shared with the home country through transnational migrant associations. This could be understood from the success of Chinese, Filipinos and Indian entrepreneurs in the US labor market and the way their networks have facilitated the establishment of their business roots in the host country (Saxenian et al, 2002). Some research indicates that network of emigrants can also be considered as an option to contribute to home country development (Meyer et al, 2001; Saxenian, 2002; Kapur and MacHale, 2005 and Kuznetsov, 2006). These kinds of associations become very significant in a scenario where mobility of high skilled professionals, whether temporary or permanent, from developing to developed nations, causes worry for brain drain. Since high skilled workers are required for production of human capital, other than productivity and fiscal importance, most importantly in the health and education. Similarly, Khadria (1999b) contemplates that “loss of human capital through brain drain may be looked at not as 'skill loss' or 'investment loss' but in terms of an erosion in the all-encompassing generic index of productiveness” (pp29).

As stated earlier, several approaches and mechanisms have been propounded to subdue the impact of brain drain like remittances, permanent return of emigrants, technology transfer, etc. (Appleyard, 2001; Harrison, 2004 and Lucas, 2004). These approaches can be categorized in the form of six ‘R’s (Lowell and Findlay, 2002, pg 18). First ‘R’, return of migrants to their source country state that the return of emigrants is one sure way to cultivate human capital for source countries, especially when there is value added from working abroad. Permanent return tends to be the focus of most such
policies. Second ‘R’, restriction of international mobility, summarize that many developing countries have adopted restrictive emigration policies that make it difficult for their nationals to take a job abroad. Almost all countries restrict the immigration of foreign nationals to protect their domestic workers from competition. Third ‘R’, recruitment of international migrants, asks for recruitment of foreign labor only in case of domestic shortages of skilled workers. Fourth ‘R’, reparation for loss of human capital (tax), focuses on never-implemented economic prescription in the 1970s, but favored by many, the idea is that developed countries either compensate source countries or that emigrants pay taxes, to deal with externalities created by the immediate loss of human capital. Fifth ‘R’, resourcing expatriates (Diaspora options) proposes the new option, still remains to be explored fully, that skilled emigrants abroad can be a significant resource, especially if ongoing contact between academic and private sector institutions is fostered. Government and private sector initiatives seek to increase communications, knowledge transfer, remittances, and investment. Part one of sixth ‘R’, retention through educational policies, is also another option which argues for creation of a highly educated workforce, beginning with strengthening domestic educational institutions. It assumes that a viable system encourages graduates to stay with the system and ensures that the source country keeps its original investment in education. Part two of sixth, retention through economic development, mentions that giving people a reason to stay (or return) which is doubtless the most effective policy for reducing emigration and the surest long-term means of boosting average human capital, as well as economic growth.

Some of the approaches have been fully explored by sending countries, in the current circumstances, the fifth ‘R’ of these six ‘Rs’, resourcing expatriates (diaspora option), can be analyzed and understood through the network theory as networking of immigrants seems to play an essential role in forging ties as well as in serving a platform for contribution to the home country. Some studies indicated that to operationalise above approach, various mechanisms to tap the potential of the diaspora option can be explored but associations of emigrants, especially of knowledge workers, have the potential to play a critical role (Bhorat et al, 2002 and Chaparro, 2004).
In this context, the network approach has potential to depart from ‘brain drain’ or ‘loss’ and to focus on emigrants as human capital with potential to transfer their expertise and knowledge to the home country. The approach understands the mobility of the high skilled from developing to developed countries under the assumption that return of these professionals is not possible due to infrastructure facilities, labor scenario etc in the home country (Meyer and Brown, 1999; Saxenian et al, 2002 and Wickramasekra, 2002).

There are not many empirical evidences which bring clarity to the functioning and roles of migration networks especially immigrants’ associations related to engagement with the home countries. Some studies have tried to understand other roles of migration networks as well as of immigrants’ associations.

2.3 Empirical Evidences

Theoretically, network theory best explains the importance of migration channel or migration networks and relatively important non-economic factors in international migration. It mentions that networks (family or community) serve as a means of conveying information from those who have the same. Network members assist new migrants, then networks serve to influence the expected income gains from and the uncertainty associated with migration. Boyd (1989) has clearly elaborated on the importance of family and personal networks which are more influential in migration process since they help in finding jobs, assist in settling down and cut the cost of migration.

These networks are informal and unstructured and termed as ‘social networks’ by sociologists but now, there is growing research on ‘networks of immigrants’ which are considered as potential catalysts of return migration. In the following section, we have tried to present some evidences from networks of immigrants and the role they play in the international migration.

2 Termed as the ‘Diaspora Option’, this approach has also been called the brain circulation by Anna Lee Saxenian (1999). Khadria (1999a) has also talked of a ‘return of human capital’ approach which is similar to brain circulation, examining whether emigrants participate in any nation building activities which he calls the ‘second – generation effects’ and distinguishes from the stereotypes of migration effects. Khadria (1978) also provides a welfare classification of migration.
2.3.1 Role of networks in the decision making in reference to migration

There have been several studies over the last few decades which have used, in one way or another, the social networks perspective for the study of international migration (Kearney 1986; Grasmuck and Pessar 1991; Portes 1995; Massey et al 1998; Iyer and Shapiro 1999 and Vertovec and Cohen 1999). The network perspective explains not only initiation but also elaborates on employment channels, it has also been seen that ‘social’ or ‘informal’ networks assist in finding jobs and establishing enterprises in the international labor market.

Winters, Paul; Alain de Janvry and Elisabeth Sadoulet (1999) in a study on the role of networks in Mexico-US labor migration found that community networks like immigrant networks are more important in the production of information and assistance. It stated that once migration is well established in a community, family networks become less important. In addition, the development of strong community networks or immigrant networks erases the role of household characteristics in migration, allowing those initially least favored to participate in migration. The results demonstrated that family and community networks play a greater role in the migration decision than historical migration. The same kinds of results were shared by another study done in 1987 by Massey and España about Mexican immigrants. This study used the data from household level and state level surveys, which were administered by the office of the Secretary for Agrarian Reform of the Mexican Government. It also included questions about their current participation in migration and the history of migration of their household members, including children of the household head who had permanently migrated and questions on the migratory experiences of relatives of the household head were included in the household survey.

Findlay and Li (1998) examined migration channel approach on professionals moving to and from Hong Kong. It was found that there are various kinds of channels which help in settling down and finding a job in a new country. They clearly pointed out that ‘channels’ could be any one, from an information provider from the family, friends to structured organizations like associations or channels which govern entry into foreign
labor markets like recruitment agencies. These agencies have the power of a ‘gatekeeper’ by controlling entry to the migration system. The study covered doctors, engineers, university teachers, students, etc to understand the role of migration channels in finding jobs and in other aspects of their life. Within expatriate engineers, of British, United States and Australian origin, about 94% had got jobs prior to their immigration. This confirms that channeling of the migration is quite dependent to agencies or informal networks. The channels were newspaper and media, families and friends, professional journals, intra-company transfers, information from expatriates, international institutional linkages, personal links from working aboard, etc. It was revealed that 19.3% of Hong Kong engineers got their jobs through family and friends which was the second significant response, however, for expatriates it was only 6 percent. The most significant channel for expatriates was intra-company transfer. Interestingly, around 6 percent of expatriates as well as Hong Kong engineers got information about job opportunities from immigrants.

Papadopoulou (2002) carried out a study on Kurdish immigrants to examine the importance of family and personal networks in the migration process. It elaborated the way some people decided to stay in Greece and the way others moved out. Drawing sample from Kurdish migrants in Athens, it examined transnational, local, social and family networks operational in the decision-making process, in the journey and in the period of temporary (‘in transit’) and permanent settlement. The study found that most of the Kurdish used transnational networks for migration and settlement process.

It seems social networks help in reduction in the cost of migration also act as an important variable in decision making on migration. Solimano and Polack (2004) found that social networks reduce the cost of migration and is an important factor in driving migration flows. Migration entails costs of traveling, job search and others. Besides, there is a psychological stress associated with migration since one lives in another country often with different language and culture. The findings of the study revealed that existence of networks of relatives, friends and professional peers, influence the decision to move as well as influence the choice of the destination country. Furthermore, presence of existing migrant networks in the host country helps migrants in the adaptation to the host country.
Massey, Douglas S. and María Aysa (2005) in the study which assessed the important of social capital in migration process found that social capital promote and sustain migration in local settings. Data for the study was taken from the Latin American Migration Project and the Mexican Migration Project to examine the effects of different forms of capital on the process of international migration to the United States from Mexico, Puerto Rico, the Dominican Republic, Nicaragua, Costa Rica and Peru. They measured both general and individual social capital and specified several interactions to test relative importance of social capital in the context of low versus high costs of migration, rural versus urban settings and on first versus later trips. It was found that both individual social capital (measured by having ties to specific kinds of people with United States migratory experience) and general social capital (measured by the relative proportion of migrants in the community) indeed promote and sustain international migration in different settings throughout Latin America. Social capital effects also dominated in determining initial trips to the United States though the influence of social capital was significantly weaker in determining subsequent trips.

2.3.2 Role of Network in Labor Market

There have been a number of studies on determinants of the linkages between labor market and networks. Most of them show that approximately 50% of all jobs are found through social connections (Sheppard and Belitsky 1966, Rees and Shultz 1970, Staiger 1990, Granovetter, 1995). Campbell and Marsden (1990) conducted a study to assess the magnitude of these connections and found that data on employers' recruitment methods confirm the importance of connections on the job search in 51 business firms, approximately 51% of openings were filled through referrals. It was said that use of social connections in the labor market increases with the amount of professional networking inherent in the worker's occupation. Albert Rees and George Shultz (1970), conducted a study of the Chicago labor market and found that between 60 to 65 % of blue collar workers found their current jobs through a friend or relative, compared to 23 % accountants and 37 % typists.
Faria (2003) examined the role of migration networks (i.e. family and friends) in job creation for prospective migrants and suggested that informal networks (called as migration networks) play an important role in finding jobs especially in host countries. The study identifies the correlation between high skilled and low skilled migrants and their induced opportunities in the host countries that decreases with education but increases with experience. It is said that high-skilled workers migrate whenever the expected income in the host country exceeds their income in the country of origin and is related to the growth of the host country and availability of migration networks.

Porous (2001) explored labor market and its linkages with networks of immigrants. The study emphasizes that labor markets are embedded in networks of social relations and immigrant networks very often do the business of matching. The study was carried out between 1998-99, conducted interviews with Asian Indian Gujarati community settled in New York and London. It traced the labor market history of some of the immigrants and their experiences with linkages with international labor market. The study defined various ways to link with labor markets where trustees, the chain of members and organizational composition and interpersonal ties in migrant networks lead to significantly different migration and occupational outcomes.

Granovetter's (1995) study of professional workers in Newton, Massachusetts found that although use of personal connections to find work was the dominant strategy used by the professional workers, the technical workers were twice as likely as either the managerial or other professional workers to have found their current job through an employment agency or a job advertisement. Granovetter argues that perhaps managers and academics interact with more people in their work, increasing their number of professional social contacts. Meng (2000) in a study on Chinese immigrants found that migrants prefer to move to Jinan than to Guangdong region in spite of the fact that wage rates were higher in Guangdong than the rest of the country. The study reveals that migrants move to Jinan region because they had “pre-arranged” jobs for them by established migrants and their networks.
Hansen and Cardenas (1988) compared the employment rolls of Mexican immigrant employers, native-born Mexican employers and non-Mexican employers in Mexican neighborhoods of California and Texas (USA) to study whether nationality of migrants played a role in his possibility of getting a job. They found that Mexican immigrant employers were “most likely to hire undocumented Mexican workers,” and were also most likely to express very favorable evaluations of the quality of these workers, not just their cheapness. Next in line came the native-born Mexican employers. They said that last were the non-Mexican employers who employed the least undocumented labor and, when asked about it, stressed its cheapness, not its quality. This result shows that the migration network fed foreign-born Mexican workers to coethnic employers who knew how to get more work out of them and had more favorable opinions of them.

2.3.3 Networks and Promotions of Ethnic Entrepreneurships

The networks are a vital component of business success among immigrants as well (Bonacich, Light and Wong, 1977; Aldrich and Zimmer, 1986 and Waldinger, 1990). It is said that networks act as an informal business incubator as well as nurture new businesses (Valdez, 2002). They assist in their growth by providing varying amounts of physical and intellectual resources (Aldrich et al, 1990; Greene and Butler, 1996 and, Greene, 1997). Greene says that from the fledgling entrepreneur in a South Asian ethnic enclave in England to a venture capital funded, high technology, transnational entrepreneurial team in Silicon Valley, each acquires a strong competitive advantage through the use of networks (1997). Saxenian (1999) says that traits of entrepreneurship are growing among south asian ethnic immigrants like Indians, Chinese in the United States and this can be attributed to ‘ethnic networks’ and their networking skills.

Greve Arent and Janet W. Salaff (2005) work on social network and their relation with ethnic economy strongly emphasizes on importance and usefulness of social network analysis instead of having any other approach. It points out that social networks have flows of resources which benefit immigrants to get employment or become entrepreneurs. The findings are based on 100 new Chinese immigrants in the Canadian
labor market with high education and skills. The semi-structured interviews were held with the respondents who were also followed up after two years. The study found that ethnic social networks emerge through interaction and ethnic boundaries were not rooted in a physical space. Chinese immigrants interact with people who accomplish cultural and social goals beyond their space. Although the place seems to be visible to outsiders, the social as well as economic ties that immigrants develop do not confine to physical locations. The study stated that occupation, locations and contacts promoted opportunities to open an enterprise. Among all respondents, high skilled started business within their professional fields and this was not possible without local networks. Generally, colleagues helped in starting up new enterprise.

Saxenian (2002) studied the highly-educated, transnational community of Chinese (mostly Taiwanese) and East Indian immigrants who have started new technology businesses in Silicon Valley and found various local, international, formal and informal networks. They have created organizations (13 Chinese, 2 Indian) specifically to further their technical, professional and entrepreneurial interests (e.g. The Indus Entrepreneur, Monte Jade Science and Technology Institute). These associations or networks of skilled immigrants provide both formal (e.g. meetings, workshops at international level, successful ethnic mentoring, business plan assistance), and informal (e.g. role models, angels, motivators) advice to the local entrepreneurs. The “distinct ethnic subcultures” amongst these immigrant entrepreneurs are a function of their education, technical expertise, occupation, industry, culture, language and experiences. The study found that about a quarter of the new high technology ventures created in Silicon Valley in the last 20 years were started by Chinese (17%) or Indian (7%) immigrants. Immigrant networks played an important role in it. It is estimated that with more recent data, these figures will be higher.

The “trans-local” (homeland and new country) networks, according to Saxenian, not only provide “entry points” for entrepreneurs, but also provide an increase in trade for both countries due to industry integration. The “bootstrap capitalism” of South Asians in England conforms to traditional perceptions of networks (Werbner, 1999). The support provided by these networks can be informal from the family and a friend, or from the
wider community including religious, other organizations and business people. Bates (1994) while explaining the relationship between social capital and networks says, “*The entrepreneur is seen as a member of supportive kinship, peer and community subgroups*”. These networks, in turn, assist in creation and successful operation of firms by providing social capital as sources.

Masurel et al (2002) studied three ethnic groups in greater Amsterdam region to understand the ethnic entrepreneurship and role of various actors in its advancement. The studies three ethnic groups were; Turkish, Indian and Moroccans. The study found that more than half respondents were employed in larger firm before starting their own business. The motivation to start their own firm was to be own boss which was agreed by all the ethnic groups. It stated that informal networks plays an important role in establishing of the business as 40 percent respondent said that they received information and advise about business from ethnic community – family, friends and other immigrant groups. The study concluded ethnic networks can reduce the economic risks related to the creation of a new business, thus rendering the decision to become self-employed more attractive from a risk diversification. It further mentioned that there is not a clear panacea for the successful entrepreneurship in a modern networks economy, as there is a variety of critical success factors which are determining the success of ethnic firms (such as language skills, commercial knowledge, market insights, network contacts, access to venture capital, ICT skills etc) though ethnic networks is one of the important factor which facilitate the success of ethnic enterprises.

Lofstrom (2000) study on high skilled immigrants in the US also revealed that immigrants are more likely to be self-employed than the native because of their networks. The study used the 1990 and 2000 census data and examined the labor market performance of both the groups- immigrants and natives. Finding revealed that approximately one fifth of both high-skilled natives and immigrants are entrepreneurs. In case of immigrants, a high proportion of conclave and co-nationals are found to increase the probability as self-employment.
Bates (1997) in a study on the Korean and Chinese immigrants in the US found that majority of start-up capital that financed small business formation came from family wealth (equity). The study used data from the U.S. Bureau of the Census to analyze sources and amounts of start-up capital that financed small business creation for immigrant Koreans and Chinese. Data, 2,000 Korean and Chinese who opened new firms during 1979–1987 were analyzed and compared with start-up statistics for nonminorities and Asian Americans who are not immigrants. The study found that financing patterns typified all groups. High levels of start-up capital for Korean/Chinese immigrant-owned firms came from families, reflecting their heavy reliance upon family equity capital to finance small business creation.

2.3.4 Migration, Network and Development

Moving beyond the issues of structural and institutional influence (network) on migration decisions, labor market and entrepreneurship, there remain a number of important questions that relate to the influence of these networks or associations of expatriates. Key interest here is the way networks may facilitate the return of financial, human and social capital to the country of origin. For example, the development of professional, personal and social networks can be seen as instrumental not only for emigration, but also for the development of transnational activities (contribution to home town associations, maintenance of cultural links between home and receiving countries, etc.). This section tries to provide some evidences which indicate that expatriates can share knowledge and skill with the home country through expatriate associations.

A study by Kaplan (1997) on expatriate associations of South Arica suggests that, the network approach has been used in contribution to the home country by South Africa’s expatriates. It is mentioned that South Africa in response to the brain drain has evolved a network of skilled expatriates who are interested in South Africa’s development namely, South African Network of Skilled Aboard (SANSA). SANSA primarily aimed at establishing links between mostly, but not exclusively, with highly skilled South African expatriates. It has been envisaged that network would allow expatriates to make meaningful contributions to South Africa’s economic and social
development by their active participation. South African expatriates will work in laboratories or training programs, participate in training or research with South African counterparts, facilitate business contracts, initiate research and commercial projects.

Meyer et al (1997) and Bhorat et al (2002) also examined the South African Network of Skilled Aboard (SANSA) and found it has potential to grow in coverage as well as its impact. Though, they said that it is early to assess its impact but it could be visualized by its membership which has reached to over 2000 and is spread across 67 countries. SANSA operates as a link between high skilled professionals abroad and the community at home which is managed by Pretoria based National Research Foundation.

Orozco (2005) has analyzed Ghanaians living in the US, UK and Germany focusing on their relationship with development in the home country. Study reveals that Ghanaian Home Town Associations (diaspora associations) efforts are oriented towards promotion of health and education activities in the home country since over 96% of diaspora associations support health and education activities in their home country communities. Further analysis suggested that roughly 14% of Ghana diaspora associations found to contribute for infrastructure investment (including street construction and repair, water provision, electricity and so on) and less than 4 percent contribute to church repairs, constructions and decorations. It is also revealed that efforts target children and women as associations have adopted children or OBGYN wards (Kwahu, DC) in a hospital. The study interviewed 986 migrants, 842 of which were Ghanaians and for comparative purposes, 144 migrants from other West African countries.

Kuznetsov (2006) studied another expatriate association, Global Scot, an association of Scottish expatriates, which has successfully established as a business network between Scottish people and its expatriates. It has been found that the network is bringing capital, trade and finance for the country of origin.

The above discussion provides plenty of information on how social networks, informal networks and networks of family and friends assist in finding jobs, settling
down, handling cultural shocks, know the labor market, etc. The important point of discussion here has been promotion of entrepreneurship among immigrants in almost all the countries through the networks of immigrants. However, it is difficult to ascertain the real intention of relation of expatriate associations with the home country because ‘networks’ do not clearly state objectives of their association with the home country. It emerges that migration flows do not stop when the migrants move to the destination country rather two-way flows of immigrants shows the complex nature of migration (Saxenian, 1999). It is pointed out that associations tend to support home countries in selected areas such as health and education and have strong social and economic ties with their country of origin, leading to a positive externality in the economy of origin because of potential increase in productivity and the creation of enterprises (Kern, 2005). The engagement of expatriates with the home country may further lead to more jobs, the accumulation of research and foreign direct investment, and innovation.

In this context, the present study therefore tries to examine the networking of expatriate Indians in US, the factors responsible for the formation of expatriate associations and their relationship with the home country. The number of high skilled expatriate associations formed by Indians may not be very large, especially in US, though other kinds of associations have already existed for a long time (like cultural associations).

Summing Up:

Empirical and theoretical studies suggest that social networks for long have been considered as an ‘informal connection’ to move to an international labor market which also facilitated migration process. These social networks are ‘loose’ in nature and do not

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3 This has been termed as brain circulation by Saxenian et al (2002). According to Saxenian, movement of people from developing countries to developed countries which was termed as brain drain in 1960s is a rather circular movement of brain, not necessarily physically, across borders. This has been confirmed, too to some extent, by associations of professional immigrants as associations are assisting home countries even if it is at a micro level.

4 The brain circulation model argues that highly skilled migrants from developing countries who have migrated to an industrialized country represent a potential resource for the socioeconomic development of their home country.
necessarily have any organized structure and body therefore their effectiveness is
dependent to actors. The studies related to migration networks have been limited in their
scope and have not been explored their partnership or linkages with the home countries.
Studies by Kuznetsov (2006); Saxenian (1999) and Meyer and Brown (1999) have
pointed on possibilities and role of migrants’ networks in development. They have
explored some of the structured networks of professional expatriates and found that
migrant networks have an organized body with a set of objectives, rules, regulations and
norms. Such networks can bring values - entrepreneurship, openness, experimentation -
and is probably the best channel for technology transfer to the home country. It can play a
crucial role in the economic development of the sending country; many people have
returned with valuable technology, capital and experience, and the determination to
succeed and thus help their country. There are not enough evidences on networking
approach which could explore the nature of partnership among expatriate professionals
who can become viable tools in brain circulation.