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## Human Resource Migration and the Economy

**Usoro A. A.**

Associate Professor, Department of Business Management,  
University of Calabar, Nigeria

**Etuk I. U.**

Lecturer, Department of Business Management,  
University of Calabar, Nigeria

**Udongwo U. I.**

Lecturer, Department of Business Management,  
University of Calabar, Nigeria

### **Abstract:**

*This study examined human resource migration and the economy of Nigeria and was necessitated by the need to evaluate whether human resource migration contributes positively or negatively to the economic, social, educational and security development of Nigeria. To guide the study, three research questions were formulated. It was also found that human resource migration had significant impact on educational development in Nigeria. The study recommended among others that government policy makers should ensure be proactive in human resources migration policies to ensure its benefits are maximised while the adverse effects are minimised.*

**Keywords:** *Entrepreneurial development, human resources migration, economic growth, remittances*

### **1. Introduction**

Beginning from creation, man has not been stationary but moved from place to place. These movements have had serious impact on the history of the world in general, Nigeria inclusive (Akanji, 2012). Migration is an inevitable part of the story of man, families, villages and nation-states (Ebri, 2017). So, human resource movements started with the existence of humans particularly as humans had to look for what to eat in famine season. However, 'Migration has the potentials to be one of the most politically controversial issues, especially in the societies where immigrants settle' (Ibiang, 2012). Consequently, its simple in a discussion of migration to concentrate on the effects of human resource inflow alone (Ibiang, 2012). Of equal importance, is the human resource outflow which could have significant effects, particularly on emerging/developing or underdeveloped countries in the World, such as Nigeria. Therefore, sound migration policies must not be restricted to national effects but must consider mutual global effects. These common global effects often sharply feature in economic development (Ojile & Tijani, 2017).

Human resource movements are continually on the increase annually, with crucial impacts for both outflow and inflow countries ((Noja *et al.*, 2018). Truly human resource flow is commonly caused by relative differences in the economic development of countries but for the case of political a sylumseekers (Noja *et al.*, 2018). As the extent and complexity of human resource flows have increased, so have the common development implications of the movement of persons, skills, knowledge on and remittances for researchers and policy makers.

Migration was defined by Lee, (1966) in a broad context as a temporal or lasting change in residence. Bauer et al (2004) defined migration as the movement of an individual or a group of people geographically from one place to another, surpassing political and administrative boundaries, in the attempt to domicile in a place other than the place of origin. Migration could be internal or external. It's internal where the movement of people is within the same locality or country, and external where the movement of people is across one country to another. Migrants may be persons, individual family units or large groups (Castles & Miller, 2009).

This study synthesises some of the findings of the increasing discuss on human resource migration with a view of drawing policy interventions nationally and multilaterally that can be considered. Its fundamental thrust is policy options that maximise the resultant advantages of migration for enhancing entrepreneurial development, remittances and economic growth.

Human resource migration affects both the areas of origin and destination. Some identified effects are; Economic, Political, Health and Social. Migration is a step that can affect households, the home communities, and the total economy of a country in several manners (Azam & Gubert, 2006).This paper seeks to assess the effect of human resource emigration on the Nigerian economy.

### 1.1. Problem Statement

Since Nigeria gained political independence on October 1<sup>st</sup> 1960, human resources have in one way or the other migrated from one rural or urban area to others and from Nigeria to other countries of the world. This movement could be as a result of: communal clashes, job opportunities, quality education, good health care facilities, recreation, or seeking political asylum. Other reasons why human resources also migrate are: Marriages across ethnic divides, religion, natural disaster, sports and business. Ever since these movements started, Nigeria like other African countries such as Liberia, Sierra Leone, Mali, Cote D'voire, as well as European and Asian countries seem to have all experienced diverse problems resulting from human resource migration. Among these are: population increase or decrease, over exploitation of scarce resources, high cost of living, overcrowded cities, over stressed socio-economic infrastructures, unemployment crisis, environmental pollution, brain drain, increased crime rate and insecurity.

## 2. Literature Review

Nigeria is a major receiving country for migrants in West Africa (United Nations, 2004). Existing data indicates that population of resident immigrants in Nigeria more than doubled from 477,135 in 1991 to 971,450 in 2005, though immigrants still represent less than one per cent of the population (IOM, 2009). ECOWAS Resident Permit data show that ECOWAS residents rose from 63 per cent in 2001 to 97 per cent in 2005 (ECOWAS, 2006). Approximately, 74 per cent human resource inflow into Nigeria came from close Economic Community of West African (ECOWAS) States. Republic of Benin has (29%), Ghana (22%) and Mali (16%), (ECOWAS, 2006). Refugees account for less than one percent immigrants in 2007 (NCFR, 2008).

Nigeria attracted highly skilled migrants in the early 2000s (IOM, 2009). Then immigrants were managers, doctors, mathematicians, engineers and fewer as clerks or manual workers. Immigrants were professionals mainly from Europe, while those that were of lower cadre were mostly nationals of close ECOWAS states (ECOWAS, 2006). The high level of unemployment, inflation and insecurity appear to have made Nigeria less attractive to skilled labour in recent times.

### 2.1. Human Resource Emigrants from Nigeria

Despite the fact that Nigeria is a major receiving nation for ECOWAS migrants, more human resources move out of Nigeria than those that move in. The net migration rate (per 1,000 people) has been negative for more than two decades, -0.20 (2000), -0.24 (2002), -0.29 (2004), -0.35 (2006), -0.40 (2008), -0.38 (2010), -0.36 (2012), -0.34 (2014), -0.33 (2016), -0.31 (2018) and -0.30 (2020). Regrettably this trend continues as 2021 net migration rate is already -0.29. (United Nations, 2021).

Despite the difficulty of obtaining information on the level of skills of human resource emigrants, the print and social media is rife with evidences that emigration of highly skilled human resources is quite high. The Academic Staff Union of Universities (ASUU) of Nigeria has had many face-offs with the government in a bid to stem the serious exodus of brilliant member scholars out of the country. According to estimates in 2000, about 10.7 per cent of Nigeria trained high skilled labour population who were trained in Nigeria work overseas, often in Organisation for Economic Co-operation and Development (OECD) Countries. In America and Europe, 83 per cent and 46 per cent respectively of the immigrants from Nigeria are highly skilled. On the average, 64 per cent of Nigeria's emigrants have tertiary education (Docquier & Marfouk, 2006). In the health sector, more than 14 per cent of doctors who were trained in Nigeria worked overseas, 90 per cent of who work and are domiciled in America and the United Kingdom. In OECD countries, (21%) of immigrants from Nigeria seem to work majorly in the health sector, next in population are workers in real estate and wholesale sectors (both with 12%) respectively (UNESCO, 2008). An aftermath of the Covid pandemic that started in 2019 and the downturn in the economy is an exodus of medical personnel from Nigeria to the Middle East en route to Europe and America.

### 2.2. The Economic Benefits of Human Resource Migration to Developed Countries

Based on the preferences of the workforce residents in developed countries; immigrants have often had to do jobs considered demeaning, dangerous and difficult. This leaves industries in these countries in the medium term facing critical vacancies. These vacancies they fill with immigrants from developing countries. In the long term, as dependency ratios rose in developed nations, they needed to bring in migrant workers to maintain the dynamism of their economies (UNDP, 1993). This was the case in Germany in the 2000s when it began to experience an aging population.

### 2.3. Economic Effects of Human Resource Migration on Sending Countries

Where human resource outflow leads to loss of people with high skills from developing countries, the capacity of such nations for development could be compromised (UNDP, 1993). Lack of crucial labour hinders the capabilities of such nations to create home grown solutions for their challenges. Again the movement and contribution of migrant workers that makes the economies of developed countries, carries the risk of further widening the gap between rich and poor (UN/DESA, 2004).

Some developing nations have high rates of permanent emigration within highly skilled labour. Nigeria is a case in point. Interestingly, migration can be an important threat as well as an opportunity. Situations where poor nations also have poor economic and financial infrastructures; the potential of emigrants' contribution to development through remittances and investment can in addition be hindered (Sriskandarajah, 2005).

From recent World Bank data, in 2018, remittances of Nigerian Diaspora were \$24.31 billion. This represents to 83 per cent of the national budget in 2018 and 11 times the FDI in-flows in that year. Remittances that came in was also 7.4 times more than the total foreign aid received in 2017 of US\$3.4 billion. In 2019, it decreased to \$23.81bn; and in 2020

declined to \$ 17.21bn. These 2020 remittances from a diasporal population of 1.7 million accounted for four per cent (4%) of the Nigerian Gross Domestic Product.

Increase in remittances is dependent on global economic forces, which could encourage or hamper increase in remittances. Additional determinants that encourage remittances are increases in rate of emigration, state of the economy of the receiving countries and the economic fundamentals in the sending countries. Osiri (2016) looked at migration in three aspects: The labour markets, economic growth and the public purse.

### 2.3.1. Labour Markets

Osiri (2016) stated that within a ten year period immigrants translated to 47 per cent increase in the labour force in America and 7 per cent in European countries together. He further opined that immigrants occupy significant niches in all sectors of the economy (Osiri, 2016). The migrants, mostly youths could be better educated than those to retirement. He stated that from 2000, immigrants accounted for 31 per cent of the growth in highly skilled workers in Canada; 21 per cent of that of America and 14 per cent in Europe. In Europe, immigrants are crucial contributors to labour-market flexibility.

### 2.3.2. Economic Growth

Migration increases the working-age population (Osiri, 2016). Migrant workers come in with skills and are contributors to human capital development of the nations they come into. Immigrants also contribute to improvements in technology. Migration from one nation to another can affect economic growth directly or indirectly. There is not much doubt that when migrants increase the workforce, aggregate GDP should increase. However, the scenario is a little ambiguous when it has to do with per capita GDP growth.

- First, migration affects demography, not only by growing the population size but also by changes in the age demographics of destination nations (Osiri, 2016). In comparison with natives, immigrants are often belong more to the young and economically active age groups thereby contributing to the reduction of the dependency ratios.
- Secondly, immigrants come in with skills and capabilities, and therefore support the human capital stock of the receiving nation. In particular, evidence from the United States indicates that skilled immigrants contribute to developments in research and innovation, together with growth in technology (Osiri, 2016). For instance, it is common knowledge that the Silicon Valley is what it is today because of the contributions of non-natives and that the development of one of the Covid vaccines was contributed to by a Nigerian.

### 2.3.3. The Public Purse

A study on the fiscal effects of migration for Organization for Economic Cooperation and Development (OECD) states, Australia, Canada and America revealed fresh and internationally comparative evidence. The research suggest that the effect of the aggregated waves of migration that arrived over a period of 50 years in OECD states averaged near zero, rarely going above 0.5% of GDP positively or negatively. Immigrants are therefore not a burden to the purse nor a solution for fiscal problems. In many countries, but for those with high percentages of older migrants, immigrants subscribe more in taxes and social contributions than they get in personal benefits.

<b>Positive Effects</b>	<b>Negative Effects</b>
Provision of opportunities to labour unavailable in their home country.	Drain of highly skilled workers and reduction in quality of needed services.
Reduces the effect of supply excess labour on the domestic market thereby reducing unemployment.	Reduce growth and productivity due to reduction in stock of workers with high skills and its externalities.
Inflow of remittances (this boosts the incomes and could bring improvements in the human development of recipients) and foreign exchange.	Reduces the returns from government investments in public education.
Technology, investments and venture capital in Diasporas.	Skewed migration can grow incomes in equality in the home country.
Can generate increases in trade between sending and receiving states.	Fiscal revenue losses from taxes collected from workers. Remittances may reduce with time.
Can stimulate investment in education in home country as well as individual human capital investments.	Remittances can cause inflation, particularly in real estate, in some areas.
Returning skilled workers could boost domestic human capital through skills transfers and foreign networking.	A 'culture' of migration, can demotivate to invest domestically.
Donations / Philanthropic activities of Diasporas can bring relief to and develop local community.	

*Table 1: Economic Effects of Migration*

*Source: UN/DESA (2004:97)*

Despite efforts by scholars in this area, there is a lack of accurate models for determining the net economic benefits of nation to nation migration for either sending or destination countries (UN/DESA, 2004). For instance, the net impact of migration on sending countries depends to a large extent on balance between temporal as against permanent

migration, the balance between high-skilled migration, the specific sectors and labour markets impacted by emigration, and the level of remittances (UN/DESA, 2004).

#### 2.4. Managing the Effects of Human Resources Migration

Specific countries usually perceive migration in terms of domestic impacts and national interest. However, the global nature of flows implies that to manage the common impacts of migration will require a robust supranational framework (Frontex, 2015). Furthermore, management of the process for the mutual benefit of all countries will call for partnership between nations (UN/DESA, 2004).

#### 2.5. Research Questions

The overarching question which has been discussed in this research is whether migration has effect on economy, with the following minor questions asked:

- To what extent does human resources migration affect entrepreneurial development?
- Does human resource migration affect foreign direct investment?

#### 2.5. Research Method

Research design is the framework of the research which includes the broad outline of the key features of the research and forms the guideline for controlling the collection, measurement, and analysis of data. To establish the effect of human resources migration on the economy of Nigeria, an Ex post facto design was adopted. Secondary data were used. Ex post facto design according to Asika (2004) is a research design that analyses the phenomena after the events have taken place. In this study, the design allowed for the use of existing data.

### 3. Findings

Extant literature on the effect of human resources migration on economic growth in Nigeria showed a strong positive indication that human resources migration affects economic growth. This implies that if human resources migration continues, receiving nations would gain at the detriment of departing nations as in increasing their labour force and injection of more funds into their economy, these evidence is seen on relatively poorer nations experiencing significant outflows of migrants. As the extent and complexity of migration grew, people, skills, knowledge and remittance have been considered extensively. This is in consonance with Osiri (2016). This finding supports Koser (2015) assessment of migration as being beneficial to persons and improving global economy efficiently.

In response to the effect of human resource migration on entrepreneurial development, Osiri (2016) posit that immigrants contribute significantly to labour-market flexibility of the receiving. On the converse, emigration depletes that of the sending country. This agrees with the observation of (UN/DESA, 2004).

Extant data revealed that human resource migration has significant effect on foreign direct investment of Nigeria which is a component of remittances. Ratha (2003) posit that remittances from emigrants are an important source of external finance for nations. Data available from the Central Bank of Nigeria (CBN) shows that incoming remittances to Nigeria rose significantly from \$2.3 billion in 2004 to \$117.9 billion in 2007. In 2007, remittances represented 6.7 per cent of Nigeria's Gross Domestic Product (GDP). The remittances as captured by CBN continued to increase till 2019 and 2020 when it dropped due to the global effects of Covid. The IMF informed that remittances are utilised in meeting primary needs, finance cash and non-cash investments, fund education, establish new businesses and for debt servicing.

### 4. Conclusion and Recommendations

It is concluded that economic growth is affected by human resources migration. The recommendation is that national policy makers must be proactive in ensuring that migration is regulated, monitored and reviewed so as to maximise its benefits while minimising its adverse effects.

Migrants contribute immensely to the entrepreneurial development of the receiving country as they bring along their talents and professionalism. Some are medical doctors, engineers, scientists, and other disciplines. On the flipside this represents a loss to the sending nation; as such nations lose the entrepreneurial contributions of her emigrants. It is recommended that government should be proactive in balancing the negative effects of brain drain by ensuring its strategic in ensuring that its skilled emigrants' destinations are where they can be highly remunerated.

Government policies should encourage the inflow of formal remittances so as to by extension increase foreign direct investment by discouraging the gap between official exchange rates and the black market rates.

Finally, the World should embrace peace, equity, justice, and good governance by creating employment and amenities conducive to discourage migration from countries devastated by crisis or natural disasters.

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