

## **The Market and Institutional Value Attachments to Sustainable Return of Human Capital to Bosnia and Herzegovina**

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**Abstract:** This study explores the main characteristics of potentials and challenges of the brain gain process in a post conflict and transitional situation, by reflecting the various views and perspectives of the relevant stakeholders in the field of migration from Bosnia and Herzegovina (BiH). The focus is on highly skilled tertiary graduates' returnees from BiH and the assessment of their skills and knowledge recognition within the labour market and public administration. The study concludes that even though it has been widely estimated that advanced countries can significantly benefit regarding country's productivity from temporary movements of tertiary migrants, societies that challenge serious human capital flow can negatively value the potential benefits of the highly skilled returnees, while their advanced skills and knowledge most likely remains unrecognized.

**Keywords:** *return migration, brain gain, labour market, knowledge transfer, human capital*

### ***Movement of human capital***

The transformation of knowledge economies globally has increased demand for highly skilled human resources, which has been lacking in many labour markets during the past decade. A growing request for the highly skilled and educated workforce globally has created an increasing mobility of student's population, which represent a form of highly skilled individuals. It has naturally resulted in the development of a specific migration channel, whereby individuals enter a country to study and are subsequently recruited to work there, either temporarily or permanently.

Student and recent graduated population may present a vital resource as human capital, and according to a macro-level theory of international migration flows (Massey *et al.*, 2006: 433), this process creates movement of human capital where 'high skilled workers moving from capital rich to capital poor countries in order to reap high returns on their skills in a human capital-scare environment'. In

actual fact, the flight of human capital to other nations is a phenomenon that has been of concern to academics and development practitioners for decades, and more commonly referred to as "brain drain" process. (Ozden & Schiff, 2006; Massey *et al.*, 2003; Kosher, 2007; Perrons, 2004; Martin *et al.*, 2007; Ean-Khoo *et al.*, 2007). It is traditionally viewed as the movement of highly educated and skilled individuals—sometimes referred to as knowledge workers—from their home countries to countries that offer them greater opportunities in aspects of professionalism and living. Additionally, another prevalent form of brain drain can be attached to a student's failure to return to their native countries after going abroad to study, with the statement made that 'those who leave are at times among the most entrepreneurial, best educated, and brightest in the society' (Kosher, 2007: 51).

Consequently, sending countries may face the problem of serious brain loss of most of their educated and skilled citizens, which can result negatively in terms of its economic, social, educational and demographic aspects, while at the same time it has been noticed that the loss conversely could also have some positive effects in terms of inflows of remittances and potential investment opportunities.

Although the risk of non-returnable is a reality, analyses of migration patterns recognise the return migration as a central issue in the field of international mobility. Moreover, a growing internationalisation of the education system is currently taking place across the globe, which promotes knowledge and skills exchange, allowing sending and receiving countries to benefit from academic mobility. Markedly, there has been recognition that the highly skilled migration of the graduate population is not necessarily forever, and that people often return or move back and forth between different destinations. This has been termed as 'brain circulation' (Saxenian, 2002), which has changed the strongly accepted concept of permanent emigration of most skilled and brightest, replacing it with a regular level of 'temporary migration'.

Moreover, there is some evidence that shows that approximately 30% of all migrants return to their home country within two decades, with many going abroad as a way of enhancing their skills (Mayer & Peri, 2009). In favour of this explanation, a possible example can be seen in the case of the mobility of tertiary graduates, all of whom have decided to take higher education abroad during the early professional career stage and who subsequently decide to return home after gaining their degrees and qualifications. As Mayer & Peri (2009:2) claim, 'the return of these migrants is planned and motivated by the skill enhancement they receive abroad'. The positive aspects of return migration could be seen in

returnees' increased ability to build knowledge clusters and increased access to leading-edge ideas and technologies, while participation in different networks presents potential benefit for the socio-economic development of their home country.

In societies that are based on knowledge, with respect to the economy, the imperative is given to the qualified labour force as an engine of economic progress. Increasing economic competitiveness requires more effective use of human resources. Emphasis is placed on promoting human resources development for the workforce as a whole. The labour market in BiH is characterized by high unemployment, low activity rates and the mismatch of offer and demand for labour, with corruption and nepotism present in the employment field. All of which adds further to the decline in the quality of human capital. The question is whether people with skills and knowledge gained in foreign higher education institutions can be regarded as an important human capital in Bosnia-Herzegovina.

#### ***Case study: Bosnia and Herzegovina migration profile***

During the 1990's, Bosnia and Herzegovina had faced with national conflict that had caused a new flows of migrants, but this time it was a part of forced migration. According to the report of the United Nations Development Program (UNDP, 2009) during the five year of a civil war, more than a million people in BiH were displaced internally as well as internationally. In fact, the organization estimates that by the end of the war, 1.2 million Bosnian refugees had sought refuge in other countries. The population of BiH dwindled from 4.4 million inhabitants in 1989 to unofficially 3.8 million in 2004, since the population census has not been operated for the last 20 years. Unofficial estimate is that almost 30 % of emigrants who left the country at that period of time were tertiary educated persons (Stites, Lautze and Anic, 2005).

In the postwar period, positive progress has been made by BiH in macroeconomic stabilization and structural reforms, but the labour market is still challenged by a low rate of job creation. More than a half million people in Bosnia looking for work and the unemployment rate in the country now stands at 43.2%. Unemployment of youth aged 19-24 is greater than 58,5% and nearly for times higher than in EU countries (Centre of Policy and Governance, 2010). Youth jobless is marked with a long-term unemployment which results with depreciation and loss of knowledge and skills, the lack of work experience and increase of informal economy. According to statistics of Labour and Employment Agency of BiH for 2013, in occupational structure of job seekers persons with university education



make 7.32%. (40,695 ) in the overall registered unemployment figure. Many students enrolled at University in order to be hired abroad after they graduate. In fact, as Fischer (2006; 234) attempts to explore closely of Bosnian aspect about migration topic, she concludes that a trend of migration of qualified young people to foreign countries is being Bosnian reality for many years, so as the result, there is the brain drain “and loss of the most vital resources for social development.’

Even though the international borders were closed for freely movement of Bosnian citizens until visa liberalisation in 2010, it seems that these borders had been opened to specific group of mainly young people, with certain education and training background, so the need for these skills provide them an opportunity to cross very strict visa measures and legally entrance into field of foreign labor market. Bosnia and Herzegovina has been faced with extensive brain drain -a large portion of emigration from our country refers to the skilled and highly educated labourforce - the World Bank estimates that the emigration rate of tertiary educated from Bosnia and Herzegovina amounts to 28,6% (The World Bank, 2011). Owing to from serious lack of useful, disaggregated migration statistical capacity, the only official data that coverage the brain drain topic in BiH was made by UNESCO’s survey (Uvalic, 2005) which outcomes show that even 79% of researchers in the field of engineering, 81% masters and 75% doctors of science have left BiH since 1995. year. According to the survey, there are hundred of professors, researchers and experts from BiH working either at the European, American or Australian universities as well as in the world's leading companies. As result, the domestic labour market suffers from the serious lack of skilled and advanced qualifications of workers which produce the country’s productivity at a very lower level. The loss such important human capital has negative impact on the country’s economy and social development.

In a recent survey of ACIPS (Nikolicat *al.*, 2010) it is concluded that ‘main obstacle is not the level of interest in the diaspora to contribute to developing home countries, but within BiH itself, which is currently under-exploiting the existing potential’. There is currently no legal framework governing the functioning of the state towards the diaspora. Current strategic programs and actions in terms of returning migration has been largely funded and implemented by international and nongovernmental organisations. International Organisation for Migration (IOM) for instance implemented a program of “Return of qualified experts” and during the period 1996 to 2002 had returned 862 skilled returnees to BiH, while the aim of the “Brain Gain Plus” which was implemented by World University Service (WUS) attempted to improve the higher education sector through guest lectures of

academic staff, who are originally from BiH but living and working in some other countries.(Pozzi, 2011). However, since these returning projects have been mainly created and implemented by the INGOs and NGOs to a lesser extent by institutions in BiH, it is ultimately reflected in too small number initiatives, their unsustainability and inconsistencies.

At the same, there are significant financial assets of foreign governments such as selective and competitive scholarship programs that represent a kind of international assistance to BiH in order to improve the country development and strengthen the marketable skills and knowledge. This allow highly educated people from BiH to attend postgraduate studies abroad to obtain new knowledge, with the intention of contributing to Bosnia's productivity growth after the scholars return. However, lack of records and adequate database make it difficult to understand the process of returning highly educated persons, especially in terms of acquired skills, core competences, as well as their involvement in the labour market and their recognition as important human capital and development potential.

Due to a lack of social research activities, the general gap of evaluation activities with a view to assessing the effectiveness and support the process of the return of highly educated persons to BiH, particularly those who have experienced temporary migration for the purpose of studying abroad and upon completion of their advanced tertiary degrees have returned home, this study will provide a contribution to understand this type of migration issue.

### ***Methodological approach***

A research aim is concerned with explaining characteristics, opportunities and obstacles of return migration as a channel of the brain gain process in Bosnia and Herzegovina, by increasing the knowledge of existing brain gain initiatives and the challenges faced at policy/administrative level.

Research objections:

- To analyse key aspects and patterns of migration processes in Bosnia and Herzegovina, such as brain gain, brain circulation and students mobility.
- To evaluate existing policies, strategies and government initiatives in the prevention of brain drain and the promotion of the brain gain migration processes.
- To evaluate opinions and attitudes of representatives from governmental and non-governmental organisations in connection with the identified migration processes.

A qualitative research model was chosen for this study in order to draw out

appropriate detail via in-depth interviews. As such, the study is based on an exploratory approach which helps define the issues in a much deeper sense. Accordingly, there are included the opinions of relevant stakeholder from governmental, non-governmental and international organisations in order to explore the researched subject in a wider sense. A group of seven representatives accepted involvement in the qualitative aspect of the research. Three governmental participants held authoritarian positions at state level (Ministry of Education and Culture RS; Ministry of Human Rights and Refugees BiH, and Agency for Labour and Employment BiH), two participants were from international organisations (International Organisation for Migration and United Nations Developing Programme), and two respondents from a non-governmental sector based in BiH (WUS Austria and Fridrich Herbert Foundation).

## **RESEARCH RESULTS**

### ***Brain drain and BiH society***

Assessing the consequences of the loss of educated and qualified human capital, regarding what has BiH been facing for the last ten years, all seven respondents expressed the opinion that the above process is detrimental, in terms of economic development to the country, especially with negative consequences for the education and health sectors as well as scientific-research activities, which affects the low competitiveness of BiH. Stated by the representatives of the International Organization for Migration (IOM) and the Labour and Employment, the emergence of the brain drain has had negative reflects on the demographic aspect in general, since domestic population and workforce have been growing older, while participation of youth with advanced skills and knowledge in the labour market has been significantly decreased. As a rule, most people with high qualifications which are leaving are the younger persons, talented, with occupations in demand. This claim is further substantiated by the representative of the Ministry of Human Rights and Refugees (MHRR) with the fact that immigrants from Bosnia who leaves abroad are far more educated than the population in Bosnia and Herzegovina (where the average of the tertiary education is 6.5%). How the society does actually manage to cope with this phenomenon, the best explanation is by a representative of the Friedrich Herbert Foundation NGO (FHF):

*"... a good example in the increased percentage is of the departure of our medical experts to Slovenia and other countries where there is a deficit of these jobs, and we remain deprived of these professionals, and in deficit ourselves. This sector remains slowly handicapped."*

However, in addition to these adverse consequences, there is the view that the brain drain can have a positive effect. On this occasion, the representative of the World University Service (WUS) Austria said:

*"Departure of experts outside of BiH may represent a kind of networking opportunity for business, academic, cultural and sports national entities with potential partners around the world, and it only depends on the how (the) state will act to encourage the formation of these networks, through the establishment of funds and implementation of programs."*

Enormous loss of funds that the state has invested in the education of immigrants is also a significant negative effect of the brain drain process.

### ***Institutional mechanisms for the recognition of the brain gain process***

Respondents have relatively similar views on the efforts invested by our society and authorities with regard to the sustainable return of youth who were educated abroad, and their staying longer in BiH. Analyzed responses show a general picture that because of the lack of appropriate mechanisms, institutions of BiH reflect lack of awareness about the potentials for development and human resources of this population, which results in the fact that the acquired competencies and skills of returnees are most often ignored. As a representative of the FHF says:

*"... for this category of persons the present structure of government in BiH is completely uninterested in, and it could gain a lot from them, because of the manner and the educational models that they have passed. They are perceived as a foreign element, instead of as capital. "*

The MHRR representative points out that this issue becomes even more complex due to the existence of competence at different government levels in BiH.

Respondents also indicate that the expressed lack of relevant data on the return of those who were educated outside of BiH and returned to their country further aggravates consideration of all possibilities and capacities that returnees can provide. A representative of the Ministry of Education and Culture pointed out that in BiH there is no central database of outgoing students, or students who study abroad. There's only a database of those granted scholarships, which is about 30% of the total. Also, there is an incomplete database of those returnees who have applied for recognition, which further speaks about the dysfunctional monitoring system, considering that in BiH there are 12 authorities responsible for the recognition of diplomas.

Above mentioned is partly associated with the inefficient system of scholarships which is implemented by relevant ministries at all levels of government, because according to representatives of FHF:

*"... there is not a single mode of control and monitoring for those who have graduated from college, and who were the recipients of scholarships, let alone where they are now. There is not even a database where you can find these people. It would be logical, when one institution provides scholarships to someone, it invests money, encourages people, it would be logical to follow them when they finish, and find them a place in line with the qualifications they have gained ... There should be a connection of that kind, but there is none."*

As result, there is an inadequate approach to the assessment of skills and qualifications that returnees possess.

#### **Assessment of skills and qualifications for job market requirements**

In addition to the lack of reliable data on the number of returnees and their competence, it seems that the system of validation of foreign qualifications in BiH, is also seriously contributing to the non-recognition of skills, competencies and knowledge of these highly educated returnees. Since the returnees are more educated than the domestic population, it could be said that some sort of deliberate discrimination exists in order to reduce competition with less qualified people who remained in Bosnia. This is additionally confirmed with their inferior position in the labour market, which is clarified by views of four respondents. In fact, labour and employment regulations are not adapted to the new system of recognition of foreign qualifications. In accordance with the new system, one can not get a title that is equivalent to the local profession anymore, but the title in the language in which it was gained is used. According to the opinion of the representative of the Ministry of Education and Culture, the biggest problem arises when a person, after the validation, attempts to involve in the local labour market with the acquired title. She said:

*"All is well until you come to the Employment bureau ... categories are unadjusted for registration options of foreign qualifications, while at the same time the officers who work in the municipality and the Employment*



*bureau do not recognize such knowledge simply can not recognise for what are you qualified for."*

This inadequate approach allows that this population is not recognized by employers and the local labour market. The problem is that an employer may not know what the level and quality of education are associated with foreign qualifications from the world's universities, while on the other hand those qualifications are generally adapted to foreign economy and administration, which in the opinion of the MHRR representative can create further negative phenomenon known as the brain waste:

*"If we have returnees with these qualifications that objective can not be used, it is expected that their capacity will not be recognized and that will lead to the brain waste."*

Opinions are divided when it comes to returnees with high qualifications and their integration in the local labour market. In view of the above-identified problems, which are further accompanied by a high rate of unemployment and unstable political and economic environment, (the) UNDP representative considers that the returnees are nevertheless forced to make significant compromises in terms of finding work, wage rates and choice of sector. This further affects the reduced ability of their professional development, personal affirmation and application of knowledge and skills. NGO representatives also believe that the expressed presence of corruption, nepotism and lack of transparency in the system of employment, additionally aggravated the overall situation

*"... generally there is a problem with job vacancies since a 90% of vacancies are fixed there is no realistic assessment of skills and qualifications. It is a disease of our society."*

Two of the respondents agreed with the statement that it is absolutely necessary to highlight the qualifications of people when applying for a job and that one should not emphasize the differences between people who have obtained qualifications abroad and those who studied in BiH, because it would be discriminatory and unproductive. Besides a formal labour market has been developed in a non-transparent manner, this also may rise the question about returnees possessed qualification and skills and to what extent they have been

related to the needs of the labour market. This issue would expect more detailed research in the future.

Regarding the attitude of the state and the academic community the influx of highly educated returnees, in the opinion of all respondents, (the) academic community in BiH is a closed environment in itself, and therefore is closed for highly skilled returnees too. The main consequence of this isolation is the "deprivation" of scientific fields for specific knowledge which this category possesses. To consider the embarking on a knowledge-and innovation based development process within the higher education, it is necessary to open the academic community towards the mention category of returnees, which is unfortunately still not happening.

### ***The attitude of public and NGO sector towards the brain gain***

With the existence of programs and strategic documents oriented to brain gain in BiH all respondents are familiar with, but also all seven believe that these programs are inadequate and that most are not even implemented. However, occasional activities that are implemented at various levels of government could be more considered as isolated initiatives and projects, because in the opinion of the respondents from the UNDP, it is a matter of useful and good examples, but because of un sustainability, unfortunately most of the implemented activities stop upon the completion of the project and do not have enough effect on the overall situation.

On the question of how the organizations from which respondents came from dealt with the problem of the brain drain/gain, it was observed that certain programs carried out by international and nongovernmental organizations in cooperation with the competent institutions in BiH significantly promote the transfer of knowledge from abroad into BiH. Thus, the International Organization for Migration has implemented the TOKTEN project (transfer of knowledge of experts of BiH origin into the home country) which was presented via all of the existing associations of BiH Diaspora in the world. However, the lack of funds prevented the continuation after one-year of its implementation, but the database of registered experts was forwarded to the Department for Emigration in MHRR, which is regularly updated. Currently being implemented is TRQN project (transfer of knowledge to the homeland of Bosnia and Herzegovina professionals who live and work in the Netherlands) and within the MIDWEB project experts are invited who live and work in Austria, the Netherlands, Italy, Switzerland, Germany and England to apply for temporary employment in BiH with employers who are

interested in their knowledge and skills and in that way transfer their knowledge to their homeland. Thus, one can notice that IOM implemented most activities in this field. Although, out of the projects run by international organizations it is significant to accentuate the YERP program which is currently implemented by UNDP BiH. The aim of this program is opening the labour market for young people and ensuring their stay, whereas WUS Austria, branch office in BiH, implemented a Brain Gain Program (BGP) - which was primarily aimed at the academic community in BiH.

Looking at the public sector, the specific position is of the BiH Ministry of Human Rights and Refugees, in which the Department for Emigration operates, initiates and participates in the development of numerous strategies and documents in this area (BiH Development Strategy, BiH Strategy for Social inclusion, Strategy for Migration and Asylum) where certain activities are proposed in connection with the brain gain/drain process. One of the most important aspects of their work is gathering information about higher education people in the Diaspora, given the fact that there is no valid data, nor a single database. In October 2011 this Ministry has organized a three-day regional workshop on linking migration and development, where for the first time 1400 participants gathered and held a total of 18 professional seminars on the brain gain subject, and as a result cooperation was established between experts of BiH origin in the United States and experts in BiH.

Thus, the general attitude of the respondents is that it is necessary to raise awareness about the negative consequences of brain drain and to introduce stimulating measures to facilitate the return of highly educated and skilled people, with the active participation of governmental and the non-governmental sector, including businesses and the academic community in BiH.

### **Conclusions**

The purpose of this study was to discover the views of the key stakeholders in Bosnia and Herzegovina on a number of matters of the specific returning migration process.

*Analyzed responses show a general picture that the public institutions in Bosnia and Herzegovina primarily have been lacking insystematically addressing barriers to the sustained return process.* The lack of accurate information and database show the state's indifference regarding (post)graduate returning to BiH. The state's programs and initiatives, especially for targeted population, were undetectable, since policies for effective integration of migrants' contributions to the country's development have not been adequately developed. It is evident that

the government has been investing too little in understanding and using the potentials of highly educated returnees and building up potentials of this group of migrants in relevant domains of socio-economic development

*The participation of returnees with advance skills and knowledge in the domestic labour market is being marked as a complicated process.* Evaluation of gained skills and knowledge in domestic labour market showed that it sometimes fail to be fully applied upon their return. Even though this group of people possess advanced knowledge and skills necessary for the improvement economic and social competitiveness, it happens in practice that fragmented and inefficient domestic labour market does not recognise widely the quality of such an important human resource.

*So-called formal recognition of foreign qualifications is being observed as fragmented and partial.* Much of the current labour market and employment regulations not having been adequately adapted neither to new system of recognition nor qualification outcomes from multi-or interdisciplinary studies degree programs that returnees have largely taken at foreign universities. As result, the labour related public institutions as well as domestic employers do not recognise the advantages that this population possessed. It is also observed that the expressed presence of corruption, nepotism and lack of transparency in the system of employment, additionally aggravated the overall situation.

Analyzing the relationship between international organizations and public institutions in terms of promotion of the return process, it could be noticed that this approach can undoubtedly support the knowledge and information transfer from abroad to BiH, even though this collaboration remains generally as short-term project-based resource.

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