

Brain Circulation at Industry-Level: Evidence from the Knowledge Services Industry in Sri Lanka

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Abstract

Brain circulation is critically important in the globalized and knowledge-based economy as returning skilled migrants are recognized as knowledge transmitters between the center and the periphery. The present study analyzed the factors that promoted brain circulation within Knowledge Services Industry (KSI) in Sri Lanka by employing firsthand data collected from the returned skilled migrants in the industry. A significant flow of brain circulation, largely driven by pull factors, was observed. The econometric analyzes of the determinants of brain circulation at the pre-growth stage (before-2009) and the post-growth stage of KSI were significantly different for the skilled employees and entrepreneurs. Entrepreneurs, who have been motivated by the growing investment opportunities in the global knowledge services industry, have returned in the pre-growth stage. In contrast, employees have returned following the growth trajectory of the industry. Moreover, temporal nature of brain circulation is kept but does not apply commonly to both skilled employees and entrepreneurs. Entrepreneurs are less likely to return permanently compared to the skilled employees since the location has not been an obstacle for their investment activities. Therefore, developing countries should promote both permanent returnees- reverse brain drain- as well as the temporary returnees-diaspora- to achieve a beneficial brain circulation.

Keywords: Brain Circulation, Discrete Choice Models, Returned Entrepreneurs, Knowledge Services Industry, Sri Lanka

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