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Problems of Migration in the Process of Development of National Human Capital

Abstract

External migration in modern economy causes asymmetry in the formation of human capital and its development. One of the most significant aspects of this asymmetry is the migration of high-skilled human capital with high indicators of intellectual abilities. Negative aspects of such migration are much more that the level of profitability of the working in another labor market. Migration itself implies costs, as an emigrant invests in moving, searching for information about labor markets abroad, learning or improving a foreign language. All of them can be characterized as costs of migration, which are sacrificed for the sake of obtaining a more profitable, highly paid job in the future.

These processes take place in the companies too. Human capital begins to act as a component of competition in the national economy, as an employee migrating from one firm reduces its potential, but at the same time increases the potential of another firm. In the international sphere, the asymmetry of costs of formation and realization of human capital associated with migration becomes even more serious, as it affects macroeconomic performance and competitiveness of countries.

Keywords: *human capital, migration, asymmetry, mobility, virtual migration, brain drain*

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Milli insan kapitalının inkişaf prosesində miqrasiya problemləri

Xülasə

Müasir iqtisadiyyatda xarici miqrasiya insan kapitalının formalaşmasında və onun inkişafında asimmetriyaya səbəb olur. Bu asimmetriyanın ən mühüm cəhətlərindən biri yüksək intellektual qabiliyyət göstəricilərinə malik yüksək ixtisaslı insan kapitalının miqrasiyasıdır. Belə miqrasiyanın mənfi tərəfləri başqa əmək bazarında işləyənlərin gəlirlilik səviyyəsindən qat-qat çoxdur. Miqrasiya özü xərcləri nəzərdə tutur, çünki mühacir köçməyə, xaricdə əmək bazarları haqqında məlumat axtarmağa, xarici dil öyrənməyə və ya təkmilləşdirməyə sərmayə qoyur. Bunların hamısını gələcəkdə daha gəlirli, yüksək maaşlı iş əldə etmək naminə qurban verilən miqrasiya xərcləri kimi xarakterizə etmək olar.

Bu proseslər şirkətlərdə də baş verir. İnsan kapitalı milli iqtisadiyyatda rəqabətin tərkib hissəsi kimi çıxış etməyə başlayır, çünki bir firmadan köçən işçi onun potensialını azaldır, eyni zamanda digər firmanın potensialını artırır. Beynəlxalq sferada miqrasiya ilə bağlı insan kapitalının formalaşması və reallaşdırılması xərclərinin asimmetriyası daha da ciddiləşir, çünki bu, ölkələrin makroiqtisadi göstəricilərinə və rəqabət qabiliyyətinə təsir göstərir.

Açar sözlər: *insan kapitalı, miqrasiya, asimmetriya, mobillik, virtual miqrasiya, beyin axını*

Introduction

The growing global migration spillover of human capital, in which developing countries are the main donors and developed countries are the recipients, improves economic growth and productivity in receiving countries. Emigrant workers are economically active members of the 20-39 age group with completed and paid education. Their average age is usually lower than the average age of the host country population (International Social Security Organization, 2015).

Most countries facing external asymmetry pursue policies to overcome it by various methods. But here we should take into account the other side of the migration process, which is related to the role of remittances to countries that are donors of human capital. According to the World Bank, such remittances amount to about 700 billion dollars a year (World Bank Group, 2019). However, the share of migrants' profits in relation to their contribution to the GDP of the host country is still insignificant and does not exceed 10 percent.

Along with the above, new challenges in the field of brain drain are also emerging. The digital economy is changing not only the ways in which human capital is formed, but also its realization. The availability of the Internet, video conversations, and mobile applications are changing traditional labor employment, as well as its elements, such as, for example, the place of work. Virtual mobility, remote migration of human capital is developing, which is much cheaper compared to emigration in the form of moving across borders (Vladimirova, 2018: 2677). The practice of remote work is increasingly used in the international economic space, when scientific and practical developments are carried out, technical projects are compiled, solutions are offered in the field of design, construction, training programs. Here there is not migration of a person as such, but of his functional (capital) potential, which gives rise to a new form of asymmetry between the costs of formation and the results of the realization of human capital. However, this requires a clear tax mechanism for regulating human capital income. For example, the Labor and Migration Codes of the Republic of Azerbaijan do not contain a single word about the regulation of remote (telecommuting) work. It turns out that a citizen, using Internet resources and technological innovations, gets a remote job and contributes to the economic development of other countries. At the same time tax is withheld from their income in the country where they receive income, not in the country of residence.

Research

Regulation of asymmetry processes in the aspect of migration. Emigration in the context of global economic inequality is an objective phenomenon that has both negative and positive values depending on its causes, forms and consequences. In this regard, the issue should not be one of overcoming it, which is practically impossible, but of regulating migration, directing it towards positive asymmetry between the costs of forming and the results of implementing human capital. It should be taken into account that this asymmetry can have ambiguous indicators for individual, corporate and national human capital. On a national scale, regulating human capital migration is particularly important in solving the problem of the lack of demand for young specialists with professional knowledge in the labor market. In this case, the most effective method of regulation is forecasting demand and training specialists in accordance with its structure, in which credit rather than budget financing of education becomes predominant. Such an institutional solution can, firstly, more clearly link prospective needs for specialists with plans for student admission; secondly, it will remove a significant share of expenses from the state budget, focusing on commercial forms of education; thirdly, it will create conditions for competition between universities to receive funding for training personnel not only from the state, but also from entrepreneurs.

There are different methods of human capital realization under this scheme. For example, in the US and UK these methods are more liberal (market-based), while in the EU countries they are more socialized due to the active participation of the state. The liberal system is governed by the financial choices of consumers of educational services, although many private universities and colleges receive public funding. In this case, educational standards and curriculum content can evolve in different directions depending on which one is in demand and provides future income.

Weak state regulation of the education market is compensated in these countries by systematic contact of educational institutions with the labor market in order to monitor its requirements and changes. At the same time, the success of educational programs in preparing graduates for their future life is assessed through periodic research of graduates' professional careers (e.g., whether the experience gained in college was sufficient for mastering a profession). All this leads to the relative high cost of education, but despite this demand remains stably high. This is explained primarily by the high return on the educational component of human capital.

The main link of the system of training and retraining in the USA are higher and secondary schools, training courses and centers of private corporations. The state system of professional training in the country is less developed. It is possible to distinguish the following main directions of state participation in the formation of human capital and its realization in the USA:

1.programs aimed at training and retraining of the labor force;

2. programs to stimulate employment growth and increase the number of jobs;

3.programs to promote labor force recruitment.

Government assistance in hiring is becoming increasingly important. Thus, the U.S. Employment Service, which has more than 2,500 local agencies (labor exchanges), registers the unemployed, tries to find vacancies, tests job applicants to determine their qualifications, provides vocational guidance to the unemployed, and pays benefits. Along with them there is a set of measures of indirect regulation of the labor market through tax and monetary policy. The state also sets a minimum hourly wage. Having remained stable for a long time (from 1997-2007) ($5.15 per hour), it increased to $7.25 per hour in 2008 and 2009. That is, although the formation of human capital is expensive, the possible negative asymmetry in its ratio to the income from the realization of this capital is neutralized. A rather high average level of unemployment benefits (about $900 per month) also acts in this direction, which testifies to the effectiveness of the system of social protection of unemployed citizens by the state. Along with this, a great role is played by programs managed by the Ministry of Labor, which imply a whole set of measures, including material assistance, retraining and promotion of employment of workers who have lost their jobs. At the legislative level, the state contributes to overcoming the negative effects of globalization, primarily associated with the release of workers due to the growth of imports or the transfer of enterprises abroad. All of the above measures of the state allow the American labor market to respond more flexibly to the development of new technologies and to the growing economic globalization.

In this regard, we note the tendencies of intensification of investments in education in most developed countries. Thus, in the USA direct expenditures on this component of human capital amount to 7.5% of GDP. These expenditures should be supplemented by allocations for vocational training at the workplace and through other forms of education, amounting to about 3-5% of GDP. The data on direct costs should be adjusted for the total amount of lost earnings (3% of GDP). Thus, the total amount of funds spent on education is 13.5-15.5% of GDP (Kolosnitsyna, 2009: 225).

In the countries of Northern Europe the model of the second type is realized - “state” or “social”, coordinating the policy in the sphere of education. The state in these countries assumes all the responsibility, including financial, for maintaining and providing not only social protection of citizens and their health, but also their education. The flow of students, the organization of the curriculum and the entire education system are managed through an extensive mechanism of legislation as well as state budget rules.

In addition to the two “extreme” models, there are also “intermediate” models, common in most European countries. They are often referred to as Central European models. In many European countries, such as France and Germany, the support and development of education has traditionally been an important part of public policy. However, since 1970, the “market” model has also started to partially spread in these countries, and the principles of centralized direct state management have been replaced, which has led to the expansion of the share of the private sector of HEIs. Thus, in European models of education policy management both the market and the state are present at the same time. These models, of course adapted to national conditions, influenced almost all educational systems in post-Soviet conditions, including in Azerbaijan. The most important of their

characteristics are: accessibility of education for all citizens of the country, normative-legal institute of education for all citizens of the country.

The analysis of the educational system of European countries has revealed the following results: they have a centralized educational system, which is based on uniform standards developed by the state for the whole country; educational institutions are aimed not only at the production of specialists with high monetary value on the labor market, but also at the socialization of individuals into civil society. For all its advantages, this system, based on the so-called "Bologna Process", is not free from a number of shortcomings. In this model, most universities are not responsible for the quality of education, which leads to asymmetry in the requirements of the labor market and the content of the educational process.

It is expected that 450 thousand new jobs will be created in Azerbaijan in 2025. These will be new enterprises created at the expense of the state, private business, foreign investments, forming demand for quality labor force. In this regard, the importance of investment growth and institutional modernization of the entire education system is becoming more important. But even more attention should be paid to the return on investment in education and its individual levels as a kind of indicator that identifies areas requiring special concentration of expenditures. Ultimately, all of the above will be reflected not so much in the country's GDP, individual or corporate income, but in such a key indicator of macroeconomic accounts as value added. Value added is what is created by human mind and labor, concentrating the productivity of human capital. In this sense, gross value added acts as (created) value because it shows the difference between the sum of material goods produced and the sum of resources employed. Stem Stewart popularized the term economic value added, equivalent to the concept of human value added (Stern Stewart, 2002: 288). It shows what is the real income remaining not only after paying all expenses, including taxes, but also after separating the value of invested capital. Economic Value Added can be related to human capital by dividing it by the denominator of employment in the country.

EVA= Net operating profit after taxes - (costs of capital* capital).

The disadvantage of economic value added is still the complexity of its calculation, so it is not widely used. (Murphy, 2007: 19).

Conclusion

Human capital must generate income, and the more it is, the greater will be people's thirst for knowledge, students' demands on teachers, the latter's efforts towards innovative teaching methods, and entrepreneurs' search for intellectual resources. As a result, not only the state, but also individuals, families, and business structures will invest more in human capital. Thus, the main goal of the government should not be preventing the migration highly skilled workers but to be able to attract such human capital from abroad. The same policy must be conducted by companies. Intellectual human capital today becomes competitive advantage of the national economies and companies which leads to activation of its regulation processes in the world economy.

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