

Migration

Migrants can contribute to innovative entrepreneurship in their host countries in many ways: by bringing new skills and competencies, helping domestic innovative SMEs overcome labour shortages, founding innovative high-growth companies, and supporting the diffusion and creation of knowledge. Evidence confirms the contributions of migrants. Over the past decade, specific policies designed to attract and select foreign entrepreneurs and highly educated immigrants have been adopted in most OECD countries. Migration can critically affect firms' access to skilled labour and to business and entrepreneurship skills and experience. It can also facilitate access to foreign markets. Public policy can influence migration within the context of innovative businesses by adopting measures to not only attract but retain foreign entrepreneurs, skilled workers and students (e.g. simplified family reunification conditions).

What is migration?

Migrants are long-term and short-term immigrants (or emigrants) and returning (or departing) nationals (OECD, 2008). This node focuses mainly on access to foreign human capital by innovative firms and how it affects innovative businesses. It also focuses on regulation issues, such as immigration quotas, procedures and special regulations for skilled workers.

How does migration affect innovative businesses?

Immigration law may encourage innovative businesses by helping domestic innovative firms in **overcoming labour shortages**. In particular, the immigration of skilled workers enables innovative firms to obtain access to management resources and technological competencies that may be lacking in the domestic market.

Immigration contributes to the **diffusion of knowledge**. The resulting combination of diverse sources of knowledge, including codified information and contextual understanding, can provide "sparks" that lead to innovation and advances in science and technology.

Evidence on the importance of migration to innovative businesses for their success

In many OECD countries, migrants contribute significantly to the supply of skilled labour. In the United States in 2003, foreign-born people accounted for 26% of college-educated workers in science and engineering, and for 40% of science and engineering doctorate holders.

Skilled migrants can contribute to innovation in the host country. Evidence shows that they have higher rates of patenting, commercializing patents and publishing than natives in the United States (Hunt and Gauthier-Loiselle, 2010). More generally, Hunt (2008) and Kerr and Lincoln (2008) found a positive correlation between the pace of innovation and skilled immigrants in the United States.

What is the evidence on migration and innovative businesses?

Migration in general

In 2010, immigrants accounted on average for 13% of the populations in OECD countries (Figures 1 and 2). The largest share of immigrants was in Luxembourg, Switzerland, Australia and Israel, where they comprised a quarter or more of the population. In contrast, immigrants accounted for less than 5% of the population in Mexico, Chile, Hungary and Finland. Between 2000 and 2010, the immigrant population has increased on average by more than two percentage points in the OECD. In the European OECD countries, a large part of the increase in immigration over the past decade has been due to simplified migration regulations.

Globally, however, Asia is increasingly dominating immigration trends; in particular, China and India together account for 14% of new migrants to the OECD area. China and India notably account for 25% of international students (OECD, 2012).

Migration of skilled labour

The percentage of highly educated among the immigrant population has been growing over the past decade in most OECD countries. The number of highly educated is now greatest in Canada, where over 50% of the immigrant population have a tertiary education, followed by the United Kingdom and Ireland. In the OECD, about 30% of immigrants now have a tertiary education, compared with less than 25% in 2000 (OECD, 2012). In 16 out of 28 economies, the share of international and foreign students enrolled in science and engineering surpasses that of national students (OECD, 2011).

Recognizing the importance of skilled migration for the economy, OECD countries have adopted a wide range of measures to attract skilled migrants, including scholarships and financial support, simplification of visa procedures, legislation regarding recognition of foreign professional qualifications, and acquisition of social welfare entitlements by foreign researchers (OECD, 2012)

Figure 1. International migrants

Figure 2. Foreign-born population

What other topics relate to migration and innovation in firms?

Costs of hiring and firing (see [Costs of hiring and firing](#) [1]). The ability of innovative businesses to tap into foreign labour will be affected by the costs of hiring and firing associated with employing foreigners.

Skilled labour (see [Skilled labour](#) [2]) and Entrepreneurial capabilities and culture (see [Entrepreneurial capabilities and culture](#) [3]). Immigrants bring new skills to host countries, provide flexibility in the labour market and help address labour shortages. They also bring business and entrepreneurship skills and experience to the host country. However, these skills and competencies are often not adapted to the host-country environment. Immigrants frequently have limited language and business skills specific to the host country, and lack familiarity with the overall functioning of the host country's markets, including institutions and regulations.

Access to foreign and domestic markets (see [Access to foreign and domestic markets](#) [4]). Migrants can stimulate trade and reduce trading costs between their host country and country of origin, due to their contacts and understanding of both markets.

Access to labour for innovative entrepreneurship (see [Access to labour for innovative entrepreneurship](#) [5]). Innovative entrepreneurs face specific challenges to access to labour which may call for targeted policy.

What policies relate to migration and innovative businesses?

Public policy can influence migration within the context of innovative businesses by:

Adopting measures to attract and retain foreign entrepreneurs, skilled workers and students. These measures might include simplified family reunification conditions, fast-track immigration procedures for entrepreneurs, skilled workers and foreign students, and targeting these measures towards foreign populations.

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