

Original scientific paper

UDC 314.74 (=163.41)  
DOI: 10.2298/GSGD1602063G

Received: October 27, 2016

Corrected: November 21, 2016

Accepted: December 16, 2016

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## **HOW CAN THE SERBIAN DIASPORA CONTRIBUTE MUCH MORE TO THE DEVELOPMENT AT HOME COUNTRY?**

**Abstract:** This article analyzes the existing contribution of the Serbian diaspora to the development at home country, and features of its major effects as a partner in the process of economic development. No doubt, the spiritus movens of the contemporary and future economic and social progress is and will be the economy of ideas and creativity. The key factors of this new economy are education, research and innovation. To achieve competitiveness in an increasingly global economic environment it is necessary: the adequate supply and quality of the workforce in the field of research and development. In the last two and a half decades, Serbia's brain drain was quite massive. Thus in the Serbian diaspora there are reputable scientists and successful managers in all fields. Diaspora, the people link between countries, can be the source of cooperation. Consequently, the most important is the question of whether and under what conditions Serbia's brain drain can be reversed to brain gain. The author argue that the diasporas and migrants could play a crucial role in the development of home country, by presentation of their different experiences. Engaging the Diaspora in the development of home country largely depends on the home country. Talents remain an important component of countries' and businesses' long-term competitiveness. In support of this thesis, the author presents the most significant and most successful examples of good practice, arguing that this experience can be used in Serbia, of course, taking into account some of its specificities. The question: how they develop, retain and attract talent should therefore remain high on the agenda of policymakers and business leaders for the foreseeable future of Serbia.

**Key words:** diaspora and development, Serbian diaspora, remittances, social remittances, hierarchy of diaspora impacts.

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## Introduction

Serbia is traditionally emigration country. The intensity of emigration in general depends on historical, economic, demographic, political, social, ethnic and psychological factors.<sup>2</sup> The reasons why migrants leave their home countries are commonly referred to as 'push factors'. Paired with the push factors are the so called 'pull factors', those criteria that make a destination country attractive to a prospective migrant.

Historically, the emigration of knowledge workers has been viewed as a loss for the source countries and a net gain for the receiving countries. Inadequate responses have included restrictive contracts and attempts at repatriation. However, the reasons why highly skilled knowledge workers emigrate are complex and vary between source countries (Mahroum & al., 2006).

The term "diaspora" (Greek for scattering or sowing of seeds) is used (without capitalisation) to refer to any people or ethnic population forced or induced to leave their traditional ethnic homelands, being dispersed throughout other parts of the world, and the ensuing developments in their dispersal and culture. The academic field of diaspora studies was established in the late twentieth century with regard to the expanded meaning of diaspora (Mahroum et al., 2006).

The migration debate has moved from the focus on brain drain versus brain gain of the 20th century to brain circulation. When individuals with high skills or high potential moved to another country to study or to seize the employment and entrepreneurship opportunities that clusters offer, it was traditionally seen as brain drain for one nation and brain gain for the other. The new context of talent mobility leads to a different paradigm, by which all parties (country of origin, country of destination and the individuals themselves) stand to gain in a process best described as 'brain circulation'. To the extent that these internationally mobile people maintain ties to their country of origin, both countries benefit because of remittances (currently bigger than global aid flows), diaspora investments, the acquisition of know-how and experience via networks, and the innovativeness and entrepreneurship qualities acquired through mobility by successful returnees. In today's world of innovation, mobility develops talent: the global mindset, the networks, the innovative capabilities that characterise creative talent cannot be fully developed if such international mobility and brain circulation is not encouraged (Lanvin and al., 2015).

According to British scholar, John Salt, the first countries to introduce measures aimed at recruiting foreign highly skilled workers were Australia and Canada in the 1980s, and the US in the 1990s. European countries made, until some years ago, no systematic efforts at brain gains in the global migration markets. But this has now changed. A number of European countries have implemented measures and schemes targeted at the highly skilled (Salt, 2002).

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<sup>2</sup> The events of the 1990's have accelerated emigration from this region. The civil wars in the former Yugoslav republics of Bosnia and Herzegovina and Croatia, and conflict in Kosovo and Metohija have had the greatest impact. The subsequent international isolation of the Federal Republic of Yugoslavia, with sanctions by the UN Security Council, a three-month NATO bombing in 1999, and the catastrophic decline in living standards, lead to general poverty.

In the introduction we define the subject of research and key concepts - knowledge as a key factor in development, knowledge management, and loss of human capital in the form of "brain drain". Next, we outline the basic objectives of the research. The main goal is to answer the question: How to network professionals who live and work in Serbia and those in the diaspora in a common project that could be entitled "Serbian national interests are above all"? Its starting premise is that the Serbian academic diaspora represents a very significant resource for the development of the homeland, but it primarily the responsibility of the home country to use this resource for in its economic development. The author proposes a series of measures and recommendations aimed at the "inclusion" of human capital from the diaspora in the economic and social development of the homeland.

Last year's Global Talent Competitiveness Index (GTCI 2014) identified as one of its key messages that "openness is a key ingredient to talent competitiveness". It also underlined that "technological changes will affect new segments of the labour market". Recent events, particularly in Europe, have shown that demographic, political and economic disparities (Lanvin et al., 2015)

The research is based on the following main premises:

(a) the new Serbian diaspora is numerous, world-wide, with the main destination regions being North America and the European Union;

(b) this diaspora has increased greatly during the last two decades;

(c) the diaspora is disproportionately composed of professionals and skilled workers;

(d) the education of experts is very expensive so that Serbia is losing its most valuable human resources;

(e) state authorities have not paid sufficient attention to these expatriate talents.

The main institution in Serbia that deal with diaspora issues is the Ministry of Foreign Affairs. Unfortunately, the Ministry for the Diaspora was abolished in 2012 and was replaced by the Office for

Cooperation with the Diaspora and Serbs in the region. However, the Office was abolished as well in 2014. This very fact testifies that the government is not paying enough attention to the Serbian diaspora.

## **Methodological difficulties**

During the work on this paper, the author was faced with a number of methodological difficulties, pertaining to documentation, statistical materials, and resources. This is because the Serbian Statistical Institute does not have its own statistical data on the emigration. Therefore, researchers usually use statistics of the major immigration countries such as the USA, Canada and Australia, as well as the EU. Unfortunately, the statistics of these countries are not always clear or accurate when it comes to immigration from Serbia. The main reason for this is the disintegration of the country, an ongoing process that had several cycles. Until 1992, the Republic of Serbia was one of the six republics of the Socialist Federal Republic of Yugoslavia (SFRY). During the period 1992-2006 Serbia went through several changes in its statehood status. After the disintegration

of the SFRY in 1992, two former republics, Serbia and Montenegro formed the Federal Republic of Yugoslavia (FRY). In 2003, its statehood status changed once more with the formation of the State Union of Serbia and Montenegro. In June 2006, Montenegro became an independent state after a referendum, and Serbia likewise declared its independence on the 5 June, 2006. In February 2008, Serbia's Autonomous Province Kosovo and Metohija declared its independence. These changes in the statehood status of Serbia have resulted in some confusion in the immigration statistics of many countries (Tab. 1 and 2).

The relevant data are collected from both national and international publications and statistical sources.

## **Statistical data**

According to the latest information from Ministry of Foreign Affairs, provided by the diplomatic and consular missions of the Republic of Serbia abroad, even though the census of the entire Serbian diaspora has never been attempted, it is estimated that overall, Serbia has a diaspora of 3.5 million people. Of this number, about a million and a half are citizens of Serbia, a considerable number of them having dual citizenship, meaning that they also have the citizenship of their country of immigration (MFA 2016). Serbia's diaspora has been estimated between one million and million and three hundred thousands of persons, this means those persons born in Serbia (UN, 2013; 2015). According to the OECD data, emigration from Serbia is growing up, since 2008 (International Migration Outlook, 2016). In fact, OECD shows that in 2014, emigrated from Serbia only to OECD countries 58 thousand people, compared to 27 thousand in 2007. Thus, in 2014, Serbia was on the 29<sup>th</sup> place in the world among the 50 countries with the largest emigration. However, there is no available data on the number of those who returned to Serbia.

Miodrag Kreculj (2016), who lives in Germany, has recently announced the own research results provided from the project "List of Serbian diaspora in Europe" (EU countries, Switzerland and Norway), as follows: 670,514 nationals of the Republic of Serbia, of which 588,410 in EU member states and 82,104 in Switzerland and Norway. Most of them were in Germany (220,908) and Austria (186,807). People who emigrate from Serbia mostly going to Germany, almost 70% of those emigrated in 2014. They also go to a smaller number to Austria, Switzerland, and Sweden. From overseas countries in the first place are the United States. The US attract from Serbia high percentage of professionals (Tab. 3).

Many researchers have tried to determine the extent of the Serbian diaspora and its distribution in countries throughout the world. There is no consensus among researchers about its size. However, there are fewer differences among researchers about the distribution of the Serbian diaspora in the main countries of immigration. In this case, the target group is the Serbian academic diaspora.

To get a more realistic picture, it should be presented one relevant estimate. According to Filipović (2012), 71% of scientists who had completed undergraduate studies in Serbia subsequently completed their PhDs in the USA, Canada and Western Europe, the largest countries of immigration. This means that Serbia had invested a lot in their undergraduate education, preparing them well for graduate work at the doctoral level.

Filipović claims that he possesses a database of 7,000 Serbian scientists with PhDs degree who work and live all over the world.

The largest number of PhDs live in the United States - 2,400 (about 39%), then Canada (15%), United Kingdom (10%), and Germany (7%). The rest are in Australia, the Netherlands, Sweden, Austria, France, Slovenia, Italy and Spain, and a few of them are in China, Japan, Poland and Greece. The greatest number of "our" PhDs in the diaspora work at universities (40%) and in business (44%). Regarding the gender structure, the majority among those who hold Ph.D. degrees are men, while women represent 40%, a similar gender distribution as in Serbia.

*Tab. 1. Foreign population in Germany by country of birth: from Serbia and Montenegro, 2004-2015 (on 31<sup>st</sup> December)*

	Kosovo*	Montenegro (1)	Serbia (with and without Kosovo*) (1)	Former State Serbia and Montenegro
2004	-	-	-	125,765
2005	-	-	-	297,004
2006	-	983	33,774	282,067
2007	-	2,632	91,525	236,451
2008	32,183	6,380	136,152	177,330
2009	84,043	10,201	164,942	122,897
2010	108,797	12,930	179,048	93,013
2011	136,937	15,212	197,984	54,557
2012	157,051	16,351	202,521	39,958
2013	170,795	17,167	205,043	36,331
2014	184,662	18,977	220,908	31,560
2015	208,613	22,773	230,427	29,785

(1) Before 2004 the citizenship of Serbia and Montenegro was identical with the former Yugoslavian; since August 2006 the citizenship of the successor states Serbia and Montenegro is demonstrated and since 1 May 2008 the citizenship of Kosovo\* is proven separately.

(2) Territory of the former Yugoslavia: 31.12. 2004 = 974,612; 31.12.2005 = 963,001.

Source: Statistisches Bundesamt, 2012: 26-39, and 2016: 30/37.

*Tab. 2. Persons obtaining lawful permanent resident status in the USA by country of birth - from Serbia and Montenegro, in fiscal years 2004-2014*

	Montenegro	Serbia	Serbia and Montenegro
2004	-	-	3,331
2005	-	-	5,202
2006	-	-	5,891
2007	-	-	3,586
2008	-	-	3,255
2009	-	-	3,166
2010	120	20	2,196
2011	204	244	1,398
2012	265	704	801
2013	265	866	653
2014	289	1,143	267

Source: Office of Immigration Statistics (2016), Yearbook of Immigration Statistics: 2014, Washington, DC: Department of Homeland Security.

Tab. 3. Persons obtaining lawful permanent resident status in the USA by country of birth – from Serbia and Montenegro, in fiscal year 2014

Characteristics	Montenegro			Serbia			Serbia and Montenegro		
	Total		Female	Total		Female	Total		Female
	Num.	%	Num.	Num.	%	Num.	Num.	%	Num.
<b>Total</b>	286	100	149	1,143	100	552	267	100	115
New arrivals	138	48.3	81	437	38.2	221	11	4.1	6
Adjustments of status	151	51.7	68	706	61.8	331	256	95.9	109
<b>Age</b>									
Under 18 years	26	8.8	15	103	9.0	49	13	4.9	7
18 to 24	49	17.1	27	98	8.6	53	21	7.9	9
25 to 34	91	31.8	42	533	46.6	243	91	34.1	39
35 to 44	42	14.7	21	244	21.3	108	76	28.5	29
45 to 54	29	10.1	13	74	6.5	40	31	11.6	16
55 to 64	30	10.3	18	59	5.2	36	19	7.1	7
65 and over	22	7.2	13	32	2.8	23	16	5.9	8
<b>Marital status</b>									
Single	63	22.0	D	228	19.9	96	73	27.3	24
Married	208	72.7	196	862	75.6	413	171	64.0	80
Other	16	5.7	D	52	4.5	42	21	7.9	11
Unknown	2	0.6	-	1	0.0	1	2	0.8	-
<b>Occupation</b>									
Management, professional, and related occupations	14	4.9	6	189	19.2	72	44	16.5	10
Service occupations	22	7.2	D	57	5.0	21	18	6.7	4
Other	29	10.1	D	99	8.7	29	28	10.5	D
<b>No occupation</b>	142	49.7	91	419	36.7	260	68	25.5	40
Homemakers	43	15.0	D	64	5.6	D	14	5.3	14
Students of children	50	17.5	D	171	15.0	90	20	7.5	13
Retirees	5	1.7	D	11	0.9	D	7	2.6	4
Unemployed	44	15.4	17	173	15.1	D	27	10.1	9
Unknown	82	28.3	38	379	33.2	170	109	40.8	54
<b>Broad class of admission</b>									
Family-sponsored	61	21.3	35	77	6.7	37	7	2.6	4
Employment-based	7	2.4	3	124	10.8	59	37	13.9	15
Immediate relatives of US, citizens	182	63.6	96	714	62.5	361	123	46.1	58
Diversity	14	5.0	7	199	17.4	84	-	-	-
Refugees and asylees	24	8.4	8	29	2.5	11	95	35.6	36
Other	1	0.3	-	-	-	-	5	1.9	2
<b>Leading st. of residence</b>									
California	6	1.7	D	140	12.2	77	23	8.6	10
Florida	7	2.4	D	134	11.7	61	12	4.5	D
Illinois	24	8.4	15	168	14.7	65	13	4.9	7
New York	169	59.1	85	196	17.1	93	126	47.2	53

Source: Yearbook of Immigration Statistics: 2014, Washington, DC: Department of Homeland Security

The diasporas and its members can be important agents of development. Government adopted a Strategy of cooperation with migrants and expatriates; however, government has much to learn a deeper engagement with the diasporas, its members and constituent organisations. The diasporas should be involved in discussions on development strategies, voluntary remittance schemes and sustainable return. The policy-makers have to encourage the flow of remittances, to reduce the costs which migrants have to pay to send money home, and to improve the investment climate in Serbia so that remittances can be used productively and in ways which reduce poverty (Pejin-Stokić & Grečić, 2012).

In order to reduce the rate of emigration and incentives for returning workers from abroad, especially highly educated and professionals, as well as to maintain the current level of immigration, the government of Serbia should effectively implement the adopted strategies and the policies and undertake a series of measures to achieve the set goals.

The Government should improve the quality of data on migration issues, by establishing a special institution for the continuous monitoring and data collection in the field. The institution should be financed through the state budget. The government should create an environment, through different policies, that encourage and support contributions by migrant diasporas to development.

At national levels the government should: (a) synchronize the admission policy for universities with the needs of the Serbian economy (less enrolled and better learning outcomes); (b) matching supply and demand of labour, including measures of active labour market policy, reduce unemployment, encourage internal mobility of labour; information sharing and counselling; target groups – unemployed and returnees;

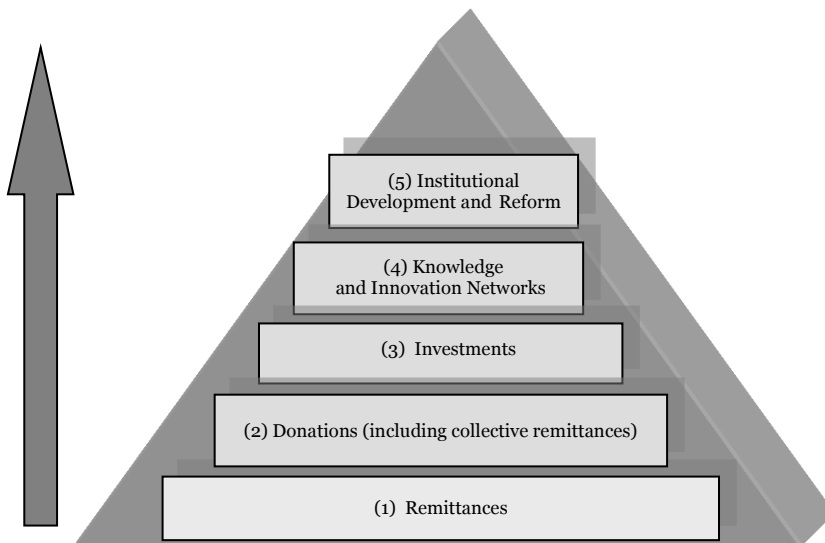
At the regional and local level authorities should: (a) stimulate equal regional development, by credit and fiscal policy; achieving a more balanced regional development has already been announced as a priority objective in the Republic of Serbia; the implementation of such policy has been very slow; (b) synchronize the push-pull factors of internal migration; (c) strengthen the regional chambers of commerce and offices for cooperation with the Diaspora; in accordance with regional and local development plans, authorities should initiate specific return programs of professionals from abroad by 2020. The national migration policy is based on achieving the goals set out in the adopted strategies, as follows: (a) completion of the economic and social reforms; (b) acceleration of economic growth and development in Serbia, i.e. achievement of an annual rate of GDP growth of over 6%; (c) further improvement of investment climate, with special emphasis on fighting corruption and crime; (d) speed up the process of European integration, fulfilment of all conditions for the EU accession; completion of all necessary educational reform, in line with the European standards.

## **Diaspora contribution: Hierarchy of diaspora impacts**

The starting point in discussions about the diaspora possible greater contribution to the development at home country, it is the research results of the former World Bank expert, Yevgeny Kuznetsov (2013), shown in the Figure below.

The figure illustrates a hierarchy of Diaspora impacts, starting from remittances at the base of the pyramid to institutional reform at its pinnacle. In the established perspective, diasporas are viewed as a source of tangible help and resources (remittances,

philanthropic contributions, investments and, recently and the influence of India example, of technological and organizational knowledge) and that tends to exclude the discussion of a country's talent abroad in incremental institutional development. It is clear that an improved institutional context would then be supportive of further and deeper diaspora engagement and initiatives. The focus is thus on a virtuous cycle characterized by the following: (a) no institutional preconditions for diaspora involvement are specified ex-ante; (b) first movers from both the home country and diaspora can act in an imperfect institutional environment, and (c) their actions results in improved conditions for subsequent diaspora contributions (Kuznetsov, 2013).



*Fig. 1. Hierarchy of Diaspora Impact (Yevgeny Kuznetsov, 2013)*

### ***Migrant remittances and their use***

The Serbian Diaspora sent to home country over 3.4 billion US dollars in 2016 (Tab. 4). A year before (2015), migrants' remittances represented the equivalent of 9.2% of the Serbian GDP. The amount of remittance income is influenced by a whole set of different factors (Russell, 1992):

- The number of workers;
- Wage rates;
- Economic activity in the host country and in the sending country;
- Exchange rates;
- The relative interest rate ratio between the labor-sending and receiving countries;
- Political risk;
- The facility of transferring funds;



- Marital status;
- Level of education of the migrant;
- Whether accompanied or not by dependents, and
- Years since outmigration and household income level.

All these factors affect the total pool of remittance income, the decision whether or not to remit, the amount to remit and the uses of remittance incomes. Factors that affect migrant workers` choice between the formal banking system and informal channels in remitting their earnings include: individual socioeconomic characteristics of their household members, levels and type of economic activity in the sending and host countries, differential interest and exchange rates, and the relative efficiency of the banking system compared with informal channels. There are no official sources that can reliably indicate the total number of the Serbian Diaspora in the world.

Tab. 4. Migrant Remittance Flows to and from Serbia, 2007-2016 (US \$ million)

	Migrant remittance inflows	Migrant remittance outflows
2007	3,765	129
2008	3,544	180
2009	4,648	153
2010	4,118	155
2011	3,960	204
2012	3,549	218
2013	4,025	255
2014	3,696	267
2015	3,371	245
2016 (a)	3,468	...
Total 2007-2015	38,144	1,806

(a) Estimates. According to the World Bank staff, . "the global growth of remittances to developing countries is projected to remain modest at about 3.5% over the next two years".

(b) Source: World Bank, Annual remittance data (updated as of October 2016).- estimate

Remittances are sometimes so substantial that they reshape the economy of emerging countries (Evans & Rodriguez-Montemayor, 2015). They are worth 10% of GDP for some countries in Central America and the Philippines, while India alone received US\$70 billion of them in 2014 (and for high emigration regions such as Kerala remittances can represent 36% of the local economy). Tanle 5 shows that the main sending countries are Germany, Switzerland and Austria, which account almost 40% of the total inflow of remittances.

The problem is how the remittances are used. Most of them are spent on consumer goods such as food, clothing and health care. Funds are also spent on building or improving housing, buying apartments, buying land and agricultural machines, tractors etc., and buying durable consumer goods such as cars, washing machines and TV sets. The remittances from abroad have caused an inflation of housing prices. Generally only a small percentage of remittances are used for savings and what is termed "productive investment" for e.g. income and employment-generating activities such as small productive business firms.

Tab. 5. *Bilateral Remittance Inflows to Serbia by the Main Sending Countries in 2013, 2014, and 2015 (US \$ million)*

The main sending countries	2013	2014	2015	Rank
Australia	144	131	120	10
Austria	425	389	356	3
Croatia	339	310	283	5
France	234	215	196	7
Germany	695	639	582	1
Italy	193	176	161	8
The Netherlands	170	157	144	9
Slovenia	121	111	102	11.
Switzerland	428	397	360	2
Turkey	312	285	261	6
U.S.A.	379	348	315	4
Other	585	558	491	
<b>Total</b>	<b>4,025</b>	<b>3,696</b>	<b>3,371</b>	

Source: World Bank, *Bilateral Remittances for 2013 using Migrant Stocks, Host Country Incomes, and Origin Country Incomes*, October 2015 Version; October 2016.

### ***Donations and investments***

Today, with the global knowledge-based economy increasingly relying on science and technological skills and generating international flows more than ever before, the Diaspora issue has become even more crucial. Members of the Serbian Diaspora used to invest in the country and participated in various ways in economic life, educational system, and cultural events of Serbia.

One general attribute of the whole Serbian Diaspora is their high degree of integration into host societies. Members of the Serbian Diaspora are characteristically known for being hard-working, law-abiding, and talented (Grečić, 2013). Serbs have a reputation for being easy to integrate, especially through mixed marriages. They typically choose to keep their Orthodox religion. They have not developed reputations as members of organized crime or for taking part in serious criminal activities. Serbs have made outstanding contributions to societies in which they have integrated. Scientists like Nikola Tesla, Mihailo Pupin, and others become famous world-wide. There are also politicians, judges, and journalists of Serb descent in many American states. In the fields of science and technology, many professionals who were born in Serbia or are of Serb origin work in the United States and in parts of Europe (Germany, United Kingdom, France, Switzerland, the Netherlands, Sweden and other countries). There are also very rich businessmen of Serbian origin whose fortunes are estimated to be in the range from half a billion to a couple hundred of million dollars.

Regarding donations in the Republic of Serbia, there are no precise figures. Members of diaspora donate money to the facilities of public good. However, rarely publish how much and where they had donated. Few are as Milomir Glavčić from Canada who donated money for the construction of various facilities in and around Kraljevo.

In case of Serbia, there is no experience with collective remittances (Serbian HTAs, there is no). Perhaps the most-studied form of Diaspora engagement is the Mexican "Home Town Association". Residents of the same town or village in Mexico typically

migrate together to the same locality in the United States. The Home Town Associations they form serve the dual purpose of providing social support to the migrants and economic support to their places of origin.

Therefore, in order to maximize the developmental impact of remittances to Serbia, the World Bank advisers have suggested that Serbian Government consider the systematic establishment of hometown associations – HTAs (De Luna Martinez at al. 2006). In addition to attracting remittance flows into the financial system, one of the most important challenges for Serbia is to create an enabling environment to leverage remittance flows by offering migrants a wider range of opportunities to invest in Serbia. This could include providing complementary financing to acquire real estate, creating mechanisms to channel funds to finance small infrastructure projects back in hometowns, encouraging migrants to become shareholders in privatized companies, and launching funding programs for the establishment and development of small and medium-sized enterprises by migrants returning to Serbia. One of these types of program exists in the – corridor. It is called the "3x1" program. Under this program, community remittances are channeled hospitals and schools – and every dollar sent back from the migrants, is matched by three dollars from the federal state and municipal governments, to fund project and foster development impact of remittances (Jose De Luna Martinez at al. 2006).

The former Ministry of the Diaspora, along with the Regional Chambers of Commerce. had estimated, couple years ago, that three-fourths of green-field investments were the result of mediation by the Diaspora. Estimates of the former Ministry of Diaspora (2012) show that the Serbian diaspora invested about EUR 550 million into the economy of the Republic of Serbia; opened about a thousand small and medium enterprises, which employ about 25 thousand people. More recent data are not available.

After 2000, when economic reforms were implemented, the annual GDP growth rate was relatively high, and the Serbian diaspora became interested in the Serbian economy. The former Ministry of the Diaspora, along with the Regional Chambers of Commerce in Užice, Leskovac, Zaječar, Sremska Mitrovica, Kragujevac, Subotica, Požarevac, Novi Sad, Zrenjanin, Sombor, Pančevo, Niš, Knjazevac, Kraljevo, Valjevo, and Kikinda) have formed sixteen "Centers for the Diaspora" in these cities. The former Serbian Minister for the Diaspora, Ms. Milica Čubrilo, presented the project "Economic partnership with the Diaspora at a regional and local level" on February 27, 2008. An integral part of this project was the formation of a network of sixteen "Centers of the Diaspora" within regional chambers of commerce. The largest number of firms founded by members of the Serbian diaspora were regional chambers of commerce in Kraljevo-Čačak (72 firms) and Novi Sad (28 firms, which employed about thousand workers).

Since the crisis of 2008, the situation has changed, and investment by the Serbian diaspora has declined. This suggests that members of the diaspora have no trust in the home country, and almost do not invest capital in the Serbian economy. The main problem was and still is the investment climate: a relatively unstable economic situation and complicated administrative procedures in Serbia.

### ***Knowledge and innovation networks***

Knowledge and human resources are the basis of every society. They are a central element of vitality and a condition for social survival. For development to be based on the quality of human resources are needed stronger links educational and research system with all other sectors, to resources that exist and that are produced through higher education and research were effectively used.

Knowledge is a prerequisite for the progress and prosperity of society. The term "knowledge" can be defined in many ways. For our purposes knowledge can be defined as "familiarity with someone or something, which can include facts, information, descriptions, or skills acquired through experience or education. It can refer to the theoretical or practical understanding of a subject. It can be implicit (as with practical skill or expertise) or explicit (as with the theoretical understanding of a subject); it can be more or less formal or systematic" (<http://oxforddictionaries.com> ). The term "knowledge management" (KM) comprises a range of strategies and practices used in an organization "to identify, create, represent, distribute, and enable adoption of insights and experiences" (Groff & Jones, 2003). Such insights and experiences comprise knowledge, either embodied in individuals or embedded in organizations as processes or practices. More recently, other fields have started contributing to KM research; these include information and media studies, computer science, public health, and public policy. According to the famous scholars, Jatinder Gupta and Sushil Sharma (2004), "knowledge management efforts typically focus on organizational objectives such as improved performance, competitive advantage, innovation, the sharing of lessons learned, integration and continuous improvement of the organization". KM efforts overlap with organizational learning, and may be distinguished by a greater focus on the management of knowledge as a strategic asset and the sharing of knowledge.

Today, with the global knowledge-based economy increasingly relying on science and technological skills and generating international flows more than ever before, the Diaspora issue has become even more crucial. Serbia is lagging behind other countries of emigration in terms of partnerships with the intellectual diaspora.

### ***Institutional development and reforms***

Migrants bring a set of social and cultural tools that can help them adjust to their new lives. Studies of evolutionary institutional change suggest useful approaches for understanding how these resources are transformed into social remittances. Evolutionary change is shaped by the structure of already existing institutional arrangements which enable and constrain subsequent choices (Levitt, 1998).

A similar design process occurs in social remittances evolution. Migrants interact to varying degrees with the host society. They make sense of their experiences using the interpretive frames they bring with them. Just as institutional actors' choices are curtailed and facilitated by routines and norms already in place, so the new behaviors and views that migrants adopt are also a function of how things were done at home. Therefore, social remittances represent a potential tool with which practitioners and planners can promote better outcomes. But they are also seen as crucial for the performance levels of national economies: a higher education level of the workforce will, according to this view, produce higher economic growth and employment. Since growth

in today's societies and economies is to a much higher degree than in earlier ones driven by innovation and knowledge, such investment is seen as more important today than ever. Since people constitute capital, or rather their knowledge and skills do, this capital can be said to have left the country when they have emigrated. Lost for the country of origin, it is acquired by the destination country. From the point of view of the country of origin, the earlier investment in the education and training of the emigrant appears as useless spending (Kelo & Wachter, 2004).

The question is how to mobilize highly skilled diaspora in this matter? The help of a network of professional service providers and investors and an 'overachiever' diaspora-member constructing, with support of her own problem-solving networks, a project with her home country's institutions. Its focus is on first generation 'overachievers' – diaspora members that left their home country and achieved extraordinary success in their new country of residence (Kuznetsov, 2013)

### **Talent Migrants in Focus**

Many high-level officials and managers in developing countries have been trained in Europe or the US, bringing knowledge, norms and values that can be used to improve local institutions – and we highlighted the importance of management practices earlier. It is often people who have lived abroad who do the most to increase the quality of basic education, to fight against corruption, and to break down oligarchic or bureaucratic barriers that handicap the development of a nation or city. On the role of talents in the development of economy and society have been written numerous studies and, even the second decade of the 21st century has been called the decade of the fight for talent.

US migration expert of the Greek origin, Demetrios G. Papademetriou, was in right track when he wrote, inter alia, the following: "Talent – what it is, how to keep it, where it exists, and how to attract it – has become a preoccupation for all developed and emerging economies, as well as many developing ones, because it lies at the heart of economic growth and competitiveness" (Talent in the 21<sup>st</sup> Century Economy, 2008). As Human capital becomes the ultimate resource, economic success requires growing, attracting, retaining and rewarding talent (Papademetriou, 2015). In fact, while European nations struggle to manage massive inflows from the Middle East and Africa, a parallel challenge in unfolding: what to do about the scores of people leaving (mostly professionals)?

Why Focus on 'Overachievers'? By definition, overachievers have already gained status in life. Therefore, when they look at their home country for new professional opportunities, they have the luxury of sharing status, reputation, professional and financial resources' with their home countries, rather than seeking to enhance their status as it might be expected from diaspora members at early stages of their professional careers. Focusing on the first generation implies that, for practical purposes the person in question remains part of a home country, sharing the same social networks and idiosyncrasies associated with shared experiences of going to the same school and university (Kuznetsov, 2013).

According to Kuznetsov's opinion 'overachievers' are similar to venture capitalists in a number of ways. First, they tend to undertake ventures in their home countries in spite of obstacles such as poor investment climates and corrupt governments; they often have

unusually long planning horizons and "above usual" capabilities that allow them to become first movers.

### **Some thoughts on what the Governments can do?**

Politically, it is perhaps safer for governments to pursue policies that encourage repatriation rather than discouraging emigration. A major challenge for the Government of the Republic of Serbia in terms of achieving the brain gain concept, is the following: how to retain talents in the country and how to attract those from abroad? The answer to this question should be sought in overall social and economic development.

In the case of Serbia, there institutional controls that imply a broad representation of social interests and the existence of objective rules and regulators (as opposed to control by a dominant party or parties that is based on the narrow interests of lobbyists and informal rules of economic behavior). As a result, there is a large gap between formally established economic institutions and substantive economic behavior, which was far from desirable standards. There is thus a need to implement institutional pluralism in order to achieve sustainable economic development (Araoz & Araoz, 2004).

Under modern conditions, management efficiency increasingly depends on the ability to quickly establish partnerships for using information flows, new technologies, migration flows, and thus enhance the potential of an organization.

Investing in education and a quality educational system is, according to World Economic Forum experts, the most important indicator of the state of a country's human capital. The World Economic Forum rightly argues that quality higher education and training are particularly crucial for economies that want to move up the value chain beyond simple production processes and products (WEF, 2015). In particular, today's globalizing economy requires countries to nurture pools of well-educated workers who are able to perform complex tasks and adapt rapidly to their changing environment and the evolving needs of the economy. This measurement instrument measures secondary and tertiary enrollment rates as well as the quality of education as evaluated by the business community. The extent of staff training is also taken into consideration because of the importance of vocational and continuous on-the job training—which is neglected in many economies.

Serbia's major long-term competitive advantage lies in the sphere of knowledge, educational reform, basic research and the application of innovations, as well as in the development of new information and communication technologies. New and well-paid quality jobs are one of the most important goals of the National Strategy on Economic Development. It is very easy to conclude that today a company can still operate if its ownership structure changes, but not if the central information system is deleted or blocked.

Like many other developing countries (China, India, Mexico), Serbia is poised to enter the developed world in which the creation of a knowledge society will be the key to its future success in the global marketplace. This success will be predicated on Serbia's ability to be more creative and innovative, i.e. not just to be a follower of other knowledge societies, but also one of its leaders, thanks to the effective tapping into the enormous technological and knowledge potential of its people. The outmigration of high level

human resources is a long-standing phenomenon that has given rise to a sizable academic diaspora, a potentially important resource for the country. Serbian society of the future must become a knowledge society with a rapidly developing information and communications technology. Only in this fashion, i.e. by using knowledge as a key resource will it acquire an internationally competitive profile that can create wealth and improve the living conditions of its citizens. This knowledge society will rely heavily on knowledge workers, both traditional professionals like doctors, scientists and engineers and "knowledge technologists" like IT technicians, lab analysts, and manufacturing experts, who need to have a foundation in theoretical knowledge acquired through formal education (Araoz & Araoz, 2004).

Innovation, a knowledge-intensive endeavor, requires creative people to put knowledge to work. It also needs a favorable environment. Innovation is crucial for the economic competitiveness of countries and companies alike. However, innovation is made up of a complex set of processes that are strongly rooted in contextual factors. In this respect, a favorable cultural environment is a necessary precondition of innovation (Elvira Vieira et al., 2013)

There are a lot of factors that affect the success of the partnership with the Serbian innovators in the diaspora. The three most important are: (a) the identification of the partners in the diaspora for undertaking innovative efforts; (b) the existence of a strong political and stakeholder commitment, and (c) a strong focus on results, outcomes, and impacts.

Diaspora innovators can thus become key agents for bringing in knowledge and stimulating attitudes favorable to innovation (Araoz & Araoz, 2004). They are particularly qualified for this purpose since they can speak the local language, fit into the predominant culture – if made culturally competent- and use preexisting networks of family, friends, former fellow students, and colleagues to transmit new attitudes, values and knowledge. This is often in contrast to foreign expatriates who would have an uphill task and less motivation to do the same.

The most important challenges faced by Serbia in terms of the cooperation with innovators in the Serbian diaspora, are the following: How to improve the data base and the analysis of migration patterns of the highly skilled? How to link migration data, analysis and evidence-based policy- making with the goal of enhancing scientific cooperation with diaspora innovators and those in Serbia? Who will collect and organize official data and what will be the source of information on the size and distribution of the scientific diaspora, their networks and associations, FDI and like?

## **Conclusion**

The ability to generate new knowledge, ideas, innovation and technology is a prerequisite of human capital formation and a key indicator of national wealth in the modern world. Experience shows that most members of the Serbian diaspora have achieved remarkable results in the educational and professional fields, and it would be very wise to provide them with a chance to share their knowledge and invest in their country of origin, it. The main goal of state policy must be to keep the best students in the country. Serbia requires specialists from abroad in all sectors – economic, educational, cultural, social etc. In fact, Serbia needs creators, good organizers, managers, in a word: a group of elite leaders.

In concluding this paper on relations between the Serbian academic diaspora and economic development of the homeland the following seven broad points can be made.

First, an important lacuna in the diasporas and development literature is the absence of high-quality data. The household survey is among the main data sources used in diaspora research. Such data are lacking for Serbia, and there are no relevant methods that can help us estimate the total size of the Serbian diaspora, the remittance flows to Serbia, and the like.

Secondly, because of the poor quality of the data, assessing the economic impact of the Serbian diaspora is a challenging issue. The national statistical service should make the collection of quality data its priority.

Thirdly, Serbian migrants worldwide send remittances to families back home. The potential poverty-reducing impact of remittances has been widely discussed, but until now empirical evidence on the topic has been scarce. More attention should be given to these questions: Why don't members of the Serbian diaspora invest more money in the Serbian economy? Why don't Serbian experts invest in science and technology parks in Serbia? Why don't Serbian institutions engage more scientists from abroad on research projects in Serbia? Why does Serbia invest only about 0.5% of GDP in R & D? Why Serbian firms don't invest, or invest so little, in R & D?

Fourthly, previous investigations have shown that the Serbian academic diaspora is willing to engage in all forms and modes of cooperation with the home country, the intensity and forms of which will depend largely on the policies of the home country.

Fifthly, it was shown that Serbia has no clear national strategy on cooperation between Serbian the academic diaspora and home institutions in the field of R&D and the economy more generally: it has neither a Return of the Qualified expatriate and immigrants program, nor a Talent Return Program.

Sixthly, it was also shown that Serbia has no research institution devoted to the study of migration, and thus no serious research results on the topic. The expansion of the migration database and the higher quality of relevant data are thus key issues for Serbian researchers. A special tasks for Serbian social science would be to provide analytical and empirically informed studies on the topic of Brain Drain and Brain Gain, and policy proposals about strategies to reverse brain drain.

Seventhly, in order to maximize the developmental potential of the academic diaspora, a diaspora policy roadmap should be traced. Countries that have successfully attracted their scientific diasporas usually have well-funded and wellstaffed organizations to promote their engagement. Clear political engagement at a high level is linked to success, yet it must be combined with political legitimacy and recognition from the diaspora itself.

The results of research in the field of academic diaspora also suggest the conclusion that economic and social development in the Republic of Serbia can generate incentives for professionals to migrate and increase the prospects for retaining and attracting talented individuals from the scientific diaspora. It has also shown that current thinking is still tentative and the available evidence too sketchy with regard to the links between migration and development.



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## **КАКО СРПСКА ДИЈАСПОРА МОЖЕ МНОГО ВИШЕ ДОПРИНЕТИ РАЗВОЈУ СВОЈЕ ДРЖАВЕ?**

**Резиме:** Србија је традиционално земља емиграције, чији интензитет у великој мери зависи од историјских, економских, демографских, политичких, социјалних, етничких и психолошких фактора. Број и карактеристике нашег становништва у иностранству представља још увек непознаницу услед недостатка одговарајуће методологије, а самим тим и квалитетних података. Не постоји сагласност међу истраживачима о броју наших држављана, који живе и раде ван граница наше државе. Према проценама Министарства спољних послова око 3,5 милиона наших грађана борави у иностранству, од чега 1,5 милиона има држављанство Републике Србије, док 2 милиона има двојно држављанство. Укључивање дијаспоре у развој државе порекла у великој мери зависи од саме државе порекла. Миграције талената и високообразованих лица представљају важну компоненту дугорочне конкуренције држава и бизниса. Допринос дијаспоре се може сагледати кроз хијерархију инвестиција становништва који живе и раде у иностранству: дознаке, донације, инвестиције, стварање мрежа знања и иновација и институционални развој и реформе. Главна, дугорочна предност Србије управо може бити у сфери знања, реформе образовања, основног истраживања и примени иновација, као и у развоју нових информационих и комуникационих технологија. Нови, квалитетни и добро плаћени послови су један од најважнијих циљева Националне стратегије за економски развој. Резултати истраживања који третирају академску дијаспору такође указују на закључак да економски и друштвени развој у Републици Србији може произвести разлог за професионалце да мигрирају, али исто тако и повећати изгледе за задржавање талентованих појединаца из научне дијаспоре.

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