

Immigration as a Promoting Factor of Innovation in Developing Countries: Evidence from Thai Manufacturers

Authors : Piriya Pholphirul, Pungpond Rukumnuaykit

Abstract : Contrary to studies of other migrant-receiving countries, most of which are developed countries, this paper examines impacts of immigrant workers on innovative capacities in Thailand, which is not only a representative of a receiving country that is a developing country but also a country where the majority of its immigrant workers are unskilled. Analysis of firm-level survey data in Thailand finds that employing unskilled and cheap labor from neighboring countries, namely, Myanmar, the Lao PDR, and Cambodia, is like adopting a kind of “labor-saving technology” which actually impedes firms’ R&D investment. Contrary to developed countries in which immigrants are found to boost innovation and promote sustainable growth, in Thailand, even though employing unskilled immigrant workers helps firms maintain their cost competitiveness in the short run, its negative impacts on R&D investment tend to hamper improvements in productivity and thus diminish global competitiveness in the long run. Employing skilled or educated migrants, on the other hand, complements technological progress and encourages firms to innovate more quickly. In addition, the paper finds that providing government incentives and promoting access to financing have become effective tools in facilitating Thai firms’ investment in innovation.

Keywords : immigration, innovation, developing country, Thailand

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