

Remittances and Technology Spillovers – Empirical Evidence from Developing Countries

By

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Abstract

The present study intends to examine the impact of remittance inflows on technology spillovers for the sample of 41 low- and middle-income developing countries from 1990-2013. The study's unique contribution to literature is its perspective on technology spillovers through remittance investments in human capital and complementary assets. Using the two-stage least squares method, we find that remittances inflows have an influence on technology spillovers. While a direct investment of remittances and investment of remittances in human capital yields positive technology spillovers, remittances invested in complementary assets indicate an upward U-shape relationship with technology spillovers. From a policymaking perspective, we recommend increasing the investment potential of remittances in high-skilled human capital and complementary assets and reducing remittance transaction costs.

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