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Do Foreign Experts Increase the Productivity of Domestic Firms?

by Nikolaj Malchow-Møller, Jakob R. Munch, Jan Rose Skaksen
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Abstract:

While most countries welcome (and some even subsidise) high-skilled immigrants, there is very limited evidence of their importance for domestic firms. To guide our empirical analysis, we first set up a simple theoretical model to show how foreign experts may impact on the productivity and wages of domestic firms. Using matched worker-firm data from Denmark and a difference-in-differences matching approach, we then find that firms that hire foreign experts – defined as employees eligible for reduced taxation under the Danish "Tax scheme for foreign researchers and key employees" – both become more productive (pay higher wages) and increase their exports of goods and services.

Text: See [Discussion Paper No. 6001](#)



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