

TRANSNATIONAL HUMAN CAPITAL IN AUSTRALIA - VIETNAM ECONOMIC COOPERATION: DEVELOPMENTAL AND POLICY PERSPECTIVES

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SEA Effect

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ABSTRACT:

Australia - Vietnam economic cooperation has expanded steadily, supported by growing linkages in trade, investment, education, and labour mobility. As the relationship matures, human capital and people-based connections increasingly shape the effectiveness and resilience of bilateral engagement. This article conceptualizes transnational human capital - comprising diaspora networks, returnees, and alumni of Australian institutions - as a form of development infrastructure rather than a peripheral social asset. Drawing on relevant literature and policy frameworks, the analysis examines how mobile professionals enable skills circulation, knowledge transfer, cultural fluency, and institutional alignment across borders. Using Australia - Vietnam cooperation as a contextual case, the study shows how transnational human capital functions as a distributed system linking education, labour mobility, and economic partnership, thereby strengthening the long-term sustainability of bilateral economic cooperation.

Keywords: transnational human capital, Australia-Vietnam cooperation, bilateral cooperation, diaspora, returnees, economic development, skills circulation.

1. Introduction

Australia and Vietnam have strengthened their economic relationship over the past decade, marked by growing bilateral trade, expanding investment flows, and deeper people-to-people connections.

Beyond traditional economic exchanges, cooperation between the two countries increasingly involves education, skills development, labour mobility, and professional collaboration. These

trends reflect broader shifts in international economic cooperation, where human capital and institutional linkages play a more prominent role alongside capital and goods.

In this evolving context, the capacity to mobilise skilled human resources and foster trust-based networks has become an important determinant of the quality and sustainability of bilateral economic partnerships. For Vietnam, advancing human capital development is central to its transition

Table 1: Bilateral trade growth

Year	Vietnam exports to Australia (USD Bn)	Australia exports to Vietnam (USD Bn)	Total bilateral trade	Growth (%)
2020	3.5	4.2	7.7	
2023	5.27	6.88	12.15	+ 58%
2025 (9 months)	4.96 (projected)	5.21	10.16	- 6% (tem dip)

Source: UN COMTRADE, Vietnam Customs, DFAT 2025.

Note: 2025 partial data shows resilience amid global slowdowns.

toward higher-value economic activities and improved productivity. For Australia, engagement with Southeast Asia, including Vietnam, forms a key component of its regional economic and diplomatic strategy, emphasising long-term partnerships and people-to-people ties.

A distinctive feature of this relationship is the growing presence of individuals whose professional lives span both countries. These include Vietnamese professionals based in Australia, alumni of Australian institutions now working in Vietnam, and returnees who have re-entered domestic firms, universities, and public agencies after periods abroad. Together, these groups form a body of transnational human capital, carriers of skills, institutional knowledge, and cultural fluency who operate across borders rather than within a single national system.

While existing policy discussions frequently focus on trade agreements, investment incentives, or labour migration programs, the developmental role of this transnational human capital remains comparatively underexplored. It is often treated as a social or cultural dimension of cooperation rather than as a core economic asset.

This article seeks to address this gap by examining how transnational human capital contributes to Australia–Vietnam economic cooperation from a development and policy perspective. Rather than presenting new empirical data, the study draws on existing literature and policy documents to analyse how diaspora professionals, returnees, and alumni enable skills circulation, knowledge transfer, and trust-building across borders. Australia–Vietnam cooperation is used as a contextual case to illustrate broader

patterns relevant to emerging and middle-income economies.

2. Human capital and economic cooperation: A brief literature review

Human capital is widely recognised as a central driver of economic growth, productivity, and long-term development. Classical and contemporary economic theories emphasise that investments in education, skills, and workforce capability enhance an economy's capacity to innovate, adapt, and compete internationally. International development institutions consistently identify human capital accumulation as a prerequisite for sustainable and inclusive growth, particularly in emerging and middle-income economies.

From the perspective of international economic cooperation, human capital influences not only domestic performance but also the nature and quality of cross-border engagement. Economies with stronger human capital foundations are better positioned to move up global value chains, attract higher-quality investment, and sustain productivity growth over time. As a result, skills and workforce capability increasingly feature in trade, investment, and regional cooperation strategies.

2.1 Defining key concepts

Human capital refers to the stock of skills, knowledge, qualifications, and attributes embodied in individuals that enhance productivity and economic value (Becker, 1964; Schultz, 1961). In economic cooperation contexts, it encompasses both formal education and experiential capabilities that enable innovation, adaptation, and cross-border value creation.

Transnational human capital extends this concept to mobile professionals whose

competencies operate across national boundaries (Levitt, 2001; Porters et al., 1999). It comprises diaspora members, returnees, and alumni who maintain sustained ties to multiple countries, facilitating skills circulation, institutional knowledge transfer, and relational infrastructure. Unlike traditional human capital confined to national systems, transnational forms create distributed networks that bridge regulatory, cultural, and informational gaps-functioning as “soft infrastructure” for economic partnership (ADB, 2022).

This framing positions such actors not as incidental migrants, but as strategic assets in bilateral development.

Building in these definitions, the literature on skilled migration and labour mobility further extends this understanding by examining how cross-border movement of people shapes economic outcomes. While earlier studies focused on the risks of brain drain for sending countries, more recent research highlights the concept of skills circulation, whereby migrants contribute knowledge, expertise, and networks to both origin and destination countries. The Organisation for Economic Co-operation and Development (OECD) notes that skilled mobility can generate positive spillovers through technology transfer, innovation diffusion, and institutional learning when supported by appropriate policy frameworks.

Within this body of research, diaspora networks are increasingly recognised as facilitators of economic cooperation. Diaspora members often possess bilingual skills, cultural fluency, and professional experience that enable them to bridge institutional and market gaps between countries. Studies by the International Organization for Migration emphasise that diaspora networks can reduce information asymmetries, build trust, and lower transaction costs in trade and investment activities. These functions are particularly relevant in bilateral economic relationships where formal coordination mechanisms may be limited.

A parallel strand of scholarship emphasises transnationalism - the sustained social and professional ties that individuals maintain across

borders. Returnees and internationally trained alumni occupy a distinctive position within this framework. Unlike overseas diaspora members, they embed cross-border knowledge directly within domestic organisations. Their presence allows international practices, norms, and networks to be internalised within local firms, universities, and public institutions.

Development-oriented literature further conceptualises diaspora-linked human capital as a form of soft infrastructure. Unlike physical infrastructure, soft infrastructure consists of relational assets, informal networks, and shared norms that support economic interaction. The Asian Development Bank highlights that such intangible forms of connectivity are essential for effective regional cooperation, particularly in contexts characterised by diverse regulatory systems and institutional capacities.

Despite growing recognition of these dynamics, transnational human capital is often treated as an auxiliary or social policy concern rather than as a core component of economic strategy. Examining Australia-Vietnam economic cooperation through this lens therefore offers valuable insight into how mobility, diaspora, and returnee pathways can be integrated into development-relevant economic frameworks.

3. Australia - Vietnam economic cooperation: Skills, mobility, and emerging opportunities

Australia and Vietnam have developed a dynamic and increasingly diversified economic relationship over the past decade. Bilateral trade has expanded across goods and services, while cooperation in education, labour mobility, and skills development has become more prominent. This evolution reflects a broader shift in economic cooperation models, where human capital and institutional connectivity increasingly complement capital flows and market access.

According to Australia’s Department of Foreign Affairs and Trade, Vietnam is now among Australia’s most significant economic partners in Southeast Asia, with steady growth across merchandise trade, services, and investment. Education has become a central pillar of this

relationship. Australia has long been a major destination for Vietnamese students, contributing to the formation of a cohort with Australian qualifications, professional experience, and familiarity with institutional practices in both countries. These education linkages generate durable human capital connections that extend well beyond the period of study.

professional movement can generate mutual benefits through knowledge transfer, innovation diffusion, and institutional learning. For Vietnam, access to international skills and professional networks supports productivity growth and economic upgrading. For Australia, engagement with Southeast Asian talent strengthens regional connectivity and trade-related capabilities.

Table 2: Vietnamese students/alumni in Australia

Year	Vietnamese students in Australia	Rank (International students)	Total International students
2023	~30,000	4th	600,000+
2025	33,524	4th	270,000 (cap)
2026 (projected)	~35,000	Priority SEA	295,000

Source: Australian Government/DFAT 2025. Pipeline for future transnational human capital.

Labour mobility and migration further reinforce these ties. Data from the Australian Bureau of Statistics indicate that the Vietnam-born population in Australia is sizeable and increasingly characterised by higher educational attainment and participation in skilled occupations.

Despite these strengths, challenges remain. Coordination across trade, education, migration, and skills policies is often fragmented. Transnational human capital is rarely treated as a system that links these domains. As a result, diaspora professionals, alumni, and returnees often

Table 3: Vietnam-born diaspora in Australia

Metric	Vietnam-born (2021 Census)	% of Total population	Comparison (all overseas-born)
Total population	257,997	1.0%	30% of Australia
Tertiary educations	~65% (est. skilled occ.)	High	45%
Median Age	48	Mature workforce	45
Australian citizens	75.3%	Strong integration	70%

Source: ABS 2021 Census QuickStats. Highlights skilled, networked diaspora potential.

Many of these individuals remain professionally engaged with Vietnam through business activities, research collaboration, and advisory roles. At the same time, a growing number of alumni and professionals have returned to Vietnam, embedding international skills and networks within domestic firms, universities, and public agencies.

International organisations increasingly frame these movements as skills circulation rather than one-way migration. The OECD notes that when supported by appropriate recognition, mobility, and engagement frameworks, cross-border

contribute in ad hoc ways rather than through structured, development-oriented pathways. Addressing this gap is essential for maximising the developmental impact of bilateral engagement.

4. Transnational human capital as development infrastructure

In addition to formal agreements and institutional mechanisms, effective economic cooperation depends on informal and relational factors commonly described as soft infrastructure. These include trust, professional networks, cultural familiarity, and shared norms that facilitate

coordination across borders. Transnational human capital constitutes a critical component of this infrastructure.

A distinctive contribution of transnational professionals lies in their cultural literacy and operational fluency. These capabilities encompass language proficiency, contextual understanding, and the ability to navigate institutional practices, business norms, and professional expectations in both countries. In practical terms, cultural literacy supports more effective communication, negotiation, and partnership-building in cross-border economic activity.

The International Organization for Migration emphasises that diaspora engagement contributes to economic cooperation through multiple channels, including knowledge transfer, business facilitation, mentoring, and institutional linkages. Unlike financial flows, these contributions are often intangible, yet they exert sustained influence by reducing information asymmetries, lowering transaction costs, and aligning expectations between partners.

Returnees and alumni extend the reach of diaspora networks by embedding cross-border capability inside domestic organisations. Their presence allows international standards, work practices, and professional networks to become part of local production systems. Together, overseas diaspora members and in-country returnees form a distributed human capital system that operates across both economies.

From a development perspective, this system complements formal cooperation by enabling skills circulation rather than one-directional transfer. It supports adaptability in sectors where regulatory complexity, institutional diversity, and trust deficits can impede collaboration. When recognised and enabled, transnational human capital functions as infrastructure: it connects markets, aligns institutions, and sustains cooperation beyond individual projects.

Capabilities of Transnational Human Capital

Transnational human capital in Australia-Vietnam cooperation is characterised by five core capabilities:

- *Professional expertise*: Advanced technical and managerial skills developed through international education and work experience.

- *Cultural and institutional fluency*: The ability to operate across languages, norms, and regulatory environments in both countries.

- *Network connectivity*: Durable professional ties linking firms, universities, and public agencies across borders.

- *Intermediation and translation*: Capacity to align expectations, interpret systems, and reduce coordination costs in cross-border activity.

- *Embedded development impact*: The internalisation of international practices within domestic organisations through returnees and alumni.

Source: Synthesised from OECD, IOM, and ADB literature on skills mobility, diaspora engagement, and regional cooperation.

5. Policy implications for Vietnam and bilateral cooperation

The preceding analysis suggests several policy implications for Vietnam, while also underscoring the mutual benefits of more coordinated bilateral engagement with Australia.

First, transnational human capital should be integrated into Vietnam's core development and workforce strategies. Vietnam's priorities in skills upgrading, digital transformation, and enterprise capability align closely with the capacities of diaspora practitioners, returnees, and alumni. Rather than relying on ad hoc engagement, policy can establish structured pathways such as short-term return schemes, sector-based expert pools, and virtual advisory platforms. These mechanisms enable skills circulation without requiring permanent migration, positioning mobile professionals as distributed contributors to national development.

Second, diaspora and alumni networks can be repositioned as economic infrastructure. In practice, transnational actors already perform functions that formal institutions struggle to replicate: interpreting regulatory systems, identifying credible partners, and building trust across jurisdictions. Embedding these capabilities into trade promotion, export readiness programs,

and SME internationalisation initiatives would strengthen Vietnam's economic diplomacy. This shifts diaspora engagement from symbolic outreach to operational market support.

Third, bilateral cooperation can be reframed around shared human capital formation.

Australia-Vietnam cooperation offers scope for frameworks that align education, skills, and economic engagement around common development objectives. Co-designed professional pathways, sectoral skills partnerships, and joint platforms linking transnational professionals with firms and institutions in both countries would transform cooperation from transactional exchange into a process of shared capability-building.

For Australia, such an approach reinforces a regional strategy grounded in people-to-people connectivity and long-term capacity formation. For Vietnam, it provides structured access to global skills, institutional knowledge, and market intelligence. In this sense, transnational human capital becomes not a supplementary resource, but a core mechanism for deepening the quality, resilience, and developmental impact of bilateral economic cooperation.

6. Conclusion

This article has argued that transnational human

capital constitutes a critical, yet underutilised, dimension of Australia - Vietnam economic cooperation. By bringing together diaspora practitioners, returnees, and alumni within a single analytical frame, the paper positions these actors as a distributed system of capability rather than as isolated individuals.

The Australia-Vietnam case illustrates how contemporary economic cooperation increasingly depends on relational and institutional connectivity, not solely on trade agreements or capital flows. Transnational professionals bridge these domains by translating systems, aligning expectations, and embedding cooperation within everyday organisational practice.

Future research may extend this framework through sector-specific case studies or comparative bilateral analyses. However, the central implication is already clear: in contemporary economic cooperation, people - and the networks they sustain - are not peripheral factors. They are infrastructure. For Australia and Vietnam, the long-term strength of bilateral engagement will depend not only on what is traded or invested, but on how effectively both countries enable transnational human capital to carry skills, trust, and institutional alignment across borders ■

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VAI TRÒ CỦA NGUỒN NHÂN LỰC XUYÊN QUỐC GIA TRONG HỢP TÁC KINH TẾ AUSTRALIA - VIỆT NAM

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TÓM TẮT:

Hợp tác kinh tế Việt Nam - Australia đã mở rộng đáng kể trong những năm gần đây, dựa trên sự gia tăng các liên kết về thương mại, đầu tư, giáo dục và dịch chuyển lao động. Trong bối cảnh đó, chất lượng nguồn nhân lực và các kết nối dựa trên con người ngày càng giữ vai trò then chốt đối với hiệu quả và khả năng thích ứng của quan hệ song phương. Nghiên cứu này khái niệm hóa nguồn nhân lực xuyên quốc gia, bao gồm mạng lưới kiều bào, lực lượng hồi hương và cựu sinh viên các cơ sở giáo dục của Australia, như một dạng hạ tầng phát triển, thay vì chỉ là nguồn lực xã hội mang tính bổ trợ. Trên cơ sở tổng quan tài liệu và phân tích khung chính sách liên quan, nghiên cứu làm rõ cách các chuyên gia di động thúc đẩy lưu chuyển kỹ năng, chuyển giao tri thức, năng lực giao thoa văn hóa và gắn kết thể chế giữa hai quốc gia. Thông qua trường hợp Việt Nam - Australia, nghiên cứu cho thấy nguồn nhân lực xuyên quốc gia vận hành như một hệ thống phân tán kết nối giáo dục, dịch chuyển lao động và hợp tác kinh tế, qua đó củng cố tính bền vững dài hạn của hợp tác kinh tế song phương.

Từ khóa: vốn nhân lực xuyên quốc gia, hợp tác Việt Nam - Australia, hợp tác song phương, kiều bào Việt Nam, người hồi hương, phát triển kinh tế, luân chuyển kỹ năng.