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EcoTalent Mobility and International Development: Issues, Experience and Policies

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1. Introduction.

Global development, the migration process and talent mobility are related processes. People migrate from countries with lower wages and modest employment prospects to economies that offer better salaries, good jobs and social services to the population, including foreigners. In turn, the direction of migration flows can also narrow or widen those gaps depending upon the composition of migration and patterns of return migration. We can distinguish at least two main migration circuits: one composed by worker's migration (less skilled migrants) and another circuit of people with high skills, special knowledge and high-value abilities. This later segment is often called "talent mobility" or "elite migration".

¹Although the size of talent mobility is not particularly large, its impact is connected with the transfer of human capital, knowledge generation, fresh capital and other attributes that are critical for economic development. **The proportion of foreign-born people with tertiary education, is often used as a (imperfect) proxy for measuring talent and high skills migration** It is estimated that near 25 million people (c.2010) can be classified as high-skill or talent

¹ Three main uses/sources of talent allocation have been identified (Solimano, 2008, 2010): (i) talent engaged in *directly productive activities* such as industry (managers, engineers, skilled workers), (ii) talent devoted to *scientific, training and academic endeavors* in the university sector (scholars, academics and international students), and (iii) talent allocated to the *health sector and the cultural sector* (medical doctors and nurses, writers, painters, singers).

migration (around 10 percent of total international migration) using as proxy tertiary education of foreign-born population.²

In terms of geographical distribution talent migration is largely concentrated in high-income OECD nations (e.g. the “global north”). In turn, this concentration of talent mobility in the north may *exacerbate* existing development gaps between “center” (global north) and periphery” (global south) in the international economy contributing to global inequality (Solimano, 2016).

This paper discusses several aspects of the international mobility of talent that can affect patterns of global development. After this introduction in section 2 we identify five institutional and economic circuits through which high skills/talented move around the globe Section 3 examines the relation between talent, technology and capital and section 4 discusses the relation between the private and social value of talent and the cost of education. Section 5 concludes.

2. Global Circuits of Talent Mobility

The international mobility of talent can be conceptualized as a circuit, a market or a process. These concepts are not necessarily exclusive. We can identify five “circuits”, partly driven by institutional considerations, in which talent mobility is engaged:

- a) The international corporate sector chiefly multinational companies and international banks (CEOs, managers).
- b) The independent private sector (professionals, experts, cultural workers).
- c) The academic sector-universities (scholars, scientists, international students).
- d) The international public sector (UN, World Bank, OECD, IMF, etc.).

² This is not, however, an exact proxy for talent mobility is the case of entrepreneurs that belong to the productive talent pool but that do not all entrepreneurs have tertiary education. A similar remark could be extended to some forms of cultural talent.

e) The global civil social society (Foundations and NGOs).

Managers, financial experts and human resource specialists that belong to multinational corporations move across countries within the corporations through the modality of intra-company transfers (ICT). In the OECD, the main destination for ICT is the United States followed by the UK and Canada. Between 2007 and 2014, total ICT destinations in the OECD have grown by 25 percent (OECD, 2015). Other forms of mobility include independent professionals (architects, medical doctors, etc.) move to other countries to pursue their careers without the protection of a multinational corporation.

The international tertiary sector provides a vehicle of migration for researchers, scholars and foreign students that decide to pursue their training and academic careers outside their country of origin.³ ⁴The number of international students worldwide has increased from 2.1 million in 2001 to 4.5 million in 2012.⁵ with the United States and the United Kingdom being the two main recipient countries .⁶

Another circuit in which the international mobility of talent takes place is the *international public sector* composed by organizations such as the United Nations, the IMF, World Bank, the regional development banks, the OECD and others. These organizations (often located in the north) tend to provide interesting jobs with good salaries and benefits for

³ Universities and research centers in the north are increasingly employing foreign scholars and academics and their importance in the faculties of universities of several high-income OECD nations is increasing.

⁴ Sometimes, the terminology of *foreign students* is used denoting people that is abroad and may decide, once they are there, to study in the foreign country of residence. *International students* move to other countries for the specific purpose of studying abroad.

⁵ OECD (2015).

⁶ The share of international students in the United States (16.4 percent in 2012) and the UK (12.4 percent) are the largest in the world but the US share has been declining in the period 2000-12 and the share of the UK has increased over the same period. The share of foreign students grew in Korea, New Zealand, Australia, Italy, the Czech Republic among other countries in this period (Solimano, 2015).

professionals and experts. A side effect, perhaps un-intendedly, is for these organizations to foster a degree of brain drain of professionals from developing countries. In addition, there is a plethora of international NGOs and the “foundations sector”, sometimes called “global civil society” (Ford Foundation, Soros Foundation, the Gates Foundation, the International Red Cross, Doctors without Frontiers and several others). These organizations provide employment opportunities to professionals, volunteers, international students from the south although often without the generous packages of the best paid international financial institutions or multinational corporations. Finally, a new modality of international temporary employment is the *working holiday program* system, which is oriented to the youth. This program and concomitant visa system are, generally, valid for one to two years. They are offered in Australia (a main recipient of working holiday students in the OECD area) along with Canada, New Zealand, Czech republic and other countries.

Another important modality of mobility of qualified human resources is *foreign medical doctors and nurses*. In 2011 near 22 percent of total medical doctors in OECD countries were foreigners and 14.5 percent of the nurses came from non-OECD countries. The United States is the main recipient of medical personnel followed by the UK and the Germany with an increasing number going now to Australia, Canada, Ireland, New Zealand and Switzerland. The main source country for medical doctors is India and the main provider country of nurses is the Philippines followed by China, Pakistan and Vietnam. According to the World Health Organization (WHO), the exodus of health professionals from developing countries to OECD nations can *aggravate* shortages of these professionals in the developing world.

There is a constellation of factors that attract talent to the north such as higher salaries and benefits for professionals, more resources for undertaking research in universities, a greater critical mass with whom cultural talent can interact with in their creative processes. In addition, rich nations adopt active policies to *attract* human capital to their countries. Canada, Australia, New Zealand, Singapore and others offer special visas to foreigners that bring capital, special skills and outstanding abilities. This may take the form of a point system, or other modalities, in which applicants are sorted out by their academic degrees, jobs experience, language and other attributes.

Complementary to visa mechanisms for attracting foreign talent, a very relevant option for developing nations is the mobilization of migrant diasporas. In this case, communities of nationals living abroad for some time have been able to accumulate a host of “assets” and experiences such as commercial, investment and academic contacts, fresh capital, savings and productive experience and that can be mobilized for national development of the origin countries. For this potential to materialize national governments have to adopt an active policy of engagement and attraction of diaspora members. Such initiatives already exist in several countries but they can be boosted (see Solimano, 2012a and b).

3. Migration, Capital and Technology

The contribution of talent to economic development depends also on the existence of other cooperative factors such as capital and technology. An important question is whether talent, capital and technology move together or, in opposite directions, across countries. Does capital and technology “chase” talent? or rather talent chases capital? These are critical questions from the viewpoint of the geography of international development. We may think of (Seattle-based) Microsoft setting operations in Bangalore, India, to make productive use of (cheaper) local talent (and of good quality) than in the US and Europe. Alternatively, IT experts in Bangalore may decide migrating to Seattle in the US. In the first case capital goes to where talent is located while in the second case talent migrates to where capital and jobs are located.

The historical evidence on which type of mobility prevails offers a mixed story. The United States, since at least the 19th century, received large numbers of migrants of various education levels, including what can be considered today the equivalent of top talent. Macro-economically, the US after being a net exporter of capital for most of the 20th century, the U.S. switched, in the 1980s, to be a net importer of foreign savings and capital. Regarding labor mobility the US has been persistently a net importer of labor and qualified human capital from all parts of the world.

Argentina, is another case of an economy that switched its regimes of international factor mobility over time. A land-abundant, capital-scarce country in the late 19th century and early 20th century it *imported both* financial capital, human capital and workers but in the last decades of the 20th century and early 21st century it *exported both* human and financial

capital s due to recurrent economic and political crises and endemic instability. Summing-up, capital and talent move across cities and nations driven by v g economic and political circumstances in the source and destination countries affecting opportunities, returns and risks.

4. The value of talent and the cost of education

The economics of talent (and super-stars) highlights the potential for discrepancies between the *private and social value of talent*. Currently, we face a high concentration of talent in activities such as mass entertainment (TV, movies), commercial sports and the financial sector. These activities offer lucrative paying opportunities to talent engaged in these sectors and show features of *winners-take-all markets* in which one or two players receive the “big prize” and maximum rewards. However, this tends to attract an excessive amount of talent in terms of sustainability.⁷

The attractive rewards in the financial sector and big corporations encourages a large number of talented students (nationally and internationally) to seek a degree in business or finance (hopefully in a prestigious university) that will enable them to make a career in big corporations and major banks. The high salaries of lawyers and financial experts in the corporate sector is in stark contrast with the often modest salaries earned by school teachers, medical doctors in the public health system and people in the not-for-profit sector affecting the ability to attract an adequate amount of national and foreign talent to these activities that create useful *social value* .

A second question is the extent to which obtaining higher education degrees pays in terms of compensating for the direct and indirect costs of acquiring education? This is certainly relevant for the international mobility of students as top foreign universities are becoming increasingly expensive in terms of tuition and fees. In the case of highly successful entrepreneurs this cost-benefit calculation can be very relevant as prime time devoted to study may have a large opportunity cost for them in terms of business creation. One

⁷ Participants, lured by the expectation of money and fame, tend to *over-estimate* the “objective” probability of getting the maximum rewards.

wonders if conventional university career choices would have led technological entrepreneurs such as Bill Gates, Larry Page, Sergei and other university drop-outs to get their technological breakthroughs and, in turn, receive ample monetary success? In these cases *not* pursuing higher education was for them, probably, the right decision. The case is, of course, different for other graduate students in fields such as physics, chemistry, medicine in which a university degree is essential for undertaking a successful professional and academic career .

5. Concluding remarks

The impact of the international mobility of talent and human capital on global and national development varies by the *type* of talent that moves across nations. The mobility of entrepreneurs may be a win-win situation for both sending and receiving countries if the sending nation benefits from access to new markets, new technologies, and contacts associated with the outflow of some of its national entrepreneurs to more advanced countries. The emigration of professional and technical personnel may entail, initially, a brain drain cost for the origin country. Nevertheless, this cost may be compensated, at least partially, by the inflow of remittances and access to new knowledge generated by this people working abroad and by the contacts these professionals can develop abroad. The outflow of scientists and scholars can be costly for the sending nation if the best and the brightest (scientists, university professors, and scholars) leave their home country permanently. New topics in the economics of talent mobility is the interactions between talent, capital and technology and their dependence on macroeconomic regimes of savings and investment and the role of instability in attracting or repelling talent. Another important theme is the discrepancies between social and private returns of education and the excessive allocation of talent to finance, entertainment and commercial sport versus the talent in public education, public health and other socially oriented activities. At a global level, a geographical trend is the excessive concentration of talent in high--income countries to the potential detriment of middle and low income nations.

From a policy perspective it is important to device actions and programs oriented to mobilize scientific, professional, cultural and entrepreneurial diasporas for national development of source countries. Also policies of voluntary retention of human capital are needed as well as intensified international cooperation between destination and origin countries for registering the emigration of health professionals, the mobility of international students and scientists.

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