

TALENT MOBILITY AND INTERNATIONAL DEVELOPMENT: ISSUES, EXPERIENCE, AND POLICIES

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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 their composition and return migration patterns. We can distinguish at least two main migration circuits: one composed of worker 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.”¹ Although talent mobility is not particularly large, its impact is linked to the transfer of human capital, knowledge generation, fresh capital, and other attributes critical for economic development. The proportion of foreign-born people with tertiary education is often used as an —imperfect— proxy for measuring talent and highly skilled migration. It is estimated that nearly 25 million people (c. 2010) can be classified as highly skilled or talent migration (around 10 percent of all international migration).²

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¹ Three main uses/sources of talent allocation have been identified (Solimano, 2008; 2010: 1): 1) talent engaged in directly productive activities such as industry (managers, engineers, skilled workers); 2) talent devoted to scientific, training, and academic endeavors in universities (scholars, academics, and international students); and 3) talent allocated to the health and cultural sectors (medical doctors and nurses, writers, painters, singers).

² This is not, however, an exact proxy for talent mobility; for example, entrepreneurs belong to the productive talent pool, but not all entrepreneurs have tertiary education. The same could be said of some forms of cultural talent.

In terms of geographical distribution, talent migration is largely concentrated in high-income OECD nations (that is, 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, thus contributing to global inequality (Solimano, 2016).

This article discusses several aspects of the international mobility of talent that can affect patterns of global development. After this introduction, I identify five institutional and economic circuits through which highly skilled/talented migrants move around the globe. After that, I examine the relationship among talent, technology, and capital; and the relationship between the private and social value of talent and the cost of education.

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 mutually 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) Academia: universities (scholars, scientists, international students);
- d) The international public sector (the UN, World Bank, OECD, IMF, etc.);
- e) 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 intra-company transfers (ICTs). In the OECD, the main destination for ICTs is the United States, followed by the UK and Canada. Between 2007 and 2014, total ICTs destinations in the OECD have grown by 25 percent (OECD, 2015). The second form of mobility involves independent professionals (architects, medical doctors, etc.) who move to other countries to pursue their careers without the protection of a multinational corporation.

The international tertiary sector provides a vehicle for researchers, scholars,³ and foreign students⁴ who decide to pursue their training and academic careers outside their country of origin. The 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 as the two main receiving countries.⁶

Another circuit in which talent is internationally mobile is the international public sector, composed of organizations such as the United Nations, the IMF, the World Bank, 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 professionals and experts. A perhaps unintentional side effect is for these organizations to foster a degree of brain drain of professionals from developing countries. In addition, a plethora of international NGOs and the “foundations sector” exist, sometimes called “global civil society” (Ford Foundation, Soros Foundation, the Gates Foundation, the International Red Cross, Doctors without Borders, and several others). These organizations provide employment opportunities for professionals, volunteers, and international students from the South, although often without the generous packages provided by the best-paid international financial institutions or multinational corporations. Finally, a new modality of international temporary employment is the youth-oriented *working holiday program* system. This program and its 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, the Czech Republic, and other countries.

Another important way of mobility of qualified human resources is foreign medical doctors and nurses. In 2011, nearly 22 percent of all medical

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 rising.

⁴ Sometimes, the term “foreign students” is used to denote people who are abroad and may decide, once 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 portion of international students in the United States (16.4 percent in 2012) and the UK (12.4 percent) is the largest in the world, but the U.S. share declined from 2000 to 2012 and the UK's share has increased over the same period. The allocation of foreign students grew in Korea, New Zealand, Australia, Italy, and the Czech Republic, among other countries in this period (Solimano, 2015).

doctors in OECD countries were foreigners, and 14.5 percent of the nurses came from non-OECD nations. The United States is the main recipient of medical personnel followed by the UK and 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 sending country for 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.

A constellation of factors attracts talent to the North, such as higher salaries and benefits for professionals, more resources for undertaking research in universities, and a greater critical mass with whom cultural talent can interact 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 who bring capital, special skills, and outstanding abilities. This may take the form of a point system, or other modalities, in which applicants are sorted by their academic degrees, jobs experience, language skills, and other attributes.

Complementary to visa mechanisms for attracting foreign talent, a very relevant option for developing nations is mobilizing 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 this can be mobilized for national development of their countries of origin. For this potential to be realized, national governments have to adopt an active policy of engagement and attraction of members of the Diaspora. Such initiatives already exist in several countries, but they can be boosted (see Solimano, 2012a and 2012b).

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, does talent chase capital? These are critical questions from the viewpoint of the geography of international development. As examples, we may think of (Seattle-based) Microsoft setting up operations in Bangalore, India, to make productive use of (cheaper and good quality) local talent rather than in the U.S. and Europe. Alternatively, Information Technology (IT) experts in Bangalore may decide to migrate to Seattle in the U.S. In the first case, capital goes where talent is located, while in the second, talent migrates to where capital and jobs are.

The historical evidence about which type of mobility prevails tells a mixed story. Since at least the nineteenth century, the United States has received large numbers of migrants of various educational levels, including what can be considered today the equivalent of top talent. Macro-economically, after being a net exporter of capital for most of the twentieth century, in the 1980s, the U.S. switched to being a net importer of foreign savings and capital. Regarding labor mobility, the U.S. has consistently been 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 mobility over time. A land-abundant, capital-scarce country in the late nineteenth and early twentieth centuries, it *imported* financial and human capital and workers; but in the last decades of the twentieth and the early twenty-first centuries, it *exported* both human and financial capital due to recurrent economic and political crises and endemic instability. Summing up, capital and talent move across cities and nations driven by economic and political circumstances in the sending and destination countries, affecting opportunities, returns, and risks.

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 see a high concentration of talent in activities such as mass entertainment (TV, movies), professional sports, and the financial sector. These activities offer lucrative opportunities to talent engaged in them and show features of *winner-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 degrees 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 contrasts starkly with the often modest salaries earned by school teachers, medical doctors in the public health system, and people in the not-for-profit sector, thus affecting their ability to attract an adequate amount of national and foreign talent to these activities that create useful *social value*.

Another issue is the extent to which obtaining degrees in higher education pays in terms of compensating for the direct and indirect costs of acquiring that education. This is certainly relevant for the international mobility of students, since tuition and fees at top foreign universities are becoming increasingly expensive. 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 wonders if conventional university career choices would have led technological entrepreneurs like Bill Gates, Larry Page, Sergei, and other university drop-outs to make 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 different, of course, for other graduate students in fields such as physics, chemistry, and medicine, in which a university degree is essential for undertaking a successful professional and academic career.

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

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

access to new markets, new technologies, and contacts associated with the outflow of some of its national entrepreneurs to more advanced nations. The emigration of professional and technical personnel may entail, initially, a brain drain cost for the country of origin. Nevertheless, this cost may be compensated, at least partially, by the inflow of remittances and access to new knowledge generated by these people working abroad and by the contacts they can develop there. 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 are 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 professional sports versus the talent in public education, public health, and other socially oriented activities. At a global level, one 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 devise actions and programs oriented to mobilize scientific, professional, cultural, and entrepreneurial Diasporas for national development of sending countries. Also, policies to voluntarily retain human capital are needed as well as intensified international cooperation between destination and sending countries for registering the emigration of health professionals and the mobility of international students and scientists.

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