

Concept Note.

The Global Mobility of Talent and Development. **The Cases of the International Private and Public Sectors.**

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Globalization has increased the mobility of “talent” and “knowledge-people” in the international economy. This is an inescapable trend in a world with greater factor mobility. However, this also raises concerns in developing countries for the out-migration of scarce, qualified human resources whose development contribution at home is important. Beyond return migration there are other ways also to attract a contribution of talent abroad to national development. In a world of low transportation costs and instant communication the possibility arises for de-linking, to some extent, the place of residence of the individual from their development contribution to the host country. The mobilization of networks of professional expatriates, frequent visits to the home country, and other mechanisms for exchange of knowledge are all possibilities for such de-linking. There is a clear need to advance our knowledge of the international circulation of human capital, understand its determinants and development effects.

The purpose of this note is to identify some important research and policy issues concerning the international mobility of talent linked to two important “circuits” (or sectors) that demand qualified human resources in the global economy: the *international private sector*, that we will identify here as *International Business and Banking (IBB)* and the *international*

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public sector that we shall identify here as *International Development Assistance* (IDA).

The International Business and Banking Sector.

The *IBB circuit* is private, profit-oriented and operates in an international scale through foreign direct investment, bank lending and the operation of multinational corporations and international banks. This sector has internationalized its operations substantially in the last two to three decades. The economic role of IBB revolves around the transfer of capital, knowledge and qualified personnel from center-countries (the U.S, Canada, Europe, Japan) to developing countries and other center-economies. The IBB mobilizes a variety of people: managers, engineers, financial and accounting experts, lawyers, international investors, etc. Corporations and banks also hire local staff and transfer employees from their headquarters and branches overseas. Thus besides transferring financial and physical capital from higher income countries to lower income nations the IBB circuit also transfer human capital. The development impact of this transfer of human capital will depend, among other things, on the pattern of insertion in the local economy and society. If there are strong linkages with local companies, foreign talent can create positive externalities to the local economy through interaction with local human capital and workers. In contrast, if most activities are carried-out “within the firm”, in an enclave fashion, then local effects will probably be minimal. As just mentioned foreign companies and international banks with branches in developing countries also hire locals. This can generate positive effects through training and accumulation of human capital for locally hired professionals that

become more exposed to new international business practices and perhaps superior corporate organization.

Locals that are hired by foreign corporations at home can migrate and the benefits of training and on the job learning may not be internalized by the local economy. The wage structure and careers offered by international corporations and banks are a luring factor for nationals to join them. The IBB sector can become a vehicle of both brain drain and brain circulation with various development implications.

The International Development Assistance Sector

We will identify the IDA sector as comprising multilateral and regional development banks, various international organizations and development agencies at global, regional and national levels. The motivation of the IDA circuit is, of course, different from the international business sector: it has a mandate, given by its member countries, to promote international development through technical assistance, lending (in the case of development banks) and knowledge generation and dissemination. These institutions require qualified professionals such as economists, social scientists, health experts, environmental specialists and others. Nationals of the developing world largely staff international organizations linked to IDA. They often have advanced degrees (Masters or PH.D) earned in first-rate universities mainly in the U.S, Canada and Europe. These qualified professionals leave their home country, or do not return home after graduation abroad and go to work for international organizations whose headquarters are located in Washington, Paris, London, Geneva and other cities. A partial exception in this regard is the

World Bank that although maintaining its headquarters in Washington DC has , in recent years decentralized its operations and moved important country departments (that manage lending and technical assistance programs) to Mexico, Brazil, Argentina, Russia, India, China and other main developing nations to be closer to the field. Certainly, international organizations are an attractive pole of attraction for professionals: they offer internationally competitive salaries and benefits; stable careers and their staff can get a first hand involvement with development problems from a privileged position.

By their human resource policies the IDA sector encourages a flow of human capital to the developed countries. The counterpart of this is that these human resources are directed to work on problems of the developing countries (as viewed from the priorities of international organizations). For an individual developing country, however, the fact that its nationals will work in “international development” may still not compensate for them not to work at home in government, universities, NGOs or the private sector.

Research and Policy Issues

Empirical research on the determinants of international mobility of talent and its development impact will have to deal with issues of availability and comparability of statistical data. Statistics in developing countries are particularly elusive regarding migration of qualified human resources. Data on migration is sketchy and the education level of the migrant is simply not recorded in official statistics in many developing countries. This may require the use of survey data, interviews and focus –group analysis. There are

advantages in focusing on the international corporate and banking sector and in international organizations should allow better access to data on nationality of staff and their formal qualification level of these organizations. This can prove to be an invaluable asset for conducting empirical research in the subject of the international mobility of talent.

An important issue for research is to explore how pay structures and career possibilities in the IBB and IDA sectors foster international mobility of talent and the downside of brain drain from the developing world. This is in addition to the attracting effect for professionals of finding a large concentration of talent in these institutions.

Another question that deserves to be investigated is the extent to which a high concentration of talent in a few institutions entails a larger production of knowledge on development (due to economies of scope and interaction effects) compared to the situation in which the same stock of human capital is dispersed among many countries and institutions.

A related and somewhat subtle issue is that knowledge and *cognition* in general is heavily influenced by the environment, culture and social ideas prevailing in the place where knowledge is generated and accumulated. The views on economic and social development that are developed in institutions located in Washington, Paris and Geneva are bound to be different from the outlook gained if those professionals are in living in Santiago, Bombay or Moscow. Rotation, decentralization and staff traveling to the development world are important antidotes for location biases but still corporate culture, history and views of international organizations are important to shape the views of the staff on development. Related to this is the question

of what is the most effective mix between “global”, “regional” and “country specific” knowledge that can be transferable to developing countries.

From a policy perspective, what should be the aims of policy regarding the international mobility of talent? Should national governments in developing countries aim for a return of qualified human resources? Or should they be less ambitious and strive for mobilizing their national human capital residing abroad through international networks of expatriates, programs of exchange and frequent visits to the home country? Should the public sector in developing countries (including government and public universities) revise their human resource policies regarding, pay, job stability and possibilities for career development in order to encourage the return of their national talent abroad? What are the required changes in budget policy for enabling these changes? What is the scope for collaboration between international organizations and national governments regarding the internationally available pool of talent? What type of international programs can be devised in order to boost the international circulation of talent and exchange of knowledge on development? These are key issues to be addressed in the formulation of a policy research agenda on international circulation talent for development in an age of globalization.