Victory can be yours in the global war for talent

Social factors and lifestyle help to attract top employees

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Abstract

Purpose – Provides a critical overview of the significant and growing challenges that countries and organizations face with attracting and retaining foreign talent.

Design/methodology/approach – Gives a thorough and accessible analysis of information from academia, business and the media on the challenges for countries and companies of winning the war for foreign talent.

Findings - Shows that governments and companies need to engage with foreign professionals at an early stage in their careers in order to reap the benefits of their human capital in the long-term.

Practical implications – Reveals how organizations and whole regions can benefit from attracting foreign talent.

Social implications – Emphasizes that organizations need to look beyond the traditional economic incentives of career opportunities and salaries to other social and lifestyle factors outside the workplace.

Originality/value - Highlights the growing competition for foreign talent which is a zero-sum game between countries and companies. The winners will be those who recognize the importance of foreign talent at all stages of a country’s economic cycle, those who invest in this invaluable resource earlier, as well those who recognize the value of economic and non-economic incentives.

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Thousands of athletes from hundreds of countries competed in last year’s London Olympics, showing a breadth and depth of sporting talent.

The International Olympic Committee (IOC) and the London Organizing Committee of the Olympic Games (Locog) had no difficulty attracting the world’s leading sporting talent because the Olympics are considered as the pinnacle event for most disciplines, occurring only every four years and with few or no comparable events.

The war for foreign talent, which is the competition for skilled migrants among businesses and public-sector organizations, holds important comparisons to the Olympics and Paralympics in that a breadth and depth of supply of talent exists across the world. However, there are also stark differences because the war for talent is not a one-off event and therefore countries and companies continue to face significant competition with attracting and retaining the best foreign workers.
Today’s war for talent is not only between companies but also between governments. It increasingly concerns foreign talent, which most countries and organizations are making great efforts to attract and retain.

Greater choice than ever

The most talented arguably have greater choice than ever in deciding where to work. But many have to seek work outside of their home country because of the unevenness of global economic growth. And while countries such as Taiwan are passing laws to make it easier for universities to attract top teachers from across the world, the Portuguese government is encouraging the country’s young graduates to seek opportunities in countries such as Brazil and Angola, whose economies are growing.

Professions and qualification systems are becoming global. Multinational corporations are realizing that they cannot afford to limit their hiring to local and national labor markets when they can hire from a larger and more diverse world-wide labor market. After all, why would US firms restrict their talent search to the US border when China produces more PhD graduates? Or why would British firms look only to the UK and the European Union when India has more business graduates than the whole of Europe?

Not only companies but also whole regions benefit from sourcing talent from a greater pool of countries. Silicon Valley in northern California, for example, continues to hold the reputation as the leading global IT and engineering hub. Many Indians, Chinese and other nationalities work there. And there is little doubt that the impact of such workers extends far beyond the regional economy.

Foreign talent is not only imported in the form of skilled migrants, but companies are also exporting (or expatriating) their best workers to other countries to manage offshore operations and seek out new clients, markets and business opportunities. The importing and exporting of foreign talent benefit those countries and companies who receive them through promoting knowledge transfers, social networks and cross-cultural management practices, as well as those workers who require international experience to climb the increasingly competitive career ladder.

The Beckham factor

Governments and organizations are attracting an ambitious and globally mobile set of individuals who want and need overseas experience to progress in their careers. This global flight of foreign talent exists across multiple sectors, from science to banking and from extractives to sport. The British footballer David Beckham, for example, has played for Manchester United (in the UK), Real Madrid (in Spain), LA Galaxy (in the US) and AC Milan (in Italy). It is not only companies, in this case football clubs, which benefit from attracting foreign talent, but also individuals, in this instance Beckham, who benefit from the increasing international exposure to foreign markets which enables career and personal brand development.

Although many countries and companies are importing more talent than they are exporting (known as a “brain gain”), there are also countries and companies that are exporting more than they are importing (known as a “brain drain”), or that are exporting in the short-term and benefiting from those exports returning in the long-
term ("brain circulation"). In short, the war for foreign talent is a zero-sum game between countries and companies.

There are broadly two categories of imported or exported foreign talent: those who move abroad outside organizational structures and who typically migrate independently or as a family; and those who transfer abroad within organizational structures.

The first are self-initiated expatriates, and include Russian-born Sergey Brin, the co-founder of Google, and Indian-born Indra Nooyi, chairman and chief executive of PepsiCo. The second group are secondments, from the perspective of the organization, or expatriates from the perspective of the individual. US-born Rex Tillerson, who is president, chairman and chief executive of Exxon Mobil, for instance, was president of Exxon Yemen in 1995. Randall Stephenson, the chairman, chief executive and president of AT&T, was director of finance for SBC International in Mexico.

Catalyst for innovation and economic development

In both categories, overseas experience is something in which career-minded individuals invest with a view to gaining a positive return in the labor market. From a government and organizational perspective, foreign talent is seen as a core asset that they should invest in because they collectively constitute a vital part of a country’s human capital. They are also considered a vital source of filling temporary gaps in the domestic labor market as well as a catalyst for innovation and economic development.

With growing global competition for the brightest and best workers, governments and companies are at loggerheads to attract and retain foreign talent. The British government, for example, proposed in 2011 to tax British expatriates who work in the UK for more than 10 days a year, which will deter many from entering the country for business purposes. The US government has signalled a lukewarm welcome to foreign talent through its reduction of H-1B visas. Bill Gates, Microsoft chairman, has warned that this may hamper the country’s competitiveness because companies will struggle to fill positions with skill shortages.

Meanwhile, countries such as China, which have in the past expressed great concern of a brain drain, now seem to celebrate Chinese-born professionals who have gained educational qualifications, business experience as well as cultural and social capital abroad. Known as hai-gai, these expatriates are now generally welcomed home, which is helping to transform brain drain into brain circulation in China. At the same time, the Chinese government is encouraging foreign-born expatriates to work in cities like Shanghai because it values their international expertise.

Convincing the electorate

Western countries will lose the war for talent unless they signal a shift in policy towards foreign talent. National governments need to convince their electorate that foreign talent is important for economic development at all stages of the country’s economic cycle and not merely during boom periods. There is the additional challenge of promoting an open policy towards attracting foreign talent, and at the
same time implementing policies to facilitate not just the migration of this group, but also their integration into the workplace and society as a whole.

The role of the national government is important because foreign talent is becoming more footloose, selective and demanding about which countries and opportunities will best suit its needs. Organizations are also facing growing challenges of attracting foreign talent. Workers are frequently moving jobs during their careers. As a result, talent management is an ongoing process and challenge for organizations, which are increasingly turning abroad to fill skill shortages.

National governments must recognize and appreciate that foreign talent can be an invaluable resource. The New Zealand government, for example, recognizes how much the country benefits from the extensive network of New Zealand-born professionals around the world, termed the Kiwi diaspora. Members of this global network have not necessarily returned to New Zealand, but have frequently given their time and expertise for free for the benefit of their country.

The Singapore government has identified potential workers who it might benefit from in the future and invested in their overseas education and professional experience with the expectation that these individuals will return and contribute to the development of Singapore in the future.

The Indian government has similarly recognized the value of the non-resident Indians, by allowing Indian professionals abroad the flexibility of holding citizenship in India as well as in other countries.

**Better opportunities for spouses and family members**

Organizations must provide better incentives for migrants and their families. Higher salaries or more generous relocation packages are important to a certain extent, but they are not the primary reason why people would move or stay. An important incentive that organizations could provide is better professional and social opportunities for spouses and family members.

When professionals move abroad independently or as family units, companies in the host country need to identify and engage with this group as early as possible in the migration process and preferably before they move.

People not only move abroad for professional purposes, but also because they seek a change in lifestyle, an amenable place to raise their children, an adventure or an opportunity to live in another country. Career opportunities tend to be more important in the earlier stages of a migrant’s life, whereas family and lifestyle considerations tend to be more important at the later stages. Countries and companies need to recognize, market and sell the attributes of their organization and job posting, as well as the professional and social attributes of the country, city and region.

Although foreign talent is lured by exotic overseas job opportunities, host governments and companies should seek to address some of the social and cultural challenges that these professionals face outside the workplace, so that they are in a better position to attract as well as retain them.