

GLOBAL TALENT AND ECONOMIC SUCCESS

William Kerr

Access to top performers sets an upper bound on a country's aspirations

Countries that attract the world's most talented people will be the most successful at overcoming mounting economic pressures from aging populations and declining productivity. Yet immigration isn't always popular. Will global talent flows—which I characterize as a “gift” in my book—come to an end? Absolutely not, but policymakers will need new frameworks.

Why the optimistic take? Despite looming labor crunches in many countries outside of Africa and some other emerging markets, public support for immigration has declined recently in the United States, Australia, Canada, the United Kingdom, much of Europe, and places beyond. Yet these declines have often been from historically high levels of support. Gallup surveys since the 1960s show that overall support in the US for immigration hit its high-water mark in the early 2020s. While the decline in support since then has been sharp, it remains comparable to the level in 2010—and above that of earlier decades.

Moreover, recent polls continue to show widespread support for employment- or econom-

ic-focused migration. A 2024 Echelon Insights poll revealed broad bipartisan support for high-skilled immigration in the US. There are important debates ahead about employment-based migration that will require fresh thinking about how to share the benefits from global talent within receiving countries more widely, but the overall tilt of public opinion remains quite supportive.

Talent's starring role

A few basic facts underscore the links between migration and talent. First, exceptionally talented people migrate at higher rates than the general population. Some 5.4 percent of workers with a college education live outside their home countries, compared with 1.8 percent of high school graduates. Inventors and Nobel Prize winners, moreover, migrate at twice and six times the college-educated-worker rate, respectively. Consequently, in many immigrant-receiving countries, an elevated and rising share of the skilled workforce is foreign-born, especially in fields related to science and engineering.



Moreover, the locations targeted by skilled immigrants are often special places. There has been an explosion in knowledge-based work since the 1970s and a concomitant shift in the geography of innovation. My work with Brad Chattergoon quantifies this shift for US patents, showing how six tech centers tripled their share of patents, from 11.3 percent during 1975–79 to 34.2 percent for 2015–19 (out of more than 300 metropolitan areas). Similar leading clusters are also found in creative/media industries, finance, and high-growth entrepreneurship.

Global talent plays a central role, and maybe even the starring role, in the development of these talent clusters. Coming from abroad, the untethered new arrivals for schooling or employment tend to seek the most attractive opportunities. As they help a cluster expand and become more productive, global talent strengthens the value of that cluster, making it even more attractive for the next arrivals. And because it does knowledge-oriented work for global markets, the cluster can pack a bunch of talent into one location. (You wouldn't similarly pack dentists into one city.)

There's a lot to celebrate about this process, and the productivity and welfare gains are not zero-sum. Many policymakers actively promote clusters in their countries, and global talent is a key input. Yet policymakers must address points of vulnerability.

Points of vulnerability

Discontent can emerge within talent clusters themselves. Growth is a good thing, until there's too much of it. This has been most visible in anger over rising housing prices and souring support for immigration, notably in Canada (even though it remains relatively supportive from a historical perspective). Ire also surfaces over overcrowded schools or hospitals. The truth here is complicated.

Quite often global talent is blamed for creating a crisis that exists already. For example, the root causes of inadequate housing are rarely the migrants themselves but strict regulations that stifle new construction.

Even so, policymakers must recognize the tension. Business leaders often advocate for employment-based migration because they want to employ the workers. This advocacy reveals they have the capacity to put global talent to work, and they are also quite adept at expanding production. Inventions in Helsinki or Silicon Valley can be acted upon by global supply chains. Yet other local resources—be they housing or schools—may have more restricted capacity that takes longer to expand. Policymakers must manage these tensions by controlling the pace of global arrivals and alleviating surrounding bottlenecks. Countries that excel in these complementary

activities can get the most out of global talent.

Another source of discontent is tension between those outside the talent clusters and those within. Even for employment-based migration, politics matter more than economics. When some of the population is prone to distrusting, or outright disliking, highly educated individuals living in talent clusters (“the elite”), they can take an even more skeptical view of global talent (“the foreign elite”).

Skilled policymakers who reduce these tensions will have greater license from the public for high-skill immigration. In the US, for example, there is growing interest in “heartland visas,” which distribute global talent more evenly across the country. Placing global talent in a rural area may not yield the same productivity boost as in a top cluster, but broader political support and more shared benefits for the country are necessary politically.

Will she say yes?

In a future contest for global talent, countries will soon realize they must court migrants, not simply let them in. Global talent flows are essential for attracting frontier talent to emerging fields, like AI. Even if the current environment is skeptical toward immigration, the wise policymaker will avoid near-term choices that have lasting negative consequences. What are some key considerations for attracting global talent?

First, the “education pathway” needs attention. Employment-based migration is intricately connected to schooling decisions. Many employers use work visas to hire young talent coming out of university, and the work of Takao Kato and Chad Sparber demonstrates how the highest-quality students select schools based on future labor opportunities. School and work policies frequently fit poorly together, creating painful transitions or even expelling the very talent a country would most like to keep and has often invested public funds into educating. Policymakers need to ensure that the parts of the immigration pipeline—school visas, work visas, permanent residencies, and so forth—are well balanced.

Second, pursuing global talent is a complement to local investment. Choices about where to attend school or launch a career often resemble investments akin to buying a home. This long-term horizon means global talent prioritizes many of the same attributes of locations as natives do—like good schools, quality infrastructure, and safe neighborhoods. Moreover, the businesses created by immigrant entrepreneurs draw upon the native workforce. Thus, pursuing global talent is not a substitute for investing in local schools and public goods.

Third, policy uncertainty deters long-term invest-

ment. Uncertainty stops us in our tracks when making big long-term choices, be they opening a chemical plant, getting married, or emigrating for school and career opportunities. Many immigration systems, including the US approach, have been functional without necessarily being user friendly. That was OK so long as the migrants were assured that their investments would ultimately be recognized and appropriately rewarded. When immigrants lose faith in the system's longevity and potential to deliver on its promises, a country's attractiveness really declines. Stable policy foundations are essential for attracting top talent.

Fourth, immigration policies should be designed to be flexible. Some countries, such as Canada, are capable of “immigrant engineering”—a shorthand way of describing a capacity to experiment with policies, tweak them based on observed outcomes, recalibrate as experience reveals new information, and so forth. The US, by contrast, makes large-scale changes once every few decades. Policymakers in rigid political environments should design flexibility into their policies, such as automatic adjustments to visa caps based on easily indexed data, like population growth.

Finally, immigration policies must allocate scarce slots effectively. Countries differ in their priorities for immigration and selection mechanisms. For economic- and employment-based immigration, many systems use lotteries or first-come-first-served procedures that don't prioritize truly rare skills. Policymakers should review their procedures to ensure the best candidates are selected. This will maximize the economic impact of talent infusion and strengthen political support for immigration.

And yes, to the subhead, women are more likely than men to be represented in global talent flows. By 2010, the stock of female high-skilled migrants in Organisation for Economic Co-operation and Development countries had surpassed the male stock. As female enrollments in colleges and universities continue to outpace male enrollments, this differential may continue to widen. Policymakers will be well served if their mental image of global talent flows captures this reality and contemplates the features women will value in potential destinations.

Competitive, winning teams

Farsighted leaders want their countries to successfully navigate tomorrow's challenges, be they aging populations, declining productivity, climate degradation, or escalating global political tensions. Constructing a competitive, winning team is vital to this dynamic national success, just as it is for businesses. As they navigate this shift toward knowledge-based work, firms have increasingly

elevated “people functions” from being mostly about back-office support for employee hiring and HR compliance to having a voice in strategic discussions. Access to talent often determines what strategy a company can take, and thus the two must be developed jointly. The same is true for countries.

What about the welfare of sending countries? Some countries have lost out because of talent moving abroad, while many others have gained (sometimes phrased crudely as “brain drain” versus “brain gain”). A lot depends on the strength of networks between countries and whether businesses in receiving countries want to engage economically with global talent's home countries. Some sending countries have deployed policies to strengthen these linkages, as my book describes. Surprisingly, the strongest benefit of global talent flows for migrant-sending countries may come through the greater schooling of young people who hope to migrate abroad, because ultimately many do not migrate after all.

As we move from considering all workers, to college-educated workers, to inventors, and to Nobel Prize winners, global talent's share of the workforce rises continually. While national strategies countries take toward advanced technologies are shaped by many domestic and international features, access to global talent sets an upper bound on how far a country can set its aspirations. **F&D**

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