

Austria and the Global Competition for Talent



**Perspective of the country of origin
of (highly) qualified migration.**

A focus on India

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Presentation Outline



✦ “The war for talent”

✓ Skilled migrants: who are they, why they are so important, how many of them do we need? Brain drain, Brain gain or Brain...?

✦ The case of India

„The War for Talent“

McKinsey 1997

in the following years

- ✘ globalisation would increase the demand for highly skilled
- ✘ aging population would make this kind of worker extremely rare
- ✘ highly skilled would have a far greater impact

consequence

- ✘ there would be a war among companies to attract the best international talents

Why Human Capital has Become so Crucial?

- ✿ Currently innovation plays a central role in modern societies
- ✿ “Knowledge” represents one of the most powerful engines
- ✿ The share of highly qualified workers is (should be) prevalent
- ✿ Intangible capital, within the total capital stock, is more important than the physical one
- ✿ Highly skilled human capital is fundamental for innovation and for individual and collective well-being

Who are Skilled Migrants?

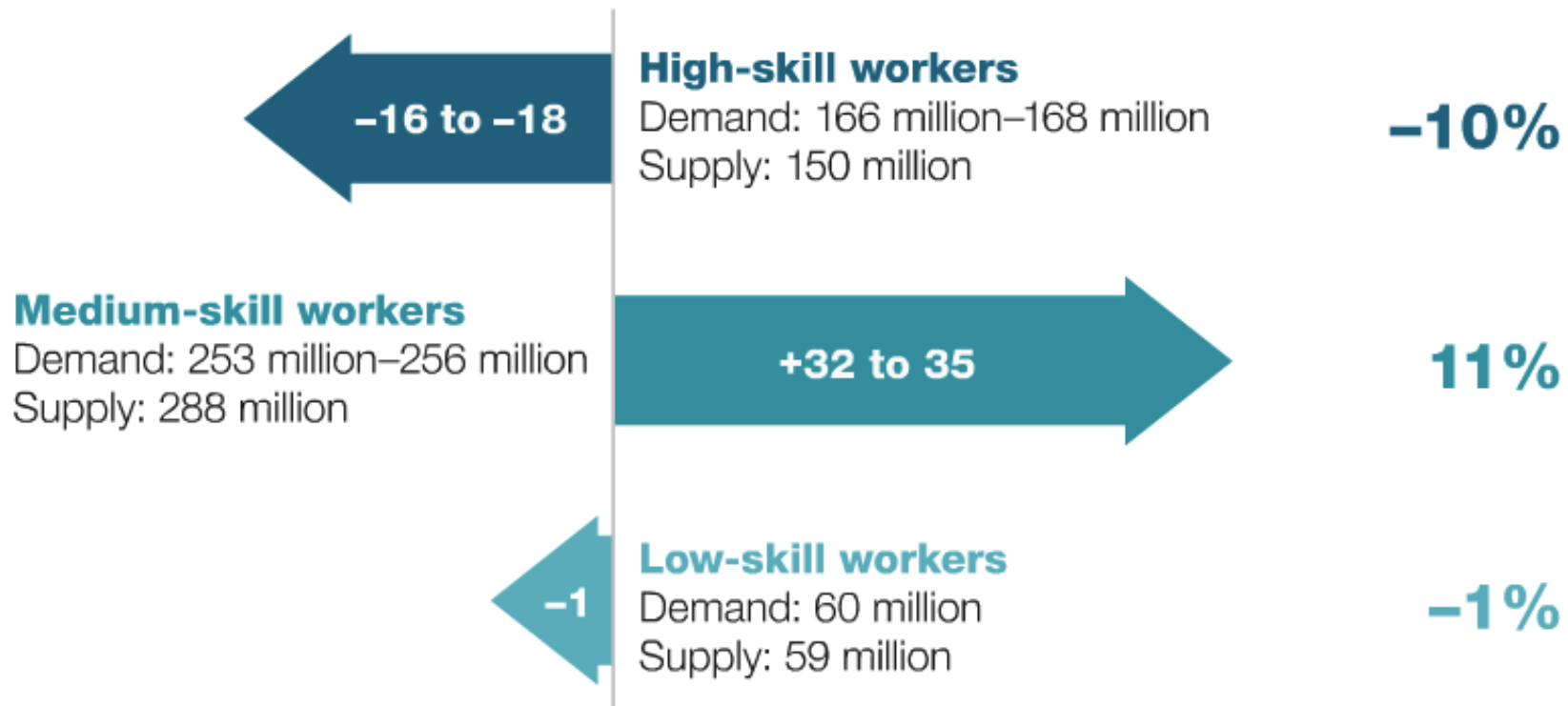
- ✧ Directly involved into productive activities
- ✧ Academics
- ✧ Working in social and cultural sectors

The Highly-Skilled Shortage

By 2020, advanced economies could have too few college-educated workers and too many workers with secondary degrees

Projected 2020 labor demand and supply by skill level,¹
millions of workers

Share of total
% of demand (for shortages),
% of supply (for surpluses)



The Case of India

- ✦ India plays a leading role given the number of migrants
- ✦ Those with qualifications, has progressively increased
- ✦ With China, it is the main exporter of international students
- ✦ Skilled human capital abroad is highly varied
- ✦ The geographic destinations of Indian migrants is differentiated

India: Brain Drain or Brain Gain?

- ✳️ '60s and '70s: a damaging brain drain for the Country
- ✳️ '80s and '90s: India as «brain bank»
- ✳️ Twenty-first century: scholars were referring to brain gain *composed by*
 - ✓ a return of some highly qualified Indians to their native Country
 - ✓ a weak but steady increase in the arrival of qualified immigrants
 - ✓ an influential global role of the Indian diaspora

The Reverse Migration



The Return of Skilled Indians / The Arrival of Skilled Migrants

- ✦ Current economic crisis hitting Western nations
- ✦ Emerging country attractive in terms of job opportunities
- ✦ Economic development in strategic sectors
- ✦ Salaries are growing at a much faster rate than the increase of wages in the Western countries

The Skilled Human Capital Abroad

Positive effects

- ✧ remittances
- ✧ investment flows
- ✧ knowledge of skilled migrants returned home

✧ Is this the case of India?

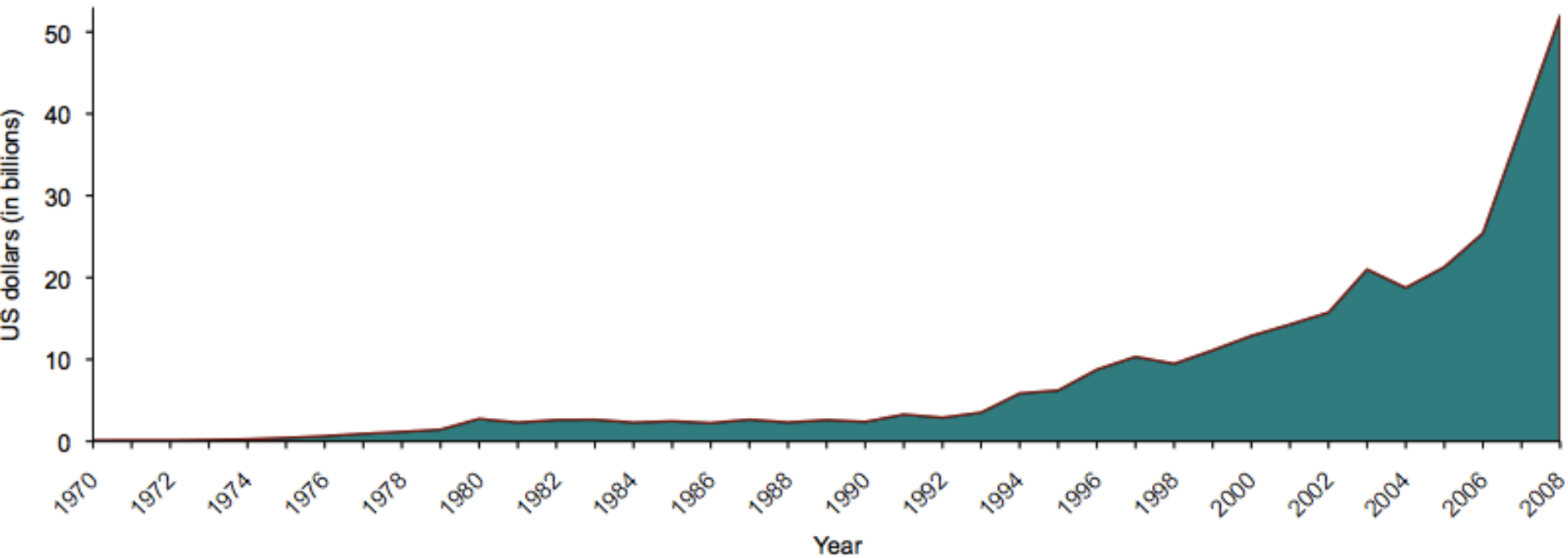
Remittances

- ✧ biggest receiver of remittances in the world
- ✧ qualified migrants send more remittances per person

Foreign investments

- ✧ positive connection between the number of qualified migrants a country has abroad and the level of FDI that come from abroad

The Indian Remittances 1970-2008



The Indian Diaspora



- ✧ Invested modestly in the Indian economy
- ✧ Played a leading role in forging the development of the burgeoning Indian IT industry
- ✧ Politically relevant on the international geopolitical stage

What About the Indian Policy?

- ✧ Played a rather marginal role delegating to the market
- ✧ Why India didn't put in place attraction and repatriation policies?
 - ✧ India has the second biggest workforce in the world
 - ✧ more concerned with securing the investments of the Indian diaspora
- ✧ Initiatives promoted in recent years by the Indian government
 - ✧ 2003 - *Pravasi Bharatiya Divas* (Non-resident Indian Day)
 - ✧ 2004 – creation of the Ministry of Overseas Indian Affairs
 - ✧ 2005 - Overseas Citizenship of India (OCI)

«Today in India we are experiencing the benefits of remittance flows, of investments and of skills derived from the Indian diaspora. The problem of brain drain has been happily transformed into the possibility of brain gain»
Prime Minister Manmohan Singh, 2010