



## Harvard's William Kerr on global talent: what it is, where it goes & how to keep it

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**Harvard's William Kerr on global talent: what it is, where it goes & how to keep it**

**Intro** [00:00:02] Thank you for choosing OECD podcasts.

**Kate Lancaster** [00:00:07] What is the world's most precious resource? Our guest has an answer that might surprise you: Talent.

**Kate Lancaster** [00:00:15] Welcome to OECD Podcasts. I'm Kate Lancaster.

**Kate Lancaster** [00:00:18] Joining me today is Professor Bill Kerr, D'Arbelloff professor of Business Administration at Harvard Business School and co-director of its Managing the Future of Work Project, as well as the author of The Gift of Global Talent.

**Kate Lancaster** [00:00:31] Welcome, Bill, and thank you for being here.

**Bill Kerr** [00:00:33] Thank you for having me.

**Lancaster** [00:00:35] It's great that you're here. I really enjoyed the talk you gave at the OECD earlier today, and your book. And speaking of your book, it's a very impressive and comprehensive package of data and analysis on global talent, how it moves around, why it's important.

**Kate Lancaster** [00:00:48] But what I want to know is what got you interested in this topic to begin with?

**Bill Kerr** [00:00:51] Yeah, it's a topic I've been working on for about 20 years. And my first application came outside of academics. I was working in Asia in the telecom industry. I was on a project that involved me flying back and forth between Seoul and Silicon Valley. In Silicon Valley, there are a couple of Korean inventors who had come up with the wireless data idea, and they're working to commercialise it with one of the chaebols that was back in Korea. So, the first thing that was eye-opening to me was that there was this talent in the United States that had been important for its innovation. And that, second, there was a way that they were creating a network, or reaching back to their home country, to realise some of those fruits. Later on, as I entered academia, that topic came up again and I kept working on both the impact for the United States and also the sending countries. And that kind of kept on progressing until a couple of decades later, we were ready to write a book.

**Kate Lancaster** [00:01:45] OK, great. So this book, it's about global talent. And what do you mean by that?

**Bill Kerr** [00:01:49] That's the million-dollar question. And it's a space that's very hard to come out with an exact definition that would be satisfying. A very natural starting point might be some great award. So, and we look at Nobel Prize winners, and we look at the winners of like the John Bates Clark Medal in economics. But if you're going to talk about migration, you have to go much further down in the talent distribution. So, a next level might be to think about inventors or entrepreneurs, people that have done kind of amazing business or scientific kind of achievements, but not yet won the Nobel Prize. But still, that's not going to be enough. You might start to say, well, what about college degree holders? But even when you

get the college degree holders, while that is significant and will signify something, that cannot become the single stopping point, because there's a number of members of Congress that don't have a college degree, people in the Nobel Prize, they don't have a college degree. Likewise, Mark Zuckerberg, Bill Gates, and a whole bunch of folks—

**Kate Lancaster** [00:02:46] Yes, famously dropped out of college.

**Bill Kerr** [00:02:48] So what we end up needing to come up with is—here. Let's approach this by looking at five or six different things that we can measure. And what we find is that across those, you see variations in degree.

**Kate Lancaster** [00:03:02] So what were the five or six things you picked?

**Bill Kerr** [00:03:03] Many of the ones we just talked about, like the, you know, winners of big awards like Nobel Prize all the way down to college-educated workforce that's living outside their home country. And you could have gone further. We look at classrooms and we look at students and similar. But we find is that the patterns aren't different in terms of direction. They can be different in terms of degree. So, you're more likely to migrate if you're a Nobel Prize winner than if you're just a college-educated worker. But, the fact that you are more likely to migrate holds true in both camps.

**Kate Lancaster** [00:03:34] So a college-educated worker is more likely to migrate than someone who is not a college-educated worker.

**Bill Kerr** [00:03:38] Exactly.

**Kate Lancaster** [00:03:39] And how have the trends changed over the past, say, 20 years, 50 years? I assume this has shifted over time.

**Bill Kerr** [00:03:45] Migration is one that shifts as countries change, and as opportunities change, and increasingly as source countries of migrants also themselves change. As countries move into middle-income levels, they can afford to send more of their youth off to schooling abroad or to university for the first time. And we're seeing a lot of that play out in the university systems today. So, what have been some of the bigger changes? The United States has been holding on for a long period to, you know, being the default destination or the most likely choice of where a migrant wants to come. We still hold that position in the United States, but that position has been weakening. So, each decade that has gone by for the last couple decades, we've seen sort of a—more likely that people are going to be going elsewhere, or a broader diffusion of talent. Another big change has been the increase in Asian migration, India and China in particular, and the impact that's had on both professional and educational markets around the world. Let me throw out the last one that, of course, I should mention is female migration.

**Kate Lancaster** [00:04:50] Yes, I was just going to ask you about that.

**Kerr** [00:04:52] And I sort of make the note in the book that if you if I say the words global talent, and you close your eyes and imagine a man, you need to update your image, because women are migrating more than men in this skilled area.

**Lancaster** [00:05:06] Yeah. And that holds true across geographies and sending countries?

**Kerr** [00:05:09] Oh, it's not true across every single country. And certainly you can go and find examples of places where people are prioritising sending the eldest son off to college or something like that. So it's not, by no means universal. But when you add up kind of the collective flow into OECD countries, female migration at the higher skill levels is larger numerically than male migration.

**Lancaster** [00:05:29] Well, that's really interesting. And that kind of brings me to the future, as that is a change I would not have imagined until you brought it up. But how do you see global talent shaping the future of work? In terms of workforce, in terms of how talent clusters in places, in countries?

**Kerr** [00:05:46] There are two things I would want to pick out maybe to frame this quickly. One is the book spends a lot of time on the rise of the talent clusters. And these are becoming exceptionally influential places and are increasingly concentrating both inventive activity, economic decision making, stuff that if your business needs to be at the forefront of the future of work, you need to have a strategy towards these talent clusters.

**Lancaster** [00:06:14] Can you give us an example of a couple of talent clusters? I mean, we all know Silicon Valley, but give us a couple others.

**Kerr** [00:06:19] Oh, I mean, London would be a talent cluster. Boston's a talent cluster. Berlin is coming into a cluster. Shanghai's a cluster. You can record of these things in various ways, from patents to venture capital investment to the creation of Unicorn start-up companies. But they're the ones that in America, if you looked at the finalists for HQ2 for Amazon, those were increasingly around talent clusters and similar. Paris is definitely a talent cluster in those regards. In the United States, and that's where our data is best able to measure these particular pieces, what we're finding is a concentration of activity. Let me give a sample of statistics. If you looked at the Fortune 50 companies—this is America's 50 largest companies. Back in 1995, they did about four out of every 10 patents in one of America's ten biggest talent clusters. And that was actually underrepresented. So, they're about four out of ten and about 50 percent of patenting was being done in those locations. Today, those companies are doing about seven out of every 10 patents in those town clusters. And that's overrepresented. So, you know, there's been a creep upwards, but they've gone from being principally in suburban locations, principally in that company town that was kind of removed where they were really the only employer, to being much more about how we are part of what is happening here and now. And that's in part because technological progress has been sort of compounding upon itself, and your ability to stay at that forefront is vital.

**Lancaster** [00:07:50] So how are they doing that or are they moving their firms? Are they sending their people?

**Kerr** [00:07:54] Yeah. There's a range of options, and no company does a single one of those—or maybe does only one along this way. Some are choosing to relocate their headquarters. General Electric quite famously relocate its headquarters to Boston a couple years ago. But there's been—ConAgra relocated its headquarters to Chicago. A number of organisations are thinking about where do we want to place those key decision makers? There are opportunities to create innovation labs or outposts or R&D centres that you want to have where you're trying to hear from these. Because the thing about, just because you're in one town cluster doesn't mean that, you know, you can't afford to not understand what's going on in other locations, in other places. A number of companies are doing executive immersions or other ways of trying to take on temporary bases, their key leaders or key innovators abroad. Vodafone is a company I've been working with on case studies and similar—they're based in London, which is obviously a very big cluster. But they have, you know, what is going to be our ideas for understanding what's happening in New York? They take their top 50 people to Silicon Valley every year for a one-week kind of programme. So they're trying to figure out the right ways to connect into these places.

**Lancaster** [00:09:12] And coming back to the human side of all of this. How does this influx of high skills and this creation of clusters affect skills creation for everyone? When you're importing your most skilled workers, your talent, what happens to local talent?

**Kerr** [00:09:28] Well, first, I don't think that you can, again, say you're importing all the talent. In many cases and the majority of cases for the United States, but this be true for it for many other countries as well, the person that we're calling the talented migrant has come out of the schooling system, the university system, of that country. And so the migration is often in the form of a, you know, really bright young 17 year old that's full of raw potential and talent, but has got a lot of training that needs to happen before they're really going to have that productive career into the future. And so great schooling systems that would be important for training natives are also going to be what can draw that talent in.

**Lancaster** [00:10:12] Right, attract people from abroad.

**Kerr** [00:10:15] And if you want to keep them, if you want to start their businesses, you have to have the local workforce, that is going to be important for their organisation. So, it's not that you can say, oh, we're going to bring in a few foreign entrepreneurs to start their companies. If they don't look around and find the workforce that is prepared to be able to do the cutting-edge work that they need to conduct, then they're going to go somewhere else. So, I don't see this ever as, you're importing in order to replace or overcome a gap, you need to have a strategy. It's about both your domestic workforce and your global workforce, recognising that we're running out of skilled people, fast. The demand is quite high, so we have to be aggressive on both fronts.

**Lancaster** [00:10:56] So, it's interesting what you said about people leaving if they can't find a talented workforce. But I assume that people also return home for other reasons. Are there people who come, invest in the education, say, in the U.S., or in France, and then return to their original country of origin, to set up business there, to bring their knowhow and their skills back to their [home country]?

**Kerr** [00:11:14] Oh, absolutely.

**Lancaster** [00:11:16] Please, tell us a little bit about that.

**Kerr** [00:11:19] That wasn't always the case. If you go back to like the 1990s, even. If you were coming to the United States, and I'm going to pick out Harvard Business School. If you are a graduating MBA student, you are almost always thinking about staying in the United States in order to launch your business. And today we have a number of students that come from abroad that, from the very beginning, it's clear that they want to return back to their home country—of India, China or elsewhere—in order to start a company or to start their work or their career. And that they don't think of it just purely as, you know, this was the place that I always wanted to come and be. So we're seeing that, now what are some of the factors that lie behind that? One is that many of these countries have had very rapid development phases. And that includes both the economic opportunities to found businesses or work in companies that in these rapidly emerging places—but they are already healthy and productive economies—to even, like, what are the creature comforts and lifestyles that I can have? And it's no longer the case that you're necessarily sacrificing a lot in terms of that lifestyle in order to go back to the city that you're coming from. So, we're finding a return migration to be one that is being done for both personal and also just for heck, that's where a lot of the action is happening. And many times they're doing it even through a U.S. or European company, You know, like, if I'm an IBM or a Microsoft or thers, half my workforce or more tends to be abroad. And so this is a person that I may want to be employing in my Shanghai office or in my developing Pakistani operations, or somewhere.

**Lancaster** [00:12:58] So let's finished by just hearing a little bit from you about what can we do to make the most of global talent. You've talked about all of the advantages that it can bring, but I'm sure there's also a downside to mitigate. What can we do going forward to make sure it continues to be a success for our societies, for the people who are the talent moving, and for everyone?

**Kerr** [00:13:17] Yeah, I think you can maybe parse this into two types of buckets. Bucket number one are things that would be about policy or policy choices, and their individual countries can do things that are going to help make sure that they get the biggest bang for the buck out of global talent, by, for example, being better at selecting migrants. Figuring out the right people to match into the right opportunities. The United States has a lot of crudeness to its policies. They're very blunt in many respects. So, we've had a lot of sort of powers come from migration, but it's often been in spite of the migration system rather than because of it. And I argue that the more that we make that system effective, the better it's going to be for helping everybody in the country out. But there's a second part of this too, which the book leaves off with, of saying, policies are going to take us so far. We have a new environment and—your [question on] the future of work here—a new environment that's increasingly about superstar firms, and these companies that are creating unbelievable returns and results, but they employ relatively few people. Those things tend to go hand in hand with global talent. There's a lot of matching between those two. And part of what I argue in the book is to say to those companies, look, you have to understand that migration is ultimately a political choice. And many people are looking around and saying, we don't see the benefits that—I mean, we clearly see the benefits you guys get—but what are the benefits for everybody? And so I kind of take this back to especially the US tech community, but more broadly to the business community, and say, you know, making a single one-size, you give us unlimited number of visas, that's not working. So, in order to make sure that you can hold on to this most precious resource that we began with, that you can make sure that you have access to the people that are really driving your companies. You have to help us understand how this can benefit everybody. And your whole line of work is creating products that dent the universe, you know, that scale and touch everybody. So apply some of that thought process here.

**Lancaster** [00:15:23] Well, thank you very much. It's been great talking with you. I really appreciate the time you've given us today. I'm Kate Lancaster, and you've been listening to OECD podcasts. To find out more about The Gift of Global Talent, as well as the issues we've been discussing. Go to [hbs.edu/managing-the-future-of-work](https://hbs.edu/managing-the-future-of-work), as well as to [OECD.org](https://oecd.org). Thank you for choosing OECD podcasts. To hear more, go to [soundcloud.com/oecd](https://soundcloud.com/oecd). You can also hear more from Bill at the HBS Podcast series on the future of work. It's available at their website.