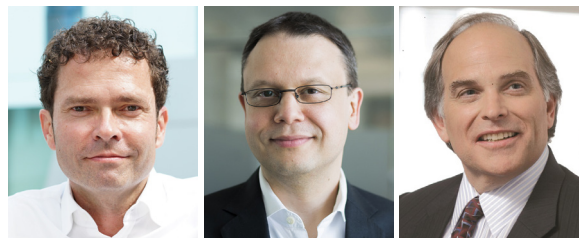


## 8. Ensuring International Talent Mobility as Key for Long-Term Competitiveness

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While the attention is focused on economic recovery, it remains vital to ensure long-term competitiveness for business locations as well. The ease of international mobility for top talent is a key component of competitiveness<sup>1)</sup>.

Global success in business depends on attracting and retaining the best available talent, and many countries, including Switzerland for example, already face a shortage of skilled people, especially in technical and scientific areas. This shortage is set to get worse as the result of an ageing population. A part of the solution will be to make better use of untapped pools of labor within the country. However, highly talented workers from other countries will also have a major part to play in tackling the labor shortage, promoting knowledge exchange, increasing productivity and profits, and boosting tax revenues.

An advantage of international labor mobility is an exchange of know-how. Teams made up of staff of different nationalities are more effective in creating value for their company, and in doing so, maintaining the country's competitiveness.

### The Attractiveness of the US and Switzerland for Global Talent and Business

Competition for supremacy is fierce among major business centers. Attracting talent from the rest of the world is critical, especially for new and innovative business sectors and for countries with high labor costs, such as the US and (even more so) Switzerland. Countries can no longer rely on traditional attractions, such as tax advantages. Instead, they must take the lead in other areas too. Attractiveness of top global talent is vital.

Chart 1 shows the rankings of the main countries as centers for attracting international talent and business, together with their overall ranking.

*Chart 1. Overall ranking of Switzerland and the US as places to do business*

The rankings show the attractiveness of countries from the perspective of both employees and companies. The overall ranking is derived from the average of the sub-categories of rankings for talent and for business.

| Overall Ranking  | Talent Ranking | Business Ranking |
|------------------|----------------|------------------|
| 1. Singapore     | 2.             | 1.               |
| 2. Switzerland   | 1.             | 5.               |
| 3. Netherlands   | 3.             | 6.               |
| 4. Luxembourg    | 5.             | 2.               |
| 5. Canada        | 6.             | 3.               |
| 6. UK            | 7.             | 7.               |
| 7. Germany       | 4.             | 9.               |
| 8. US            | 9.             | 4.               |
| 9. Australia     | 8.             | 10.              |
| 10. Ireland      | 10.            | 8.               |
| 11. OECD average | 11.            | 12.              |
| 12. Israel       | 12.            | 11.              |
| 13. China        | 13.            | 13.              |

Source: Economist Intelligence Unit, Futurebrand, HSBC, Internations, OECD, Times Higher Education, Transparency International, UBS, UNDP, UNESCO, WEF, World Bank, Deloitte AG

We selected 19 indicators for their relevance to international mobility, and compiled them into an overall ranking. All the indicators are based on publicly-available sources of information. The rankings show the relative attractiveness of Switzerland and the US compared to other top business centers and potentially major competitors. Overall, Switzerland and the US compare well to these other leading countries, the US especially so from the perspective of attracting companies, and Switzerland from the perspective of talent. However, both countries have weaknesses.

Switzerland is able to attract highly qualified staff from abroad based on its rankings for outstanding universities, excellent general reputation, a good quality of life and security. However, there are warning signs: foreign employees often underestimate Switzerland's high cost of living. Switzerland also needs to improve as a family-friendly place to do business, ranking somewhere in the middle of the countries for this indicator. The US ranks even worse in terms of family friendliness (offering no mandatory maternity leave at all, for example), and it is also seen as weak from the perspective of personal safety.

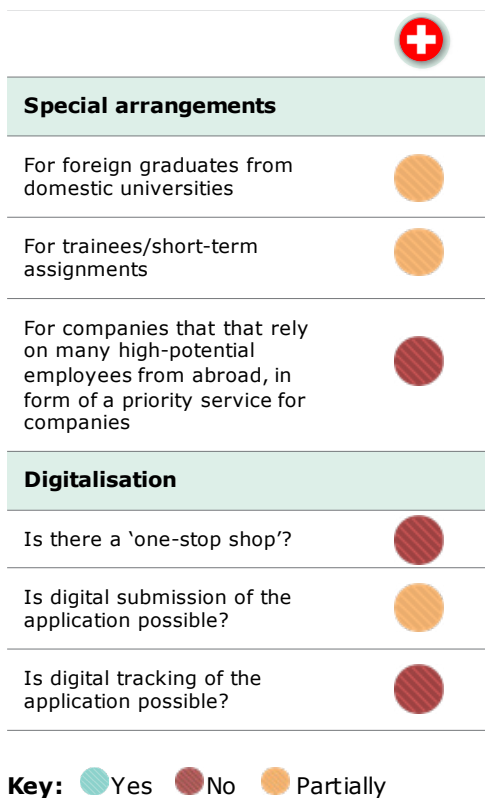
The US does much better from the perspective of business, excelling in entrepreneurship and venture capital. Labor costs are higher than elsewhere, however, and political stability lower. In comparison, Switzerland has even higher labor costs and entrepreneurship is weaker, although it boasts low corruption, high labor market flexibility and good infrastructure.

Notwithstanding their weaknesses, both centers are able to attract talent and business. A question however is whether the current framework encourages the mobility of global top talent. Does it help a country in attracting top talent from abroad or does it deter talent from coming? We consider the case of Switzerland and make specific suggestions on how improvements might be made, which are shown fully in our published study<sup>1)</sup> "Switzerland needs global talent | Winning the 'War for talent' and ensuring Switzerland remains competitive".

### A Framework for International Mobility: The Case of Switzerland

As part of our published study, we set out six criteria that are particularly relevant to companies in attracting international talent. The first 'cluster' includes better arrangements for specific talent groups - foreign graduates from domestic universities, and trainee/short-term assignments, together with priority administrative services for companies with large numbers of international employees. Three further criteria relate to digitalization. Chart 2 shows that Switzerland currently meets just three of these six criteria – and even then only in some respects. Other countries are doing much better, such as Ireland, which is meeting all six criteria.

Chart 2. Benchmarking Switzerland's framework for international talent mobility in six key areas



Source: Deloitte AG mobility experts

Regulations vary between countries and our recommendations to improve the framework are tailored for Switzerland; however, some lessons are applicable in broad terms to all countries. Countries can learn from the successes and failures of others, even if the solutions need to be tailored to each country's specific circumstances.

This is especially true in the area of optimization and digitalization of the application processes. A key part of the solution could be a 'one-stop shop' – a nationwide online portal for the digital submission of applications using a standardized form, with complete digitalization of end-to-end processes. Even doing away with postal delays by sending applications and the required documentation digitally could accelerate the process. And the coronavirus crisis has shown that many digital processes are also more crisis-resilient.

Process optimization would present a good starting point for improving the framework for international mobility. It has clear benefits for talent, companies and administration, it can often be implemented without a lengthy legislative process (unlike changes in the law) and it would improve both crisis resilience as well as long-term competitiveness.

1) This article is based on our joint Deloitte-Swiss Amcham study "Switzerland needs global talent | Winning the 'War for talent' and ensuring Switzerland remains competitive", published February 2020

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