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### Global mobility: Why people migrate

Parag KHANNA

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# GLOBAL MOBILITY

## Why People Migrate

## Implications for a nation's human resources and technology policies.

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*By Parag Khanna*

The global mobility of people and how it has shaped the characteristics and culture of people living in different parts in the world will continue to define our human story. It will also determine how we deal with top-of-mind management issues, such as the competition for talent and people development.

Today, we are faced with a convergence of disruptive factors that will further spur global mobility. Demographic imbalance is one key factor. We do not have a healthy distribution of the old and young across countries; there are either too many or too few of one or the other. There is also the division of humanity into the 'North' and 'South' tiers. The North tier, comprising North America and Eurasia, consists of five billion people living with reasonable prospects, and who can therefore move easily. In the South tier, which is made up of Africa and South America, there are 2.5 billion people who do not have a plan or the means to move from where they are.<sup>1</sup>

Another key factor is climate change, which is leading people to search for new oases where there is not only sustainable living, but also opportunities to drive the circular economy.

Additionally, other factors, such as economic dislocations, technological disruptions, and political upheavals, also shape mobility patterns.

Before the Covid-19 pandemic, there were 1.5 billion people travelling internationally and 275 million people who were living outside their countries of origin.<sup>2</sup> However, global mobility came to a grinding halt when the pandemic struck. In an unprecedented move, governments across the world came together to implement the great lockdown to curb the spread of the coronavirus. The temporary mobility reset saw people moving back to their countries of origin or residence in droves. However, it is anticipated that once international border restrictions are lifted, global mobility will rise again.

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## Demographic imbalances

Many studies predict that the global human population will reach a plateau sometime around 2050. However, in much of the developed world, particularly in many countries in the North tier—including those in the OECD grouping, North America, and North Asia—it already feels like the world has reached a population plateau. Japan, Italy, and Germany top the list of the oldest countries in the world, with more than 20 percent of their population aged 65 years and older.<sup>3</sup> An ageing population means that there is a rise in the dependency ratio. What is concerning is that more than 20 countries will have an old-age dependency ratio of 50 percent, with some countries even reaching 70 percent in the next 30 years.<sup>4</sup>

For most of the developed world, with sub-replacement fertility of less than 2.1 babies per woman,<sup>5</sup> which is the critical number for population replacement, population decline is what the future holds. This issue is further exacerbated by the fact that many youths today, especially the millennials (people born between 1981 and 1996), are choosing not to have babies.

The consequences of the generational distortion in the developed world are so severe that in the next few decades, there simply will not be enough qualified workers to cater to the needs of the ageing population. It will also be difficult to fund the surge in healthcare costs, as well as pay for pension benefits and other publicly funded programmes. There is more bad news. As we have seen in Japan, no amount of fiscal stimulus will help an ageing economy, because there are insufficient qualified workers who can benefit from corporate hiring, private consumption, and investment.

Hence, the only solution for these ageing countries is to attract young workers. Among the world population of 8.5 billion people, there are three generations of people who can move with ease. These three generations include the millennials, Generation Z (people born between 1997 and 2012) and Generation Alpha (people born or to be born in the period 2012 to 2025). Together, they constitute a demographic that is less than 40 years of age and represent approximately 60 percent of the world's population.

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Given that youths influence the future growth of a country, where they go, how they live and what they do will shape the economy and the map of human geography for years to come. It is for this reason that countries like Canada and the U.K. have introduced a pro-youth immigration policy.

Canada's hassle-free points-based immigration policy, the Comprehensive Ranking System (CRS), favours youths. The points for age start to decrease when an individual hits 30 years old. For example, a 29-year-old applicant gets 100 CRS points, compared to an applicant aged 55 who is allotted 39 points.<sup>6</sup> The CRS also targets international tertiary students and provides an easy way for them to become citizens. This immigration policy has drawn thousands of people to move to Canada. In 2018, the net immigration into Canada was 350,000 people, a figure that was higher than net immigration into the United States that same year.<sup>7</sup>

The U.K. offers a reciprocal Youth Mobility Scheme (YMS) Tier 5 visa, which is a temporary migration arrangement with nine countries. The YMS visa allows young migrants, aged 18 to 30 years, to come to the U.K. without a job offer, certification, or sponsor for employment and stay for up to two years.<sup>8</sup> In 2017, 41,652 YMS visas were granted.<sup>9</sup> Recently, in May 2021, the U.K. and India signed a migration partnership to allow young Indian and British professionals to work and live in each other's country for two years.<sup>10</sup> This is the first Young Professional scheme that the U.K. has introduced for a country whose citizens had previously required a visa to enter.

Many Asian countries have followed suit. Japan, a country previously closed to immigration, has more than two million foreigners living there today,<sup>11</sup> the highest number in its history. In Singapore, the government has introduced many tiers of visa to attract qualified youths, such as the Tech.Pass for tech entrepreneurs and EntrePass for entrepreneurs running innovative technology-related businesses.

Additionally, there are as many as 75 countries today that offer a digital nomad visa,<sup>12</sup> and a number of countries in Asia too are jumping on the bandwagon. For example, Thailand has introduced a 'Smart Visa' scheme, while Indonesia has launched a '5-year Digital Nomad Visa' to attract talented youths to work in places like Phuket and Bali respectively.

## Climate change

Climate change is another key factor that will accelerate the global mobility of people. Many parts of the world are already experiencing 'climate chaos', where temperatures have




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increased by more than 1.5 degrees Celsius above pre-industrial levels, exposing 14 percent of the world's population to severe heatwaves.<sup>13</sup> Droughts are becoming more widespread, affecting farmers from Brazil to India and resulting in crop failure year after year.<sup>14</sup> Sea levels have also risen and at the same time, many coastal megacities have started to sink. Bangkok is one of these sinking cities where the metropolis is sinking by at least two centimetres every year and threatening the livelihood of almost 10 million people.<sup>15</sup>

The world today is besieged by 800 natural disasters annually, and if we do not do anything about greenhouse gas (GHG) emissions, the number of natural disasters will rise to 15,000 by 2039.<sup>16</sup>

Climate change is driving many people to move away from their climate niches, described as a set of climatic conditions under which they can survive. According to the National Academy of Sciences, there are 200 million climate refugees today, and if global temperatures increase by another degree Celsius, another billion people will turn into climate refugees. And in the decades to come, more people will be driven to new climate niches in the higher latitudes, towards the poles where the climatic conditions will become more suited for growing crops and rearing life-stock, and for people to have a sustainable outdoor work environment. However, the mobility of people is dependent on immigration policies—a sensitive area of national sovereignty.

This begs the question: what should countries and companies do to address the issue of climate change?

There are two strategies that are typically adopted—climate mitigation and climate adaptation. Most of the business

community today focus on climate mitigation, which explains the large number of sign-ups for science-based targets. These validated targets require companies to follow stringent processes and procedures to deliver the GHG reduction goals necessary to align their business with the latest climate science for limiting warming to below 2 degrees Celsius above pre-industrial levels while pursuing efforts to limit global warming to 1.5 degrees Celsius.

However, what is more critical for addressing climate change is a climate adaptation strategy, because even if we stop emitting GHG today, global warming and climate change will continue to affect future generations. Many countries including Singapore have taken steps towards adopting a climate adaptation strategy. For example, PUB, Singapore's national water agency, has diversified the country's water supply sources through the "Four National Taps"—local catchment water, imported water, NEWater (treated reclaimed wastewater), and desalinated water. Additionally, the Singapore government has launched schemes to help companies adopt a climate adaptation strategy. The schemes include incentives and allowances for capability development, financing, and other initiatives for firms to reduce GHG and non-carbon dioxide gases, and adapt their business to a changing climate.<sup>17</sup>

## The economic-technological nexus

Economic contraction is another driver for global mobility. During both the Global Financial Crisis (GFC) and the coronavirus pandemic, we saw people moving away from expensive to cheaper geographies.



When the GFC occurred in 2008, many baby boomers (people born between 1946 and 1964) and Generation X-ers (those born between 1965 and 1980) faced foreclosures and had to move away from the Rust Belt to the cheaper states in the U.S., and from Southern Europe to Northern Europe.<sup>18</sup> Similarly, when Covid-19 struck, many millennials and Generation Z-ers were impacted. Many of them were pushed out of the expensive cities such as New York, Los Angeles, and Chicago<sup>19</sup> because the urban wage premium that they had previously enjoyed was suddenly eroded. And thousands of people moved to the suburbs and exurbs where rents were cheaper.

Another factor that drove people to move out of the cities and urban areas was the widespread availability of broadband and cloud-based applications, which meant that people could literally work from anywhere and remain productive. Given that remote work can be as productive as work from the office, some companies such as Facebook and Shopify have decided to make a permanent shift to remote work. Remote and mobile working is also favoured by the millennials, who by 2025 will represent 75 percent of the global workforce.<sup>20</sup> According to Mercer, millennials desire short-term assignments over those that are longer than a year in duration; they also prefer to travel rather than stay in one place, and favour experiences over rewards.<sup>21</sup>

Machines and technology are another people mobility driver. When jobs disappeared, people moved to places where they could find jobs. It is predicted that 47 percent of today's jobs will disappear in the next 25 years,<sup>22</sup> largely due to automation. The rate of automation will increase as companies

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look to embracing technologies like robotics, automation, Artificial Intelligence (AI), and algorithms to drive their competitiveness. During the coronavirus pandemic, we saw how quickly companies adopted technological solutions to reduce reliance on humans and build resilience into their business models. It is believed that autonomous vehicles will soon replace truck drivers. Likewise, sensors and visual recognition technology could possibly replace store managers.

As technology becomes more sophisticated, more low-level jobs will be automated. It is only a matter of time before all industries will be digitally overhauled. One estimate suggests that more than 375 million people will have to switch occupations due to AI and automation.<sup>23</sup> Those who are not willing to change occupations or learn new skills will need to move for their livelihood.

Besides automating jobs, technology can enable digital mobility. This will be a major source of growth in the future because it involves technology and policy at both the domestic and international levels. A country leading this trend is Estonia. With the introduction of its enhanced digital nomad visa in 2020, people can go to Estonia and stay as a tourist while continuing to work for a foreign employer or as a gig worker.<sup>24</sup> The digital mobility-enabling scheme contributes to the local economy, as well as protects local jobs.

## The implications of global mobility

With all these converging forces of volatility that are before us, it is expected that the global mobility of people will accelerate in the years to come. Not only will people be more mobile physically, but they will also be more mobile digitally.

Several implications will arise from the accelerated mobility of people. First, the war for talent will intensify as countries and companies compete for youth workers, and it will be felt and seen within and across sectors. This war for talent is going to stay with us for a while. It is also critical and urgent enough to be discussed and addressed at the board level. It cannot be limited to the parochial confines of the human resource (HR) department or the domain of the Chief HR Officer. One strategy to win the war for talent is to 'get them while they are young'.<sup>25</sup> What companies can do is to launch early career acceleration programmes like the Microsoft Academy of College Hires (MACH) and SAP Next Talent to get and groom them while they are young.

Second, companies need to build new organisational capabilities to augment their climate adaptation strategy. Existing skills might not work. New business models might be needed for responding to climate change.

Finally, companies need to rethink their technology strategy to enable not only efficiency and productivity, but also digital mobility, especially with millennials favouring mobile and remote work. A digitally enabling mobility strategy will also allow companies to reach these young talents regardless of their geographical location.

### Parag Khanna

*is Founder and Managing Partner of FutureMap, a data and scenario-based strategic advisory firm. His newest book is "MOVE: The Forces Uprooting Us"*

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