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Brain circulation, diaspora, and international competitiveness

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Summary Drawing upon findings of several studies, this paper examines the interrelationships between brain circulation or “triangular human talent flow”, ethnic diasporas (specifically, the Chinese and Indian diasporas), and a country’s international competitiveness. Globalization, the lowering of immigration and emigration barriers to the movement of people, and the emerging concept of boundaryless careers have all contributed to the phenomenon of brain circulation. Brain circulation replaces the traditional concepts of brain drain versus brain gain because of the growing mobility of human talent across international boundaries. Implications, both theoretical and practical, are then discussed. © 2008 Elsevier Ltd. All rights reserved.

Introduction

While labor has long been recognized as a factor of production in the annals of international trade, the pivotal role that human resources can play in a firm’s or country’s international competitiveness is only a relatively recent phenomenon.

In the 1980s, at the height of the western world’s attempt to unravel the secrets of the Japanese economic miracle, Tung (1984) wrote a book entitled, *Key to Japan’s Economic Strength: Human Power*. In her book, she asserted that because Japan is virtually devoid of all natural resources, that country viewed that the surest path to economic growth and development is to harness and leverage its human capital. This explains, to a large extent at least,

why Japan has committed tremendous energy and effort into developing its human resources. This investment apparently did pay off as Japan was transformed from its war-torn economy into a leading industrial powerhouse within the course of three short decades.

Similarly, in his book entitled, *Competitive Advantage: Creating and Sustaining Superior Performance* (1985), Porter asserted that human resources span the entire value chain. Thus, human capital is considered essential to a firm’s ability to create and sustain international competitiveness. Along the same lines, Nonaka and Takeuchi (1995) argued that in a knowledge-based economy, innovation is critical to a company’s ability to attain and sustain its competitive advantage. Nonaka and Takeuchi identified two types of knowledge – explicit and tacit. Unlike explicit

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