

## Skilled Migrants as Human and Social Capital in Korea

### ABSTRACT

South Korea faces a shortage of highly skilled labor, but with a low tolerance for diversity, it lags behind in its global competitiveness to retain mobile skilled talent. Using data on foreign students and professionals, we demonstrate the potential of skilled migrants as both human and social capital for Korea and suggest that the country is poised to adopt a study-bridge-work framework to compensate for its competitive weaknesses.

**KEYWORDS:** global talent, Korea, social capital, transnational bridging, skilled migrants

### INTRODUCTION

South Korea (Korea) faces a complex and interrelated set of social and demographic challenges: a shrinking workforce, declining fertility, an aging population, brain drain, and a shortage of “global talent”—individuals with key technical and professional skills that are valuable advantages for firms competing in global markets. In 2016, Korea’s fertility rate, or the average number of births a Korean woman is expected to have in her lifetime, dropped to a seven-year low of 1.17, the lowest in the OECD. In 2017, individuals aged 65 and over were projected to constitute 13.8% of the total population; by 2050, they are expected to be 38.1%.<sup>1</sup> Between 2015 and 2065, the working-age

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1. Statistics Korea, “Final Results of Birth Statistics in 2016,” <<http://kostat.go.kr/portal/eng/pressReleases/8/1/index.board?bmode=list&bSeq=&aSeq=&pageNo=4&rowNum=10&navCount=10&currPg=&sTarget=title&sTxt=>>>, accessed November 16, 2017; Statistics Korea, “2017 Statistics on the Aged,” <<http://kostat.go.kr/portal/eng/pressReleases/11/1/index.board>>>, accessed November 16, 2018.

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population (ages 15–64) is projected to drop by 23.3%, to 47.9% of the total population.<sup>2</sup> Meanwhile, a brain drain, or outflow of Korean talent, has continued. According to the Brain Drain Index of the International Institute of Management Development, Korea fluctuated between 3.40 and 5.91 from 2005 to 2013, where 0 indicates severe brain drain and 10 indicates no brain drain at all.<sup>3</sup> While Korea produces an abundant supply of college graduates each year, it confronts a shortage of highly skilled individuals in key sectors that drive the country's economy, such as science and engineering. To be sure, this is a common phenomenon affecting nearly all advanced societies, but for Korea, a country that has difficulty attracting foreign talent while suffering from a shrinking workforce and increasing brain drain, the issue is particularly acute.

While the demographic crisis has created more demand for skilled labor in advanced countries, the flow of highly skilled professionals across national borders has increased as well. The number of foreign students studying abroad at tertiary education programs worldwide has exploded over the past two decades, from 2 million in 1999 to 5 million in 2016, at average annual rates of 5.1% and 6.4% among OECD and non-OECD countries, respectively.<sup>4</sup> The OECD estimates that this number will reach 7–8 million by 2025.<sup>5</sup> As these students often want to remain abroad after graduation, foreign skilled labor is becoming more and more available, and many countries and corporations have already taken advantage of this supply increase. In 2017, for instance, approximately 67% of the college-educated workforce in science and engineering in Silicon Valley were foreign-born immigrants.<sup>6</sup> Even in Japan, foreign student employment has reached 35%.<sup>7</sup> Together with the demographic crisis, the threat of brain drain has made the recruitment of skilled foreigners all the more important, intensifying the “global war for talent.”

2. Statistics Korea, “Population Projections for Korea (2015–2065),” <<http://kostat.go.kr/portal/eng/pressReleases/8/8/index.board>>, accessed November 16, 2018.

3. Institute for Management Development, *World Competitiveness Yearbook, 2005, 2013*, <<http://www.imd.org/wcc/>>, accessed November 16, 2018.

4. OECD, “Education at a Glance 2018: OECD Indicators,” Paris, 2018.

5. “OECD Charts a Slowing of International Mobility Growth,” *ICEF Monitor*, September 20, 2017, <<http://monitor.icef.com/2017/09/oecd-charts-slowng-international-mobility-growth/>>.

6. Joint Venture, “2017 Silicon Valley Index,” <<https://jointventure.org/images/stories/pdf/index2017.pdf>>, accessed November 16, 2018.

7. “International Students in Japan Fall Behind in Job Hunts,” *Nikkei Asian Review*, August 28, 2018, <<https://asia.nikkei.com/Economy/International-students-in-Japan-fall-behind-in-job-hunts>>.

It has become clear that Korea needs to look outward to import skilled workers—especially for science, technology, engineering, and math—and that in the intensifying worldwide battle to attract global talent, Korea lags behind. Its global talent competitiveness index was 29th (out of 118 countries) in 2017, largely due to low external openness (68th) and tolerance of immigrants (72nd).<sup>8</sup> This weak global talent competitiveness is very disappointing for Korea, a top-15 economic power in the world, and is alarming to Korean academics and policymakers seeking new sources of economic growth. Korea's immigration policy still restricts the recruitment of foreign skilled labor, and public tolerance of ethnic and cultural diversity is low. There is no doubt that Korea is at a disadvantage in attracting foreign talent compared to other advanced countries, especially “settler societies” characterized by a willingness to embrace new migrants, such as the US, Canada, and Australia. Against this backdrop, this article addresses how Korea, faced with a demographic crisis, can better compete in the global war for talent.

#### GLOBAL COMPETITION FOR SKILLED LABOR

Many countries and corporations around the world are increasingly aware of the potential benefits offered by global talent, and have shown greater interest in understanding what attracts such talent from abroad and implementing the proper policies to retain it. It is no coincidence that the nations leading the European Institute of Business Administration's Global Talent Competitiveness Index, such as Switzerland (1), the US (4), Australia (6), and Canada (13), have long embraced an open approach toward foreign talent (Table 1).

Asian countries—with the notable exception of Singapore—perform disproportionately poorly relative to their economic standing, especially in their openness to foreigners, as captured by the Attract pillar in the index. Japan (22) delivered a solid performance in many respects, but met serious difficulties in the Attract pillar (51) that dragged down its overall rank. Korea (29) was another such mixed bag. The report states that “despite ranking highly in dimensions such as Tertiary Education Enrollment (2nd) and Market Landscape (1st)—with world-class R&D investments—the country has major room for improvement in the Attract pillar (70th).”<sup>9</sup> Indeed, Korea places

8. INSEAD, *Global Talent Competitiveness Index 2017*, Fontainebleau, France, 2016.

9. *Ibid.*: 31.

TABLE 1. Global Talent Competitive Index Rankings (2017): Top 15

<i>Country</i>	<i>Overall rank</i>	<i>Income group</i>	<i>Regional group</i>
Switzerland	1	High Income	Europe
Singapore	2	High Income	East Asia
United Kingdom	3	High Income	Europe
United States	4	High Income	North America
Sweden	5	High Income	Europe
Australia	6	High Income	Oceania
Luxembourg	7	High Income	Europe
Denmark	8	High Income	Europe
Finland	9	High Income	Europe
Norway	10	High Income	Europe
Netherlands	11	High Income	Europe
Ireland	12	High Income	Europe
Canada	13	High Income	North America
New Zealand	14	High Income	Europe
Iceland	15	High Income	Europe

SOURCE: adapted from INSEAD, “Global Talent Competitiveness Index 2017.”

exceptional value on higher education and nurturing human capital, and has the highest percentage of bachelor’s degree holders between the age of 25 and 34 among OECD nations. Korea also ranks 19th in the Global Knowledge pillar, relatively proportionate to its global standing. Nevertheless the country falls surprisingly short of its own and others’ expectations in attractiveness to skilled foreigners. As the analysis suggests, a challenge that Korea faces in this war for global talent is to enhance its attractiveness. Within the Attract pillar, Korea scored especially low on “prevalence of foreign business ownership” (78), “migrant stock” (70), “tolerance of immigrants” (72), and “social mobility” (90), all of which should give the Korean government a clear idea of the sort of work that must be done.

Of the many factors contributing to this rank, it is worth noting that leading countries in global talent like the US, UK, Canada, and New Zealand are “settler societies” with historically greater tolerance of immigrants (Table 2). Non-settler countries like Japan, Korea, and China exhibit significantly less tolerance, which weakens their overall rankings. For instance,

TABLE 2. Global Talent Competitiveness Index (2017): Selected Countries

	<i>Overall rank</i>	<i>Brain retention</i>	<i>Brain gain</i>	<i>Tolerance of immigrants</i>
United States	4	2	6	12
United Kingdom	3	9	4	17
Canada	13	13	9	3
New Zealand	14	31	16	4
Japan	22	28	66	74
South Korea	29	24	32	72

SOURCE: adapted from INSEAD, "Global Talent Competitiveness Index 2017."

New Zealand, which is confronted by severe brain drain, far more intense than any of its competitors, seems to offset this disadvantage with brain gain and attractiveness (partly driven by tolerance of immigrants), putting it among the 15 most competitive countries. New Zealand is one of the top countries in terms of the Attract pillar (8th): it ranked 4th on the "tolerance of immigrants" variable, and in the top 15 in both "external openness" (9) and "internal openness" (13) sub-pillars. The country is also good at enabling the performance of talent: its "regulatory landscape" (3) and "business-labor landscape" (labor market flexibility, 8), which are becoming increasingly important factors for countries in terms of competitiveness, are among the best in the world. Korea lags far behind in global talent attraction, as shown by measurements of External Openness (68) and Internal Openness (71).<sup>10</sup> It is perhaps no mystery why talented foreigners tend to find New Zealand more attractive than Korea. How, then, can Korea compete for foreign talent?

#### HOW CAN KOREA COMPETE FOR GLOBAL TALENT?

Korea is poised to shift its attention away from unskilled toward skilled foreign labor, but has yet to meet the new challenges of recruiting to fill the labor gaps in the affected industries.<sup>11</sup> Many observers are concerned that Koreans are still hesitant to embrace skilled migrants. It is a politically sensitive issue to import them, as the unemployment rate (especially among the young) has

10. Ibid.

11. Parts of this section are adapted from Gi-Wook Shin and Joon Nak Choi, *Global Talent: Skilled Labor as Social Capital in Korea* (Stanford, CA: Stanford University Press, 2015).

been one of the most serious domestic problems for many years. Youth unemployment in Korea has seen an upward trend over the past decade, reaching 10.1% as of May 2019.<sup>12</sup> And in recent years, the foreign population in Korea has increased significantly, but its growth has not been matched by public tolerance of or openness to non-Korean cultures and values.<sup>13</sup>

At the same time, most skilled foreigners are not willing to stay in Korea permanently. While Korea is a popular destination for tourism and study abroad, especially among Southeast Asians, many skilled foreign workers confess discomfort with the prospect of migrating to Korea. They point to the rigid and hierarchical primary education system, persistent discrimination, and cultural differences such as food and living conditions as primary reasons. Accordingly, foreigners often come to Korea to study or work as a steppingstone before advancing to a third country that seems to offer a better life and opportunities, such as the US or the United Kingdom.

This phenomenon is not specific to Korea. More and more migration tends to be temporary rather than permanent, and highly skilled individuals will continue to circulate in pursuit of better opportunities and rewards worldwide. This new trend makes permanent immigration a less suitable option for both Korea and skilled foreigners. It requires a new model of leveraging skilled foreigners based on brain circulation and linkages. We describe this model below.

## MOBILITY OF HUMAN AND SOCIAL CAPITAL

Skilled foreigners bring host countries not only *human capital*, or specialized skills acquired through education, training, and work experience, but also *social capital*, or social ties that spread information and innovations and facilitate trust. Traditionally, the recruitment of skilled foreigners was considered a zero-sum game in which the host society received a net inflow of human capital from the home country, enhancing the competitiveness of the host society at the expense of the home society (“brain drain”). However, the mobility of global talent leads to a new paradigm, according to which all

12. Trading Economics, “South Korea Youth Unemployment Rate,” <<https://tradingeconomics.com/south-korea/youth-unemployment-rate>>, accessed June 18, 2019.

13. Gi-Wook Shin, “Racist Korea? Diverse but Not Tolerant of Diversity,” in Walter Demel and Rotem Kowner (eds.), *Race and Racism in Modern East Asia: Western and Eastern Constructions* (Brill, 2012): 369–90.

parties—the countries of origin and destination, the individuals themselves, and their networks—stand to gain in a process best described as “brain circulation.” Migrants may initially take skills and capital with them, yet ideas and capital may also flow back as long as these migrants maintain diaspora-type social and cultural ties to their home countries.

Accordingly, the crucial task is the construction and maintenance of transnational bridges, or social ties between countries. Putnam distinguishes two types of social capital, bonding and bridging.<sup>14</sup> *Bonding social capital* refers to the dense ties linking members of the same group. Social network analysts have long proposed that the social ties linking socially homogeneous groups of individuals facilitate trust and emotional bonding among members, generating solidarity against outside threats.<sup>15</sup> In contrast, *bridging social capital* is created by ties with outsiders. Bridges linking otherwise disconnected groups are important as they facilitate trust, spread information, and circulate innovations.<sup>16</sup> When bridges connect actors in different geographic areas, they cross not only social but also geographic distance. This is what we call transnational bridging social capital. These transnational bridges mitigate cultural distance because they transmit, in addition to raw information, the local contextual information needed to understand the societies at both ends of the bridge. For instance, many Indian and Chinese entrepreneurs and engineers working in Silicon Valley are active in transnational bridging with their home country.<sup>17</sup> Ethnic-Korean residents in foreign countries also significantly increase the trade between Korea and their countries of residence, indicating a bridging role.<sup>18</sup>

The new thinking that takes into account the concept of social capital highlights the value of transnational bridges created by the movement of skilled individuals. Through their family ties, friendships, and professional relationships, such individuals are anchored into specific communities in

14. Robert Putnam, “Bowling Alone: America’s Declining Social Capital,” *Journal of Democracy* 6:1 (1995): 65–78.

15. Alejandro Portes and Julia Sensenbrenner, “Embeddedness and Immigration: Notes on the Social Determinants of Economic Action,” *American Journal of Sociology* 98:6 (1993): 1320–50.

16. Putnam, *Bowling Alone*.

17. AnnaLee Saxenian, *The New Argonauts: Regional Advantage in a Global Economy* (Cambridge: Harvard University Press, 2002).

18. Inbom Choi, “Korean Diaspora in the Making: Its Current Status and Impact on the Korean Economy,” in C. Fred Bergstein and Inbom Choi (eds.), *The Korean Diaspora in the World Economy* (Washington, DC: Institute for International Economics, 2003): 9–29.

specific geographic locations.<sup>19</sup> In other words, individuals are generally embedded in their home societies. At the same time, an individual who moves to a distant place gains opportunities to build new personal and professional relationships. To the extent that the foreigner has a cultural understanding of both societies and maintains ongoing social ties anchored at both locations, s/he can become a transnational bridge connecting two otherwise disconnected societies. Skilled foreign laborers who come to Korea to study and/or work may not stay permanently, but they can act as transnational bridges even after leaving Korea, becoming a case of “brain linkage” for Korea. Even within the relatively short period of time they spend in Korea, these individuals can generate extraordinarily valuable opportunities for Korea. What often goes unrecognized is that such individuals continue to funnel information, opportunities, and even financial and human capital into Korea long after they leave the country. Besides making efforts to utilize them as human resources, Korean state, society, universities, and enterprises can all help foreign talent build social ties while studying and working and encourage them to bridge Korea and their next destination once they leave, in what could be called “brain linkage.”

Korea has attempted to recruit foreign professionals through various channels: the global talent labor market, ethnic Koreans with foreign citizenship, foreign spouses of Koreans, and foreign students in Korea. Facing difficulty in recruiting global talent with foreign citizenship, organizations including companies, research institutes, and universities have targeted ethnic Koreans with foreign citizenship or foreign spouses of Koreans as alternatives. However, these populations remain small and are not at the highest level in terms of human and social capital. Therefore, a study-work-bridge framework that stresses the element of transnational bridging could be a good new strategy for Korea in utilizing foreign skilled labor. The following section illustrates the potential of transnational bridging using two key sources of foreign skilled labor, foreign students and professionals in Korea.

#### FOREIGN STUDENTS IN KOREA

As in other advanced countries, foreign students can provide Korean society and companies valuable human resources. They have been an important

19. Michael S. Dahl and Olav Sorenson, “The Social Attachment to Place,” *Social Forces* 89:2 (2010): 633–58.

source of skilled labor in many countries around the world, particularly settler societies like the US and Canada. Foreign students in the US, for example, power many of its most lucrative economic engines. Much of Silicon Valley's foreign talent is sourced from nearby universities, such as Stanford and the University of California, Berkeley, both of which attract capable foreign students to their campuses. A large percentage of these students desire to work in Silicon Valley after graduation. Stanford and UC Berkeley have active programs that reinforce industry–education collaboration, helping prepare students for employment. Besides becoming valuable assets to Silicon Valley, such students also play an important role as part of their respective diasporas, connecting their home countries to Silicon Valley in particular and to the US as a whole. The same is also true in other engines of growth, such as financial services (i.e., Wall Street).

Korea could also benefit from the foreign students in Korea, but has a poor record in utilizing this population as skilled labor. It is estimated that only 1% of foreign students who graduate from Korean universities each year find employment in Korea:<sup>20</sup> less than 100 of approximately 10,000 foreign students.<sup>21</sup> Although this figure almost certainly under-reports the number of actual hires, the fact that Korean universities and the government do not keep detailed official statistics on foreign student employment and that foreign students are altogether excluded from the national statistics on employment rates shows that they are not valued in Korea.<sup>22</sup> Coupled with strict work visa requirements, wage discrimination, a general preference for Koreans who can speak English rather than foreigners who can speak Korean, and social pressure to prioritize employment for native Koreans over foreigners, many foreign students have little choice but to return to their home country right after graduation. Even worse, having their hopes and dreams dashed through

20. Gui Shik Min, Jung Sun Ki, Jo Bok Su, Kim Jiyoung, Kim Jinyoung, Yoo Dahyung, and Jung Chang Yoon, *Oegugin Yuhaksaeng Yuch'i Chiwôn Hwaktaerül Wihan Chôngch'aek Yôn'gu* [Policy study for the expansion of recruitment and support for foreign students] (Seoul: National Institute for International Education, 2014), <[http://www.prism.go.kr/homepage/many/retrieveManyDetail.do;sessionId=%EA%B5%AD.node02?research\\_id=1342000-201400072](http://www.prism.go.kr/homepage/many/retrieveManyDetail.do;sessionId=%EA%B5%AD.node02?research_id=1342000-201400072)>, accessed November 16, 2018.

21. Sung W. Ui, Jin Ho Shin, and Ho Jin Yoon, "Oegugin Yuhaksaeng 9 Man Myöng Munöjinün K'orian Dream" [90,000 Foreign students: the fallen Korean dream], *Joong-ang Ilbo*, June 5, 2013, <<https://news.joins.com/article/11718334>>. Since this is only an estimate based on a survey of 45 universities, and there are no official university or government statistics, we suspect that it may be closer to 5%.

22. Ibid.

this process often leaves foreign students with strong anti-Korean sentiments as they return home.<sup>23</sup>

There is little doubt that Korea needs to better utilize foreign students as human resources. Yet, given the social and institutional constraints noted above, permanent migration is not currently a desirable or effective option. A more sensible approach that is worth considering is to use them as transnational social capital, at least for the time being. Foreign students are largely embedded in their host societies by virtue of their educational experience, their familiarity with the culture and language, and their ties with their classmates. Most of them also maintain close ties to their home countries—after all, many students are supported by their extended families back home. Accordingly, they have great potential to connect their host country to their home country. Foreign students in Korea clearly show their interest in and capability of doing so, though they may return home or move to another place after graduation.

Our study of foreign students in top Korean universities indeed shows their potential value as both human and social capital.<sup>24</sup> In a sample of 52 such students, nearly half (42%) want to work in Korea for a Korean firm after graduation, but only in the short term, to build their careers. Only 25% desire to work in Korea long-term. Both groups can make human resource contributions to Korea. On the other hand, one-third (33%) would like to work back home, but not for a Korean company. A slightly larger proportion (38%) want to work for a Korean firm back in their home country, specifically to bridge Korea and their home country. And 12% would prefer to work at another location altogether, especially a settler society like the US or Australia.

Our study further identifies who are the most likely to make a contribution to Korea as human resources and transnational bridges.<sup>25</sup> According to our analysis, what motivated them to come to study in Korea affects their future plans. For example, graduate students in technical fields of study who came to Korea for instrumental reasons, such as scholarship opportunities, have a strong potential to contribute the kind of human capital that Korea needs—the skills obtained through advanced degrees in science and

23. Gui Skik Min et al., *Policy Study*.

24. Shin and Choi, *Global Talent*.

25. *Ibid.*

technology—but are less likely to make social capital contributions. Such individuals, motivated mainly by economic opportunity and other instrumental reasons, view Korea as a good place to build skills and earn money. But they tend to consider Korea mostly a steppingstone to more desirable destinations. One male Chinese student, for example, said in an interview with us that he would stay in Korea only because “if you get a good job here, you get an adequate salary, and if you join a big company, you join a Global 500 company. You get good experience at a large company.” His goal is clearly career-related: “If I move jobs or return home, I would make my résumé look better by having such experience.” For such students, Korea may not be as attractive as more immigrant- and diversity-friendly settler societies. Nevertheless, such individuals represent a pool of high-end technical talent that Korea can draw on if policies and companies provide the right incentives.

In contrast, foreign students motivated to study for reasons related to their social identities tend to view Korea as a special place offering unique experiences and opportunities. They are attracted by Korean culture (*hallyu*, the “Korean wave”) or come to learn the Korean developmental model and thus are more active and willing to acculturate into Korean society than those who are instrumentally motivated. To the extent that they also have strong home-country identities and networks, they are well positioned to bridge Korea with their countries of origin. While instrumentally motivated foreign students may also recognize the special opportunities created by a bridging role, those motivated by their social identities might be particularly passionate about becoming Korean companies’ economic and cultural ambassadors back home.

One Mongolian student is such a case of a potential bridge between Korea and his home country. Having been an avid consumer of Korean cultural products, he expressed how Korea is a special place for him: “I first learned about Korea by watching Korean dramas, which have been popular in Mongolia since about the 2000s. . . . Having watched *Dae Jang Geum* [Jewel in the Palace] and other Korean dramas, as well as listening to *hallyu* music, I developed a favorable impression of Korea.”

He also came to Korea because he admires the Korean developmental experience. He sees Korea as a role model for his home country, as an Asian nation populated by people who look like he does, but nevertheless achieved economic, social, and political parity with the most advanced Western societies:

I also chose Korea for another reason. Korea looks very small on the map, when I look at the world map while studying. Even though it is so small, Korea has developed tremendously over the past 30 years. Also, Korea is Asian—in Korea, people have the same face as I do, and have a hard time recognizing me as a foreigner. They think I am a Korean until I speak, when they ask me where I come from.

With these motivations, he has a strong desire to bridge Korea with his homeland, connecting Korean capital and know-how with Mongolia's abundant natural resources:

I want to stay in Korea for two, three, or four years. . . . I want to work at a large Korean company . . . especially one that does business with Mongolia. Korea has capital and expertise, while we [Mongolians] have natural resources and talented individuals. So, I want to connect Korea and Mongolia economically, using the things I learned in college. . . . I want Korea to benefit and Mongolia to benefit. Already there are some Korean companies in Mongolia, and in the future, there will be much more Korean investment in Mongolia. I want to find opportunities as someone educated in Korea.

The social capital potential of foreign students has particular relevance to Korean businesses with a multinational scope. Academic research suggests that all multinational corporations face competing pressures toward centralization versus localization.<sup>26</sup> At one extreme, multinational corporations can adopt a highly centralized structure. Such structures often feature so-called ethnocentric management, where home-country executives lead local subsidiaries. Having spent most of their careers at corporate headquarters and being familiar with their home country's business culture, such executives can easily understand and execute the directives issued by their company's headquarters. Indeed, such executives often consider a stint overseas a step toward a promotion back home. For these reasons, subsidiary managers in an ethnocentric company tend to follow headquarters' directives without many objections, giving ethnocentric companies the ability to easily coordinate the activities of their disparate subsidiaries. Such global coordination comes at a cost, however. Managers sent out from the home country have neither social ties with local customers and partners nor a cultural understanding of the local environment.

26. Sumantra Ghoshal and Christopher A. Bartlett, "The Multinational Corporation as an Interorganizational Network," *Academy of Management Review* 15:4 (1990): 603–25.

Thus, ethnocentric companies have difficulty adapting to local conditions and producing goods suitable for local markets.

At the other extreme, multinational corporations can adopt a highly decentralized or “polycentric” structure of overseas subsidiaries led by managers hired locally. Being acculturated to the local environment and having ties with local customers and partners, such managers are in a better position to produce and market goods and services for the local environment. In contrast to ethnocentric management, however, polycentric companies have limited ability to coordinate their subsidiaries’ global activities. Locally hired managers may have little trust of headquarters executives, whom they often view as outsiders seeking to impose their rule. For these reasons, locally hired managers may be less receptive to central coordination, being attuned to local markets rather than the global interests of the company as a whole.

One solution to this dilemma would be to leverage foreign students studying in Korea. Such students have largely acculturated to Korean society and its peculiarities. When hired by Korean ethnocentric firms, such individuals have a better chance of adapting to these firms’ strong corporate cultures, which often magnify the peculiarities of Korean culture in general. After serving a stint at corporate headquarters and developing relationships with headquarters-based colleagues, these individuals could become trusted insiders. When assigned overseas to their home country, such individuals can bridge their company with their home country, bringing three specific benefits. First, to the extent that they understand both their home markets and Korean corporate culture, foreign students can help Korean firms develop highly localized products suitable for specific export markets. Second, foreign students can bridge the gap between Korean executives and local hires; being trusted by both sides, such individuals can reduce cultural misunderstandings and keep interactions cooperative. Third, foreign students can bridge Korean companies with potential local partners using their social connections as well as their cultural fluency in the local environment.

But Korea has largely wasted these opportunities, as many foreign students studying and living in Korea find their overall satisfaction (50.3%) to be lower than before they came to Korea (61%), according to a survey of 302 international students.<sup>27</sup> Satisfaction was much lower among students from other

27. “Survey of Satisfaction of Foreign Students in Korea,” Research Report No. 15, University Tomorrow Research Laboratory for the Twenties, Seoul, 2013.

Asian countries (41.4%), who comprise the majority of foreign students in Korea, while the same group's expectation level was the highest (62.6%). Poor treatment of foreign students and a failure to appreciate the value of cultural diversity can significantly hamper not only Korea's ability to recruit them as human capital but also their potential as transnational bridges between Korea and their home or their next destination.

In short, foreign students may not only contribute human capital to Korea by working there short- or long-term, but also bridge Korea with their home by building relevant social ties in Korea before returning home. Given that most of these foreign students are likely to remain in Korea for some years of study and work, the primary task for the Korean government and universities alike is to foster their interest in bridging Korea and their home countries. As they link Korea with developing Asia and spread successful Korean practices, Korea could solidify its increasingly central position in that part of the region and become an economic hub, in addition to its current status as a cultural hub.

#### FOREIGN PROFESSIONALS IN KOREA

Besides utilizing foreign students as skilled labor after graduation, Korea also imports foreign skilled labor directly. For example, as the nation faces a shortage of engineers, especially software engineers, it has turned to India as the deepest and largest pool of untapped engineering talent that would be useful to Korea. While many of them would prefer Silicon Valley or India, there is ample evidence that they are interested in working in Korea, if only for a few years. Recruiting Indian engineers to work at Korean firms' headquarters is a powerful and perhaps necessary complement to the approach many firms (especially Samsung) have taken of recruiting Indian engineers in place, to work at research centers in India.

Indeed, our study of Indian engineers indicates that some respondents—though not the graduates of the prestigious Indian Institutes of Technology—would be especially receptive to opportunities in Korea if these were structured correctly.<sup>28</sup> The study compared the attractiveness of five countries or regions, China, India, Japan, Korea, and Silicon Valley, across various dimensions that are deemed important by respondents: earnings potential,

28. Shin and Choi, *Global Talent*.

career development, job stability, the opportunity to build and benefit from professional networks, the innovativeness of the environment, and the opportunity to build startups in the environment. The study identified a certain group of Indian engineers who hold particularly favorable views of work opportunities in East Asian countries in general, and Korea in particular.

Focus-group discussions with India-based respondents suggest that these positive perceptions are based on several factors. First, Korea is viewed as a global leader in certain IT-related fields. Based on the strength of its consumer electronics products, Korean firms are respected as leaders in mobile applications, embedded software for operating systems and applications, digital entertainment, and displays. Working for a reputable Korean firm rather than a large Indian one would give engineers exposure to products and technologies not available in India, such as memory management and power consumption technologies. For such projects, Korean firms such as Samsung and LG would be very attractive to Indian engineers. Even if they return to India after working in Korea for a few years, the experience gained would give them significant career advantages back home. Korean firms are also viewed as innovators for low-cost economies. One interviewee noted, "Unlike American firms such as Intel and SAP, Korean firms such as Samsung, LG, Hyundai, and the SK Group are able to produce innovative products suited to low-cost environments like India." This is significant given the growing importance of low-income countries like India and China to the fortunes of the world's largest companies.

Some Indian engineers see better career prospects in Korea than in the US or India. They explain that it would take much longer to get to do sophisticated work in Silicon Valley. They cite examples of their classmates working in the US being assigned relatively low-end work, such as writing financial applications for mainframes. They believe that they would be given more responsibility more quickly in Korea. Along the same lines, many Indian engineers consider the working environment in the US too competitive, creating job instability without any significant earnings advantages. Korea was perceived to offer a stable job environment with adequate earnings potential. And there is a sentiment that Korean and Japanese firms treat workers better, like family, whereas in Silicon Valley younger engineers are not well treated.

Overall, interviews with several Indian engineers suggest that they feel that Korean firms offer work-intensive but supportive environments. The work culture is viewed as open and friendly, especially compared to the one in

Japanese and Chinese firms. In the workplace, language is not a significant issue for doing technical work. Thanks to the success of large IT firms from India, such as TCS, Infosys, and Wipro, Indian engineers greatly respect process knowledge rather than just product development. The large Korean firms appear to be attractive in this respect.

These Indian engineers can offer much needed human capital for Korean firms, and leading Korean companies now actively recruit them. As of 2013, for instance, about a quarter of the 36,000 software engineers at Samsung were Indians, and this number is likely to increase as Korea continues to face a shortage of good software engineers. To maximize the efficacy of Indian engineers, however, Korea must also pay close attention to their potential as social capital. At the very least, local bridges must be built between Indian engineers and their Korean counterparts. Otherwise, given that Indian engineers are likely to leave Korea after a few years, they risk becoming failed bridges.<sup>29</sup> Korea must help them become embedded in the Korean society and economy to some degree. Those who are locally well embedded are more likely to play a transnational bridging role even after they leave the country.

It seems that the main concerns for Indian engineers working in Korean firms are job tenure and the glass ceiling. Most Indian engineers, both in India and overseas, are not willing to build long-term careers in Korea, while those in the United States see Silicon Valley as a more attractive destination for high-end work. Those in India are likely to want to work in Korea for three to five years early in their careers as a career-building move. While in Korea, they would like to work in the fields in which Korea excels. For a software engineer, this could include sophisticated fields such as embedded software. After building these skills, the engineer would hope to move to higher-value-added, more innovative environments such as Silicon Valley.

Another major concern has to do with the perception of a glass ceiling—that in a long-term career in Korea, a foreign technician has little prospect of moving into top management. One Indian engineer in his seventh year working in a large Korean firm shared with us that despite his extensive years of experience there, his status was still that of a contract worker: “I do the same level of work as other Korean engineers here, but I’m still considered a *sawon* [entry-level engineer].”

29. Dan Wang, “Activating Cross-Border Brokerage: Interorganizational Knowledge Transfer through Skilled Return Migration,” *Administrative Science Quarterly* 60:1 (2015): 133–76.

Several other engineers we interviewed reported the same issue. Since Indian engineers are often hierarchical and desire to move into management rather quickly, this is an important issue for them. Our interview with the director of the Korea Trade-Investment Promotion Agency (KOTRA) in India confirms this perception among Indians of a glass ceiling, consistent with the widespread belief that Korean firms remain reluctant to offer managerial positions to foreigners in general.<sup>30</sup> Yet, some of this reluctance might arise from concerns that candidates have inadequate command of the Korean language to be high-level managers.

Another challenge in embedding Indian engineers in Korea has to do with socio-cultural factors outside the workplace. Respondents were especially concerned about local language difficulties, poor acceptance of Indians by the local population (especially poor understanding of their religion and culture), and limited educational opportunities for children. Several respondents expressed negative views of the competitive and stressful Korean education system: “Up to about junior high school, I think the education here is very good, but beyond that, in high school, I’m not sure if I want my son to go through what other Korean children go through here. It’s a problem, because we can’t afford to send him to an international school.”

Focus-group discussions further indicate that working in Korea would become more difficult for a married engineer, given the difficulty of managing dual careers in Korea. Respondents would also like to plan families in the US to obtain better education and/or citizenship for their children.

While the Korean government and firms could conceivably address some of the concerns Indians have about the workplace environment, it will be more challenging to address the non-work-related issues. On the one hand, Indian engineers are concerned that they could not truly integrate into Korean society, be fully accepted, or rise in economic or social status. This is particularly important because Indian engineers appear exceptionally status-conscious. On the other hand, Koreans generally lack a good understanding of Indian culture, foods, and religion. Since Indians physically look different from Koreans and come from a very different cultural and religious background, Koreans are not likely to accept ethnic Indians as full members of Korean society, even if they regard them as valuable to the Korean

30. Rafiq Dossani interview, Stanford, March 23, 2010. Even Korean Americans are concerned with the glass ceiling in Korean corporations (Shin and Choi, *Global Talent*, chapter 4).

economy.<sup>31</sup> For these reasons, the best strategy for Korea would be to continually recruit new Indian engineers to work in Korea, for three to five years each, until the country is better prepared to accept them socially and culturally. Considering the well-established global networks among Indian engineers, individuals well embedded in Korean culture and society may very well play a bridging, role and Korea should not overlook the importance of such transnational bridging potential.

Attracting foreign talent is itself a difficult task; and retaining those who have come to Korea over the course of the past several years presents another great hurdle that must be overcome. Talented foreign workers who have lived in Korea—some of whom terminated their contracts early and left the country—claim that Korea is far less livable than many other globalized communities around the world. A Guatemalan professional we interviewed said she decided to leave Korea after working for six years in the overseas marketing department of a large Korean corporation: “Some Koreans complain that foreigners leave after a few years, but we leave because we’re never included in the first place. Korean companies pay a lot to bring foreigners here. And then they don’t even ask these people about their opinion.”

Nonetheless, she said she is still willing to do business involving both Korea and her home country. Like this Guatemalan woman, as well as many Indian engineers noted above, these foreign professionals are recruited primarily for their human capital—their technical skills or professional experience—but at the same time, being educated individuals with professional ties in their home countries, they could become strong bridges between their home and host societies. A key opportunity as well as a challenge in this regard is to transform their value from human resources into social capital.

### STUDY-WORK-BRIDGE FRAMEWORK

We have discussed a number of critical and time-sensitive demographic and economic challenges facing Korea today. Taking all relevant considerations into account, social and cultural as well as economic, Korea needs to adopt a new strategy, one that is different from the strategies used by immigrant countries, and we propose a work-bridge or a study-work-bridge framework for foreign talent, in an effort to tackle some, if not all, of those challenges.

31. Gi-Wook Shin, “Racist Korea?”

The concept of study-work-bridge takes its cue from Australia's SkillSelect program and the United Kingdom and New Zealand's post-study work programs, in which qualified highly skilled foreign students are selected, encouraged, and given opportunities and incentives to extend their stay to work in the host country after graduation. In Japan, too, a study-work framework has already begun to take shape, with 34.5% of the 11,556 foreign students graduating from Japanese universities in 2014 having found employment.<sup>32</sup> So the study-work framework is becoming a trend in countries in need of a foreign workforce. But in Korea, with a shorter history of foreign student intake, a study-work framework has yet to take shape. While Korean companies say they need and want to hire foreign students,<sup>33</sup> very few foreign students work in South Korean companies after graduation, as noted earlier. South Korea's immigration laws for foreign students have eased slightly in recent years, but there is an urgent need to develop solid, institutionalized support to respond to the substantial desire of foreign students to find employment after their studies.

Korea needs to not only adopt this study-work framework but also go one step further by adding a bridging component. This new policy framework would establish programs providing systematic networking opportunities to build social capital for skilled foreigners while in Korea. It would upgrade the quality of campus life for foreign students and work environments for foreign professionals so that when they leave the country, they carry positive impressions. Most importantly, it would provide institutional support to help maintain transnational networks between foreigners and Koreans.

Some scholars argue that it is time for Korea to embrace full migration.<sup>34</sup> In our view, permanent migration is not the answer for Korea, at least for the time being. First, Korean society and its people are not yet ready for migration; second, most foreign talent express interest in studying or working in Korea only on a short-term basis, as shown above. Korea has a long history of

32. "International Students in Japan Fall Behind in Job Hunts."

33. Song Dong Park, "Foreign Skilled Labor, Foreign Student Policy Improvement Plan," ResearchA Plus, 2017, <[http://www.prism.go.kr/homepage/entire/retrieveEntireDetail.do?pageIndex=1&research\\_id=1092000-201700007&leftMenuLevel=160&cond\\_research\\_name=%EC%99%B8%EA%B%AD%EC%9D%B8+%EC%A0%84%EB%AC%B8%EC%9D%B8%EB%A0%A5&cond\\_research\\_start\\_date=&cond\\_research\\_end\\_date=&pageUnit=10&cond\\_order=3](http://www.prism.go.kr/homepage/entire/retrieveEntireDetail.do?pageIndex=1&research_id=1092000-201700007&leftMenuLevel=160&cond_research_name=%EC%99%B8%EA%B%AD%EC%9D%B8+%EC%A0%84%EB%AC%B8%EC%9D%B8%EB%A0%A5&cond_research_start_date=&cond_research_end_date=&pageUnit=10&cond_order=3)>, accessed June 18, 2019.

34. Jongryn Mo, *Imin Ganguk* [Strong immigration nation] (Korean Studies Information Publishing, 2013).

taking pride in being an ethnically homogeneous society, and it will take time to move toward valuing ethnic and cultural diversity. While foreign workers speak of the difficulties of living and working in Korea, they still value the experiences they can gain while in the country and are interested in working in Korea for a few years as a steppingstone in their career.

For these reasons, we suggest a study-work-bridge framework as the timely policy option for Korea—at least in the interim, until the nation is ready to accept mass migration. The concept of bridging also acknowledges that in this increasingly mobile world it is no longer valid to assume that skilled immigrants will necessarily remain in a host country permanently. Even when foreign students and migrant workers return to their country of origin or move to a third country, this framework connects and encourages those individuals to bridge Korea to their new country of residence. In fact, this bridging concept can be appealing to foreign workers who plan to move on after gaining valuable experiences and networks. By activating the social networks they have left behind, foreigners can later become transnational bridges influential in both Korea and their current country of residence. With economic globalization, such linkages will become all the more important. Thus, a study-work-bridge framework would be a better policy fit for Korea as an interim strategy over the course of the next 10 to 20 years as it prepares to embrace a more comprehensive migration policy.

The challenges associated with aging, depopulation, and a shrinking workforce in Korea are expected to intensify in the coming years. One solution for Korea, as for other advanced countries, is to import foreign skilled labor. Yet, given its cultural and institutional constraints, Korea needs to find a more creative and effective strategy, one that is different from what is being advocated in settler societies. In this regard, we call for more attention to the value of the transnational social capital of foreign skilled labor. Korea needs to look no further than the skilled foreigners who already have connections with Korea, either through schooling or employment, and to continue to cultivate those connections through a study-work-bridge approach.