Mounting talent inequalities could become a significant roadblock to reaching key targets of the Sustainable Development Goals.

Geopolitical tensions, inflation and soaring food and energy prices have exacerbated global inequalities. Off the back of the Covid-19 pandemic, these compounding crises have important consequences on the international talent scene.

This year’s Global Talent Competitiveness Index (GTCI) paints a disquieting picture of widening talent inequalities that could hinder our efforts to reach key targets of the Sustainable Development Goals (SDGs). Published in collaboration with Portulans Institute and the Human Capital Leadership Institute, the report measured how 133 countries and 175 cities from 79 economies grow, attract and retain talent.

The 9th edition of the GTCI provides a composite view of talent competitiveness – the set of policies and practices that enable a country to develop, attract and empower the human capital that contributes to
productivity and prosperity. Private and public decision makers use the index to assess the effectiveness of these policies and practices, and to identify priorities for action.

In the 2022 rankings, Switzerland (1) and Singapore (2) maintained their lead as the most talent competitive countries, while many European economies (especially Nordic ones) kept their spot in the top 10. Smaller economies continued to display top-notch talent performance. This year, for example, Denmark outpaced the United States to place third. And, for the first time since 2017, Estonia entered the top 20.
Middle-income countries also showed remarkable individual and regional performances. China (36) continued to climb the rankings and is now the most talent-competitive upper-middle-income country. For the second year running, Chile (34) represented the region of Latin America and the Caribbean in the top quartile of the GTCI.

However, stability and encouraging signs in the rankings are no cause for celebration as worrying trends are beginning to permeate.

**The gender gap is broadening again**

While gender divides have been highlighted in previous editions, this year we looked at it in a more detailed fashion, through three new indicators: Economic empowerment of women, gender parity in high-skilled jobs, and leadership opportunities. Despite encouraging signals, we found gender divides remain prominent on the talent scene and that the Covid-19 pandemic has drastically set back recent progress.

The data show that there is a strong, positive correlation between greater economic empowerment of women and higher talent competitiveness. The same is true for gender parity. However, while countries like Germany (14), Norway (7), and Belgium (16) rank high on gender equality and are also top GTCI performers, Eswatini (100), North Macedonia (68) and Brazil (73) lag in overall talent performance despite having near-perfect gender parity.

There is a particular opportunity for countries like Iran (112), Kuwait (61), Oman (60) and Qatar (38) to raise their talent competitiveness by strengthening the legal rights of women to participate and engage in economic activities.

Providing women with equal access to leadership opportunities seems to remain a challenge in most parts of the world. As expected, strong performers are found in northern Europe, as well as the three Baltic states of Estonia (20), Latvia (31) and Lithuania (32). While not a GTCI leader, Albania (65) stands out for its many leadership opportunities provided for women. Countries that would gain from increasing leadership opportunities include Lesotho (120) and India (101), but also talent champions Italy (33) and Japan (24).

**Covid-19 ignited new education divides**
The pandemic has also had a devastating impact on children’s education in impoverished countries. The percentage of children in low- and middle-income countries unable to read and understand a simple text by the age of 10 has risen from 53 percent to 70 percent, according to World Bank estimates.

Some of the shocks created by the Covid-19 crisis may be irreversible. Many children, especially girls, didn’t attend school for up to two years and some may never return to a classroom.

Inequalities across income level groups have increased primarily in two pillars of the GTCI model, namely how countries enable and grow talent. The “enable” pillar looks at how the regulatory, market, business and labour landscapes within a country facilitate or impede talent attraction and growth, while the “grow” pillar focuses on formal education, lifelong learning and access to growth opportunities.

It is clear that education and institutional reforms are needed to prevent the situation from deteriorating further. Education reforms should accelerate the fight against illiteracy, as well as provide better jobs and employment opportunities to younger generations, for example through upskilling efforts and apprenticeship programmes. Institutional reforms should focus on providing a positive environment for innovators and business creators, with particular emphasis on small, medium and micro enterprises.

**The top talent competitive cities**

Cities can play a central role in reducing inequalities by adopting the right talent policies. The cities included in the Global Cities Talent Competitiveness Index (GCTCI) this year comprised of a mix of large and small urban centres and were ranked on their reputation and ability to attract global talent.
For the second year running, greater San Francisco was the top-ranked city in the GCTCI, followed by Boston and Zurich, which both climbed one rung compared to last year. The index is again dominated by European cities, which accounted for more than one-third of the total coverage (68 out of 175). Geneva, second in the rankings last year, dropped to seventh and is now only the third-best Swiss city in the index after Zurich and Lausanne (a new entrant this year) which came in at number five.

As the world enters times of higher economic, social and political uncertainty, talent hubs will be better equipped to weather the storm. Well-positioned cities include medium-sized cities (with a population of between 200,000 and 2 million), as well as those that mobilise digital transformation, offer attractive work environments to younger generations and contribute towards reaching the SDGs.

**Action required to address potential obstacles on the road to SDGs**

Much like previous years, there is a strong correlation between income per capita and talent performance. Current signs indicate that this great
divergence between richer and poorer economies is more likely to grow than diminish in coming years.

In poorer countries, recent and current crises could have a negative and sometimes irreversible impact on the talent situation. In higher-income economies, new working habits and attitudes towards employment, such as “quiet quitting” and a growing appetite for part-time gigs and jobs amongst younger generations, are shattering long-established implicit rules and calling for new ways to grow, attract, and retain talents at the enterprise level.

Our analysis pinpointed four key areas that require special attention to address talent inequalities. These areas correspond with the SDGs on quality education, gender equality, decent work and economic growth, and reduced inequalities. Local and collective efforts are urgently required to address these increasing divides.

This year’s GTCI report makes it crystal clear that reducing talent inequalities will be a necessary condition for achieving the SDGs and their targets by 2030.
About the author(s)

Bruno Lanvin is a Distinguished Fellow at INSEAD and Founder and President of Descartes Institute for the Future. He was the Executive Director for Global Indices at INSEAD and co-editor of the Global Innovation Index.

L. Felipe Monteiro is a Senior Affiliate Professor of Strategy at INSEAD and the Academic Director of the Global Talent Competitiveness Index. He is the Programme Director for INSEAD’s partner programme with Fundação Dom Cabral, Advanced Management Program.

About the research

“The Tectonics of Talent: Is the world drifting towards increased talent inequalities?” is the theme of the 2022 Global Talent Competitiveness Index.