Talent retention policy and initiatives in the Baltic Sea Region: a situation analysis
# Contents

- Executive summary ......................................................................................... 3
- 1. Introduction ................................................................................................... 5
  1.1. Method and material ..................................................................................... 5
  1.2. Definitions, delimitations and focus of study ............................................. 6
- 2. Talent retention, talent mobility and talent attraction management ........ 8
  2.1. Why is talent retention important? ................................................................. 9
  2.2. Why do talents leave a place? .................................................................... 11
- 3. Talent retention policy .................................................................................... 13
- 4. Policy recommendations ................................................................................ 17
- 5. Best practice efforts, approaches and recommendations ......................... 19
- 6. Country overviews ......................................................................................... 33
  6.1. Denmark ....................................................................................................... 33
  6.2. Estonia ......................................................................................................... 34
  6.3. Finland ......................................................................................................... 36
  6.4. Germany ...................................................................................................... 38
  6.5. Latvia ........................................................................................................... 40
  6.6. Lithuania ..................................................................................................... 42
  6.7. Poland .......................................................................................................... 44
  6.8. Russia .......................................................................................................... 45
  6.9. Sweden ........................................................................................................ 46
- 7. Baltic Sea Region efforts ............................................................................... 51
  7.1. The EXPAT Project ...................................................................................... 51
- 8. Sources ........................................................................................................... 53

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Executive summary

The ‘war for talent’ became a hot topic in the business world by the end of the 1990s, referring to an increasingly competitive landscape for attracting, developing and retaining talent. According to some observers, this competition for talent is now poised to become one of the most defining economic issues of the 21st century.

As a result, cities and regions increasingly need to take steps to both attract talents and better retain those they have attracted, as well as make sure that local talent does not leave in too large numbers. Indeed, this study shows that all the Baltic Sea Region countries face – sometimes severe – talent shortages in key sectors of the economy. Against this background, one can conclude that locations in the Baltic Sea Region will need to take proactive measures to retain more talents for longer. The objective of the report is to help countries, cities and regions in the Baltic Sea Region understand the challenges within talent retention and to present recommendations for future action.

More specifically, the purpose of this situation analysis is to identify current policy frameworks, challenges and barriers, future opportunities and best practice for talent retention in Baltic Sea Region countries and main city regions, as well as to propose policy recommendations – both on a national policy level and a more practical, sub-national level – for retention of talent in the Baltic Sea Region countries and main city regions.

It is clear that issues related to talent retention have received increasing attention in the policy debate in the Baltic Sea Region countries in recent years. Among policy makers and city officials, there is an increasing realisation of a need to step up efforts to be able to compete for the best and the brightest people on a global scale. However, only a few countries have moved from words to action.

The study concludes that Denmark and Finland are first-movers in the talent retention field. In these countries, there is a focus on both attracting and retaining international talents in national policy and in terms of concrete initiatives. In the German regions studied, especially the less urban ones, there is a focus on retaining domestic talent rather than international talent. In Hamburg, there are a few initiatives that help retain talents. In Estonia, Latvia, Lithuania, Poland, Russia and Sweden, only a few initiatives have been launched that are explicitly formed to cater to the needs of international talents. Estonia and Poland have to some degree set in motion efforts that focus on ‘re-attracting’ talent. In general, there are very few efforts explicitly aimed at stopping highly-skilled talent from emigrating from the Baltic Sea Region countries, despite the fact that many countries have seen a considerable number of young graduates leaving their country.

As for policies on mainly the national level, the following policy recommendations are made to retain international and local talent:

- Streamline the process to obtain work permits.
- Improve pre-arrival information on working and living in a country.
- Decoupling work permits from specific employers.
- Introduce measures that improve the attitude to foreigners in the Baltic Sea Region countries.
- Introduce post-study job-seeking schemes to retain international students.
- Improve language teaching of the local language to international students.
- In the countries that have suffered most from emigration of talent, improve retention through tailored efforts to train young graduates so that their skills meet industry needs.
- Intensify efforts to ‘re-attract’ young talents that have left the country to pursue work elsewhere.

In the report, it is also indicated what type of actor should be responsible for realising each recommendation.

As for best practice efforts, 11 activities and practices undertaken mostly on the local and regional levels have been identified, which serve as recommendations for how cities and regions can become better at retaining talent:

1. Create sound pre-arrival expectations through honest marketing and expectations management.
2. Create one-stop-shop solutions for welcoming and soft landing of talent.
3. Involve talents and social entrepreneurs in expat services – going from triple helix to quadruple helix partnerships.
4. Help create professional and social networks for talents.
5. Use cluster networks and open innovation platforms to facilitate soft landing and integration.
6. Take steps to understand talents’ needs.
7. Take steps to understand and satisfy business needs.
8. Use internal branding and profiling to improve local pride.
9. Employ ‘sea turtle recruitment’ to re-attract the diaspora.
10. Professionalise the talent management role.
11. Create awareness and mutual cultural intelligence between international talents and host communities.

The study has been commissioned by the Swedish Institute as a part of its engagement in the project One Baltic Sea Region (ONE BSR). The specific aim of the talent-oriented part of the project is to increase triple-helix co-operation in talent retention by facilitating better policy-making processes and providing tools that will make different stakeholders work better together.
1. Introduction

The purpose of this situation analysis is to identify current policy frameworks, challenges and barriers, future opportunities and best practice for talent retention in Baltic Sea Region countries, as well as to propose policy recommendations – both on a national policy level and a more practical, sub-national level – for retention of talent in the Baltic Sea Region (BSR) countries and main city regions.

The report has the following structure: Chapter 1 discusses methodological issues. In chapter 2, the concept of talent retention is discussed in relation to other concepts such as talent mobility and talent attraction management. In addition, the trends and drivers explaining the need for talent retention and why talents leave a place are discussed. Chapter 3 summarises the main findings from the mapping of national policy frameworks that have an implication for talent retention. In chapter 4, the policy recommendations stemming from the analysis of national policy frameworks are outlined. The analysis in both chapters 3 and 4 is based on the country overviews (chapter 6). Chapter 5 moves on to outline the best practice recommendations – concrete efforts, methods and approaches to talent retention – that have been identified. The country overviews in chapter 6 provide an overview of policy frameworks, talent needs, main challenges and barriers to talent retention, future opportunities and key strategies and activities in each Baltic Sea Region country and their city regions.

The report has been commissioned by the Swedish Institute as a part of its engagement in the project ONE BSR. An EU-supported project for trans-national co-operation in the Baltic Sea Region, its aim is to increase the Baltic Sea Region’s competitiveness by branding it as one unity by pooling resources in attracting investors, tourists and talents to the region. The specific aim of the talent oriented part of the project is to increase triple-helix co-operation in talent retention by facilitating better policy-making processes and providing tools that will make cities, development agencies, businesses, universities and ministries work better together. This report will help reach this aim by outlining both policy recommendations and proposals for concrete efforts and practices that can be implemented on the sub-national level.

The report targets mainly national policy makers and representatives of city and regional governments in the region, as these groups are considered vital in changing national policy to become more ‘talent friendly’ and for enabling or facilitating new, concrete efforts to retain talent.

The situation analysis will form the basis for a ‘toolkit on talent retention’ that especially strives to guide local and regional authorities in setting in motion new initiatives and collaborations aimed at retaining talent in the BSR countries and city regions. The toolkit will comprise more detailed advice on how to use different tools and what actions that are needed to implement new activities. It will be published in June 2014.

This situation analysis has also been complemented with three case studies carried out within the ONE BSR project: on national policies for talent attraction and retention in Estonia; on how Finnish language learning can improve employability of highly educated immigrants in the Helsinki region; and on challenges for attracting and retaining talents within the life science and health sectors in the Stockholm-Uppsala region.

Ultimately, the studies and the toolkit aim at spurring BSR-wide co-operation in promoting attraction, retention and mobility of talent.

1.1. Method and material

Three main methods have been used to gather material for the study:
1. Desk research of secondary sources such as previous research, analyses and policy reports.
2. Desk research of official websites containing information about the policy and legal frameworks for work and resident permits and about the concrete activities that were identified mainly through the interviews.
3. Interviews with representatives of organisations and initiatives that work with activities related to talent retention. In total, 22 interviews were conducted, mainly with representatives of national administration, city governments and universities in nine BSR countries focused on in this study. Three of these were face-to-face interviews, the rest were telephone interviews.

In addition, the ONE BSR Talent Retention Advisory Board has provided comments and general advice during the production of the toolkit.

The respondents were identified using the ‘snowball method’. In a first, pre-study phase, the authors contacted 16 people within their own professional network that work with general development and/or international co-operation in a Baltic Sea Region context and asked them to identify efforts and people in their respective country/region that deal with policy issues or concrete initiatives that can be seen as part of talent retention. In some of the cities/countries, especially Saint Peters-
burg/Russia – but to some degree also Latvia, Lithuania and Poland – it was difficult to identify people or get in touch with people to interview or find reports and studies dealing with the issue. Even though this may to some extent reflect a lower priority of the issue at hand, it should be underlined that the study cannot claim to be entirely exhaustive – especially when it comes to the identification of concrete talent retention activities and efforts.

Two keywords/phrases for the analysis have been partnerships and best practice. The study looks at triple-helix as well as some other partnership configurations between private sector, public sector and/or academia. In the study, it has become clear that triple-helix configurations are uncommon arrangements for talent retention activities, although a few good examples exist in the region. In addition, ‘quadruple-helix’ efforts, namely partnerships involving also civil society/social entrepreneurs also can be found, and which offer many advantages for some types of talent retention efforts. Read more about these partnership configurations in chapter 5 on best practices (best practice number 3).

The focus on identifying best practice efforts and approaches has also guided the research and analysis. The identification of potential best practice activities was done in the pre-study phase by asking those contacted about successful examples of efforts that can be seen as contributing to talent retention. In the next step, validation of best practice was mainly done through qualitative means, as during the research phase it became clear that very few initiatives have measured effects or, in cases when they have tried to measure effects, not been able to substantiate any clear results. One explaining factor is that many initiatives are quite new, so that it is too early to see any substantial effects. Furthermore, the nature of talent retention efforts makes more precise evaluation challenging, as it is difficult to isolate the impact of a new initiative in relation to other factors (such as the general attractiveness of a place, for example).

Thus, validation of best practice has been done in three ways: by asking interviewees to estimate the effects and relevance of their different initiatives and to specify the main success factors for the initiative; by comparing initiatives to each other; and/or by assessing the innovativeness or originality of an effort or practice. Whenever possible, however, the study has sought to identify measurable effects of the efforts studied.

There is no clear and widely accepted definition of what a talent is and what talent retention for locations comprises, posing a methodological challenge for this study. Therefore, the research has more of an exploratory approach in its design, and a framework for categorising talent retention activities has been developed (see below in chapter 2).

1.2. Definitions, delimitations and focus of study

The Economist noted in 2006 that ‘companies do not even know how to define “talent”, let alone how to manage it’.

Some employ the term ‘talent’ to signify people who represent a small fraction of the workforce; highly skilled, highly educated and globally mobile top talent. Others use it as a synonym for the entire workforce, which risks becoming so broad as to be meaningless.

This study employs a definition that falls somewhere in between the above two extremes; talent is defined as skilled professionals with at least tertiary education. In addition, national and international students engaged in higher education are included in this group. Talent retention is defined in chapter 2.

The main focus of the study has been on retention of international talent that has moved to a location. However, systematic efforts that help retaining local talent or ‘re-attracting’ talent that has moved to another location or country back to their place of origin (‘sea turtle recruiting’) have also been studied, even though these are far more less common efforts. Policies and efforts aimed at attracting international talent to a location have not been explicitly studied. That said, it has become clear in the study that talent attraction efforts impact the prospects of retaining talent, and have therefore to some extent been analysed as ‘pre-arrival information and marketing’ activities. These are further described in the next chapter.

As for geography, the focus has been on the nine countries surrounding the Baltic Sea (Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland, Russia and Sweden). The main focus when studying initiatives on a regional level are on the main city regions in the BSR (the capitals and Hamburg, Gdansk and Saint Petersburg). In a few cases, more or less unique or innovative best practice activities have been identified in the second or third city region of a country, and have therefore been included.
2. Talent retention, talent mobility and talent attraction management

In a broader perspective, talent retention efforts implemented by locations can be seen as a part of talent attraction management, which has been defined as a holistic, integrated approach to efforts aimed at attracting, welcoming and integrating talents – and thereby facilitating mobility of talents. Talent attraction management can be categorised in four different types of components and supporting activities:

1. Talent attraction (which can be influenced by marketing activities).
2. Talent reception (such as welcoming and soft landing activities and services).
3. Talent integration (through for example social and professional networks).
4. Talent reputation (which can be influenced by efforts aimed at branding the location).

Figure 1 illustrates the relationship between the four different cornerstones of talent attraction management, with talent reception and talent integration highlighted, as these are deemed the most significant for talent retention.

Figure 1: The cornerstones of talent attraction management

Talent retention is mainly about reception and integration of talents, even though talent attraction activities (e.g. honest marketing and relevant pre-departure information), as earlier mentioned, are arguably important for retention prospects, as is the reputation of a place in the eyes of its residents, both domestic and expatriate.

The overriding objective of talent attraction management is to improve conditions for talent mobility – so-called brain circulation – which helps ensure that talents find their way to where they are most needed, and have the greatest opportunities. It is argued here that if all locations would become better at all four steps of the talent attraction management model, mobility would increase. For example, the better reception a person gets when moving to a new place, the more positive the migration experience is seen as and – perhaps paradoxically – the more prone the person will be to move again. This also forms a rationale for increased co-operation in the BSR in the talent retention field: if all cities and regions will be better at building their reputation for attracting, welcoming and integrating talent, and at the same time increase collaboration in promoting talent mobility in the region, the conditions for mobility between the BSR countries would increase.

Strategies and tools for retention of talents can take many forms. In this study, the policy efforts and activities for talent retention identified have been categorised as follows:

1. Pre-arrival information and marketing, aimed at providing relevant information and creating sound pre-arrival expectations, through for example honest marketing.
2. Welcoming and soft landing, aimed at making the first point of contact with and impression of a new location positive and to help newcomers to settle in smoothly.
3. Social and professional integration, aimed at helping international talents and students (both national and international) integrate into society and work life.
4. Labour market readiness, aimed at preparing labour markets for taking on talents and, vice versa, preparing talents for labour markets.
5. Leaving support aimed at preparing talents for mobility and for making their departure from a location positive.

Efforts categorised as part of categories 2-4 are especially in focus as these are considered most important for talent retention, even if categories one and five arguably form important, integrated components of the talent retention toolbox. For example, by providing relevant pre-arrival information and
ensuring that marketing is honest, it is assumed here that the stay in a foreign country will be more in line with expectations and thereby contributes to talents choosing to stay longer. The same goes for support for leaving: the smoother and better experience leaving one place is, the better the prospects for settling in into the new place will become, it is argued. Hence, better leaving support will lead to both increased mobility in general and to better settling in and integration in a new location. There is also a link to ‘re-attraction’ (‘sea turtle recruiting’) efforts: if the leaving of a location is smooth and positive, the likelier that a person will come back to that same location.

Figure 2 visualises the sequential relationship of talent retention actives. It should be noted that efforts in especially step four, labour market readiness, also could focus on retaining domestic talents in a location.

A broad range of efforts that are explicitly or more indirectly used to retain talents has been identified in this study and these different types of talent retention efforts are illustrated in the five categories:

1. Pre-arrival information and marketing efforts aimed at providing relevant information to international talents prior to their departure through, for example, information portals and honest marketing.

2. Welcoming and ‘soft landing’ efforts focusing on helping talents to settle in in the new location during the first period of their stay, for example through introductory events, assistance with relocation, paperwork or dual career matters, i.e. help for partners to find jobs.

3. Help with social and professional integration into the host location through, for example:
   - Language studies.
   - Social, business and professional networks.
   - Efforts to create cultural understanding.
   - Awareness-raising efforts aimed at changing attitudes of the host location and employers towards international expats and immigrants.

4. Labour market readiness: efforts explicitly aimed at retaining local and international talents by matching them with labour market needs, such as career advice and job seeking events, as well as upgrading firms’ human resource (HR) practices to cater to talent and ‘work training programmes’ matching talents to specific business needs.

5. Leaving support: efforts and support around leaving a place and global mobility, i.e. efforts aimed at preparing expats for international mobility in general, as these help the expats to settle in into both their current location and any next location they may come to, or that help make the leaving experience more positive, such as ambassador and alumni networks.

Table 1 outlines the five categories and examples of measures that have been identified in this study. These measures form the basis for the Talent Retention Toolkit, also published within the frame of ONE BSR project.

It is argued here that successful talent retention rests on that the different parts of the Talent Retention Roadmap are integrated into an ecosystem that caters to talents at different stages of their arrival or settling-in process. Thus it is a matter of both linking up existing services and amenities and tailoring them to talents’ needs and, whenever a service is lacking, ensuring its availability.

### 2.1. Why is talent retention important?

The war for talent became a hot topic in the business world by the end of the 1990s, referring to an increasingly competitive landscape for attracting, developing and retaining talented employees. According to some observers, this competition for
talent is poised to become one of the most defining economic issues of the 21st century.

What are the global drivers behind this development? One of the main ones is low birth rates and aging population, a trend that increasingly leads to talent shortages. In Europe, 2010 marked a turning point: it was the first year with labor market entrants falling lower than retiring workers. And despite a growing global population, the availability of skilled talent is actually shrinking, and no longer just in advanced, aging countries. Even emerging markets such as China and Russia are feeling a demographic crunch. Hence, global employers face the challenge that, despite a growing global population, they will soon have to recruit from a shrinking workforce, leading to intensified competition for talents – and intensified efforts to keep and develop those that already are in a place.

To give one example, the European Commission estimates that by 2020 there will be a shortage of about 1 million professionals in the health sector and up to 2 million taking into account also ancillary health care professions. By 2015, it is estimated that shortages of information and communications technology practitioners will be between 384,000 and 700,000 jobs.

The increasing role of innovation, creativity and knowledge is another driver. In the constantly evolving knowledge-intensive economy, access to talent is a main driver of productivity, innovation and economic growth. Thus, attracting and retaining highly-skilled talent is a crucial element in the efforts to create favourable conditions for growth in specialised and knowledge-intensive companies, cities or regions. In addition, the increasing specialisation adds further pressure in regions to attract the best and the brightest. When both firms and regions increasingly specialise around core competencies, they demand highly-specialised skills that are not always readily available in their own region or even country and must be attracted on an international market.

New technologies and the role of place is another driver. ICT enables people to work globally without changing location. In that sense, work now is much weakly connected to geographic location and has in some cases led to flexible work models. At the same time – paradoxically – the role of place is increasing: economic growth is concentrating to urban regions and clusters of businesses where proximity and knowledge-sharing leads to innovation. This, in turn, helps drive urbanisation. The rapid urbanisation is another driver, making talent attraction and retention increasingly challenging for rural communities. The lure of cities has never been greater than it is now and changing economic, cultural and lifestyle preferences make cities powerful talent magnets.

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4 Ernst & Young, 2011
5 European Commission, 2010
2. Talent retention, talent mobility and talent attraction management

Against this background, one can conclude that the global competition for talent is increasing, and that locations in Europe and the Baltic Sea Region need to take proactive steps to retain more talents longer. Indeed, the country overviews (chapter 6) show that all the BSR countries face talent shortages in key sectors of the economy.

The economic impact of international talents and skilled professionals has been underlined in several studies, forming a rationale for increased efforts to facilitate their attraction and retention. In the Baltic Sea Region context, most studies that have managed to put a figure on talent retention have been carried out in Denmark:

- **International talents are a good investment for society:** a report by the Centre for Economic Business Research at Copenhagen Business School shows that the average expat family add approximately DKK 1.9 million (EUR 255,000) and the average single expat adds DKK 900,000 (EUR 121,000) to the Danish economy. The report concludes that attracting and retaining international talents is a sound investment.

- **Retaining talents longer is also a good investment:** according to the mayor of Copenhagen, Frank Jensen, who has said in a speech that if the City of Copenhagen would manage to retain all international talents for six months longer, this would yield economic benefits of DKK 6.4 billion (EUR 8.5 million).

- **Retaining international students contributes to government finances:** if Denmark would attract 1,000 more students a year that can contribute to society, this would improve government finances by DKK 750 million (EUR 100 million) a year. Broken down to an individual city, this means that if a city can ensure that 10 international students stay and work for a year, it yields benefits of DKK 7.5 million.

As for domestic talent, the fact that their education has been provided by the public sector in the country is a strong reason for many countries to try to retain them in larger numbers or persuade them to return to the country after a number of years working abroad.

2.2. Why do talents leave a place?

According to the review of reports and analyses and interviews carried out for this study, the following reasons why international talents leave a place were identified:

- **Lack of jobs for accompanying partners.** For example, a study referred to by an interviewee of this study showed that in 62 per cent of cases where expats leave the country earlier than planned, it is because their spouses could not find work.

- **Lack of social and professional integration** for the talent and his/her family. There are indications that the first six months are critical in this regard; if a person and his/her family are not establishing well in their host country during this time, there is a high chance that they will leave the country.

- **Language barriers**, both when it comes to finding ways to learn the local language as well as obtaining corporate and public information in English. As an illustration, even though many multinational companies in the BSR countries have English as a corporate language, much formal and informal communication is still conducted in the local language.

- **Practical problems and red tape** when it comes to issues such as official paperwork, finding housing and bank and insurance matters, to name a few.

- **Lack of career opportunities and low salary.** For example, a study of life science top talent in the Stockholm Uppsala life science region, conducted also as a part of the ONE BSR project, found that career opportunities and salary were the two main reasons why talents choose to leave the region.

In addition, there are also push factors that help explain why domestic talents choose to leave their country of origin.

The strongest push effect comes from lack of economic opportunity: when an area offers too few economic opportunities, some of its residents will feel compelled to leave in pursuit of opportunity elsewhere. In addition, cultural and lifestyle factors also come into play: if a place is seen as non-dynamic and ‘boring’, especially by young people, they may move to places that offer more vibrant cultural and social life. An intolerant and closed social atmosphere may contribute to pushing those belonging to a minority group away. Finally – albeit difficult to do something about – weather can play a role as a push factor, and it is especially harsh and dark winters that can have an effect on location decisions.

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7 Centre for Economic Business Research at Copenhagen Business School, 2011
8 Danish Radio, 2013
9 AmCham Denmark et al, 2010
10 ONE BSR and Sweco Eurofutures, 2014
11 International Regions Benchmarking Consortium, 2009
3. Talent retention policy

Here, an overview of relevant national policy and legal frameworks in the BSR countries that have an impact on talent retention is given, as well as a summary of the extent to which each country in the region prioritises talent retention in policy and concrete efforts. Please refer to the country overview chapters for a more elaborate description of policy frameworks of each country (chapter 6).

All countries in the region have by now adopted the EU Blue Card Directive, which is harmonising national legislation with regard to attracting highly qualified migrants. Read more about the Blue Card scheme in box 1.

As for national policy frameworks, it is clear that issues that relate to talent retention, attraction and mobility have received increasing attention in the policy debate in the Baltic Sea Region countries the last few years. There is an increasing realisation of a need to step up efforts to be able to compete for the best and the brightest on a global scale. However, only a few countries have moved from words to action. One illustrative example is the time that international students can stay in a country to look for a job after finishing their studies. A few countries have extended the period during which students can stay, the prime example being Germany that has extended the period from six months to 18 months in order to better retain students. Finland is discussing an extension from its current six months. In Poland, Latvia and Lithuania, where there is no such scheme in place at all, there have been policy discussions on extensions in the last few years, but to date no policy changes have entered into force. However, there is a European Union legislative proposal being negotiated currently that would give non-EU students in all EU member states the right to stay 1.5 years after graduation in the EU to look for a job or start their own company.

Another illustration of the low focus on talent retention in the respective countries is the pre-arrival information given. Only in Denmark, Germany and Sweden, and to some extent in Finland, has a stand-alone portal been set up to provide comprehensive information about working and living in the country. In some of the countries, finding basic information on visa regulations and information about living in the country is a difficult feat, and information is often presented in a bureaucratic, non-accessible manner. On the city level, most cities do not have an exhaustive ‘work in’ portal.

When it comes to the labour immigration system, essentially two schemes are possible:

**BOX 1: WHAT IS THE EU BLUE CARD SCHEME?**

The EU Blue Card scheme helps attract highly qualified migrants to Europe, supporting Member States’ and EU companies’ efforts to fill gaps in their labour markets. It provides a common and simplified procedure and ensures that potential migrants know what they need to do, whichever Member State they are planning to go to, rather than having to face 24 different systems (Denmark, the UK and Ireland all exercised their opt-out from the Directive).

Once a Member State grants a Blue Card to a migrant, after two years that person may then benefit from free access to highly qualified employment positions in that Member State and may also move to another EU Member State.

It is a demand-driven instrument, which does not grant a right of admission and respects Member States’ prerogative to determine the volume of labour immigrants entering their territory for the purpose of highly qualified employment. In the same vein, the Directive does not prevent Member States from having their own system of national residence permits for highly skilled migrants, but such national permits cannot grant the right of residence in other EU Member States that are included under the Blue Card Directive.

Even years after the transposition deadline passed, some EU Member States had yet to fully enact the law or give the rights fully promised in the directive. In the BSR, several countries have received warnings from the European Commission that the implementation of the Directive has been too slow. The last two countries in the region to adopt it have been Lithuania and Sweden, who both adopted the scheme fully in 2013.
3. Talent retention policy

- **Supply driven (and government led)**, focusing on broader and perhaps also more long-term human capital needs with governments identifying and assessing both the needs and selecting the people admitted.
- **Demand driven (and employer led)** that focuses on satisfying the immediate needs of the labour market by letting employers select individuals for specific vacancies and then request a visa from the government.

The demand-driven approach is the most common worldwide, and also in the BSR countries. A common feature of the demand-driven scheme is that labour market tests are conducted, meaning that before a company can hire an international worker they have to demonstrate that they have searched for an employee in the local, national or EU labour market, and failed to find a suitable candidate. This can be a lengthy process of several months. It is common, however, that some occupations are pre-cleared and exempted from the requirement to conduct labour market tests. In addition, using pre-defined quotas for the number of people that can be admitted are common in the demand-driven system.

In the analysis, it has become clear that **Denmark** and **Finland** are first-movers in the talent retention space. In these countries, there is a comparatively high focus on both attracting and retaining international talents in national policy and in terms of concrete initiatives. The focus is evident when one looks at the number and comprehensiveness of concrete initiatives to retain talent: initiatives have been launched across the board of the talent retention ‘continuum’, from elaborate pre-arrival and welcoming services to integration and ‘leaving’ efforts (the talent retention tools are further explained in chapter 2). Most best practices are found in these countries too (best practices are discussed in chapter 5). In the **German regions** studied, especially the less urban ones, there is a focus on retaining domestic talent rather than international talent. In Hamburg, there are a few initiatives that help retain talents. In **Estonia, Latvia, Lithuania, Poland, Russia** and **Sweden**, very few initiatives have been launched that are explicitly formed to cater to the needs of international talents.

As for retention of local talent, a few initiatives have been identified in Estonia and Poland, whereas Latvia and Lithuania seem to have set fewer initiatives in motion, even though many – especially young, highly educated – talents have left these countries during the last decade.

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15 Sweden is often highlighted as a best practice case, where no labour market tests are conducted and employer and employee match can be made as fast as in one day (ibid.).

16 In cases where no major policy steps have been taken to retain talents and/or no initiatives / efforts are in place to welcome or integrate talents, the grading “low” has been given. In cases where some policy steps have been taken and/or a few concrete initiatives (but less than five) have been taken, the grading “medium” has been given. Finally, in cases where major policy steps have been taken and/or many (more than five) concrete initiatives have been identified, the grading “high” has been given.

Table 2 summarises the type of policy framework for labour immigration, the extent of post-study job seeking schemes and the extent to which policies that facilitate talent retention are in place and concrete talent retention efforts have been implemented in the respective countries.

Policy focus and number/comprehensiveness of efforts are weighed together and categorised as either low, medium or high focus.
### Table 2: Overview of policy framework and focus on talent retention by country

<table>
<thead>
<tr>
<th>Country</th>
<th>Labour immigration system</th>
<th>Period international students can look for job</th>
<th>Focus on retention policy and concrete efforts*</th>
<th>International talent</th>
<th>Local talent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>Hybrid supply (points-based) / demand driven</td>
<td>6 months</td>
<td>High</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Estonia</td>
<td>Demand-driven with quotas and labour market tests</td>
<td>6 months</td>
<td>Low</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>Demand-driven for highly skilled</td>
<td>6 months</td>
<td>High</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>Demand-driven, with supply driven elements</td>
<td>18 months</td>
<td>Medium</td>
<td>Low / medium**</td>
<td></td>
</tr>
<tr>
<td>Latvia</td>
<td>Demand-driven, labour market test with some exemptions</td>
<td>No scheme</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td>Demand-driven, labour market test with some exemptions</td>
<td>No scheme</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>Demand-driven</td>
<td>No scheme</td>
<td>Low</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>Demand-driven with quotas</td>
<td>N/A</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>Demand-driven, all skill levels, no labour market tests</td>
<td>6 months</td>
<td>Medium</td>
<td>Low</td>
<td></td>
</tr>
</tbody>
</table>

* National level and selected city regions combined
** Low in Hamburg and Schleswig-Holstein, medium in Mecklenburg-Vorpommern
4. Policy recommendations

A number of policy recommendations that are mostly relevant on the national policy level have been formulated, based on the analysis of current policy frameworks, the challenges and barriers faced by each country and the future opportunities in talent retention in the BSR countries (consult chapter 6 for further details about each country). This analysis is based on previous analyses and the interviews carried out for this study.

- **Streamline the process to obtain work permits** as it is an overly bureaucratic process in many of the countries, and regulations are often either incomprehensible or described in an incomprehensible manner. National policymakers and government officials need to take steps to make the process to obtain work permits more transparent and seamless.

- **Improve pre-arrival information**: many of the countries in the region should give better information on how to obtain work permits and on living in the country, through for example official ‘work in’ portals. This should be a task primarily for ministries and/or government agencies dealing with foreign affairs or public diplomacy, investment promotion, immigration and/or labour market issues.

- **Decoupling work permits from specific employers** to make it easier for international talent to switch employer and stay longer. It is a responsibility of national policymakers to address this policy.

- **Introduce measures that improve the attitude to foreigners** in the BSR countries. A broad, societal issue, it should be the task of a large range of actors, such as policymakers, national and regional administration, media, universities, businesses/employers and civil society to ensure an open climate to immigrants and expats.

- **Post-study job-seeking schemes**: to facilitate retention of international students, those countries that do not have a post-study job-seeking scheme in place (Latvia, Lithuania and Poland) should introduce such schemes. This falls under the responsibility of national policymakers.

- **Improve language teaching of the local language to foreign students** to improve their employment opportunities, which is a shared responsibility for triple helix actors: universities, public sector and businesses.

- In the countries that have suffered most from emigration of talent, such as Estonia, Latvia, Lithuania, Poland and Russia, more efforts can be done to improve retention through tailored efforts to train young graduates so that their skills meet industry needs. This ought to be a shared responsibility of triple helix actors: public sector, universities and employers.

- These countries can also **intensify efforts to ‘re-attract’ young talents** that have left the country to pursue work elsewhere. Here it is mostly national administration, such as foreign ministries and trade and investment promotion agencies in collaboration with their foreign representations that need to act, in collaboration with business stakeholders such as chambers of commerce and large employers.

Recommendations for concrete efforts and practices on the sub-national; local and regional level, are outlined in chapter 5.
5. Best practice efforts, approaches and recommendations

In this chapter, a total of 11 talent retention efforts or practices that are considered best practice will be described.

The best practice efforts and practices also form the basis for the recommendations on concrete efforts that can be undertaken on primarily the regional and local levels.

It is important to underline that it is not always an entire case that is presented as a best practice, but rather elements of the case, such as using an effective or innovative practice, approach or working method.

The same goes for the best practices; some of them are concrete activities, as outlined in table 1, whereas others are more of methods or approaches to talent retention.

The **11 best-practice recommendations** are:

1. Create sound pre-arrival expectations through honest marketing and expectations management.
2. Create one-stop-shop solutions for welcoming and soft landing for talent.
3. Involve talents and social entrepreneurs in expat services – going from the triple helix to the quadruple helix.
4. Help create professional and social networks for talents.
5. Use cluster networks and open innovation platforms to facilitate soft landing and integration.
6. Take steps to understand talent needs.
7. Take steps to understand and satisfy business needs.
8. Use internal branding and profiling to improve local pride.
9. Employ ‘sea turtle recruitment’ to re-attract the diaspora.
10. Professionalise the talent management role.
11. Create awareness and mutual cultural intelligence between international talents and host communities.

In the following, each best practice is elaborated further. In addition, concrete cases that help illustrate the efforts or practices are described in 11 case boxes.

1. **Create sound pre-arrival expectations**: It is assumed here that the better informed international talents are before arriving at a new place, the more likely it is that they will feel at home and stay for a longer period. In this regard, several talent retention efforts identified in this study offer interesting insights. For example, the VALOA project (described in case profile 1) in Finland arrived at the conclusion that ‘honest marketing’ is a key factor for creating sound expectations among international graduate students coming to Finland as for the importance of learning Finnish to find a job in Finland. Taking up where VALOA left off, an initiative taken by the University of Helsinki as a part of its participation in the ONE BSR project has shed light on how teaching Finnish to international students can be improved. This initiative has identified expectations management in the sense that it is important to communicate to international students what level of Finnish knowledge is needed to find jobs in Finland as one key factor in talent retention. Similarly, the Consortium for Global Talent (described in case profile 2) in Denmark, underlines the importance of deciding from which point of view a country, in this case Denmark, should be marketed: is it for example work-life balance, the cultural offer, or something else that should be highlighted?

2. **Create one-stop-shops for welcoming and soft landing solutions**: International talents arriving to a new place need, among other things, to get paperwork in order; register their address, for a civic registration number and with the tax authorities, find accommodation, find social events and networks and more. Often this is a time-consuming process as different public authorities, at both national and local level, are in charge of different services, and, at its worst, a burdensome, illogical and bureaucratic process, as described by interviewees of this study.

Gathering services in one physical place can help streamline this procedure, both by offering the services in one location and by facilitating that public authorities and their private and academic partners package their service offering in a co-ordinated and comprehensive way.

A best-practice initiative in this regard is **International House Copenhagen**, that offers a range of services such as assistance with official paperwork, relocation, job searching, introduction to Danish working and living conditions and networking in one physical place. It is based on a collaboration between the City of Copenha-
CASE 1: THE VALOA PROJECT – IMPROVING EMPLOYMENT OPPORTUNITIES FOR INTERNATIONAL GRADUATE STUDENTS IN FINLAND

The goal of the VALOA project, active in 2009-2011, was to promote international students’ possibilities to find employment in Finland. The project created concrete tools for employers and staff at universities and polytechnics. It was led by the University of Helsinki and supported by the City of Helsinki and business organisations, as well as universities in Oulu and Tampere.

The main issues addressed through the project were:

1. **Increasing the knowledge base about the employment of foreign graduates in Finland.** The survey ‘Employability of International Graduates Educated in Finnish Higher Education Institutions’ examined the employability of international graduates educated in Finnish higher education institutions during 2009 and 2010. According to the study, Finland does not make adequate use of the international students educated in Finland.

2. **Increasing the competence of university careers services in relation to international students,** where the main output is the Toolkit for HEIs, a portal advising on ‘orientation & integration’, ‘career guidance’ and ‘employer collaboration’.

3. **Raising employers’ awareness about the possibilities and benefits of recruiting international graduate students,** which was done mainly through the BeGlobal campaign. It was aimed at employers, with the goal to encourage companies to hire international experts and to find co-operation partners from international higher education institutions by highlighting success stories. Another innovative part of this work package was the Culture Coaching programme implemented in Oulu, which linked international graduate students with local SMEs (read more in case 5). The awareness-raising task is emphasised as the most important one for truly improving the employment opportunities, in particular in SMEs, for international students. Large companies and SMEs already among the ‘believers’ in the benefits of international recruitment were perceived to be easier to reach out to. The project produced a comprehensive campaign with some success stories, and got some media attention directed at the issue. The project tried some innovative pilots to improve the quality of contacts between international students and companies, whereof mentoring and culture coaching continue to live on in Oulu today (read more in case 5).

One key conclusion emerging from the project is that honest marketing to international students is essential for creating sound pre-arrival expectations, for example when it comes to the need to learn Finnish to increase chances of finding a job after graduation. Another lesson learned is that general networking for the simple reason of raising awareness, where the value proposition is low and where a concrete proposal for action or concept is lacking, will not draw SMEs attention to this kind of projects. However, proposing concrete programmes or initiatives to the SMEs, such as culture coaching or mentoring is a much better choice to mobilise their interest.

The most tangible long-term result of the project is that at participating universities, in international study programmes components of co-operation with businesses, have become part of the curricula to a greater extent than before.
CASE 2: CONSORTIUM FOR GLOBAL TALENT – CREATING AWARENESS AND A TALENT-FRIENDLY CLIMATE

An initiative in Denmark offering best-practice insights is the Consortium for Global Talent (CGT). One of the success factors of the initiative is the fact that it has managed to create a consortium of the most recognised, high profile brands in Denmark, thereby being able to speak with a strong and legitimate voice on behalf of its members.

It functions primarily as an opinion forming body, striving to influence the framework conditions for international expats in Denmark and the way society views foreigners and the effects they have upon society. It is supported by 18 member companies, which represent some of the largest and most well-known companies and employers in Denmark such as Maersk, Novo Nordisk, Carlsberg, Lego, Microsoft and Arla Foods. CGT also works in close collaboration with public sector organisations and the main universities in Denmark.

Issues that CGT tries to influence are for example that authorities should provide more information in English, the availability of international schools, the opportunities for spouses to find jobs and social networks and, perhaps most importantly, that the government should develop long-term strategies for attracting and welcoming foreigners that transcend political terms, irrespective of temporary ‘fads’.

CGT has identified social networks for expats, and especially those of spouses, as the most pressing challenge to tackle for long-term talent retention to be effective. More interaction between expats and Danes is needed.

Another important element of talent retention stressed by CGT is that it is important to create sound expectations and promote a true image of Denmark among expats before they arrive to the country. It is not certain that Denmark suits everyone, so it is important to be clear in marketing about what Denmark stands for.

A success factor for talent retention is to take the area seriously, because it is an important area to work ambitiously with, and to launch events that put the issue on the agenda.

CGT representatives have a very positive view on regional co-operation in the Nordic/BSR context. In order for the region to be competitive in the future, regional co-operation and co-ordination in the talent mobility field will be decisive and increased in the future. It is also underlined that talent attraction should avoid becoming protectionist – therefore mobility is the key issue at stake and needs attention in the years to come.
Best practice efforts, approaches and recommendations

3. Involve talents and social entrepreneurs in expat services – ‘from the triple helix to the quadruple helix’. The study has indicated that social entrepreneurship can help tackle many of the needs talents have when it comes to welcoming and social and professional integration. Especially by involving the talents themselves in service provision, understanding needs and designing services and support measures naturally become easier. One best-practice initiative in this regard is found in the Global Expat Centre Stockholm, which started as a social venture. A non-profit centre, it is staffed with more than 20 expat volunteers and works to provide post-relocation services and support for global talent mobility. Read more about the initiative in case profile 4.

Hence, when building partnerships for talent retention, the ‘traditional’ configuration of partnerships for economic development, the so-called triple helix involving public sector, business and academic partners, may need to be complemented with social entrepreneurs as a fourth sector, as illustrated in figure 3.

Figure 3: Illustration of quadruple helix partnerships

4. Help create professional and social networks is a key issue for improving retention prospects for international talent. For social networks, it is a matter both of creating social contacts to other expats and to locals. Many expat centres, such as Global Expat Centre Stockholm and International House Copenhagen work with activities aimed at this. Another interesting example is found in Finland, where several university cities run Family Friendship programmes (read more in case 5) to promote social contacts between international students and locals. As for professional networks, interesting best practice cases that focus on creating links between business and students have been identified. Finland has been a pioneer in setting up mentoring programmes and culture coaching initiatives (read more in case 5) that promote the creation of professional networks of students. The Demola initiative, described in case 7, promotes both social and professional contacts between international students and locals as well as making students co-creators of new solutions and innovations.

5. Using cluster networks and open innovation platforms to facilitate soft landing and integration. Established networks that have emerged from or been actively created as a part of business cluster initiatives can be used to both welcome and make talents feel at home. The social and professional networking activities of cluster initiatives in Hamburg serves as a good example here, described in case 6 on GameCity Hamburg.

Another activity, which cluster networks can be employed to support, is to use open innovation platforms for talent retention. The purpose is to involve students in the firms and community and give them a chance to contribute with their skills. One of the best examples of this is the Demola open innovation platform launched in Tampere, Finland, and now active also in Sweden and Lithuania. Read more about Demola in case 7.

A key aspect here is the idea of co-creation, where talents become part of creating new innovations, solutions or project to the benefit of businesses or the locality. It is argued here that co-creation helps – on top of the concrete benefits such as job creation or innovation – to create deeper ties and affinity between the individual and the locality.

6. Take steps to understanding talent needs: One way of serving talent needs is to, as indicated above, involve talents in service provision. Another way is to try to analyse what needs they have. A frontrunner in this regard is the EXPAT Project, which has used innovative approaches to understanding talent needs. An EU-supported project with partners from cities in Estonia, Finland, Latvia and Sweden, it has, among other things, conducted a survey among 771 expats in the main cities of these four countries. Using Maslow’s hierarchy of needs as a frame-
CASE 3: INTERNATIONAL HOUSE COPENHAGEN – A ONE-STOP-SHOP FOR WELCOMING AND SOFT LANDING

The International House Copenhagen is a best practice initiative in terms of its ambition to create a ‘one-stop-shop’ for talents arriving in Copenhagen.

Inaugurated in June 2013, it is a collaboration between national government, City of Copenhagen, universities and private companies. Initiated by the City of Copenhagen and University of Copenhagen, in one centrally located physical space, international newcomers get co-ordinated assistance with all the necessary official paperwork and an array of offers of services – including advice on job hunting, introduction to Danish working and living conditions and help to create a social network. Other services include various help to accompanying spouses, relocation help, CV-writing and more. The International House is also a hub for visiting professors, PhD students and researchers providing services, a social network and a researcher hotel.

The International House Copenhagen is financed through its tenants and the rent they pay. Initial costs have been carried by the City of Copenhagen and University of Copenhagen. A small budget for communication, co-ordinating of events, reception and so on is established and coordinated by CPH International Service/ Municipality of Copenhagen.

5. Best practice efforts, approaches and recommendations
CASE 4: GLOBAL EXPAT CENTRE STOCKHOLM — SOCIAL ENTREPRENEURSHIP FOR GLOBAL MOBILITY AND SOFT LANDING

The Global Expat Centre Stockholm provides post-relocation support for expats and their families to settle into their new home city, as well as to become prepared for global mobility. The services provided at the non-profit organisation are financed by income generated through professional language and cross-cultural services, member fees from partnering companies, university members and individual members, who can apply for different levels of membership with different benefits, as well as the investment promotion agency of Stockholm, Stockholm Business Region Development. Besides the qualified professional staff, which facilitates the cross-cultural, language and spousal support related services, over 20 volunteers carry out many of the activities related to social networking.

Global Expat Partners was founded in 2009 by an expat, a former HR professional, living in Stockholm who identified a great need for post-relocation services in the city. In 2011 a physical location, the Global Expat Centre, was established, and which is still managed by the founder. It is thus an example of social entrepreneurship. One of the most interesting features of the Global Expat Centre is that it involves both the expats themselves and locals in design and carrying out services, as well as the City of Stockholm, employers and higher education institutions (HEIs). It could therefore be described as a ‘quadruple helix’ initiative (rather than a triple helix initiative).

The centre works based on a model called the ‘Stockholm model’ that has been developed in collaboration with all stakeholders in global mobility and a psychology professor at Stockholm University.

The model has four cornerstones:
1. Cross-cultural awareness and communication: composed of workshops of which the ultimate goal is to build ‘cross-cultural competency’ between expats and the host country.
2. Language training: tailored Swedish, but also Chinese and English courses are offered.
3. Spousal support, comprised of workshops related to well-being, addressing topics such as ‘parenting third culture kids’, ‘global identities’ and ‘beating the winter blues’ and job support, facilitating dual career couples, by providing training on Swedish business culture, CV writing and interview training. Support to spouses has been identified as one of the major issues for facilitating retention of expats.
4. Social & business networking: Activities such as intercultural exchange and embassy visits, company visits, international coffee mornings and outdoor family activities.

The centre works with the motto that it offers ‘A Home Away from Home’ at the centre’s premises.

The centre works from the starting point that it wants to make life easier for expats and help create connections and understanding between local communities and ‘global nomads’. This requires that not only the expat needs to understand the host country’s culture, but also that the host country tries to understand the culture of the expats.

Another basis for the work is the idea that an expat – who often possesses skills that may be globally demanded – make not only one choice when deciding to go to a destination, but many, continuous choices of whether to stay in the country or go back home or go to yet another place. Expat services, therefore, cannot be only about welcoming talents to a place, but also make them feel home and comfortable in the place in the longer run.
5. Best practice efforts, approaches and recommendations

work, the research identifies what needs international talents have at different stages in their relocation and settling-in process, and where the cities surveyed may need to improve services. See figure 4 for an illustration of how Maslow's hierarchy of needs can be applied to understanding different talent needs.

Figure 4: Maslow’s hierarchy of needs pyramid as applied to talent needs

Among the conclusions of the survey were that expats find it difficult to find information about leisure-time activities where they can meet other expats and locals. As a result, some of the participating cities are now planning and designing services based on the research results. One example is the Expat Helsinki Information portal (www.helsinkiexpats.info), which was launched as a test pilot spin-off to the EXPAT Project (read more about the EXPAT Project in chapter 7.1), and is meant to improve service provision of services, events and leisure time activities that cater to talents’ needs.

Other tools to understand talents needs and wants include using focus groups, direct interviews or ‘social media listening’, so called talent intelligence.¹⁷

7. **Take steps to understand and satisfy business needs** is a key factor when it comes to engaging business in talent retention. In this context, three cases contribute with insights from three different perspectives:

- **Incentivising talent retention work**: the *Copenhagen Talent Bridge* project has drawn conclusions about how to articulate the need for improved talent retention work so that it benefits business, thereby *incentivising* the work for companies. The conclusion is that public sector actors need to a larger extent adopt the language of the private sector when addressing the need for more involvement of companies in retaining talents. Read more about Copenhagen Talent Bridge in case profile 8.

- **Tailored local talent development to match business’ needs**: to meet the Business Processing (BPO) Industry’s need for skilled labour in the Polish region of Pomerania, the Invest in Pomerania agency, higher education institutions, the regional employment agency and several of the main BPO firms launched a ‘BPO College’. It is a six-month training course targeting unemployed university graduates, tailored to meet the needs of the rapidly expanding BPO industry. The BPO College is described in case profile 9.

- **Mobilising SMEs in talent retention**: the VALOA project (described in case 1) in Finland aimed at promoting foreign graduate students’ possibilities to find employment in Finland. Based on a triple-helix partnership, the project, among other things, aimed at creating awareness among Finnish firms of the benefits of hiring international students. One component of the project was ‘culture coaching’ (described in case 5), where international students were assigned as coaches to SMEs helping them to export and internationalise by using their know-how of markets and business culture of their home countries. One conclusion of the VALOA project is that to create awareness among SMEs, just inviting to them to general networking is not enough; concrete benefits must be offered in order to entice them to participate in activities, which here serves as a recommendation.

8. **Use internal branding and profiling** to make talents, both domestic and international, more proud of the location they live in and what it offers, thereby making them less prone to leave. A best practice example in the BSR is the *mv4you* initiative in Mecklenburg-Vorpommern, Germany, that with both rational arguments and emotional messages strives to persuade talents in the region to stay. Read more about mv4you in case 10.

9. **Employ sea turtle recruitment – re-attracting the diaspora**: attracting back nationals that have left the country to

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¹⁷ Tendensor, 2014
**CASE 5: FINNISH UNIVERSITIES AND REGIONS – FRONT RUNNERS IN STUDENT RETENTION EFFORTS**

Finnish universities and regions have been pioneers in designing and implementing efforts that aim to integrate international students through professional and social networks. In Tampere, the main universities have launched different mentoring programmes that strive to connect students with businesses and entrepreneurs. The Demola concept also has its origins in Tampere, (described in case 7). In Oulu, the *Culture Coaching* concept mobilises international students to help SMEs in their internationalisation journey. A brainchild of the VALOA project (case 1), the programme is a service provided by the University of Oulu and the Network of International Students in Oulu (NISO Ry). The service targets local businesses and organisations in Oulu and nearby regions that either already operate internationally or are planning to do so.

In addition, most of the larger university cities have set up *Family Friendship* programmes, aimed at giving international students a chance to have first-hand experience of the host location’s culture and way of life through contacts with a local family, in addition to life on campus. As the families get an opportunity to learn about the students’ home countries and cultures, the programmes promote mutual cultural awareness.

**CASE 6: WELCOMING AND SOFT LANDING THROUGH CLUSTER NETWORKING IN HAMBURG**

In Hamburg, cluster initiatives have been formed as public-private partnerships between the city, through the city’s business development corporation, HWF, and businesses in the strongest business sectors, such as ICT, logistics, aviation and media and gaming.

The cluster networks are at the centre of Hamburg’s retention efforts; they provide newcomers with both a professional and social network though different activities such as networking meetings and after work gatherings. The cluster co-ordinators also maintain close contact with the Hamburg Welcome Centre and can thereby help expedite working permits and relocation of people that have been recruited by a cluster member company.

To take the example of the gaming industry cluster initiative in Hamburg, GameCity Hamburg, there are many activities that focus on talent attraction and retention. Cluster co-ordinators are actively spearheading efforts to recruit game developers from universities in Germany, Denmark and the Netherlands. There is presently a lack of 400 game developers in Hamburg, which has become an obstacle to growth. Some companies have even begun outsourcing programming to countries in the Far East and former Soviet Union countries.

As the number people recruited from abroad to work for the cluster companies in the gaming industry is expected to grow, efforts to ensure a smooth reception and integration of talent will increase in importance.
CASE 7: DEMOLA – RETAINING STUDENTS THROUGH OPEN INNOVATION AND CO-CREATION

Demola is a university-business co-operation concept. It started in Tampere, Finland, and is now present in other locations in Finland, Sweden, Lithuania and a few more countries. The idea of the Demola concept is to facilitate concrete projects that test new ideas and mobilise university student talent. Multidisciplinary teams of university students in collaboration with companies produce demonstrations of new products, services and social practices, and gain the ownership of IPR that makes entrepreneurship possible.

Every year, Demola engages about 350 students in 80 projects in Tampere. More than 40 per cent of the students are international students, illustrating the potential of talent retention through the initiative.

There are five potentially strong effects that can help retain students:

- **Contact to employers:** participating students (both international and local students) receive valuable contacts to employers. More than 10 per cent of the students in Tampere were headhunted by participating companies, which helps ensure that they are retained in the region.

- **New jobs:** the Demola work often results in IPR or other ideas that result in the students creating new jobs in a firm or setting up their own business in the region.

- **Cultural effect:** international students get to work closely with local companies, giving them a chance to get to know the local business and work culture, which makes it more likely that they will stay and work in the location.

- **Social network effect:** a common complaint (and a reason why many leave after finishing their studies) among international students is that it is difficult to get to know local students. Through working in mixed teams with local students, and solving problems and creating something together, the likelihood that international students will get to know local students increases.

- **Co-creation:** the fact that students get to employ their skills and contribute to business and community development may increase their affinity with the place.

On the flipside, for many SMEs that traditionally have no exposure to the academic sector, the contacts with students have become an effective route to engage with academia. Many smaller companies may not be able to commit to receive a trainee or intern for a longer period, and for them the Demola collaboration becomes a convenient way to get academic input to their innovation work and get to know potential employees.

5. Best practice efforts, approaches and recommendations

- **Pursue opportunities abroad – so-called ‘sea turtle recruitment’** – is a measure most commonly observed in the Baltic countries and Poland, which all have seen a large emigration during the previous decades. Especially Estonia has launched high-profile efforts in this regard, with the Bring Talent Home Programme being the most prominent example. Read more about this in case 11.

- **Other examples of good practices of reaching ‘sea turtles’** include connecting with former networks in the home country of alumni, a talent scout abroad who mingles in offline expat networks, and contacting personal coaches or recruiters who are in dialogue with ‘sea turtles’ that search for an appropriate job and employer back home. Estimates show that there are about 200 million expats globally, of which 70 million want to return to their home country one day, presenting a large, often untapped, potential for international recruitment. The ‘sea turtles’ can bring valuable business, cultural and language skills and capital back to their home country. There ought to be large potential, especially for the Baltic countries and Poland, to also launch systematic initiatives to match talent with concrete opportunities in their respective countries.

10. Professionalise the talent management role: During the study, it has been possible to observe that today talent retention work among government agencies and regional and city government falls under the auspices of different policy areas or functions such as investment promotion, regional and business development, innovation and cluster development, human resources or culture, integration, education, labour market or research policy. Often there seems to be confusion about who will be re-
CASE 8: COPENHAGEN TALENT BRIDGE – CREATING A REGIONAL TRIPLE-HELIX PLATFORM FOR TALENT ATTRACTION AND RETENTION

A third initiative in Denmark that offers best practice insights is the Copenhagen Talent Bridge project. Co-ordinated by Copenhagen Capacity, the investment promotion agency of the Greater Copenhagen region, the objective of the project is to create a regional platform and regional collaboration in order to attract and retain international talents and their families to the Capital Region of Denmark.

The overall vision is to make Greater Copenhagen one of the strongest actors in the talent field. To this end, co-ordinated collaboration and knowledge sharing among relevant actors at both national and international level have been started.

Among the project goals are:
- Creating networks across regional and local authorities, ministries, enterprises, industrial clusters, professional organisations and educational institutions.
- Developing a regional talent strategy.
- Developing HR tools for international talent management in companies and at universities.
- Preparing and guiding 40 small and medium-sized enterprises for international recruitment.
- Offering employment opportunities to 300 researchers and 1,000 spouses.
- Developing new Danish language courses for newly arrived knowledge workers.

There is a strong focus on retention in the project, as the project management has come to the conclusion that a city like Copenhagen, with its present attraction factors (for example fewer international headquarters than many comparable cities), cannot compete for a much larger chunk of international, mobile talent. Instead, more impact can be made through better retaining those who have chosen to come to the city.

One lesson learned that the project has arrived at as the work has progressed is the realisation that talents coming to a place have many different ‘entry points’ into the location and therefore individual needs. For some the first point of contact is with a government agency when applying for a civic registration number or an official website providing information about living in the city. For others it is with a real estate agent when looking for accommodation. There is therefore no one solution that fits all. So instead of trying to create a linear chain that all talents go through, the talent bridge project relies on an open network or platform that enable multiple entry points for talents. The important thing is not who is in charge of welcoming a talent, just as long the welcoming is positive.

One of the challenges faced by the projects has been to get companies to participate in the work and a key component is to understand the incentives companies have. For example, if more talents stay longer in place, it is not something that necessarily benefits individual companies per se. However, if the talents can help companies to grow or gain export share, then it becomes more relevant for them – i.e. companies see more talent as a means to an end instead of a goal in itself. A conclusion, therefore, is that public actors need adapt their language when trying to persuade companies to join talent retention efforts in order to better incentivise it to them.
An interesting initiative involving triple helix collaboration can be found in the region of Pomerania. Business process outsourcing (BPO) is a rapidly growing industry in Poland that today employs more than 200,000 people (including Polish and foreign companies) in the country. At the same time, many BPO centres experience challenges in finding candidates with the right set of skills. The regional investment promotion agency, Invest in Pomerania, has therefore taken steps to together with major companies in the BPO industry, higher education institutions and government institutions, to train and educate unemployed people so that they meet the skill requirements of the companies in the sector.

Initiated in 2013 and funded by national labour market funds, the programme is based on a process of selecting candidates in four-steps:
1. In the first step, the industry is asked to assess their skill needs.
2. These needs are then presented to the education institutions involved who prepare a curricula based on the assessment.
3. The regional employment agency then match the skills profile with their database of job seekers, and then present a gross list of, in this case, more than 120 potential candidates.
4. From the list, the companies who have signed up for the partnership can choose 40 people that they would like to see trained.

The 40 candidates then go through 4-5 months training, both classes and in-service training in companies. The companies are guaranteed that they will get a first-hand chance to employ the person who has trained with them, and, as a quid pro quo, are obliged to offer the person employment on probation. Of the 40 people that started the college in 2013, 92 per cent have been employed directly after finishing the course, which is considered a tremendous success by the involved partners.

The programme is now to be scaled up, to both hire more people in BPO services training and to other two other sectors, customer care and logistics.

In order to underline the importance of the talent attraction and retention issue, it is here proposed that every larger city in the region should institute a chief talent officer. Just as cities have senior management functions for other policy areas, it would be natural to also have one for talent attraction management. Along the same lines, the EXPAT Project proposes that every city region should institute an expat liaison officer or office to improve soft landing information accessibility and visible expat service (read more about EXPAT Project in chapter 7.1).

11. Create awareness and mutual cultural intelligence: To date, many soft landing and integration measures have focused on informing international expats about things such as the political system and cultural habits of the place they have come to. However, several respondents in this study underline that it is more important to facilitate mobility and brain circulation in a wider sense by also improving the cultural awareness of both expats and host societies, and that one needs to go from providing one-way information to create mutual cultural understanding and intelligence. For example, by creating networks where international talents get a chance to meet locals, this aim is fulfilled. Again, the *Global Expat Centre Stockholm* is an example of best practice, as it strives to prepare its target audience for global mobility and as it involves local residents of Stockholm as volunteers in the work. Another good example is the *Consortium for Global Talent* that strives to create societal and political awareness of the positive impact international talent has on society in Denmark (read more in case 2).
CASE 10: MV4YOU IN MECKLENBURG-VORPOMMERN – COMMUNICATING JOBS AND BRANDING THE REGION TO TALENT

mv4you is a project-based agency under the Ministry of Employment, Gender Equality and Social Affairs of Mecklenburg-Vorpommern. The purpose is twofold: to attract skilled professionals with roots in Mecklenburg-Vorpommern back to the region, and to ensure that skilled professionals are retained. Launched in 2001 as an initiative to stay in touch with people from the region who move away to find jobs elsewhere, it has with time broadened its focus to include the retention of skilled professionals. One cornerstone is that it has kept in touch with those that the left the region and can now target them with offers to come back.

One key activity is to communicate what the region has to offer in terms of both jobs and quality of life with ‘internal branding’. Job opportunities are communicated on an online platform, where job seekers can register their profile and employers post job ads. When it comes to quality of life, focus is more on appealing to emotions by using attractive imagery and storytelling to communicate the region’s qualities. One ad for the region begins by asking the question ‘Homesick?’ (‘Heimweh’) against the backdrop of beautiful beaches in the region.

The agency also aims to create awareness among and train smaller firms in the region on how to modernise and use new technology, work with business ethics and equality and employer branding, in order to help them become more attractive to young talents. Projects, events and conferences are used to mobilise companies in this regard. There is also close collaboration with the main universities in the region.

Marketing includes going to job fairs in other places in Germany and to run campaigns targeting people commuting out from the region at railway stations and autobahn service stations with messages about the advantages of working in the region (such as ‘you don’t have to spend all day travelling’).

The initiative is to three-quarters financed by the government of Mecklenburg-Vorpommern, and to one-quarter by providing services to companies in the region. Companies, for example, pay for advertising jobs at the job portal of mv4you. The fact that companies are willing to pay for this service gives a hint of the outreach to potential employees; for example, mv4you sends a regular newsletter to more than 7,000 people that, among other things, include job ads and which is read by many of the receivers (20 per cent click rate).

One success factor for the mv4you initiative has been to appeal to people’s emotions and affiliation with Mecklenburg-Vorpommern by communicating images of the landscape of the region to both those they want to re-attract and those they want to retain. Other success factors include that it has provided services and information that is easy to access and an overview for both employees’ and employers’ perspectives.
CASE 11: BRING TALENT HOME PROGRAMME – A CASE OF SEA TURTLE RECRUITMENT RE-ATTRACTING TALENT TO ESTONIA

The Bring Talent Home Programme by the Estonian Chamber of Commerce and Industry was aimed to give Estonian exporters access to Estonians who study abroad or work there as qualified and skilled professionals. The programme lasted until 2012 and was supported by the European Social Fund.

The website (www.talendidkoju.ee) was used as job market tool, where companies could, for free, advertise job vacancies, traineeships or summer jobs. By the end of the programme over 20,000 people, who were at the time studying abroad or were working abroad, were contacted through the database. Direct contact was reached with 2,500 people from Estonia who had been studying abroad, who were matched with 2,500 companies who were looking for (highly) qualified workers. However, the results in terms if number of people that moved back were disappointing – only 27 people choose to do so in the shorter run. Even so, the project is, as the only larger-scale effort to get talents to return their home country, worth mentioning. Future projects should study the Bring Talent Home Programme and learn from its experiences.
6. Country overviews

6.1. Denmark

Current policy framework

Over the last decade, Denmark has taken substantial steps to attract more skilled talents, both at a national policy level and in terms of initiatives, both local and regional. Following indications that both Denmark and Copenhagen have been punching below their weight in the international competition for talent, measures have been intensified only in the last few years. As an example, in 2008 a focus on retaining international talents has been added, for example by improving provision of public services to expats through the setting up of International Citizen Service centres in the main cities.

Residence and work permits

The Danish system for work permits can be characterised as a hybrid system, with a mix of demand and supply-led pathways for international talent.

There are various options for residence and work permits:

- **The Positive List** is a list of professions in Denmark that currently lack qualified labour. International labour that is trained within one of these professions and simultaneously have an employment contract or a job offer meeting standard Danish salary and employment terms get particularly easy access to the Danish labour market.

- **The Pay Limit Scheme** enables internationals that have been offered a job with an annual salary of a minimum of DKK 375,000 (EUR 50,000) and simultaneously have an employment contract or a job offer meeting standard Danish salary and employment terms, particularly easy access to the Danish labour market.

- **The Corporate Scheme** provides the possibility of a residence permit for those who normally work in another country for a company that is also represented in Denmark.

- **The Green Card Scheme** provides the possibility to be granted a residence permit for the purpose of seeking work, and subsequently working, in Denmark. A residence and work permit under the Green Card scheme is issued on the basis of an individual evaluation using a points system designed to assess the likelihood that the applicant will be able to find qualified work in Denmark.

- **Ordinary paid work scheme** enables internationals to in some instances obtain a work and residence permit for ordinary paid work. Importance will be placed on whether there is sufficient qualified labour already in Denmark that would otherwise be able to take on the job in question and whether the work is of such special character that a residence and work permit can be recommended.

Other schemes: it is possible to apply for a residence permit according to special schemes for researchers, trainees, athletes, religious preachers or the self-employed.

International students, who intend to stay in Denmark for more than 3 months, must apply for a residence permit prior to arriving in Denmark.

As for working during the studies, third country nationals may work in Denmark for up to 15 hours a week and full-time during June, July and August, which must be applied for when applying for a residence permit or at the Danish Immigration Service after arrival.

Third country citizens who have completed a higher education in Denmark have the right to stay in Denmark for six months to apply for jobs.

Talent needs

The ‘Positive List’, used as a basis for matching needs with foreign professionals, outlines a number of professional fields currently experiencing a shortage of qualified professionals. Professions such as different kinds of engineers, medical doctors and nurses, teachers, IT specialists and financial controllers are found on the list.

Challenges and barriers

Reports and respondents in our study often cite the following challenges and barriers to retaining talents in Denmark:

- **High taxes** are cited by many as a barrier to retaining talent. For example, 62 per cent of expats qualifying for the reduced tax rate for researchers and key employees indicate that the time limit (5 years) as being an important determinant for when they choose to leave Denmark.

- **Difficulties to build social networks and integrate into Danish society**, especially for spouses of foreign persons being recruited to Denmark. A study among expats in Denmark found that 84 per cent of spouses worked prior to arriving in Denmark, whereas only 70 per cent found

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19 Danish National Centre for Social Research, 2011
20 Find the list here: http://www.nyidanmark.dk/en-us/coming_to_dk/work/positivelist/positive_list_overview.htm
21 Oxford Research and The Copenhagen Post, 2010
22 Ibid.
a job in Denmark\textsuperscript{23}. This has both economic effects – as Denmark is a high-cost, high-tax country, where many families rely on dual incomes – as well as social effects (45 per cent of spouses indicate that being unemployed makes it difficult to access social networks and 42 per cent say that it makes it difficult to integrate into society).

- Respondents to this study mention the attitude to foreigners in Denmark as a barrier to retaining international talent.

Future opportunities

Among the future opportunities that are mentioned among Danish actors, one finds the following:

- Better integration and co-ordination of different initiatives, both on regional level and on regional-national level.
- Going from talent attraction and retention to talent mobility: the core issue in the future will be to facilitate exchange of talents, which will be a win-win for everyone.
- Enhancing cultural intelligence of both host society and expats.
- Promote flexible hiring arrangement among organisations and companies, so that talents can build a career working for several employers.
- Showcase employment and career opportunities in SMEs to a larger extent.

Key strategies and activities:

In Denmark, there are a range of initiatives, both on national and regional level, to welcome and integrate expats and international students. There are also elaborate ‘leaving efforts’, such as the Youth Goodwill Ambassadors of Denmark. Three of the examples are that offer best practice insights are described in case profiles (2, 3 and 8):

- \textit{Consortium for Global Talent} – an initiative supported by some of the best known employers in Denmark that aims to influence the policy agenda and make Denmark more welcoming to foreign talent (Case 2).
- \textit{International House Copenhagen} – a one stop shop for welcoming and helping international talents to settle in (Case 3).
- \textit{Copenhagen Talent Bridge} – a triple helix initiative aiming at creating a regional platform and regional collaboration in order to attract and retain international talents and their families to the Capital Region of Denmark (Case 8).
- \textit{Youth Goodwill Ambassadors of Denmark: The Youth Goodwill Ambassador Corps (YGA)} is a global network of talented international students. All members of the network study in Denmark while taking part in a unique talent development programme and working with key Danish stakeholders within business, culture and academia. One purpose is to increase the job opportunities for the appointed youth ambassadors as well as international talents in Denmark. Those who go back to their home country continue to be members, thereby helping to brand Denmark as an attractive study destination. The programme therefore also represents a ‘leaving’ effort, as it maintains the link with those who leave the country.

6.2. Estonia

Current policy framework

Similarly to other BSR countries, Estonia is seeking ways to attract (highly) qualified workers to come and settle in Estonia. This goal has also been identified on the highest political level and is included in the Government Action Programme. The aim of the government is to use as much local labour force as possible and attract the talented citizens of Estonia who have moved abroad to come back to Estonia.

There is, however, no comprehensive policy document on policy and measures aimed at attracting highly qualified and qualified third-country nationals\textsuperscript{24}.

Estonia has not been as hard hit by emigration of skilled works as its Baltic neighbours. According to the national census of 2011, about 25,000 Estonian inhabitants currently work in other countries, constituting about 4.4 per cent of the whole work force\textsuperscript{25}. However, projections made by Statistic Estonia predict that over the next decades, emigration can reach up to 77,000 people, constituting 8.5 per cent of the entire working-age population\textsuperscript{26}. Some more systematic steps have been taken to attract those who have left the country back.

\textit{Residence and work permits} The immigration system in Estonia is employer-led, uses labour market tests and has a yearly immigration quota of
about 1,000 people. Some categories of highly skilled workers are exempt from the quota, some are not. Notably exempt are foreigners coming to study in Estonia, and researchers.

With recent amendments coming to force in September 2013, the list of groups exempt from the quota will be broadened – e.g. international students after they have completed their studies want to remain in Estonia for work. People coming to Estonia for family reasons (e.g. spouses, children, grandchildren and grandparents) are already exempt from the quota. Additionally, employers are required to gain permission from the Estonian Unemployment Insurance Fund before employing a foreigner.

Estonia does not issue a special student visa as do some other EU Member States, and thus the foreign student must meet the general conditions for a visa and residence permit. If conditions are met, a temporary residence permit for studying for up to one year will be issued, but not longer than the expected duration of the studies. The residence permit is extended for up to one year at a time.

For employment, an international student is required to apply for a work permit, except if he or she is working for the purposes of practical training intermediated by the educational institution. A requirement set for the granting of work permit for students is that the students may work only during the time that is not study time and working must not interfere with studying.

Through a recent change in policy, students now have the right to stay in the country for six months after the end of the study and find a job.

Talent needs

In a longer perspective, the sustainability of the Estonian economy faces a problem of decreasing population in working age. The solution is seen in retraining and increasing the number of people employed. According to the Forecast 2019 Estonia will need approximately 27,400 top specialists by 2019 (i.e. 3,400 specialists per year).

Even during the time of acute economic crises and elevated unemployment the employers in Estonia regarded the availability of highly qualified employees as low. The Estonian Unemployment Fund conducts a survey on the Need for Foreign Labour among employers every three years. The last survey was carried out in 2011 and outlined a remarkable increase in the employers’ estimations for the need for highly qualified labour force in Estonia in the coming five years.

However, due to the immigration quota, only a small percentage of the labour demand can be satisfied with third country nationals.

Challenges and barriers

Among the main challenges and barriers to talent retention identified in previous analyses are:

- So far, highly skilled foreign labour and foreign students have only been perceived as temporary migrants, who, after completing employment or studies, are expected to return to their country of origin.

- More attention needs to be turned to developing the support and introduction services in Estonia. At the moment the responsibility of facilitating adaptation and accommodation of recently arrived third-country national workers falls on the employers.

- Although Estonia suffers from a lack of qualified labour, international students as potential qualified labour have not received favourable opportunities for continuing working or starting a business in Estonia. The international students who participated in the global international student study iGraduate in 2011, indicated that it is difficult for the international students to find employment during their studies and they were also not satisfied with the career opportunities in Estonia.

- The language barrier is one of the reasons that prevents the international students from finding a job in Estonia or impedes mandatory practical training.

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27 Employers are, however, exempt from applying for the permission when renewing or extending the residence permit of the foreigner. Exempt are also e.g. teachers, lecturers and researchers, experts and consultants, employment for the purposes of performing directing or supervisory functions of a legal person (e.g. management or supervisory boards of private companies) governed by public law registered in Estonia. With the September 2013 reform also exempt will be graduates from Estonian universities, and senior specialists will also be exempt on the condition that their wage is two times higher than the latest annual average.

28 European Migration Network & Estonian Public Service Academy, 2010

29 European Migration Network, 2013a

30 European Migration Network & Estonian Academy of Security Sciences, 2010

31 European Migration Network & Estonian Academy of Security Sciences, 2012

32 Archimedes Foundation, 2007
Future opportunities

- The main measure that Estonia is very supportive of is recalling the Estonian diaspora. By attracting back Estonians living abroad the state is hoping to increase the amount of highly skilled workers in Estonia, who would contribute to growth in developing sectors.
- The main employers’ organisations have welcomed the much needed amendments to immigration legislation, but also outlined that a first step has been taken, and further changes are needed in order to meet society’s needs and goals the government has set to attract and retain (highly) qualified workers.
- When it comes to living standard many students cannot afford to live and study in Finland and Sweden, and may come to the Baltic countries instead. Estonia is one of the fastest-growing countries in terms of international degree students. During the last six years the number of international students in Estonia has increased by 43 per cent. The biggest amount of international degree students (nearly 50 per cent) accepted to the higher education institutions are from Finland.
- Estonia has still a lot of room for development in increasing the amount of university students who stay and find employment. In its legislation or strategic documents of the area, Estonia has not provided for the possibility of using international students for covering for the lack of qualified labour. This is something that the government could pay more attention to in the future.
- There are between 4,000 and 4,500 Estonians studying abroad. 89 per cent are ready to return to Estonia if a good job offer came along.

Key strategies and activities:

In Estonia and Tallinn, no comprehensive efforts of a triple-helix nature aimed at retaining talent have been identified, let alone any specific services that are meant to cater exclusively to international talents. There are, however, policy initiatives on the national level as well as one initiative by the Estonian Chamber of Commerce that caught the attention of this study:

- **Retention of domestic talent:** The state partially sponsors the employment of (highly) qualified workers with international (professional) experience since 2008. The development employee grant scheme is managed by Enterprise Estonia. Under this scheme companies can employ highly qualified workers – e.g. researchers, engineers, designers, sales directors and managers, and apply for the partial compensation of their salaries depending on the profile of the employee (from 50-70 per cent of the salary of the employee) for up to 26 months.
- **Integration of talent:** From 2015 (tentatively) there will be an introduction programme for third-country nationals, supporting the integration of the recently arrived immigrants that includes a basic course on the Estonian state, society, and culture coupled with specialised modules corresponding to different target groups (senior specialists, international students, entrepreneurs and their family members). In parallel with the introduction courses language courses will be offered.
- **Bring Talent Home programme** (Talendid koju). Read more in case 11.

6.3. Finland

Current policy framework

During the last few years, several steps have been taken to enable attraction and easier retention of international talent. Different funding programmes with the aim of attracting and retaining talent have been started, and also in legislation some positive exceptions have been introduced for the highly skilled work force.

On a national level different aspects of policy relevant to talent attraction and retention have been brought under one roof through the formation of the Ministry of Labour and the Economy a few years ago. This ministry is in the process of developing a strategy for international talent attraction and retention, based in the principles of the recent Migration 2020 Strategy.

An ever stronger consensus has grown on different political levels and in universities about the value of retaining international degree students in Finland and attracting and retaining top researchers. This is reflected in the Strategy for the Internationalisation of Higher Education Institutions in Finland 2009–2015. The strategy, among other things, aims to increase the number of non-Finnish degree students in higher education institutions from 3.7 per cent to 7 per cent in 2015, and proposes a range of measures to reach this goal. Steps

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33 European Migration Network & Estonian Academy of Security Sciences, 2011
34 European Migration Network & Estonian Academy of Security Sciences, 2010
35 The EXPAT project (described in chapter 8.1) reached the same conclusion (EXPAT project, 2014)
36 Ministry of the Interior, 2013
37 Ministry of Education and Culture, 2009
have also been taken to increase the employability of international students.

**Residence and work permits**

In addition to the EU Blue Card system, the Finnish immigration policies give easier access for highly skilled immigrants to enter Finland by exempting them from evaluation of their application against Finnish labour market needs. The practice is labelled *employer-driven*. This exception concerns:

- Middle or top management of a company or in expert duties that require special expertise, meaning a university degree holder taking up a demanding role requiring a higher degree, and a monthly salary of at least approximately EUR 3000.
- People working professionally in science, culture or the arts.
- People working in an international organisation or in duties concerning official co-operation between states.
- Some categories of self-employed people such as those who work professionally in the mass media, do market research or prepare for a company’s establishment in Finland.
- Graduates from the Finnish education system.

The first residence permit given in Finland is always a fixed-term residence permit to those whose purpose of stay is work. A person can get a permanent residence permit once a person has been in Finland for four years on a continuous residence permit. A residence permit includes the right to work in Finland.

An international student from a Finnish university is allowed six months of job seeking after completion of their studies. There was an intention by the government to extend this to 10 months, but this has not materialised at the time of writing this report. Processing student residence permit extensions is laborious, but most applications are ultimately approved.

A student holding a residence permit issued for the purpose of studying has a restricted right to employment.

In 2011 the Finnish Nationality Act was amended, making it easier for international students who decide to stay in Finland to acquire Finnish citizenship. It is hoped this will increase the willingness of international students to stay in Finland after graduation.

**Talent needs**

Finland does not presently have regulated forecasting mechanisms for preventing labour shortages through immigration, nor are such mechanisms planned at this time.

The economic recession has made it more difficult for new graduates to enter the job market, and it does not favour the attraction of skilled migrants – at least in the short term. However, the employers’ organisations in particular keep mentioning that the demographic realities show that Finland needs the immigration of talented foreigners in order to maintain and improve its competitiveness in the future.

According to estimates in the Workforce 2025 report by the Ministry of Employment, in the long term the largest number of new jobs will become available in the service sector, social and health care and industry. The number of people employed is expected to grow the most in absolute terms in the field of business services. The largest reductions in the number of people employed are anticipated in the data communications sector.

**Challenges and barriers**

This study has identified a number of challenges and barriers to retaining qualified talent in the country:

- **Difficulty finding employment for students**: foreigners educated in Finland are having trouble finding employment and are forced to leave the country instead of repaying part of the costs of their education in the form of taxes after getting a job, as Finns do. Thus, the six-month period that an international student can stay in Finland to find employment has been criticised for being too short.
- **The income level** is low compared to the cost of living and the salaries are considerably lower than in other Nordic countries, in some other parts of Europe and in the United States. This also has to do with the comparatively high tax levels and the high costs of living in Finland.
- **Language** has been named by most respondents and in most studies, as one of the top challenges and barriers that a skilled migrant faces, when he or she wants to work in Finland. For example, employers’ expectations on language skills are said to be unreasonable – many of the jobs available would not require Finnish language skills.
- **The working conditions** are generally perceived as being good and comparable with the natives. However, the
social and cultural aspects of the society and the work place are more frequently mentioned as challenging issues.

Future opportunities

Among the future opportunities that can enable better talent retention uncovered in this study, one finds:

- An official enquiry is currently being made into the possibility of decoupling non-EU employees’ residence permits from the specific employer.
- Finland has a strong field of NGOs (3rd sector) that could be better engaged in integrating talent (and other immigrants). This includes labour market organisations.
- From the perspective of the attractiveness of higher education institutions, it is crucial that services supporting entry into Finland (i.e. permits and procedures related to entry and residence) and integration (e.g. services related to housing, health care, school attendance and employment opportunities) are developed.
- Universities are in the process of improving education of the Finnish language to better answer the needs of international degree students, researchers and teachers.
- Experts in the field state that there is an opportunity to more carefully plan the targeting of student recruitment efforts in relation to needs of the labour market. At present, it appears that Finland lacks a clear vision regarding the type of international students that the country should attract, which is a significant deficiency.

Key strategies and activities:

In Finland and particularly in Helsinki, a range of efforts have been undertaken to improve the retention of foreign skilled professionals and students. As mentioned above, several government initiatives have been launched to improve reception and integration of skilled professionals in the country.

In Helsinki, some of the following initiatives can be mentioned:

- *Helsinki Region Welcome Weeks*: Targeting the more than 115,000 internationals in the region, Helsinki Region Welcome Weeks invites all of them to become active participants in the region’s development into a competitive and attractive place to live. The Welcome Weeks aim at enforcing this process by bringing relevant services closer and easier to access, enabling people to meet and network, and offering relevant information. A public-academic partnership, the weeks are organised by City of Helsinki, the City of Espoo, Uusimaa Regional Council and HERA - Helsinki Education and Research Area.
- *NEO-SEUTU*: The Municipalities of the Helsinki capital region collaborate in the development of general information services for immigrants. The goal of the project is to secure the right information at the right time for newcomers. Otaniemi International Network partnered with the project in 2009-2011 focusing on family services for experts in the Otaniemi IT cluster. NEO-SEUTU organises workshops and training for counsellors, and it distributes information about the common information services of the cities in the Helsinki metropolitan area. The project explores various alternatives for guidance and counselling in co-operation with counsellors and their supervisors, and it builds a general immigrant information network in the area.
- *Helsinki Region Immigrant Employment Council (HERIEC)*: Modelled after the Toronto Region Immigration Employment Council (TRIEC), the idea of HERIEC was launched in 2013 in a collaboration of a range of actors such as the Helsinki Chamber of Commerce, HEIs in the city and the city council. Still in its early stages, the purpose is to form an umbrella organisation to increase dialogue among the different talent attraction and retention stakeholders, bring together existing services, and create new necessary services for international talents.
- *The VALOA project*, described in case 1.

6.4. Germany

Current policy framework

Germany has quite rapidly become one of the countries in the region with the most open labour market to skilled professionals. Only the last few years, Germany has taken several steps toward more liberalised access for highly-skilled, non-EU labour immigrants, facilitating the attraction of talent to the country and retention of, for example, international students. In the German policy framework, a clear distinction is made between holders of a university degree and specialists in certain fields, on the one hand, and those with vocational training and workers, on the other hand, where the former group enjoy much more favourable conditions to get work permits and to bring their families.

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42 Please consult the EXPAT project ‘Inventory report’ (EXPAT project, 2013) for a more exhaustive overview of soft landing and integration services that cater to international talent.
6. Country Overviews

**Residence and work permits**

In Germany, the labour immigration system can be described as a mainly *demand driven*, but with supply driven components.

As for third country nationals, all academics with a recognised university degree or one that is comparable with a German university degree are entitled to the ‘EU Blue Card’ single residence and work permit, introduced in 2012 in Germany. A requirement is proof of a job offer in Germany that corresponds to the person’s qualification and that the annual gross salary is at least EUR 44,800.

Specialists in the fields of mathematics, IT, life sciences and engineering may be entitled to an ‘EU Blue Card’ if they earn the same amount as comparable German employees, but not less than EUR 34,944. In this case, the Federal Employment Agency must approve the employment. This approval is, however, not required if a person has earned a university degree in Germany.

The Blue Card holders are entitled to a permanent residence permit after 33 months. Those who can prove before that they have required language skills complying with a certain level can obtain permanent residence permit after just 21 months.

In addition, it is, since 2012, possible to come to Germany for up to six months to look for a job, which is a supply driven element. Germany is, alongside Denmark, the only country in the region that enables this possibility. People using this option must prove that they have a complete university degree and that they have the financial means to support themselves for the duration of the stay. In addition, they cannot just take any job during this time – the holders of this job-search visa can qualify for longer term residency only if they become employed in an occupation belonging to a special list.

As for international *students*, they can stay up to 18 months after completing a degree at a German university to look for a job that is in line with their qualification. During this time, any job can be taken as means to support oneself.

**Talent needs**

In Germany, there is a general lack of talent in some sectors, such as engineering, especially in the southern states with unemployment rates of 3-4 per cent. In the northern states bordering the Baltic Sea, the shortages are not as pressing. However, in some specific areas, shortages are being felt:

- **In Mecklenburg-Vorpommern**, the largest shortages are, according to respondents, found in ICT, biotech, energy, healthcare (especially medical doctors), teaching and tourism, and this is despite a high unemployment by German standards of 13 per cent. Larger companies especially have difficulties to find the right skills.
- **In Hamburg**, smaller life science and biotech companies especially have difficulties finding the right skills, as has the computer games industry. At the time of writing of this report, there were about 400 vacancies in the gaming industry.
- **In Schleswig-Holstein**, the largest talent needs that are tackled by talent retention initiatives are in health care.

**Challenges and barriers**

The following challenges and barriers to retaining talent have been identified in the German regions, which struggle both to retain local talent (especially Schleswig-Holstein and Mecklenburg-Vorpommern) and international talent (mainly Hamburg):

- **Pay levels**: a challenge in the German regions is that companies, especially SMEs, have difficulties paying competitive salaries.
- **Lack of qualified positions** in some regions: Mecklenburg-Vorpommern is strongly influenced by the tourism sector, and there are few large and well-reputed employers that can offer qualified positions.
- **Low level of human resource development**: the level of sophistication as regards human resource development is low in many SMEs in the regions.
- **Language barriers and false expectations**: for student retention, the need to acquire German skills in order to find employment is mentioned as a barrier, a fact that comes as a surprise for many international students coming to study in Germany.
- A specific challenge in the Hamburg metropolitan region is the *shortage of housing and the high housing prices*.

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43 OECD, 2013
44 According to some estimates, there is currently a lack of 114,000 engineers in Germany.
45 Weiss, 2013
46 Zdrowomyslaw, 2013
47 Klein, 2013
Future opportunities

The following opportunities have been stressed in previous analyses and by respondents to this study:

- More collaboration between public and private sector in securing different aspects of talent retention is needed: e.g. on how to find work-life balance and making sure companies take steps to become modern employers that use human resource practices that cater to talents and young people.
- Linking schools and universities to businesses more clearly than before, through for example more internships.
- Communicating the need to learn German in order to find a job after graduation to international students to a larger extent, to create sound expectations and prepare students better for German work life.

Key strategies and activities:

In the three German states bordering the Baltic Sea, Mecklenburg-Vorpommern, Schleswig-Holstein and Hamburg, only few initiatives aimed at retaining talents have been identified, most of which target domestic talent rather than international talent.

One interesting initiative that strives to both retain local talent and to ‘re-attract’ talent with a link to the region is the mv4you initiative in Mecklenburg-Vorpommern (see case box 10).

In Schleswig-Holstein, a new initiative, ‘Future in the North’ (‘Zukunft im Norden’), was launched during the autumn of 2013. ‘Future in the North’ is a broad-based effort carried out in collaboration between public sector organisations, educational institutions and universities and business and business organisations. It is comprised of 130 measures to improve the overall skill-level in the region divided into four action areas: information and analysis, optimising education, activate potential of the labour market and strengthening links between business and science.

Several of the measures are related to talent retention: amongst others to increase the number of women participating in the labour market, strengthen links between business and science and to strengthen the profile and identity of Schleswig-Holstein within the region (‘internal branding’).

Another major challenge addressed by the initiative is that the capacity for human resources development of the region’s many SMEs is low, and many smaller firms have no strategy for developing or retaining employees. To this end, a network of consultancies have been formed that can help the companies with advice.

Finally, in Hamburg, there is a Hamburg Welcome Centre, run by the city government and the Hamburg Chamber of Commerce jointly, which strives to facilitate the reception and integration of both talent coming to the city from other parts of Germany or abroad. Another interesting initiative in Hamburg is how the cluster organisations employ their network in order to facilitate social and professional networks of talents moving to the city, described in case profile 6.

6.5. Latvia

Current policy framework

In Latvia, the attraction or retention of talent has traditionally not been a prioritised policy area and there is no specific policy that provides for the attraction of skilled or highly skilled third-country nationals. Nevertheless, discussions on the attraction of skilled professionals and foreign students and immigration conditions occur regularly. Due to the demographic situation and increasing shortages in some professions, this discussion has been heightened in the last few years. Following recent forecasts that indicate the need to open up to immigration, Latvia’s authorities have been tasked with assessing how the country can open up to third-country nationals. Some steps have been taken to make it easier for a third-country national to get a temporary residence permit in the country, such as simplifying procedures of receiving work permits for third-country nationals carrying out business in Latvia, providing for the right of spouses of the third-country investors to work and making the labour market of Latvia more accessible to international students.

This study has not identified any policies or activities that are specifically aimed at retaining talents on the national, regional or local levels, or activities that focus on re-attracting Latvians abroad. In the same vein, there is no national policy on international students in place; it is up to each institution of higher education to assess the necessity and available options in attracting international and retaining students and to develop and implement a corresponding strategy.

As for retention of domestic talent, no precise figures are possible to obtain, but in the last few years a total of between 8,000 to 10,000 people a year have left Latvia to seek opportunities elsewhere according to official statistics, which is probably an underestimate as the majority of emigrants did...
not declare their departure. Other estimates put the figure much higher: around 30,000 people a year⁵⁰ and some claim that more than 200,000 people have emigrated between 2007, when the economic crisis began, and 2012⁵¹. Many young top graduates have left the country⁵². A key issue for Latvia is now to try to attract back some of those who left, but policy-makers in Latvia have made very few efforts.

**Residence and work permits**

A residence permit is necessary for those residing in Latvia for a period of time exceeding 90 days within half a year counting from the first day of entrance.

When applying for a permanent residence permit, it is necessary to demonstrate a certain level of command of the Latvian language, presented in a certificate appended to the application. The work permit regime is *demand-driven* and subject to a labour market test. If an employer intends to employ a foreigner, then the employer is obliged to declare a free workplace to the labour agency. After such a declaration it is necessary to wait at least one month. If during this time, a declared free workplace remains vacant, then the employer has the right to contact the Office of Citizenship and Migration Affairs and ask for an approval of invitation for the visa or residence permit. The Latvian migration legislation stipulates simplified procedures for researchers, lecturers and students, and work permits are not necessary. Since 2010, Latvia offers a new residence program for investors, which allows visa free travel in other European and Schengen countries as a ‘bonus’. The ‘Temporary Residence Permit’ (TRP) is given to foreign investors who buy real estate property or invest in a business in Latvia worth a certain amount. The permit is valid for 5 years with annual renewals. It does not, however, enable investors to work in the rest of Europe. It is also issued to any family members accompanying the investor. If the foreigner wants to apply for a ‘permanent residence permit’ after five years, he/she must have continuously stayed in Latvia for at least six months during the past five years.

According to Latvia’s immigration authorities, half a year after the introduction of the new scheme, more than 100 people had applied after investing in a business or buying property; all of these were from the former Soviet Union. The scheme has, however, faced criticism from opposition parties as there are fears that it will contribute to raising property prices and making housing unaffordable to Latvians⁵³.

As for international students, a temporary residence permit is issued to full-time students, for the duration of studies, according to the terms of the Immigration Law. The temporary residence permit is issued for the duration of the study agreement, but it must be registered each year. International students have the right to work for up to 20 hours per week without work permits. However, third-country nationals are not offered the opportunity to remain in the country for the purposes of seeking employment after the completion of their studies, but must find employment before finishing their studies.

**Talent needs**

Emigration and a negative demographic trend have created labour shortages in Latvia, even though there is sizeable unemployment, indicating structural weaknesses of the labour market. In many cases it is too early to speak of shortages, but it is clear that some professions currently are in very high demand. A recent analysis of the labour market in Riga showed that there is a high demand for professions in sectors such as business services, including sellers, sales managers, marketing specialists, ICT specialists (programmers, analysts, designers) and in health care (nurses, pharmacists, dentists, etc.).⁵⁴

**Challenges and barriers**

Among the challenges and barriers to retaining domestic and international talent, the following are frequently mentioned in previous analyses and in the interviews for this study:

- **The lack of specific services for reception or integration** of expats and international students (outside the universities) is a barrier making retention challenging.
- **Language barriers**: The need to acquire either Latvian or Russian language skills to work in Latvia limits the labour market to those who have a background in the neighbouring CIS states and makes it difficult to retain international students in the country.
- **A negative attitude to immigrants** is mentioned as a challenge. One recent study showed that 72 per cent of ‘economically active residents’ are worried about the potential inflow of more immigrants to the country⁵⁵.

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Future opportunities

The following opportunities may be reaped in the future:

- There is major potential in retaining more international students. Cases when students remain in Latvia following the completion of their studies are very rare. In 2011, only three people (out of a total of 459 first-time residence permits granted in the same year) were granted the right to remain in Latvia after their studies.
- Introducing a scheme allowing international students to stay after finishing their studies and look for a job.
- Creating services and amenities that cater specifically to talent needs is a future opportunity that should be harnessed in order to retain more talents.
- Sea-turtle recruitment: introducing more systematic efforts to re-attract young, well-educated Latvians living abroad.

Key strategies and activities:

No specific initiatives aimed at retaining local or foreign talent in the country or specifically in Riga have been identified, but the following initiatives help fulfill this task:

- For pre-arrival information for students, the State Education Development Agency maintains a web page, www.studyinlatvia.lv, since 2011, which serves as the first point of contact for potential international students to acquire information. The most proactive universities also have international relations departments that help welcoming and taking care of international students, for example by assisting them in resolving migration issues.
- The principle of a one-stop-shop agency for obtaining work permits was introduced in 2010 with the aim of lessening bureaucratic burdens and shortening processing times. Now employers and third-country nationals can solve all matters regarding employment in one institution (the Office of Citizenship and Migration Affairs).

6.6. Lithuania

Current policy framework

The issue of attracting and retaining skilled professionals has not received much policy attention in Lithuania. However, in the last few years, some policy steps have been taken to establish more favourable conditions of entry for specific professional groups (such as teachers, researchers and students for the purposes of education and studies), but no law has been passed yet.

There is also on-going work to integrate the EU Blue Card framework into national regulations, thereby simplifying and shortening application processing times, and since January 2013, the concept of a highly qualified third-country worker has been present in the law of Lithuania. So far, there has been slow progress in making use of this scheme (during the first quarter of 2013, residence permits were issued to as few as 11 highly qualified and 1,158 qualified workers).

In addition, the Lithuanian government has passed two subsequent programmes for promotion of internationalisation of higher education (in 2008-2010 and 2011-2012), which aims to encourage the flow of international students to Lithuania. Designated priority regions were former Soviet states and rapidly developing Asian states. Although it is too early to evaluate the impact of the national programmes, they, according to observers, constitute important political documents as they express a clear political support for attracting international students.

As for domestic talent, despite the fact that more than 100,000 Lithuanians left the country between 2003 and 2008, little effort has been made to retain talent or to encourage them to return. Politicians in Lithuania regularly debate the issue of brain drain, but little has been done to reverse the trend or re-attract those who have left.

Residence and work permits

Temporary residence permits are issued to citizens of non-EU Member States usually for a period of one year, though it may also be issued for a shorter period.

Work permits are issued on a demand-driven basis, and are subject to a labour market test, i.e. a work permit may be issued to a third-country person if there is no professional in Lithuania meeting the qualification requirements set by the employer. Account is also taken of the needs of the labour market. A work permit may also be issued to a person staying in Lithuania and working in an industry that has shortages of personnel in certain occupations.

There are exemptions from the need to have a work permit for certain groups: for example those who own and head up an enterprise, agency or organisation in Lithuania, and groups such as athletes, teachers and persons visiting for charitable purposes. International students can stay in Lithuania hold-

56 The EXPAT project reached the same conclusion (EXPAT project, 2013)
6. Country Overviews

International students in Lithuania can work up to 20 hours per week. In practice, however, it is quite challenging to get the right to work: An employer wishing to hire a third-country national student needs to prove that he or she is unable to find a Lithuanian national or an EU national with the same skills as the international student. Indeed, a survey carried out in Lithuania demonstrated that 71 per cent of international students would like to work but due to barriers only 2 per cent were able to fulfil the requirements and work.

Students who wish to work in Lithuania must find a job before completing their studies, and are not allowed to stay in the country to seek employment (even though around 50 per cent of students consider the possibility to stay in Lithuania). However, the government is currently considering introducing such a scheme.

Talent needs

The Shortage Occupation Lists of the Republic of Lithuania, approved twice a year, specifies occupations with particular needs. Most occupations on the list for 2012 are such that require vocational training rather than higher education (the four on the list are welders, ship hull assemblers, kitchen chefs and long-haul truck drivers).

There is also, according to observers, a growing need for skilled specialist in IT and life science sectors, but not yet to the degree that systematic activities have been launched to satisfy that need with a foreign work force.

Challenges and barriers

It was difficult to find someone in Lithuania to interview for the study, but according to previous analyses, the following challenges and barriers to talent retention exist:

- **Uncompetitive pay levels** for researchers and young graduates, making it difficult to retain both domestic and international talent.
- **Work during studies**: difficulties for students to work during studies.
- **Pre-arrival information**: difficulty to obtain information about studies in Lithuania.
- **Lack of integration measures**, which can be illustrated with international students, for which there is a lack of measures to improve their settling in, and only 13 per cent of international students feel well integrated.

Future opportunities

Among the future opportunities identified in the study, the following can be mentioned:

- Making it easier for international students to work during studies, and stay and look for a job after they finished their studies.
- Better pre-arrival information about studying and working in Lithuania.
- More measures to ensure integration of international talent and students.
- Sea turtle recruitment: more systematic efforts to re-attract young, well-educated Latvians living abroad.

Key strategies and activities:

There are few direct measures that aim to retain talent in the country, both as regards foreign and local talent. There are however more indirect measures to be found.

Development of local talent can be seen as an indirect strategy to retain talent in the country. Following the last year’s focus on developing a high value-added economy in Lithuania, and promoting foreign investment into these parts of the economy, there has been an increase in the demand for highly qualified specialists, such as IT and life science specialists. Organisations such as Invest Lithuania, the national investment promotion agency, have therefore taken steps to promote studies in the ‘STEM’ disciplines (science, technology, engineering and mathematics). Activities include initiating dialogue between universities and businesses, aiming to improve the quality of the education and to facilitate dialogue between the university and business worlds. This can also, according to government officials, help retain international students, as they are brought closer to local companies in early stages of their career.

In addition, the most proactive universities also have international relations divisions that help welcoming and taking care of international students, for example by assisting them in resolving migration issues.

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59 European Migration Network & International organisation for migration, 2012
60 Ibid.
61 As an example, 70 per cent of all work permits issued in 2012 were to long-haul truck drivers.
62 European Migration Network & International organisation for migration, 2012
6.7. Poland

Current policy framework

There are no particular policies or strategies in place to either attract or retain talents. That said, in the last few years, a few policy proposals have been elaborated to make it easier to attract and retain skilled professionals, especially those from neighbouring countries such as Ukraine and Belarus.

This can be partly be explained by the fact that Poland during the last decade has been a country of emigration rather than immigration; official statistics show that more than 2.3 million educated and skilled, mainly young people emigrated from Poland between 2004-07 (the years after Polish EU accession).

A process of people returning to Poland was anticipated following the global financial crisis (which has left Poland relatively unhurt) but no significant re-migration has been seen as of yet, and only a few concrete steps have been taken to attract talents back to the country.

Residence and work permits

In Poland, it is the employer who submits an application for a work permit for the foreigner it wishes to employ, which can be characterized as a demand-led work permit regime. A work permit is issued for a specified period of time, normally not longer than 3 years (but there are exceptions) and may be prolonged. Permits are issued for a specific employer, specific foreigner and in a specific place for a specific work position, specific type of work for a period defined by specific dates.

There is a long list of exemptions from the requirement to have a work permit (such as some language teachers, researchers, athletes, etc. and people from some countries (Belarus, Ukraine, Russia Georgia and Moldova63)).

As for international non-EU/EEA students, student Schengen visas are granted for a duration of three months, and in some cases up to a year. In order to extend the stay in Poland, it is necessary to apply for a residence permit for specified period of time in the Voivodeship (Polish regional level) office.

International students holding a visa are not required to have any work permit and they are allowed to work during the summer breaks.

International students in Poland can ‘change track’ and get a work permit if they have found employment before the residence permit for studies expires. However, there is currently no possibility to be granted a residence permit to stay in the country and seek employment after completing studies, but the government has recently adopted such a scheme and new provisions will enter into force on 1 May 2014.

Talent needs

In Poland, there are no severe talent shortages at the moment, but the ICT and business process outsourcing (BPO) industries have experienced quick growth and talent shortages are lingering around the corner, especially in the larger cities. The energy and construction sectors also face a strong demand for skilled professionals64.

In the Warsaw region there is a clear mismatch between the education profile and labour market needs, which has led to a situation with high unemployment among some groups with higher education (such as economists and marketing specialists) and a shortage of engineers, computer specialists and lawyers65.

Challenges and barriers

The following challenges to talent retention in Poland are among the ones identified in this study:

- **Matching problems:** a mismatch between higher education and needs of the labour market. Poland has one of the highest rates of young people moving on to higher education in Europe, but there is a gap between the main choices of education and the needs of industry.

- **Pay levels:** Polish employers offer pay levels that are 35-40 per cent lower than comparable employers in Western Europe, making it challenging to retain highly educated, young talent66.

- **Lack of pre-arrival information:** it is difficult to obtain information about working in Poland; there is at the moment no one coherent and reliable source of information for immigrants that seek to come to Poland for work. Even though some websites (first source of information) are in English and/or Russian, application forms are mostly in Polish and their design cannot be called user-friendly67.

63 They can work in Poland under simplified procedure.

64 Krawczak, 2011

65 www.akademickiemazowsze2030.pl

66 However, only the last few years pay levels in sectors with strong demand such as IT, accountancy and sales and marketing have reached levels that are comparable to western European companies (Krawczak, 2011).

67 Ibid.
Future opportunities

Policy documents on immigration of foreign skilled professionals into Poland and the interviewees for this study emphasise the following opportunities:

- Sea turtle recruitment: introducing more efforts focused on re-attracting the many young and highly skilled Poles living abroad to come back to Poland.
- A clear designation of preferred groups of immigrants: for example people with a Polish background, students, researches that did all or part of their studies at Polish universities, foreign entrepreneurs, work-related immigrants whose skills correspond with labour market shortages, EU citizens and their families, and migrants from eastern, neighbouring countries.
- A migration policy correlated with labour market needs, which would include:
  - systematic and permanent monitoring of the labour market,
  - reduction of barriers in access to the labour market for economic immigrants especially: students and graduates, highly skilled professionals with unique qualifications or skills that are in short supply, and
  - better ‘doing business’ conditions and simple and free of charge temporary-work procedures.

Key strategies and activities:

There is a range of national programmes to promote mobility of researchers, but none of them have an explicit focus on retaining researchers in the country.

As for the regional level, the focus of this study on Warsaw and on the Polish regions and main cities bordering the Baltic Sea, such as Gdansk and the Tri-city area (including also Gdynia and Sopot). Efforts to attract and retain international talent are still quite rare, but there are efforts to retain local talent by raising its qualifications.

In this regard, one best practice initiative is found in the region of Pomerania, the BPO Education College, described in case profile 9.

As for integration of skilled immigrants, one interesting initiative can be found in Warsaw, the Warsaw Intercultural Centre that has the goal to co-ordinate information flow, to provide services (language courses, social activities that focus on foreign communities) and stimulate foreigners’ presence in the field of culture and public life. It is designed to promote co-operation between various municipal offices and institutions and NGOs – both those that carry out projects for benefits for foreigners and organisations set up by immigrants themselves.

There are also sporadic efforts to ‘re-attract’ Poles living abroad, usually initiated by specific companies that need a specific skill. An example given in one of the interviews is that one service centre of a global company that has set up in Gdynia needed Dutch speakers. The company together with the Invest in Pomerania agency went to the Netherlands to attract Poles living there to move to Gdynia to take up a job, and they managed to fill eight positions in a few days. This indicates, according to respondents, that prompting Poles living abroad to come back is possible when there is a clear-cut job offer at hand.

6.8. Russia

Current policy framework

Russia is suffering from a significant brain drain, with much local talent fleeing to more lucrative labour markets in the west. Nearly 1 million people have left Russia in the past decade, and around 80 per cent were highly qualified specialists (25,000 PhD holders have left Russia in the last few decades), putting pressure on Russia’s labour markets and resulting in labour shortages – particularly of highly skilled workers.

Despite this, little has been done to retain domestic talent or recruit international talent. Reliance on imported skilled labour is complicated by the recent surge in ethnic tension in Russia. This has forced the authorities to rethink the country’s immigration policies to balance the interests of closing talent gaps with those of maintaining social order and cohesion. Some steps to liberalise the labour markets have been taken though: in 2010 a bill was passed that grants special three-year visas to ‘highly qualified specialists’ (those who earn more than USD 66,000 a year) will be extended to create more favourable conditions to a wider category of highly skilled foreign talent.

There are also plans to increase the quota of international students studying with state funds, and aggressive growth targets have been set. The Russian education ministry wants the number of international students to make up 6 per cent of the

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68 Ibid.
student population by 2015, growing to 10 per cent in 2018. European students will be especially targeted.

**Residence and work permits**

Russia’s immigration and foreign labour regulations are rather complicated and time consuming both for expats and employers. It is *demand driven* and includes quotas.

The first steps are entirely the responsibility of the employer. Almost a full year before actually hiring an international talent, companies operating in Russia have to apply for corporate work permits for their foreign employees. In the application, they are required to state both the position they intend to fill as well as the nationality of the expat. This information is binding (a company who has permission to employ an engineer from one country cannot hire one from another instead). Once the corporate work permit is secured, the employee has to apply for and secure a personal work permit at a Russian embassy or consulate.

Russia has a quota system limiting the number of work permits issued for a year. In 2013, the foreign labour quota for the entire country was 410,126.

**Talent needs**

There is already a lack of talented employees in many companies. According to some analyses, the employee deficit in Russia will be around 20 million people by 2020. The IT sector and education are among the sectors with the largest skill gaps today. In Saint Petersburg, there is a lack of engineers, sales managers and life science professionals.

**Challenges and barriers**

Among the challenges and barriers mentioned by respondents and other studies, one finds:

- Lack of developed human resource and talent management practices in Russian companies; today these are more mid-term planning issues than strategic ones. In many Russian companies human resource management is perceived as a functional area rather than a professional area in its own right.
- Perception among young people that Russian companies offer fewer opportunities than MNCs abroad.
- Complicated and restrictive visa regulations.
- Specifically for Saint Petersburg: salary levels is a particular challenge as salaries are usually 2-3 times higher in Moscow and Saint Petersburg is not even in the top ten of Russian cities when it comes to average salary.

No information has been found on future opportunities or concrete strategies and activities.

### 6.9. Sweden

**Current policy framework**

In the last few years, the public debate about attraction of talents and work force immigration have been accentuated in Sweden, and policy steps have been taken to enable attraction of high-skilled professionals, the new work permit regulation introduced in 2008 being the most prominent one. There are also policy discussions on making it easier for foreign students to stay and look for work after completing studies.

However, even though the issue of attraction of skilled workers has made its way to the policy agenda, few concrete steps have been taken to facilitate the retention of international talent in the country, when compared to for example fellow Nordic countries Finland and Denmark.

**Residence and work permits**

Since 2008, it is possible for third country citizens to apply for a Swedish work permit. The Swedish labour immigration system is *demand-driven*, open to all skill levels, and without labour market tests or caps and quotas.

One criterion is that people who are not third country nationals can qualify for a work permit only if the job they are seeking has been advertised on the EURES website, or equivalent, for at least ten days. If an employer cannot meet their needs with recruitment from Sweden or EU/EEA country, they are allowed to recruit third country nationals.

Work permits are valid for a maximum two years but can be renewed. After four years in Sweden, it is possible to apply for a permanent residence permit.

The EU Blue Card directive was fully transposed into Swedish law on 1 August 2013.

International students are exempt from the requirement to have a work permit during the validity period of their resi-

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71 http://www.rsc.org/chemistryworld/2013/07/russia-attract-european-students

72 http://petersburg4u.com/working-in-st-petersburg
6. Country Overviews

Dwelling permit. This means that the student has the opportunity to work during their period of study without restrictions to duration, specific profession or employer.

Residence permits are also granted for family members i.e. spouses, common law spouses and children arriving with a visiting student. The permit is granted for the same length of time as the student’s permit. In 2011, a parliamentary committee on circular migration suggested that international students should be allowed to stay up to six months after completion of studies to look for a job, and the law entered into force in June 2014.

**Talent needs**

The ‘labour shortage list’ is published twice a year. The list is published by the Swedish Migration Board and compiled by the Swedish Public Employment Service and the National Institute of Economic Research based on statistics that predict the country’s future labour needs.

At the moment, about 70 professions are listed, both those that require higher education and those that are more manual or require vocation training. Examples of more qualified professions include different kinds of engineers, IT architects, accountants, teachers and medical doctors.

In the Stockholm region, a recent forecast by the Stockholm County Council estimates that there will be a shortage of 44,000 to 73,000 skilled professionals in the region by 2030. The most immediate shortages are felt in the ICT industry.

**Challenges and barriers**

The main barriers to and challenges for retaining talents in Sweden uncovered in this study are:

- **Difficulty to build social networks** is mentioned as a major barrier to talent retention. There are, for example, many expat networks in Stockholm, but the expats mostly meet other expats through these and rarely with Swedes.

- **Difficulty to find jobs for spouses** is a frequently mentioned barrier. A study from 2009 showed that among expats surveyed, 55 per cent said that the possibility to find a job for spouses is problematizing the stay in Sweden. Another study, referred to by an interviewee, showed that in 62 per cent of cases where expats leave the country earlier than planned, it is because the spouses could not find work.

- **The restriction that does not permit foreign students to stay in the country to look for a job** is one of the main barriers to retaining talents in Sweden, according to reports and interviews for this study.

**Future opportunities**

Swedish respondents and reports mention the following future opportunities to enhance talent retention in Sweden and Stockholm:

- Create meeting places between expats and locals and promote cross-cultural awareness that goes both ways, i.e. that not only international talents need to learn to understand Swedish culture and habits but that Sweden needs to learn to understand cultures of those moving there.

- Changing attitudes of local companies to foreigners. Many companies seem to be somewhat afraid of hiring foreigners.

- Make English more widely used in official communication and as a corporate language. For example, even when working for many larger MNCs that have English as corporate language, it seems essential to know Swedish as much of the informal communication is conducted in Swedish, which comes as a surprise to many international talents coming to Sweden.

- Dual career matters: introduce systematic measures to support spouses of expats to find jobs.

- Better pre-arrival information for Stockholm: there is currently no official portal providing information about working and living in Stockholm that caters to talents that are planning to go to or just have arrived in Stockholm.

- Granting family members of international students access to the Swedish labour market could facilitate retention.

**Key strategies and activities:**

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73 A basic requirement is that means of support are secured for the whole stay, applying to the entire stay, i.e. twelve months per year. Further conditions are that established family ties must be present, meaning that these persons normally live together. Work permits are not granted for family members.

74 Find the list here: http://www.sweden.se/eng/Home/Work/Get-a-job/Labor-shortage-list/

75 Stockholm County Council, 2009


77 de Leeuw-Wijk, 2013, referring to research by Yvonne MacNulty.
In Stockholm there are few specific initiatives aimed at retaining talent in the city, and the same goes for the national level. There are currently no strategies that explicitly aim at retaining talents, and no organisation has been given a political mandate to work with the issue. Symptomatic of this void is that there is no official portal with information about moving to and settling in in Stockholm.

That said, the recently elaborated innovation strategy of the Stockholm region singles out global attractiveness as one objective and development area, and the public agency Stockholm Business Region has been given the mandate to take the lead for a working group focusing on developing efforts to support this objective. Following this assignment, a reference group that discusses talent attraction and retention was formed in 2013.

As for concrete initiatives in talent retention, one of the few more elaborate initiatives is the Global Expat Centre Stockholm, described in case box 4.

The Stockholm Academic Forum, a body that co-ordinates the joint efforts of the 19 HEIs in the Stockholm region to position the region to students and researchers, implements sporadic activities to welcome international students and researchers. Furthermore, some universities such as the Royal Institute of Technology have formed relocation services to help international researchers to settle in and feel at home.
7. Baltic Sea Region efforts

7.1. The EXPAT Project

The EXPAT Project aims at developing and improving services that facilitate expats in the central Baltic Sea Region and improving their access to social and professional networks. Participants are cities, regions and research institutions from the four central Baltic countries: Estonia, Finland, Latvia and Sweden.

It focuses on talents that plan to come to central Baltic countries, that have just arrived and those that want to settle down more permanently.

Implemented in 2012-2013, the project has carried activities such as:

- Studying pre-departure information efforts on selected foreign markets.
- Surveys and workshops to understand the needs and views of expats already in the region.
- Compiling an inventory of current actors and services for soft landing in their region.
- Conducting case studies in regions such as Toronto, Amsterdam and Stockholm.
- Compiling policy recommendations based on the above activities.

Many of the policy recommendations echo the policy recommendations and best practices outlined in this report. Among the policy recommendations proposed by the EXPAT Project, one finds:

1. Bring the issue of labour immigration to the forefront of the political agenda, by, for example:
   - Developing a clear governance and co-operation among stakeholders.
   - Setting up priority systems for expats’ employment and integration support in the immigration policy and services.
   - Increasing the cultural intelligence of society.

2. Utilise social networks as a pathway to social and professional integration through:
   - Improving soft landing information and visible expat service through establishment of an Expat Liaison Officer/Office (ELO) in the region.
   - Employing digital services to improve communication efficiency through further developing e-governance services and the expat virtual platform of social networks developed by the project.
   - Supporting civil society and social entrepreneurs in delivering social and professional integration services.

3. Extend the service network in talent retention in the region in a joint force:
   - Promote co-operation and establishment of a joint representation of governmental agencies or consulates of the Central Baltic Sea Region to provide soft departure service/information in the sourcing country.
8. Sources

Interviews:

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