



## TALENT HUB

Supporting Copenhagen Capacity to strengthen retention and EU-Mobility of skilled migrants through collaborative multi-country coordination on talent retention and circulation in the EU

# BRIEF: TALENT RETENTION IN BUSINESSES

## Why talent retention?

Faced with ageing populations and demographic pressure, the ability of EU Member States to attract international labour is increasingly gaining importance. In **Denmark**, the number of employed foreign nationals that have come to the country to work, or study has more than doubled over the last decade, with labour migrants now constituting 12 per cent of the domestic labour force (DI 2023a). Even so, only around one fifth of the international labour migrants are from countries outside the European Union (AxcelFuture 2023).

Figures from Danish Industry (DI) and other actors set the net, average contribution of highly educated internationals at almost DKK 200,000 per year (DI 2021). DI also notes that half of all labour migrants from third countries leave Denmark again within four years (DI 2023b). For international students, around 50 per cent remain in the country after eight years (Damvad 2022). In 2018, it was calculated that Denmark would lose DKK 19.5 billion from public finances if all international labour left the country (DI 2018).

In **Germany**, the labour supply will only remain constant in the long term with an annual net immigration of 400,000 people (IAB 2021). A study from 2022 analysed the reasons for the emigration of foreign skilled workers. A quarter of the third-country nationals surveyed had left Germany for legal reasons. Another quarter mentioned professional reasons such as the end of temporary employment or not having their professional qualifications recognised. Respondents also cited a lack of social integration as well as economic or family reasons (IAW 2022).

According to OECD, 54 per cent of students who began their studies in 2010 were still in Germany after five years – and successfully completed their studies. Among students who began their studies in 2015, the figure was as high as 63 per cent. After ten years, the retention rate was still 45 per cent (OECD 2022).

There are therefore opportunities in attracting more third country talent in both Denmark and Germany, but also to retain the already arrived third country talent for a longer period of time for continued economic development and contributions. This concerns both talent arrived for the purpose of work and their families, and international students.

## Talent retention in the Talent Hub Project

Following extensive desktop research and stakeholder consultations, IOM has under the Talent Hub project formulated 34 interconnected recommendations for enhanced talent retention in Denmark, Germany, and other EU Member States. The recommendations are divided into three systematic and five thematic areas and meant to capture both the complexity and necessary engagement of private and public stakeholders for enhanced talent retention.

The recommendations underline that improved talent retention requires practical interventions and policy reform by stakeholders on all levels who need to strategize, coordinate, and cooperate. Attraction schemes cannot stand alone but should be supported by active integration and inclusion efforts targeting international talent.

### The Talent Hub project

Through the Talent Hub project, implemented by the IOM offices in Denmark and Germany in cooperation with Copenhagen Capacity and funded by the European Union via the Technical Support Instrument, IOM provides technical support to strengthen the capacity of CopCap and other public Danish and selected European stakeholders to develop, adapt and implement strategies related primarily to talent retention, nurturing and attraction. Within the Talent Hub Project reference to talent TCNs shall be understood as mid- to highly skilled non-EU migrants that have come to the EU area for the purpose of work or studies. More information and project materials:

<https://denmark.iom.int/talent-hub-eu>

<https://germany.iom.int/talent-hub-eu>

The Talent Hub project understands retention not only as national efforts to retain talent in the individual EU Member State, but also as an opportunity for all parties – including employers and talent – to support professional and economic development by facilitating intra-EU circulation of talent and therefore retention in the EU area.

## The role of businesses in the retention of international talent

Businesses and other private or public employers are central to support the retention of the talent they attract and employ. Small and Medium-sized Enterprises (SME) represent an increasing share of the businesses in the EU and remain a priority area for EU competitiveness. While businesses traditionally do not work directly with integration and inclusion, they have the direct contact to their employees and may carry out a variety of activities supporting the arrival, planning, well-being, and professional development of the international talent they employ.

Businesses are also essential partners in local and national talent coordination bodies, data collection and policy reform, where they may provide input based on their experience and needs with talent management.

Out of the full list of 34 recommendations divided into systemic

and thematic areas, IOM has for the purpose of this brief selected three key recommendations for businesses to support retention of international talent. It should be kept in mind that the relevance of the three recommendations may vary depending on the individual business' capacity and context.

### → Formulate a talent retention strategy and establish local and national partnerships

Businesses intending to employ or already employing international talent are encouraged to formulate a talent retention and attraction strategy. Subject to own capacities, this could also be a general plan defining the business' strengths, needs and responsibilities vis-à-vis international talent. How do businesses benefit from diversity? What talent does the business need, what can the business do to support the talent and the families, and what should be provided by others?

Businesses are encouraged to actively engage in partnerships with municipalities and other partners in talent management cooperation and contribute to their activities. Especially partnerships with other businesses and municipalities can supplement the business' own actions and benefit talent and their families when the businesses do not have the capacity in-house.

### → Support incoming talent and their families both before and after arrival

Retention of international talent begins before the arrival to the host country by providing accurate and realistic information on the country, living and working conditions for all family members, housing, school options, jobs for spouses etc. Information provision may be supplemented by in-person or virtual support and pre-arrival training including language and social norms in the receiving country.

Businesses may continue the direct support with in-person contact to talent and their families after arrival to the country on topics such as job, study, and schooling opportunities. Spouses can be offered networking options and other assistance for finding employment. One of the most important retention factors for talent families is the opportunity for the spouse or partner to also develop professionally and/or find a job.

If no such capacity is available at the business, assistance can be sought through partnerships with organisations, municipalities, or others, as for example through referral to municipal settlement consultants (Danish: *bosætningskonsulenter*) or [Welcome Centers](#) such as in Germany.

#### Sources:

- Local Government Denmark (KL): "International Arbejdskraft – Vi har brug for flere kolleger fra udlandet" (2023)
- AxcelFuture: "Hvidbog og løsningsforslag til bedre vilkår for tiltrækning og fastholdelse af internationale højtuddannede talenter og specialister fra lande uden for EU" (2023)
- Damvad: "Internationale dimittenders værdi for samfundsøkonomien – med fokus på tekniske- og naturvidenskabelige dimittender" (2022)
- Confederation of Danish Industry (DI): "Højtuddannede indvandrere er en god forretning for Danmark" (2021)
- Confederation of Danish Industry: "Rekordmange internationale medarbejdere i Danmark" (2023a)
- Confederation of Danish Industry: "International Arbejdskraft," presentation at Business Forum 2023 (2023b)
- Confederation of Danish Industry: "Exit af udenlandsk arbejdskraft vil koste statskassen 19,5 mia. Kr" (2018)
- European Commission: "Communication from the commission to the European parliament, the council, the European Economic and Social Committee and the Committee of the regions", Commission work programme 2024 (2024)
- Institute for Applied Economic Research at the University of Tübingen (IAW): "Vorstudie zur Abwanderung von ausländischen Fachkräften" (2022)
- OECD (2022), International Migration Outlook 2022, OECD Publishing, Paris, <https://doi.org/10.1787/30fe16d2-en>.
- Research Institute of the Federal Employment Agency (IAB): "De-mografische Entwicklung lässt das Arbeitskräfteangebot stark schrumpfen" (2021)
- The German Economic Institute (IW): "Potenziale und Grenzen von Aufenthaltstiteln zur Arbeitsplatzsuche" (2022)
- For the purpose of this brief, IOM has primarily included references to newer sources.

A more complete bibliography of sources used for the project re-search is available in the separate documents produced under the Talent Hub project available on <https://denmark.iom.int/talent-hub-eu> and <https://germany.iom.int/talent-hub-eu>.

### → Promote internships and study job opportunities for international students

International students who have or will obtain a degree from a national education institution are an essential recruitment pool for international talent and for contributions to the economy. From 2007 to 2020, international graduates contributed to Danish economy with approximately DKK 26.7 billion. Students from third countries on average remain in Denmark longer than EU/EEA students and therefore contribute more to public finances (Damvad 2022).

The importance of international students as a talent source is stressed by recent legislative changes in Denmark that offer more study possibilities in English. Legal changes have also been made to improve the possibilities of finding employment by extending the time a student may stay in Denmark to search for a job upon graduation (see the Talent Hub Multi-Situational report). Since 2012, international students in Germany have had the option to remain in the country for 18 months after graduation to search for employment (IW 2022).

Highly educated international students with a recognised degree, with multiple backgrounds and knowledge of languages, international students offer valued qualities to businesses, but may lack exposure to the national labour market.

To facilitate student exposure to the labour market and support retention, businesses could actively offer internships and students jobs to international students in cooperation with universities and other educational institutions and partners.

#### A holistic view of talent retention

Although IOM has in this brief presented three selected recommendations for businesses and employers, out of a total of 34 recommendations, focus on a few select interventions may ultimately not maximise retention to the desired degree. Enhanced retention requires interventions by private and public stakeholders across multiple topics in a whole-of-government, coordinated approach. Businesses must contribute to talent retention efforts but not alone.

Improved talent retention requires a holistic, inclusive, and cooperative approach based on evidence and analysis of own strengths and needs, as well as an understanding of the multiple factors that affect retention both positively and negatively, from practical support over societal structures to legislative and policy factors.

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