



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 FOR POLICY MAKERS

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 as much as 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 however also notes that half of all labour migrants from third countries leave Denmark again within four years (DI 2023). 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, 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 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 policy makers in the retention of international talent

The state and government authorities can assume a primary responsibility for supporting a holistic approach to talent management, establishing context and structure to encourage attraction and retention on a national level. Legislative changes for the inclusion of talent into selected integration programming for enhanced retention must come from the state. In the absence of legislative changes, the state and government authorities can initiate and lead analysis and reviews of opportunities for practical talent collaboration at national and EU levels.

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 policy makers to enhance retention of international talent.

→ Formulate a national talent retention strategy and establish talent coordination mechanisms

Policy makers and government authorities play a pivotal role in driving the development of a forward-looking and adaptable national strategy on talent retention providing policy direction for talent attraction and retention and ensuring an effective coordination of efforts across sectors and government levels in a long-term perspective. Talent retention is a complex topic impacted by both labour migration and integration programming, wherefore coordination is needed across various administrative fields and ministries in a concerted, whole-of-government approach.

A state-led coordination mechanism may set the example and provide cooperation models and political initiatives for talent management also on local and regional levels, and even facilitate broader cooperation on talent with other EU Member States.

A national coordination mechanism should ideally be chaired by a senior government official from an entity national mandated on the attraction and retention agenda.

→ Establish publicly accessible information portals on talent management programming for stakeholders

Talent management activities may be implemented by a wide variety of public and private stakeholders with differing mandates and interests across the country, ranging from actors traditionally focused on attraction and others on integration issues. Without central coordination or information sharing, good practices and learning opportunities may be overlooked by talent management actors in need of support or without established networks to seek inspiration.

Even if examples and capacity building materials on talent management and in particular retention may already exist, relevant government authorities could set up a central online repository serving as a one-stop shop for talent management stakeholders seeking curated information and contacts in view of capacity building.

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)
- Danish Industry: "Exit af udenlandsk arbejdskraft vil koste statskassen 19,5 mia. Kr" (2018)
- Research Institute of the Federal Employment Agency (IAB): "De-mografische Entwicklung lässt das Arbeitskräfteangebot stark schrumpfen" (2021)
- Institute for Applied Economic Research at the University of Tübingen (IAW): "Vorstudie zur Abwanderung von ausländischen Fachkräften" (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>.

→ Redesign digital portals with talent relevant information for enhanced, multilingual accessibility

Attracting and retaining talent requires that both prospective and current talent have access to information on entry regulations and procedures as well as life in the country for talent and their families. Information should ideally be user-friendly, accessible in multiple languages and through different channels such as a national online portal, apps, and video. While talent is often expected to manage in English, broad-spectered communication may facilitate outreach also to families, those still considering moving, and counteract incorrect information provided by as for example agents in the departure country.

Government authorities should take the lead in developing national messaging and user-friendly information tools targeting talent still considering the country as a destination, and/or seeking information after they have arrived. In the case of Denmark, this may cover also information to Blue Card holders and other third country nationals inside the EU area.

Central, national messaging may be complemented by and linked to information provided by other public and private stakeholders by local area, branch or profession.

A holistic view of talent retention

Although IOM has here presented three selected recommendations for policy makers and government authorities, out of a total of 34 recommendations, focus on a few select interventions may ultimately not maximize retention to the desired degree. Enhanced retention requires interventions by private and public stakeholders across multiple topics in a whole-of-government, coordinated approach. Policy makers should set the scene for talent retention efforts but not alone.

Improved talent retention requires a holistic, inclusive, and cooperative approach that is based on evidence and an 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.