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ATTRACTING AND RETAINING TALENTED PROFESSIONALS IN THE BALTIC STATES

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Abstract: *During the last decade, many countries have embarked on a transformational transition into the knowledge economy. Given the increased positive influence that this economy has on the political, economic and sociocultural spheres of a globalised society, the unevenness between technologically advanced and developing countries have become more pronounced. The current rise in the global brain drain, especially in technologically challenged countries, has significantly affected the competitiveness of those countries in terms of attracting a talented workforce to their shores. This syndrome has become a significant challenge for the Baltic States, with the mass emigration of skilled professionals. Although the governments in the Baltics have embarked on nation branding strategies to differentiate and market their states on a global basis, these are more geared towards stimulating exports and attracting foreign direct investment (FDI) from multinationals and other private investors. Nation branding can improve a country's global standing, image and reputation, ultimately influencing the amount of tourism and capital investment, as well as attracting a talented workforce. However, it is apparent that in the Baltic States, proactive measures such as nation "rebranding" are still needed to retain a talented workforce for longer in the region.*

Keywords*: brain drain, rebranding, nation branding, talent management, migration*

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Introduction

Scope: The global migration and movement of skilled professionals, otherwise known as "movement of talent", plays an important part in the economic growth and competitiveness of many nations[1]. For the Baltic States, the mass emigration of skilled intellectuals was seen as a major loss for that region and a net gain for the receiving countries in Western Europe[2]. In addition, it is expected that in the coming decades there will be a "talent war", in which countries will compete more strongly to attract the best and brightest people[3], as globalisation continues to transform the world into a gigantic supermarket[4]. In 2011, the World Economic Forum already predicted that nation branding strategies will become critical for attracting talent, especially for the transitional post-Soviet countries of Central and Eastern Europe[5]. As a communications strategy and practical initiative, nation branding allows governments to achieve "talent mobility", as well as better management and control of the image that their country conveys to the world asserts that most governments have adopted various branding techniques to differentiate their country's brand globally to maintain a competitive advantage over rival country brands and promote sustainable development[6]. Recent awareness on the importance of country brand marketing has caused nations to adopt branding projects, pass laws to protect their brands and mandate specific agencies to develop projects centered on promoting them[7]. Given the increased movement of human talent globally, there is a desire for more policy-oriented studies and academic literature on this area because there is a direct correlation between the brain drain and the knowledge economy and the influence of globalisation on the evolutionary transitional phase in Eastern European states[8].

Research Areas: The study will deal with the following research issues:

1) The knowledge-intensive economy proves that access to talent is a key driver of productivity, innovation and economic growth. Attracting and retaining highly skilled talent is a crucial element for creating favourable conditions and growth in specialised and knowledge-intensive companies, cities and regions. Both international and domestic human talent represent good investments for societies, but the Baltic States fall short of this requirement for the time being because their governments are attempting to implement policies to support such investment[9].

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1 Fetscherin, M. The determinants and measurement of a country brand: the country brand strength index, Type: Research paper. *International Marketing Review*. 2010, Vol. 27(4).

2 Kancs, D. and Kielyte, J., 2002. Migration Movement in the Baltic States: Determinants and Consequences. [Interactive]. [accessed on 27-08-2014] <http://dx.doi.org/10.2139/ssrn.1045341>

3 Ibid.

4 Anholt, S. Nation Branding: A continuing theme, *Journal of Brand Management*. 2002. Vol. 10 No. 1: 59-60.

5 The Global Competitiveness Report, 2011-2012. World Economic Forum Geneva, Switzerland 2011.

6 Anholt, S., *supra* note 4.

7 Fetscherin, M., *supra* note 1.

8 Ivaniashvili, G. Meritocracy for Efficiently Using Talent and Developing Knowledge Economy: The Case of Georgia. Seminar. European University Institute. 22 January, 2014.

9 Andersson, M. and Solitander, A. Talent Retention Policy and Initiatives in the Baltic Sea Region: A Situation Analysis. Swedish Institute. 2014.

2) Nation branding efforts such as internal branding and profiling are not effectively implemented by the Baltic States[10]. It is perceived that strategies in these areas will make domestic and international talent more proud of the location where they reside and less likely to leave. However, the concept of "re-imagining a nation as a brand" to achieve economic development through human talent management is yet to be explored in the Baltic States[11].
3) In a recent report by Brand Finance, countries with strong brands were found to easily retain skilled citizens and attract top talent worldwide without experiencing a high level of brain drain (Brand Finance Nation Brands 2013). The report states further that communication and development opportunities for both internal and external talent within a nation can improve innovation and quality in production – and once established, this allows for the recruitment of specific skills and experience that a country needs through branding. Just as strong brands have become a defining feature of success for corporations, the Baltic States can adopt similar techniques to invest significantly in developing their nation brands to help them capitalise on economic growth. At the moment, these countries fall short of the effective brand positioning needed to recruit the specific skills they require.

Purpose: The aim of the study is to investigate whether any brain drain from eastern to western parts of Europe can be effectively countered through a rebranding of the three Baltic States, Estonia, Latvia and Lithuania. By rebranding them as strong unified nation brands, resources could be pooled efficiently to attract more skilled professionals to the region. This could improve policymaking processes in cities, development agencies, businesses, universities and ministries that work together to retain talent in these countries.

More specifically, this study focuses on **talent management** and **brain drain/brain gain**. Talent management is the independent variable because it *influences* the outcome of the dependent variable: brain drain/gain. The particular objectives of the study were:

1. To validate that the current brain drain in the Baltic States has impacted economic development and the level of foreign direct investment (FDI) in that region.
2. To demonstrate that nation branding policies should be implemented to help attract talent and retain it for longer in the Baltic States, thus aiding economic development and foreign direct investment in the region.
3. To emphasise the importance of a rebranded Baltic region for talent attraction and retention.
4. To demonstrate that efforts in the area of talent attraction do in fact aid retention prospects.

Novelty: The study suggests an innovative approach to countering brain drain through nation branding. From the findings, it is expected that a practical framework could be established for government ministries, businesses and universities in the Baltic States for the development of successful nation branding strategies to retain and attract talent as a key element for increasing the global competiveness of those countries.

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10 Andersson, M. and Solitander, A. , *supra* note 9.

11 Branding Post-Communist Nations: Marketing National Identities in the New Europe (Ed. Kaneva, N.). NY, Routledge. 2012.

2. Literature Review

2.1 Historical Analysis of Migration in Europe

To predict potential patterns of future migration, it is important to first study the movements of populations in the past[12]. Kancs and Kielyte outline how there were four distinct migration periods in Western Europe during the postwar period: war adjustment and decolonisation from 1945 until the early 1960s; labour force immigration from 1955 to 1973; restrained migration from 1974 and 1988; and the dissolution of socialism in the East and migration to the West[13]. The Baltic States attracted a high number of immigrants from other Soviet states during the communist period. The main reasons for the rise in emigration at that time were uncertainties with regard to the permanence and success of the political and economic systems of the new independent governments during the 1990s, and differences in per-capita income (income gap), the employment rate in host countries and countries of origin, traditions and networks, ethnic and political problems, cultural and linguistic barriers, and proximity. In addition, economic growth between 1993 and 1997 also resulted in mass migration to the Baltic States[14].

2.2 Nation Branding of the Baltic States

The role of nation branding is frequently the result of external perceptions, but ideally is most effectively shaped by the countries themselves[15]. One of the main difficulties faced by each of the Baltic States in establishing and marketing its country brand is that these nations continue to suffer from an abundance of terminology and descriptors as to who they are[16]. The brand images of these countries are often overshadowed by geographic labels such as "Eastern Europe", "Central and Eastern Europe" and "Northern Europe"[17]. During the late 1990s, the renovation and facelift of the brand image for Central and Eastern European countries (CEECs) to help attract and retain talent was deemed a complex task for many scholars and policymakers. A nation can be "re-imagined" as postulated by the anthropologist Katherine Verdery[18]. Verdery states that a nation "*is an aspect of the political and symbolic/ideological order and also of the world of social*

12 Kancs, D. and Kielyte, J., *supra* note 2.

13 Zimmermann, K. F. European Migration: Push and Pull. International Regional Science Review.1996, 19: 95-128.

14 Branding Post-Communist Nations: Marketing National Identities in the New Europe., *supra* note 11.

15 Anholt, S., *supra* note 4.

16 Kancs, D. and Kielyte, J., *supra* note 2.

17 Kancs, D. and Kielyte, J., 2002. Migration Movement in the Baltic States: Determinants and Consequences. [Interactive]. [accessed on 27-08-2014] <http://dx.doi.org/10.2139/ssrn.1045341>; Branding Post-Communist Nations: Marketing National Identities in the New Europe (Ed. Kaneva, N.). NY, Routledge. 2012.

18 Verdery, K. Whither "nation" and "nationalism"? Daedalus. 1993, 122 (3): 37–46.

interaction and feeling", and as such "*has been an important element of systems of social classification for many centuries*"[19]. However the main question raised stated by Verdery is: "*What are the consequences to national sovereignty, citizenship, and democratic governance from re-imagining nation as brand?*" [20]

2.3 Talent Management in the Baltic States

Talent is defined as *"skilled professionals with at least tertiary education*", a definition that also includes national and international students engaged in higher education[21]. On a broader level, talent retention involves efforts implemented by countries to attract and retain talent. Talent management involves a more holistic, integrated approach to attract, welcome and integrate talent (talent mobility). The main goals for talent attraction management are to improve conditions for talent mobility – or "brain circulation" – and to a lesser extent to minimise the influences that lead to brain drain[22].

It is perceived that positive nation branding strategies can aid in retaining human talent in a specific region. The challenge of attracting and retaining skilled international professionals has not received much policy attention in Lithuania[23]. Although the country's government has made significant policy changes in the last few years to establish more favourable entry conditions for specific professional groups, no law has been passed on this front. With regard to domestic talent, little priority has been placed on encouraging these people to remain, even though more than 100,000 Lithuanians emigrated between 2003 and 2008. In a similar way to the situation in Lithuania, the attraction or retention of talent is not a prioritised policy in Latvia[24]. Nonetheless, politicians have more recently taken significant steps to attract skilled professionals and foreign students. With regard to domestic labour, it is estimated that more than 200,000 people emigrated from Latvia between 2007 and 2012. Although a key issue for Latvia now is to attract back some of those who left, policymakers have made few efforts to address that matter. The reverse situation exists is Estonia, where the goal of attracting qualified workers to that country is taken at the highest political level and is already included in the country's Government Action Programme[25]. With regard to the retention of domestic talent, the government's main aim is to use as much local labour force to attract talented citizens of Estonia back from abroad. However, there is no comprehensive policy document by the government on measures for attracting highly qualified citizens and qualified third-country nationals to Estonia. In comparison with the other Baltic States, Estonia has not

19 Verdery, K., *supra* note 18.
20 Ibid.
21 Andersson, M. and Solitander, A. , *supra* note 9.
22 Ibid.
23 Ibid.
24 Ibid.
25 Ibid.

been as hard hit by the emigration of skilled workers as indicated in the national census of 2011. Approximately 25,000 Estonian inhabitants currently work in other countries, equivalent to around 4.4 per cent of the total work force[26]. The immigration system in Estonia is purely employer-led, because the country does not issue special student visas to international students that grant the right to work there during study like in other EU member states. Nevertheless, the government has recently issued a policy change that gives international students the right to stay in the country for six months after the end of their studies to look for a job.

3. Methodology

A comparative analysis was carried out of previous scientific literature, policy-related studies and data from government websites on current legal policies and frameworks with regard to the issuing of work and residence permits for foreign talent and international students in the Baltic States, as well as of policies in place for retaining and attracting international and domestic talent. Current statistics on domestic employment were analysed, in addition to determinants that influenced the sample to remain in those countries. Other secondary data was sourced from the relevant Acts of Parliament, previous empirical studies on nation branding, seminars and conference proceedings, annual reports, studies and scientific journals. The situational analysis grounded theory approach was useful for this study, because it provided practical mapping tools for designing qualitative research projects and conducting analysis of qualitative empirical material for research that involves multi-sited ethnographic projects, and for research projects that include both human and non-human actors and multiple forms of empirical material[27]. A two-fold approach was used for the situational analysis: analysis of qualitative empirical data, and then structured participant observation surveys and expert interviews at the multi-sited locations of the research. Based on the findings derived, it was necessary to interview experts to validate the four hypotheses raised:

H1: Brain drain from the Baltic States results from non-development of the talent segment of country brands by their governments.

H2: In a similar way to the brands of corporations, nations can capitalise on economic growth through effective positioning of a nation brand for talent attraction.

H3: Talent attraction management plays an important part in a country's economic development and global competiveness.

H4: Talent attraction management is not crucial for increasing a country's global competiveness and economic development, because other factors affect such development, including government policy, culture, population density and the level of foreign direct investment.

26 Andersson, M. and Solitander, A. , *supra* note 9.

27 Clarke, A. E. Situational Analysis: Grounded Theory After the Postmodern. First Edition. 2005.

The research sites for the study were Lithuania, Latvia and Estonia. The Global Flow of Tertiary-Level Students data published by UNESCO[28] shows that in the Baltic region, more domestic students are opting to study abroad compared with the inflow of international students immigrating for study. In addition, the widening income gap and lack of professional opportunities continues to reinforce the brain drain syndrome in these countries.

The research population consisted of talented citizens and expatriates residing in the Baltic States. As of July 2014, Eurostat gives the following population estimates for the region's countries (Eurostat, 2014):

1) Estonia – 1,315,819 (68.5% employed)
2) Latvia 1,997,500 (65% employed),
3) Lithuania – 2,944,459 (63.7% employed)

With regard to the institutional aspect of the study, the population was centered on the immigration departments in the regional districts of each Baltic State.

Conclusions

The brain drain from Central and Eastern Europe to Western Europe is a distinctive trend that began as early as the 1940s. This migration initially came about as a result of economic, political and sociocultural factors, but since then, economic factors have become the prevailing cause of continuous migration from East to West. The Baltic States, particularly Lithuania and Latvia, have experienced an enormous loss of human capital because of a low level of global competitiveness and a lack of policies implemented to retain talent. It is perceived that strategies similar to those adopted by successful corporations to develop and strengthen their brands can be used to boost the brands of nations. For the Baltic States, it is proposed that branding techniques should be adopted to counter the brain drain problem in order to achieve economic sustainability and global competiveness, thus resulting in increased foreign direct investment for those countries.

28 Global Flow of Tertiary-level Students, UNESCO 2012. [Interactive]. [Accessed on 27-08-2014]. <http://www.uis.unesco.org/Education/Pages/international-student-flow-viz.aspx>

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GABIŲ PROFESIONALŲ PRITRAUKIMAS IR IŠLAIKYMAS BALTIJOS VALSTYBĖSE

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Santrauka. *Jau dešimtmetis, kaip daugumas šalių žengia persitvarkymo keliu link žinių visuomenės. Atsižvelgiant į teigiamus pokyčius, kuriuos ši besiformuojanti visuomenė stimuliuoja politinėje, ekonominėje ir sociokultūrinėje globalios bendruomenės srityse, vis labiau ryškėja ir atotrūkis tarp technologiškai brandžių ir tradiciškai augančių šalių. Šiuo metu išaugusi ir sustiprėjusi globali talentų nutekėjimo tendencija, ypač technologiškai silpnesnėse šalyse, paveikė šių šalių konkurencingumo pajėgumus globalioje situacijoje. Talentų nutekėjimo sindromas tapo opiu iššūkiu Baltijos valstybėms, kur stebime masišką gabių profesionalų emigracijos reiškinį; tačiau nesiimama jokių strategijų įgyvendinant šios problemos sprendimus. Baltijos šalių vyriausybės pradėjo tautinio išskirtinumo formavimo kampaniją, siekdamos suformuoti savo valstybinį atpažįstamumą ir rinkodarinį išskirtinumą globaliu mastu. Tačiau šios rinkodarinės strategijos orientuotos veikiau į eksporto formavimą ir tiesioginių užsienio investicijų iš tarptautinių kompanijų-milžinų ir kitų privačių šaltinių pritraukimą. Tautinio išskirtinumo atsiradimas gali pagerinti globalią valstybės padėtį, iškelti jos įvaizdį ir sutvirtinti reputaciją, o tai traukia turistų srautus, kapitalo investicijas ir gabios darbios darbo jėgos pritraukimą. Tačiau, akivaizdu, kad Baltijos valstybėms reikalingos ir tokios iniciatyvos, kaip naujai orientuotas tautinio išskirtinumo formavimas siekiant ilgam išlaikyti savo regionuose gabius darbuotojus.*

Reikšminiai žodžiai: *talentų nutekėjimas, naujas prekinis įvaizdis, tautinis išskirtinumo formavimas, talentų vadyba, migracija.*

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