



ATTRACTING AND RETAINING FOREIGN HIGHLY SKILLED PROFESSIONALS FOR INTERNATIONAL COMPETITIVENESS OF A COUNTRY

Eskedar MAŠTAVIČIENĖ¹, Asta RADZEVIČIENĖ²

*Vilnius Gediminas Technical University, Faculty of Business Management, Department of Management, Saulėtekio al. 11,
LT-10223, Vilnius, Lithuania*
E-mails:¹ englishbymatihana@gmail.com; ² asta.radzeviciene@vgtu.lt

Abstract. As positive dynamics of the skilled professionals migration is a key factor to ensure international competitiveness and sustainable growth of nation's economy, the aim of this research is to provide guidelines for developing national policy for Lithuania towards attraction and retention of highly skilled professionals from abroad. The paper encompasses the general overview of global challenges with respect to international migration of highly skilled professionals, overview of applicable migration theories and results of expert survey on push-pull factors of migration to and from Lithuania.

Keywords: migration, highly skilled professionals, migration policy, country competitiveness.

Introduction

The future success of a country depends on highly skilled human resources. Outward and inward mobility of highly skilled professionals can significantly change human capital pool of a country. According to Organization for Economic Co-operation and Development (further OECD), there is a perception that highly skilled migrants, despite their relatively small numbers, may substantially affect innovation and economic growth, for they are a significant part of the human capital pool of their source and home countries. It is believed that emigration of the highly skilled labour force leads a country to a brain drain; a country which loses its highly skilled labour force becomes less attractive for knowledge intensive international businesses and could hinder companies' entry to a market, as a result fueling up highly-skilled professionals' emigration. Recent reports that show the high-scale departure of highly-skilled professionals from emerging countries tends to depress income levels and long-run economic growth rates of those markets. Despite the efforts to control the balance of migration by national and regional policies, governments need to accept the fact that mobility of labour force is increasing and today, people are affiliated to more than one place at once, transnational communication, networks, and relationships make the sustainability of a one-to-one relationship between citizenship and territoriality almost impossible. The abolishment of borders within the European Union (further EU) member states has not only brought an access the single market but also gave Lithuanian citizens the right to travel and reside anywhere within the member states.

Lithuania is facing a huge challenge due to high emigration rate for a couple of decades backed by low-birth rate creating an extremely negative impact on the labour market. Only 1 percent of emigrants from Lithuania in 2016 are older than 65 years age which shows the majority of emigrants are young, educated and productive part of the society; 90 percent of youth aged 15-19 years are willing to emigrate if they get educational and job opportunities in the west which corresponds to their profession (Žmogaus Studijų Centras 2017). The number of inhabitants has decreased by nearly a million since 1990 from 3,7 million to 2,8 million in 2017, according to a recent study in 2040 Lithuania will have only 2 million inhabitants. Emigration of highly skilled professionals (further HSP) from Lithuania directly affects the labour market and ability to satisfy the labour demand in a country. That will directly affect the development of international business and also decreases the attractiveness of the country to foreign direct investment (further FDI) to knowledge-intensive sectors due to the lack of professionals. The government needs to come up with an alternative to fulfill the demand of the labour market; in order to create a self-sustaining economy. According to OECD Lithuanian's emigration tendency is permanent or long-term emigration, as many families with children are

leaving the country, the fact that the attitude towards emigration being positive globally and young people becoming more prone to migration fuels up the situation. Lithuania's working age population is projected to decline by 44% between 2013 and 2040, due to aging, as well as ongoing emigration (European bank for reconstruction and development, 2016). The main research question is how to make Lithuania's national policies more consistent and more effective in order to attract and retain highly skilled professionals (ISCED level 5,6,7 i.e. the International Standard Classification of Education)

The aim of this research is to provide suggestions for national policy towards attracting and retaining highly skilled professionals in Lithuania.

The main tasks of research are to:

- Analyze recent trends of migration of highly skilled professionals and impact on economic competitiveness of countries;
- Analyze theories related to migration and social capital mobility.
- Identify drivers of international mobility of highly skilled professionals in international economy.
- Identify push and pull factors of highly skilled professionals' mobility via empirical research.
- Provide suggestions for national policy towards attracting and retaining highly skilled professionals in the country.

This research, encompasses an overview of trends of highly skilled migration and provides results of the experts' survey, in which the stakeholders interested in and affected by the phenomena of emigration from Lithuania are giving their point of view on whether the country has strategy to tackle the loss of highly-skilled labour force pool.

Overview of trends

Migration is a multidisciplinary phenomenon which can have both negative and/or positive impact on societies, economies, industries. International migration is one of the most controversial public debate issue for the past decade. Inseparable when human capital management, brain circulation, brain drain, international business, national security, human rights, access to public good is discussed. According to ILO 2013 report more than 74 percent of labour migrant workers reside and the rest work in high-income countries while the number of migrants living in middle-income and lower-middle income countries is 23 percent. The number of labour migrants in low-income countries is only 2.4 percent. Most labour migrants work in service sector 71% and other industries like construction and manufacturing employees 11.7%, agriculture - 11.1 % (ILO, 2015). It's believed that there are almost 35 million migrants in OECD with tertiary education, furthermore, migrants are more and more becoming highly educated. Due to the inflow of migrants from Asia, Africa and Latin America the global number of flows is expected to increase by 70% (Arslan et al., 2014).

More than 51% of world migrants live in 10 countries and one in the fifth of all migrants live in the 20 large cities around the world. In 2015 the top 10 countries with the highest share of migrants were USA (46.6 millions), Germany (12 million), Russian Federation (11.9 million), Saudi Arabia (10.2 million), United Kingdom (8.5 million), United Arab Emirates (8.1 million), Canada and France (7.8 million) and Australia (6.7 million) and Spain (5.8 million) and the top 5 countries with the highest number of diaspora population were India, Mexico, Russian Federation, China and Bangladesh.

The proportion of foreign-born varies in different countries Gulf states constitute the highest foreign-born population than any other globally. The United Arab Emirates, Qatar, and Kuwait consist of 88.4%, 75.5% and 73.6% of the foreign-born population respectively. While the proportion is 10% on average for Europe (countries with higher number of migrants - 17.5% in Austria, 17% in Sweden, 15% in Germany) in North America the population of USA consists of 15.2% foreign-born while in Canada the size is more than 22%; Australia's population is 28% foreign-born (IOM, 2015).

Who are Highly Skilled Professionals? There is no universal definition to the scope of who is highly skilled migrant and who is not nevertheless, The International Standard Classification of Education level 5-short-term tertiary education, 6- bachelor's degree, 7 – Master's degree and 8- Doctoral or equivalent are considered as highly skilled professionals (UNESCO Institute for Statistics 2011). Highly skilled people according to the Lithuanian labour office is a person who possesses a university degree or has an equivalent of five years' work experience in the professional area listed as high skill jobs (Lietuvos Darbo Birža 2018).

The outflow and inflow of migrants to a country needs a proper policy measures to make sure the human capital pool is in its optimal level. Country's competitiveness has become one of the most important factor in developing international business and also attracting investment (FDI) to it. And one of the measurements for

competitiveness is the quality and quantity of human capital an economy possesses as well as the ability to manage it. Due to the lack of policy measures and high competition for talent, countries are facing brain drain.

In addition to globalization of culture, skill miss-match due to technological change international trade will continue fuelling migration. While in future immigration is believed to be the main source of population for high-income countries, the emigration of highly skilled from low income countries will accelerate faster than less skilled once and lack of barriers to migrate will also contribute to the facilitation to leave (United Nations, 2015b). Johnston suggested that developed countries who are opening their borders for foreign workforce will benefit. He also believes that developing countries who are open to training and skill sharing will advance faster than those who did otherwise. Furthermore, more and more workers will be willing to travel in order to seize the opportunity to apply their knowledge and betterment of their lives (Johnston, 2000). The migration rate is unlikely to fall in the near future. Without a doubt when it comes to migration or migrant friendly policies, there is always the idea which backfires whether sovereignty, nationalism, protectionism, national security issues or the like, rather than supports freedom of movement. Therefore migration issue requires a proper policy response by a country in order to enjoy the benefits international mobility of the highly skilled offers. Furthermore countries need to look ahead and forge a strategy in order to stay balanced in these uncertain times. The international labour organization (further ILO) is trying to come up with policies to tackle challenges arising from international labour migration (ILO, 2016). Due to differences in policies in national level there is no one perfect solution to all the challenges faced by independent states nor does one size fits all policy work. The challenge is creating the right kinds of policies to get the best outcome for both countries of destination and origin. Business will always follow the reward, the question is how can one country offer more carrots to international businesses than others? And what can a country do to remain competitive in the long-run and secure a sustainable development?

Human capital acquisition has a positive impact on the competitiveness of an economy. Developed countries are already facilitating free movement of highly skilled professionals using policy measures, while others are politicizing the immigration which creates problem on business competitiveness, loss of investment due to the emigration of skilled professionals and loss of investment in education by source country and brain waste in the host countries are additional challenges to politicization of migration. A report by PWC “Talent mobility 2020 and beyond” illustrates the challenges which will be faced by companies globally. The shortage of skilled workers and rise of global players from emerging countries in addition to the demographic changes and aging population will be a major factor to fight and attract companies to specific location. The location of where to do business will depend on the demographic shift. The study of migrations’ impact on growth has gone beyond the study of international remittances and urban-rural migration to a wider spectrum study including “human capital investment, global diaspora networks, circular or temporary migration, and the transfer of technology and cultural norms” (Clemens, 2015). Even if the individual reason for migration is different for migrants and migration is a continuous phenomenon, demand and supply will be interdependent and the conventional rule of economics remains as one of the reasons to explain why international migration occurs (Bach, 2007). Due to globalization, governments today face greater international interdependence of their economies. Countries, just like business enterprises, need to think global and act local; so that national policies fit within an international context. It is also argued that source countries benefit from the emigration of their highly skilled professionals because it motivates the remaining part of the society to seek for higher education, improve skills and also create necessary spill-over of knowledge; it stimulates development to the source country (OECD, 2005).

Neoclassical theory of migration

Neoclassical theory of migration is the first and oldest migration theory. It defines migration as a circumstance resulting from a wage gap between source and destination countries of the migrant, either they run-from or run-to opportunities. This theory states that typically people migrate to the closest places in search of better opportunities and only if they are unable to find something better they migrate bigger distances, it also has seen the tendency of migration destination decisions based on profession and availability of work. The migration of highly skilled increases to higher wage countries where there is higher population of diaspora from the same countries as a result of decreased migration cost (Beine et al., 2008b). The idea is that networks which are larger tend to be associated with lower costs of migration, due to ease of information access, migrant might find job before moving to the destination country through network etc. It is also believed that migration is driven by expected future income rather than actual having in mind that there is high probability of employment. Nevertheless, de Haas argues that income gaps do not always prove the migration destination choices. It is said that past historic ties like colonialism and common language affects migrants’ destination choices even if the analysis does not prove true in some countries cases (de Haas, 2014a).

Neoclassic model portrays migration as an outcome of the migrants will to maximize once incentive and wellbeing that can be true in micro level but fail to recognize forced migration, human trafficking, and migration due

to natural catastrophes in country of origin, it also has the ability to clarify and explain the international movement of wealthy and highly-skilled persons from OECD and sub-Saharan countries (de Haas, 2014a). Researchers also agree on the fact that those who migrate long-distance internationally are the once whom are considered as rich in their country of origin it is fact that globally migrants do not usually come from the poorest segments of society “the poorest countries tend to have lower levels of emigration than middle-income and wealthier countries”(de Haas, 2014b). Even though the better-off and highly skilled leave their countries of origin some research suggest that poor economic situation alone is not the push factor for the highly skilled but also more factors as human rights violation, corruption, lack of freedom in the public sector. Neoclassic theory of migration manifests in both macro and micro-levels. In macro-level neoclassic theory defines migration as an outcome of labour demand and supply differences in different geographic area where people migrate from labour-surplus areas to, results in wage differences among countries, which latter serves as a push or pull factor. Whereas, in micro-level individual choices in order to maximize income, quality of life, self fulfilment. This theory could successfully applied to Lithuanian emigrants to western countries and to more developed and wealthy countries in the micro-level to improve their quality of life and because of well-developed network and high number of diaspora the moving cost decreases.

Human capital theory

This ideology has brought a modification to the neoclassic theory where it led to the birth of human capital theory in micro-level. The neoclassic theory focuses mainly on wage differentials where as in micro-level it acknowledges the existence of or the impact of individuals' choice when making migration decision. Referring to Sjaadstad 1962 as the founder of human capital theory, Kurekova states that in micro-level the human capital theory takes under consideration the age, skills, gender, marital status, employment status, occupation and more of the individual when making migration decision unlike macro-level where wage differential is believed to be the major if not the only factor. The human capital theory also identifies that migration increases with development of a country (de Haas, 2014b) because more and more people afford to finance migration, Lithuania's emigration rate can be a good example, and since the independence of the country more than twenty percent of 1990's population has left the country, even though the country has shown a great progress socio-economically (OECD, 2016). In human capital theory heterogeneity of individuals is the most important factor, it shows that individuals with the same country of origin behave indifferently, the choose to leave or remain that particular country, may chose different destination etc. nevertheless, this theory identifies that migration decreases with age and increases with level of education (Kurekova, 2011).

New economics theory of migration

The new economics theory of migration has come to existence to challenge the previous theories. New economic theory of labour migration is believed to be “an elaboration” of the neoclassical theory. It highlights the impact institutions and non-economic factors in making migration decision, and brings mezzo-level indicators to the frame factors in analyzing family and household decision as the motivators of migration. According to this theory migration decision is made by families or households rather than an individual. It also takes multiple factors into consideration unlike neoclassic theory where the goal of migration is concluded as income maximization. Just like neoclassic model this model was based on push-pull factor nevertheless, it was believed that migration decision is made by families and communities to reduce risk and maximize the benefit for the entire family rather than an individual choice. As a result of new economics theory of migration the research of causes of migration has shifted from individual's decision and factors to families and households. Founder of the theory argue that, due to the lack of perfect labour market, the risk of losing family's income and stability is high, therefor families will pool resources and send their member abroad in order to minimize the risk and maximize their household income securing stability through remittances. De Haas elaborates that migration in case of new economics is the key to overcome market constraint in case of markets which financial markets are reserved only the elites (de Haas, 2008), therefor migration opens a door to a better life. Some researchers also believe that new economics theory of labour migration come to challenge neoclassic approach (see Kurekova, 2011).

This theory can be reflected in today's migration from the horn-of Africa to Middle-East, Asian countries labour migration to the Middle East, nevertheless this theory just like neoclassic theory, has flaws describing migration factor as only a rational decision made by families to maximize their income and wellbeing. According to Stark the founder of this theory migration decisions are not made not only based on income maximization for the family and house hold, but also migration decision was made by income comparison, comparing with the group one belongs to or wants to belong to (Stark, Bloom 1985).

Network theory of migration

The personal and professional relationship between migrant and non-migrant are the main focus of network theory. Migrant networks, influence the migrant's decision when choosing one's destination. According to some researchers, the existence of diaspora networks influences the migration decision (Kurekova, 2011). Migration patterns are unevenly distributed throughout economies. Migrant's networks are one of institutionalized networks i.e. the interpersonal ties that connect expatriates, non-migrants, and returned migrants in migrants sending and migrant receiving countries through kinship, professional networks, friendships, shared community of origin. Network theory is related to be called migration systems theory created by Magobuje in 1970 (see Kurekova, 2011). This theory's main assumption is that, migration alters the social, cultural, economic, and institutional conditions at both the sending and receiving ends. Pre-existing links between source and destination countries, such as trade relations, colonial and cultural ties, and diaspora networks could sustain migration.

Network theory pin points the importance of personal ties of migrants and restructure the entire context of the location where it takes place. Migrants change their home country in developmental context through remittances or knowledge spill-over, migrants can change the host countries by contributing to diversity, innovation and building bridges between their home and host countries (de Haas 2008).

Networks but also a culture of migration, a perverse distribution of human capital and the stigmatization of jobs generally performed by migrants. Globalization has accelerated the network theory concepts to idea of transnational migration. With the increasing means of communication transnational social space is created. And that keeps migrants stay connected and participate in both home and host-countries social, political, cultural and economic environments, that create not only movement of people but also culture, ideologies and technological transfers and knowledge spill-overs. Transnational migration trend has become notable: migrants affiliate themselves to more than one place, belong to more than one culture, experience, value, and attitudes. With active participation in their host and home countries, they can impact one and the third country.

World systems theory of migration

This theory focusses on forces which are occurring globally as drivers of migration: globalization of culture, diffusion of western culture which makes the recipient of those influences to want to go to those countries due to the gap in quality of life and style. Policies related to attracting a particular group of immigrants, economic development and the labour market demand can also be some of the factors pulling immigrants. The World system theory of migration, unlike Neoclassic and New system theories which focus on individual's choice, push-pull factor. It has taken under considerations events happening in the world which can be disruptive. This theory has acknowledged that such occurrences as colonialism, capitalism, globalization, regional political crises and more to have had an influence on migration.

Man's attachment to a land has decreased with the increase in industrial (industrialization). The expansion of capitalism and multinationals has caused "disruptions and dislocations", world-system (see Wallerstein, 1990) According to Wallerstein (1990) there are two regions of the world, the core and periphery. The 'core' regions are advanced and developed countries whereas 'periphery' are those which are the weak and poor nations; and the rest fall in to semi-peripheral states.

In case of migration people tend to move from peripheral regions which are labour surplus focused on labour intensive production in the world system to the core which is capital-surplus, which in the world system is producing, production which is capital-intensive. Wallerstein (1990) elaborates that the core tend to accumulate capital through unfair exchange where the core dominates and exploit the weak and sending resources which are extracted for as cheap as possible to the core) for more read (see Wallerstein, 1990) and in case of illegal migration the demand for low wage cheap labour jobs can be exploitative as a matter of fact origin country cannot benefit from remittances because the migrant can be living on working poverty with high risk of losing one's job (de Haas, 2014a). Unlike other theories where micro-issues are under consideration, world system considers only structural issues as main driver of migration. The role 'global cities' play in world system theory is enormous. Factors as social and economic conditions, government regulation, communication (both infrastructure and technology), connection to other countries (transportations), societies attitude to migration, family pressure etc. are some of the interdependent factors in making migration decisions.

With globalization comes increased international trade and bilateral agreements. Economies no longer focus solely on internal markets rather, they expand export manufacturing and agriculture for the purpose of export. Due to price war between local and imported goods, moving manufacturing plants to less labour cost providing economies fueled up, that has brought structural unemployment and disruption of the labour market that led to internal and

international migration. That is why movement of capital “capital mobility” and labour mobility are seen as the core interdependent factors in world system theory (de Haas 2008).

Dual Labour market theory of migration

Migration is an outcome of a strong demand (pull factor) in the labour market for low pay jobs in destination countries. It is believed that the pull (employment) factor in the labour market works due to the unattractiveness of secondary sector for natives, this motivates migrants to go to the destination countries to less paid sector. Migrants in this case do not see themselves as part of the society they reside in. Wage rises in the primary sector nevertheless, proportional increase of wage in secondary sector for natives can be too expensive, and due to availability of well-paid job in the primary sector and b wages reflect status and prestige, natives are not willing to work in the secondary sector. The conventional sources of labour, women and youth labour because women have become part of the regular labour force in developed countries because of high rate in education, and the number of youth is declining due to demographic changes. Because the natives shun from the lower secondary sector employment, there is a constant and increasing demand for cheap labour which usually is provided by immigrants (de Haas, 2011). This model well explained the post-war migration trends to Europe and United states and also the current tendency of Mexicans migrating to USA, East Europeans working in farms in Spain and Norway, East Africans migrants to the Middle East and so on.

Experts View on policies related to attracting and retaining highly skilled professionals in/to Lithuania

In the context of almost barrier-less intra-European labour mobility Lithuania needs to develop the strategy for attracting and retaining highly-skilled professionals because on high circulation of citizens to other countries for better education, higher income, access to professional opportunities, life quality, and the like. In addition to that Lithuania needs to develop a strategy to create to tackle two major long-term challenges - aging population, and low birth rate; and short-term challenge created by an abating decrease in human resources pool, which has a devastating impact on the labour market.

Empirical research presented in this paper was conducted by interviewing eight experts from stakeholder organisations to get their feedback on the labour market situation and the challenge it is facing in relation to highly skilled labour force. The interviews have been conducted in the period of five months, between January - May 2017, conducted in English by one interviewer. All responses have been recorded. The structured expert interview has been constructed from thirteen open questions to explore major trends and drivers of international migration to be tackled by Lithuanian decision makers. Experts were asked to evaluate the proposed statements in the scale from 1 to 10 (1 – don’t agree, 10 – fully agree), the evaluation was completed by open questions to comment the opinion. The major research question was whether Lithuania has the right strategy to tackle the challenges faced by the global war for talent and a downward shift of the demographics.

Eight experts representing different groups of stakeholders and being in executive position of the represented organizations have been interviewed to investigate the research subject:

- Expert A, Lithuanian Innovation Center (LIC), Director, university lecturer.
- Expert B Lithuanian Parliament Member, Economist, and Lecturer.
- Expert C, politician, former city mayor of Vilnius, Business man.
- Expert D, Lithuanian Labour Department at the Ministry of Social Security and Labour, Director.
- Expert E, Lithuanian Ministry of Economy, Vice Minister.
- Expert F Vilnius Industrial and Business association, President and Economist.
- Expert G Lithuanian Innovation Center (LIC), Innovation Expert, Founder.
- Expert H, Lithuanian Innovation Center (LIC), expert, university lecturer.

Most experts argue that Lithuania does not have a strategy to attract and retain highly skilled people; is neither in a position to stop emigration and nor in a position to return back the lost human capital. Lithuania does not have a strategy for attracting or retaining highly-skilled for a very simple and at the same time complex reason, the country is not sure why people are leaving and the reason might become clear after 10-20 years. Lithuania is acting on ad-hoc principle, there is no database for the human capital pool (Expert B, G, C, F). The migration bodies and statistics department are not monitoring the structure of migration flows, there is lack of data on destination countries (on average of 3 out of 10 points maximum for having clear strategy). Lithuanian authorities fail to establish contact with ex-pats other than those who belong to Lithuanian community abroad. The experts reach an agreement that country’s current government needs to do more in raising awareness of the necessity of immigration.

Experts point out that lacking assessment of capacity of the labour market, Lithuania struggles to attract FDI in diverse sectors (Expert F). Lithuania needs a sectoral policy to focus on attracting FDI based on the labour markets ability to conduct the high value-added operation. Lithuania in this value chain could be flexible and adaptive but the major limitation is very small market (Experts A, E, F, G). Lithuania is facing the same dilemma as other Baltic states and Poland where the government and other agencies are working hard to attract FDI, nevertheless the labour market is challenged in general with the unavailability of skilled professionals to take the positions. At this moment the demand for specialists includes IT professionals, sales managers, administrators, technical and commercial sales representatives, accountants, statistical and finance clerks, business service managers, engineers (without mentioning professions with the requirement for vocational education). Currently there are more than 33 thousand job offers and only 19 thousand officially unemployed people. Even though unemployment is 8%, 13% of enterprises are in search of highly-skilled employees.

Almost all experts concur that Lithuania lacks a strategy both long-term and short-term strategy regarding HSPs (8/10 points average). Hence Lithuania positions itself as a country which provides skilled, but cheap labour force, highly skilled professionals will be less attracted to come or remain in this market.

Highly-skilled talents are looking for high salary to live a good life or cutting-edge technology which is unavailable anywhere else unfortunately in Lithuania and Eastern Europe in general does not offer that (Expert H). In Lithuania there are just a few sectors which can comply with HSP expectations, for example, lasers, biotechnologies and engineering companies. Nevertheless, Lithuanian labour market for top professionals is very small and unable to provide them with any possibility to realize themselves. That's why they leave the country otherwise their skill and knowledge will be gone to the brain waste. A highly skilled professional and, of course, the HSPs prefer better conditions to work in other countries – Germany, Switzerland, USA. Experts stated that attraction or retention, in short-term works on ad-hoc where in long-term there is no strategy. It is important, that some steps has been taken to introduce the start-up Visa, start-up employee visa and the creation of a system to attract talent, this could have positive short term effect. Unfortunately, according to the current policies students are not considered as HSP (Expert E). The government position is not adequate in the light of a serious socio-economic problem. Retention has high attention especially for those who would like to remain (i.e. international students who finish their studies in Lithuanian institutions), in contrast Denmark, Estonia, The Netherlands, Czech Republic are very explicit in their position towards retention of international students). Surprisingly, the absence of position regarding international students was ranked extremely low (3/10 average).

Competitiveness of local companies is low when it comes to other players in the market, technologies which Lithuanian enterprises have are low, except in some sectors such as laser technology, biotechnology, “maybe only 10 companies in other sectors – engineering, chemical sector are competitive enterprises” but the scale of production is small in comparison to other economies”. It is a closed loop: in order to attract highly skilled labour there must be a demand for it, and Lithuania does not have enough pool of these attractive companies which requires highly skilled labour force. For companies to develop the world class products is not so easy and Lithuania is a growing economy, performed well after the crises had a higher GDP growth rate than most EU member states, but there is a lack of innovative companies’ low investment in R&D and “enterprises are still wary of collaborative way to operate e. g. joining clusters” (Expert H). Another challenge is – wages. Some companies make really big profit but they are not intending to pay higher salary than what's in the market. Therefore even when enterprises have the resources to keep the best-and brightest they still let them leave in search of a better pay in other places or abroad. Such phenomenon can create a decrease in motivation to work, loyalty, company it makes employee feel that the success of an enterprise is not their success as long as there is no shared reward. Although, the salary situation is improving and because of the lack of skilled-worker, employers are forced to pay higher salaries, nevertheless the wage level is not competitive enough to attract HSPs from developed economies such as western EU countries.

Attracting FDI is not the only important thing to do, every incoming enterprise needs right number of skilled-professionals. Limited pool of highly skilled professionals is one of the major concerns for international companies locating their businesses in Lithuania. HEI's output in STEM (Science, Technology, Engineering and Math's) related study programs is not increasing for the last decade (except ITC area). Attractiveness of graduate education in Engineering and Technology is not growing what is leading to long term shortage of professionals. Experts agree that ICT and engineering sectors lack specialists the most, this is the major barrier for the inflow of foreign direct investment. The size of Lithuania's business sector made some experts to hesitate if Lithuania needs sectoral policies at all regarding HSL. Some experts believe that even though Lithuania is too small to focus on making product from A to Z they believe that Lithuania needs to focus on high-value-added production in the value chain such as producing hi-tech spare parts or components for tech companies. Hence, Lithuania is a bridge between the East and the West to strengthen the policies on the sectors which capitalize on Lithuania's geographic advantage is important. Logistics sector, information technology, biotech, engineering and creative industries (game development, film making etc.) are

the experts suggestion for focus. There is a difference in opinion, where some of them agree that Lithuania needs to focus on knowledge based high value adding sectors, other insist on not forgetting conventional manufacturing with a bit of a twist (experts B, D). The example of Germany's manufacturing has been mentioned by expert B as an important way of keeping more people employed and regulating the job market not only for highly skilled but also for less skilled. Experts argues that Lithuania as a small country will have a challenge to create sectoral policies, therefore they suggest that policies must be largely inclusive.

Access to the global market when working for international companies, good salaries, possibilities for career advancement, good quality of life, remuneration, social policies, "inclusive market", salary, demand in the labour market, "ecosystem" (standard of living, connection with other big cities in Europe, infrastructure, clusters) are listed as HSPs pull-factors by the experts. The experts' opinion aligns with the Migration Integration Policy Index (MIPEX) index a unique measurement tool which measures policies to integrate migrants in 38 countries where Lithuania is ranked 34th. In this index 167 policy indicators have been developed to create a rich, multi-dimensional picture of migrants' opportunities to participate in society. The index is a useful tool to evaluate and compare what governments are doing to promote the integration of migrants (Migration Integration Policy Index 2017).

Experts listed the major barriers for HSPs immigration as bureaucracy, low wages, poor quality life, limited possibility for career advancement, corruption, lack of inclusive labour market policy, instable social system, difficulty to move to the host country, geographical element, remoteness psychic distance between host and home country, tax system, low salaries, limited possibilities for career advancement, poor quality of life, "social exclusion" are the barriers mentioned by the experts.

According to the experts Lithuania and many other countries are good at policy making and strategy creation, but biggest challenge is implementation. "The laws have to be amended to liberalize the issuance of long-term work visas. Foreign students should receive equal opportunities to work as local students (e.g. in Estonia). The government should be active in its efforts in inviting highly skilled professionals to Lithuania and creating the conditions for them to get work visas, provide space in nursery schools, etc. Also, the government needs to help with the integration of foreign highly skilled professionals into the community, especially in areas outside of the capital.

"When the Lithuanian economy could become one of the top competitive countries in the EU? Is that even possible? The experts answered that they believe that anything is possible, nevertheless that will depend on the political will of the government and the actual steps it will take to improve the economy, otherwise the growth of the economy will stop. 'We need to have a large pool of highly skilled professionals within the next two years in order to stay competitive and to improve' (Expert C). One of the most outspoken expert emphasized that "if Lithuania will not manage to change the migration problem in the coming two years (when the baby boomers leave the labour market to pension), that's when it will hit the economy really badly". "We need a different social policy, we have 200 people leaving the country every day and neither the government and nor the society is not on its feet trying to come up with a solution" said an MP. Lithuania needs a vision to build strategies and policies, and cooperation of institutions to implement them. Generations, values, attitudes and the essence of country, nationality or boarder is changing. The generation gap is huge. Strategies are built by predictions by signs of what might happen in the future and how are we going to face the current and future unknown issues. Therefore, flexibility is needed based on the changes of the environment and technology" (Expert C).

Suggestions for policy guidelines

In the context of the shrinking pool of highly skilled professionals, Lithuania needs to elaborate migration focused instruments within national social and economic development strategy, to redesign and complete the portfolio of economic motivators for foreign investors and foreign employees, to make revision of policies on legal status of foreigners.

To avoid existing marginalities and inconsistencies of different sectorial policies and legislation, a separate national strategy on migration could be recommended as potentially more effective instrument. Developing single special strategy on attracting and retaining highly skilled professionals is needed to cover existing lack of coordination and complementarity among the initiatives of different policy making bodies (Ministry of Foreign affairs, Ministry of Social security and labour, Ministry of Interior, Ministry of Economy) and other stakeholders (Invest Lithuania, Enterprise Lithuania, Investors forum etc.). Joint effort to elaborate the measures is needed in order to change the negative trend of highly skilled professionals' migration in Lithuania and to strengthen HR potential in general.

Shaping national economic diplomacy towards better positioning of Lithuania as destination to live and work is needed in order to compete with the national strategies of other EU countries, who already employed this strategic approach to attract foreign professionals and to cover structural gaps of human resource pool. Enhance economic diplomacy especially for the non-EU countries to attract R&D focused FDI to Lithuania and enhance international positioning of

the country. Coordinated approach on Ministry level is needed to create a network of economic diplomacy agencies of Lithuania abroad to compensate low density of Lithuanian embassies network, which serves the needs of the country inadequately.

The recognition of Lithuanian higher education attainment globally could make Lithuania a destination of choice for international students; and that will provide Lithuania a revenue from education export but also availability to reduce the gap in the labour market for skilled professionals, increase its human capital pool. Retention of international students who gained higher education in Lithuania is one of the powerful tools to cover the skill gap. Providing economic motivators has to be based on collaboration between public and private sectors: in order to prepare qualified labour force. Government not only needs to fund infrastructure and educational system but also facilitate the dialog and collaboration between public and private sectors to jointly create the base to enhance export-oriented, high-value-added businesses located in Lithuania and to create more attractive economic conditions to highly skilled professionals.

Improving the legal status of foreign highly skilled professionals requires to focus on simplification employability and migration regulations of highly demanded professionals via further liberalization of work permit, ratification of EU directive on migration of researchers and students; as well on targeted support for immigration of highly-educated talents from non-EU countries and their families. The above mentioned elements are suggested as a framework of measures to be implemented in order to change the negative trend of highly skilled professionals' migration in Lithuania, to enhance human resource potential and strengthen the international competitiveness of the country.

Conclusions

There is clear interdependence of international business growth in a country and international highly skilled mobility trends: investment agreements and FDI flows will also impact on, and be impacted by, the movement of labour internationally; the inflow of FDI increases an inward migration, and inward migration attracts more FDI due to availability of skilled labour. The shift taking place in developed countries, transforming their economies to knowledge-based, and focusing on innovation has created a strong competition for talent among nations. Furthermore, demographic changes, aging population and low fertility rate is leading countries to design immigration friendly policies to balance the labour market.

According to MIPLEX index Lithuania ranked 34/38 countries on the ability to attract and retain immigrant (MIPLEX, 2015). Emigration of highly skilled professionals from Lithuania directly affects the labour market structure, due to the lack of professionals it has a negative impact on the attractiveness of the country to FDI in knowledge-intensive sectors and therefore general international competitiveness of the country. The major aim of this research is an attempt to identify major pull and push factors which can be employed to increase attractiveness of country to foreign highly skilled professionals and to compensate the losses caused by emigration of local professionals. Migration theories analyzed for this research do not show the full picture of why international migration of highly skilled professionals occurs in a particular country. The country specific push and pull factors and their combinations have to be analyzed in order to develop an effective strategy, which shall be leading to revival of social capital in a country and capacity growth of the labour market. To identify the major determinants affecting the migration flows and possible impact instruments, the interviews with the experts representing major stakeholders have been conducted. The expert opinion became an important source of information to compensate very scarce data on highly skilled professional's mobility in Lithuania and shall be further continued to investigate strategic tools to create positive balance of social capital in country.

Empirical research proved that there is an immediate necessity to develop strategy for attracting and retaining skilled professionals to/in Lithuania. It is explicitly formulated by the survey experts that the future competitiveness of Lithuania will depend on the ability to create knowledge-based society and knowledge-based economy. In order to compete with other EU countries Lithuania has to develop explicit and complex policy package tailored to the needs of highly skilled returnees and newcomer professionals. The collaboration between institutions (i.e. Ministry of Foreign affairs, Ministry of Social security and labour, Ministry of Interior, Ministry of Economy) needs to be significantly strengthened to improve the ecosystem for both incoming and returning migrants. Countries opting for highly skilled labour pool are simplifying entry requirements for this category of professionals and their family members.

Contribution of economic diplomacy in order to increase inward migration has to be higher. Lithuanian government must consider knowledge export as one of the priorities to be achieved in the near future, due to the size of the market and limited natural resources, therefore further research is needed on the role of higher institutions in attracting highly skilled future professionals. Networks are strong tool for attracting skilled migrants, therefore

developing Lithuanian diaspora community and providing them with information on the development of the country could also help to attract both foreign professional and returning migrants to Lithuania. Countries suffering from high emigration rate like Lithuania must create a strategy to counter, politicization of immigration in order to be able to attract highly skilled foreign professionals. A clear strategy for attracting and retaining highly skilled professionals and a competitive migration and integration policy reform is the answer to the demographic challenge the country faces and the key to leading Lithuania to more competitive and sustainable future.

Reference list

- Arslan, C.; Dumont, J.; Kone, Z.; Moul, Y.; Ozden, C.; Parsons, C.; Xenogiani, T. 2014. A New Profile of Migrants in the Aftermath of the Recent Economic Crisis, *OECD Social, Employment and Migration Working Papers* No. 160, OECD Publishing. <http://dx.doi.org/10.1787/5jxt2t3nnjr5-en>.
- Auzina-Emsina, A. 2014. Labour productivity, economic growth and global competitiveness, *Procedia - Social and Behavioral Sciences* 156(2): 317 – 321.
- Bach, S. 2007. Going Global? The Regulation of Nurse Migration in the UK, *An International Journal of Employment Relations* 45(2): 383– 403.
- Beine, M., Docquier, F., Rapoport, H. 2008. Brain Drain and Human Capital Formation in Developing Countries: Winners and Losers, *The Economic Journal* 118(528): 631–652. <http://doi.org/10.1111/j.1468-0297.2008.02135.x>.
- Clemens M.; Ö. Ç. 2015. Reprint of: Migration and Development Research is Moving Far Beyond Remittances, *CGD Working Paper* 65. Washington, DC: Center for Global Development.
- De Haas, H. 2008. Migration and Development: A Theoretical Perspective, *International Migration Review* 44(1): 227–264. <http://doi.org/10.1111/j.1747-7379.2009.00804.x>
- De Haas, H. 2014a. Migration Theory: Quo Vadis? *IMI Working Papers Series*, November: 1-39.
- De Haas, H. 2014b. What Drives Human Migration? *Migration: A COMPASS Anthology* edited by B. Anderson and M. Keith, COMPAS, Oxford.
- European Bank for Reconstruction and Development. 2016. Draft.
- IOM, 2015. Global Migration Trends, 20. <http://doi.org/10.1057/9781137007124>
- International Labor Organization. 2016. *World Employment and Social Outlook - Trends 2016*.
- United Nations. 2015. International migration Report 2015.
- Johnston, W. B. 2000. Global Work Force 2000: The New World Labour Market, (91204).
- Kurekova, L. 2011. Theories of migration: Conceptual review and empirical testing in the context of the EU East-West flows, *Interdisciplinary Conference on Migration, Economic Change, Social Challenge*, 1–37. Available from Internet: https://cream.conference-services.net/resources/952/2371/pdf/MECSC2011_0139_paper.pdf.
- Lietuvos Darbo Birža. 2018. Sprendimo dėl užsienio aukštos profesinės kvalifikacijos reikalaujančio darbo atitikties Lietuvos Respublikos darbo rinkos poreikiams išdavimo tvarka. Available from Internet: http://www.ldb.lt/informacija/paslaugosdarbdaviams/puslapiai/uzsienieciu_sprendimai.aspx.
- Michaels, E., Handfield-Jones, H., Axelrod, B. 2014. War for talent – time to change direction. KPMG International, June: 1–2.
- Migration Integration Policy Index. 2017. *Migration Integration Policy Index 2015*. Available from Internet: <http://mipex.eu/what-is-mipex>.
- OECD. 2005. Trends in International Migration. OECD Publishing.
- OECD. 2016. OECD Economic Surveys: Lithuania 2016: Economic Assessment. OECD Publishing, Paris.
- Stark, O.; Bloom, D. E. 1985. The New Economics of Labor Migration, *The American Economic Review* 75(2): 173–178.
- United Nations. 2015b. World Population Prospects.
- Talent Mobility 2020. 2016. The next generation of international assignments. PricewaterhouseCoopers. Available from Internet: pwc.com/managingpeople2020; 36p.
- Wallerstein, I. 1990. L'Occident, le capitalisme et le système-monde modern, *Sociologie et Sociétés* 22(1): 15-52 <http://doi.org/10.7202/001837ar>
- Žmogaus Studijų Centras. 2017. Lietuva toliau praranda savo socialinį kapitalą. Available from Internet: <http://humanstudy.lt/lietuva-toliau-praranda-savo-socialini-kapitala/>

AUKŠTŲ GEBĖJIMŲ UŽSIENIO PROFESIONALŲ PRITRAUKIMAS IR IŠLAIKYMAS ŠALIES TARPTAUTINIAM KONKURENCINGUMUI

Eskedar MAŠTAVIČIENĖ, Asta RADZEVIČIENĖ

Santrauka. Teigiama kvalifikuotų specialistų migracijos dinamika yra pagrindinis veiksnys užtikrinantis tarptautinį konkurencingumą ir tvarų šalies ekonomikos augimą, todėl šio tyrimo tikslas - pateikti gaires, kaip plėtoti Lietuvos nacionalinę politiką aukštos kvalifikacijos specialistų iš užsienio pritraukimui ir išlaikymui. Straipsnyje apžvelgiami

pasauliniai iššūkiai, susiję su aukštos kvalifikacijos specialistų tarptautine migracija, apžvelgiamos taikytinos migracijos teorijos ir pateikiami ekspertų apklausos rezultatai apie migracijos į Lietuvą ir iš jos traukimo ir stūmimo veiksnius.

Raktiniai žodžiai: migracija, aukštųjų gebėjimų profesionalai, migracijos politika, šalies konkurencingumas.