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HOW CAN LITHUANIA HARNESS INTERNATIONAL TALENT TO DRIVE GROWTH?

Policy Paper

January 2021



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LIETUVOS RESPUBLIKOS VYRIAUSYBĖS
KANCELIARIJA



With funding by the European Union via the Structural Reform Support Programme and in cooperation with the European Commission's Directorate General for Structural Reform Support.

Acknowledgements

This policy paper was produced as part of the “Developing a strategy for the implementation of talent policy in Lithuania (TALENTAS)” project, funded by the European Union via the Structural Reform Support Programme and in cooperation with the Directorate General for Structural Reform Support (DG REFORM) of the European Commission. The authors would like to thank the project partners in Lithuania for their valuable contributions over the course of the project in general, and to this brief in particular.

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This document was produced within the project “TALENTAS – Developing a strategy for the implementation of talent policy in Lithuania” funded by the European Union via the Structural Reform Support Programme and in cooperation with the European Commission’s Directorate General for Structural Reform Support.

The views expressed in this document can in no way be taken to reflect the official opinion of the European Union and Lithuanian institutions involved in the project.

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01

A growing need for talent

How to attract, develop, and retain talent has become a key issue for countries competing for their share of the global talent pool. The high level of competition currently seen in this area is due to the growing understanding that attracting talent will be key to addressing negative demographic changes – and that an injection of new talent is crucial for driving innovation and economic development. Indeed, a growing number of both national and local governments are joining the race for international talent, rolling out the red carpet with measures that include fast tracks to permanent residency and tax incentives and promotional campaigns that advertise their location as a talent-friendly destination. However, the attractiveness of a country or region for global talent is influenced by a range of factors, including job and future career opportunities, quality of life, inclusiveness, and the family environment, to name just a few, pointing to the importance of a strategic and comprehensive approach to talent policy.

The case for talent attraction seems particularly striking in the case of Lithuania, due to its current and projected demographic and economic situation, linked mostly to a history of emigration that has affected the country's competitiveness and growth. Despite the relatively buoyant national economy and growing wages of recent years, return migration to Lithuania has been on a much smaller scale than anticipated, resulting in a growing sense of urgency regarding the need to recruit talent more widely. As the consequences of emigration continue to manifest, Lithuania has undergone a gradual shift from ad hoc actions to strategic policy planning, viewing global talent as a largely untapped resource. Recent efforts have included both legislative changes and practical measures aimed at enabling international talent to more easily access the Lithuanian labour market.

Who is a talent?

Despite constant discussion on talent mobility, there is still no precise definition for who should be included under the term 'talent'. Talented individuals are often defined as (highly) skilled professionals with at least tertiary education. National and international university students are also included in this group. Since skill and talent are not limited to those with tertiary education, certain groups of entrepreneurs, as well as persons who have acquired specialised knowledge and skill through work experience or specialised training, are also included in the definition.¹

Despite the progress made by Lithuania on talent management in both policy and practice, persistent challenges continue to hamper its talent attraction and retention. Reflecting this, Lithuania has been attracting fewer international students than other EU Member States, with only a small share of students staying after graduation. Highly skilled non-EU nationals, otherwise known as third-country nationals (TCNs), also represent but a fraction of migrants in the country.

Several key areas, which, if adequately addressed, could bring significant gains within a relatively short timeframe, have been identified during the course of the TALENTAS project. These include enhancing the alignment among strategic talent goals, the legal framework, and immigration policy; increasing collaboration among stakeholders, both inside and outside of the government setting; addressing complex administrative procedures

that do not necessarily reflect labour market realities; and providing sufficient integration support.

This policy paper highlights the important role that talent policy can play in driving growth in Lithuania. After mapping key policies and initiatives, it focuses on **three target groups of talent that are strategically important for Lithuania: highly skilled migrant workers, international students, and returnees**. The paper concludes with recommendations on ways in which Lithuanian stakeholders can improve their talent management policy and practice to harness this opportunity for growth. The findings are based on stakeholder consultations, desk research, and focus group interviews, as well as practical experience in the area of talent policy implementation. This policy paper complements a more comprehensive report, *Talent policy in Lithuania. Situation analysis and policy options*.²

02

The case for talent management in Lithuania

A number of factors, most saliently a history of emigration and an aging population combined with high employment rates and labour shortages, may increasingly affect the performance of the Lithuanian economy. This means that global talent has the potential to play a key role in mitigating challenges to sustaining economic growth that the country is facing.

Demographic decline exacerbated by emigration

With a population of 2.8 million,³ Lithuania has been shrinking and aging over the past few decades – with a further decline in total population projected. According to World Bank data, Lithuania has seen negative population growth rates since 1992.⁴ Eurostat estimates that Lithuania's population will drop to 2.1 million by 2050 – a decrease of 23%.⁵ Emigration has been a key factor in this population decline: Since 1990, the number of Lithuanian residents has decreased by almost 900 000 (approximately 24.4% of the total population), with the majority of this figure (almost 700 000 individuals) comprised by emigrants.⁶ Lithuania currently has the highest emigration rate of any member country of the Organisation for Eco-

nomics Co-operation and Development (OECD).⁷ As a result of this sustained emigration, there is a sizeable Lithuanian diaspora, amounting to about 17% of Lithuania's population.⁸

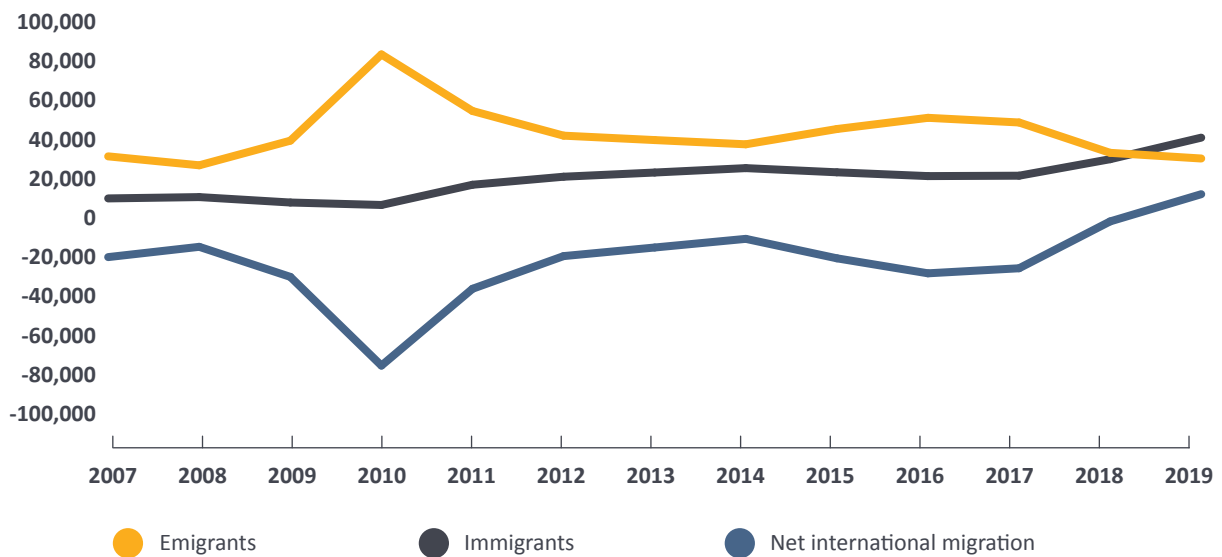
Positive news was announced in January 2020, when Lithuania saw its first population increase since 1991, as a result of immigration inflows (including returning Lithuanian citizens).⁹ Meanwhile, the median age of Lithuania's population (44 years in 2019) has been slowly but steadily rising, and age dependency ratios have grown. Lithuania is among seven European Union (EU) Member States where the old-age dependency ratio is projected to reach a level of at least 60%.¹⁰

Each of these trends have important consequences for the Lithuanian labour force and economy, as well as the viability of the country's welfare system. As young and high-skilled persons comprise a significant share of Lithuanian emigrants, the outflow of residents has exacerbated the country's demographic and labour market challenges in several significant ways, including their impact on working age population growth, aging and fertility rates, and the demographic burden borne by those in the Lithuanian labour market.¹¹

Emigration rates have also been a main factor driving Lithuania’s negative net migration rates, with relatively low return migration and continuing circular migration. Notably, while emigration still outpaces return, the number of Lithuanians emigrating has been continuously decreasing

since 2016.¹² Indeed, 2019 marked the first year of positive net migration (+10 800 people), with falling rates of emigration – as well as rising rates of immigration (see Figure 1). This positive trend continued in 2020.¹³

Figure 1. Annual emigration, immigration and net migration rates



Source: Statistics Lithuania, *International migration flows*.

Between 2016 and 2020, the number of immigrants arriving in Lithuania more than doubled (from 20 200 to 43 100),¹⁴ with Lithuanian returnees comprising around half of arrivals to the country (51% in 2019, down from 57% in 2018).¹⁵ In 2019, approximately 48 000 people received long-term Lithuanian national visas, and 40 000

immigrants arrived to live in the country (roughly half of whom were returnees).¹⁶ That year, a total of 38 036 temporary residence permits (TRPs) were issued to TCNs, and 1 300 temporary residence certificates were issued to EU/EFTA nationals (hereafter EU nationals).¹⁷

Who is coming to Lithuania?

Figure 2. Top 3 Nationalities

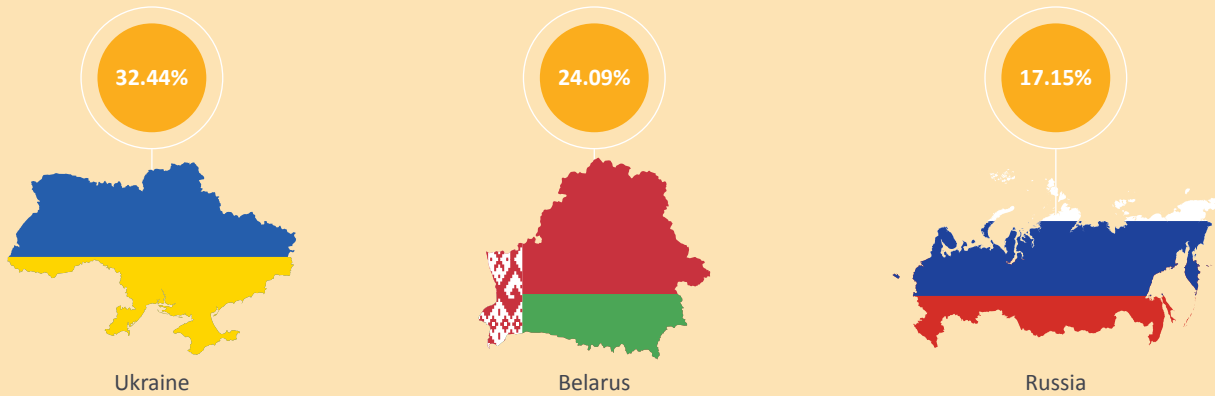


Figure 3. Destinations of internal and international immigrants in 2019

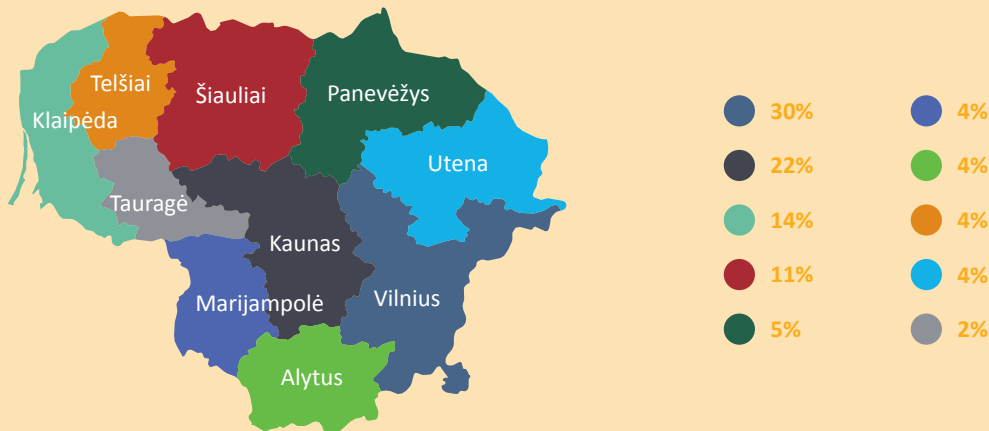
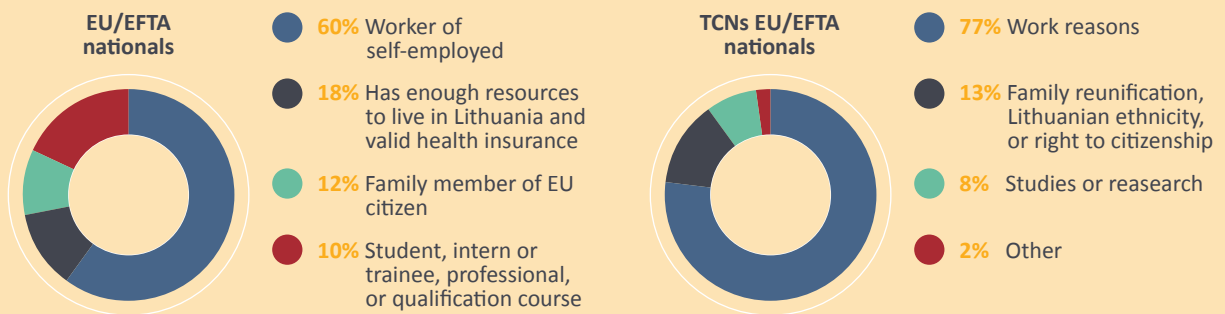


Figure 4. Reasons for TRP or certificate issuance in 2019



Source: Statistics Lithuania, Migration Department

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Demonstrating the severity of the issue and its implications for economic growth, the International Monetary Fund (IMF) has urged Lithuania and its Baltic neighbours to address their demographic challenges, as, if left unchanged, the resulting lack of labour force could have a substantial effect on the region's potential for future economic growth.¹⁸

Economic growth, high employment rates, and labour shortages

Lithuania has seen considerable economic growth since its transition from a planned to a market economy. While the global financial crisis led to steep recession in the country, Lithuania had one of the fastest recoveries of any EU Member State,¹⁹ and since 2014, the national employment rate has remained higher than the EU average.²⁰ As of 2019, Lithuania had an employment rate of 73% and an unemployment rate of 6.3%.²¹ These rates are even more impressive for those with tertiary education: In 2019, Lithuania had the second highest employment rate in the OECD, standing at 91.3%, with the unemployment rate for this group an impressively low 2.8%.²² However, the overall unemployment rate had risen to 9.9% by September 2020, with a rate of 10.6% estimated for December 2020,²³ likely related to the effects of the COVID-19 pandemic.

In many ways, Lithuania's demographic outlook is mirrored in its future labour force challenges. The country's working age population is projected to decrease in size by more than

that of any other OECD country between 2015 and 2050.²⁴ This affects the country's workforce pipeline: As the population ages, fewer children attend school²⁵ and ultimately enrol in tertiary education,²⁶ with considerable implications for the country's future labour force. Set against this backdrop, attracting new labour through immigration becomes particularly important – especially if immigrants fill shortage occupations.²⁷ According to the Skills Panorama, the top shortage occupations in Lithuania include ICT professionals, engineers, managers, and health workers.²⁸ A survey of employers conducted by Lithuania's Employment Agency at the end of 2019 found that, among the main challenges predicted for 2020, employers believed that job-seekers would lack the necessary competences and qualifications, and that training and education institutions in Lithuania would not prepare specialists with the requisite skills.²⁹

Due to the relatively low levels of returnees and intra-EU migrants in Lithuania, TCNs represent a critical potential source of labour and talent to meet the country's economic needs. TCNs are mainly admitted to Lithuania to meet labour shortages that cannot be met by the current population, returnees, or EU nationals, and are often employed in sectors in which Lithuanians either do not possess the necessary skills (because of emigration and other factors) or do not want to work, due to difficult or unattractive conditions.³⁰ In 2019, 9 in 10 TCNs coming to work in Lithuania were employed in shortage professions, illustrating the important role that these immigrants can play in meeting the country's labour market needs. That year, 43% of TCN labour migrants were working in the service sector, 28% in construction, and 24% in manufacturing.³¹

03

Making the move: What matters for talent?

When looking to attract talent, policymakers often focus on determining who has access to the labour market – or choose to pursue high visibility attraction/branding campaigns. However, it is not just legal procedures and country branding that define how attractive a country is for global

talent. Beyond the merits of the job offer and the legal pathway offered, factors in the decision to move include career opportunities for partners, a good education for one's children, and quality of life, among other concerns (see text box below).

Assessing a country's attractiveness

In the academic and international policy spheres, two frameworks stand out as widely recognised instruments for capturing the strengths and weaknesses of different countries in talent attraction and retention: the OECD Indicators of Talent Attractiveness and the Global Talent Competitiveness Index (GTCI).

The OECD Indicators focus on three groups of highly qualified migrants: highly educated workers, entrepreneurs, and university students. While the Indicators include several traditional indicators of migrant integration (e.g. employment, income, citizenship), they also go beyond these aspects to take into account the wider environment and how it may impact an individual's decision as to whether and where to migrate (e.g. earnings, tax rates, internet access, gender equality, quality of life).

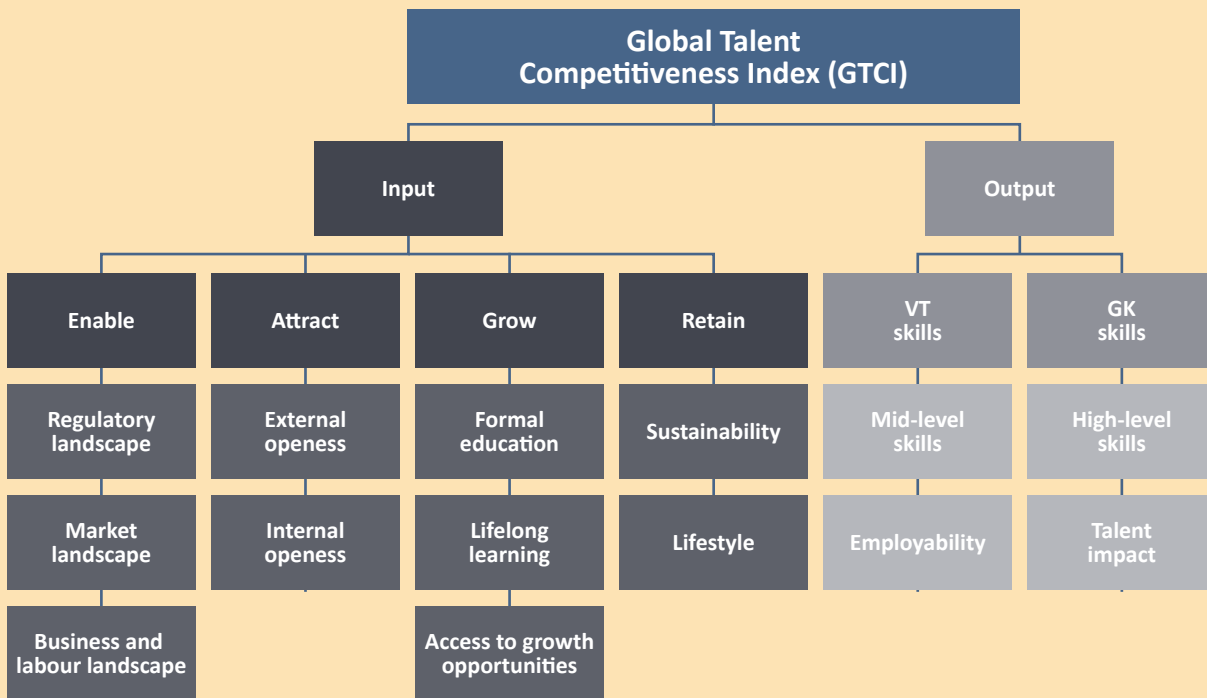
Figure 5. OECD Indicators of Talent Attractiveness



Source: OECD

Launched in 2014, the GTCI measures and ranks countries based on their ability to develop, attract, and keep talent, helping decision-makers devise talent strategies. Four input pillars – Enable, Attract, Grow, and Retain – focus on actions for policymakers and businesses and reflect the importance of the economic and legal landscape, openness, education and learning, and lifestyle. Two output pillars – Technical/Vocational and Global Knowledge Skills – provide a benchmark for national performance.

Figure 6. Global Talent Competitiveness Index (GTCI)



Source: INSEAD

Both the OECD and the GTCI frameworks underscore that a number of policy areas influence a talent’s decision, pointing to the importance of cross-sectoral alignment and cooperation.

In order to detail how places – countries, regions, and cities – can attract and retain talent, Future Place Leadership (FPL) has introduced the Talent Attraction Management (TAM) framework. This is a holistic, integrated approach encompassing efforts at the local, regional, or national level aimed at attracting and retaining talent. In the

Lithuanian context, the deep value of the TAM framework is that it offers a hands-on approach that complements the academic models and macro-level analyses, highlighting how stakeholders can act strategically and operationally.³² The system is comprised of five complementary categories of activities (see Figure 7):

1. **Talent attraction**, including marketing and recruitment activities.
2. **Talent reception**, or welcoming and soft landing activities.
3. **Talent integration**, ideally leading to retention.
4. **Talent reputation**, such as place branding and employer branding efforts.
5. **Management of the ecosystem**, including stakeholder, network, and project coordination.

Figure 7. Cornerstones of TAM



Source: FPL

Central to the FPL approach stands the idea that successful talent attraction and retention depend on actively working within each of the five aspects of the TAM model. Each step reinforces the following steps – for example, if attraction efforts are carried out more effectively, more talented professionals will arrive and need reception services, with a good reception setting up the talent for a smoother integration process. Furthermore, positive reception and successful integration will help build the reputation of the place, as talent will spread the word among their friends and networks as to its merits and qualities. This improved reputation will, in turn, make future attraction efforts easier and more successful. The FPL approach implies an aspect of expectations management, with marketing activities accurately depicting the Lithuanian setting and creating corresponding expectations so that the subsequent steps (reception and integration) can be successful.

The TAM model also highlights the importance of understanding the user experience. Just as customer experience is a key consideration for corporate customer relations management, facilitating a positive experience for talent is a key factor for creating and maintaining loyalty among international talent. Understanding the customer journey and the specific ‘pain points’³³ that the targeted talent experiences is extremely important, and optimal policies and practices will identify and respond to these aspects. The needs and wishes of talent will change as they ‘travel’ on their journey – the talent journey, which starts before they arrive in a place, continues while they are living there, and endures even if they choose to leave that place – and different strategies and activities are needed to ensure a positive experience throughout this journey.

04

The current state of play

Lithuania has undergone a gradual shift from ad hoc action to strategic policy planning on talent management. Reflecting both its progress in this area and room for continued improvement, Lithuania ranked 35th of 132 countries in the 2020 GTCI.³⁴ In comparison to its neighbours, comparable economies, and Nordic frontrunners in the industry, the GTCI rankings show that Lithuania is less attractive to international talent than some key competitors (e.g. Estonia, #24; Finland, #7; and Denmark, #5),³⁵ particularly in relation to the ease of finding skilled employees; retention of highly skilled labour; and attractiveness and openness. Although prospective talent most likely does not use these rankings when deciding where to relocate, they do serve as an indicator of the degree of attractiveness and the level of success achieved in implementation of comprehensive talent policies and the economic framework for attraction and retention.

Towards strategic policies and practices

In recent years, the Lithuanian Government has shifted from including immigration within broader frameworks on demography and the economy to more detailed planning. For instance, the 2007 Economic Migration Regulation Strategy was re-

placed by the 2014 Lithuanian Migration Policy Guidelines (renewed in 2020) and later complemented by the Strategy for the Demographic, Migration, and Integration Policy for 2018–2030. This gradual development towards strategic-level policy planning on migration and integration illustrates the growing awareness of the impact of migration on Lithuania’s demography, society, and economy – and reflects significant and long-term planning and policy efforts. Strategic, national-level policy documents in the fields of demography, migration, and integration emphasise Lithuania’s interest in the recruitment of highly qualified (HQ) workers and international students in particular. The integration of immigrants is seen as an end goal of the immigration process, reflecting Lithuania’s interest in boosting its population and human capital.

Reflecting this momentum, several practical measures also underscore the considerable effort being undertaken to attract and retain talent:

- The “I Choose Lithuania” Migration Information Centre, created by the International Organization for Migration (IOM) together with the Lithuanian Government in 2015, provides consultations for prospective returnees or migrants. The Centre offers information for those still abroad or who have

already begun the process of returning or moving to Lithuania, including on required documentation, finding a job, social welfare, health care, and education.

- The **Work in Lithuania** initiative, launched by the foreign direct investment promotion agency Invest Lithuania in 2017, has introduced branding activities alongside job matching services to encourage international talent to find employment in the country. Since launching, the initiative has broadened its strategy from targeting Lithuanian citizens abroad to also include highly skilled migrants. As the retention of international graduates is key to securing Lithuania's future growth, Work in Lithuania currently focuses on facilitating study-work pathways.
- The new International House in Vilnius is due to open in spring 2021 and has been partially funded under Lithuania's COVID-19 economic recovery plan. It will be a 'one-stop-shop' serving as the main information point for migrants in the capital and facilitating access to services. This joint venture from eight key municipal and national government institutions reflects the multi-sectoral nature of talent management and the importance of fostering collaboration among relevant actors.

Persistent challenges hampering talent management ambitions

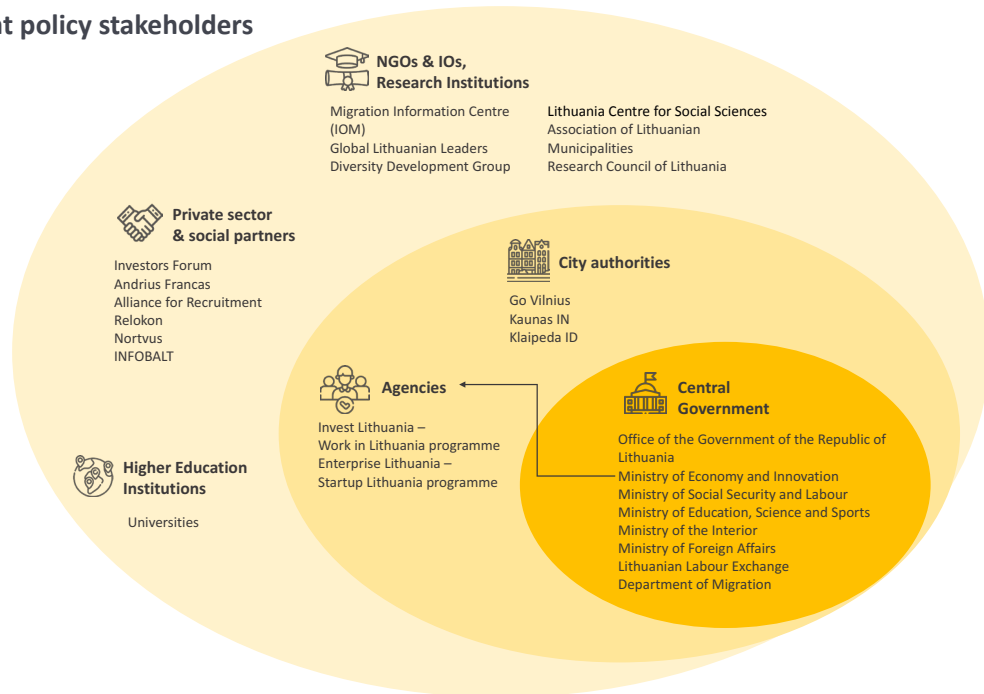
The past years have seen Lithuania increase its marketing and branding activities in an effort to

attract more international talent to the country, promoting an image of the Baltic nation as a great place to work, study, or launch a business. However, as the field of talent attraction shifts from more generic branding and marketing to spotlighting the unique selling points of a particular destination – amid increased global competition – Lithuania stands to reap greater benefit from targeted efforts that allow the country to distinguish itself more. However, the ongoing pandemic has naturally limited the types of activities that can be conducted to recruit talent – and actors continuing digital campaigns are seeing fewer participating companies and job openings than is typical, as well as reduced marketing expenditures.

Despite a number of positive developments, Lithuania's strategic policy planning and goal setting has not necessarily been complemented by parallel systematic development of its legal immigration framework. Lithuanian talent and migration policy do not always correspond to labour market needs, and regulations remain relatively strict, while complicated administrative procedures may be discouraging talent from choosing the country as their career destination.

More generally, a lack of synergy between the legal framework and strategic policy goals is hindering the country's talent management ambitions, with certain legal regulations hampering integration prospects. Furthermore, while state-level strategies emphasise the need to increase the country's human capital and take a long-term perspective with a general focus on highly qualified immigrants, there is no centralised or comprehensive and coherent policy combining management of Lithuanian and non-Lithuanian international talent.

Figure 8. Key talent policy stakeholders



Source: Authors

Related to the need for further strategic alignment, collaboration across stakeholders working in different phases and areas of talent management (see Figure 8) is also something that must be strengthened. Lithuanian talent policy is currently fragmented and does not place an even focus on all phases of talent management. The lack of sufficient integration-related services or a welcoming environment, for instance, pose particular challenges. As highlighted by the 2020 Migrant Integration Policy Index (MIPEX), Lithuania still scores relatively low when it comes to integration policy, designated by the Index as ‘Equality on Paper’.³⁶ The current approach illustrates that while efforts allocated to talent attraction have intensified, this does not necessarily apply to other stages of talent policy, including integration – an issue that is closely connected to talent retention.

Perceptions of international talent and Lithuanian returnees may also influence (re)integration, and

unfavourable attitudes towards these groups can constitute a challenge in this regard. Another important issue in this context is the (un)readiness of employers, especially small and medium-sized enterprises (SMEs), to recruit and employ foreign workers, which may be related to the stereotyping of migrants and, more often, limited experience with employing foreign workers. Moreover, the low level of integration of international students into the labour market represents a lost opportunity, as the vast majority of this group leave the country upon completion of their studies.

Finally, differences in talent policy can be observed across the various regions. Efforts tend to be concentrated in the capital region and the main cities, and are thus in danger of disregarding the specific needs and conditions prevailing in other regions and smaller cities, to which a considerable number of immigrants, especially Lithuanian returnees, also move.

05

Highly qualified migrant workers: Larger than they appear

Despite Lithuania's progress on talent attraction, highly skilled TCNs represent only a small fraction of migrants in Lithuania, while – due to limited data on EU workers – detailed information on their labour market performance and skills remains scarce. The limited data available on (officially designated) highly qualified workers from *non-EU* countries³⁷ illustrates that they are a small group in Lithuania: Among those TCNs who received new or renewed TRPs in 2019, HQ migrants constituted approximately 1% (407 TRPs, compared to 231 in 2017); 316 of these TRPs were first-time issuances and 91 were renewals.³⁸

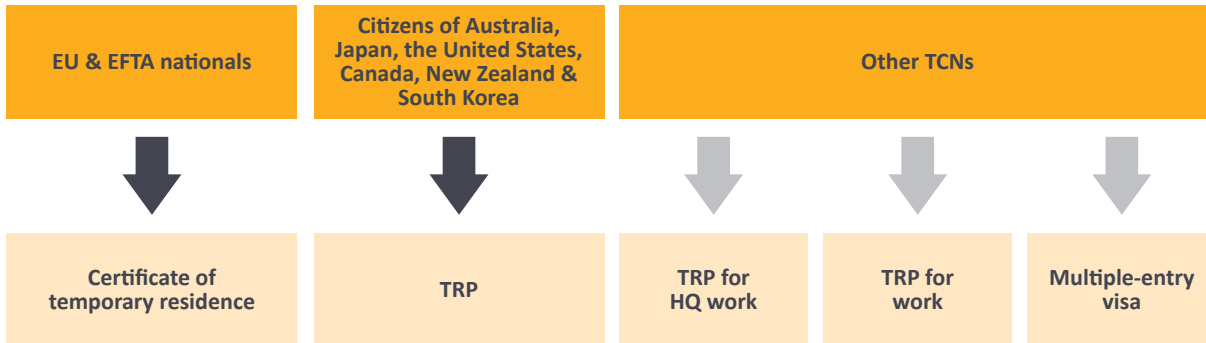
Pathways for highly skilled workers are rarely used

While all EU/EFTA nationals enjoy free access to the Lithuanian labour market, highly skilled TCNs can apply for a TRP for HQ work, for which higher education or 5 years of professional experience in highly skilled positions and a monthly salary that is at least 1.5 times the average wage in Lithuania form two of the main (Blue Card) requirements. Applicants from this category of TCNs benefit

from shorter processing times and these workers enjoy more rights than TCNs who apply for a regular work TRP. Notably, those with a TRP for HQ work can invite their family members to reside in Lithuania (whereas those issued visas or TRPs for regular work cannot do so immediately). Despite the existence of a specific legal status for highly skilled workers in Lithuanian migration law, many highly skilled migrants do not qualify for this status as they do not meet the required wage level. Therefore, a proportion of migrant workers – despite having high qualifications and applying for jobs calling for such qualifications – simply obtain a regular TRP for work purposes (see Figure 9). Additionally, many HQ migrants working in Lithuania are graduates of Lithuanian institutions, and therefore remain in the country by changing their legal status following graduation and upon finding a job.

Notably, citizens of Australia, Canada, Japan, New Zealand, South Korea, and the United States constitute a separate category of TCNs under Lithuanian migration law. Nationals of these countries can apply for a TRP and access the labour market without a work permit, and can also bring family members.

Figure 9. Immigration pathways available to workers



Source: Authors

Among TCNs, a hierarchy can be seen in the legal framework as regards salary level, qualifications, and origin: HQ workers with the highest salaries are the most favoured group, followed by in-demand HQ workers and all HQ workers earning at least 1.5 times the average national salary. Legally recognised HQ workers usually receive their documents more quickly than other TCNs, and their status may be valid for longer periods. Furthermore, they can immediately bring family members and enjoy more freedom of movement within the EU. However, citizenship puts certain TCNs at an advantage; their procedures take less time, they receive permits for up to three years, and they can bring family members.

Efforts to facilitate labour market access

Lithuania has passed several recent legal measures aimed at offering international talent better access to labour market opportunities before and after arrival in the country. The List of shortage occupations was created to facilitate access

to the labour market for professions with a particular need for workers. It is now easier for immigrants to fill these positions, as they are not submitted to a labour market test (they are still obliged to fulfil other requirements set out in the law regarding the TRP for HQ or regular work). The List, last updated in October 2020, includes both medium- and high-skilled professions in the service, production, construction, and agriculture industries. These professions include engineers, technologists, technicians, forestry professionals, tailors, plumbers, and others.³⁹

In 2017, the government launched the [Startup Visa Lithuania](#) programme to increase the level of foreign talent and investment by attracting start-ups to the country. This initiative streamlines the entry process for innovative non-EU entrepreneurs, including through the easing of migration requirements. In addition, since March 2019, third-country workers may change their employer, or job function with the same employer, without renewing their TRP.⁴⁰ Additionally, the salary threshold has been lowered from double the average national salary to the current 1.5 rate.⁴¹

Finally, Lithuania has been testing bilateral cooperation on labour migration. The **Digital Explorers** pilot project (2019-2020), implemented by IC-MPD within the EU-funded Mobility Partnership Facility, is a temporary labour migration scheme between Lithuania and Nigeria that leverages bilateral cooperation to boost the mobility of talent. During the first phase of the project, 17 young ICT specialists from Nigeria took up positions with Lithuanian companies while undergoing an intensive training programme.

Limited integration support and complex bureaucratic procedures are stunting talent policy

HQ workers face several challenges across the various phases of their recruitment, employment, and retention.

- **Complex migration policies and procedures** are difficult, time-intensive, and not accompanied by sufficient guidance for talent and employers. The procedure for obtaining HQ worker status can be particularly complicated; complex requirements related to wage setting and procedural differences may push some employers and HQ workers to choose easier administrative paths that provide less stability and fewer benefits.
- **Procedures do not always align with labour market realities** and thus may not be optimally helpful in building a qualified workforce. For instance, for some jobs (e.g. software developer), specific higher education qualifications barely exist or do not reflect the best way of evaluating a candidate's competencies, whereas simply testing their level of expertise would be a much more effective tool. Crucially, such requirements most strongly impact those sectors that are quickly developing – and which exhibit the greatest gaps in the labour force.
- **Language barriers and other obstacles can make it challenging to access information** that is complete, accurate, and easy to understand. In addition to a dearth of translated information, a lack of government staff with foreign language skills may also be hampering effective communication with migrants. Foreign residents in Lithuania report being underinformed regarding what services are available and how they can access them, and may have difficulties navigating the local labour market; they are also often unaware of laws regulating areas of life of relevance to their stay (e.g. on rental accommodation).
- **Beyond the attaining of accurate information, migrants face other challenges in accessing services**, including a scarcity of services available in English or other foreign languages. Obtaining health care services represents a particular source of inconvenience and stress for migrants. Insufficient inclusivity or non-discriminatory culture at service providers is another obstacle to accessing quality services, which can even discourage migrants from using those that are needed. Related to this, officers providing services and managing administrative procedures may not be fully aware as to which regulations apply to migrant populations.
- **Difficulties participating in social and cultural life** can hamper the integration of migrants. As HQ migrants tend to work in an

international environment and be busy with their professional responsibilities, it can be difficult to fit Lithuanian language classes into their schedule – and learning the language may not be a priority. Migrants often find themselves excluded from Lithuania’s cultural and social life due to the language barrier; this is also both a cause and consequence of low levels of migrant representation in social and civic organisations. More broadly, opportunities for building cross-cultural connections are rather limited. Distrust and stereotyping, as well as cases of discrim-

ination against migrants, also raise practical issues for migrants not only in day-to-day social interactions but while trying to build their lives in the country long term.

- **Limited data on highly skilled migrant workers** (whether or not a migrant has a HQ work TRP) lead to a blurred picture of the current scope of international talent in Lithuania, while also limiting the ability of such data to inform policy and practice to further strengthen the recruitment and retention of foreign HQ workers.

06

International students: Undertapped potential

Similar to immigration trends more generally, Lithuania has been attracting a smaller number of international students than other EU Member States. In 2017, international students from EU and non-EU countries constituted 5% of all students in Lithuanian tertiary education institutions, compared to 9% in Estonia, 8% in Latvia, and an average of 8.4% across all EU countries.⁴² While the share of international students in Lithuania remains lower than the EU average, and that of the other Baltic countries, the numbers for this population have shown a substantial increase in recent years: 6 300 international students enrolled in 2018, compared with 3 915 in 2013.⁴³

A small but growing group

With increasing international enrolment, the number of international students graduating from Lithuanian higher education institutions (HEIs) reached 1 300 in 2019, when 1 out of 20 graduates and 1 out of 10 master's graduates was a foreign student.⁴⁴ Most international graduates were citizens of non-EU Eastern European countries, namely Belarus, Ukraine, and Russia. However, students from these countries represent a decreasing share of foreign graduates, while

the share of graduates from Asia has increased considerably (from comprising 10% of all foreign graduates in 2014 to 26% in 2019).⁴⁵ Despite higher numbers of international students, just a small fraction of them stay in Lithuania after graduation (7% of students in 2014-2016).⁴⁶

Efforts focus on attraction

While at this point they still constitute only a small share of arrivals to Lithuania, international students represent a significant group of (potential) talent for the Lithuanian economy and are a population that could be better leveraged to support the country's economic growth through efforts aimed at attraction and retention. Although there is no separate strategy focused on this group, Lithuania prioritises the attraction and retention of international students in a number of strategic state-level policy documents encompassing demography, migration, and integration. The government's interest in student attraction and integration is aimed at the long-term enhancement of the country's human capital. However, attraction efforts have been more active than integration initiatives, and retention of talent remains crucial to these long-term goals.

Student attraction campaigns and study programme marketing are primarily carried out by HEIs themselves, which enjoy the right of autonomy. There have been efforts to consolidate and amplify their promotion efforts abroad and to support this with public funding, with the specific aim of raising the prestige and awareness of Lithuanian HEIs internationally – or enhancing the

image of Lithuania as a study destination, through, for instance, the [National Programme for Studies, Scientific Research and Experimental \(Social, Cultural\) Development for 2013-2020](#). Lithuanian HEIs have also invested in outreach to specific target markets, namely Eastern Partnership (EaP) countries and the Asian countries cooperating within the Asia-Europe Meeting (ASEM).

Higher education-led and publicly funded student attraction efforts

- The Development of Internationalism of Higher Education project (2016-2023), implemented by the Education Exchanges Support Foundation and financed by the European Social Fund (ESF), aims to present Lithuanian higher education internationally, targeting both potential students and foreign education and science institutions at study fairs abroad. The project involves all HEIs (universities and colleges) and targets Turkey, China, Kazakhstan, Belarus, and Ukraine. HEIs are responsible for their own promotion strategies (and for most of the content presented), with the Foundation serving as organiser, facilitator, and coordinator – in addition to creating an image of Lithuania as an attractive study destination.
- The Education Exchanges Support Foundation conducts other outreach and communications activities through its administration of the website [Studyin.lt](#), social media accounts, and the interactive mobile application ‘Study in LT’.
- The Increasing the Awareness and Prestige of Lithuanian Higher Education Institutions in Kazakhstan project (2016-2020) aimed at student attraction and saw, among other activities, visits by Lithuanian university representatives to Kazakhstan and the development of collaboration agreements between Lithuanian universities and agencies recruiting potential students.

The lack of a centralised strategy to attract and retain international students and graduates poses a key systematic challenge to realising Lithuania's talent ambitions. The Lithuanian HEIs themselves decide on the programmes they promote and are not expected to consider or align these with either national goals or branding strategies already in place. These institutions form a diverse group with different target groups and approaches. As a result, efforts to attract international students might not align with Lithuania's current or projected labour market needs, pointing to the potential utility of targeted financial assistance or other strategic public sector measures to attract in-demand international students. The lack of alignment of approaches might also make retention efforts more difficult.

In a similar vein, the attraction of international students receives far more attention than other phases, especially integration. Initiatives and programmes aimed at international students and HEIs tend to concentrate on increasing the number of students, and rely mostly on the logic of demand and supply, targeting the most promising markets of potential students. Soft landing and retention have received relatively less attention – HEIs oversee the former, while the latter is mostly done by Work in Lithuania, despite its limited capacity, making it more difficult for students to settle in during and after their studies. As highlighted by the stakeholders, there is a clear emphasis on student mobility and efforts to promote Lithuanian higher education – without a clear strategy for reversing the trend of low retention rates.

Reception and integration support therefore remains limited, and students face various challenges when settling in. These include problems

in accessing affordable accommodation, which is partially solved by HEIs offering dormitories – although these are not always available. Students report feeling discriminated against by landlords or people looking for roommates, and often must contend with insufficient services for English-speaking students and cultural, social, and linguistic barriers resulting from the segregation of international students into separate programmes, organisations, networks, and even living quarters.

Halfway there: Complex pathways to studying and working in Lithuania

Migration procedures constitute a challenge for students wanting to come to or stay in Lithuania. Most TCNs must obtain a visa before coming to Lithuania; upon receiving this, they apply for a TRP. However, a relatively small network of embassies where visas can be obtained makes it difficult for HEIs seeking to expand the geographic reach of their offering, while students from several countries must travel long distances to reach a visa-issuing embassy (in another country) – and in some cases must attain a visa just to enter the country where the nearest Lithuanian embassy is located. Students from some countries can encounter similar difficulties in obtaining documents for their TRP, and may need to travel to another country to access their country of origin's embassy and obtain the necessary paperwork.⁴⁷

At the same time, the rights of international students and graduates have been increased in recent years. Similar to many other EU Member States, international students in Lithuania have

the right to work during their studies; however, this is limited to 20 hours per week, except in the case of doctoral students, internships, or during vacation periods. The Lithuanian Parliament is currently considering allowing master's students to work full-time during their studies. Not only would this development help students to support themselves during their studies, it would unlock more job opportunities, which could serve as an on-ramp to a longer-term career in Lithuania.

International graduates have the possibility of applying for a TRP for one year in order to stay in Lithuania to seek employment or set up a business. Unlike many other EU Member States, this permit is only valid for the purpose of job seeking, and does not entitle TCN graduates to work (except in the case of self-employment). Therefore, upon finding employment, migrants are obliged to apply for a new permit on the grounds of employment. Migrants who complete their studies in Lithuania benefit from more favourable conditions regarding TRPs and work permits, as those applying for a work permit within two years of completing their studies or vocational training are not subject to the labour market test or to work experience or wage requirements.⁴⁸ Finally, graduates applying for a permanent residence permit can have their entire period of studies in Lithuanian HEIs count toward the length of stay requirement (previously just half of the period of studies counted).⁴⁹

High study termination and low graduate retention rates

High study termination and low graduate retention rates mean that Lithuania is often unable to keep the talent it helps to develop. For example, of those foreign students who began full-time

studies in Lithuania between 2011 and 2014, just 27% ultimately obtained their diploma, while 41% terminated their studies in their first year.⁵⁰

One reason for this high dropout rate is that few scholarships are available for TCN students. While EU nationals enjoy the same fee status as Lithuanian students and are eligible for state-funded scholarships, TCNs receive limited state support – even though financial assistance is a crucial factor when choosing to study in a particular place. Higher education in Lithuania is less expensive than in other EU Member States, but EU countries displaying a similar cost and value of higher education often still outcompete Lithuanian HEIs due to the greater availability of funding opportunities, in addition to a difference in targeted attraction and retention measures. Termination of studies is also connected to the selection process, which does not necessarily assess language and other qualifications to ensure that students admitted are sufficiently prepared to undertake their studies, as well as to the quality of information provided to applicants (e.g. information on coursework, migration procedures, living conditions, and labour market access in Lithuania).

Finding an internship or job during and after one's studies represents the main barrier for foreign students wishing to stay in Lithuania after graduation. TCNs who seek employment during their studies face several barriers, including aforementioned restrictions on the number of hours they can work, language barriers, a limited social network, and difficulty finding a job within their field of study (which proves even more difficult if HEIs are recruiting students in fields that do not correspond with labour market needs). These barriers in turn translate into a lack of experience that could help them to find work in Lithuania following graduation.

Beyond these elements, TCNs face other barriers to entering the labour market. Even though approximately half of foreign students arrive in Lithuania having already completed some level of higher education,⁵¹ the skills they possess tend not to be widely recognised or seen as valuable. Consequently, some students turn to low-skilled (and low-paid) jobs to sustain themselves during their studies. Finally, internship opportunities, also important for setting students up for a career in Lithuania, are limited.

Study quality also hindering policy outcomes

There is a gap between efforts to internationalise Lithuanian higher education and efforts focused on improving the quality of study, particularly for

international students. Whereas study quality is a government priority in regard to Lithuanian students, the needs of foreign students remain relatively unaddressed. As foreign students still do not represent a critical mass in many HEIs, tailoring the study experience to their needs continues to prove challenging. Additionally, the promotion of Lithuanian HEIs abroad is not limited to programmes of high quality – the aforementioned ESF project is expected to include all HEIs in the country. If left unaddressed, challenges pertaining to service quality might in the long run hurt the perception of Lithuanian higher education, posing a challenge not only for Lithuania's international reputation and development but also for the further recruitment of international students. The quality of classroom instruction is also related to the preparedness of students to undertake their studies.

07

Returnees: Lithuania's low-hanging fruit

While continuously high emigration rates have had negative consequences for Lithuania, the phenomenon also results in a large diaspora which can potentially contribute to the country's development through the transfer of knowledge and investment. Return migration also plays a key beneficial role, and Lithuanian returnees comprise a significant percentage of arrivals to the country each year.

Lithuania remains a country of emigration

In 2019, 20 400 Lithuanian citizens returned to Lithuania, a figure which is approximately one-quarter (23%) higher than that seen in 2018.⁵² As with highly skilled migrants, there are some important data challenges which make it difficult to capture the true number of migrants returning: Emigration and returns are difficult to monitor due to freedom of movement within the EU and varying definitions of 'emigrants' and 'returnees'.

Why do people leave Lithuania?

People choose to emigrate from Lithuania for a number of reasons, with the main incentives often including: economic factors; job and education opportunities; the desire to explore the wider world; and family reasons. Economic conditions in both Lithuania and destination countries remain a key consideration in the decision to emigrate, including the perceived low level of economic development in the country, low wages, and high income inequality.⁵³ A mismatch between skills possessed and jobs available is also one of the reasons behind emigration, pointing to structural problems in the labour market. As indicated by IC-MPD research, a considerable number of Lithuanians also move for family reasons, including spouses⁵⁴ or minors moving with their families.⁵⁵ The opportunity to attain better quality education also figures as one of the main reasons for emigration.

Why do people return to Lithuania?

Reasons for return tend to run counterpoint to the reasons for emigrating in the first place. These include attractive job opportunities that also allow individuals to contribute to the development of their home country and a perceived higher quality of life. Emigrants often decide to return when they see their emigration goals as having been achieved or feel that they have reached an important ‘milestone’ in their lives.⁵⁶ This is often related to family reasons, including planning to have children, raising children in a familiar cultural environment, or buying their own home. The main cities of Lithuania, especially its capital Vilnius, are seen as less crowded, and housing prices are significantly lower than in large global cities such as London or Berlin, making it easier for returnees, especially young professionals, to purchase property. As indicated by ICMPD research, a central reason for the return of young professionals is the attractiveness of the local labour market, as it tends to be less saturated than that of destination countries and there are more opportunities for individuals to rapidly achieve their career goals. A desire to contribute knowledge, new ideas, and innovations from abroad also stands as a factor driving return.⁵⁷

Actions to encourage and facilitate returns

Since regaining independence in 1990, Lithuania has worked to strengthen relations with its diaspora, including through cultural and educational activities for Lithuanians abroad. Gradually, emigration and potential return migration have received increased attention in the country, mostly due to the negative consequences of emigration for Lithuania’s labour market. The **Global Lithuania** programme, created in 2011, aims to strengthen the competences of Lithuanian communities and their leaders abroad while encouraging the inclusion of the Lithuanian diaspora in Lithuanian public life, as well as preventing continued ‘brain drain’ and transforming it into ‘brain circulation’, thereby indirectly encouraging return.

In addition to support from the Migration Information Centre and Work in Lithuania (described above) returnees wishing to start their own business can obtain information and assis-

tance in co-working space centres, or *Spiečius*. These spaces have been established by Enterprise Lithuania for small businesses in operation for less than five years, and offer entrepreneurs free working space, consultations, mentor sessions, lessons, and lectures. While the *Spiečius* are aimed at all individuals wishing to establish or who recently established a small business, around 20% of users are returnees. With a significant number of returnees wishing to start their own business, these centres can serve as an important source of information and support.

The approval of the Action Plan for the Implementation of the Strategy on Demographic, Migration and Integration Policy for 2019-2021⁵⁸ includes several measures aimed at the attraction and integration of returnees. In order to help boost the recruitment of Lithuanian citizens still abroad – and incentivise return – the Action Plan includes activities to encourage Lithuanian employers to seek out employees abroad. It also aims to help returnees to enter the labour market

more generally. Beyond employment, other measures contained in the Action Plan include the provision of information for emigrants wishing to return; enabling municipal employees to counsel returnees and their family members to facilitate smooth reintegration; and financing of psychological support and Lithuanian language courses. Municipalities in Lithuania are to have at least one employee who can act as contact person for (potential) returnees and provide assistance on issues regarding relocation and integration.⁵⁹

To support the integration of children of returnees, the Action Plan aims to provide the necessary assistance to each school receiving these children. A network of schools better equipped to welcome children returning to and arriving in Lithuania has been in place since autumn 2019. These schools organise preparatory classes, develop individual plans for children, and offer informal education activities in order to support children's integration.⁶⁰ While such initiatives are important for smoothing the return and reintegration process, many returnees with children are not aware of available mechanisms for helping their children integrate. Additionally, according to the research conducted before the Action Plan, these measures are not equally effective: Schools in larger cities tend to have more children coming from abroad and more capacity to provide services tailored to this group, while schools in small towns with only a small number of children coming from abroad may lack the resources needed to organise additional preparatory classes, and instead rely on teachers to facilitate the children's integration on their own.

Tailored support for highly skilled returnees

While existing diaspora-related measures aim mostly at information sharing, Lithuania has offered tailored support mostly to highly skilled emigrants:

- The **Create Lithuania** programme was launched in 2012 to promote professional development and the application of international best practices in Lithuania. The programme offers an opportunity for Lithuanians with international experience to work in an advisory role for the public sector for a period of one year, during which time they are employed by Invest Lithuania. Participants in the programme advise various public sector entities on, for instance, promoting entrepreneurship, strengthening the public health system, or improving the image of Lithuania.⁶¹
- **Global Lithuanian Leaders**, a non-profit organisation aimed at strengthening ties with the Lithuanian diaspora, organises various events and projects to attract more skilled returnees. Its Talents for Lithuania project, active from 2015 to 2019, leveraged the value of international education for the Lithuanian labour market by attracting Lithuanian graduates of foreign universities to start their career in Lithuania. The organisation works with Lithuanian companies to promote available vacancies through its website, social networks, and other communication channels in order to reach potential candidates abroad.⁶²

Reintegration remains major barrier to return

Return experiences vary widely and are influenced by several interrelated factors, including where and for how long the migrant has been abroad; their status in the country of destination; and the (positive or negative) factors motivating their return.⁶³ Moreover, returnees often feel the same way as immigrants to Lithuania do – although they speak Lithuanian, living in a different country (especially those abroad for long periods of time) has meant that they often find themselves unfamiliar with current culture and the way that society and public institutions function in Lithuania. Central reintegration challenges include:

- **Challenging bureaucratic procedures** which frequently see returnees struggle with properly registering their return. There is a lack of information about the necessary documents and procedures, and a lack of awareness among returnees regarding the initiatives that do provide such information. Moreover, studies⁶⁴ have found that returnees tend to notice the same problems and flaws in public institutions or society as the general population, but tend to be significantly less tolerant of them.
- **Difficulties integrating into the labour market**, particularly for medium- and low-skilled workers. Considering the latter group, the labour market tends to be rather inflexible, and employers often prefer to take on individuals without migration experience, due to negative public opinion concerning return-

ees.⁶⁵ There is also a distinct lack of requalification programmes for those who return, which can make it difficult for returnees to find employment commensurate with their qualifications.⁶⁶ Once they have found a job, both low- and high-skilled returnees may struggle to adapt to Lithuanian work culture.

- **The integration of family members** is another area of concern for returnees. Although the Lithuanian government has put certain measures in place to address the issue, including additional language classes to facilitate children's integration, these measures are often not available in smaller towns. In these cases, facilitation of the integration process is highly dependent on the individual efforts of teachers and their willingness to invest additional time in this endeavour.⁶⁷ As a result, parents are often forced to invest a significant amount of time and money in ensuring that their children successfully integrate and do not fall behind in their education.
- **Public perceptions of returnees** hinder the reintegration process and may make returnees feel unwelcome. Returnees are often seen as having been unable to integrate abroad or even as 'less patriotic' for having left Lithuania, and must contend with these attitudes in public institutions, at work, and sometimes even among their friends.⁶⁸ A recent study by the Migration Information Centre also shows that public opinion on returnees has worsened in light of the COVID-19 pandemic. It should be pointed out, however, that the same study indicated that almost 30% of those interviewed perceived returnees positively, with 41% perceiving them neutrally.⁶⁹

08

Conclusions and recommendations

Facing an impending demographic crisis and aiming to boost social and economic development, Lithuania has been looking at migration – both the return of its own citizens and the arrival of foreign citizens – as a way to boost the country’s human capital (in both quantity and quality). In this context, it has focused on returnees, highly qualified workers, and international students as the most in-demand categories of immigrants. In order to harness the potential of global talent for driving growth and innovation, Lithuania has gradually moved towards strategic policy planning in migration, integration, and other fields central to talent policy. At this juncture, strengthening the country’s talent management calls for building upon existing know-how and good practices to implement, fine-tune, and expand these efforts.

Lithuania will not be able to effectively attract – and just as importantly, *keep* – sought-after international talent without paying attention to all pieces of the puzzle, which together form a comprehensive talent ecosystem for recruiting, welcoming, and retaining talent. Thus, recommendations for improving Lithuania’s talent management cut across the different phases of the TAM framework (attraction, reception, integration, reputation, and ecosystem management). Nonetheless, TALENTAS analysis has found that Lithuania stands to particularly benefit from strengthened retention and holistic management of its talent policy. For this reason, the recommendations below pay special attention to these areas of opportunity. The current priority recommendations for Lithuania are as follows:⁷⁰

A. Increase collaboration across stakeholders, both inside and outside of the government setting, to create a more coordinated and comprehensive approach to integration at the policy formulation and implementation stages, by:

- **Establishing a centralised institution responsible** for talent policy and implementation of related measures, covering both migrants and returnees. This would help to ensure that the range of current and new measures that should, in theory, facilitate return and integration effectively do indeed achieve this in practice.
- **Ensuring alignment between national and local policies and actors** by, among other actions, providing a forum for discussion and relationship building to foster communication, information sharing, and collaboration among key actors.

- **Developing a clear talent policy strategy** that identifies which groups of international talent (and their number) can be attracted to Lithuania – who can then be successfully integrated and retained to create added value for the country. This strategy should align with immigration and integration regulations and programming, as well as marketing campaigns and bilateral cooperation.

B. Simplify migration processes to make them user-friendly and support national strategic goals. Adapting procedures can help realise their potential as a gateway to successful and long-term immigration and integration, by:

- **Facilitating talent retention** via the easing of bureaucratic requirements.
- **Creating more favourable conditions for HQ workers**, and allowing accessibility for a larger group of talents, by:
 - Granting professionals arriving on a regular work TRP similar benefits to those granted a HQ work TRP.
 - Easing procedures, such as credential assessment, to simplify the process for highly skilled workers.
 - Using a broader definition of HQ work than that currently stipulated in the legal requirements, thereby enabling a broader group of highly skilled migrants to be employed through this pathway.
- **Aligning wage threshold and qualifications evaluation** with labour market realities.

C. Strengthen data collection and monitoring to enable stakeholders to ensure that policies and programmes are both effective and responsive by:

- **Monitoring the labour market outcomes** of migrants to better respond to challenges and barriers regarding labour market integration.
- **Collecting, disaggregating, and analysing** a wider range of data on talent, including on the characteristics of those who move, such as their occupation and other socio-economic and demographic traits.
- **Conducting a comprehensive study of the legal and practical barriers faced by returnees**, with the aim of strengthening Lithuania's policy strategy for facilitating returns.

D. Strengthen the value proposition to more effectively answer the question: *Why should talent choose Lithuania?* This should be done by:

- **Building on existing ambassador initiatives** to increase peer-to-peer recommendations that lead to successful attraction.
- **Promoting Lithuania as a place for both study and work**, thereby encouraging students to remain in the country following graduation - and reaching them early on with such messaging.

E. Encourage employers to hire returnees while they are still abroad by:

- **Encouraging employers to be open to the idea of hiring Lithuanian emigrants abroad** prior to their return and to conducting online interviews. This may be easier at the current point in time, since the COVID-19 pandemic has shifted many administrative processes, and work itself, to an online setting.
- **Optimising job matching for returnees.** Better facilitation of job matching with a special focus on internet-based tools should be considered.

HOW CAN LITHUANIA HARNESS INTERNATIONAL TALENT TO DRIVE GROWTH?

- **Launching a project to brand returnee-responsive employers as ‘diaspora-friendly’**, thereby making them more attractive to prospective returnees looking for employment opportunities.

F. Improve the quality and reputation of Lithuanian higher education by:

- **Implementing quality standards** for (international) higher education programmes.
- **Ensuring that the needs of international students are voiced** through their active participation in student associations and HEI decision-making processes.
- **Introducing minimum entry requirements**, which can help prevent high rates of study termination and course failure by ensuring that those admitted to study are well prepared.

G. Foster a welcoming environment to support (re)integration by:

- **Engaging in a positive communication strategy** on migrants and returnees through highlighting the ways in which these groups contribute to the growth and development of the Lithuanian economy and benefit local communities, thereby creating a more balanced picture of the situation.
- **Offering spaces for networking and socialising** in an international environment to help newcomers build their networks.

H. Increase spousal and family support as part of efforts to strengthen the focus on integration by:

- **Expanding support for spouses in order to help them** to find employment in the local labour market and create a community for mutual support.
- **Scaling up language classes for family members** of returnees and migrants.

I. Improve study-work pathways for international students to boost their retention by:

- **Easing access to the labour market during studies and after graduation** through removing restrictions on working during one’s studies and enabling graduates to work while in possession of a TRP for job seeking.
- **Harnessing collaboration among HEIs, employers, and government actors**, such as the Employment Services or municipalities, to address the major obstacles to employment for international students. This might take the form of employment support programmes, informational seminars on the labour market, or networking platforms or events.
- **Expanding career support for students and recent graduates through internship programmes**, with targeted support for international students, to help students develop skills in line with the prevailing demand in the Lithuanian labour market.
- **Using soft measures such as innovation hubs, hackathons, networking platforms, and events** to create venues where employers and (foreign) students can meet, network, and develop or exchange ideas.
- **Providing direct support to employers, thereby assisting recruitment and retention** through a special platform for finding international talent, along with a comprehensive package of training on diversity in the workplace and consultations.

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