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Attracting Skills and Talent to the EU

What should we focus on?

Migration policies on their own are not enough to attract skilled migrants. The EU should further intensify its efforts in attracting skills and talents, focusing on creating a comprehensive and multi-sectoral strategy.

The EU and its Member States need to invest in potential migrants' perception of the region. Welcoming communities and individuals' own motivations play an important role in migrants' decision-making processes on where to go.

Recognition of foreign migrants' credentials should be streamlined, simplified and facilitated at the EU level, without compromising on the level of skills sought. This not only ensures that efficient skill matching is possible but also creates an environment in which migrant skills are valued.

Consideration should also be given to an EU-supported programme aimed at attracting back nationals who have emigrated.

Introduction

On 27 April 2022, the European Commission published a Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on 'Attracting Skills and Talent to the EU'. This Communication is in response to two Resolutions adopted by the European Parliament on legal migration in 2021, calling on the Commission to improve and develop the EU legal and policy framework in this area.

The Communication proposes operational and legislative initiatives, including: (1) streamlining the single permit procedure; (2) making it easier to acquire EU long-term resident status by allowing third-country nationals to cumulate residence periods in different member states; (3) implementing the Talent Partnerships on labour mobility with non-EU countries; and (4) establishing the EU Talent Pool for job candidates. The Talent Partnerships aim to boost international labour mobility and human capital formation in a mutually beneficial and circular way, involving employers, training institutions and diaspora organisations. At the same time, the EU Talent Pool would be an EU-wide job-search portal for candidates from non-EU countries. In addition, the Communication also mentions future priority areas of action, such as attracting long-term care workers from non-EU countries, promoting youth mobility or facilitating the admission of start-up founders to the EU.

Is this package of proposals enough to boost Europe's attractiveness in the global competition for talent? On 15 June 2022, as a part of the Horizon 2020 Project Quantifying Migration Scenarios for Better Policy (QuantMig), Population Europe held an online public discussion among the authors of this Policy Brief to offer insights on the proposed initiatives and evaluate policy options based on research evidence. The goal was to enquire into what could substantially change the attractiveness of the EU.

Shortage of talent and skills is a global issue

The competition for skilled workers on the global market has led countries to pass policies that intend to make their labour markets more attractive for potential migrants. These policies can be skill-selective, demonstrating a country's preference for specific skill sets, or skill-attracting, aiming to make the country competitive on the global labour market by increasing attractiveness. Policies often do not only

target new foreign workers and retain current workers, but also try to promote the return of nationals living abroad. On top of these policy initiatives at the country level, there are many different actors who are also competing for skilled workers, including businesses, national, transnational and international organisations, local government and the third (voluntary) sector.

The development of highly-skilled migration policies are, to a large extent, a result of trial and error. So far, what has been gaining traction is a preference for human capital-based point systems, which focus on migrants' characteristics with regard to their competencies and skills. Here, those with more desirable skills or working in shortage occupations receiving more points towards admission. However, governments and other actors within the global labour market have not been able to find the Holy Grail on how to effectively recruit and retain high-skilled migrants. The experts in the meeting believe that at the national level, a key reason for this is a lack of a systematic inter-departmental policy strategy, and the choice to focus on specific policy instruments instead.

When thinking about the EU's position on the global talent market, it is fundamental that we acknowledge that Europe, as a whole, needs to think more broadly when it comes to immigration policy packages. Rather than allowing policies to neutralise each other, policymakers should ensure that they work together and reinforce each other's aims. To this end, it is not sufficient to look at migration policy on its own, but consideration must also be given to other relevant sets of policies (Czaika et al. 2021) including educational policies, employment and labour market policies more broadly and international cooperation policies, like aid assistance and aid interventions. In addition, EU countries have extremely varying levels of attractiveness for international high-skilled migrants in different sectors. A single common policy across these countries might have the potential to balance structural inequalities among them. However, at the same time, complementing policies at national levels are necessary to address country-specific shortages in concrete sectors of activity, also with regard to other structural constraints or circumstances that specific countries may face.

Welcoming communities are fundamental

Two of the biggest mistakes a country can make in the mission of attracting skilled migrants are to allow for the politi-

cisation of the topic of migration in the public debate and to create a cultural context rife with misinformation. Through the recent rise of far-right extremism, the use of migration in political dialogue has taken on a new dimension and is being used for specific political purposes. This has led to divisions in society at local and national levels, which, in turn, have exacerbated integration issues. Additionally, evidence suggests that individuals – especially highly educated and skilled individuals – prefer not to move to hostile communities or countries. In other words, without changing misconceptions about immigration and the hostile attitudes toward migration, migrants with talent and skills will not come and instead go to where they are welcomed (Di Iasio and Wahba, 2021). Without the right environment, migration policies will not work.

Migration is a multidimensional phenomenon

A third key element stressed in the discussion was the fact that migration is a multidimensional phenomenon, implying that migrants' motivations and the duration of their migration trajectory are diverse, even for a single person. While some individuals migrate for a professional career, others just want a better job and a higher wage compared to what they had in their home country. Motivations can range from having a better quality of life or more security to saving money in order to send it back home. When the individual goal to be achieved with migration is short-term (for example to save €30,000 to buy a house in the home country), migrants do not tend to care too much about their skills matching the job they have, or they simply give up finding a job that matches their skills due to a perception that it would be too difficult or time-consuming. This may lead to overqualification in the job market, a situation that can be suboptimal for both the migrants and the host societies. To rectify this, it is crucial that countries improve the process and speed of recognising credentials. It is also important that they do not only invest in providing clear information on bureaucratic procedures for migrants but also information on credential recognition for employers to be better able to value the qualifications of migrants.

The urgent task: Recognition of qualifications

Transferability of foreign credentials is an essential element to successfully attracting skilled migrants. Because having

a recognised certificate is a prerequisite to filling positions in regulated occupations, a country that makes this process smooth will decrease the barrier of entry into the labour market for potential migrants. Germany's Federal Recognition Act (2012) is an interesting case study on the effects of a credential recognition reform. The Act targeted all immigrants, irrespective of their country of origin and covered all occupations. It introduced a legal basis for recognition and standardised procedures, which facilitated and also accelerated the process of proving equivalency between German and non-German certificates. The act also established numerous sources of information about recognition procedures. Importantly, the quality standards for foreign certificates to receive recognition did not change. In parallel, the German government also offered subsidies covering the costs of the application process.

Before the reform, getting credentials recognised in Germany was a very unstructured process: non-EU migrants needed to deal with different authorities and a long costly process, leading to the fact that only around 20% of non-EU migrants applied for the recognition of their credentials. Anger et al. (2022) analysed the effects of the reform and found that the number of applications increased due to the Recognition Act, especially for nurses and doctors, who make up about half of the applications. The application rate among eligible non-EU migrants increased by 5 percentage points, corresponding to an almost 15% increase in the probability of someone applying.

Anger et al. (2022) also evaluated whether the Recognition Act reform was successful in terms of improving the labour market integration of migrants. Concretely, they measured the employment effects of the reform and found that employment of non-EU immigrants in regulated occupations increased by almost 20%. The increase was even larger for occupations that have large application pools, including nurses, doctors and school teachers. As a next step, the authors looked at the (perceived) quality of recognised occupational certificates of non-EU immigrants and found that despite the large inflow of non-EU immigrants in regulated occupations, there is no evidence that the evaluated quality of degrees decreased after the reform. This means that non-EU immigrants are not perceived as having lower skills and do not receive lower wages after moving from non-regulated to regulated occupations post-reform. The study concluded that the reform was highly effective with its higher number and rate of applications and recognition of degrees, increasing non-EU immigrants' wages and employment both in regulated and non-regulated occupations.

Towards a more ambitious plan at the European level

In summary, the discussants welcomed the proposals included in the European Commission's Communication on skilled migration. They acknowledged that policy initiatives at the EU level can make a contribution to activities of the Member States aimed at attracting the right skills and talents. However, based on trends and evidence previously presented, it is important to note that the proposals were still seen as modest, especially in the light of the expected demographic changes that will seriously increase the need for skills in the EU in the years to come. The EU strategy to attract skilled migrants should be further enriched, while recognising that attracting and retaining foreign human capital is primarily an employment issue, which nevertheless has migration as an important element.

Policy Recommendations

1. Migration policies on their own are not enough to attract skilled migrants. The EU should further intensify its efforts in attracting skills and talents, focusing on creating a comprehensive and multi-sectoral strategy.
2. The EU and its Member States need to invest in potential migrants' perception of the region. Welcoming communities and individuals' own motivations play an important role in migrants' decision-making processes on where to go.
3. Recognition of foreign migrants' credentials should be streamlined, simplified and facilitated at the EU level, without compromising on the level of skills sought. This not only ensures that efficient skill matching is possible but also creates an environment in which migrant skills are valued.
4. Consideration should also be given to an EU-supported programme aimed at attracting back nationals who have emigrated. ■

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Footnote

1 Dr.iur. David de Groot is writing in a personal capacity and any views expressed do not represent an official position of the European Parliament.

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