

The fight for global talent. An opportunity for Lithuania's breakthrough



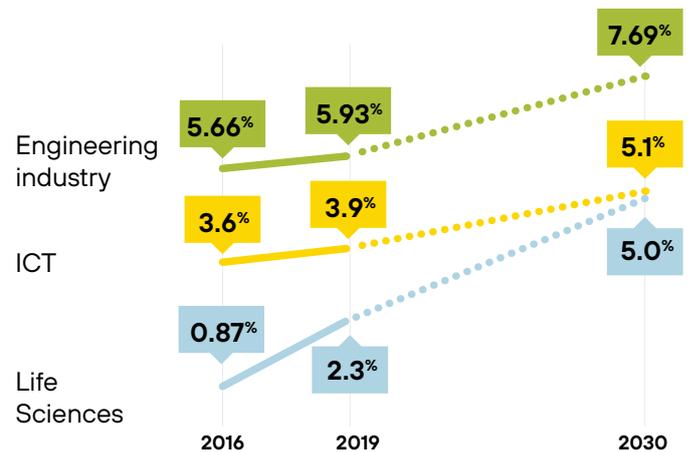
Over the next decade Lithuania seeks to considerably increase the share of high value-added activities in the structure of its economy. The National Progress Plan 2021-2030, introduced by the government last year, sets out the sectoral priorities that will enable Lithuania's economic transformation: **life sciences, engineering industry and information and communication technologies (ICTs)**.

As illustrated in Figure 1, the share of GDP generated by life sciences in 2030 should reach 5% of the added value produced in the country, the ICT sector – 5.1%, and the engineering industry – 7.7%. If these targets are achieved, the above-referred sectors would contribute to more than a fifth of the GDP and would provide a solid foundation for the Lithuanian economic model based on high added value.

Lithuania's priority sectors have favourable conditions for growth. The COVID-19 pandemic has given a new impetus for the global development of the life sciences industry, while the engineering and ICT sectors are critical to the success of the EU ambitions in the areas of digital economy, the Green Deal and Industry 4.0.

However, research by international organisations shows that the continued economic growth of Lithuania is threatened by human capital challenges. As a result, the topic of talent attraction and retention is becoming an integral part of the debate on the development of a high value-added economy.

Figure 1 Projected GDP growth in priority sectors of the Lithuanian economy



Source: 2021-2030 m. The National Progress Plan 2021-2030

Lithuania needs talent to drive economic progress

Before we start talking how to attract talent to Lithuania, it is important to properly identify the talent we are looking for. The concept of a talent covers a rather broad range of immigrants – from scientists and researchers to highly skilled professionals capable of taking up high-productivity positions, to students coming to the country.

Attraction and retention of specialists with the competencies that are in short supply in the Lithuanian labour market would promote the development of advanced sectors and the transformation of traditional sectors of the economy, the success of which will pre-determine the level of welfare of the country. Hence, considering the potential impact of immigration on the structure of the economy and seeking the transition of the Lithuanian economy to high value-added activities,

the most needed talents in Lithuania today are talented specialists who have or seek STEM competencies.

The type of talents attracted to the country has a significant impact on the structure of the national economy. For example, a large share of high-skilled immigrants who recently arrived in other OECD countries work in the ICT sector. In the Czech Republic and Ireland, for example, such professionals constitute more than a quarter of all incoming highly skilled immigrants. That can be partly explained by the predominance of the English language in this sector and by heavy reliance on specialised knowledge (big data analytics, cyber security, cloud computing, etc.).

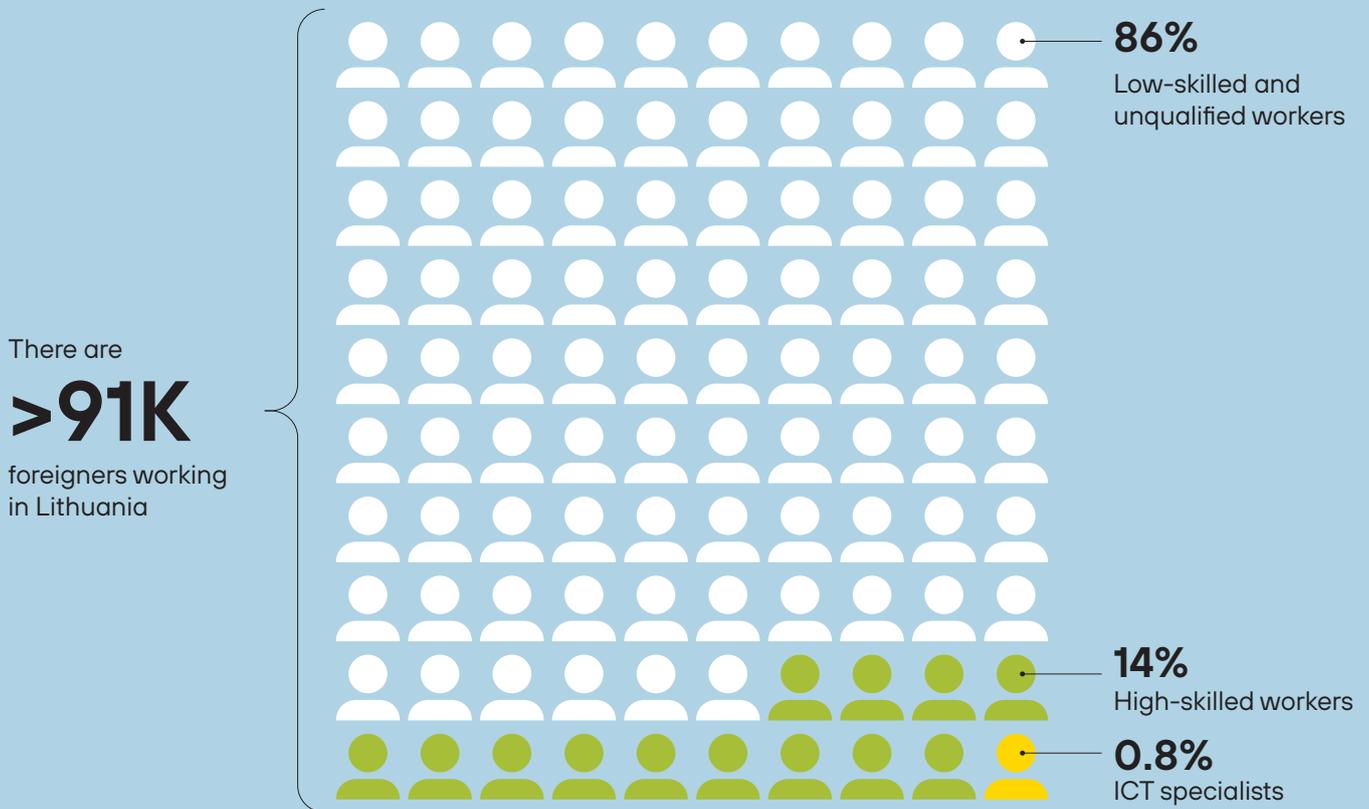
Lithuania has significant potential for attracting talent

The trends of the last few years show that Lithuania can successfully attract immigrants. The immigrant labour force in Lithuania already accounts for around 5% of the total workforce (or more than 91,000 persons). However, only 14% of it is highly skilled, and the share of ICT professionals, is currently below 1% (Figure 2.). This trend is also illustrated by the fact that Lithuania issued only 367 *Blue Card* permits in 2021.

Lithuania's migration policy is favourable to international workers, however, it is not yet focused on the high-tech sectors, which Lithuania intends to promote. According to the International Monetary Fund, Lithuania has reached a relatively high level of development. It ranked 15th among the EU Member States in 2020 according to the GDP per capita based on purchasing power parity. Therefore, Lithuania is capable of creating a great value proposition to international talents and demonstrating much higher results of talent attraction.



Figure 2 The untapped potential of foreign talent in Lithuania



Sources: United Nations, Department of Economic and Social Affairs, International Migration Stock, 2020; The Government Strategic Analysis Center study, commissioned by Invest in Lithuania, 2021.

A targeted strategy necessary in the fight for global talent

In order to meet its goals, Lithuania needs the right balance between addressing the fundamental problems of the talent ecosystem and implementing breakthrough initiatives focused on targeting talent that can change the direction of the country's development. Therefore, "Invest Lithuania" identified two key components of

a successful strategy. Both are essential in achieving significant results in talent attraction and retention, and both complement each other. "Invest Lithuania" identified two key components of a successful strategy. Both are essential in achieving significant results in talent attraction and retention, and both complement each other.

The first part of the strategy must focus on the initiatives to attract the talent needed to transform the Lithuanian economy in the short term. The tackling of systemic problems in the talent ecosystem may take time. However, an assessment of the situation of Lithuanian

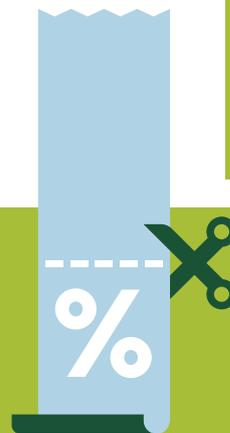
business and higher education institutions shows that it is already possible to identify particular sectors and study programmes where Lithuania is able to offer attractive conditions for talent.

Proposals to attract the talent necessary for Lithuania's economic transformation:

Cooperation projects to conduct recruitment drives (hackathons and other measures to test talent potential and suitability) in target talent markets and to recruit the specialists selected or take them on internships or traineeships; periodic business missions and job fairs to raise the profile of Lithuanian companies.

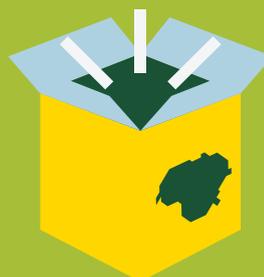


Studycation programme to give prospective students an insight into the opportunities available in Lithuania, its higher education institutions and cities.



Tax and financial incentives to provide a competitive offer for talent.

Package 'Lithuania is waiting for you' to encourage expatriate Lithuanian citizens, high-skilled professionals, to return and pursue a career in Lithuania. This package would include support for housing rent, integration of children into the education system and a personal re-migration coordinator to deal with any problems that may arise.



Package of measures for employers to implement co-create marketing objectives in order to raise the profile of Lithuania and its companies among talent.

The second part of the strategy should focus on the implementation of long-term solutions for the sustainable development of the talent ecosystem. For Lithuania, it is important to start with talent retention in the country rather than improving attraction efforts. Focusing on talent attraction alone can lead to severe disappointment when these professionals decide

to leave the country after a relatively short period of time. There are no quick and easy solutions to achieve sustainable results – it is important to address the shortcomings in the talent ecosystem and to improve the conditions for professionals living and working in the country by increasing the opportunities for their long-term integration.

Proposed measures to ensure the sustainable development of the talent ecosystem:

