

HOW SUCCESSFUL IS EUROPE IN THE GLOBAL “WAR FOR TALENT”?

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Abstract

This paper deals with the success of Europe in the global war for talent. While the first part of the paper explores the global structural changes that influence the war for talent and the limitations of EU policy in attracting talent, looking at the European Union as a whole as well as examining immigration policies in individual regions and countries, the second part explores EU policy that has been introduced to ‘fight’ the war for talent, such as the Blue Card and Scientific Visa. Finally, the paper tries to find an answer to the question how Europe fares against its main competitors: Australia, Canada and the US. Much of this discussion will be focused on the ability of the European Union to attract highly skilled migrants.

Keywords: Skilled migration, EU policies, Blue Card, Scientific Visa

Nitelikli İşgücünü Çekme Savaşında Avrupa Ne Kadar Başarılı?

Özet

Bu makale nitelikli işgücünü çekme savaşında Avrupa'nın başarılı olup olmadığını incelemektedir. Makalenin ilk bölümü nitelikli işgücü savaşını etkileyen yapısal faktörler yanında birlik üyesi ülkelerin ve AB'nin göç politikalarını inceleyerek AB'nin nitelikli göçmen çekmede yaşadığı sıkıntıların nedenlerini incelerken, ikinci bölüm ise AB'nin nitelikli göçmen çekebilmek için uygulamaya koyduğu 'Bilimsel Vize' ve "Mavi Kart" gibi uygulamaları incelemektedir. Son kısımda ise, Avrupa'nın ana rakipleri olan ABD, Avustralya, Kanada gibi ülkelerle nasıl başa çıktığı sorusuna cevap aranmaktadır. Makalenin temel tartışma konusu AB'nin nitelikli işgücü çekmedeki becerisi olacaktır.

Anahtar kelimeler: Nitelikli göçmen, AB Politikaları, Mavi Kart, Bilimsel Vize

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Introduction

The global ‘war for talent’ began at the turn of the 21st century, as business leaders became increasingly concerned with attracting talent to lead and develop their businesses¹. This global war for talent is very much a product of the modern economic climate: it is a result of the ever-increasing globalisation of processes and production, ageing populations and international mobility, which creates intense competition for human capital and skills. As such, the attraction and retention of the highest achievers is of fundamental importance to countries across the world². The war for talent has remained pervasive despite the economic crash and subsequent downturn. A survey conducted by Hewitt³, for example, shows that despite difficult economic conditions, a large proportion of the companies surveyed remained focused on the top talent and had sustained their investment in recruitment, learning and development.

In this paper, we will examine the situation of Europe in the global war for talent. To do this, we will first consider the global structural changes in economic and demographic trends that influence the war for talent. We will then look at the European Union, including the limitations of EU policy in attracting talent; the immigration policies in individual regions and countries; and the policies that have been introduced to ‘fight’ the war for talent, such as the Blue Card and Scientific Visa. Finally, we will evaluate how Europe fares against its main competitors: Australia, Canada and the US. Much of this discussion will be focused on the ability of the European Union to attract highly skilled migrants. This is because increasing the supply of skilled immigrants into the labour markets can address problems caused by structural ageing and international competition. International organisations, such as the Organisation for Economic Co-operation and Development (OECD) emphasise the importance of

¹ Schon Beechler and Ian. C. Woodward, "The global “war for talent”", **Journal of International Management**, Cilt 15, 2009, s.273-285.

² Martin Kahanec and Klaus F. Zimmermann, “High-Skilled Immigration Policy in Europe”, **IZA Discussion paper**, No 5399, 2010.

³ Hewitt, “Hewitt Talent Survey 2008: Building the Talented Organisation” **In Association with Talent Management Review**, 2008.

skilled immigration internationally⁴. As such, effective management of high-skilled immigration is of fundamental importance to Europe.

Factors Impacting the War for Talent

Definition of the Term "War for Talent"

In order to evaluate Europe's success in the global war for talent, it is necessary to briefly explain the meaning and genesis of this term. It must be said that there is no one exact definition which is commonly accepted. It is because the term depends on the local economic, social and demographic contexts and the local concern and the policies in place⁵. The 'War for Talent' was launched by American management consultant firm McKinsey & Company in 1998. It was launched by the publication of a report that concluded that 'better talent is worth fighting for'⁶. This was because, they argued, the most valuable resource for corporate success over the next twenty years would be intelligent and erudite business people. McKinsey & Company used the definition in their report as 'the sum of a person's abilities... his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgement, attitude, character and drive'⁷. Some have shared this definition, seeing the talented as 'A players [that] are in the top 10% of talent available at all salary levels - best of class'⁸. McKinsey & Company argues that this war for talent would become increasingly competitive as the demand for talent rose and the supply of talented individuals decreased. As such, competition for the 'best and brightest' would become a 'constant and costly battle'⁹.

International Economic and Demographic Trends

McKinsey & Company's predictions regarding the war for talent have proved true. In this section, we will examine the range of factors that have influenced the global war for talent. This is necessary in order to inform our

⁴ Lucy Cerna, "Understanding the diversity of EU migration policy in practice: the implementation of the Blue Card initiative", *Policy Studies*, Cilt 34, No 2, 2013, s.180–200.

⁵ A.N.Kuvik, "Skilled migration and the global competition for talent- Recent developments and theoretical considerations", *AISSR*, 2015, s. 22.

⁶ Elizabeth Chambers et al., "The war for talent", *The McKinsey Quarterly*, Cilt 3, 1998, s.45.

⁷ Ed Michaels et al. *The War for Talent*, Harvard Business Review Press, 2001, s.12

⁸ Brad Smart and Geoff Smart, *Topgrading (How To Hire, Coach and Keep A Players)*, Pritchett Press, 2005, s.18.

⁹ Elizabeth Chambers et al., "The war for talent", *The McKinsey Quarterly*, Cilt 3, 1998, s.51.

discussion of the ways in which Europe has fought the war for talent; how successful it has been; and the limitations of its response. A huge influence on the war for talent has been our ageing populations: increased life spans and declining birth rates have led to ‘an unprecedented shift in the age distribution of the general population’¹⁰. Most European states consider labour migration as means to mitigate labour shortages¹¹. As well as these demographic changes, globalisation has led to increased economic integration between nations, with governments reducing and removing legal and regulatory barriers to international interaction. This has led to large capital markets; the International Labour Organization (ILO) (2008) reports that labour markets across the world are more integrated and stronger than ever before¹². Rapid developments in technology mean communicating and computing are cheaper and easier than ever¹³. Globalisation changes the movement and mobility of people across both cultural and geographic boundaries. This greater mobility leads to global labour competition, as people are more willing to relocate outside their home countries¹⁴. This is particularly true for high-skilled workers who have emigrated at a larger rate than low-skilled or medium-skilled workers¹⁵. This means that fundamental to attracting the most talented workers are countries’ policies on immigration - an issue we will discuss in depth in this paper.

In addition to these broader, systemic shifts, a number of other problems influence the search for and retention of talented labour. Firstly, many industries are affected by both temporary and acute, long-term labour shortages. As Mahroum argues, EU Member States are in competition not only with non-EU countries and regions, but also among themselves¹⁶. This means that, if the pool of available skilled workers across an industry does not expand in proportion to the demands of that industry, countries will

¹⁰ Schon Beechler and Ian. C. Woodward, "The global “war for talent”", **Journal of International Management**, Cilt 15, 2009, s.242.

¹¹ Lucie Cerna and Mathias Czaika, “European Policies to Attract Talent: The Crisis and Highly Skilled Migration Policy Changes”, **Migration, Diasporas and Citizenship, 2016**, s. 22-43

¹² International Labour Organization, “Global Employment Trends”, Ocak, ILO Geneva Switzerland, 2008.

¹³ Schon Beechler and Ian. C. Woodward, "The global “war for talent”", **Journal of International Management**, Cilt 15, 2009, s.273-285.

¹⁴ Rosalie L.Tung, "The human resource challenge to outward foreign direct investment aspirations from emerging countries: the case of China", **International Journal of Human Resource Management**, Cilt 18, No 5, 2007, s.868–889.

¹⁵ Schon Beechler and Ian. C. Woodward, "The global “war for talent”", **Journal of International Management**, Cilt 15, 2009, s.273-285.

¹⁶ Sami Mahroum, "Europe and the Immigration of Highly Skilled", *Labour International Migration*, 2001, Cilt 39, No 5, s. 27-43.

experience labour shortages as that pool is distributed across the region, as well as shifts from place to place. A related issue concerns that of skill mismatch¹⁷. Factors such as differentials in wages, employment benefits and living standards across the EU mean that workers may willingly “demote” themselves or work in another, lower-skilled field – thus not utilising their key skills – in order to obtain better wages and working conditions. This has had an influence in countries such as Poland, where skilled workers have “down-traded” their primary skill-set in order to obtain better wages at a lower or differently skilled job in another Member State. The role of these differentials in attracting and promoting skills shortages has been noted by a number of commentators, who point out that the pool of skills is effectively in “hibernation” and not being efficiently utilised. This has been a particular issue for East-West labour mobility, where the differences in labour market opportunities are “striking”¹⁸.

An indirectly related issue to that of wage differentials and labour mobility is that of Europe's increasingly ageing population. Increased longevity has put strains on a care industry that is neither sufficiently skilled nor staffed, nor provided with an appropriate care infrastructure. This will only continue to increase as a pressure point over time, yet few policy initiatives, across the EU, have attempted to tackle this problem.

Ultimately, the movement of labour is influenced by the economic and demographic differences of regions: such as different levels of real wage rates and differences in labour-force age profiles¹⁹. This means that in ‘winning’ the global war for talent, the attractiveness of a new host country in terms of wages and opportunities offered, is fundamental.

Transformational Changes

Globally, there has been a move from product-based to knowledge-based economies and this fundamental business transformation has had a powerful impact on the global war for talent²⁰. The service sector now

¹⁷ Bela Galgóczi et al, **EU Labour Migration in Troubled Times: Skills Mismatch, Return and Policy Responses**, Ashgate, Surrey, 2012.

¹⁸ Mikkel Barslund and Matthias Busse, “Making the most of EU Labour Mobility”, CEPS Task Force Reports, 2014, s.2.

¹⁹ Lant Pritchett, **Let their people come: breaking the gridlock on labour mobility**, Center for Global Development, Washington, D.C. 2006.

²⁰ Schon Beechler and Ian. C. Woodward, “The global “war for talent””, **Journal of International Management**, Cilt 15, 2009, s.273-285.

provides 42% of all jobs; in developed economies the service sector is even larger, accounting for 71.5% of all EU jobs²¹. As a result, companies are increasingly dependent on their people and, in particular, on their “top talent”²². The move to a knowledge-based economy also means that occupations and job requirements are increasingly complex, requiring higher levels of cognitive ability. It is therefore important that companies are able to employ, keep and increase the productivity of their most valuable knowledge workers.

The Limitations of EU Policy in Attracting Talent

This examination of the current economic landscape shows that attracting talent is essential if companies are to succeed in knowledge-based, globalised and mobile economies. However, evidence suggests that Europe is struggling in these economies. The European Union (EU) has experienced a progressive loss of markets for European products and services. Developing both technology and talent is seen as an important way to both counter this and increase the innovation of European companies compared to those in China or the US²³. The importance of recruiting and developing talent is outlined in both the Lisbon Strategy for 2010 and the Europe 2020 Strategy²⁴. The European Commission has assessed that Europe would need between 384,000 and 700,000 workers in the information and technology industries by 2015, and one million in the healthcare profession by 2020 if it is to remain internationally competitive²⁵. As such, the European Commission opened its July 2014 communication on higher education with the title ‘Europe and the Global Race for Talent: Is Europe an Attractive Destination for Talent?’²⁶. The evidence suggests that it is not. Europe is understood to be lagging behind countries such as Australia, Canada, Switzerland and the US in its number of high-skilled migrant workers. Recent report finds that immigrants to the EU are younger and less well educated than those in other OECD destinations²⁷. The European

²¹ International Labour Organization, “Global Employment Trends”, Ocak, ILO Geneva Switzerland, 2008.

²² Daniel Pink, **Free agent nation: the future of working for yourself**, Warner Books, New York, 2001.

²³ Carmen González et al, "The EU performance in the global competition for highly-skilled migrants", **Notre Europe - Jacques Delors Institute Policy paper**, 2013.

²⁴ Ibid.

²⁵ Lucy Cerna and Chou Meng Hsuan, "Is Europe missing out on foreign talent?" **University World News**, Cilt 286, 2013, s.1-5.

²⁶ Ibid 1.

²⁷ OECD and EU, "Recruiting Immigrant Workers: Europe 2016", OECD Publishing, 2016, Paris

Commission calculated that the EU, with 1.7% high-skilled migrant workers of the total employed population, is behind countries such as Australia (9.95%), Canada (7.3%), Switzerland (5.3%) and the US (3.25%)²⁸.

One of Europe’s most fundamental obstacles to attracting global talent and highly skilled migrants is the non-existence of an intra-European labour market. In effect, this means that immigrants who come to one country in the EU must make a fresh application if they wish to relocate to another Member State²⁹. This means that internal mobility is very low, especially when compared with countries such as the US, Canada or Australia. According to the OECD, only 3% of working age EU citizens live in a Member State other than the one they were originally born in. The lack of a common labour market may also be a deterrent for highly skilled immigrants, as there are income disparities between different EU Member States. González and colleagues argue that in order to attract more immigrants it is necessary to promote intra-EU mobility³⁰. This would also lead to more efficient distribution of labour between EU countries, as resident migrants would have the freedom to move to countries where their skills would be the most productive.

As Danzer and Dietz have pointed out, the EU at a broader level “lacks attractiveness as a destination” for labour migrants, with Russia and North America often being the preferred options³¹. Although countries that participate in the EU's Eastern Partnership (EaP), such as Armenia, Belarus and Moldova already have well educated and skilled workers, the majority (58%) of EaP labour migrants choose to move to Russia rather than the EU. The easy transferability of skills, Russian language proficiency and comparable educational systems mean that Russia remains a more attractive prospect than the EU, even if migrants have to downgrade their skills as a consequence. This represents a policy failure, in so far as the EU has not adequately shaped migration and employment policy to take account of this. It has failed to make it easier for migrants to obtain skills/language training or to transfer their skills and education into the EU. Potential migrants are aware of the barriers and the need for often competitive or expensive skill

²⁸ Lucy Cerna and Chou Meng Hsuan, "The regional dimension in the global competition for talent: Lessons from framing the European Scientific Visa and Blue Card", **Journal of European Public Policy**, Cilt 21, No 91, 2014, s.76-95.

²⁹ Carmen González et al, "The EU performance in the global competition for highly-skilled migrants", **Notre Europe - Jacques Delors Institute Policy paper**, 2013.

³⁰ Ibid.

³¹ Alexander Danzer and Barbara Dietz, "The EU's failure to attract the most talented temporary migrants", LSE Blog, 2014, s.1.

training/equivalence qualifications in the EU, and so are put off: qualification courses to improve technical or working skills to align them with different EU requirements are undertaken by only a small fraction of migrants from the EaP and other areas. The EU is in a position to make this transfer easier and more attractive but has not yet identified an appropriate instrument to achieve this.

The Approaches of the EU Member States to Highly Skilled Migration

Divergence in Attitudes: Scandinavian Welfare States

The lack of mobility is a consequence of divergent policies and attitudes towards the migration of highly skilled workers in different Member States. The Scandinavian welfare states, for example, are categorised by consistent inflows and outflows of migrants, economic prosperity and a large and generous welfare state. In countries such as Denmark and Finland, residence and work permits are granted to highly skilled immigrants based on the needs of the labour market³². Sweden has one of the most restrictive immigration policies in the EU, meaning they have been unsuccessful in attracting highly skilled immigrants³³. Nevertheless, Scandinavian countries, including Sweden, have in recent years been increasingly concerned with attracting highly skilled immigrants. This is partly the consequence of shortages in domestic labour, and partly the result of the European Commission's insistence on more open markets³⁴. As such, policy in these states is now more open to highly skilled immigrants. In Finland, for example, the Migration Policy Programme was implemented in 2007 to better manage labour migration and predict labour market needs more accurately by linking the right to work to residence permits.

Divergence in Attitudes: Western European Core States

The Western European core states (Austria, Belgium, France, Germany, Luxembourg, the Netherlands and the UK) have also struggled to find a balance within their immigration policy. Like the Scandinavian welfare states, these countries are wealthy and have been principal destinations for

³² Martin Kahanec and Klaus F. Zimmermann, "High-Skilled Immigration Policy in Europe", **IZA Discussion paper**, No 5399, 2010.

³³ Lucy Cerna, "Understanding the diversity of EU migration policy in practice: the implementation of the Blue Card initiative", **Policy Studies**, Cilt 34, No 2, 2013, s.180–200.

³⁴ Carmen González et al, "The EU performance in the global competition for highly-skilled migrants", **Notre Europe - Jacques Delors Institute Policy paper**, 2013.

immigrants to Europe³⁵. Many of these states have recently reformed their immigration policies in order to restrict immigration; but have also sought ways to attract and allow employers to hire highly skilled migrants³⁶. Germany and the Netherlands, for example, set high thresholds for eligibility, whilst allowing international recruitment to be exempt from the prohibitive conditions placed on ordinary labour markets³⁷. Similarly, the UK has moved toward a “points-based” system that discourages low-skilled but proficient employees, with little reference to the fluctuation of labour demands in particular industries. The policy obstacle in this example is that the “points system” is quite rigid, granting higher points to “traditional” and professional fields (doctors, lawyers, etc.), yet not accommodating the fact that lower skills do not equate to lower proficiency. For this reason, non-professional but highly skilled/sought after workers in particular fields are not being made eligible for immigration, despite the fact that specific industries may require these skills in order to meet targets and sustain competition. Other problems relate to the fact that while the core states will seek and accept highly skilled and professional migrant workers, there is no systematic procedure for qualifications and degrees to be recognised. This presents a significant obstacle in attracting qualified migrants to specific fields³⁸. Similarly, other bureaucratic issues – such as visa policy – continue to stem the movement of migrants. Added to this is the needs-driven rather than innovation-driven nature of the EU state's migration policies, in contrast to those of the US. Currently, it is not possible for foreign-born entrepreneurs to start their own businesses in the EU – this represents a major problem, as the US and other regions are more responsive to this.

New Member States

New Member States of the European Union also face a complex picture when it comes to immigration. New Member States that joined the European Union in 2004 and 2007 have typically experienced migrant outflows, as migrants seek better working conditions and more stable and developed economies in which to work³⁹. However, since joining the EU these

³⁵ Martin Kahanec and Klaus F. Zimmermann, “High-Skilled Immigration Policy in Europe”, **IZA Discussion paper**, No 5399, 2010.

³⁶ Jonathan Chaloff and George Lemaître, “Managing Highly-Skilled Labour Migration: A Comparative Analysis of Migration Policies and Challenges in OECD Countries”, **OECD Social Employment and Migration Working Papers 79**, 2009.

³⁷ Ibid.

³⁸ Ruby Gropas, “Migration and Innovation: why is Europe failing to attract the best and brightest?”, **European University Institute/Global Governance Programme paper**, 2013.

³⁹ Martin Kahanec and Klaus F. Zimmermann, “High-Skilled Immigration Policy in Europe”, **IZA Discussion paper**, No 5399, 2010.

countries have seen a strengthening and upgrading of their economies, meaning they are beginning to see patterns of immigration to their countries. As a result, some restrictive policies have been put in place, such as the need for work permits in Bulgaria and Estonia⁴⁰.

Overall, Europe's lack of success in attracting global talent and highly skilled immigration is attributable to negative attitudes to immigration throughout Europe. Kahanec and Zimmermann argue that Europe continues to see itself as a fortress⁴¹ that views immigrants as an undeserving drain on resources, depriving native populations of work and resources. This external and internal projection has a detrimental effect on levels of immigration to Europe, meaning that highly skilled migrants are more likely to go to countries such as the US, Canada and Australia.

What is the EU Doing to Attract Highly Skilled Workers?

The EU Blue Card

In order to compete in the global war for talent, address labour shortages and become more innovative, policy makers in the EU have stressed the importance of regional cooperation and collaboration⁴². This emphasis on cooperation and collaboration was seen to have the potential to address problems we have already identified, such as the lack of a European labour market and intra-European mobility. To attract global talent, it was felt that a regional approach would increase leverage, expand the labour market and send a clear message about the EU's openness to highly skilled immigrants⁴³. As such, in 2001 a common legal framework was proposed for migration to the EU. This was, however, rejected by Member States who saw this as devolving too much power on a critical issue⁴⁴. Subsequently, a 'segmented' approach was introduced, which saw different measures for different types of migration⁴⁵.

One of these individual measures was the Council Directive 2009/50/EC of 25 May 2009 (henceforth known as the Blue Card Directive), which sought to establish more attractive EU entry and residence conditions

⁴⁰ Ibid.

⁴¹ Ibid 21.

⁴² Lucy Cerna and Chou Meng Hsuan, "The regional dimension in the global competition for talent: Lessons from framing the European Scientific Visa and Blue Card", **Journal of European Public Policy**, Cilt 21, No 91, 2014, s.76-95.

⁴³ Lucy Cerna, "Understanding the diversity of EU migration policy in practice: the implementation of the Blue Card initiative", **Policy Studies**, Cilt 34, No 2, 2013, s.180–200.

⁴⁴ Carmen González et al, "The EU performance in the global competition for highly-skilled migrants", **Notre Europe - Jacques Delors Institute Policy paper**, 2013.

⁴⁵ Ibid 17.

for professionals⁴⁶. It was proposed this would help Europe succeed in the war for talent by addressing the reasons why highly skilled immigrants were less inclined to Europe, such as a lack of mobility and administrative and bureaucratic difficulties⁴⁷. The Blue Card is based on common criteria: a work contract; a minimum salary level equivalent to a minimum of 150% of the annual average wage of the country; and educational and professional qualifications. It is also intended to facilitate mobility within the EU. Another individual measure, the Scientific Visa, was also introduced to attract top scientists and researchers - immigrants who are highly qualified - into Europe⁴⁸.

Limits of the Blue Card

The original scope of the Blue Card Directive was ambitious: it allowed freedom of movement, as immigrants were allowed to move (after eighteen months) from one EU Member State to another⁴⁹. The Blue Card was also intended to improve the treatment of highly skilled migrants within the UK through freedom of association; the recognition of international qualifications; and the equal treatment of immigrants and native citizens in terms of working conditions, such as pay and dismissal⁵⁰. However, the Blue Card Directive is generally regarded to have fallen short of its central goal⁵¹. It does not give highly skilled migrants access and mobility across the European labour market, as they can only move to a second European country under strict conditions. Whilst the policy was intended to create harmony and unity in immigration policy, individual Member States retain the right to determine the entry of third-country nationals. The Scientific Visa has also had limited success. Only 7,000 Scientific Visas were issued in 2011, a number that falls short of the million researchers needed for the EU to become ‘the most dynamic and competitive knowledge-based economy in the world’ by 2020⁵².

⁴⁶ Lucy Cerna, "Understanding the diversity of EU migration policy in practice: the implementation of the Blue Card initiative", *Policy Studies*, Cilt 34, No 2, 2013, s.180–200.

⁴⁷ Joel Trachtman et al. "The Global Competition for Talent", *The Fletcher School of Law and Diplomacy Paper*, Tufts University, 2010, s.14, 19-20.

⁴⁸ Lucy Cerna and Chou Meng Hsuan, "Is Europe missing out on foreign talent?" *University World News*, Cilt 286, 2013, s.1-5.

⁴⁹ Martin Kahanec and Klaus F. Zimmermann, "High-Skilled Immigration Policy in Europe", *IZA Discussion paper*, No 5399, 2010.

⁵⁰ Ibid.

⁵¹ Lucy Cerna, "Understanding the diversity of EU migration policy in practice: the implementation of the Blue Card initiative", *Policy Studies*, Cilt 34, No 2, 2013, s.180–200.

⁵² Lucy Cerna and Chou Meng Hsuan, "Is Europe missing out on foreign talent?" *University World News*, Cilt 286, 2013, s.1-5.

What was the reason for the limited scope of the Blue Card? This can, primarily, be attributed to a divergence in the attitudes of Member States to the Blue Card Directive⁵³. Whilst some Member States were in favour of the Directive, some were opposed due to the impact it would have on immigration levels and policy. Cerna argues that the interest levels of Member States depended on their own self-interest and whether they perceived the benefits to outweigh the costs. Countries such as Germany opposed the policy due to concerns about increasing levels of immigrants from Central and Eastern Europe who, they argued, would take work from domestic workers⁵⁴. The UK and Ireland, who had already admitted large numbers of workers from EU Member States, opposed the policy and the opening of their markets to third-country nationals. A number of core Western European states, such as Austria, Denmark, Germany and the Netherlands, opposed the Directive on the grounds of their ‘sovereignty’⁵⁵. These states did not want to give up their sovereignty and control on an issue that was so important to their own economies and electorate⁵⁶.

Another problem is the underestimation of the diverging labour market needs. Gümüş states that since countries all have different needs, one high-skilled immigration programme will be unable to cater effectively for the whole of the common market⁵⁷. Gümüş also adds that since the need for skilled labour is spread evenly between Member States and industries, a centralized policy for the whole of the EU on a topic as sensitive as immigration is unlikely to be seen as the ‘right’ direction by many Member States⁵⁸.

The economic context also limited the impact and scope of the Blue Card Directive. During negotiations for the Directive, the economic crisis started⁵⁹. The economic crash made it harder for Member States to introduce

⁵³ Lucy Cerna, "Understanding the diversity of EU migration policy in practice: the implementation of the Blue Card initiative", *Policy Studies*, Cilt 34, No 2, 2013, s.180–200.

⁵⁴ Ibid.

⁵⁵ Roderick Parkes and Steffen Angenendt, "After the Blue Card EU Policy on Highly Qualified Migration: Three Ways Out of the Impasse", *Heinrich Böll Stiftung Discussion Paper*, Berlin: Heinrich Böll Stiftung, 2010.

⁵⁶ Anthony Messina, *The Logics and Politics of Post-WWII Migration to Western Europe*, Cambridge: Cambridge University Press, 2007.

⁵⁷ Yasin Kerem Gümüş, "EU Blue Card Scheme: The Right Step in the Right Direction?" *European Journal of Migration and Law*, Cilt 12, No 4, 2010, s.449.

⁵⁸ Ibid. 450.

⁵⁹ Lucy Cerna, "Understanding the diversity of EU migration policy in practice: the implementation of the Blue Card initiative", *Policy Studies*, Cilt 34, No 2, 2013, s.180–200.

policies that encouraged immigration. In times of high unemployment, pay-freezes and cuts, it was hard for governments to justify admitting higher levels of immigrants. This is a broader theme in politics, as politicians are heavily influenced by public opinion on controversial issues like immigration⁶⁰. It is also the case that national preferences are also likely to shift after profound changes in the global economic landscape⁶¹.

Furthermore, those countries that already had open and successful policies in attracting highly skilled immigrants, such as the UK, were not interested in the Blue Card as the benefits were not considered to outweigh the costs⁶². Other Member States, such as Sweden and France, had more restrictive immigration policies which were less successful in attracting highly skilled migrants⁶³. These states were more open and positive about the Blue Card. This reflects general patterns in Europe, as states have become increasingly aware of the importance of attracting global talent in order to meet the needs of a globalised economy and shortages in labour markets. States with traditionally restrictive policies, such as Sweden, have sought to open their own borders whilst also seeking more regional cooperation across the EU.

A further aspect the policies did not address is the internal and external projection of immigration in Europe. The perception of European attitudes as negative and insular was perpetuated through the eventual framing of the Blue Card Directive⁶⁴ conceptualises framing as ‘a process of selecting and emphasising aspects of an issue according to an overriding evaluative or analytical criterion’. The final adopted legislation for the Blue Card Directive projected what Cerna and Chou term a strong ‘migration frame’. In line with ‘fortress’ Europe, this migration frame emphasised safe and secure borders⁶⁵, as well as the importance of robust control of national borders in order to deter unwanted migration⁶⁶. This was a change from the

⁶⁰ Terry Givens and Adam Luedtke, "European Immigration Policies in Comparative Perspective", *Comparative European Politics*, Vol 3, No 1, 2005, s.1–22.

⁶¹ Andrew Moravcsik, *The Choice for Europe*, Cornell University Press, New York, 1998.

⁶² Lucy Cerna, "Understanding the diversity of EU migration policy in practice: the implementation of the Blue Card initiative", *Policy Studies*, Cilt 34, No 2, 2013, s.180–200.

⁶³ Ibid.

⁶⁴ Falk Daviter, "Framing biotechnology policy in the European Union", *ARENA Working Paper*, No 5, 2012, s.1.

⁶⁵ Lucy Cerna and Chou Meng Hsuan, "The regional dimension in the global competition for talent: Lessons from framing the European Scientific Visa and Blue Card", *Journal of European Public Policy*, Cilt 21, No 91, 2014, s.76-95.

⁶⁶ Lucy Cerna, "Understanding the diversity of EU migration policy in practice: the implementation of the Blue Card initiative", *Policy Studies*, Cilt 34, No 2, 2013, s.180–200.

initial framing of the Blue Card and Scientific Visa Directives, on competitiveness and excellence. This had emphasised the importance of increasing high-skilled immigration, as Europe was falling behind in the global economic competition for talent⁶⁷.

As Scientific Visas were only introduced in 2005 and Blue Cards in 2007, their overall effects are difficult to evaluate and ascertain at this point in time. What is clear, however, is that the policies have not gone far enough in addressing the administrative and bureaucratic barriers to immigration⁶⁸.

The EU Against Competitors: How Successful is The EU?

Although individual Member States and the EU have introduced policies to attract global talent, they still lag behind countries such as Canada, the US and Australia. As we have discussed, this is in part due to the restrictive attitudes and policies towards immigration in ‘fortress’ Europe⁶⁹. This is also due to the attractiveness of competitor countries. This attractiveness can be attributed to a range of features of life in Canada, US and Australia, such as age levels, the quality of life, existing immigrant communities and the fact that they are English speaking⁷⁰. These features of life have meant there are high levels of demand from highly skilled migrants. It also explains why the UK is so ‘far ahead of the EU average in attracting the brightest and best’⁷¹.

Furthermore, competitor countries have developed policies that attract well-trained and flexible individuals who have practical experience⁷². In Canada, for example, there is a ‘human capital model’ where skilled workers are selected for residence based on a point system that allocates points for economically attractive qualities, such as education and knowledge of French and English⁷³. A similar points-based model exists in Australia,

⁶⁷ Lucy Cerna and Chou Meng Hsuan, "The regional dimension in the global competition for talent: Lessons from framing the European Scientific Visa and Blue Card", **Journal of European Public Policy**, Cilt 21, No 91, 2014, s.76-95.

⁶⁸ Martin Kahanec and Klaus F. Zimmermann, "High-Skilled Immigration Policy in Europe", **IZA Discussion paper**, No 5399, 2010.

⁶⁹ Ibid 21.

⁷⁰ Jonathan Chaloff and George Lemaitre, "Managing Highly-Skilled Labour Migration: A Comparative Analysis of Migration Policies and Challenges in OECD Countries", **OECD Social Employment and Migration Working Papers 79**, 2009.

⁷¹ Elizabeth Collett, "The Proposed European Blue Card System: Arming for the Global War on Talent?" **Migration Policy Institute Discussion paper**, 2008, s.54.

⁷² Joel Trachtman et al. "The Global Competition for Talent", **The Fletcher School of Law and Diplomacy Paper**, Tufts University, 2010, s.14, 19-20.

⁷³ Ibid.

which allocates points based on qualities such as language, work experience and Australian educational qualifications⁷⁴. In the US, there is also a greater level of openness to immigration compared to Europe⁷⁵. This is based on demand from the labour market and the needs of employers. While Canada and Australia admit a substantial proportion through their Points Selection systems, employer sponsorship is of greater importance in the US. As such, the American system works like a ‘valve’ where numbers are loosened and tightened based on labour demands; and bureaucratic and administrative procedures are more responsive and “open” to issues such as the recognition of degrees and qualifications.

At the same time, the increasingly populist/right-wing movement in national politics across the core states of the EU has, in recent years, placed a greater strain and barrier on the availability and mobility of highly skilled workers. Migration policies in, for example, France, the UK and the Netherlands have become increasingly restrictive to migration *per se*, placing further obstacles in the path of the EU meeting its varying and dynamic labour and skill needs. A review conducted by the German Institute for Economic Research (DIW Berlin), based on a survey of policies and expert opinion, highlighted “that despite a number of positive recent developments, Europe lacks a consistent strategy to address this challenge effectively”⁷⁶. Whilst the US (and other countries) have a single policy system to introduce changes to migration, the EU is forced to balance EU policy against the power dynamics and pressures of particular Member States. New policy initiatives to address this problem have only been introduced in the latter part of the 2000s. As such, the evidence base to assess the effectiveness of EU policies (such as the Blue Card, etc.) does not yet exist.

Moreover, numerous studies show that administrative obstacles emerge as among the primary barriers to attracting highly skilled migrants: issues such as short permits mean that migrants do not have a “clear outlook” as to their future, including relating to welfare rights and future citizenship. One of the problems stemming from this may be perceptual as well as “actual” - a perception among migrants that the barriers experienced in the EU, relative to the benefits and opportunities that can be found in other regions, are not

⁷⁴ Ibid.

⁷⁵ Lucy Cerna, "The varieties of high-skilled immigration policies: coalitions and policy outputs in advanced industrial countries", *Journal of European Public Policy*, Cilt 16, No 1, 2009, s.144-161.

⁷⁶ DIW Berlin, “Highly-skilled immigration policy in Europe”, *Discussion Paper 1096*, 2011, s.2.

“worth it”. However, less research has been conducted on the way in which perceptions influence skills shortages.

Bureaucratic Advantage

One of the reasons why Europe lags behind its competitors in the war for talent lies in the bureaucratic and administrative challenges that highly skilled immigrants face. Cerna and Chou argue that when emigrating, highly skilled workers look for low tax rates and breaks for foreign workers; a speedy processing time for applications; a clear process for the recognition of international qualifications; and clear rights for family reunification. In contrast to this, European immigrants face many administrative and bureaucratic challenges. Tax systems, for example, are often excessively complex and do not allow for, or limit, tax deductibles⁷⁷. In contrast, Trachtman and colleagues argue that immigration systems within Canada, Australia and the US are more dynamic and less bureaucratically challenging for immigrants⁷⁸. This has been a problem with strictly points-based (rather than needs/skills driven) immigration policies, as the points systems are not sufficiently dynamic to respond to fluctuations and changes in labour demands, in contrast to countries such as the US and Canada.

At the same time, efforts are being made to address these challenges. Some Member States have enacted legal provisions to facilitate the selection and entry of migrants, while others have defined specific high-skilled categories of migrant workers who will have a simplified/streamlined administrative procedure to negotiate. But countries with only a recent history of skilled migration are less likely to have appropriate arrangements, even if they do have skills shortages. With the movement of core countries towards new policies, this situation may gradually change. The issue, however, is whether it can change *fast enough* to meet demand. These new Member States, aside from Hungary (who have the most effective policies among the new states), are less likely to offer tax exemptions; to have a skills system and preferred lists of skills/professions; or to have set specific skills/earning thresholds in order to *define* “highly skilled workers” within those specific countries (in contrast, for example, to Germany, Austria and the UK).

⁷⁷ Martin Kahanec and Klaus F. Zimmermann, “High-Skilled Immigration Policy in Europe”, **IZA Discussion paper**, No 5399, 2010.

⁷⁸ Joel Trachtman et al. “The Global Competition for Talent”, **The Fletcher School of Law and Diplomacy Paper**, Tufts University, 2010, s.14, 19-20.

Temporary Versus Permanent Migration

A key bureaucratic and administrative challenge that turns global talent away from Europe is the difficulty in moving from a temporary to a permanent visa. In the US, Canada and Australia, there is clear portability between temporary and permanent visas for highly skilled migrants⁷⁹. As Boyd, Lowell and Avata argue, clarity in policy and portability in visas have been a fundamental development in immigration policy in Canada, Australia and the US⁸⁰. Comparatively, the ability of immigrants to move from a temporary to a permanent visa in Europe is complex and difficult. Most visas in Europe are temporary and there is considerable governmental discretion involved in renewing visas⁸¹. This means that immigrants face considerable uncertainty regarding their future in a European country, including on whether they and their family will be able to stay, work and gain citizenship⁸². This uncertainty – relative to the expenditures and efforts required to gain even temporary permits – means that the proposition of employment within the EU is not as appealing as the offer of greater stability, lower skill requirements, and easier “recognition” in other regions. Restrictive individual policies such as the limitation of work permits in Bulgaria to specific, short-term projects, entail problems for high-skilled migrants who seek stability over uncertain future prospects.

Global Challenges

Both Europe and its competitors face challenges, as many highly skilled migrants seek to return and work in their native countries⁸³. Whereas in the past the movement of skilled workers and ‘the best and brightest’ away from developing countries has been described as a ‘brain drain’, this trend is becoming reversed. According to Anna Lee Saxenian in her book ‘The New Argonauts’, there have been strong growth rates and a growing supply of skilled labour in developing economies such as India and China⁸⁴. This is due to the return migration of skilled and educated workers. In a 2009 study from UC Berkeley and Duke University entitled ‘America’s Loss is the World’s Gain’, researchers found that of those surveyed, 86.8% of Chinese

⁷⁹ Anna Boucher and Lucy Cerna., "Current Policy Trends in Skilled Immigration Policy", **International Migration**, Cilt 52, No 3, 2014, s.22-25.

⁸⁰ Ibid.

⁸¹ Martin Kahanec and Klaus F. Zimmermann, “High-Skilled Immigration Policy in Europe”, **IZA Discussion paper**, No 5399, 2010.

⁸² Ibid.

⁸³ Schon Beechler and Ian. C. Woodward, "The global “war for talent”", **Journal of International Management**, Cilt 15, 2009, s.273-285.

⁸⁴ Anna Lee Saxenian, **The New Argonauts**. Cambridge, Harvard University Press, 2006.

returning migrants and 79% of Indian returnees stated that growing demands for their skills in their home countries was the main reason for their return. Furthermore, 87.3% of those returning to China and 62.3% of those returning to India believed that their career prospects were better in their native countries than in the US⁸⁵.

Whilst this study was based on perceptions of the US, it suggests that Europe will continue to face considerable challenges in fighting the war for talent. Competitor countries such as Canada, Australia and the US are perceived as more attractive due to their quality of life, developed economies and existing immigrant communities, as well as having processes for turning temporary visas into permanent ones⁸⁶. Perhaps a more significant challenge, however, comes from the developing economies of many third-country nationals' home countries. As career opportunities and demand for skills in these countries improve, national instincts and desire to work in one's home country may prove a powerful force in the war for talent⁸⁷.

Conclusion

Although attracting global talent and highly skilled migrants is crucial for European labour markets, there are considerable obstacles facing Europe's success in the war for talent. Administrative and bureaucratic difficulties for immigrants, particularly in terms of moving from temporary to permanent visas and not having the ability to move throughout Europe, deter highly skilled migrants who see competitor countries such as Australia, Canada and the US as more attractive prospects. Europe also projects, both internally and externally, the image of itself as a 'fortress', characterised by attitudes that see open immigration policy as a drain on resources and to the detriment of the native population.

European policy makers have presented new centralised schedules such as Scientific Visa and Blue Card for attracting highly-skilled migrants. These policies are limited, however, by the divergent attitudes of Member States to EU policy, where policy instruments and differentials in bureaucratic treatment differ significantly. Whilst some Member States already have policies helping to ensure they are successful in attracting global talent, others have more restrictive policies but favour EU policy directives that

⁸⁵ Joel Trachtman et al. "The Global Competition for Talent", **The Fletcher School of Law and Diplomacy Paper**, Tufts University, 2010, s.14, 19-20.

⁸⁶ Martin Kahanec and Klaus F. Zimmermann, "High-Skilled Immigration Policy in Europe", **IZA Discussion paper**, No 5399, 2010.

⁸⁷ Joel Trachtman et al. "The Global Competition for Talent", **The Fletcher School of Law and Diplomacy Paper**, Tufts University, 2010, s.14, 19-20.

attract highly-skilled immigrants. The divided approaches of Member States have, however, meant that effects of these policies are very limited and fail to satisfy the needs of potential migrants. Other problems identified relate to how skills are being *used* (downgrading due to wage/living standard differentials), and to how skills and qualifications are specifically recognised. EU policies and Member State provisions have not sufficiently taken into account the “market” of alternative opportunities that skilled migrants have when considering labour migration. EU policies seem more restrictive and narrowly categorised vis a vis dynamic system of US. These are problems encountered internally as well as externally, though – as mentioned above – many problems come down to the differential and uneven policy environments of different Member States.

Europe’s position in the globalised economy means that in spite of problems we have identified here and the financial and economic challenges it continues to face, it will remain an important destination for migrants. However, if Europe is to truly succeed in the war for global talent, more collective and collaborative policies are necessary in order to streamline the process of immigration and to allow free movement between European Member States.

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