



Danube Transnational Programme
TalentMagnet

TalentMagnet

D.T1.1.1 Baseline Study

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ACRONYMS AND ABBREVIATIONS

AI	Artificial Intelligence
CEO	Chief Executive Officer
ERDF	European Regional Development Fund
ENI	European Neighbourhood Instrument
EU	European Union
GCTCI	Global Cities Talent Competitiveness Index
GDP	Gross Domestic Product
GTCI	Global Talent Competitiveness Index
ICT	Information & Communication Technology
IPA	Instrument for Pre-Accession Assistance
NGO	Non-governmental organization
OECD	Organisation for Economic Co-operation and Development
TAR	Talent Attraction and Retention
USA	United States of America
WP	Work Package

EXECUTIVE SUMMARY

The outmigration of highly educated young people creates major demographic and labour market challenges for small- and medium sized towns in the Danube Region. It leads to the shortage of highly educated workforce in the private and public sector, hinders entrepreneurship and innovations, and has significant negative consequences. This is an important issue for local and regional authorities who need to cope with these socio-economic problems caused by brain drain.

The TalentMagnet project aims to address these challenges by establishing a new multilevel and transnational governance model. Youth migration and brain drain are intensifying in the Danube region and this development has an impact on local, national, and regional levels. Although the policies of the countries are interdependent, they could however benefit greatly from further improved collaboration. By improving institutional capacities to reduce the outmigration of talented young workforce and creating practical tools tailored to the specific needs of small- and medium sized towns TalentMagnet would contribute to talent attraction and retention in the Danube region.

In contrast to the usual brain drain narrative (emphasizing the loss of human capital), international labour migration is often more circular. It enables transnational social networks to arise and encourages the transfer of skills and know-how ('brain circulation'), thus creating the opportunity to reduce the negative effects of brain drain. Therefore, migration and development policies should aim to converge brain drain with brain circulation and implement specific programmes for return opportunities.

Local and regional policies play an important role when it comes to the development of strategies to address the negative consequences of youth migration. Since local authorities play a crucial role in providing young people' access to employment, housing, schools, health care, cultural life, and recreational facilities (thus they have remarkable influence on people's decisions to stay or leave), involving them in youth migration governance seems to be of key importance. Given the different levels of development of the Danube Region countries, tailor-made responses are needed, with local policies that may vary considerably from one country to another.

When mobility concerns highly skilled workers, pull factors play a more relevant role than push factors, and the migration is not only linked to economic factors. The attractiveness of the location, search for adventure, making new experiences, learning a language, living in a better natural environment, escaping the norms of domestic society and lifestyle factors are almost as important as economic factors such as high salaries and better employment opportunities.

The most challenging task for small- and medium-sized towns is to create innovative policies, new job opportunities, and a functional business environment in order to stop the outflow of the youth, attract and retain talents. The research among project partners also indicated that the overall improvement of the education system, modernisation of teaching techniques and styles, and the introduction of information technologies are all necessary to create a stronger link between education and labour market. In this respect, transnational cooperation could be of great importance.

Identified specific needs of young talents and the private sector in the Danube region put a special emphasis on innovation, diversity and inclusion. Young talents' needs are mostly related to quality job opportunities, prospering business environment, personal and career development opportunities, affordable and more diverse housing options, etc. The private sector needs more highly skilled young talents, more remote and international employees, development of innovative approaches to young talent acquisition, including employer branding strategies, as well as an increase of business effectiveness to meet the pay demands of young talents.

The current pandemic situation has major implications for local and regional decision-makers and stakeholders in attracting and retaining young talents. Although some of the actual effects might be only short-term, remote work and the willingness to reduce living costs will probably have long-term implications, especially with regard to our understanding of work, mobility, and housing. These developments offer great and unique opportunities for small- and medium-sized cities.

The Global Cities Talent Competitiveness Index 2020 and other available sources indicate certain trends and approaches of the most competitive cities in talent attraction and retention: (i) the long-term view on talent attraction and retention contributes to effectiveness; (ii) cities with a proven ability for future readiness are becoming more competitive; (iii) using digital technologies has a great impact on attracting talents and developing regions; (iv) quality of life has an increasing influence in the global competition for young talents; (v) international connectivity continues to be an even stronger advantage for cities competing for highly mobile talents; and (vi) small cities show a growing ability to develop innovative solutions to attract and retain talents.

The TalentMagnet holistic approach to talent attraction and retention is based on an integrated view of diverse factors relevant for talent attraction and retention: work, life, attraction, place. To develop an innovative and sustainable ecosystem built on multilevel governance and shape talent-competitive cities and regions, local and municipal leaders, along with national decision-makers, will need to engage in improvement of all areas relevant for creating cities and regions people love to work and live in.

TalentMagnet will support cities and municipalities throughout the process of developing and implementing local talent attraction and retention plans. For this purpose, the practical guide was developed to help local and regional authorities to: Understand their City (TAR Audit); Understand their Target Group; Define their Brand; Define their Strategy; Ideate Actions; Plan Actions; Plan Implementation; Monitor and Evaluate.

This Baseline Study is one of the key outputs of Thematic Work Package 1. Its main purpose is to establish a solid professional and conceptual basis for the development of an effective multilevel governance model and for the creation of the various practical tools (Local Talent Clubs, Urban Hackathons, Pool of Certified TalentMagnet Experts, Interactive Local Training on New Multilevel Governance Model on Talent Attraction and Retention, etc.) that could support the talent attraction and retention efforts of local authorities in small- and medium sized towns.

As there is no one-size-fits-all solution, each city and municipality would have to assess its own specific opportunities, as well as the expectations of local young talents to build and implement a tailored talent attraction and retention action plan. To ensure the sustainability of talent attraction and retention policies it is crucial to have supportive framework conditions (legislation, funding, support organizations) in place on local, national, and – to some extent – transnational level.

Key definitions:

Talent

Talent is a set of abilities of a person including skills, knowledge and capacity for growth and development. It refers to people with innate gifts, as well as to people who have learned knowledge and acquired skills related to a particular field. The term talent management was introduced into the human resource management literature in the late 1990s with the report on the war for talent by Mackenzie & Co. It highlighted that talent management is critical to an organization's success by identifying, developing, and promoting the organization's talented individuals and thus creating a competitive frontier.

Talent Management

Talent Management is one of the most important instruments in HR management. In relation to our document Talent Management is a set of tools and actions to attract, develop and retain highly educated talented people. It is performed on urban, regional, or national level.

Talent Attraction and Retention

Talent Attraction and Retention is a part of Talent Management and consists of actions, programs, and processes to actively attract, welcome, or keep talented people. It can be performed on company, city, regional or national level.

1 INTRODUCTION

1.1 The TalentMagnet Project

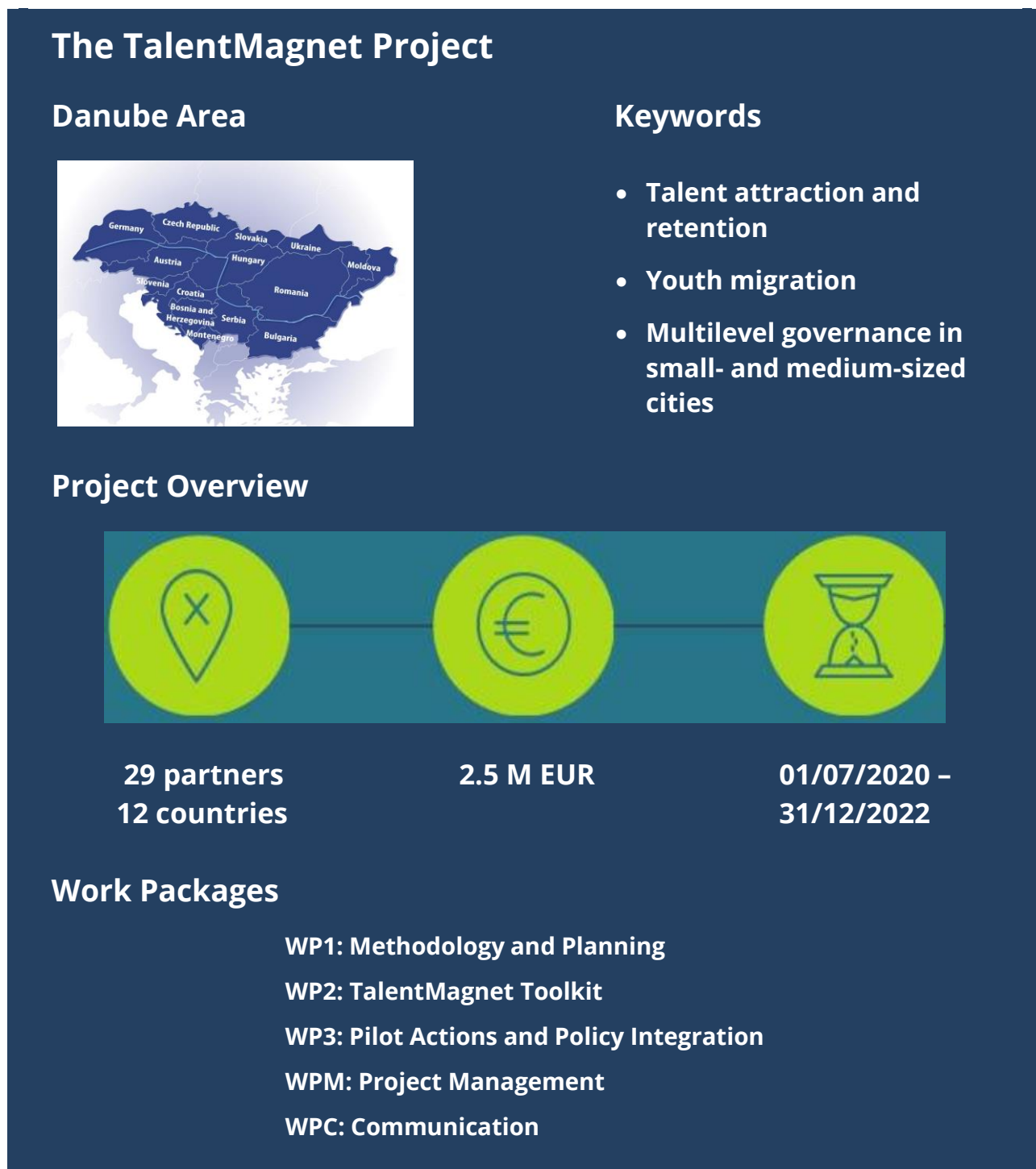


Figure 1: The TalentMagnet Project Overview

The TalentMagnet project's main objective is 'Improved Institutional Capacities and New Multilevel Governance for Talent Attraction and Retention in the Danube Region'. The project addresses various major demographic and labour market challenges caused by the outmigration of highly educated young people, primarily from small- and medium sized towns in the Danube Region. Many young, educated people are leaving small- and medium sized towns and moving to bigger cities, primarily to capital cities to seek better job opportunities, more interesting living and cultural environment or better educational opportunities. This outmigration causes shortage of educated people in smaller towns, companies struggle to find highly qualified employees. It also decreases the level of entrepreneurship and innovations and causes the loss of progress in these towns and regions. This is an important issue for local and regional authorities who need to cope with these socio-economic problems caused by brain drain. Limited institutional capacities and lack of prior experience of public bodies and other relevant stakeholders in the region, however, hinder effective combating against outmigration of young workforce.

The TalentMagnet project aims to address these challenges by strengthening multilevel governance, improving institutional capacities as well as by creating practical tools that may be used by small and medium sized towns to reduce the outmigration of talented young workforce. The project has been granted over 2.5 million € from the Interreg Danube Transnational Programme (Priority: Well-governed Danube region; Specific objective: Improve institutional capacities to tackle major societal challenges). The main result of TalentMagnet would be an established new multilevel and transnational governance model for talent attraction and retention, achieved through a more effective, wider, and deeper transnational cooperation across the Danube region.

The project partnership is characterized by transnational, intersectoral and multilevel diversity, following a Quadruple Helix model by having partners from academia, business, politics/administration, and civil society, involved in regional and urban competitiveness policies that aim to attract and retain skilled and talented individuals. The ERDF/IPA/ENI-UA partners as well as associated partners come from 12 countries of the Danube region are as follows:

Partners	Country
ERDF Partners	
Scientific Research Centre Bistra Ptuj	Slovenia
Municipality of Velenje	Slovenia
First Hungarian Responsible Innovation Association	Hungary
Municipality of Nyiregyhaza	Hungary
Harghita County Council	Romania

Cassovia Life Sciences	Slovakia
DEX Innovation Centre	Czech Republic
'Angel Kanchev' University of Ruse	Bulgaria
Regional Cluster 'North-East'	Bulgaria
Development Agency North - DAN Ltd.	Croatia
Leibniz Institute for East and Southeast European Studies	Germany
Centre for European Perspective	Slovenia
Leoben Holding GmbH	Austria
European Foundation for Education e.V	Germany
Energy and Innovation Centre of Weiz	Austria
IPA and ENI-UA Partners	
Municipality of Apatin	Serbia
Department for Development and Int. Projects of Zenica-Doboj Canton	Bosnia & Herzegovina
KU Uzhhorod Development Agency	Ukraine
Associated Partners	
Byala Municipality	Bulgaria
Municipality of Vareš	Bosnia & Herzegovina
City Varaždin	Croatia
City Municipality Ptuj	Slovenia
Municipality of WEIZ	Austria
City of Vienna-EU Funding Agency Ltd	Austria
Harghita County Development Agency	Romania
Manicipality Žilina	Slovakia
Croatia Employment Service - Regional office Varaždin	Croatia
Executive Committee of Uzhgorod City Council	Ukraine
Public Employment Service Weiz	Austria

Table 1: List of TalentMagnet Project Partners

1.2 Purpose and Structure of the Baseline Study

Strengthening multilevel governance, improving institutional capacities and creating practical tools to attract and retain talents, it is crucial to have a clear view on the current state of the art regarding the challenge of youth migration and brain drain in the Danube Region. That requires careful review of the results of related research, capitalization activities, main trends – as well as the practices in this field applied by cities across Europe and globally. The main function of the Baseline Study is to lay the foundations of project activities and establish a common understanding within the partnership. This document is the deliverable D.T1.1.1, as part of the

Activity A.T1.1 – “Establishing State of the Art on Governance Models and Talent Issues “under the Work Package 1 (Methodology and Planning).

The purpose of the Baseline Study is to:

- bring all partners involved in the project to the same level of initial knowledge and information already at an early stage of the project implementation;
- create a common understanding and level playing field among all the partners regarding the context and key issues related to talent attraction and retention;
- share considerations of the potential role of local and regional policies in addressing the challenge of youth migration and brain-drain;
- identify the current state of affairs in the cities represented in our partnership, identifying their relevant strengths and weaknesses;
- serve as a starting point in preparation of partners for the development of talent attraction and retention strategies and action plans tailored to the specifics of small- and medium-sized cities in the Danube region;
- provide partners with an initial overview of the planned TalentMagnet interventions that can contribute to talent attraction and retention;
- set the scene for future readers not involved in the project.

In addition to the Baseline Study document, the key findings and conclusions will also be presented in a slide deck on the main findings. The Baseline Study and the slide deck then can be used for multiple purposes: partners can use them to present the findings to local stakeholders, while the partnership can use these tools to support the dissemination process (presentations in conferences, blog articles), as well as to establish a solid foundation for presenting the policy proposals.

This Baseline Study has been designed for multiple and diverse audiences, i.e.:

- Local and regional policy-planners and decision-makers; urban and regional administrations;
- Stakeholders and partners from the Quadruple helix – representatives of academia and research institutions, business, government and civil society;
- Community members and the public.

The Baseline Study has been designed to be concise and easy to understand for the partners, as well as for future readers. Below we provide a summary overview of the structure and the main chapters of the document:

- **Chapter 1 – Introduction:** Overview of the TalentMagnet project, purpose and structure of the Baseline Study.

- **Chapter 2 - The challenge: Youth migration and brain drain in the Danube region:** Identification of the main reasons and consequences of youth migration, overview of policy challenges and potentials, the needs of cities and their role in addressing the challenge.
- **Chapter 3 - Research Among Project Partners:** Synthesis of Primary Research - Survey Among the Target Groups, Partner-Level Situation Analysis, Young Talents Survey and Private Sector Survey results; the analysis presents a summary of the strengths and weaknesses of each city partner in specific areas (education, labour market, housing market, quality of life), and specific needs of young talents and the private sector.
- **Chapter 4 - Talent Attraction and Retention State of the Art:** Global and European trends and approaches of the cities which are ranked as the most competitive in talent attraction and retention, examples of smaller cities' innovative solutions; capitalization of best practices – key objectives, results and relevance for the TalentMagnet of other European Union projects dealing with the challenge.
- **Chapter 5 - TalentMagnet Approach, Methodology and Deliverables:** aims to answer the following questions:
 - What are the talent attraction and retention factors?
 - What is the best approach?
 - What will be produced?

2 THE CHALLENGE: YOUTH MIGRATION AND BRAIN DRAIN IN THE DANUBE REGION

- The outmigration of highly educated young people creates major demographic and labour market challenges for small- and medium sized towns in the Danube Region.
- The attractiveness of the location, making new experiences, living in a better natural environment, etc. are almost as important as economic factors such as high salaries and better employment opportunities when mobility concerns highly skilled workers.
- To stimulate economic growth and consequently generate employment, the less developed Danube Region countries are first in need of investments and of a favourable business environment.
- Since local authorities play a crucial role in providing young people' access to employment, housing, schools, health care, cultural life, and recreational facilities, involving them in youth migration governance seems to be of key importance.
- Given the different levels of development of the Danube Region countries' labour market, tailor-made responses are needed, with local policies that may vary considerably from one country to another.
- As cities and municipalities in the Danube Region currently lack the capacities, tools, and harmonized approaches to effectively address the challenge of young talents outmigration, the TalentMagnet project provides a supportive framework through improved multilevel governance, policy instruments and practical tools for smaller cities and municipalities.

2.1 Identification of the Main Reasons and Consequences

Youth migration and brain drain are intensifying in the Danube region and this development has an impact on local, national and regional levels.¹ The EU Strategy for the Danube Region (EUSDR) brings together 14 countries along the Danube river - nine EU Member States (Austria, Bulgaria, Czech Republic, Croatia, Germany, Hungary, Slovak Republic, Slovenia, and Romania), and five non-EU countries (Bosnia and Herzegovina, Moldova, Montenegro, Serbia, and Ukraine). The Danube region covers an area which is home to 112 million people, or one-fifth

¹ To build on results of other Interreg Danube project - YOUMIG (Improving Institutional Capacities and Fostering Cooperation to Tackle the Impacts of Transnational Youth Migration), this chapter is based on the YOUMIG project working paper that provides a framework aimed to set a common understanding of youth migration in the Danube region. Where other sources are not cited, the reference is: Fassmann, H., Gruber, E., and Németh Á. (2018). Conceptual overview of youth migration in the Danube region. YOUMIG Working Papers, No.1.

of the EU's population. It is the only macro-region in the EU where the population is not increasing but decreasing, both due to natural and migratory reasons (Institute of Regional Studies, Research Centre of Economic and Regional Studies, and Hungarian Academy of Sciences, 2013, p. 14). The region is thus connected through those challenges. Although the policies of the countries are interdependent, they could, however, benefit greatly from further improved collaboration in addressing youth migration and brain drain.

The Danube Region can be considered a migratory functional region. Due to the historical relations and short distances the international migration trends between these countries have intensified since the breakdown of the Eastern Bloc but particularly since the enlargement of the European Union. Today's youths are growing up with greater possibilities to work or study abroad and are using these chances to a high extent. Within the Danube region we still find very diverse migration patterns. While some countries have experienced tremendous out-migration, others have been considered immigration countries for decades and again others are transitioning from emigration to immigration societies. Aside from our focus on international migration patterns within the Danube region, we are still aware that there are other kinds of mobility such as commuting, internal migration, irregular migration, asylum transit migration and so forth.

From the labour market and migration perspective large differences in the labour market performance across the Danube Region countries represent a major challenge. The gap is particularly wide between the most developed Member States Area 1 and the least developed countries in the Accession Countries Area as well as in the Neighbourhood Countries. Labour market participation rates in the Danube Region have been traditionally lower (at about 67%) than in the EU-27 and EU-15 or OECD countries (over 70%) and the same refers to employment rates. Youth employment rates have been the highest in the OECD area and lowest in the Danube Region. The employment rate among highly educated persons (with completed tertiary education) is about 7-8 percentage points lower in the Danube Region than in the EU-15 or in the EU-27. Hence, compared with the EU-15 and EU-27 economies, the Danube Region has a very strong representation of the medium educated skill groups. In most of the less developed countries activity rates (particularly of females) are lower than in the prospering regions, agriculture is still an important employer, while the services sector (generally considered as the generator of future employment) is underdeveloped in many of these countries. Unemployment rates are very high by European standards, particularly among the young population and informal sector employment is considerable and widespread. Vocational education and training systems in the less developed countries are inadequate in terms of curricula and skills provided and the capacities and effectiveness of public employment services are limited. Less developed Danube Region countries have been traditionally migrant sending countries and remittances are an important source of their income. By contrast, Austria and particularly Germany are among the most favoured destination countries in the EU for potential

migrants from the Accession and neighbourhood countries; the Czech Republic is a receiving country of migrant labour from Ukraine. Given the poor economic growth prospects, gaps between the Danube Region countries with respect to activity and unemployment rates are likely to persist and consequently poverty will be on the rise in the less developed regions. Thus, the outflow of (young and highly educated) workers to the more prosperous countries will continue (Centre for European Economic Research GmbH Mannheim, Institute for Applied Economic Research Tübingen, and The Vienna Institute for International Economic Studies, 2014, p. 23, 77-93).

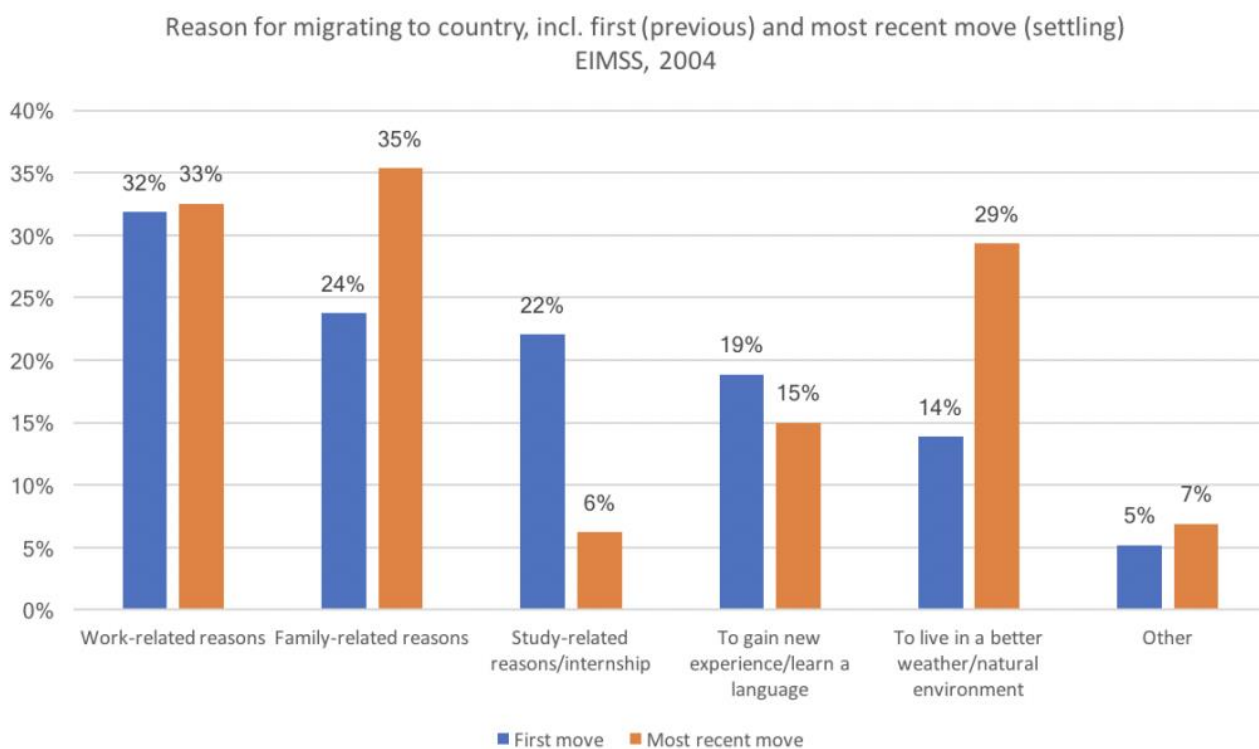


Figure 2: Reasons for Intra-EU Migrations

Source: Anina Strey, A., Fajth, V., Mortimer Dubow, T., and Siegel, M. (2018), p. 21

Not only the types of labour migration but also the motivation behind them can differ, since there are multiple transitions that labour migration can offer (e.g., the transition from unemployment to employment, from one job to another or from education to employment). Youth unemployment, precarious or part-time employment and the aspiration for better opportunities in a different country might be push factors that lead to a transnational move. When mobility concerns highly skilled workers, pull factors like the attractiveness of the location play a more relevant role than push factors (European Committee of the Regions, Commission

for Social Policy, Education, Employment, Research and Culture, 2018, p. 13), and the migration is not only linked to economic factors. The search for adventure, making new experiences, learning a language, living in a better natural environment, escaping the norms of domestic society and lifestyle factors as almost as important as economic factors such as high salaries and better employment opportunities. Aside from target earners and career seekers, so-called ‘drifters’ (who migrate mainly to travel and live in a global city) are another type of high-skilled migrant. Still living in societies with rather limited career opportunities, the economic factors remain more important.

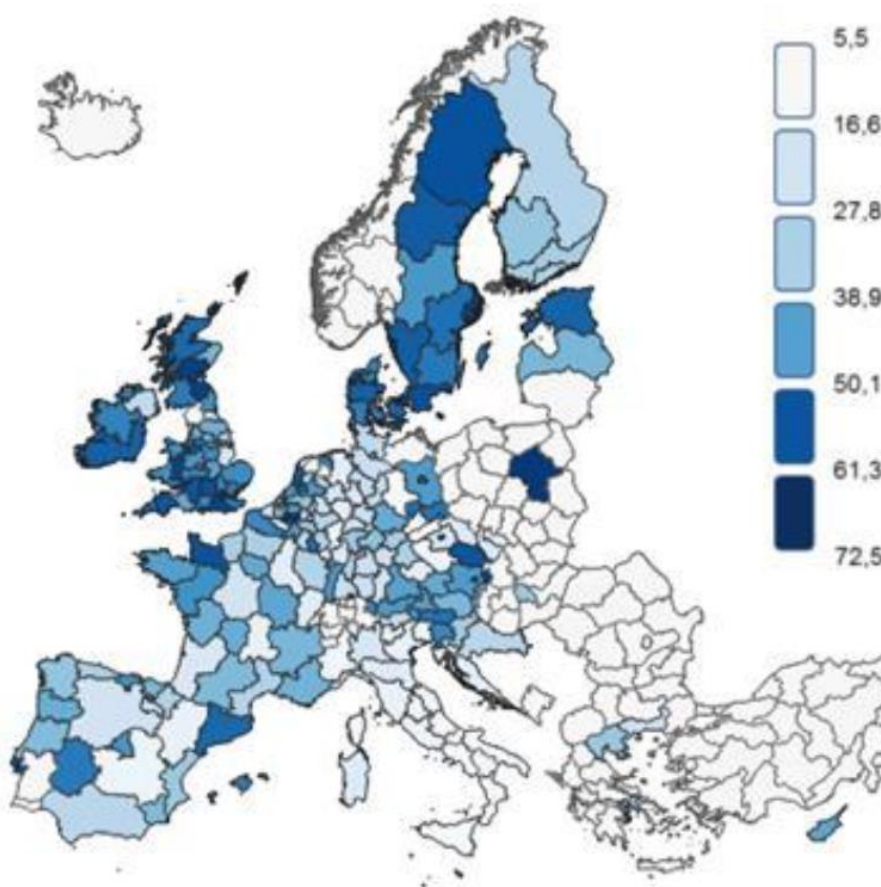


Figure 3: Share of Highly educated EU28 Movers, NUTS2, 2017

Source: European Committee of the Regions, Commission for Social Policy, Education, Employment, Research and Culture (2018), p. 12

It is today widely accepted that there is a strong connection between the youth migration and developmental consequences. Especially since migration is a selective process that is mostly undertaken by young and educated people it is generally recognized as a flow of human capital.

But in the last few decades the term 'development' has undergone a change of definition. Having originally been considered from a mainly fiscal and economic dimension, today it is also connected to education and factors of well-being. There are 4 general mechanisms of how emigration can affect regional and local development:²

- 1) the loss of capital (taxes) and human capital (knowledge, social and intellectual capital) through the emigration of qualified workers,
- 2) the positive social, economic, and financial effects through networks and connections of the emigrants to the country of origin (diaspora mechanism),
- 3) return migration, and
- 4) higher investments in individual education in the countries of origin to increase the chance for emigration.

The threat to a country that loses its young and high-skilled individuals (workers/students) due to permanent emigration (so-called 'brain drain') is therefore dominant. It is likely that in the long run a country of origin loses its innovative and productive power, which is followed by lower wages for everyone. Aside from the effect of human capital flight and 'brain drain' as well as the decreasing number of births in the countries of origin, the general decline of economic growth – coupled with the emerging problems of a shrinking society – can result in further emigration waves through a negative feedback mechanism. The loss of people through emigration also influences the net human capital of a country. In most of the countries the share of highly qualified people among emigrants is higher than the compared share measured in the total population. Therefore, outmigration is often understood as 'brain-drain'. The loss of the intellectual elite not only means a loss of financial capital, innovation, and productivity, but also a loss of know-how, of experts and of potential political activists and opinions. As mentioned earlier, the loss of human capital (knowledge, social and intellectual capital) is ranked as the most important obstacle for development. However, in contrast to this oversimplified brain drain narrative, international labour migration is in fact often more circular. It enables transnational social networks to arise and encourages the transfer of skills and know-how ('brain circulation'), thus creating the opportunity to reduce the negative effects of brain drain. Therefore, migration and development policies should aim to converge brain drain with brain circulation and implement specific programmes for return opportunities.

² Fassmann, H., Gruber, E., and Németh Á. (2018) refer to Kapur, D. and McHale, J. (2005). Give us your Best and Brightest – The Global Hunt for Talent and its Impact on the Developing World. Washington D.C.: Center for Global Development.

2.2 Overview of Policy Challenges and Potentials

The key message of the YOUMIG conceptual framework is that with the right policies in place youth migration and the brain drain can be transformed from a challenge into an opportunity, and the win-loss situation can be turned into a triple-win, benefitting the migrants, the countries of origin and the countries of destination. To achieve these goals a paradigmatic shift of the perception of migration is very much required, which would push the whole topic into a more positive direction.

The challenges and potentials of youth migration are not simply one-directional. Migration does not solely create challenges in emigration countries and potentials in immigration countries. Challenges and potentials can be encountered in both places. Further, impacts on the individual migrants themselves also need to be emphasized: for the individual, migration offers the potential to provide work opportunities that are not available in their place of origin, as well as educational opportunities, income opportunities or other forms of advantages. This also holds true for return and non-return youth migration. Additionally, migration can have indirect effects on individual youths like empowerment and self-realization. From a negative point of view young migrants are exposed to discrimination, exploitation, and abuse. Remittances sent by individuals could lead to a riskier behaviour of the receivers in the countries of origin.

Emigration can also generate challenges and opportunities for countries of origin. While some less developed countries view emigration as a strategy for boosting development through the alleviation of labour market pressures, in other countries concerns are raised about the loss of human resources, which may hinder development. Although policies to lower emigration are still common among these countries, a growing number of governments have recognized that their diaspora can contribute to the development of their home countries through remittances, financial investments as well as through the transfer of knowledge and skills.

Partnerships and international cooperation are essential for managing today's international migration trends. Effectively balancing measures addressing various migration-related issues without creating improvement in one area to the detriment of another is a key challenge. Identifying essential parts of a national migration policy is one important step in the development of a strategy for managing migratory flows both at the national and international level.

Policies tackling challenges related to migration as well as policies for youths can be understood as a cross-sectional structure of policy fields 'layered on top of each other'. Thus, an explicit migration policy for youths would require a holistic perspective. These strategies need to be integrated into several policy fields to ensure that the potential of youth migration is fully harnessed. It can offer opportunities, improvement of the socio-economic status as well as

human and financial capital for young people. Therefore, a migration policy for youth must seek to increase advantages for young migrants and protect them from risks and exploitation.

	Immigration		Emigration	
	Challenges	Potentials	Challenges	Potentials
<i>Society and demography</i>	Different values; weakening social cohesion; increasing demand for welfare state services	Diversity; solidarity and inclusion; population stability/growth; compensation of fertility decline	Depopulation; ageing; loss of political elites and perspectives; lost taxes; demographic challenges; families left behind (children, grandparents); transnational families	Return of social remittances; gain of social innovation; alleviation of high population growth
<i>Labour market and economy</i>	Oversupply of work force (esp. in certain sectors); brain waste; discrimination of foreign work force; wage dumping; increase of informal employment	Covering under-supply of work force; innovation through human capital gain	Lack of work force and taxes; lost innovation	Relief for unemployment; skill improvement of potential returnees; transfer of know-how; remittances; cooperation (joint-ventures); investments; wage increases
<i>Education and research</i>	Integrational measures (language)	Exchange; innovation; brain gain and brain circulation	Graduates leaving (brain drain)	Exchange; innovation; brain circulation through returning migrants
<i>Infrastructure, planning and regional development</i>	Need for new infrastructure and services (potentially with diverse demands); challenges of urbanization	New innovators; economic growth and investment	Keeping up services of general interests in depopulation areas	Concentration at growth poles
<i>Health and care</i>	Demand for multilingual services	Potential work force for the health care sector;	Lack of work force for the social sector (care drain); loss of potential caregivers;	Return of health care professionals

Table 2: Immigration/Emigration: Challenges and Potentials for Policy Fields

Sources: Fassmann, H., Gruber, E., Németh Á. (2018), p. 56

To converge the different policy fields toward a discrete youth migration policy there is a definite need to strengthen the evidence base, which means improving our knowledge and information about young migrants. Apart from stock data about the quantity and characteristics of youth migration, relevant information on their health, education and social protection would be necessary to design and implement effective policies for young migrants.

2.3 The Needs of Cities and Their Role in Addressing the Challenge

As indicated through the TalentMagnet research among partners (Chapter 3), many small and medium-sized towns in the Danube region lose highly educated young people - they move to the capital or abroad to study and they do not return. If no changes are made, the Danube region might lose competitiveness due to unmanaged territorial distribution of human capital. Despite enjoying years of economic growth and wealth, wage differences between the newer member states of the EU and associated countries in the Danube region on the one hand and the prosperous countries to the West (Austria and Germany) on the other hand remain substantial. Moreover, booming metropolitan areas in the Danube region countries also attract people from the smaller settlements in these countries. Specifically, young, and highly skilled people tend to leave their place of origin and move to larger cities or other countries where they assume to have better career prospects. This outflow of young, well-educated talents has significant socio-economic consequences for their places of origin. Overall, the quality of life and the prospects of a place throughout the Danube region will decrease if 'the young' leave (and do not return) and 'the old' are left behind. The whole social fabric is impacted, for example, because the tax base of a city is reduced, schools lose students, and business and the civil society sector lack new recruits. Small- and medium-sized cities need an inflow of the highly educated workforce to businesses, as well as to the public sector institutions, to increase their competitiveness and innovation capacity.

Given the different levels of development of the Danube Region countries' labour market, tailor-made responses are needed, with local policies that may vary considerably from one country to another. To stimulate economic growth and consequently generate employment, the less developed Danube Region countries are first in need of investments and of a favourable business environment. There is also a need to reform the existing vocational and educational training systems in the less developed Danube Region countries to meet the requirements of the labour market, i.e., in addressing the problem of skill mismatch. In this respect transnational cooperation, e.g., in sharing experiences, acceding new approaches and learning new skills, can help (Centre for European Economic Research GmbH Mannheim, Institute for Applied Economic Research Tübingen, and The Vienna Institute for International Economic Studies, 2014, p. 23).

Local and regional levels play an important role when it comes to the development of strategies for youth migration. Since local authorities play a main role to ensure youths' access to employment, housing, schools, health care, cultural life, and recreational facilities (hence their remarkable influence on people's decisions to stay or leave), involving them in youth migration governance seems to be of key importance. While in the countries and regions the immigration national policies provide the general framework for integration and inclusion, in fact the societies of the villages, towns and cities are the ones to promote, support and advance inclusion and participation. Integration is essentially a local process, thus focusing on smaller scales such as neighbourhoods is crucial to reach the goal of integration. For countries of origin national and global aspects very often play a prominent role in emigration. However, the ideas concerning networks, diaspora relationships and return options also show the significance of the local level (attracting investments, establishing possibilities to reintegrate etc.).

Different forms of political organization can be found within the countries of the Danube region. Therefore, the role and power of the local municipalities and their potential for implementing local strategies and policies also varies significantly. One example is the organization of the welfare state and the provision of services of general interest. While in Austria and Germany social welfare is mainly organized through public funding and has a great influence on the local and regional level, other countries show a higher importance of private influence (e.g., Slovenia) or in terms of organization on the national level (e.g., Bulgaria, Hungary). Still, the role of the local level should not be underestimated. Sometimes small interventions like improving the quality of life can be enough to influence the decision to stay or return. The YOUNIG report includes information on several projects implemented on the local and regional levels, some of which are examples of how to try and tackle the challenges of migration (YURA, Re-Turn etc.).

Cities and municipalities could play a pivotal role in managing youth migration through talent attraction and retention. However, they currently lack the capacities, tools, and harmonized approaches to effectively address this challenge. Supportive framework conditions on local, national, and transnational level are missing. The TalentMagnet project addresses the major societal (demographic and labour market) challenges caused by the outmigration of highly-educated people by improved multilevel governance, policy instruments and practical tools – with a focus on smaller cities and municipalities. In this way, TalentMagnet also directly contributes to achieving the thematic objective 'Enhancing institutional capacity of public authorities and stakeholders and efficient public administration' by developing institutional capacities in the macro-region and supporting the governance and implementation of EUSDR.

3 RESEARCH AMONG PROJECT PARTNERS

- The research among project partners indicated that the most challenging task for small- and medium-sized towns is to create innovative policies, new job opportunities, and a functional business environment in order to stop the outflow of the youth, attract and retain talents.
- Young talents' needs are mostly related to quality job opportunities, prospering business environment, personal and career development opportunities, affordable and more diverse housing options, etc.
- The private sector needs more highly skilled young talents, more remote and international employees, development of innovative approaches to young talent acquisition, including employer branding strategies, as well as an increase of business effectiveness to meet the pay demands of young talents.
- The overall improvement of the education system, modernisation of teaching techniques and styles, and the introduction of information technologies are all necessary to create a stronger link between education and labour market.
- Local policymakers will need to develop innovative concepts to remedy the situation of much higher salaries and better welfare provisions in nearby, more prosperous European countries but also in the metropolitan areas in their own country.
- Comprehensive and coherent marketing and development strategies are needed to attract and retain talents in small- and medium-sized towns in the Danube Region.

3.1 Purpose

The main objectives of the TalentMagnet research among the project partners are to deepen the understanding of the current situation in each city partner, to map the key stakeholders as users, contributors, and/or supporters, and to identify the specific needs of the young talents, the private sector, as well as the areas for development to be addressed by relevant institutions at the local and national level. For this purpose, a Primary Research - Survey Among the Target Groups, Partner-Level Situation Analysis, Young Talents Survey and Private Sector Survey were conducted.

The present analysis provides a summary of the strengths and weaknesses in each city partner by specific areas, identifies challenges and recent trends, and highlights existing initiatives and needs in the cities covered. The results of TalentMagnet research would contribute to the

establishment of the new multilevel and transnational governance model/tools/plans for talent attraction and retention in the small and medium cities of the Danube Region.

3.2 Methods and Design

The Primary Research – Survey Among the Target Groups was prepared as a deliverable D.T1.1.2 within the Activity A.1.1 Establishing State of the Art on Governance Models and Talent Issues, carried out by the Centre for European Perspective with inputs of knowledge providers and city partners. The aim of the primary research was to clearly identify the current situation - policies, priorities, plans. The survey has been composed of four different questionnaires in the field of education, labour market, housing market and quality of life.

The following 11 city partners have participated in the primary research survey: Municipality of Apatin (Serbia), Leoben Holding GmbH (Austria), DEX Innovation Centre (Czech Republic), Cassovia Life Sciences (Slovakia), Angel Kanchev University of Ruse (Bulgaria), Development Agency North – DAN Ltd. (Croatia), Scientific Research Centre Bistra Ptuj (Slovenia), Department for Development and International Projects of Zenica – Dobož Canton (Bosnia and Herzegovina), Municipality of Velenje (Slovenia), Regional Cluster 'North-East' (Bulgaria), Municipality of Nyíregyháza (Hungary) and Energy and Innovation Centre of Weiz (Austria).

The main direct target group of the TalentMagnet primary research survey involves the local authorities of smaller sized cities in the region (partner cities) as well as Quadruple Helix (QH) stakeholders, which can make their own contribution to attract young and educated talents, with a special focus on labour market organizations and the private sector. The relevant stakeholders in the talent attraction and retention that were identified, mapped, and analysed are:

- Government (national and local authorities)
- Schools
- Business sector
- Civil Society (interest groups, NGOs, public)

The Partner-Level Situation Analysis was prepared as a deliverable D.T1.1.3 within the Activity A.1.1 Establishing State of the Art on Governance Models and Talent Issues. For this purpose, the Leibniz Institute for East- and Southeast European Studies (IOS), as the lead partner on this deliverable, designed a questionnaire for evaluating the current situation and recent trends in the partner cities of the TalentMagnet project. The objective was to identify the causes prompting emigration intention, highlight the effects of the outflow of talents, and identify municipal decision-makers' policy options. In total, 18 partners from 12 different countries were involved in this process: Scientific Research Centre Bistra Ptuj (Slovenia), Municipality of Velenje (Slovenia), First Hungarian Responsible Innovation Association

(Hungary), Municipality of Nyiregyhaza (Hungary), Harghita County Council (Romania), Cassovia Life Sciences (Slovakia), DEX Innovation Centre (Czech Republic), Angel Kanchev' University of Ruse (Bulgaria), Regional Cluster 'North-East' (Bulgaria), Development Agency North - Dan Ltd. (Croatia), Leibniz Institute for East and Southeast European Studies (Germany), Centre for European Perspective (Slovenia), Leoben Holding GmbH (Austria), European Foundation for Education e.V. (Germany), Energy and Innovation Centre of Weiz (Austria), Municipality of Apatin (Serbia), Department for Development and International Projects of Zenica-Doboj Canton (Bosnia and Herzegovina), and Uzhhorod Development Agency (Ukraine).

Based on the questionnaire and additional documentation, we surveyed the situation in the following municipalities and districts, respectively: Harghita County (Romania), Liberec region (Czech Republic), Municipality of Apatin (Serbia), Municipality of Vareš (Bosnia and Herzegovina), Municipality of Velenje (Slovenia), Municipality of Weiz (Austria), City of Leoben (Austria), City of Nyíregyháza (Hungary), City of Ptuj (Slovenia), City of Ruse (Bulgaria), City of Uzhhorod (Ukraine), City of Varaždin (Croatia), City of Byala (Bulgaria), and the City of Žilina (Slovakia).

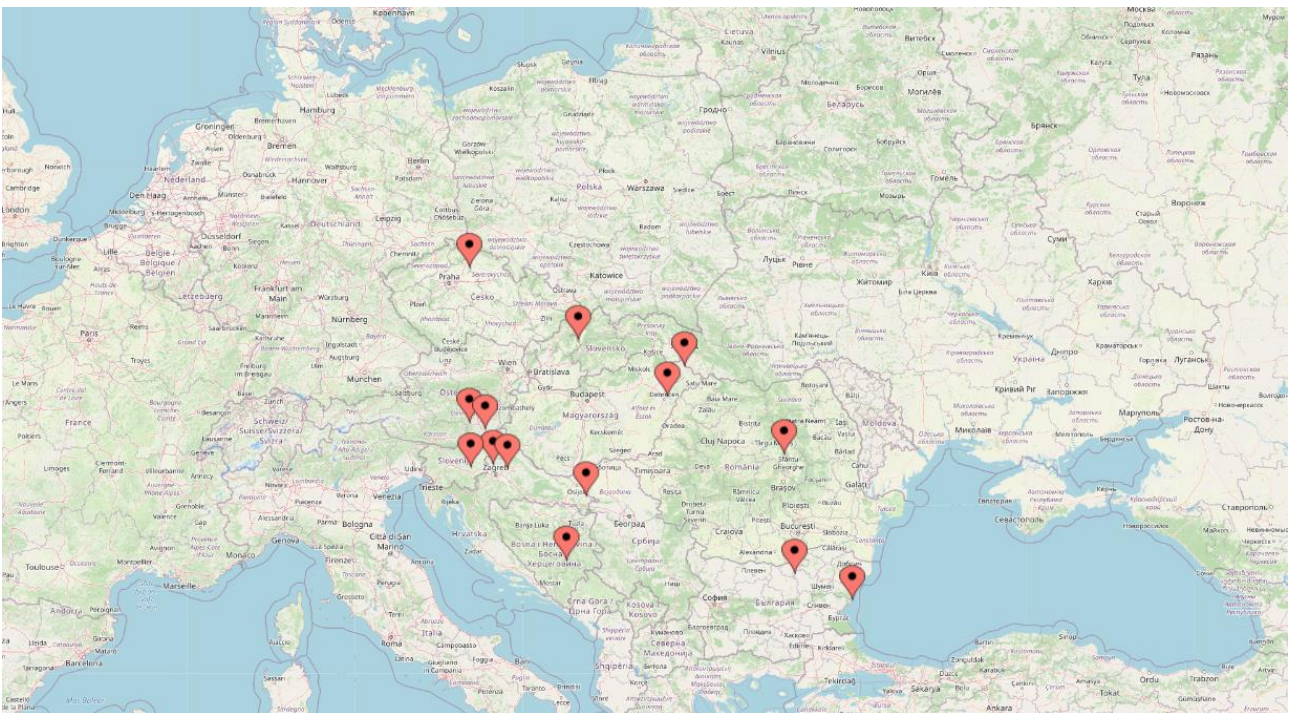


Figure 4: Map of the Investigated Cities, Municipalities, and Districts

Source: Google Maps

Each city was asked to evaluate its situation based on publicly available information, to which the results of questionnaire were added.³ The analysis focused on four thematic areas of particular concern for talent attraction and retention; their relevance is shown by the existing research on questions of brain drain – furthermore, these are also areas in which local policymaking can make a difference:

- *Demography and Society:* Departures from and arrivals to a city significantly impact its economic and social development and the vibrancy of its social fabric. A shrinking population might have severe implications for the social-welfare system, and will likely increase young people's migration intention, as they feel to grow up at a place without perspectives.
- *Economy and Labour Market:* A prospering economy and a functional labour market are certainly essential for development. Talent attraction and retention can only work if people find solid jobs and can make a decent living. At the same time, local businesses suffer from brain drain.
- *Education:* Many young people leave their place of origin because of educational reasons and may never come back. A quality educational system is crucial in talent attraction and retention. At the same time, local schools will be negatively affected by losing students if many people leave.
- *Quality of Life Indicators:* Research on the attractiveness of cities for highly mobile, skilled people shows that besides 'hard factors' (such as wage levels and safety), soft factors are very important as well. People expect cultural offers, opportunities for meaningful leisure activities, young people want to have fun, and they want to live in a healthy and 'green' environment – in a city, they feel that it cares for them and their offspring.

All these categories are presented in the Results section of this chapter in a summary fashion focusing on the main observations.

Furthermore, two additional surveys were conducted within the TalentMagnet in the period from the 19th of October until the 16th of November 2020. The same cities and partners as mentioned above participated in this process. Since all these places are small- and medium-sized towns, the surveys also took place in the suburbs and neighbouring towns of these cities. The first survey targeted young people, whereas the second survey aimed to get the employer's perspective on the issue of brain drain in the target region.

A purposeful sampling method was used. All the **young talents survey** participants had to be between 18 to 35 years of age and originate from one of the cities mentioned above. For the private sector survey, participants had to originate from the target area, and there were no age

³ Indeed, in some of the cases no public information was available, or only for different periods.

limitations. Our definition of 'talent' was broad. Despite the relatively young age, all participants just needed a successful education diploma (e.g., a high school or university diploma) or had to be students. The recruitment process happened through snowball sampling, personal networks, and online groups on Facebook. The surveys were conducted individually or, in some cases, in (small) groups.

Due to the ongoing pandemic, all the interviews were conducted online through several tools, such as WordPress, SurveyMonkey, and others. There was an online version in the English language for all city partners. For this purpose, we set up a website with WordPress on the IOS website and used the QSM plugin. However, every partner was free to translate the survey into their native language and to conduct the survey independently. Indeed, everyone had to use the same questionnaire. At the end of this process, we entered the data in an excel sheet and put all the results together. After that, we deleted the online survey because of data security purposes.

The quantitative research was conducted by using fully structured questionnaires. The questionnaires consisted of four different sections for the young talents survey.

- Section 1: Personal questions, which identify the characteristics of the participants.
- Section 2: Evaluation of living conditions in the hometown or the place where people currently live. All the participants had to live in one of those cities, including their suburbs, or lived in one of those cities for a certain period. Usually, people originated from these places and, therefore, they were able to evaluate the living conditions in these cities. However, not all of them were still living in their hometown anymore. For example, if someone originates from one city but had moved to another country in the meanwhile, the person could still participate. Of course, it was also possible to participate in the survey if someone had lived in another city or country before but moved to one of the partners' cities.
- Section 3: Evaluation of living conditions at the place of destination. This section was only answered by people who moved to another place or who had clear migration aspirations.
- Section 4: Evaluation of (potential) migration reasons and aspirations. The last section goes a little bit more into detail and evaluates why people had left their place of origin or why they are aiming to do so.

The survey's basic idea was to make the living conditions between hometown and place of destination comparable (if there is a place of destination) and to identify push and pull factors in terms of migration among young talents. Whereas overwhelmingly negative evaluations of the hometown indicate decisive push factors, positive responses about destination suggest substantial pull factors. Thus, the combination of push and pull factors allows deriving conclusions regarding migration reasons.

In terms of the **private sector survey**, the following structure was applied:

- General questions: The first section identifies the company or business and which sector it operates.
- Company/business-specific questions: This part evaluates the state of the company and its approach regarding actual and future challenges.
- Talent-specific questions: The third section deals with talent-related questions and investigates companies' strategies in recruitment and talent attraction.

Every participant was informed about her or his rights. Everyone could withdraw from the interviews at any time or skip questions he or she did not feel comfortable with. None of the interviews was conducted without the permission of the interview partners. The whole process was 100 percent voluntary.

The research performed has the following limitations and weaknesses:

- The 'Corona Situation': All the interviews were conducted during a period of worldwide lock- and shutdowns. Indeed, this might have had affected the perception of the current living conditions (mostly negatively since the quality of life got reduced significantly due to the anti-corona measures).
- Limited comparability of the city partners: Even though most city partners find themselves in a similar situation regarding talent attraction and retention, each city has a unique situation in terms of size, geography, population, and other factors.
- The number of city partners: Twelve different city partners were involved in this process, which is quite a decent sample size, but, of course, it cannot capture the whole complexity of the topic in the Danube region.
- Evaluation bias: All the interviews were conducted in a specific environment, mainly in the (personal) network of the city partners. Thus, the interview partners could have been influenced by the circumstances.

3.3 Results

3.3.1 Primary Research – Survey Among Target Groups

The primary research survey, fulfilled by the various stakeholders of the city partners, identified the current strengths and weaknesses in the cities, regions, and countries in four key areas important for the TalentMagnet project, and crucial for attracting and retaining talents.

City Partner	Education	Labour Market	Housing Market	Quality of Life
Apatin, Serbia 27.000 inhabitants	STRENGTHS			
	<ul style="list-style-type: none"> – Smaller cities modern equipped, following innovative methods – Elementary education financed partly from national and municipality authorities (Municipal government which distribute funds to schools according to local requirements) – Educational policies and strategies, created on a national level, elementary schools create their own school programs 	<ul style="list-style-type: none"> – Well developed programs ‘First Salary’; ‘Path to a successful entrepreneur’ , – e-government portal for the promotion of entrepreneurship – Encouraging young entrepreneurs with non-refundable financial support 	<ul style="list-style-type: none"> – Quite big share of ownership among young people (because of Brewery sale in 2003) – In past few years, the prices went down 	<ul style="list-style-type: none"> – Internet access in all municipality – A good traffic links between smaller cities and bigger cities
	WEAKNESSES			
<ul style="list-style-type: none"> – The increase of bureaucratic requirements in the digitalization process of the education system 	<ul style="list-style-type: none"> – Lack of the financial resources for start ups – Inadequate entrepreneurial ecosystem and regulatory burdens 	<ul style="list-style-type: none"> – Unfavourable housing loans, lack of state subsidies, high interests – Real estate subsidies exist, but the conditions for acquiring them are still unfavourable for many young people, because they require certain conditions 	<ul style="list-style-type: none"> – Lack of survey among young people about life satisfaction on the local and national level 	

<i>City Partner</i>	<i>Education</i>	<i>Labour Market</i>	<i>Housing Market</i>	<i>Quality of Life</i>
Leoben, Austria	STRENGTHS			
15.787 inhabitants	<ul style="list-style-type: none"> – The school infrastructure better than in larger cities – The beginning of the innovative teaching methods several years ago – Fruitful cooperation of Region education team with politicians 	<ul style="list-style-type: none"> – The city of Leoben has an economic development agency that promotes investments – Several initiatives addressing youth and employment opportunities – A contact point for regional career and education coordination with regional offers, cross-regional events, workshops 	<ul style="list-style-type: none"> – The state of Styria has developed an ‘Agenda 2030’ strategy, one of the goals securing access to affordable housing 	<ul style="list-style-type: none"> – The infrastructure to other larger cities is very good – Good telecommunication services

		and network meetings		
	WEAKNESSES			
	N/A	N/A	N/A	<ul style="list-style-type: none"> – Lack of doctors and health care in rural areas – Lack of so-called green corners
<i>City Partner</i>	<i>Education</i>	<i>Labour Market</i>	<i>Housing Market</i>	<i>Quality of Life</i>
Liberec Region, Czech Rep. 443.690 inhabitants (the whole region)	STRENGTHS			
	<ul style="list-style-type: none"> – Sport oriented school programs 	<ul style="list-style-type: none"> – Several programs promote starts up 	<ul style="list-style-type: none"> – Subsidy programs for development called 'Housing support' 	<ul style="list-style-type: none"> – Good environment but not satisfied with labour market – Several communities for young, educated people: Lipo.ink Virtual, incubator for start-ups and young entrepreneurs; Talent incubator in Kamenicky Senov – for students from the whole Czech Republic; focus on work with glass; Student Business Club
	WEAKNESSES			
	<ul style="list-style-type: none"> – Smaller schools are not well equipped due to financing problems – Difference in the terms of quality schools depending on the region 	<ul style="list-style-type: none"> – Administrative burdens, taxation – Lack of programs for young people – Lack of active approach 	<ul style="list-style-type: none"> – Housing prices increasing all over the state – Long and complicated authorisation 	<ul style="list-style-type: none"> – Shortage of paediatricians, dentist in smaller cities

	– Lack of innovative teaching methods	from employers for young people	process for building houses	
<i>City Partner</i>	<i>Education</i>	<i>Labour Market</i>	<i>Housing Market</i>	<i>Quality of Life</i>
Žilna, Slovakia	STRENGTHS			
80.810 inhabitants	<ul style="list-style-type: none"> – EU funds helped to equip smaller schools 	<ul style="list-style-type: none"> – Initiative for support of employment of the young people, the high-quality job offers and further education, vocational education, and training – National strategy of employment in Slovakia until the 2020 – Focusing on utilisation of the hydrogen technologies □ new job opportunities 	<ul style="list-style-type: none"> – The Urban Development Policy of the Slovak Republic by 2030 (housing policy important part of it) – The concept of state housing policy for 2015 – 2020 	<ul style="list-style-type: none"> – Žilna use so called emotional maps where a tool for the inhabitants to comment and propose ideas on improvements in the city regarding climate situation and change – Very well traffic connectivity – Most of the city is covered by optic fibre internet connection
	WEAKNESSES			
	<ul style="list-style-type: none"> – Quality of schools is highly individual and depends on the leadership of the school – High average age of teachers - lack of innovative teaching methods – Municipalities have minor role in the process 	<ul style="list-style-type: none"> – Bureaucracy and inflexibility of the agencies – Lack of innovation and technology management 	<ul style="list-style-type: none"> – Lack of affordable housing, low number of newly constructed houses and flats and raising prices of the real estates 	<ul style="list-style-type: none"> – Lack of doctors and nurses in general in whole county; in smaller towns local doctors getting old, no younger staff to replace them

	<p>of creation and implementation of the educational policy</p> <ul style="list-style-type: none"> – Financing of the schools per student / smaller schools are being closed 	<ul style="list-style-type: none"> – Lack of funding for risky innovation companies – Agencies operating separately – Lack of communication about employment/ entrepreneurship possibilities in the regions of Slovakia 		<ul style="list-style-type: none"> – The local or regional government do not create or fund communities for young, educated people
<i>City Partner</i>	<i>Education</i>	<i>Labour Market</i>	<i>Housing Market</i>	<i>Quality of Life</i>
<p>Bistra Ptuj, Slovenia</p> <p>17.959 inhabitants</p>	STRENGTHS			
	<ul style="list-style-type: none"> – All elementary schools near Ptuj have modern equipment and innovative teaching methods 	<ul style="list-style-type: none"> – Slovenia is the cheapest place to launch a new firm – The national government has launched several initiatives to improve business environment for all entrepreneurs and business owners – The Circular Economy is one of Slovenia's strategic 	<ul style="list-style-type: none"> – N/A 	<ul style="list-style-type: none"> – The telecommunication is good

		development priorities		
	WEAKNESSES			
	<ul style="list-style-type: none"> - The education system in Slovenia is quite rigid, takes time to adapt to the requirements of the labour market but the progress can be identified 	<ul style="list-style-type: none"> - N/A 	<ul style="list-style-type: none"> - Extremely limited possibilities in addressing young's people housing needs - Slovenia does not have a special strategy for small cities and rural areas - Young people are buying old houses to reconstruct; the demand for old houses is increasing prices 	<ul style="list-style-type: none"> - Old railway system - Lack of promotion of building communities for young people - Local authorities do not promote communities for young, educated people
<i>City Partner</i>	<i>Education</i>	<i>Labour Market</i>	<i>Housing Market</i>	<i>Quality of Life</i>
Ruse, Bulgaria	STRENGTHS			
150.000 inhabitants	<ul style="list-style-type: none"> - Requirements for secondary students' competencies and skills developed in cooperation with the business - Development of vocational education/ dual training - Development of training in digital environment /distance learning 	<ul style="list-style-type: none"> - Positive trends in Bulgaria towards further progress in eco innovation and circular economy - Several strategies addressing the challenges of 	<ul style="list-style-type: none"> - Higher real estate demand for properties in the suburbs, smaller towns, and rural areas due to COVID-19 pandemics 	<ul style="list-style-type: none"> - The telecommunication services in Ruse are very well-developed - The transport connections of Ruse are good - The effort is made that the representatives of young people are included in the governing bodies at different levels

		youth employment		
	WEAKNESSES			
	<ul style="list-style-type: none"> - The aging teaching staff, insufficient facilities and poor internet in smaller cities and rural areas 	<ul style="list-style-type: none"> - More support needed for creation of jobs in sectors of highest added value - Poor correspondin g to the business needs - Information technologies could enable reaching a larger number of users of the employment offices services 	<ul style="list-style-type: none"> - More than a third of young adults are unable to afford a house and continue to live with their parents - A consistent trend for real estate prices growth - No housing strategy for small cities and rural areas - A comprehensive state housing policy for young families by providing financial and tax support for mortgage loans and securing land for construction of single-family houses is needed 	<ul style="list-style-type: none"> - Poor health services in small cities and villages
<i>City Partner</i>	<i>Education</i>	<i>Labour Market</i>	<i>Housing Market</i>	<i>Quality of Life</i>
Varaždin, Croatia	STRENGTHS			
46.946 inhabitants	<ul style="list-style-type: none"> - Schools encourage the introduction of innovative teaching methods 	<ul style="list-style-type: none"> - Establishment of the Centre for Information 	<ul style="list-style-type: none"> - N/A 	<ul style="list-style-type: none"> - Local authorities are working to develop a place where a variety of

	<ul style="list-style-type: none"> – Teachers attending professional trainings in the organisation of the competent agency or ministry – The curricula reform of the newly opened competency centres financed by EU funds as the responsiveness to a labour market requirement 	<p>and career counselling, cooperating with pupils, primary and secondary schools, pupils' parents, students, etc.</p> <ul style="list-style-type: none"> – Urban PROGRAMME FOR THE YOUTH CITIZENS OF Varaždin 2014-2020, which develops programmes to empower youth organisations and young people as active players in the labour market 		<p>free events related to non-formal education, creative development and similar activities are taking place.</p>
WEAKNESSES				
	<p>N/A</p>	<p>N/A</p>	<ul style="list-style-type: none"> – Real estate prices are at a very high level due to high demand – Lack of concrete housing policies for young people – Lack of promotion in buying first real estate for young people 	<ul style="list-style-type: none"> – Urban areas have a much more effective health service – Routes are better than railway lines

City Partner	Education	Labour Market	Housing Market	Quality of Life
<p>Municipality of Vareš, BiH 8.892 inhabitants</p>	STRENGTHS			
	<ul style="list-style-type: none"> - BiH signed the Bologna Declaration in 2003, in 2007 passed the framework law on higher education, as the first and most important document regulating this area 	<ul style="list-style-type: none"> - The labour market is in the reform processes - Development opportunities in terms of new industries such as green technologies, wind farms, biomass facilities etc. are currently not being encouraged by the national/local authorities. - Local authorities drafted the Youth Policy Strategy in the Municipality of Vareš for the period 2019-2024 - More attention needs to be paid to media campaigns aimed at promoting entrepreneurship as an idea and as a process 	<ul style="list-style-type: none"> - The Government of Zenica-Doboj Canton has co-financed the interest rate for the allocation of loans to address the housing needs of young people in the canton (young permanent employees with a university degree and up to the age of 35 could apply for the invitation) 	<ul style="list-style-type: none"> - The Youth Policy Strategy in the Municipality of Vareš for the period 2019-2024, which plans to create the environment adapted to the needs of young people

WEAKNESSES					
<ul style="list-style-type: none"> - Only one institution for preschool education, schools do not have childcare in school facilities after classes - In area of Zenica-Doboj canton schools in urban area have better working conditions - According to the report provided by the 'Initiative for monitoring of the EU integration of B&H' in 2015 the education in B&H has not changed - in the primary and secondary schools teaching methods have not evolved 	<ul style="list-style-type: none"> - Complicated bureaucratic procedures - Lack of qualified work force (production engineers, graphic designers, IT, and software programmers ; craftsmen) - Lack of job opportunities for young people 	<ul style="list-style-type: none"> - Most of homeowners in BiH as well as in Vareš, is the population aged 50+ - No housing strategy for small cities 	<ul style="list-style-type: none"> - Lack of a sufficient number of signal towers, and therefore certain rural areas have poor mobile network reception - Bus connectivity to Vareš is reduced, no rail links, but in the plan 		
<i>City Partner</i>	<i>Education</i>	<i>Labour Market</i>	<i>Housing Market</i>	<i>Quality of Life</i>	
STRENGTHS					
<p>Municipality Velenje, Slovenia</p> <p>25.594 inhabitants</p>	<ul style="list-style-type: none"> - All smaller cities around Velenje have organized primary schools and kindergartens, and they are all well-equipped - High schools from some regions notice the requirements of the labour market or society. They send the proposal for a new course or programme to the Ministry of education. If the Ministry approves it, the programme can be implemented from the next school year on. 	N/A	N/A	<ul style="list-style-type: none"> - The telecommunication services are very well covered. - Local authorities established public institution Youth centre of Velenje that acts as a logistical and functional center for young people in the field of development, information, education and social, cultural activities, 	

				entertainment, and social inclusion of young people – The Inter-enterprise Education Center, students acquire their practical knowledge and connect with the local economy
	WEAKNESSES			
	– The education in Slovenia system is quite rigid	N/A	N/A	N/A

Table 3: Strengths and Weaknesses of the City Partners by Key Areas for Talent Attraction and Retention

3.3.2 Partner-Level Situation Analysis

Demography and Society

The demographic developments over the past decades were analysed from the start of the transition in 1990. It is important to note that different periods have different dynamics in terms of growth or shrinkage. The overall population development of a specific country or region needs to be considered as well, and a city trend measured against it. For example, several cities in our sample recorded population growth while their countries at large have constant or even decreasing populations. Extraordinary events such as natural disasters, crises, or even (civil) war can also influence demographic trends, which are thus not only dependent on economic and social indicators. Thus, the context is always relevant. Our main observations concerning demographic trends are the following:

- *Development of the population:* There is no uniform trend: during the observed period (since 1990), some cities experienced a decline of their population (e.g., Harghita county in Romania or Ruse in Bulgaria), in others, it was almost stagnant (Nyíregyháza in Hungary), while some places saw (slight) increases (e.g., Liberec region in the Czech Republic or Apatin in Serbia). However, growth rates were usually only moderate, and there was more likely a steady decline of population than growth (reflecting overall demographic trends in these countries).

- The one city that experienced a boom was Varna, which gained 150,000 people from 1990 to 2020 (municipality): Its development highlights the opportunities of larger cities in the region with dynamic economies, broad cultural life, and large institutions of higher learning. They attract people from smaller towns. The counterexample is the town of Vareš in Bosnia-Herzegovina, which lost more than half its population in the 1990s – because of the war.
- *Age distribution:* All of the cities considered have a relatively old population. The two biggest demographic groups are clearly 35 to 64 years old and those over 64 years of age, main up approximately 60 to 70 percent of the overall population.
- *Birth and death rates:* Most of the considered cities and municipalities record a higher death than birth rate, in some cases with a considerable difference. While negative natural population growth is also recorded in many countries of the region, it also indicates the consequences of aging and many young people's departure on the city level.
- *Composition of the population:* While the dataset is very limited on this question, the numbers indicate that most cities and municipalities have only a small percentage of resident foreigners. This, again, reflects the national pictures, as East-Central European countries record relatively little immigration. Velenje in Slovenia, with more than 10% foreigners, can be seen as an exception.

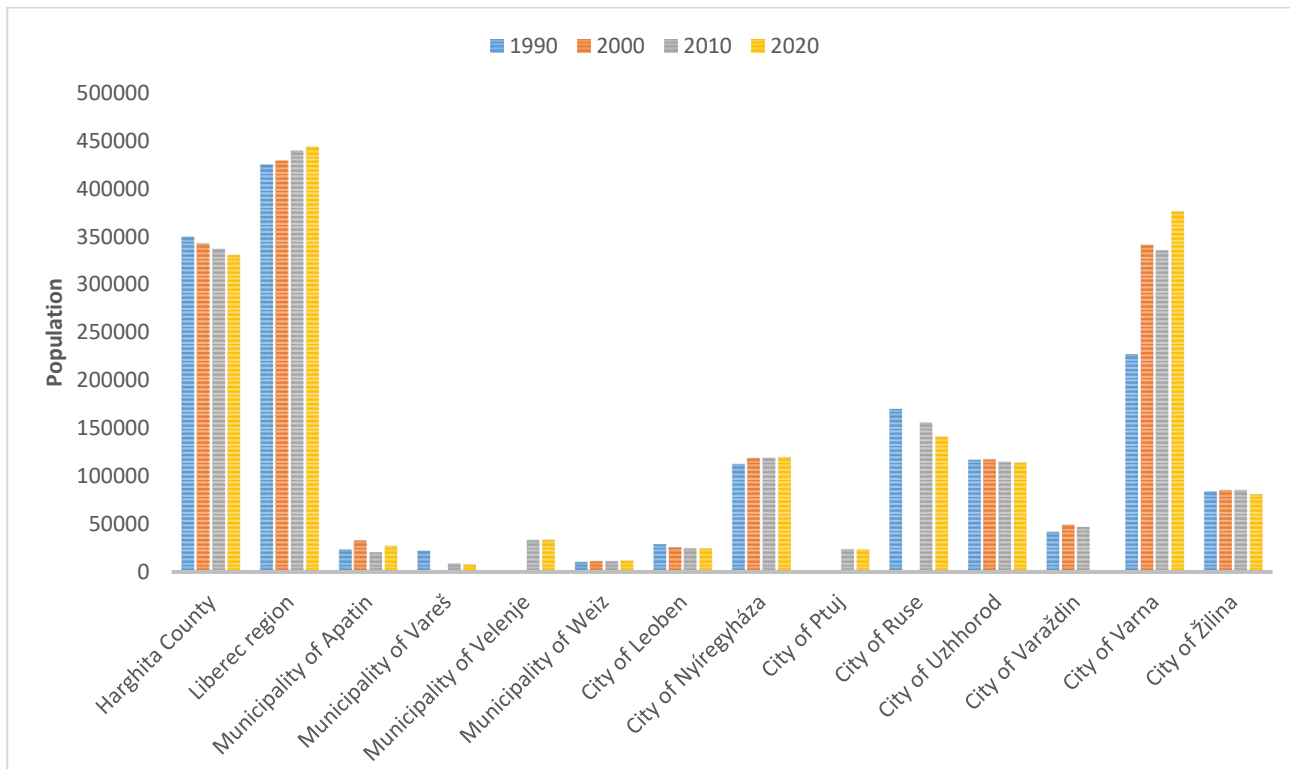


Figure 5: Population Development From 1990 Until 2020

Economy and Labour Market

Young people are seeking a perspective for personal development commensurable with their education and skills. Thus, the availability of quality jobs and a prospering economy are critical factors in terms of talent attraction and retention. In this section, the main findings concerning the economy of the cities investigated and their labour market are summarized. Although most of the data come from the pre-Covid-19 era, they can still provide a useful glimpse into the cities' economic situation:

- GDP / GDP per capita:* Since eleven different countries from the Danube region with very different wealth levels are included in this analysis, the results are very diverse. In a nutshell, we can state that members of the EU are performing better than non-EU countries, and that, unsurprisingly, cities and municipalities in the richer countries such as Austria and Slovenia are having a higher GDP per capita than cities in the less prosperous countries. On the national scale, the cities' performance falls around the country's average level, which - compared to the booming regions such as capital cities (e.g., Budapest, Prague, or Vienna) - is lower. The district of Varna, for example, almost perfectly matches the national GDP per person (15,479 Leva as against 15,615 Lv. for the whole country, in 2018), while in Vareš the local GDP/capita is substantially lower than

the national one. Nonetheless, the GDP per capita parameter should also not be overvalued because it is not a perfect indicator of the population's economic well-being.

- *Unemployment:* The unemployment rate is low. Usually, the percentage of unemployed people fluctuates between three and nine percent, which is compared to other European countries a reasonably good rate. In some places, though, it also reflects generally low employment. The mid-term consequences of the COVID-19 pandemic on the labour market notwithstanding, one can still say that the cities' labour market is mostly functional and efficient. An open question remains if local hiring key industries provide enough jobs in sectors that attract young people. The relatively high unemployment rate in Velenje (9% in 2018) illustrates transformation processes in an industrial city.
- *Enterprises by industry:* Of course, every place has its own history, and, therefore, inherited a different range of enterprises from the past. Generally, the main observation is that the majority of cities are heavily dependent on services and tourism. The second most important industry is construction, while in some places, manufacturing continues to decline (with notable exceptions, which are mainly due to foreign investment). Other sectors, such as agriculture, forestry, or IT, only play minor roles in terms of economic power. The small percentage of firms in the IT sector still offers room for development, innovation, and new start-ups.
- *Size of enterprises:* Overall, most companies in the investigated regions are small- and medium-sized businesses. There are only a few exceptions, such as Lego or Michelin in Nyíregyháza, or Kia in Žilina county in Slovakia. On the other hand, most cities record high numbers of self-employed people.
- *Wages:* This point mostly correlates with GDP per capita. Due to all partners' different economic situations, the salary gap varies significantly from region to region. For example, Austria's average salary is substantially higher than in Hungary, and in Hungary, higher than in Romania. Again, on a national level, the salaries observed in most cities are competitive with other regions except for prospering capital cities. Yet, there are also places that significantly lower than average wages, such as Apatin in Serbia, where gross salaries were 88% of the regional level (Vojvodina), 84% of the national average, and 86% of the capital city (Belgrade). The example also highlights the huge wage differences in such a relatively small geographic area like the Danube region: Gross monthly salaries in Apatin were 590 €/month in early 2020 (Ruse in Bulgaria had similar values), but more than 3,350 € in Austrian Leoben on the other end of the scale. Despite substantial wage growth (in Varna, for example, more than 10% in 2018–19), these differences will remain high for many years to come.

- *Foreign direct investment (FDI)*: While all cities record at least some foreign direct investment, most of them are still struggling to attract foreign investors. On average, FDI levels are relatively low, and foreigners own only a limited number of businesses.

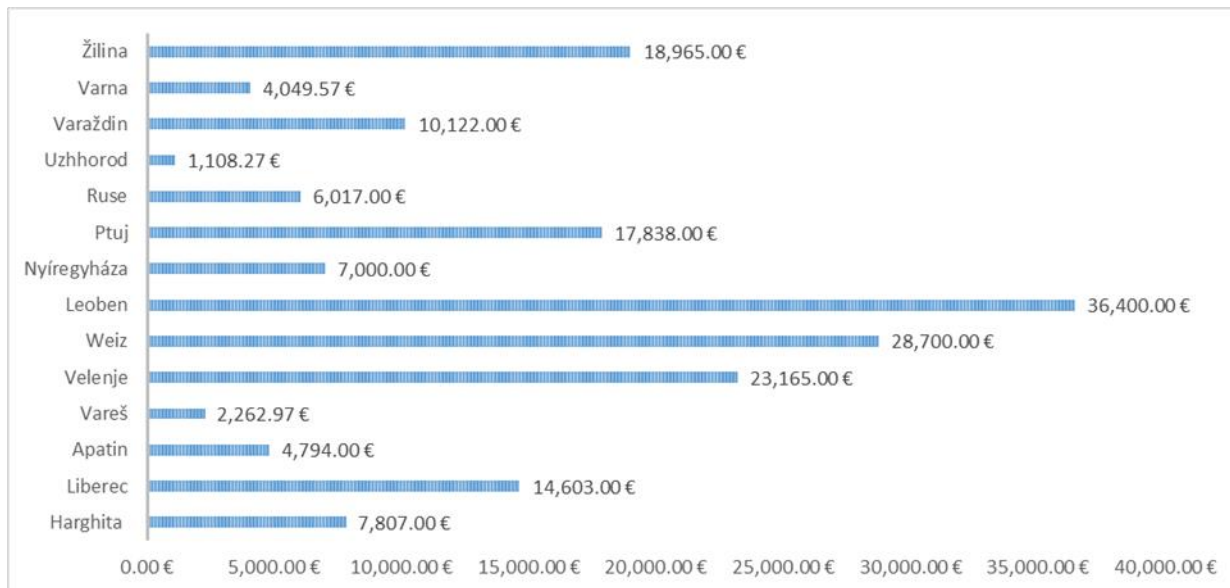


Figure 6: GDP Per Capita in EUR by City (2020)

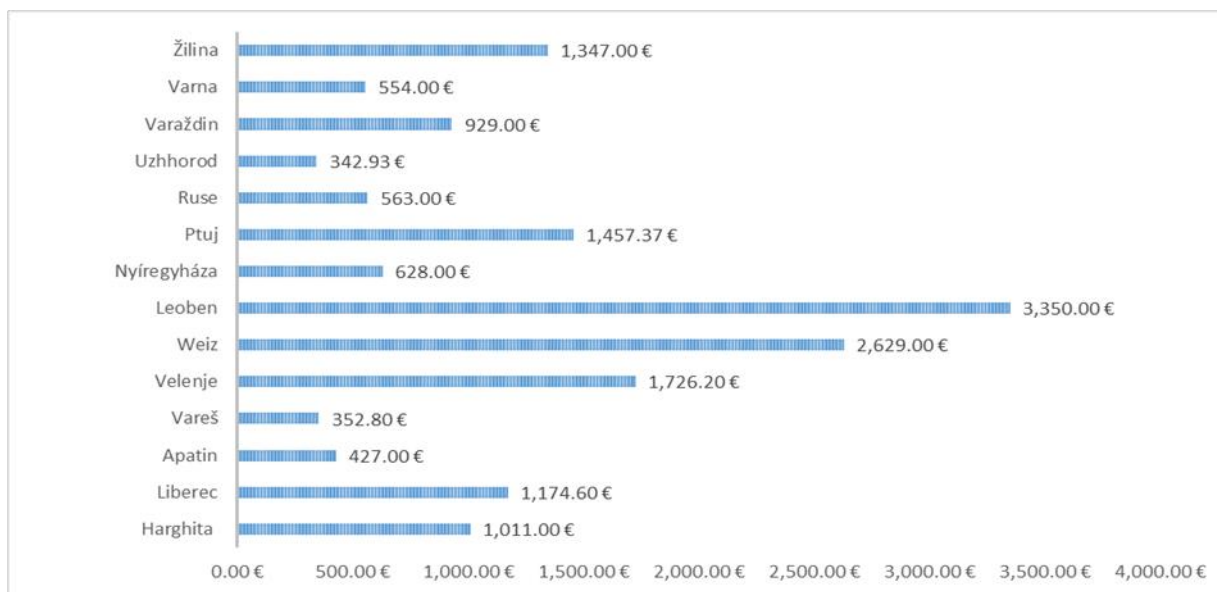


Figure 7: Average Monthly Salary (Gross) in EUR by City (2020)

Education

In terms of talent attraction and retention, a quality educational system is crucial to be nationally and internationally competitive and to convince highly skilled professionals to have their children trained locally. We can observe that, after graduating from high school, many students move to cities with universities or go abroad to study. These young people start building up their new lives elsewhere, and a large portion of them does never return to their place of origin. The current COVID-19 pandemic might change (future) mobility with new educational approaches such as 'home-schooling' since youngsters do not necessarily have to move to cities with universities. Despite such possible trends, leaving the hometown for educational purposes will likely remain one of the most common migration reasons for young people. The attractive power of education was, for example, recognized by the City of Varna, which promotes itself as the 'City of Knowledge'.

- *Number of students / teachers / educational establishments:* The number of students (from primary to tertiary education) varies significantly from region to region. For instance, whereas Apatin (Serbia) has under 1,000 students, Harghita county (Romania) or the Liberec region (Czech Republic) have over 40,000 students. The City of Varna records some 30,000 high school students alone. However, these figures have only limited explanatory power since they depend highly on the target areas' composition and size. Already one university within one municipality can increase the number of students significantly. In this context, towns cannot be meaningfully compared with larger cities because of the substantial differences in population numbers and the latter's function to provide whole regions with professional and higher education. The same applies to the number of teachers and educational establishments. However, considering the demographic data, the number of young people in education seems rather small overall. In a town like Ruse, the overall decline of population is also reflected in declining primary school students. Therefore, improvements to the educational infrastructure could be an opportunity to attract and retain more highly skilled young individuals and their families. Specifically, the number of international students, which is a good indicator of measuring attractiveness, has room for improvement, but these issues would require further research for a comprehensive analysis.
- *Proximity to universities:* It is not surprising that universities increase the number of students significantly. Some cities in the sample benefit from this advantage; others not. Certainly, it is neither desirable nor practical to establish universities everywhere. One way to prevent students from relocating to another city is an efficient and affordable public transportation infrastructure that allows daily or at least weekly commutes if there is a university in the proximity. This mobility aspect is often underestimated in the discussion of brain drain and gain. However, such students can have a financial benefit due to lower living costs at home (e.g., they save the rent for a flat). The newly gained

importance of distance learning is another point that can reduce the dependency on specialized and higher education establishments in other places. Faculties that are part of universities in different cities, such as the Faculty of Energetics in Velenje (with more than 200 students), part of the University of Maribor, constitute an interesting option of viable small-scale higher education institutions.

- *Distance-learning, home-schooling:* According to our exploratory evaluation, home-schooling and distant learning (online education) remain an issue for many cities and municipalities. Like almost anywhere else, the majority of local educational establishments were overwhelmed by the COVID-19 pandemic and proved incapable of providing appropriate conditions for online learning. Specifically, households living in poverty do not have the (financial) resources to guarantee their children access to the necessary equipment, including fast internet connections. Nevertheless, the usage of new technologies can be an opportunity to attract and retain talents for small and medium-sized cities.
- *Changes and trends:* Some cities and municipalities reported substantial modernization of their educational system, including implementing inclusion policies, improved infrastructure, and establishing new schools and higher learning institutions. EU funds partially financed these measures, but it is too early to judge their long-term impact and success. Thus, the situation in terms of talent attraction and retention through education remains difficult. For example, the Municipality of Nyíregyháza (Hungary) sums up their problem in the following way up: 'Many local students choose to pursue their tertiary education in other Hungarian or even foreign universities – and, unfortunately, very few of them return to Nyíregyháza after finishing their studies.'

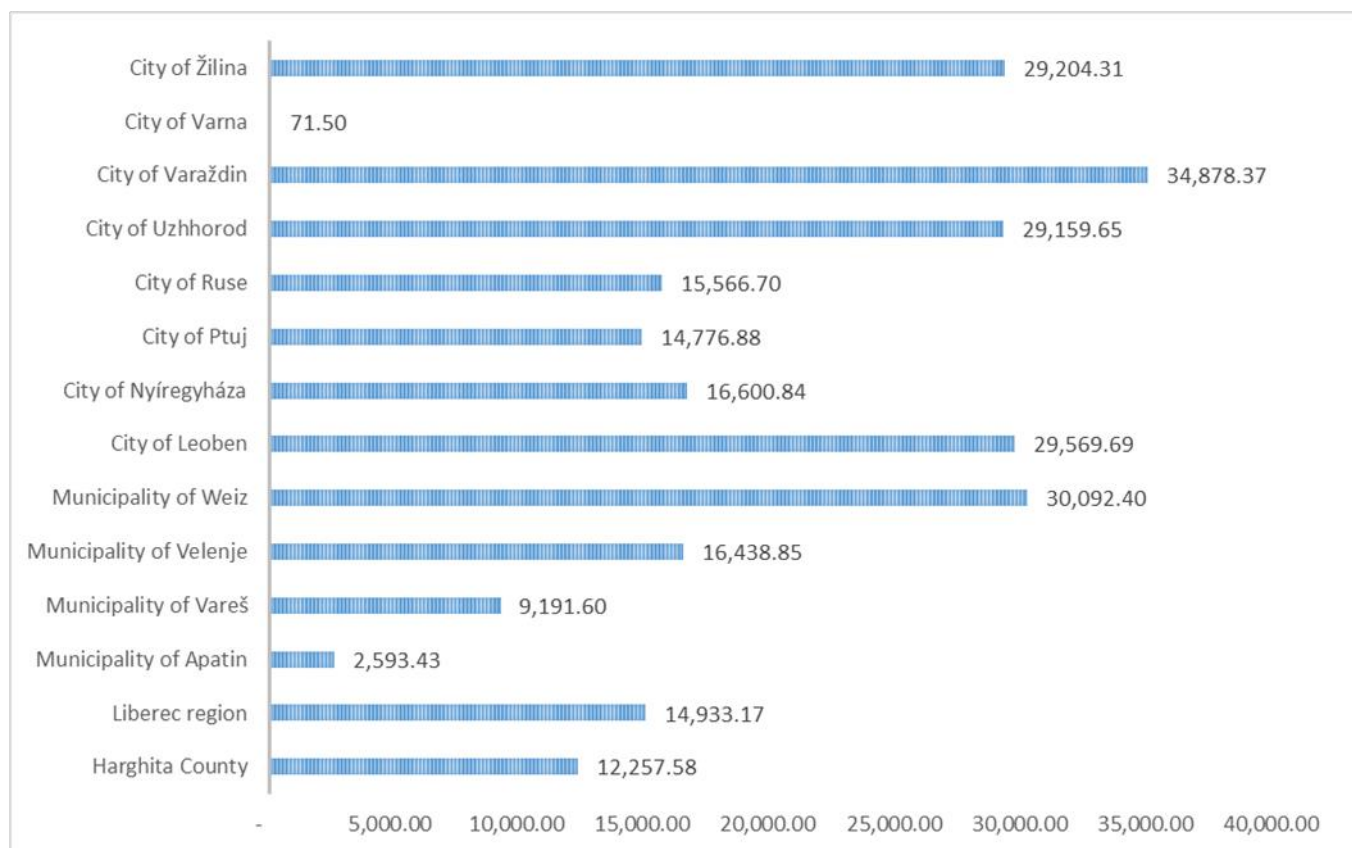


Figure 8: Number of Students by City (2020)

Quality of Life Indicators

In this section, the quality of life in the investigated cities and municipalities is elaborated. Life quality is notoriously hard to determine since a universal scale does not exist and everyone describes and perceives living conditions differently. Yet, the quality-of-life indicators are important to consider since people do not make their leave or remain decisions based solely on factors such as income or quality of education but also on how they assess the quality of life at their place of destination compared to their hometown. Given growing concerns by young people over climate change, local environmental action and conditions will likely become more important factors in future mobility decisions. Therefore, the following deliberations aim to evaluate life quality by considering different indicators that affect people's environment.

- *Life expectancy:* Average life expectancy is a good indicator for the quality of health, of diet and living conditions, and of the health care system. It is on average over 75 years in all considered cities, and in some cases even over 80 years, hence falling in line with the regional averages. Such as usual, women have a longer life expectancy than men. We do not yet know how COVID-19 will affect these numbers.

- *Health care system:* All cities and municipalities have at least one hospital in their district, and numerous physicians provide health care to the population. More prominent regions have a more developed medical infrastructure than smaller ones. The health care system seems to be adequate in quantitative terms. However, based on our survey, we cannot make any final statement regarding the health care system's quality. Other factors, such as medical equipment, need to be considered and require more research. From national developments, we can infer the likelihood of problems in recruiting health care professionals, which tend to have a high degree of migration aspirations.
- *Environmental situation:* No major environmental problems were reported. In some cases, the so-called PM10 indicator, which measures the air quality, exceeded the average occasionally, but in general, the environmental situation seems inconspicuous. Due to proximity to the sea or the mountains, some cities and municipalities have relatively good air quality. Most of them point to green development in their strategic plans.
- *Public spaces and parks:* Because of climate change, the availability of green spaces in an urban environment is of growing importance for the evaluation of life quality, specifically among young people. Therefore, they can also be a plus in terms of talent attraction and retention. Most of the cities and municipalities have parks, large green areas, and outdoor gyms. Compared to congested urban areas with hundreds of thousands, or millions of people, the lack of green space access tends not to be an issue. This can also be considered a plus since the open-air activity leads to less stress and increases life quality. Here, smallness can be an advantage.
- *Housing:* Housing prices are, on average, relatively low. Most of the cities and municipalities have square meter prices between 600 and 1,500 EUR. The only exceptions were the Austrian cities Weiz and Leoben, with square meter prices of over 2,500 EUR. Affordable housing can be a competitive advantage, especially if skyrocketing property prices in metropolitan areas are considered (in Regensburg, the IOS location, for example, average housing prices per 1 sqm are above 4,800 EUR).
- *Childcare:* All the cities and municipalities provide childcare opportunities, and none of the partners reported issues regarding childcare. The number of playing grounds also seem to be sufficient.
- *Public transport:* Whereas some partners criticize the lack of public transportation infrastructure, others benefit from improved opportunities and good accessibility to motorways and railways. The proximity to other urban regions is a crucial factor, as well as individual travel preferences. The main observation is that ecologically sustainable transport infrastructure is still underdeveloped in most areas. Some places, for example, have experienced a decline in rail transport during the last decades. Also, modern mobility technologies, such as car sharing, full use of digitalization, are not fully adopted.

But quality public transportation can also offer incentives for people to stay in their hometown if everything is within their reach.

- *Cultural offers / tourist attractions:* All the partners reported many cultural offers and tourist attractions in their place or nearby. Even though this information is difficult to evaluate systematically, this aspect should not be underestimated when it comes to talent attraction and should find an adequate place in urban strategies and marketing. The number of cultural establishments, many of them inherited from the past, is relatively high, although little can be said about their exploitation. The City of Ruse, for example, has a state opera, a puppet theatre, an art gallery, a historical museum, and a large library, all of them mainly funded by the government. A great variety of high-quality leisure opportunities is essential to attract and retain talents.
- *Crime rate:* Safety is another factor that people consider when thinking of relocation. Our target area's great advantage is its low crime rate, evident also in the cities observed here. Generally, cities and municipalities with a smaller population often ensure a safer environment than large cities.

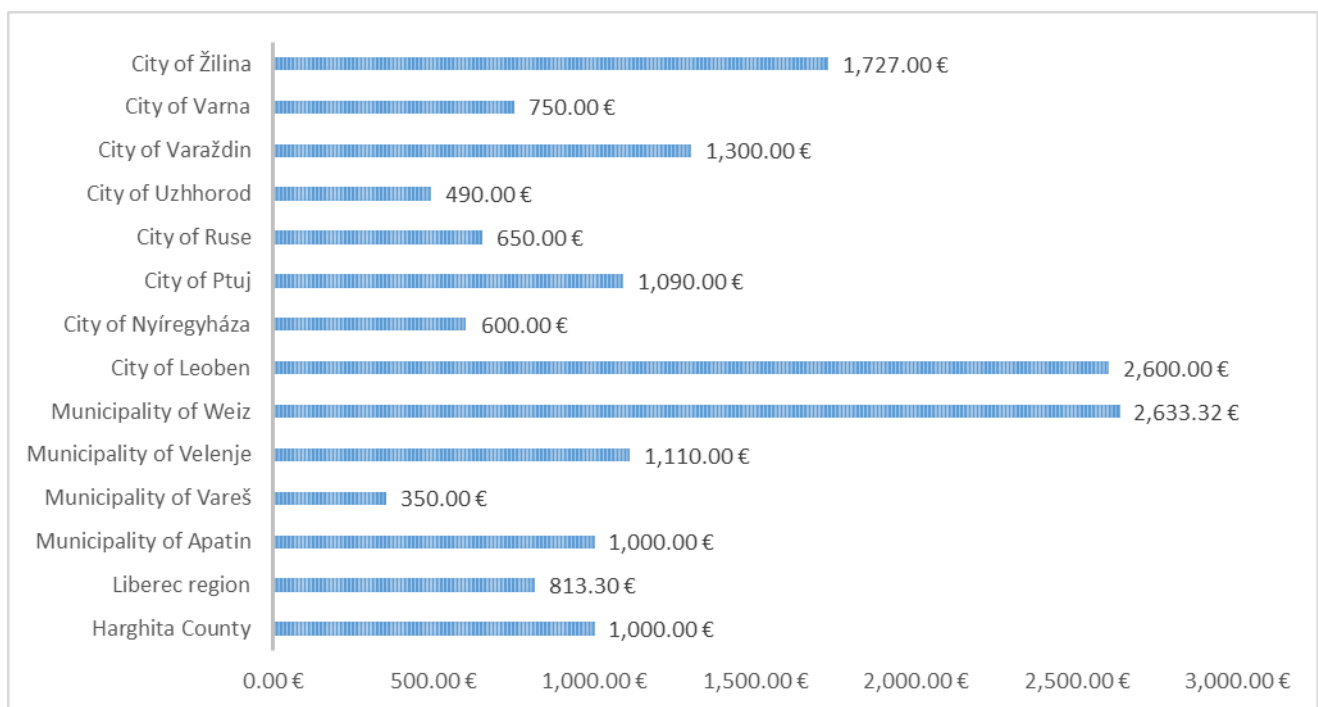


Figure 9: Housing Prices in EUR Per Square Meter (2020)

3.3.3 Young Talents Survey

Personal Questions

In the first part of the survey, the aim was to get an overview of the characteristics of the people who participated in the interviews. The average age of the participants was very young (over 45

percent were between 18 to 21 years and over 20 percent between 22 to 25 years), and the majority was female (over 60 percent). Not surprisingly, this is also reflected in the profession of the participants. By far, the biggest group were students (35 percent), followed by a wide range of different fields of profession. Regarding the distribution of the participants, we gathered a total of 1,475 responses from all partner cities. Thus, all partners contributed significantly to the study under challenging circumstances due to the current COVID-19 situation.

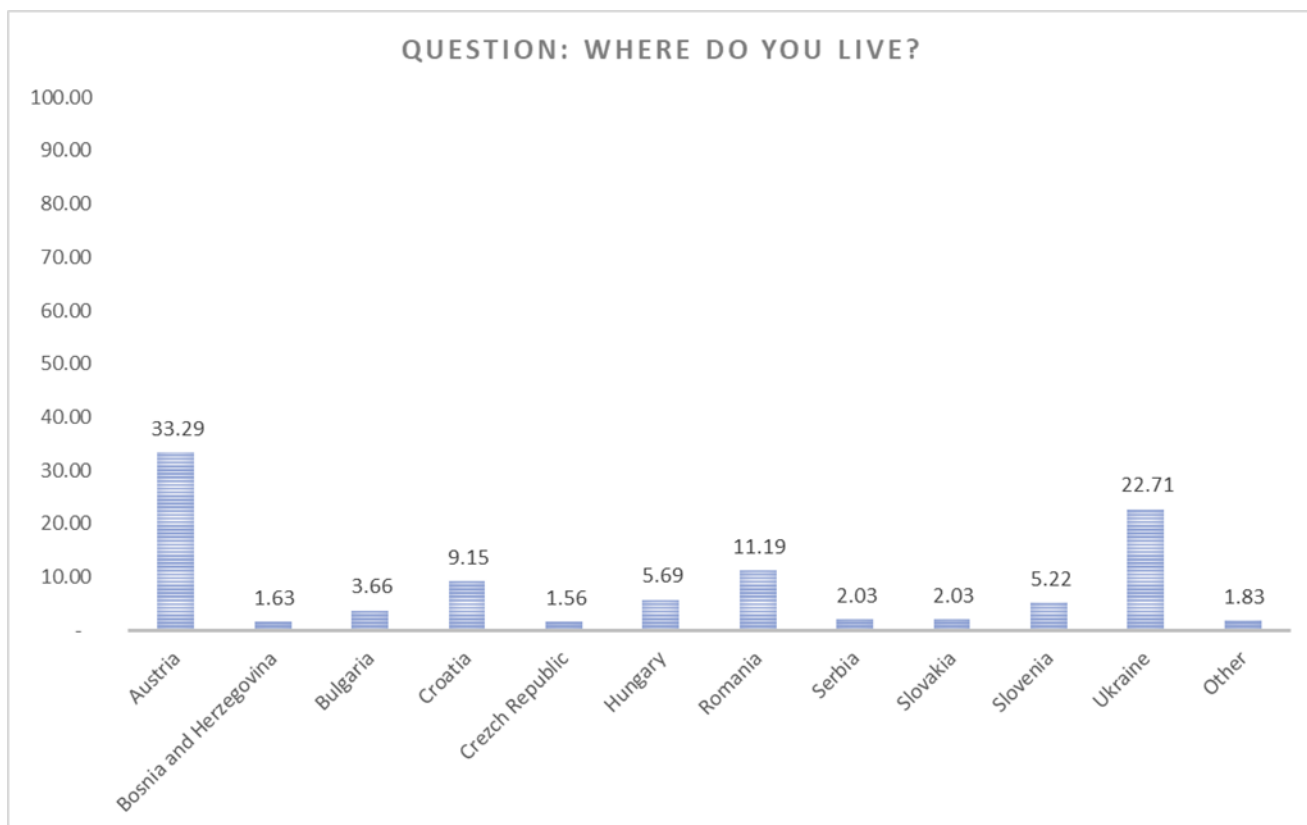


Figure 10: The Living Place of Participants



Figure 11: Profession of Participants

Evaluation of Living Conditions (Hometown)

The following section is aimed to evaluate the living conditions at the place of origin of the participants to identify the strengths and weaknesses of the partner cities. Thus, people who are not living anymore in their hometown were allowed to answer the questions in this section.

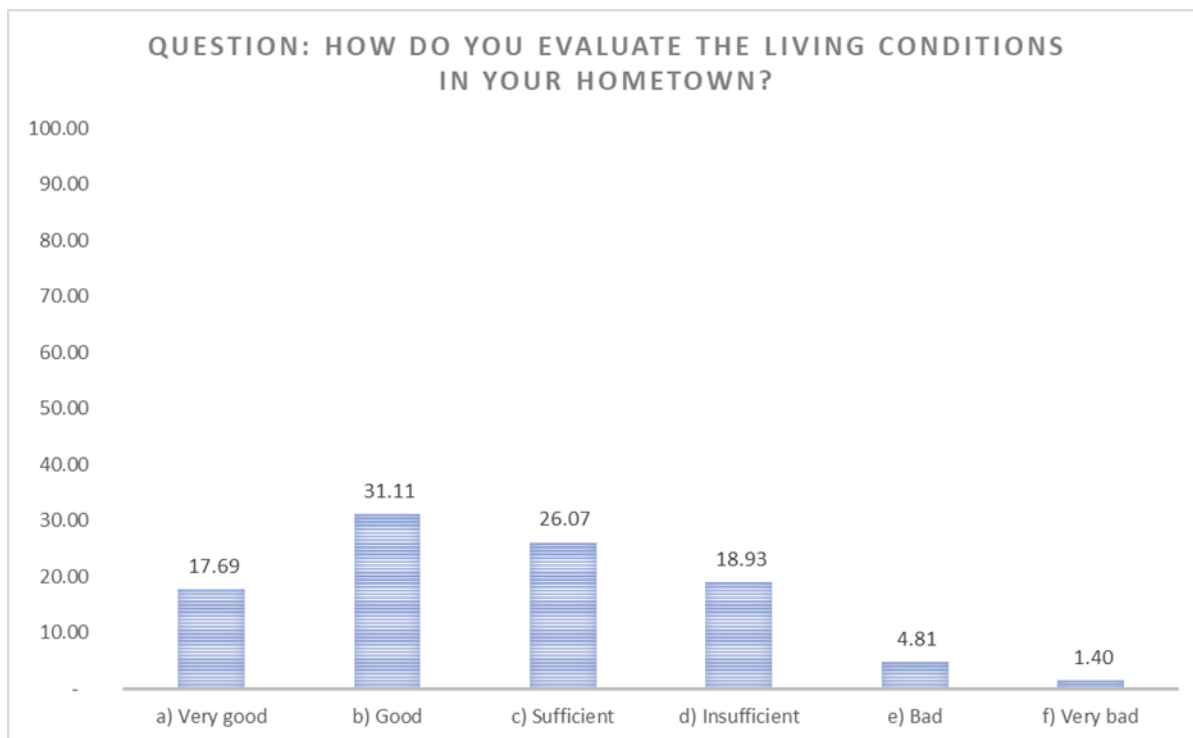


Figure 12: Evaluation of Living Conditions in the Hometown

The overall conclusions of the evaluation were quite positive. Nearly 50 percent of the participants had a positive impression of their hometown. However, since mobility has increased in the past decades because of the EU enlargement, including common (labour) markets, we need to consider that even 'sufficient living conditions' are perhaps not enough anymore to attract and retain talents. The demands and standards in terms of life quality might have also increased, and more and more destinations are within reach of talents across Europe (for example, foreign language skills are usually not an obstacle anymore due to the overall higher level of education among talents in Europe). Whereas previous decision-makers and stakeholders had to compete only on a local or regional level, newer generations of politicians and city developers may need to compete even with London or Paris.

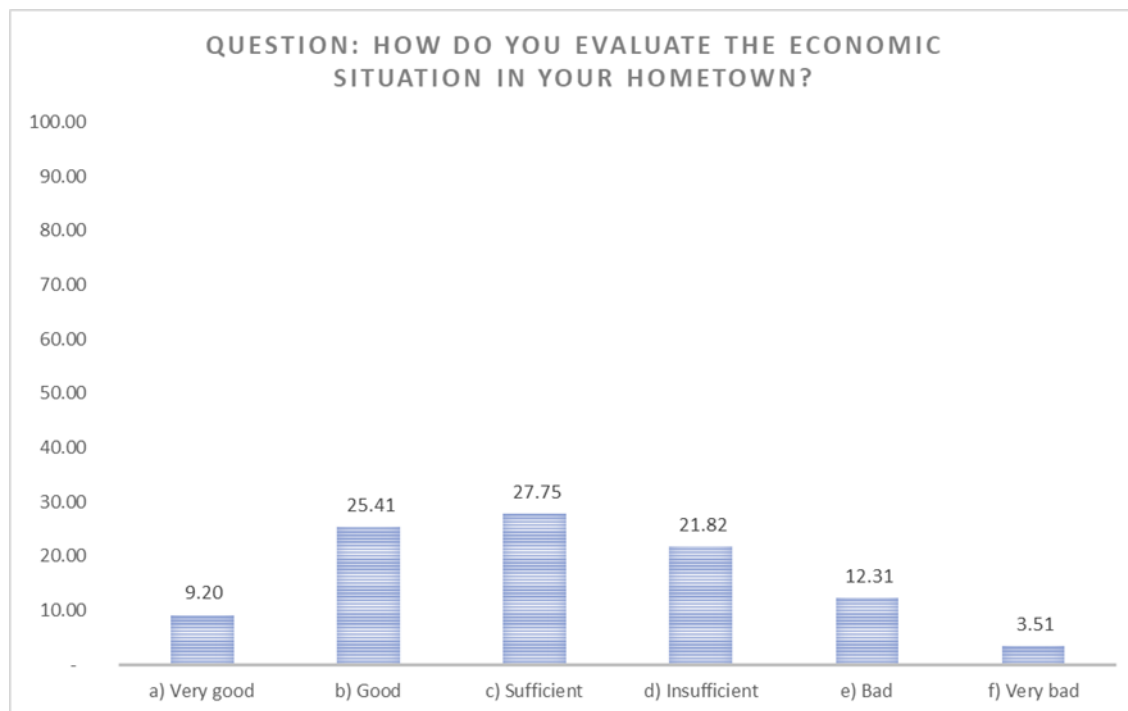


Figure 13: Evaluation of the Economic Situation in the Hometown

The economic situation, including employment opportunities and regional prosperity, remains a major factor in evaluating living conditions. Over 30 percent evaluated the economic situation positively, and only around 15 percent gave a negative evaluation. Nevertheless, there is still room for improvement, as the following graphs demonstrate.

Evaluation of Living Conditions (Place of Destination)

The goal was to get comparable results, so the same questions were asked as in the previous section in the context of living conditions at the (potential) place of destination. Hence, participants had the opportunity to evaluate the living conditions at their current destination (if people were not living in their hometown anymore) or at the (potential) future destination (if they had any emigration aspirations).

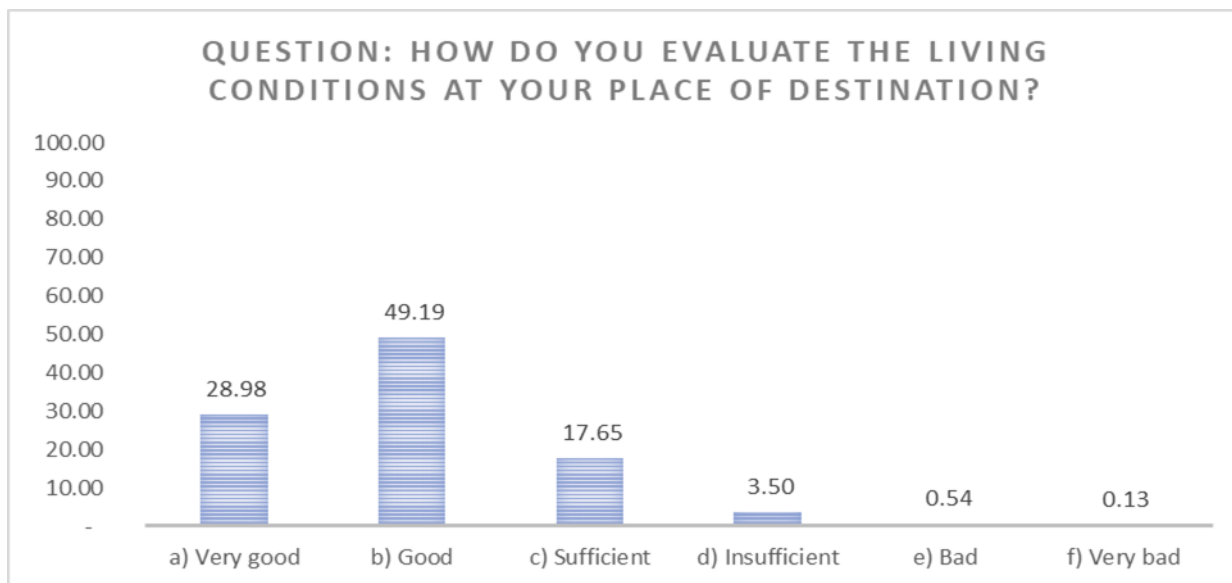


Figure 14: Evaluation of Living Conditions at the Place of Destination

Even though evaluating the living conditions in the hometown was not bad, we can find some remarkable differences. Almost 80 percent (compared to 50 percent) evaluated the living conditions higher than at their origin, which confirms the hypothesis that standards and demands in life quality have increased over time. Indeed, not everyone was already living at their destination, and reality and fiction can significantly vary from each other, but the push factors for migrating to another place are still given in this category.

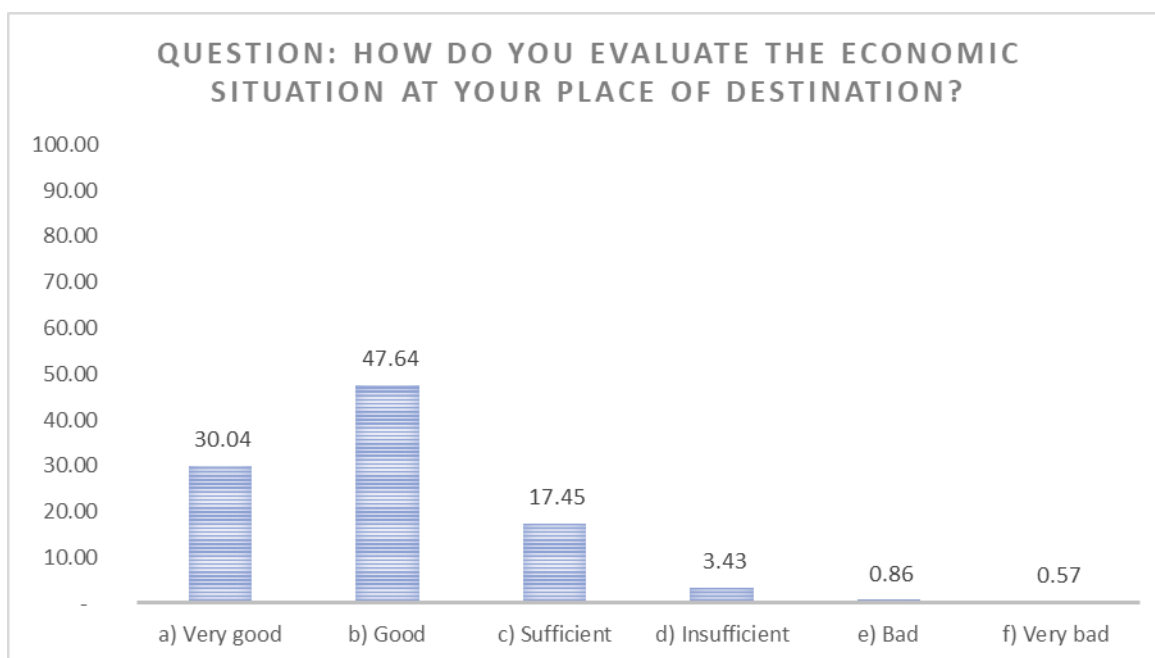


Figure 15: Evaluation of the Economic Situation at the Place of Destination

In terms of economics, the differences are even more considerable. Whereas only 30 percent evaluated the economic situation in their hometown positively, over 75 percent gave their destination a 'very good' or 'good' rating. Again, the reality does not have to be necessarily fully reflected by this question, but the discrepancies are significant and cannot be ignored. Therefore, the economic situation is a challenge, and talents from the partner cities see room for improvement.

Evaluation of (potential) Migration Reasons and Aspirations

In this section, the (potential) leaving reasons and aspirations were analysed. Participants had the opportunity to select a maximum of three different choices. The graphic below elaborates on their responses and provides an overview of the most common reasons for (potentially) leaving the origin.

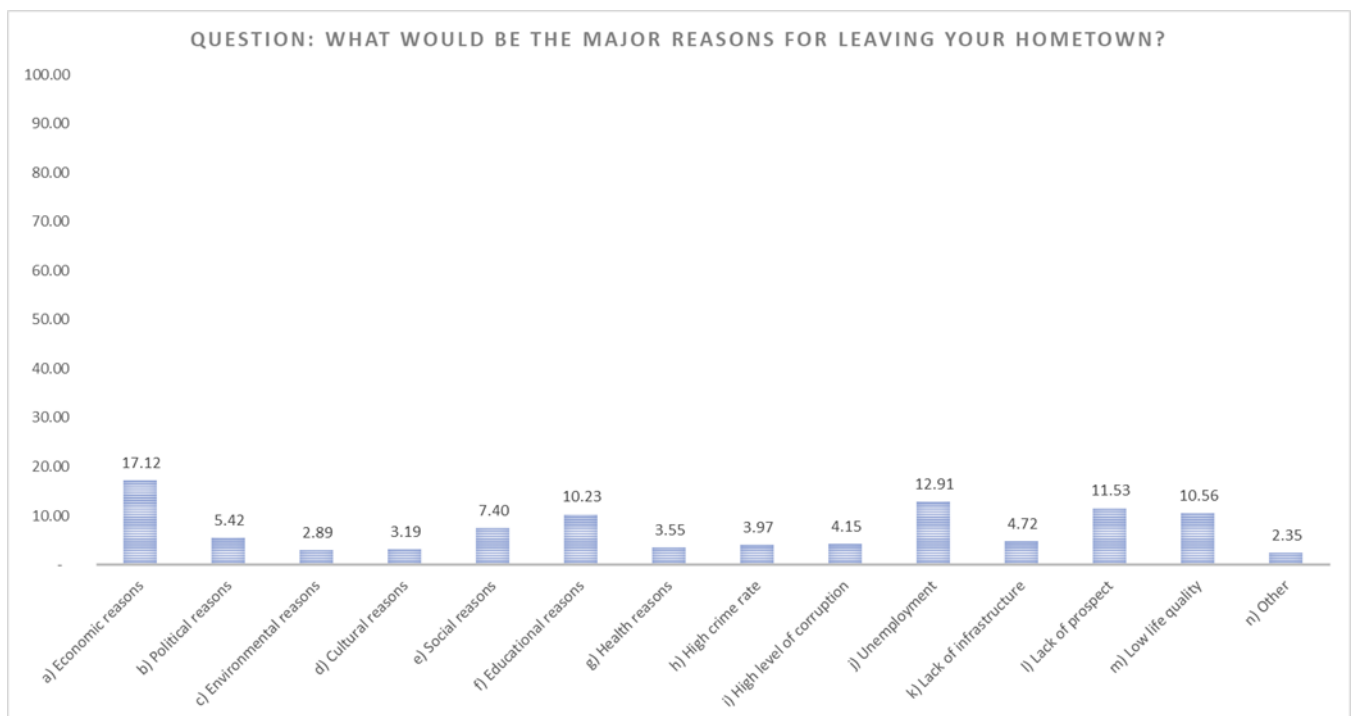


Figure 16: (Potential) Reasons for Leaving the Hometown

In general, a wide variety of possible selections was given. Nevertheless, the following answers stick out: 1) economic reasons (17 percent), 2) lack of prospect (11,53 percent), 3) unemployment (13 percent), 4) low life quality (11 percent), and 5) educational reasons (10 percent). Indeed, the top two answers highly correlate and emphasize the importance of economic prosperity and quality job opportunities, including decent salaries and career prospects. Therefore, these responses confirm earlier findings and show how significant economic well-being is for regional

development. At the same time, it also demonstrates that talents see the need for new policies and initiatives. Regarding ‘low life quality’, it is a little bit more challenging to derive a conclusion since life quality is a very subjective term, considering a lot of different aspects of life (a perceived poor economic situation is probably also part of this evaluation). Other factors such as cultural life, work-life balance, and free-time opportunities need to be considered as well. The last aspect of the stressed responses is education. Since a significant part of the participants were very young of age and/or are still students, education remains an important push factor because many small- and medium-sized cannot provide top-level universities and other educational establishments. Thus, students are forced to move to bigger cities, and many of them might never come back eventually after establishing a new life elsewhere. In this context, the current COVID situation might offer some opportunities in remote learning by reducing the incentives for leaving the place of origin (see partner-level situation analysis).

The last question in this section asked what decision- and policymakers can do in order to retain talents. Again, people also had the opportunity to select three different responses.

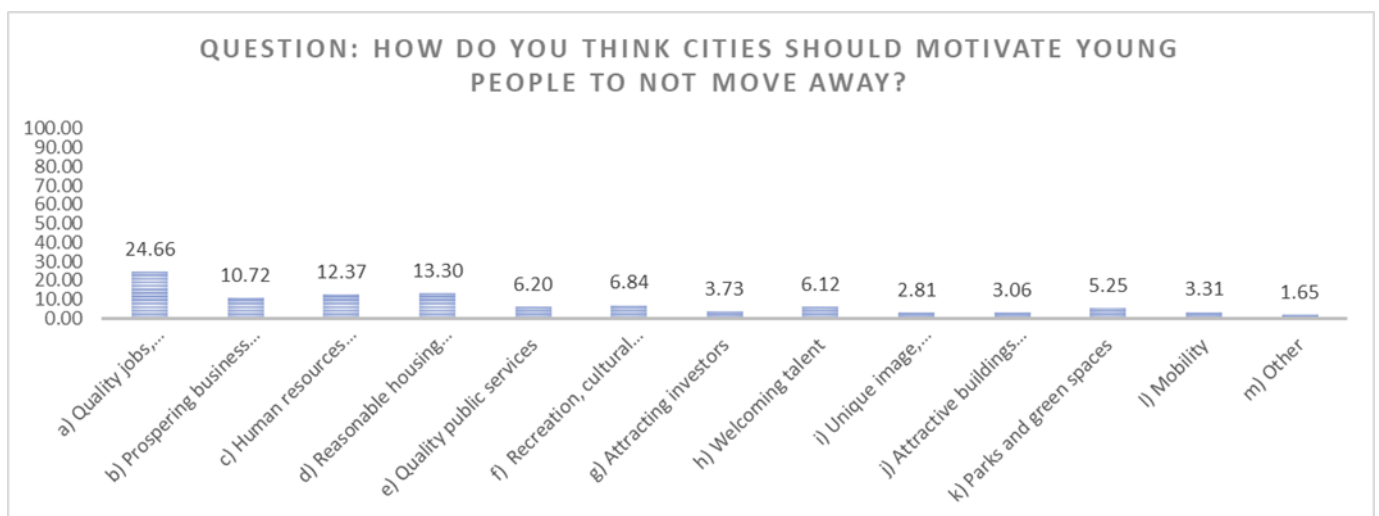


Figure 17: (Potential) Measures to Reduce the Emigration of Young People

The responses are pretty much in line with the above answers given. Thirty-five percent would like to see more quality job opportunities and a prospering business environment. Another 13 percent want more reasonable housing opportunities, which is a surprising finding since most investigated cities have a relatively low housing cost on average (see partner-level situation analysis). A possible explanation could be that over proportionally, Austrian talents, who have higher housing costs to pay compared to the participants from the other Danube cities, have selected this option. Alternatively, people simply think the real estate prices are still too high in their hometown, especially in relation to the life quality they get in exchange. However, it is reasonable to assume that lower(er) living conditions are still a competitive advantage in

comparison to booming regions, even though the living costs might be perceived as not adequate. Finally, the fourth point is education and personal development, where people seek greater opportunities to enhance their talents.

3.3.4 Private Sector Survey

Questions About the Company

The private sector survey aimed to provide a different perspective on the topic by interviewing CEOs, managers, and entrepreneurs in the target region. There were no limitations in terms of company size, number of employees, business sector, etc. For that reason, the survey started with some general questions about the company/business. In comparison to the young talent survey, the sample size was much smaller. Nonetheless, over 140 participants contributed to the interviews from eleven different countries.

Overall, the survey tried to capture a comprehensive sample of the businesses and companies in the Danube region. With the first question, the aim was to identify the field of business operations. According to the responses, industry and manufacturing was the most common sector with nearly 20 percent. Nevertheless, as the graph demonstrates, over 60 percent of the responses are classified as 'other'. Hence, most companies or businesses could not be categorized by the given framework because many small enterprises participated (for example, restaurant owners or hairdressers) in the interviews.

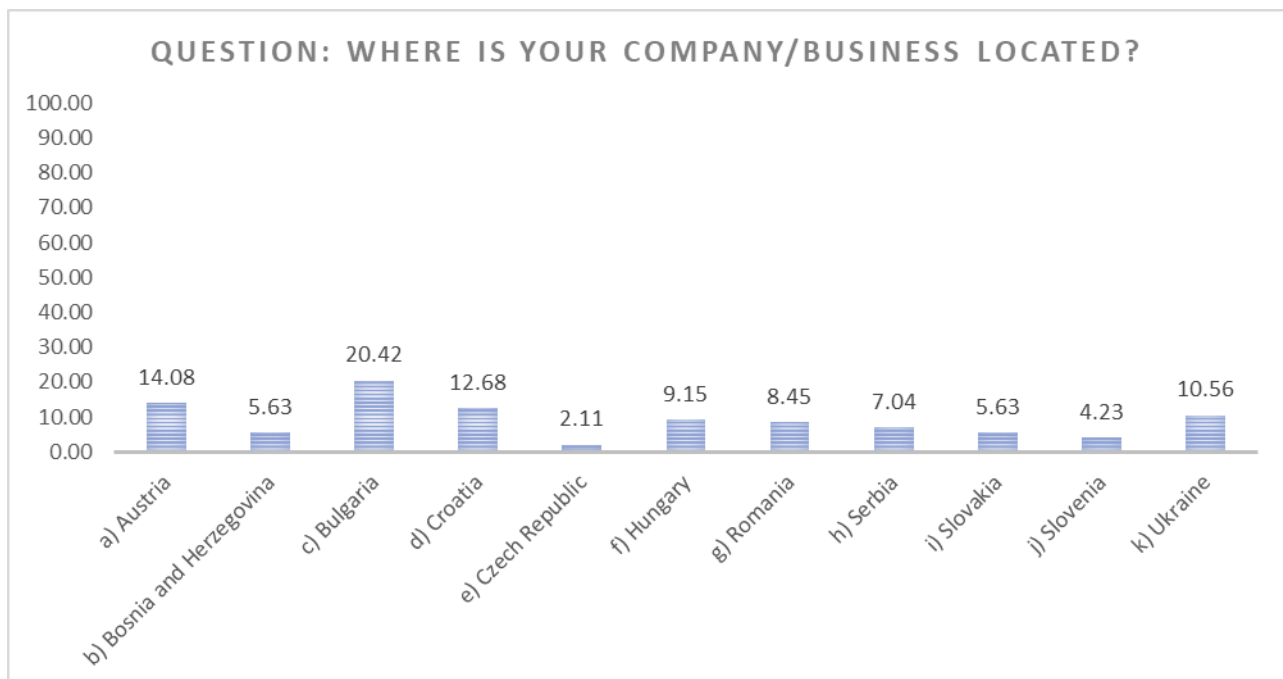


Figure 18: Location of Business/Company

Company/Business-Specific Questions

This part of the interviews asked questions about how companies and businesses aim to attract and retain talents (maximum of three options to select). Overall, these were general questions to understand what the business or company is, for what it stands for, and what their values are.

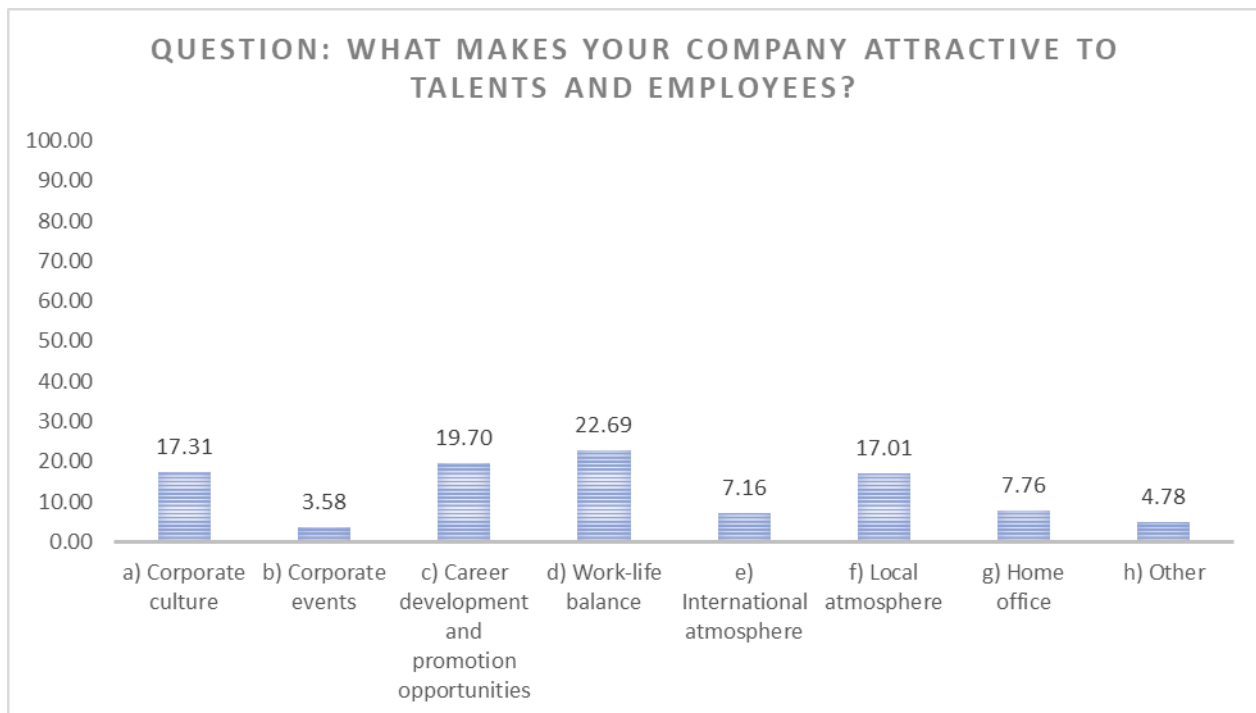


Figure 19: Company's Attraction to Talents and Employees

The three top responses in his category were: 1) work-life balance (23 percent), 2) career development (20 percent), and 3) corporate culture (17 percent). Therefore, two aspects need to be stressed: Firstly, talents criticized the low life quality in the previous section, whereas the private sector sees the work-life balance (which is part of the evaluation of life quality; not entirely but at least to some extend) as one of their advantages. Secondly, companies and businesses consider their career development programs and promotion opportunities as one factor for attracting and retaining talents, but young people perceive a lack of opportunities. These are two major contradictions, which require further research. Two explanations for these results are that companies and businesses need to improve their communication strategies, or talents have too high (unrealistic) expectations (for example, by comparing career opportunities with multi-national companies in other countries or bigger cities).

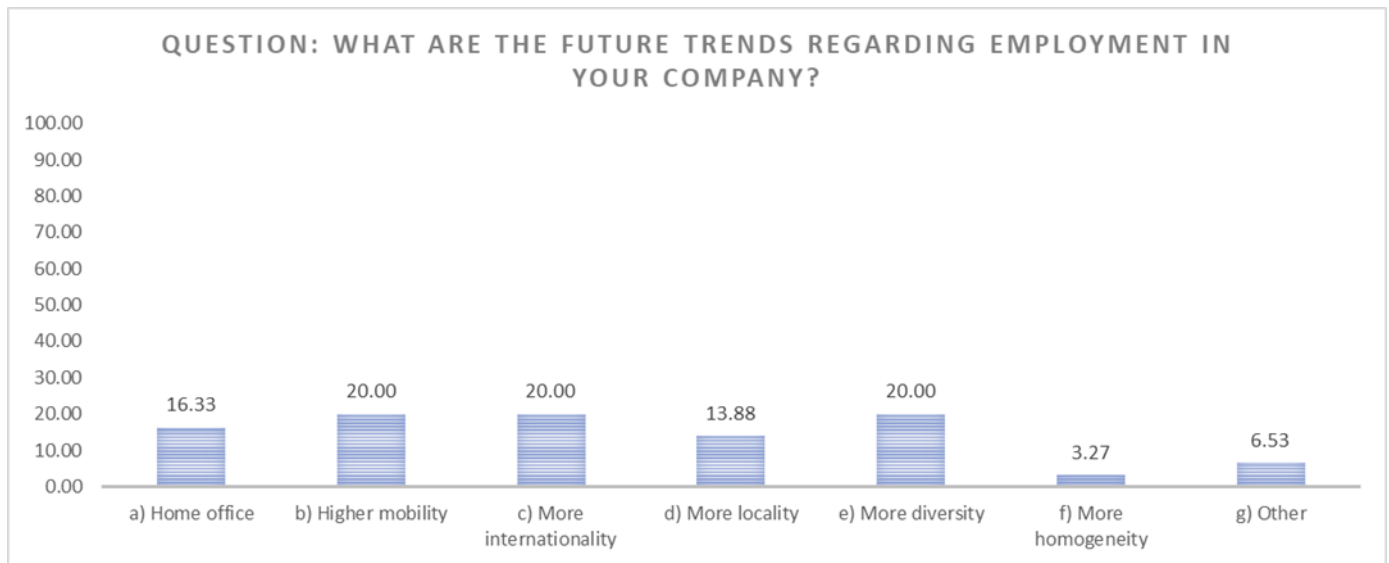


Figure 20: Employment Trends

Regarding future employment trends (multiple selections possible), we can observe the following tendencies: more home office, higher mobility, more internationality, and more diversity. The relatively low number for the home office can be explained by industries, manufacturing, and other sectors which require physical presence. However, the current pandemic has also changed working conditions in the Danube region significantly, and companies and businesses respond accordingly to these challenges. As mentioned above, specifically, home office offers great opportunities to attract and retain talents by applying modern employment approaches. Hence, relatively low housing prices combined with remote work can be considered a comparative advantage for small- and medium-sized cities in this context.

Talent-specific Questions

The last part of the private sector interviews dealt with talent-specific questions and tried to identify what the specific problems are in terms of talent attraction and retention.

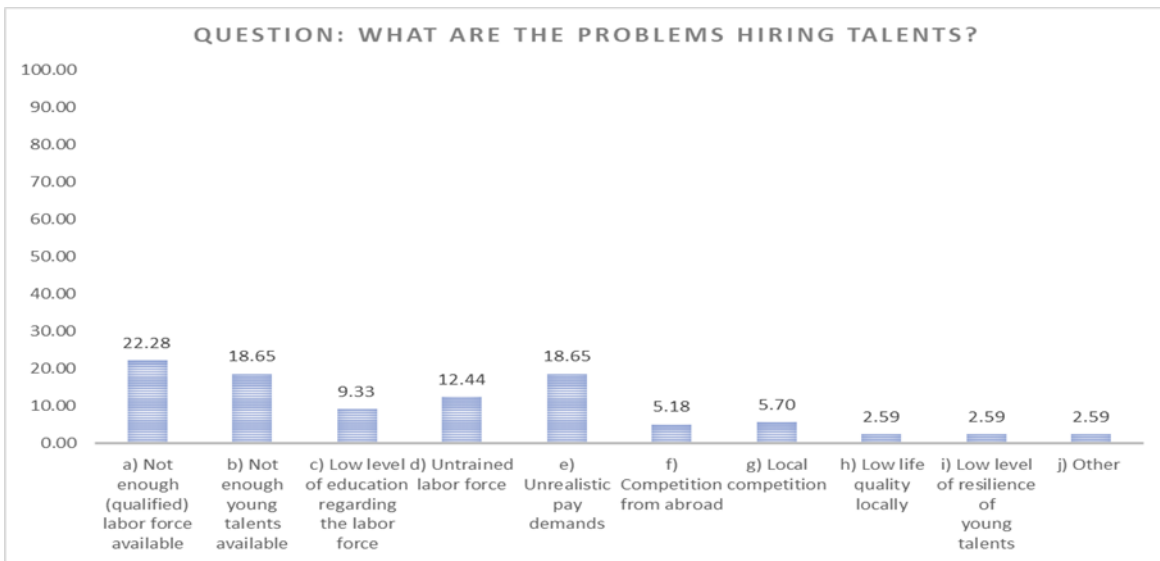


Figure 21: Problems in the Hiring Process

Indeed, almost all companies and businesses reported difficulties in the process of hiring and attracting talents. The four biggest issues were (multiple selections possible): not enough qualified talents (22 percent), not enough young talents (19 percent), unrealistic pay demands (19 percent), and an untrained labour force (12 percent). Thus, the lack of (available) talent is the most significant problem for companies and businesses, suggesting high push factors for talents and a scarce regional talent pool. Another major problem is the high pay demands of talents. Highly qualified and skilled people have not necessarily committed to a certain country or region anymore but rather move to places that offer them the most, and due to economic constraints, Eastern and South-eastern Danube countries cannot compete with Western European salaries.

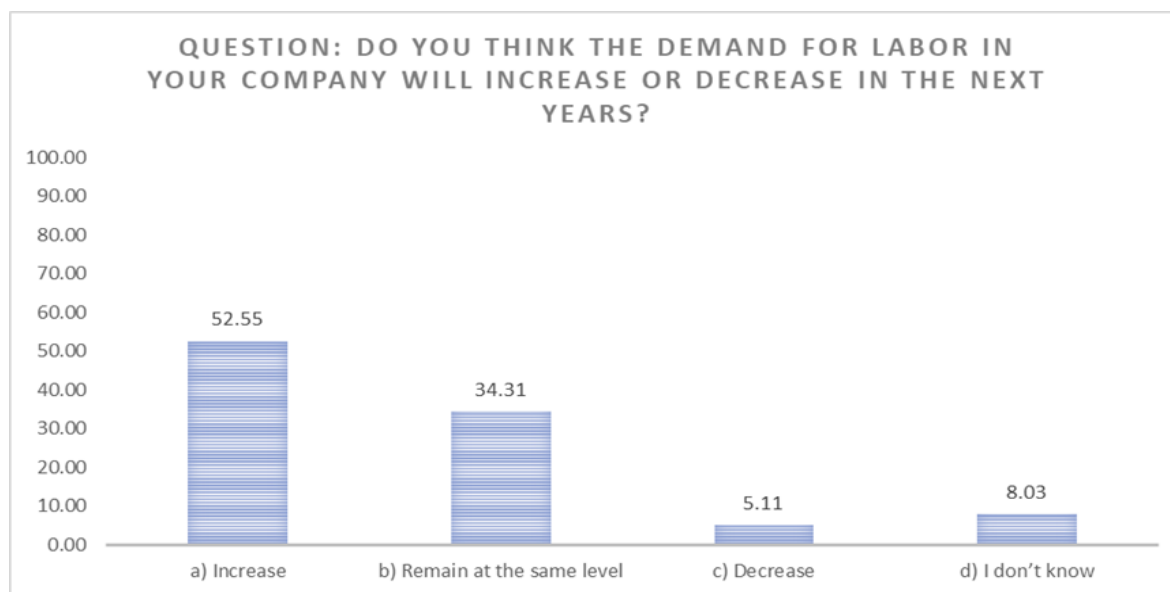


Figure 22: Labour Demand

Although companies and businesses in small- and medium-sized cities of the Danube region struggle to recruit talents, their demand for labour and (high) qualified employees is increasing. Despite the current pandemic crisis, nearly 53 percent share an optimistic outlook to the future and believe their demand for (highly skilled) labour force will increase in the next few years. This leads to the complex situation that companies and businesses are willing to hire talents but cannot find enough labour force since specifically the young are willing to leave their origin because of a poor economy, weak career prospects, and overall low life quality. At the same time, regions cannot create innovation, wealth, and prosperity without (new) talents. The consequence is an endless cycle of (youth) out-migration and struggling economies. Addressing this issue remains a major issue for politicians, stakeholders, and policymakers.

3.4 Key Findings and Conclusions

Based on the analysis performed, the following conclusions can be derived related to the four key areas crucial for attracting and retaining talents:

- *Demography and society:* Most of the analysed cities and municipalities need to deal with an aging and/or shrinking society. However, this is a trend that can be observed in many places across Europe. Yet, the challenge remains to attract and retain young people from moving to more attractive urban centres, in order not to jeopardize the functioning of the urban fabric. This demographic rationale can trigger innovative urban policies to the benefit of the whole population.

- *Economy and labour market:* In most of the observed cities, the employment situation is satisfactory because unemployment is low. Usually, talents can find quality jobs, but local business struggles to compete for them, because of the much higher salaries and better welfare provisions in nearby, more prosperous European countries but also in the metropolitan areas in their own country. Local policymakers will need to develop innovative concepts to remedy this situation affecting specifically the position of young people. One area of opportunity is the IT sector as well as high-tech start-ups, which the analysis has found to be underdeveloped.
- *Education:* The current COVID-19 pandemic can generate and intensify certain education trends, especially in terms of remote education and online studies, which can lessen the necessity to move for getting a better education physically. This development has implications for young people and the cities involved. Small- and medium-sized cities could be the winners of this trend because they can, for example, offer cheap living. However, some cities began to experience a decline in the number of students, which can have a long-term negative impact on certain educational establishments' sustainability. The overall improvement of the quality (home) schooling, modernisation of teaching techniques and styles, and introduction of information technologies are needed to ensure a stronger link between education and labour market, which could have a significant impact on attracting and retaining talents.
- *Quality of life indicators:* While compared to growing metropolitan areas, small and mid-sized cities will usually have fewer attractions, they enjoy other unique advantages, such as low crime rates, a calm environment, little air pollution, low housing prices, easy access to nature. All our cities reported such, and they also point to the rich history and culture of their places, which can help to make them even more attractive for their residents or even to attract new residents. Nevertheless, the market for talents is highly competitive. Therefore, comprehensive, and coherent marketing and development strategies are needed to attract and retain talents, for example, by providing a choice of quality entertainment opportunities, ranging from the arts to sports. The quality of public transport and active forms of mobility (walking, cycling) as measures of life quality should not be disregarded, either and will likely become increasingly important because of the young people's growing concern about climate change.

Identified specific needs of young talents and the private sector are aligned with the integrated view of attraction and retention factors, with special emphasis on innovation, diversity, and inclusion.

SPECIFIC NEEDS	
YOUNG TALENTS	PRIVATE SECTOR
<ul style="list-style-type: none"> • Quality job opportunities • Prospering business environment • Attractive corporate culture enabling flexibility and work-life balance • Personal and career development opportunities • Innovative formal and non-formal education • Affordable and more diverse housing options 	<ul style="list-style-type: none"> • More qualified / highly skilled young talents • More home office / remote / international employees • Higher mobility and greater diversity • Development of innovative approaches to young talent acquisition, including employer branding strategies • Increase of business effectiveness to meet the pay demands

Table 4: Specific Needs of Young Talents and the Private Sector

The research indicated that the most challenging task for decision-makers and stakeholders of small- and medium-sized cities in the Danube region is to create innovative policies, new job opportunities, and a functional business environment to stop the outflow of the youth, attract and retain talents.

4 TALENT ATTRACTION AND RETENTION STATE OF THE ART

- The actual effects of the COVID-19 pandemic situation, such as remote work and the willingness to reduce living costs, will probably have long-term implications, especially with regard to our understanding of work, mobility, and housing.
- These developments offer unique opportunities for local and regional decision-makers and stakeholders in attracting and retaining young talents in small- and medium-sized cities.
- The Global Cities Talent Competitiveness Index reports indicate certain trends and approaches of the most competitive cities in talent attraction and retention: (i) the long-term view on talent attraction and retention contributes to effectiveness; (ii) cities with a proven ability for future readiness are becoming more competitive; (iii) using digital technologies has a great impact on attracting talents and developing regions; (iv) quality of life has an increasing influence in the global competition for young talents; (v) international connectivity continues to be an even stronger advantage for cities competing for highly mobile talents; and (vi) small cities show a growing ability to develop innovative solutions to attract and retain talents.
- Combination of financial incentives and community involvement, putting digital tools to work, and creative campaigns for targeted audience are examples of innovative solutions implemented by smaller cities that have demonstrated effectiveness in competing for talent against the more economically advantaged large cities.
- Openness is key to talent competitiveness and will remain a key factor to attract and retain talent in the forthcoming period.
- Cities rather than countries are developing stronger roles as talent hubs and will be crucial to reshaping the global talent scene due to their greater flexibility and ability to adapt to new trends.

4.1 Global and European Trends and Approaches

4.1.1 Impacts of the COVID19 Pandemic

The current global pandemic crisis has changed the perception of work significantly. Thus, in recent months remote work has become widely accepted by employers and employees, and formerly well-populated and booming regions face the challenge of out-migration. Since there is no need for physical presence at the workplace anymore, specifically in innovation-driven sectors such as 'Big Tech' companies in the USA, more and more people decide to move to places with lower living costs. Even though steady growth of population and economic power

are desirable goals for most cities, the downsides of this development can also not be ignored, including unaffordable rents and housing prices, high-stress levels (much traffic, mass tourism, limited quality time with families, etc.), and increasing overall living costs.

Furthermore, during the COVID-19 pandemic, another effect came in place: a lower life quality. Usually, many popular cities benefit from cultural offers (theatres, museums, sports facilities, etc.), high-quality educational establishments (universities and schools), and social life opportunities (restaurants, bars, and clubs), but because of the current situation all or most of these positive aspects lost their appeal. Indeed, some of the negative factors such as traffic, mass tourism, or air pollution got diminished as well. However, the living costs, specifically the excessive rents, remained high. So, why should people stay in an expensive region if they cannot experience the benefits of this region? The push factors for leaving expensive cities have substantially increased in the last few months.

One of the prime examples of this trend is the 'exodus' from California (USA), the home of giant tech companies such as Alphabet, Apple, or Facebook. Specifically, San Francisco and Silicon Valley have suffered from the current trends in remote working. For many years, the Bay Area has been the place of longing for entrepreneurs, tech start-ups, and investors. It was one of the destinations for high living conditions and career opportunities in the U.S. Nonetheless, the rise of the Bay Area did not only produce winners. Many average workers could not afford the increasing housing prices anymore and had to live under poor circumstances. National Review (2021) sums the problems of California as follows:

'No, what caused and continues to cause the exodus out of California is not tax burden, or regulation, or cost of living, or housing prices. Rather, it is the burden, and regulation, and cost of living, and housing prices, and more.'

On the contrary, other media do not follow this narrative, based on data by the California Policy Lab, concluding:

'The nonpartisan California Policy Lab found that most people who moved in 2020 remained within the state, many trading city-life for more suburban or rural areas. The well-to-do weren't jetting off to spread their lucre elsewhere, parching Sacramento's coffers. In fact, they were more likely to stay put than those of lesser means.' (Los Angeles Times, 2021)

Nevertheless, after nationwide shut- and lockdowns took place, many Bay Area citizens decided to leave California and move to more affordable places in the U.S. since major tech companies decided to promote and support remote work in the future. According to Google, 20 percent of all employees are expected to work from home in the future (Spiegel Online, 2021). Other companies, such as Twitter, even guaranteed all their employees to work from wherever they want in the future (The Washington Post, 2020), and Tesla is ultimately moving to Texas (BBC, 2020). According to Gary Wallace, a U.S. tax expert, 'states such as Texas and Florida that have no individual income taxes could become havens for remote workers.' (CFO, 2021) The Forbes

magazine states Miami (Florida) aims to become the 'next' Silicon Valley by attracting specifically young people and remote workers from California (Forbes, 2021).

A similar observation can be made in Europe. One of the most expensive cities in Germany is Munich, which is not only famous for its Oktoberfest but also for the car manufacturing industry (e.g., BMW) and high life quality (e.g., proximity to the Alps and cultural life). According to several studies, the costs for housing have continued to increase recently despite the current corona situation, and more and more people cannot afford living space in Munich (TZ, 2021; BR, 2021). Instead of paying high rents, people preferred to move to outlying districts of Munich that are still within reach of 100 to 150 km to the Bavarian capital city. This urban exodus has accelerated because of the COVID-19 crisis – not only in Munich but in every major German city (Handelsblatt, 2020; RND, 2021).

Therefore, the current pandemic situation has major implications for local and regional decision-makers and stakeholders in attracting and retaining young talents. Although some of the actual effects might only be short-term, remote work and the willingness to reduce living costs will probably have long-term implications, especially when it comes to our understanding of work, mobility, and housing. These developments offer great and unique opportunities for small- and medium-sized towns. Thus, comprehensive local and regional development initiatives that aim to capitalize on these recent trends can attract and retain a significant number of talents by bringing economic prosperity, innovation, and higher life quality to regions that have suffered from brain drain in the past.

4.1.2 The Global Cities Talent Competitiveness Index



Figure 23: Elements of the Global Cities Talent Competitiveness Index (GCTCI) 2020

Source: The Global Talent Competitiveness Index (GTCI) 2020 Report, p. 94

The Global Talent Competitiveness Index (GTCI) 2020 Report ranked 132 countries and 155 cities for their ability to enable, attract, grow, and retain talent. The key findings of the most recent 2020 Report relevant for the TalentMagnet project are that cities are striving to become AI / advanced technologies hubs and attract relevant talents, and that when introducing AI to organisations, communities, or societies, acceptability is a condition for sustainability. The previous editions of the GTCI Report for years 2017, 2018 and 2019 emphasize the following: there are many small cities amongst the top performers as they combine the best of both worlds (high quality of life combined with opportunities for international exposure and careers); higher GDP levels naturally lead to higher technology penetration, creating ecosystems with better quality education, business, healthcare and infrastructure; the energy and innovativeness of local leadership (including mayors and ‘talent agencies’) can play a significant role in talent competitiveness of cities; promoting diversity has led to significant advances in many cities, especially from the point of view of inclusion; the highest-ranking cities tend to be the most open to entrepreneurial talent which has an increasing role due to digitalisation and globalisation; cities rather than countries are developing stronger roles as talent hubs and will be crucial to reshaping the global talent scene due to their greater flexibility and ability to adapt to new trends. Since the creation of GTCI, one of its main conclusions has been that **openness is key to talent competitiveness** and will remain a key factor to attract and retain talent in the forthcoming period.

The Global Cities Talent Competitiveness Index (GCTCI) 2020 and other available sources indicate certain trends and approaches in talent attraction and retention of the cities which are ranked as the most competitive:

- **The long-term view on talent attraction and retention contributes to effectiveness:** Places that have dedicated talent attraction teams, or even a talent agency, are able to use the data to develop sustainable and successful strategies and enhance practices for talent attraction and retention.
- **Cities with a proven ability for future readiness are becoming more competitive:** Activity in fields such as AI or advanced technologies, including fintech and medtech, clearly favour the talent performance of cities such as San Francisco, Boston, Singapore, New York, and London, but also Dublin, Copenhagen, Stockholm, and Zurich. In addition, the future ready leadership of cities has the abilities to listen, collaborate, experiment, innovate and learn.
- **Using digital technologies has a great impact on attracting talents and developing regions:** Regardless of the size of the city, creativity and innovation could result in tailored programs and initiatives involving multiple sectors stakeholders (cities, municipalities, companies, universities, etc.). Bizkaia Talent is an example of attracting and retaining talent in the city of Bilbao through several digitally based programs. It is important to emphasize that it would be necessary to ensure that any future development contributes to building a more just and inclusive cities, regions, and countries.
- **Quality of life has an increasing influence in the global competition for young talents:** The younger generations / millennials are greatly motivated by the quality-of-life considerations. Increasing numbers of people are looking for a community involvement, a slower pace, and the benefits of remote working. Smaller cities and municipalities, and even rural locations can leverage these assets in their place brand and talent attraction strategy. Medium-sized cities such as Geneva and most Nordic cities benefit from their high scores in areas such as environment, safety, and social/professional binding.
- **International connectivity continues to be an even stronger advantage for cities competing for highly mobile talents:** Ubiquitous broadband and good availability of international transport hubs (airports, railways, and roadways) are key tools to the productivity of local and foreign talents, and to allowing cities to become hubs by attracting visitors and international events.
- **Small cities show a growing ability to develop innovative solutions to attract and retain talents:** Although large cities undoubtedly retain a critical mass advantage when

it comes to talent competitiveness, the ability of smaller cities to attract and retain talents is globally amplified as local innovations continue to grow among such cities.

Cities	Innovative Solutions
<p>Topeka and Tulsa (USA)</p>	<p>Combination of financial incentives and community involvement</p> <p><i>Topeka, Kansas</i> is offering up to \$15,000 to encourage talent to move to Topeka. The programme ‘Choose Topeka’ partners with Shawnee County employers to select talented professionals to relocate to Topeka and the Shawnee County community. The Topeka Partnership received hundreds of requests from all over the world. While the incentive is undoubtedly a motivator, the messaging behind their proposal promises that any prospective resident will play a role in shaping the future of the city.</p> <p>Onsite benefits:</p> <ul style="list-style-type: none"> • Up to \$10,000 in funds for renting in the first year, up to \$15,000 in funds for home purchase • GO Topeka/JEDO & Employer funds matching 50%. Employer funds \$2,500 up to \$15,000 with employee transfer • After 1st year, GO Topeka/JEDO reimburse 50% match of the total qualified relocation incentive to the employer for employee retention • Jimmy John’s Gourmet Sandwiches will add a \$1,000 bonus for candidates who relocate into one of their three Topeka sandwich delivery zones <p>Remote benefits:</p> <ul style="list-style-type: none"> • Up to \$5,000 in funds for renting in the first year, up to \$10,000 in funds for home purchase • Jimmy John’s Gourmet Sandwiches will add a \$1,000 bonus for candidates who relocate into one of their three Topeka sandwich delivery zones <p><i>Tulsa, Oklahoma</i> is offering \$10,000 dollars as a relocation incentive, which can be received upfront and applied directly to the purchase of a home. Applicants need to have full-time remote employment or be self-employed outside of Oklahoma and be eligible to work in the United States.</p> <p>Benefits:</p>

	<ul style="list-style-type: none"> • \$10,000 cash - money upfront to help with relocation expenses, a monthly stipend to keep things moving and the rest when the worker has finished the first year • Space at Tulsa's Top Coworking Community - 36 Degrees North, a place for working and collaboration with other local entrepreneurs and remote workers • Living in the Heart of Tulsa - to make the worker's move easier, City of Tulsa curated the best local apartments, centered around the thriving remote community. • Collaborative & Supportive Community – City of Tulsa designed community building programming, events and meetups to help workers engage with the organizations, local nonprofits and individuals that are engaged in development of Tulsa.
<p>Bilbao (Spain)</p>	<p>Putting digital tools to work</p> <p>Bizkaia Talent is a specialist non-profit agency set up to focus on attracting and retaining talent in the city of Bilbao and the regions of Biscay and the Basque Country in Northern Spain. Their innovative approach saw them ranking 3rd for talent retention in the GTC Index.</p> <p>Proof of a very forward-thinking government, Bizkaia Talent was established in 2005 with funding from the Economic Development Department of the Provincial Government of Biscay – faced with forecasts of a declining talent pool and low birth rate that would have a negative impact on the most industrious region of Spain.</p> <p>Bizkaia Talent is creating and implementing several digital tools in talent attraction and retention, including:</p> <ul style="list-style-type: none"> • Basque Talent Map: linking up talents with Basque organizations and other highly qualified professionals all over the world by sector, location, etc. • Basque Talent Observatory: the first knowledge-based tool worldwide that analyses the Basque labour market focused on highly qualified professionals and obtains information on profiles in real time via Big Data analysis of multiple online sources • Career Development Center: a tool that offers personalised digital advice and employment opportunities adapted to the profile of each professional, as well as many other features, all with the aim of advancing their professional career in the Basque Country.

	<ul style="list-style-type: none"> • Headhunting Support Center: aimed at helping human resources professionals in Basque organizations in their staff recruitment strategies <p>Bizkaia Talent published the Basque Talent Evolution & Trends 2021 report, where it also examines the impact that Covid-19 has had and will have on talent management. It is emphasized that technologies such as artificial intelligence and machine learning have taken off during the pandemic and will continue to grow from now on. In the human resources domain, it seems that organisations will tend to track employee productivity or engagement in order to better understand the employee experience. Technology could be utilized at three different levels as:</p> <ul style="list-style-type: none"> • a factor in attracting talent, • a tool for monitoring talent-related issues (recruitment, retention, development, etc.), and • an element that will soon be hybridised with the work carried out by the employees, meaning that company structures will have to adapt to this new reality.
<p>Copenhagen (Denmark)</p>	<p>Creative campaigns for targeted audience</p> <p>Whilst not among the largest cities, Copenhagen ranks among the talent leaders of the world and came 15th in the GTC Index. The talent team within Copenhagen Capacity, the city's economic development board, also focus on the quality of life of the Danish capital and the surrounding region. Their City Nation Place award-winning approach to talent attraction not only demonstrates how digital technology can be harnessed, but also that understanding the passions and motivations of the target audience will ensure effectiveness.</p> <p>In 2016, Copenhagen was facing a shortage of tech talent. In fact, 50% of all Danish companies were having difficulty hiring IT talent. Copenhagen Capacity, then teamed up with 75 local companies struggling to hire IT talent, and they created together a digital campaign Codenhagen Challenge that promoted Greater Copenhagen as an attractive tech destination while introducing the audience to open jobs in the region.</p> <p>Copenhagen Capacity partnered with Denmark's largest e-Sport event, the 'Blast-Pro Series', attended by 12,000 fans, live-streamed through Twitch, reaching over 5 million viewers across 78 countries, and broadcasted on 15 channels on 5 continents. The Codenhagen Challenge invited gamers to break the code - the social media campaign targeted coders by presenting them with competition</p>

	<p>clues written in coding languages – languages which know no geographical boundaries. While screening for a specific talent, they also promoted Greater Copenhagen as a fun and engaging place, with a great quality of life and a greener lifestyle.</p> <p>In terms of engagement and call-to-action, 85,000 people visited the digital platform and 21,920 people even completed the challenge. The Codenhagen Challenge helped the city gain 4,553 applications for open developer jobs, and made Copenhagen top-of-mind among international software developers.</p>
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Table 5: Examples of Smaller Cities’ Innovative Solutions in Attracting and Retaining Talents

Sources: City / Nation / Place (2020); City of Topeka (2021); City of Tulsa (2021); Bizkaia Talent (2021); World Media Group (2019)

The table above shows three different approaches to explore the common success factors of cities that have demonstrated effectiveness in competing for talent against the more economically advantaged large cities. Their creative strategies and local innovations illuminate best practices that may inspire other small- and medium-sized cities in the Danube region to implement effective frameworks for attracting, developing, and retaining young talents.

4.2 Other European Union Projects Dealing with the Challenge

Interreg Danube Transnational Programme has already implemented three relevant projects in the period January 2017 – June 2019: Attractive Danube, EDU-LAB, and YOUMIG (detailed description included in the TalentMagnet deliverable D.T1.1.4 Good Practice Catalogue of Talent Attraction and Retention). For effective capitalisation and implementation of good practices, the TalentMagnet will involve the partners from these projects in design and implementation activities. The project partners will build from the results of already implemented projects, especially in activities A.T.1.1/2 and in the entire T2 work package.

4.2.1 ATTRACTIVE DANUBE

<http://www.interreg-danube.eu/approved-projects/attractive-danube>

Key objectives and results: The Attractive Danube was implemented within the “Well-governed Danube region” Priority, with the involvement of 19 project partners. The main objective of the project was to strengthen multilevel and transnational governance and institutional capacities of policy planners involved in territorial development by establishing a permanent common transnational platform for monitoring territorial attractiveness. The reason behind this aim was

that good governance can generate policies which contribute to the maximization of the specific capitals and assets of different territories, and thus to their competitiveness among residents, visitors, and businesses, as well. During the project, capacity building activities and participation processes of relevant stakeholders took place to strengthen the influence on territorial development, regional development, business, and tourism. An information platform was created for better decision making, which can be used as an evidence-based approach for strengthening multilevel and transnational governance. Moreover, territorial development potentials and indicators were identified with the aim of addressing environmental, economic, governance and social challenges. The shift in paradigm across the multi-level governance system is supported towards integration (of information systems, institutions, stakeholder types, resources); cooperation (vertical, horizontal, and transversal); continuity (transcending political mandates); transparency (open, public and understandable); and accountability (visibility of the shared policy process). The participation of stakeholders is also an outstandingly important aspect of the developed model, emphasised by the capacity building efforts. During the Attractive Danube project, stakeholders were involved into the definition of the platform indicators. Moreover, capacity building workshops were organised to educate possible users of the developed platforms. A Handbook was also prepared for users to support those, who could not participate in the capacity building workshops.

Relevance for the TalentMagnet project: The governance model of the Attractive Danube project could be useful, as the TalentMagnet is also part of the Priority 4 – Well-governed Danube region. The Attractive Danube partnership highlighted the benefits perceived when using the evidence-based approach of planning and policy making. This approach introduces rational decision-making, a rigour and systematic approach which is repeatable and scalable. In the Attractive Danube project, this approach relies on territorial data represented in transnational and national indicators on the CO-TAMP (Common Territorial Attractiveness Monitoring Platform) and TAMP (Territorial Attractiveness Monitoring Platform). The innovative platforms provide long time-lined data from reliable sources, on a freely accessible and user-friendly manner. Policy planners and decision makers involved in the TalentMagnet use the data in numerous stages of the policy making, such as to describe past and present trends, create new policies, evaluate, and monitor policies implemented.

4.2.2 EDU-LAB

<http://www.interreg-danube.eu/approved-projects/edu-lab>

Key objectives and results: EDU-LAB was aiming to improve the professional chances of young people in the Danube region by linking education to employment in a sustainable way. The project consortium consisted of 27 partners from 10 countries, bringing together partners from the higher education sector, business organizations, national public authorities, policy makers and NGOs. During the project implementation, three pilot activities have been implemented in

Bulgaria, Serbia, and Slovakia. In August 2018, the Slovak Accreditation Commission approved the launch of a new professional bachelor's programme. The EDU-LAB project consortium developed the New Danubian Governance Model (NDGM) to address specifically the regional problem of skilled-workforce emigration. In a first step, the Model was outlined based on relevant studies and policy recommendations of the International Monetary Fund, OECD, EU Strategy for the Danube Region, Europe 2020. The Model was refined in transnational and intersectoral cooperation of more than 100 experts representing policy makers (ministries of education, municipalities etc.), employers' organizations (Chambers of Commerce and Industry, Business and Industry Associations etc.), institutes of higher education (universities, Danube Rectors Conference) and representatives of the civic society (NGOs). Developed within such transnational and intersectoral cooperation, the New Danubian Governance Model was regional in its goals and means and was tailored to the specific national contexts. As a result, the new governance model offered a road map of implementation for every key actor/stakeholder on the level of politics, policies, and projects in the Danube region.

Relevance for the TalentMagnet project: As the research among the TalentMagnet project partners indicated, one of the key needs of young talents is innovative formal and informal education, whilst the modernisation of curriculum and introduction of information technologies are needed to ensure a stronger link between education and labour market. The New Danubian Governance Model could be used to facilitate the implementation of a practice-oriented higher education model by linking the theoretical learning outcomes of higher education to practical skills, thereby elevating the direct labour market relevance of tertiary education.

4.2.3 YOUMIG

<http://www.interreg-danube.eu/approved-projects/youmig>

Key objectives and results: YOUMIG project investigated the migration of young people in the Danube region, aiming at documenting and analysing migration flows and supporting local communities in articulating policy responses. In total, 19 partners from 8 countries were involved in this project. The project suggested improved indicators to measure migration and to track integration processes and their impact on the local level with a produced data toolkit. The YOUMIG project captured and analysed the whole complexity of youth migration in the Danube region. On the one hand, it documented developments in Austria and Germany as popular destination countries for young people. On the other hand, it showed the effects of these movements on Bulgaria, Romania, and Serbia as countries that continuously lose talents. In other considered states of the Danube region, that is, Hungary, Slovakia, and Slovenia, both trends can be observed, often resulting in circular migration and divergent developments between different regions within these countries. YOUMIG helped to develop a more sophisticated governance approach in terms of human capital and to increase the Danube

region's competitiveness by better migration governance. Consequently, this transnational partnership cumulated in creating individually designed youth migration strategies, considering different movement indicators, and introducing solutions based on internationally tested tools and practices.

Relevance for the TalentMagnet project: The YOUMIG project produced several national policy recommendations and local strategies which could be used by the TalentMagnet project partners. Whereas the national policy recommendations are based on comprehensive macro-level analysis of the countries involved in this project, the local strategies focus on the micro-level by developing a sophisticated set of strategies for cities and municipalities in the Danube region. They also aim to help cities developing better tools for tracking migration movements and its consequences and for monitoring integration processes. The Chapter 2 of this Baseline Study is based on the YOUMIG project working paper that provides a framework aimed to set a common understanding of youth migration in the Danube region.

4.2.4 Other Relevant EU Supported Projects

The TalentMagnet project could also build upon results and lessons learnt of several other European projects related to talent attraction and retention:

- URBACT - Welcoming international talent
<https://urbact.eu/welcoming-international-talent>
- Gen-Y City – Developing, attracting and retaining young local talent
<https://urbact.eu/gen-y-city>
- WOMAN - Realising a Transnational Strategy against the brain-drain of well-educated young women
<https://keep.eu/projects/5599/>
- WORKING4TALENT - Human capital and innovation: employment policies in local and regional innovation networks for talent attraction and better job opportunities
<https://keep.eu/projects/5407/>
- CartTalent - Chances of retaining talent in the region
http://www.huro-cbc.eu/en/project_info/1416
- TALENTAS - Developing a strategy for the implementation of a talent policy in Lithuania
https://www.icmpd.org/fileadmin/user_upload/TALENTAS_leaflet_final.pdf

5 TALENTMAGNET APPROACH, METHODOLOGY AND DELIVERABLES

- The TalentMagnet holistic approach to talent attraction and retention is based on an integrated view of diverse factors relevant for talent attraction and retention: work, life, attraction, place.
- Collaborative leadership and governance, as well as innovative approaches in talent attraction and retention are key for securing consensus on the priorities among multilevel stakeholders, and for developing and implementing sustainable and effective structures, policies, and activities.
- TalentMagnet will support cities and municipalities throughout the process of developing and implementing local talent attraction and retention plans that would help local and regional authorities to: Understand their City (TAR Audit); Understand their Target Group; Define their Brand; Define their Strategy; Ideate Actions; Plan Actions; Plan Implementation; Monitor and Evaluate.
- The main purpose of this Baseline Study is to establish a solid professional and conceptual basis for the development of an effective multilevel governance model and for the creation of the various practical tools for local authorities in small- and medium sized towns (Local Talent Clubs, Urban Hackathons, Pool of Certified TalentMagnet Experts, Interactive Local Training on New Multilevel Governance Model on Talent Attraction and Retention, etc.).
- As there is no one-size-fits-all solution, each city and municipality would have to assess its own specific opportunities, as well as the expectations of local young talents to build and implement a tailored talent attraction and retention action plan.
- To ensure the sustainability of talent attraction and retention policies it is crucial to have supportive framework conditions (legislation, funding, support organizations) in place on local, national, and – to some extent – transnational level.

5.1 What Are the Talent Attraction and Retention Factors?

The TalentMagnet holistic approach to talent attraction and retention is based on an integrated view of diverse factors relevant for developing an innovative and sustainable ecosystem built on multilevel governance to shape talent-competitive cities and regions. Local and municipal leaders, along with national decision-makers, will therefore need to engage in improvement of all areas relevant for creating cities and regions people love to work and live in.



Figure 24: Integrated View of Talent Attraction and Retention Factors

There are several major groups of factors that motivate talent to settle in or move to a particular place. It is essential to recognize these so that the place could be made more attractive to talents and that the most appealing aspects of its tangible and intangible aspects are communicated to the targeted audiences. The relevance of factors is affected by the individual and life-course characteristics of the talent (such as age, gender, education, marital status and family background, country of origin, resources, etc.) as individuals respond differently to incentives according to their personal situation, the experience they had in the past, and their expectation for the future. It should therefore be pointed out that there is no single universal framework of factors influencing destination decision-making of talents; however, the TalentMagnet project partners selected the following key areas of talent attraction and retention factors for cities and regions:

- **WORK:** quality jobs, functioning labour market, business environment and ecosystem, human resources development, education, lifelong learning

- **LIFE:** housing, quality public services, recreation, cultural offer, community
- **ATTRACTION:** unique brand, marketing, communication, welcoming talent, attracting investors
- **PLACE:** mobility, parks and green spaces, buildings and public spaces

There are important linkages and overlap between the aforementioned areas of factors that should be taken into consideration during talent management activities planning. Furthermore, attitudes to life, work, leisure and consumption differ between generations, and also depending on the global trends as it is the case currently with the COVID-19 pandemic situation. Therefore, it is crucial that talent attitudes, behaviours and preferences are constantly monitored so that tailored talent attraction, development and retention actions and policies are designed and implemented.

5.2 What Is the Best Approach?

5.2.1 Collaborative Leadership and Governance as the Cornerstone

Collaborative leadership and governance, as well as innovative approaches in talent attraction and retention are key for securing consensus on the priorities among multilevel stakeholders, and for developing and implementing sustainable and effective structures, policies, and activities.

The collaborative leadership and governance structures can build on existing governance structures or establish new partnership structures to address talent attraction and retention policies. Many cities around the globe have already established effective multi-disciplinary and multi-sector partnerships in talent management. These types of structures are supporting relevant stakeholders in integrating their respective skills, capabilities, communication channels and marketing activities to ensure the core proposition of the city is well understood and widely recognized. Besides representatives from the cities and municipalities, these multilevel partnerships should include all the organizations relevant for a young talent's considerations of a location as a place for life and work, such as community organisations, formal and non-formal education providers, visitor promotion agencies, youth enterprise and youth entrepreneurship organisations, business support organisations, science centres, innovation agencies, etc.

5.2.2 Key Elements of the TalentMagnet Approach

The innovative approach of the TalentMagnet project in developing and implementing talent attraction and retention activities is based on the following 7 elements:

- 1) **Holistic:** retaining/attracting talent is not considered just as a labour market challenge – work is just one of the areas of factors relevant for location decision of talent.

TalentMagnet creates an ecosystem built on multilevel governance to shape talent-friendly cities by creating tailored local policies and community change.

- 2) **Customer focused:** the attractive environment will be designed *with* the „customers‘ - talented young people - *not for* them, engaging them with innovative participative tools.
- 3) **Cutting edge methods of behavioural economy:** talent attraction and retention requires influencing behaviour; the project partners will use approaches developed in behavioural economy (knowledge from the private sector).
- 4) **Focus on smaller cities:** large cities do not have such significant problems with talent attraction and retention as the small-sized cities – therefore, the project focuses on them.
- 5) **Use of innovative ICT solutions:** wherever appropriate ICT tools will be used – the e-learning programme on a new multilevel governance and the TalentMagnet app.
- 6) **New communication approach based on RegioStars Award winner CityWalk project:** innovative and visually pleasing content, effective targeted dissemination with high reach rates.
- 7) **Integrated system with low-cost solutions:** offering greater sustainability of activities compared to large-scale investments

5.2.3 Local Talent Attraction and Retention Plans

To achieve tangible results, TalentMagnet will build upon on activities and infrastructure already in place in the cities. To support cities and municipalities throughout the process of developing and implementing local talent attraction and retention (TAR) plans which is one of the main goals of the project, the Practical Guide on Preparing and Governing Local Talent Attraction and Retention Plans has been prepared as part of Activity A.1.2 Methodology Development, WPT1 of the TalentMagnet project. This methodology integrates collaborative leadership and innovative approaches and provides multiple and diverse audiences with knowledge of the essential models, tools, guidelines and considerations in designing and implementing talent attraction and retention policy strategies and action plans on a local and regional levels. The methodology of the guide is designed to help local and regional authorities to:

- Understand their City (TAR Audit)
- Understand their Target Group
- Define their Strategy (TAR Canvas)
- Define their Brand
- Ideate Actions
- Plan Actions
- Plan Implementation
- Monitor and Evaluate

Steps in Preparing and Governing Local Talent Attraction and Retention Plans	Considerations and Activities
<p>Background and Conceptual Framework of Talent Attraction and Retention</p>	<ul style="list-style-type: none"> • Exploring the Context: Overview of Global Challenges Associated with the Competition for Talent • What Do We Mean by 'Talent' and 'Talent Attraction Management'? • Factors for Destination Decision-Making of Talents • Why Planning for Talent Attraction and Retention?
<p>A Portrait of Talent Attractiveness of the Place/Region</p>	<ul style="list-style-type: none"> • Key Areas for Inspection of Local/Regional Policies and Actions • Defining the Strengths and Weaknesses of the Place and 'Profiling' Talent
<p>Getting to Know the Target Group Representatives</p>	<ul style="list-style-type: none"> • Studying the Behaviour and Characteristics of the Target Groups • Developing Place Qualities for Talents • Definition of the Unique Features of the Place
<p>Building Partnerships for Talent Attraction and Retention</p>	<ul style="list-style-type: none"> • Organization Models for Talent Attraction Management • Attracting the Players Demanding Skills • Engaging Academic Institutions • Mobilizing Civil Society • Building Strong Partnerships • Cultivating Media Relations and Use of Social Media

<p>Interventions Aimed at Attracting and Retaining Talents</p>	<ul style="list-style-type: none"> • Strengthening the General Attraction of the Place • Tools and Actions for Setting the Scene for Talent • Putting it Together: Considerations for Action Planning
<p>Monitoring and evaluating the Implementation</p>	<ul style="list-style-type: none"> • Why Monitor and Evaluate? • Keys to Effective Monitoring and Evaluation

Table 6: Elements of the TalentMagnet Practical Guide on Preparing and Governing Local Talent Attraction and Retention Plans

5.2.4 The TalentMagnet Guide

Comprehensive planning of talent attraction and retention priorities, status and improvement actions with deadlines and resources is needed to enable successful competition for the best and brightest talents. The TalentMagnet guide is intended to navigate the interested organizations, local and regional authorities along the way towards the common goal to create talent-friendly environment and reduce brain-drain. It may also serve as a vehicle for facilitation of decision-making, better alignment of resources and proper communication. It is recommended that the guide is used only as a starting point in designing and implementing the local talent attraction and retention plans, and the suggested practices and approaches not be directly applied but adapted to the local context, place-specific circumstances, and conditions.

5.3 What Will Be Produced?

By supporting the ecosystem for attracting and retaining talented young workforce, TalentMagnet will help at least to sustain and even increase competitiveness of small- and medium-sized cities, thus also contributing to the economic development of the Danube Region. To achieve its main result the project will raise the awareness of public sector bodies and other relevant stakeholders of the challenge, build their knowledge and skills, and offer possible solutions; design, test and transfer various new talent attraction and retention tools; enable the preparation of local talent attraction and retention plans using participative methods; and design a better functioning multilevel governance model. The project will also improve other aspects of the framework conditions by improving the local, national, and transnational policy environment.

Currently, information on such tools, solutions and methods is not available in an easy-to-access form for public bodies and other stakeholders in the Danube Region. TalentMagnet will design and make available such tools and guides on various talent attraction interventions, as well as already tested good practices that can be adapted and applied initially by partners, but later also by any interested communities in the Danube region. Partners will test the tools and methods, provide feedback, discuss, and implement necessary changes. This way the project will result in tools and methods that have been tested in real life. The tools, methods and guides developed will also be made available and promoted to other interested communities in the region.

One of the objectives of this Baseline Study is to establish a common understanding regarding the state of the art and the effective approaches to talent attraction and retention. In addition, it contributes to fine-tuning the design of certain outputs and deliverables of the TalentMagnet project to be produced within the Work Package 2 (WP2) - TalentMagnet Toolkit. The table below provides information on why, what, and how of the activities within the WP2 that would provide cities with the practical interventions aimed at talent attraction and retention, as well as building multilevel governance model.

The deliverables of the Work Package 1 - Methodology and Planning (Primary Research; Partner-Level Situation Analysis; Good Practice Catalogue of Talent Attraction and Retention; and Practical Guide on Preparing and Governing Local Talent Attraction and Retention Plans) are already produced and their key findings are integrated in this Baseline study, whilst deliverables of the Work Package 3 - Pilot Actions and Policy integration (Pilot Actions; Policy Proposal Package; Policy Coordination Interactive Workshops) will be mainly based on the outputs and deliverables of the WP2.

WP2 Outputs/Deliverables	Description
Activity 1 – Toolkit Development	
D.T2.1.1 Local Talent Clubs established	The project will develop the concept of Local Talent Clubs and set up such clubs in the partner cities. Talent Clubs reflect the „customer focus‘ of our approach and facilitate the direct involvement of the most important target group of the project: young talents. Talent

	<p>Clubs are communities of local talents (those who live and work in the city, and those who are from the city but study elsewhere in higher education), with the purpose of (i) facilitating a constant dialogue with, as well as (ii) gradually nurturing an attachment to place of talented young people.</p> <p>The Local Talent Club enables the local authority and the other stakeholders to better understand the very specific needs of the local talent and to address those needs in an agile way. In addition, through Talent Clubs the young talents can also influence the design of TalentMagnet tools. The project will rely on the regular learning interactions of partners to jointly design the practical methodology of setting up and running the club: the methods of establishing Local Talent Club and the proposed programme of it will be detailed in a guide provided by knowledge providers. City partners will prepare a database of the target group, set up the Local Talent Clubs and organise regular events (at least 2 per city partner during the project) within the club to engage talented young people.</p>
<p>D.T2.1.2 TalentMagnet App</p>	<p>The new governance model will also be supported by the TalentMagnet smartphone application, developed for iOS and Android. It will have functions that on the one hand provide useful information about talents, and on the other hand are appealing and interesting for them.</p>
<p>D.T2.1.3 Urban hackathons implemented</p>	<p>An innovative new tool will be developed that engages talented young people to get involved in addressing pressing local challenges and identify possible solutions – thus further strengthening their links and attachment to the city, while also helping the stakeholders to better understand their specific needs and expectations. This new tool is „Urban Hackathon’ – an intense interactive event that involves local professionals from public and private sector as well as young people to jointly solve problems in various thematic areas (for instance environment, climate-resilience, social inclusion, mobility, or even talent attraction and retention itself, etc.). The methodology will be developed by the knowledge providers, in consultation with the city partners. To test the methodology, each partner will run one pilot hackathon in their cities during the project.</p>

<p>O.T2.1 Quadruple Helix in action for a New Multilevel Governance Model</p>	<p>The Quadruple Helix in action for a New Multilevel Governance Model is a framework of understanding and coordinated approaches for a new mindset of cooperation in talent attraction and retention. It is embodied in the Local TalentMagnet Forum – cooperation forum of stakeholders from different administrative levels (national, regional and local) that have an interest in/can contribute to talent attraction and its development (schools, employers, universities, governmental institutions, labour market organisations, NGOs representing the civil society, etc.). The focus of the forum to bring together various actors (with a strong emphasis on involving private sector stakeholders) and to identify and implement local actions necessary to retain and attract talented young people. It is an innovative and integrated answer to talent attraction and retention challenges, that is highly sustainable: the forums in partner cities will remain in place and operational even after project close. In addition, this output represents a strong value for money: setting up and running the forum is inexpensive, but by initiating interventions it can add substantial value to talent attraction and retention. The concept of the forum will be designed in cooperation of the partners, and this facilitates sharing experiences on transnational level. Each city partner will establish and run Local TalentMagnet Forum by expanding the LSG with new members. Once set up, each Local TalentMagnet Forum will meet at least 2 times during the lifecycle of the project and will be involved in designing and implementing local actions to attract / retain talent.</p>
<p>O.T2.2 TalentMagnet Guidebook</p>	<p>TalentMagnet Guidebook is a concise, specific guidebook that presents justification for and benefits of the new multilevel governance model of talent attraction and retention; it includes specific ideas, solutions, tools. This guidebook will present – among other – the rationale and concept behind the new multilevel governance model, the types of actors to be involved, their role in talent attraction and retention. The guidebook will also include the roadmap – the specific steps to gradually establish the new model in cities. Finally, it will also contain the description of the methodologies of specific tools to be used – including the TalentMagnet Forum, the Talent Database, the Local Talent Club, and the Urban Hackathon. The guidebook will be designed by the knowledge providing partners but built on an iterative process involving city partners. The guidebook will contribute to the durability and transferability of project results, as it can be used by local authorities of other (non-partner) smaller cities in the Danube Region, and even outside the region. Such a</p>

	<p>comprehensive resource – tailor made to the specific needs of smaller sized cities currently does not exist – so this is a much needed, innovative output. The guide can be used by cities in the partnership – and by other cities in the region (and beyond) during and also after the project, so it has a strong long-term sustainability. The value for money of this output is also significant: once developed, it will be disseminated to, and thus improve talent attraction and retention in many cities in the Danube Region. In those cities, the Guidebook can support local awareness raising, facilitate the quick adapting and applying of tested good practices – thus contributes to all 3 specific objectives of the project.</p>
<p>Activity 2 – Preparing partners for establishing and running the improved Multilevel Governance Model</p>	
<p>D.T2.2.1 Interactive training materials</p>	<p>As a first step, a complete intensive, interactive training programme will be developed. Knowledge provider partners will work together in an interactive process under the coordination of the WP leader and share tasks to design a high quality, practical training programme focusing on the knowledge and skills necessary to establish and successfully run the new multilevel governance model on local level in partner cities. As a first step of the development process, a training needs assessment (TNA) will be carried out, using an online TNA questionnaire among partners. The programme will include everything necessary to effectively deliver the training, detailed training script with exact schedule, detailed description of the training modules, training materials (slide-decks, textbook, description of practical exercises to be used during the programme, description of assignments and reading list for participants), as well as the description of logistical and other requirements to successfully deliver the training.</p>
<p>D.T2.2.2 Pool of Certified TalentMagnet Experts</p>	<p>Introducing and running the improved model on local level requires good understanding of the concept behind the model, solid knowledge of the various tools to be applied and strong motivation. That necessitates the active participation throughout the entire training course without skipping any parts of it, as well as the delivery of assignments. Therefore, the training programme will be completed by experts with an exam on the setting up and operation of</p>

	<p>TalentMagnet’s new Multilevel Governance Model. This reinforces the commitment and motivation of the individuals participating in the training and thus guarantees the successful implementation of the model on local level. The trained and Certified TalentMagnet experts will also share the knowledge within their organisations. The increased knowledge and capacity of project partners will also set the basis and enable efficient implementation of all project activities. The exam system will be developed, and the examination process will be coordinated by the knowledge provider partners.</p>
<p>O.T2.3 Training on New Multilevel Governance Model on Talent Attraction and Retention</p>	<p>By developing a New Multilevel Governance model on Talent Attraction and Retention, TalentMagnet aims at a cultural change. The training programme developed will be delivered as an intense, interactive training course, facilitating learning interactions in person, sharing experiences and the active and continuous exchange of ideas. This setup also ensures that a transnational network of talent attraction and retention professionals develops, which can be a forum for sharing problems, ideas, solutions, and good practices after the completion of the training programme, during the implementation of the new multilevel governance model. The training will focus on capacity building, skills development, and team building, while applying advanced training methods and a multitude of interactive practical exercises. Each partner will delegate at least 2 participants to the training course. The training will be delivered in a 1-day block, to be organized linked to a transnational meeting. Just like the development of the training programme, its delivery also will be the joint effort of knowledge providers under the coordination of the WP leader. The WP leader will provide one facilitator, and the knowledge providers will provide trainers delivering the different modules of the training.</p>
<p>Activity 3 – Preparing local QH actors to cooperate in talent attraction and retention</p>	
<p>D.T2.3.1 E-learning materials</p>	<p>In addition to the face-to-face training courses, e-learning programmes will be developed in the national languages of partner cities: the concept and tools of talent attraction and retention will be presented in an easy-to-use, fun e-learning programme to reach local actors all over the Danube Region, who are not members of the Local TalentMagnet Forums. The content of the e-learning programme will</p>

	<p>be similar to the content of the local training courses, it will cover the same main issues, but without city-specific information, and adapted to the special requirements of e-learning programmes. This e-learning programme is also an important contribution to the transferability of TalentMagnet: the programme could be used by any small- and medium sized towns which are not partners in the TalentMagnet project. The WP leader – together with the knowledge providers – will provide the platform and develop the framework for e-learning courses. The localized versions will be prepared by the relevant Certified TalentMagnet Experts. The e-learning programme will be available on a dedicated website, as well as in the TalentMagnet app.</p>
<p>D.T2.3.2 Local learning materials in national languages</p>	<p>Intense face-to-face training courses will be developed in the local languages of the partners. These courses will be interactive training occasions, involving also engaging practical exercises. The courses will follow the same basic logic and concept, but will be adapted to the local circumstances, specific challenges of each city partner. The courses will cover topics like WHY we need talent attraction - what are the risks (the general problem of brain-drain, the extent and nature of the specific challenge locally, the potential negative consequences of losing highly educated young professionals - demography, labour market, declining local economy, etc.); ii) the benefits of organized talent attraction/retention; iii) HOW to create a talent friendly environment - the key elements of the New TalentMagnet Governance Model; iv) WHAT can cities do the - good practices of possible specific interventions; with a strong focus on engaging the target group – young people, and on involving private sector stakeholders. The course material will include the detailed script of the course, slide-deck to be used, description of the practical, interactive exercises. The courses will be co-developed and delivered locally by the Certified TalentMagnet Experts, together with the knowledge providers, with the supervision and coordination of the WP leader.</p>
<p>D.T2.3.3 Interactive local training courses</p>	<p>Once the training programmes in local languages are in place, city partners can deliver the respective programmes to their stakeholders – QH actors. As the relevant stakeholders are busy, the courses need to be short, engaging and very practice oriented. The duration of the courses will be 3 hours and they will be delivered to the stakeholders represented in the Local TalentMagnet Forums in the frame of a dedicated Forum meeting. In each partner city, at least 10 participants</p>

	<p>- representatives of stakeholders - will attend the training course. Partners will be encouraged to make sure that representatives of labour market organisations and actors from the private sector are present at the training course. At the end of the courses, training assessment will be carried out, and we will use experience and feedback from the local trainings to fine-tune the training programme. The interactive local training courses will be organized by the city partners and delivered by the Certified TalentMagnet Experts, with the support of the relevant knowledge providers</p>
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Table 7: TalentMagnet WP2 Outputs and Deliverables

As there is no one-size-fits-all solution, each city and municipality would have to assess its own specific priorities, as well as the expectations of local youth to build and implement a tailored talent attraction and retention strategy. Facilitating co-operations, developing, and applying a New Multilevel Governance Model is a possible way to address these challenges. To ensure the sustainability of talent attraction and retention policies it is crucial to have supportive framework conditions (legislation, funding, support organizations) in place on local, national, and – to some extent – transnational level.

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