

A Tale of Ten Cities: Attracting and Retaining Talent

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The regions of the International Regions Benchmark Consortium recognize that to remain prosperous they must attract talented people to their workforces, both from within their own countries and from other countries. Then, having built a highly skilled workforce, they need to keep those talented people from moving elsewhere. The Benchmark Consortium commissioned this report to better understand the dynamics of voluntary migration among highly skilled individuals and to provide tools to build a workforce attraction and retention strategy.

The full report reviews the latest research on talent migration and its relationship to economic development, and proposes strategies that can be undertaken at the local level to enhance the attractiveness of a region for in-migration. This document presents the major findings and recommendations for undertaking a talent attraction strategy.

KEY FINDINGS

1. Migration is critical for future economic success.

Large regions tend to be more productive than smaller regions. With natural population growth approaching zero in much of the developed world, the only way to grow is to attract in-migrants. Figure 1 shows that migration is already a key component of the population growth of the Benchmark regions.

Successful economies require a high level of education, and very few regions can produce enough well educated people from their own population and universities. Migration is necessary to ensure there are enough highly educated people in the workforce. Figure 2 shows that most of the Benchmark regions have higher levels of education than their country as a whole, indicating that well-educated people are moving to the regions.

2. Economic opportunity takes precedence over lifestyle.

In developed countries, people move voluntarily in search of economic opportunity, lifestyle enhancement, or both. Although lifestyle considerations are becoming increasingly important, most people place the highest priority on job opportunities. Therefore, productivity and job growth are necessary for overall economic growth. Simply enhancing the quality of life of a region will not, by itself, contribute to economic or population growth beyond an increase in resident retirees.

Figure 1. Population Growth, 2005–2006

	TOTAL GROWTH	NATURAL GROWTH	NET IN-MIGRATION	NET MIGRATION AS % OF GROWTH
Barcelona	2.19%	0.35%	1.84%	84%
Dublin	2.32%	0.74%	1.58%	68%
Helsinki	0.58%	0.27%	0.31%	53%
Munich	0.64%	0.05%	0.59%	92%
Stockholm	0.90%	0.60%	0.30%	34%
Seattle	1.80%	0.66%	1.14%	63%
Fukuoka	0.11%	0.05%	0.06%	54%
Vancouver	1.04%	0.25%	0.79%	81%
Daejeon	0.70%	0.59%	0.16%	21%
Melbourne	1.52%	0.61%	0.82%	54%

Sources: Eurostat, national statistical agencies

Figure 2. Higher Education Levels, 2007

	UNIVERSE	REGION	% POPULATION WITH COLLEGE DEGREE
Ireland	all persons age	Dublin (Leinster)	22%
	25–64 years old	Ireland	19%
Spain	employed population	Barcelona (Metro area)	21%
	over age 16 years old	Spain	21%
Finland	all persons age	Helsinki (Metro area)	42%
	25–64 years old	Finland	35%
Germany	private sector	Munich	25%
	employees	Germany	12%
Sweden	all persons age	Stockholm (Stockholm County)	26%
	25–64 years old	Sweden	21%
U. S.	all persons age	Seattle (Puget Sound region)	37%
	25–64 years old	United States	29%
Japan	population over age	Fukuoka (Fukuoka Prefecture)	31%
	15 years old	Japan	25%
Canada	all persons age	Vancouver (Metro area)	31%
	25–64 years old	Canada	23%
Korea	employed population	Daejeon (Daejeon Province)	43%
		Korea	34%
Australia	population over age	Melbourne (Victoria State)	26%
	15 years old	Australia	24%

Sources: OECD, national statistical agencies

3. Competition for talent is waged among high productivity regions. Highly productive regions compete with one another for mobile talent. For those highly productive regions that can offer economic opportunity, the competition for talent becomes based on quality of life. Mobile high-value workers will have choices among highly productive regions and will choose a region based, in part, on the degree to which that region offers an attractive lifestyle.

4. “Superstar” regions have both high productivity and high quality of life.

Superstar regions can maintain the virtuous cycle shown in Figure 3, where the presence of high-productivity employers attracts a pool of high-value talent, and, in turn, that pool of talent attracts more employers. These regions will provide fertile ground for public, private and non-profit “entrepreneurs” to create a high quality of life.

Figure 4 shows a typology of regions on the two variables of productivity and quality of life. Superstar regions — Quadrant A — have a combination of high productivity and high quality of life.

5. Migration decisions have a push and a pull component. Before deciding where to move, people need a compelling reason to leave the region where they currently live (the “push”). Thus, the most likely way to recruit talent will be to target regions that have weak employment opportunities and/or unattractive lifestyle options. Superstar regions can “pull” high value workers from the other three quadrants of Figure 4 by offering better employment opportunities, a more attractive lifestyle, or both.

6. Households trade off housing costs and commute times against wages and amenities.

As regions become economically successful with growth in employment and wages, they will see two potential market responses. In a region where housing construction is easy and land prices are low, there will be population growth, as employers with a range of wage levels move in. In regions where housing construction is difficult, housing prices will rise and only high-productivity employers will move in. In the latter case, the impact is felt by service workers who cannot afford the high housing prices and must live in distant communities and endure long commutes.

7. Amenities can be packaged into “scenes” that appeal to specific demographic groups. Consumers of culture tend to look for a package of services and amenities that make up a comprehensive “scene” that they enjoy and can participate in. These can range from the most avant garde music and arts scene to the most conservative, child-oriented or retirement-focused scenes. Individuals can immerse themselves in a single scene, or can participate in multiple scenes. Regions that are targeting certain demographic groups for in-migration can concentrate on fostering the scenes most appealing to those groups.

Figure 3. The Virtuous Cycle

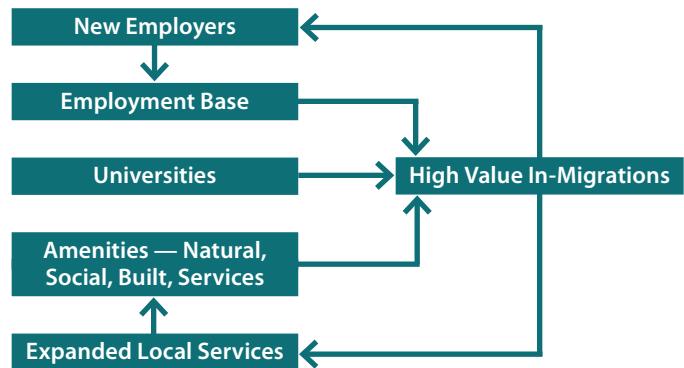
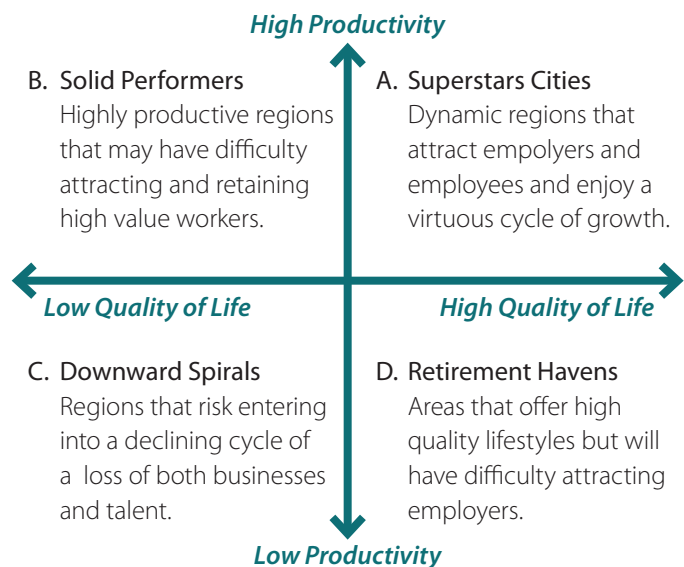


Figure 4. Regional Development Typology



CREATING A TALENT ATTRACTION STRATEGY

- 1. Conduct a SWOT analysis.** This simple analytic tool, illustrated in Figure 5, can be used to identify priority actions for a talent attraction strategy.
- 2. Define the economic opportunity the region offers.** The first thing a potential migrant looks for is economic opportunity: a job. The strategy, therefore, must begin by identifying the economic opportunities that the region can realistically offer. In what ways can employers in the region offer migrants the chance to make their labor more valuable than it is in their current location? What sectors and firms are growing, and what specific fields and skills are expected to experience shortages?
- 3. Identify sources of potential talent: who is experiencing a “push.”** Look for new talent in regions that are experiencing a “push,” due to declining economic opportunity, especially if those regions have a major university. It is also helpful to look first to regions that present the fewest barriers to mobility, such as language and cultural differences, and varying treatment of professional credentials.
- 4. Catalog the region’s positive “pull” factors.** The “strengths” part of the SWOT analysis will provide a list of assets that the region can use to distinguish itself from other regions that offer similar economic opportunities. These assets will form the core of communications efforts, but must first be tested with key audiences to find out which are most important.

Figure 5. Example of a SWOT Analysis

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Universities • Global recognition — high top-of-mind recall • Favorable overall image • Economic growth and overall job opportunities • Leading edge industries — high productivity • Attractive central city • Wide range of cultural offerings — multiple “scenes” • Affordable housing, easy commutes • Open, welcoming culture • Pleasant climate and natural setting • Strong expatriate networks and institutions • Others _____ 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Stagnant economic growth • Prevalence of traditional manufacturing industries • Low global recognition — low recall • Poor or outdated image • Cold, wet climate, few natural features of interest • Traditional cultural offerings — conservative “scenes” • High housing prices, difficult commutes • Not welcoming to outsiders or non-traditional lifestyles • Language and cultural barriers • Lack of opportunity for spouse employment • Others _____
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Retain university graduates • Attract students to university • Target potential migrants from Quadrants B and C • “Package” industry clusters to enhance identity • Enhance existing “scenes” to build identity • Create new “scenes” from existing assets • Utilize existing networks to provide in-migrant support • Learn from practices of existing multi-national firms • Others _____ 	<p>THREATS</p> <ul style="list-style-type: none"> • University brain-drain • Competing Quadrant A regions • Losing productive employers — moving to Quadrant D • Allowing amenities to degrade — moving to Quadrant B • Negative images in media from uncontrollable events • Becoming “yesterday’s news” • Nativist movements — anti-globalization sentiment • Anti-growth sentiments, leading to restrictive housing policies • Political friction driven by social inequity • Others _____

- 5. Identify the region's barriers to "pull."** The "weaknesses" part of the SWOT analysis will provide a list of factors that make the region less attractive to potential migrants. This list will result in a prioritized list of strategic actions designed to overcome the identified barriers. This could include infrastructure improvements, enhancements to the built environment of the region, new or enhanced government services, and programs specifically designed to meet the needs of in-migrants.
- 6. Assess the region's current image and describe the preferred image.** Every region has some image in the eyes of the world. That image may be fair or unfair, it may be current, or out-of-date, and it may be flattering or unflattering. But in any case, it is real and must be addressed honestly. If the current image of the region is not accurate or flattering, a new, preferred image can be described.
- 7. Communicate!** With a target audience identified, and a clear set of advantages to promote, it is time to launch a communications program. The ultimate goal of the communications program is to create a "buzz" about the region that reinforces the preferred image. The "air cover" of the overall communications program should support layers of information about specific opportunities and relocation assistance.
- 8. Be prepared for unintended consequences.** If the strategy is successful, and new people move to the region, there will be consequences for housing, transportation and public services. There may also be social tensions as new high-wage in-migrants displace current residents.

CONCLUSION

The ten benchmark regions have been successful economically and have, for the most part, grown faster than their nations. They are attractive places to live and offer good economic opportunity to talented people. But as the superstar city research makes clear, only a limited number of regions in the world can continually outperform the rest and attract the highest level of talent and entrepreneurship. There is a great deal of competition for the envious position enjoyed by the benchmark regions, and that competition is seen in the efforts of regions to attract the world's most talented people.

The strategic framework described in this report is not complicated, and much of the information needed is readily available. The strategic actions designed to make a region more attractive to in-migrants will, of course, benefit existing residents and help retain talented people. So, in the end, a talent attraction strategy serves the larger purpose of making the region a good place for everyone to live and work.

For more information

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