



UNIVERSIDADE CATÓLICA PORTUGUESA

Attracting Talent from Abroad

The Role of Place Branding Strategies and
Policy Alignment in Estonia and Lithuania

Ana Mafalda Rede dos Santos

Católica Porto Business School
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Ana Mafalda Rede dos Santos

Under supervision of
Professors Carla Carvalho Martins and Joana César Machado

Católica Porto Business School
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“É necessário sair da ilha para ver a ilha, não nos vemos se não saímos de nós”
José Saramago

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This is dedicated to all the people who make the world their home.

Abstract

Global competition for highly skilled talent is intensifying as technology is rapidly transforming the world and influencing the way we live. In response, countries are using place branding for talent attraction and retention. However, there is limited research on how these strategies are implemented and their relationship to the countries' policy initiatives.

The present study presents an in-depth analysis of the place branding strategies employed in Estonia and Lithuania to attract and retain highly skilled talent, and how these relate with local policy. This study presents a comprehensive overview of current practices and proposes a conceptual framework to support place decision-makers in guiding talent attraction efforts.

A qualitative multiple case study methodology was applied, based on four semi-structured interviews, with representatives from relevant initiatives focused on talent attraction and startup initiatives, supported by secondary data and thematic analysis.

Findings indicate that, besides difficulties in actual measurement, the strategies employed by the two countries are aligned with academic literature, with robust marketing and branding efforts, and consistent with the countries' realities. Yet, gaps remain in talent retention efforts and impact measurement.

This study contributes to place branding literature and to place brand management authorities, by presenting theoretical insights and practical applications on how policymakers can adopt more effective strategies for talent attraction and retention.

Keywords: Place branding, Talent attraction, Estonia, Lithuania, Talent attraction policies

Resumo

A competição global por talento altamente qualificado está a intensificar-se à medida que a tecnologia transforma rapidamente o mundo e influencia a forma como vivemos. Em resposta, os países têm recorrido ao *place branding* para atrair e reter talentos. No entanto, a investigação existente sobre a forma como estas estratégias são aplicadas e a sua relação com as políticas dos países é ainda limitada.

O presente estudo analisa em profundidade as estratégias de *place branding* utilizadas na Estónia e na Lituânia para atrair e reter talento altamente qualificado, e a forma como estas se relacionam com as políticas locais. O estudo apresenta uma análise abrangente das práticas adotadas e propõe um quadro conceptual para apoiar os decisores locais no desenvolvimento dos seus esforços para a atração de talentos.

Este trabalho adotou uma metodologia qualitativa de estudo de casos múltiplos, com base em quatro entrevistas semiestruturadas, com representantes de organizações que implementaram iniciativas relevantes para a atração de talentos, apoiadas por dados secundários e análise temática.

Os resultados indicam que, apesar das dificuldades na avaliação exata de resultados, as estratégias utilizadas pelos dois países estão alinhadas com a literatura académica, apresentam esforços robustos de marketing e *branding*, e são consistentes com as realidades dos países. No entanto, subsistem lacunas nos esforços de retenção de talentos e na avaliação do impacto das medidas adotadas.

Este estudo contribui para a literatura de *place branding*, e para a gestão de marcas de lugar, ao apresentar diretrizes estratégias eficazes para decisores políticos na atração e retenção de talento.

Palavras-chave: Place branding, Atração de talento, Estónia, Lituânia, Políticas de atração de talento

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List of Abbreviations

EU - European Union

FDI - Foreign Direct Investment

GDP - Gross Domestic Product

ICT - Information and Communication Technologies

KPI - Key Performance Indicator

NGO - Non-Governmental Organization

OECD - Organisation for Economic Co-operation and Development

R&D - Research and Development

WEF – World Economic Forum

Introduction

Nowadays, there is rising competition worldwide to attract the best talents as a fundamental way to drive economic growth and innovation. This concern is not new. Already in 2011, the World Economic Forum (WEF), warned of an unprecedented global shortage of talent. Over a decade later, the problem persists. According to the European Commission (2023) Europe “urgently needs to take action to boost its workforce” as labour shortages are affecting a variety of sectors, including Information and Communication Technologies (ICT) and healthcare, and suggesting as one of the key solutions to this problem, the attraction of skilled employees to Europe.

Nation branding comes from the conviction that countries are constantly competing to gather scarce resources and investment, being these trade, tourists, or skilled professionals (Papadopoulos, 2004). Kaneva (2011) highlights the role of nation branding in promoting economic growth, efficiency, and capital accumulation and notes that most marketing scholars view nation branding as a strategic tool to enhance a nation's competitive advantage in the global marketplace. Dinnie (2010) believes the attraction of skilled workers will be highly influenced by policies like “favourable visa and residency regulations, an opportunity for career progression and an attractive lifestyle” and their impact on the nation's brand image.

However, while place branding seems to have the potential to influence talent attraction and retention, there is still limited research on this topic. For instance, Silvanto & Ryan (2018) emphasize the importance of examining the alignment and impact of the policies and promotional efforts implemented by countries and how to improve them, to attract skilled professionals from abroad and address the global workforce shortage.

There is a lack of empirical studies on places that employ these strategies, how they align with countries' policy initiatives, and what framework can guide these efforts. Through this research, we aim to help fill this relevant gap. This study intends to find what place branding strategies and policy initiatives for talent attraction and retention are being employed in Estonia and Lithuania and to describe and compare them. These two countries were chosen because they both have government initiatives focused on talent attraction and share a common landscape and strategic vision of attracting international talent, to keep the country competitive and contribute to economic growth.

To answer the objectives of the study, a qualitative methodology, with a multiple case study approach was conducted, based on four semi-structured interviews, with representatives from organizations that have implemented relevant talent attraction initiatives, and secondary data from multiple sources through thematic analysis.

This study contributes to place branding and talent retention literature, and place brand management authorities, by proposing a theoretical framework, suitable for other place decision-makers to guide efforts to attract talented workers and presenting concrete guidelines for policymakers.

Following this introduction, the first chapter will present a literature review of the key concepts under analysis. Afterward, the research methodology and the multiple case studies will be outlined in the second chapter. In the third chapter, the main results will be presented, followed by its discussion and proposal of a theoretical framework. Finally, in the last chapter, we highlight the main contributions of this research, its implications, limitations, and future research suggestions.

Chapter 1

Literature Review

1.1. Place Branding

1.1.1 Origins and Definitions

The origins of place branding can be traced back to the nineteenth century, when authors like Kotler et al. (1993), developed the concept of strategic place branding and first explained the need for places to be managed and marketed like businesses to overcome the challenges caused by technological changes and urban decay. Similarly, Ashworth & Voogd (1990), while not specifically naming it place branding, raised the importance, that as the economic competition rises, cities need to be marketed as products to attract investment, residents, and tourism, and how marketing concepts could be used in urban planning and management, and therefore contribute to the achievement of public sector goals. This is an activity that has always existed, consciously or unconsciously, ever since cities have competed with each other for resources, trade, population, or prestige (Kavaratzis & Ashworth, 2005). Place branding can be defined as the application of product branding to places and it may favourably influence how places are seen by different groups (Kavaratzis & Ashworth, 2005).

1.1.2 Definitions and Distinctions Between Place Branding, Place Marketing, and Nation Branding

Place branding terminology varies across the literature, and it is often referred to interchangeably as nation branding, city branding, place marketing, place

promotion, or city marketing (Zenker & Martin, 2011). The concept includes a complex interaction of factors such as economic development, urban planning, marketing strategies, and social-cultural features (World Bank, 2012). According to Boisen et al. (2018), it is necessary to distinguish the interrelated concepts of place promotion, place marketing, and place branding as each requires different policy formulations and implementation – with place promotion focusing on generating attention to a place, place marketing addressing supply-demand management and place branding, relating to identity shaping and reputation. This is relevant as for the author, each requires different integrations into place governance.

Due to the lack of consistent terminology distinction between these terms in the existing literature and their frequent interchangeable use, this study will treat the terms place branding, place marketing, place promotion, city branding, and nation branding as synonyms.

1.1.3 Purpose and Application

To attract and retain diverse audiences, place branding involves improving the image of a place by creating an authentic identity and reshaping consumer's perceptions about it (Anholt, 2010). It involves the interrelation of policies and marketing tools that create a value proposition and highlight the place's distinctive positioning, contributing to its economic development (Cleave & Arku, 2020). To achieve the desired results, place branding involves continuous engagement with policymakers and stakeholders to address the needs of all parties (Ashworth & Kavaratzis, 2009). Therefore, place branding is more than a marketing activity, it should be seen also as a political act, which gives it broader implications (Kotler & Gertner, 2002).

Ashworth & Kavaratzis (2009) add that “place branding is an element within place marketing that involves influencing people’s ideas by building specific emotional and psychological associations with a place”. For Foroudi et al. (2016), if done effectively, it is a fundamental tool that can help a country attract tourists, visitors, traders, and investors and consequently be used to manage the image of a country. Cleave et al. (2016) reunite the definitions of several authors and describe place branding as, among others, a varied set of elements including logos, slogans, promotional and marketing activities, expressions, actions, attitudes of local government and key stakeholders, and quality of local infrastructure.

1.1.4 Implementation

Kavaratzis (2004), defines three paths that can be followed by a place to create and manage its network of connections, including primary channels (involving physical, economic, social, cultural, and natural environments and government actions), secondary channels (including traditional branding methods like logos and slogans, advertising and promotional campaigns), and lastly, tertiary channels, which rely on word of mouth and represent how the city is characterized in the different forms of media.

Ambitious places looking to improve their reputations and increase their well-being through tourism and economic development must address fundamental questions about, who they are, what are their competitive advantages and how can they allocate resources to achieve results (Baker, 2007).

Branding places is more challenging than products considering that places have very diverse target groups (like tourists and residents) and a greater range of stakeholders (such as decision-makers from public and private sectors), all of these with different needs and looking for different benefits (Middleton, 2011).

1.1.5 Challenges and Criticisms

Despite the potential that place branding has, it usually faces significant challenges, being one of them, the tendency to adopt the term in its generic approach, primarily focusing on tourism and/or investment attraction rather than addressing local governance needs (Van Assche et al., 2020). An overemphasis on marketing aspects not backed up by physical and infrastructural transformations can mask the real problems of a place and result in a mismatch between its image and its reality (World Bank, 2012). Decision-makers fail many times in applying branding strategies when they focus on superficial marketing campaigns, that neglect socio-political complexities and result in unsuccessful outcomes that do not meet the expectations (Anholt, 2010). Therefore, it is essential to align strategically, with marketing, and physical transformations (World Bank, 2012; Anholt, 2010).

1.2. Talent Attraction and Retention

1.2.1. Definitions

Talent management is a field of human resources that encompasses activities related to attracting, developing, and retaining eligible professionals with the needed skills and motivation. These activities are aimed at meeting the organizational goals and include fostering talent pools, succession planning, leadership development, employee engagement, and optimizing the workforce structure and its capabilities (Collings & Mellahi, 2009; Lewis & Heckman, 2006).

Talent attraction is an integral part of talent management, focused on external efforts towards attracting individuals to the company or region, with the skills and motivation needed to meet organizational goals (Backhaus & Tikoo, 2004;

Salt, 1997). It includes competitive value propositions for the employee and factors like career opportunities, incentives, global mobility, inclusivity, and quality of life and it is focused on the visibility and branding of the company (Backhaus & Tikoo, 2004; Salt, 1997). On the other hand, talent retention is focused internally on creating conditions to keep current employees satisfied, motivated, and engaged, including career progression possibilities, creating conditions for job satisfaction and commitment, and contributing to a sense of belonging and a supportive work environment (Huselid, 1995; Eisenberger, 2003).

According to the European Commission (2023) and the World Economic Forum (2011), the world is entering a time of talent scarcity beyond compare, which is threatening economic growth and requiring new methods to approach the workforce.

1.2.2. Motivations and strategies to attract and retain talent from abroad

The WEF (2012), considers talent to be the “engine force of economies”, and what drives innovation and makes organizations and countries competitive. This emphasizes the need for competition between countries and companies to attract the best talent worldwide. Talent includes groups like highly skilled professionals, international students, returning skilled migrants, and entrepreneurs.

When we consider foreign talent attraction and retention, we find different motivations across the literature, which reflect several interdependent factors. These usually include economic, demographic, and strategic drivers and are summarized in Table 1 and classified into the following categories: Economic

Growth and Workforce Needs, Demographic Challenges, and Strategic Development Goals.

Table 1: Motivations for attracting and retaining talent from abroad

Source: created by the author

Motivations for attracting and retaining talent from abroad	
Economic Growth and Workforce Needs	Meet the demands of economies in evolution (Batalova & Lowell, 2007)
	Support the reach of multinational corporations (Batalova & Lowell, 2007)
	Resolve workforce shortages and difficulties in retaining local talent (Silvanto & Ryan, 2014)
	Support knowledge economies and progressive manufacturing sectors (Lewis & Donald, 2010; Ley, 2003; J. Reitz, 2005)
Demographic challenges	Mitigate the impacts of an aging population and reinforce the local tax base (Pottie-Sherman, 2018; Arku, 2013; Batalova & Lowell, 2007; World Economic Forum, 2012)
	Offset the population shrink and demographic transition (Huang & Liu, 2018; World Economic Forum, 2011; Hall & Hall, 2008; Niedomysl, 2004)
Strategic development needs	Increase local workforce capacity by filling skills shortages as it is a source of well-educated and highly skilled talent (Cleave & Arku, 2020; World Economic Forum, 2011)
	Boost R&D and encourage entrepreneurship (Batalova & Lowell, 2007)
	Expand foreign markets (Pottie-Sherman, 2018; Batalova & Lowell, 2007)

To address this global challenge, coordinated efforts for talent attraction and retention abroad are essential. Talent attraction, in general, includes strategies like building an employer brand (Backhaus & Tikoo, 2004), providing incentives and opportunities for growth (Wildes, 2007), incentivizing global mobility to attract mobile skilled workers (Batalova & Lowell, 2007), using target recruitment

to reach talents from abroad (Wildes, 2007) and addressing factors like housing, training and lifestyle (Salt, 1997). Talent retention, on the other hand, requires fostering environments that offer work-life balance, career satisfaction and inclusivity (Florida, 2006), continuous learning, opportunities for career development (Huselid, 1995), recognitions systems (Eisenberger, 2003) and sense of belonging (Barney, 1991).

When it comes to mobile skilled workers in particular, effective strategies include: providing basic employment training and subsidies to reduce unemployment; requalifying and upskilling the workforce to close skills gaps; improving workforce planning and information access on the labour market; easing migration processes and mobility constraints to facilitate mobility within the organization and jobs (World Economic Forum, 2012). According to the WEF (2012), these practices contribute to solving the mismatch between supply and demand and for a sustained workforce pipeline for global economic growth.

Dewhurst et al. (2012) add, that in the context of talent attraction for multinationals, organizations must: create opportunities for high-potential individuals in emerging markets even if these do not have usual long career trajectories; break down cultural barriers, generate trust and foster understanding; manage employer branding, which may include engaging the employees' families or tapping into causes that are valued by them; and provide tools for managers abroad to familiarize with the new market while keeping their influence back home.

1.2.3 Factors Influencing Talent Mobility and Retention

It is more likely for talented workers, entrepreneurs, and companies to be attracted to places with strong brand identities, characterized by values of openness, tolerance, and dynamism (Florida, 2006). The WEF (2012) stresses that

quality of life, career growth potential, inclusivity, and support for international families are essential factors to make a place appealing for highly skilled migrants. When it comes to the decision-making on where to move abroad, multiple factors can influence this decision. The most common factors found in the literature were summarized in the themes presented below:

- **Economic factors and perceptions**, including employment opportunities, appreciation for professional expertise, strong industries, affordable housing, and high wages (Boston Consulting Group, 2023; Cleave & Arku, 2020);
- **Quality of life**, including safety, infrastructure, vibrant environments, and mobility (Boston Consulting Group, 2023; Castelli et al., 2022);
- **Good governance**, emphasizes transparency and efficient policy (Silvanto et al., 2015);
- **Inclusiveness towards people of diverse backgrounds and tolerance**, to ensure diversity and a welcoming culture (Dickmann & Cerdin, 2018; Doherty et al., 2011);
- **Country reputation and overall appeal** (Dickmann & Cerdin, 2018; Doherty et al., 2011).

1.3. Place Branding for Talent Attraction and Retention

1.3.1 Place Branding in Talent Attraction

Dewhurst et al. (2012) has recommended multinational companies to adopt corporate branding strategies to attract talent from emerging markets. The WEF (2012) emphasizes the importance for countries and companies to establish unique brands, highlight their core values and culture, and effectively

communicate their competitive advantages to promote themselves as a top location of choice. The WEF (2012) suggests that customization and tailored approaches are essential to meet diverse preferences, lifestyles, cultural expectations, and demographics and that countries and brands should foster an inclusive and immigration-friendly environment within their core values. While Silvanto & Ryan (2014) acknowledge the value of the WEF's (2012) recommendations, however they consider them too broad and an oversimplification of the complexity of nation branding, making them not enough to serve all stakeholders' needs effectively. Therefore, they suggest a more tailored and multidimensional approach when crafting a branding strategy, that integrates the challenges of moving abroad and the cultural, economic, and social factors that influence it, in a way that will appeal to highly skilled individuals.

1.3.2 Place Branding Frameworks for Talent Attraction

Anholt's (2006) Nation Brand Hexagon, one of the most widely cited technical-economic nation branding frameworks, focuses on six dimensions - exports, governance, culture and heritage, tourism, people, and immigration. While useful for shaping the overall image of a country and improving the global reputation and competitiveness of a place (Mohib & Carroll, 2024), this is a generic approach that does not address the specific needs of skilled migrants, and does not provide guidelines on how it should be implemented (Florida, 2005; Silvanto & Ryan, 2014; Kotler & Gertner, 2002).

Later Balakrishnan (2009), formulates a framework for strategic branding of destinations, integrating marketing strategies into branding to improve perceptions of risk reduction and provide reassurance and confidence to skilled migrants. Balakrishnan's (2009) work highlights the importance of considering

the unique needs of skilled migrants, including matters like inclusivity and lifestyle, which are critical elements for relocation branding.

Building on Balakrishnan's work, Silvanto & Ryan (2014) propose a framework, that also stresses the need for targeted messages and coordination of stakeholders and integrates both tangible and intangible aspects. They present five strategic drivers for attracting and retaining talent, related to the broad range of concerns and interests that highly skilled migrants have when they voluntarily choose a country to live and work abroad: economic dynamism and opportunities; cultural diversity and inclusiveness; effective governance and clear immigration policies; talent clustering; and quality of life.

1.3.4 Use of Place Branding for Talent Attraction and Retention

The literature highlights the importance of understanding the needs, expectations, features, and preferences of mobile skilled professionals, to develop successful strategies for attracting these professionals to specific locations (Cleave & Arku, 2020; Silvanto et al., 2015; PWC, 2012). However, several studies recognize that frequently marketing campaigns fail even at this preliminary stage due to a lack of understanding of such requirements (Silvanto & Ryan, 2014; Solimano, 2008; Smith & Favell, 2006).

Regardless of the increasing and widespread use of place branding, there is still no agreement on which strategies and dimensions are more effective in the promotion of places as locations to live and work (Cleave & Arku, 2020).

Silvanto et al. (2015) suggest that successful campaigns require a holistic and broad approach that emphasizes a range of key themes. These should incorporate functional, instrumental, and emotional appeals that are symbolic to highly skilled individuals considering relocating (Silvanto & Ryan, 2014; World Economic Forum, 2011; Lievens & Highhouse, 2003).

Crucial factors for the decision-making on where to move abroad, such as economy-related factors, quality of life, good governance, inclusiveness, and country appeal and reputation (as further explained in the previous chapter), should be highlighted in place branding campaigns. According to Silvanto et al. (2015), messages reassuring migrants about the challenges and rewards of living in a new country are crucial to their receptivity. Countries should underline the existence of abundant employment opportunities and acceptance, and the presence of a dynamic economy, to strengthen their reputation as good places to live and work (Silvanto & Ryan, 2018).

In more recent research, Silvanto & Ryan (2018) compare the performances of different countries in talent attraction and retention of skilled professionals and conclude that the availability of employment and the degree of ethnic and cultural diversity within the host country are the most relevant factors to ensure a country is maximizing their potential in attracting talent. The authors find that specifically for Organisation for Economic Co-operation and Development (OECD) countries, high levels of Gross Domestic Product (GDP) per capita boosts its appeal and therefore should be emphasized. Likewise, Cleave & Arku's (2020), findings show that affordable housing and economic stability-related perceptions were the drivers that mainly influenced the decision-making process on where to relocate. These findings demonstrate that place branding goes way beyond traditional branding efforts including logos and slogans, requiring a focus on the local characteristics relevant to the target. These conclusions align with previous Solimano's (2008) statement, that well-paid employment is what primarily influences mobile skilled workers to move abroad.

Unlike what was initially proposed by Silvanto & Ryan (2014), their recent research suggests that a holistic, framework-based approach is less effective for achieving immediate success. Instead, the authors suggest the implementation of a more focused approach that prioritizes employment opportunities and

diversity as central themes for talent attraction and retention Silvano & Ryan (2018).

1.3.5 Challenges of Place Branding in Talent Attraction and Retention

Place branding is increasingly becoming a popular strategy for talent attraction and retention, however, this has raised concerns, controversy, and political sensitivities (Silvano & Ryan, 2018).

In Singapore, one of the few places openly declaring themselves as using branding to attract talent, their branding efforts were perceived by some Singaporeans as a way of diminishing the wages of the locals and as a disincentive to invest more considerably in training highly skilled locals (Silvano & Ryan, 2018). Likewise, in Ireland, there has been an intense public discourse in the past decades about the economic impact of foreign influxes and their influence on the local labour markets (Barrett et al., 2002). Branding for talent attraction is a controversial subject due to political sensitivity but also because sometimes, its costs might offset its benefits. It is essential to understand how places can use or enhance their existent image as a location to work, live, and study to help both public and private stakeholders find effective actions and policies to use for talent attraction and retention. This might require a shift in the mindset of governments and the population before its implementation. An inclusive approach that considers historical and present experiences, is crucial to guarantee branding efforts are relevant, coherent, and impactful (Silvano & Ryan, 2018; Silvano et al., 2015).

1.3.6 Role of Local Policies and Policy Alignment with Branding Initiatives

Silvanto & Ryan (2018) highlight the importance of coordinated actions by policymakers that reflect and enhance established national identities and reputations, ensuring there is alignment between policy and branding for a consistent narrative. Similarly, the WEF (2012) emphasizes the need for cooperation between governments, businesses, and educational institutions to establish policies that support talent mobility, such as flexible immigration, continuous skills training, and educational investments.

Branding strategies should reflect the country's identity and reality and be culturally based and unique to each country (Kaneva, 2011), while Dinnie (2010) alerts against the use of framework-based approaches, to avoid misrepresentation of a place and ineffective results.

Cleave & Arku (2020) show how failure to align what is promised with reality can create negative discrepancies in the perceptions of the place, defending that policies should be seen as brand elements as they influence how a place is positioned and perceived. Baker (2007) reinforces this by pointing out the risk of using outdated and unrealistic images that do not reflect the true identities of place and defends that matching branding with reality is what brings credibility and strengthens the effectiveness of place branding efforts. The author also stresses the need for local stakeholders' involvement (including the local community) in the development of place brands to ensure authenticity.

Eshuis et al. (2014), believe that incorporating the perspectives and emotions of different population groups significantly benefits place branding strategies making sure these reflect the authentic identity of a location. This inclusive approach fosters a sense of ownership and belonging among internal stakeholders. Likewise, Barros & Barros (2023) emphasize the important role of

internal stakeholders in city branding. The authors mention that place brand managers are adapting their policies taking into consideration those who live, work, and study in those places. They recognize that a strong and positive local brand presence encourages stakeholder involvement with the local brand and with the local institutions, creating a mutual benefit cycle.

1.4. Summary and Key Insights

The literature highlights the rise of the competition for talent and the relevance of using place branding as a key tool for talent attraction and retention. Applied at different levels (e.g. national, city), it is effective in building place identity, shaping perceptions, and increasing the overall competitiveness of a place in the talent market. For it to be effective, place branding must integrate governance, policies, marketing strategies, and urban planning and engage relevant stakeholders so that the narratives created resonate with the target and reflect the reality of the place.

Aligning talent attraction and retention initiatives with place branding gives the brand credibility and meets the needs of mobile skilled professionals. However, challenges like discrepancies between perception and reality, stakeholder alignment and political sensitivities reinforce the need for policy coherence and adaptation to locals' needs. When those requirements are met, place branding can position locations as attractive destinations to work and live for highly skilled professionals and therefore contribute to addressing talent shortages and foster economic growth.

Chapter 2

Methodology

2.1. Research Approach

This research explores place branding strategies and local policy initiatives employed to attract and retain skilled talent and presents a comprehensive analysis of current practices and thereby proposes a framework suitable for other decision-makers.

We began by conducting a literature review, using the keywords “place branding” and “place marketing” to understand the broader concepts and find relevant gaps in the literature. According to Snyder, (2019), a literature review should always be the starting point for all kinds of research, as it provides the foundations to develop knowledge, guides policy and practice, demonstrates effects, and creates new ideas and directions for future investigation. One emerging theme mentioned in the literature was “place branding for talent attraction and retention”, however, there is a lack of empirical studies on places that employed these strategies and their alignment with countries’ policy initiatives. Therefore, we developed a comprehensive review of the concepts of place branding, talent mobility attraction and retention, and found there is not a sound theoretical framework that could guide the efforts of places to attract talented workers. Through this research, we aim to help fill this relevant gap.

The nature of this investigation is both exploratory and descriptive, and it follows a multiple qualitative data approach. Qualitative research positions the researcher as an observer in the field, that collects data through other representations - including fieldnotes, recordings, conversations with people within their contexts, behaviour analysis, and images - that he/she studies and

interprets (Creswell, 2013). It is a naturalistic approach as it studies things and their associated meanings in their natural settings (Denzin & Lincoln, 2000).

This study follows a sequential approach, in which the findings from the literature review and document analysis guided the design of the interviews, making sure that this phase builds up on the previous, to get more depth and relevant findings.

We decided to adopt a case study research methodology as it allows the investigation of in-depth specific phenomena in precise circumstances (Adams et al., 2007), focusing on a case, and is especially relevant when differences between contexts and occurrences are not so evident (Yin, 2018). Given the limited empirical research in this field, a case study allows for a thorough analysis of the interactions between place branding strategies, governance, and stakeholder engagement. This method focuses on particularization rather than generalization, making it ideal for understanding “how” and “why”, countries implement talent attraction strategies and describing the context in which this occurs (Yin, 2018; Adams et al., 2007). A case study involves several sources of information, including among others, observations and interviews, allowing the study of one specific case or multiple cases simultaneously, throughout time and in detail (Creswell, 2013). To extend the analysis, make comparisons, and find similarities and differences in place branding strategies, and, therefore, provide a broader understanding of the topic, we used a multiple case study approach (Adams et al., 2007).

The multiple case study in this research has a descriptive component that documents and describes in-depth current practices or phenomena, simply as they are, and in the real-life context in which they occur (Adams et al., 2007; Yin, R. K., 2018). At the same time, the exploratory characteristic of this research is justified by the limited existing research on this theme and the fact it does not

aim for a predefined set of outcomes, but instead, it seeks to identify cases, explore causes, and explain outcomes (Yin, 2018).

2.2. Case Studies

Lithuania and Estonia were selected as case studies for their relevant efforts in attracting and retaining skilled workers from abroad. While there are no specific statistics or rankings related to countries' efforts in this field, we found that both countries have government agencies actively positioning themselves as attractive destinations for skilled professionals. A key reason that reinforces these efforts is that both countries face demographic challenges and a shrinking workforce.

In Estonia, the number of working-age individuals (15 – 64 years old) is expected to decrease by around 44 000 in 2035, with one out of four people will be aged 65+ (Government Office of the Republic of Estonia, 2021). According to EURES Report on Labour Shortages and Surpluses 2022 by the European Labour Authority (2023), Estonia is one of the Member States facing the highest number of labour shortages, especially in healthcare, ICT, and engineering. In Lithuania, the population has been decreasing highly and aging at a faster rate than other EU countries (with around less 1 million individuals since 1990). This is mainly due to high emigration levels, and it is projected to decrease even more 700 000 individuals by 2050 (TALENTAS, 2021). The country has also talent shortages, especially in highly skilled sectors such as construction and technology according to the European Labour Authority (2023).

Other similarities between the two countries are that the two are Baltic European countries, geographically close, and whose historic, cultural, political, and economic backgrounds have some things in common as both were part of the Union of Soviet Socialist Republics (USSR) and only became independent in 1991 and joined the EU in 2004. Besides both countries present nowadays

favourable digital ecosystems and innovation-driven economies focused on attracting qualified professionals and startups.

The countries' similarities allow the comparison of the approaches and identification of patterns and strategies, offering valuable insights to similar countries wanting to position themselves in the global competition for talent and by doing so, contributing to their economic and social development.

2.3. Data Collection Techniques

Multiple qualitative data collection methods, stemming from primary data and secondary data were employed in this study, for a comprehensive analysis of the goals, strategies, and governance approaches implemented.

Primary data was collected through semi-structured interviews with relevant stakeholders. Interviews are an insightful source for the development of a case study, as they focus directly on the topics under study and give causal justification to things (Yin, 2018). This source provides information that cannot be observed – such as people's feelings, thoughts, intentions, and behaviours, providing insightful perspectives on what happens, what it means, how they became involved, and how they influenced it (Patton, 2015).

Following Adams et al. (2007) we used pre-scripted questions, with clear and appropriate language to avoid double meanings. It was used a semi-structured approach including two standardized interview scripts (Appendix 1) with an outlined form and topics specified in advance, allowing comparability and reducing bias, while still enabling some flexibility and adaptability throughout the conversations (Patton, 2015).

Secondary data, according to Saunders et al. (2023), includes raw and compiled documentary (both written and non-written materials) and other multiple sources. It is a stable font of information as it can usually be retrieved

repeatedly, exactly, and impartially (if its selection is done properly), and it covers a broad range of periods of events and situations (Yin, 2018).

Several documents were analysed, comprising government, and other institutions' branding materials, policy documents, and reports on the theme (including EU, WEF, and OECD reports, among others). These provided an understanding of the countries' backgrounds, and existing programs and policies aimed at talent attraction and retention. Additionally, we analysed data gathered from the chosen initiatives, including websites, presentations, digital marketing materials, and social media accounts.

To select the interviewees, we employed a non-probabilistic purposive sampling method as we found and selected individuals with expertise and access to relevant information to answer the research questions (Patton, 2015). This sample includes decision-makers in governmental organizations, including representatives from talent attraction and retention, and startup ecosystem development initiatives, to capture their experiences and insights on the strategies in development.

Four synchronous interviews were conducted in March 2025 via Microsoft Teams, and they were recorded with the participant's consent and transcribed thoroughly. Table 2 summarizes the interviewee's profiles, whose backgrounds allowed comparability and complementarity while providing a diversity of realities and viewpoints within the two countries.

Table 2: Interviewees profile

Interview code	Initiative	Position	Age	Gender	Education level
1 (L1)	Work in Lithuania	Director of Foreign Talent Attraction Department	36	Masculine	Masters' Degree
2 (L2)	Startup Lithuania	Head of Startup Lithuania	30	Feminine	Masters' Degree
3 (E1)	Work in Estonia	Head of Work in Estonia	43	Feminine	Masters' Degree
4 (E2)	Startup Estonia	Startup Visa and Foreign Relations Manager	35	Feminine	Masters' Degree

2.4. Data Analysis

Data was analysed using the thematic analysis method, as described by Braun & Clarke (2013), which is used in qualitative data analysis, to identify key themes and patterns related to the research question. In this specific case the analysis is shaped by the existing data as a starting point, and it is not defined by pre-existing theory, which makes it an inductive thematic analysis. It followed seven stages as suggested by the same authors:

1. Transcription;

2. Reading and familiarization with data, highlighting items of potential interest;
3. Coding across the entire data set to develop an inclusive quantity of items of interest;
4. Identification of themes;
5. Reviewing themes through thematic mapping;
6. Defining themes;
7. Finalizing analysis and writing.

Secondary data was analysed simultaneously to complement and contextualize primary findings. A comparative analysis was also used to find similarities and differences in approaches between countries.

Manual open coding, based on the literature review and the thematic analysis was conducted to organize the data into categories: organizational context, communication, and audiences, alignment with local policies, performance and impact, and future outlook. This allowed a rigorous analysis through the establishment of relationships between results and research goals.

The list of codes generated is presented in Appendix 2 Table A. This process helped uncover connections between the themes to reach relevant conclusions and answer the investigation goals.

Chapter 3

Results and Discussions

3.1. Results

3.1.1 Overview of Estonia and Lithuania

Estonia and Lithuania share a strategic vision for attracting international highly skilled talent, to remain competitive, foster innovation, and drive future economic growth (Government Office of the Republic of Estonia, 2021; TALENTAS, 2021; Startup Estonia, 2020).

Both countries have business-friendly environments with low bureaucracy, easiness of company registration, and digitally advanced public services, simplifying business and residency paperwork (Invest Lithuania, 2022; Government Office of the Republic of Estonia, 2021; Startup Estonia, 2020)

They also present strong talent landscapes, with Estonia standing out as the highest-performing OECD country in education and Lithuania surpassing the OECD in tertiary education, with more than half of their young population holding a degree (OECD, 2021). Foreign language proficiency is another advantage: 80% of Estonian and 85% of Lithuanian young professionals are fluent in English, and 96% of Lithuanians speak at least one foreign language (Eurostat, 2020). Additionally, Estonia holds the highest share of Information Technology specialists per capita in the EU, while Lithuania leads in gender inclusivity, with the highest percentage of female scientists and engineers in the EU (52%) (Invest Lithuania, 2022; TALENTAS, 2021). Their tech and R&D environments are thriving, with Estonia leading in deep tech, cybersecurity, and Artificial Intelligence (AI) and Lithuania excelling in fintech and specializing in

biotechnology, laser technology, and satellite engineering (Invest Lithuania, 2022; Government Office of the Republic of Estonia, 2021; TALENTAS, 2021; Startup Estonia, 2020).

Successful former startups like Skype® (started in Estonia), Vinted®, NordVPN® (created in Lithuania), and Revolut® (which moved its banking operations to Lithuania after Brexit), enhanced the visibility and attractiveness of these countries (Invest Lithuania, 2022; Invest in Estonia, 2020). Besides, Estonia has the highest number of startups per capita in the EU, while Lithuania is the fastest-growing startup ecosystem (ICMPD, 2024). Moreover, both countries offer policies, visa schemes, and specialized work platforms, to support the attraction of highly skilled workers (ICMPD, 2020; Startup Estonia, 2020; World Economic Forum, 2012).

3.1.2 Overview of the Initiatives Implemented for Talent Attraction and Retention

Four initiatives were studied: Work in Estonia and Startup Estonia (Figure 1), and Work in Lithuania and Startup Lithuania (Figure 2). All initiatives are part of governmental agencies related to Economy and Innovation. Those with name “Work In” are focused on foreign talent attraction, while “Startup” ones, support the startup ecosystem development and founders and entrepreneurs’ attraction.

Although the focus of Work in Estonia and Work in Lithuania is talent attraction, they also contribute to talent retention mainly through their “International House” programs which help foreign workers with bureaucratic procedures and contributes to a smoother and simplified integration (E1, L1). Work in Estonia also provides after arrival support through educational webinars on the daily life in the country (E1), and Work in Lithuania also

provides some initiatives like relocation guides (L1), even though, they believe this is a responsibility of companies and other non-governmental organizations.

The description of these initiatives, their main goals and additional information can be found in Appendix 3 Table A and future goals in Appendix 3 Table E.



Figure 1: Estonian' initiatives logos. Source: Brand Estonia website



Figure 2: Lithuanian' initiatives logos. Source: Work in Lithuania and Startup Lithuania websites

3.1.3. Marketing, Communication, and Branding

3.1.3.1. Market Research

These programs conduct market research to understand the market, identify the target, its needs, motivations, and expectations.

Estonia's initiatives rely on Work in Estonia for extensive research on their target audience, and *"every decision and activity are backed by research and data"* (E1) consisting of *"in-depth qualitative and quantitative research, including interviews, surveys, and persona development, to understand what professionals value in life and work"* (E1).

In Work in Lithuania, a small analytics team carries focus groups and surveys: *"We ask potential candidates about their motivations, preferred relocation destinations, work-life balance expectations (...) We also conduct desktop research on economic statistics in different countries"* (L1). They also cooperate with over 300 companies in the country to gather feedback from international employees on the immigration process and work environment, which helps them refine their approach. Moreover, they conduct A/B testing to polish their strategies (L1).

Startup Estonia also monitors *"other ecosystems, to see what policies and strategies they are implementing"* (E1) but they do not conduct comparisons in general (E1).

Startup Lithuania, on the other hand, does not conduct *"research for foreign startups"* (L2); however, they produce market intelligence reports with Dealroom, that tracks and analyses the state of the Lithuanian startup and venture capital landscape, supporting them in tracking performance, making strategic decisions, and attracting talent (L2).

3.1.3.2. Target Audiences

Both Estonia and Lithuanian initiatives, target audiences with similar characteristics, with a heavy focus on ICT professionals and entrepreneurs, though there are a few differences related to labour policies and talent needs.

Work in Estonia, E2 explains that Estonia has a very strict foreign labour policy that limits the number of foreign workers entering the country, issuing only 1300 permits per year in all sectors, except for ICT. ICT is an exception as this is the sector facing the highest demand in the country, with an urgent shortage of 8000 ICT workers, and so, these are the target of Work in Estonia. Therefore, Estonia's talent attraction strategy is not only defined by market demand but also by policy constraints and follows a sector-specific approach (E2).

When it comes to Work in Lithuania, it targets mid to senior-level ICT professionals, with skills in, development, data analytics, and cybersecurity (L1).

Startup Estonia, instead, targets more institutional publics that include deep tech companies, universities, and key players in the startup ecosystem. For individual talent attraction, their startup visa program is targeted specifically for *"foreign startup founders and tech talent"* (E2).

Alternatively, Startup Lithuania, still targets mainly national startups, however, they have been *"increasingly focusing on attracting foreign startups and talent"* (L2) and they provide specific programs, like the Startup Visa Program targeting the foreign market. They focus on four key industries: ICT, life sciences, smart manufacturing, and defence, since these are the sectors with the highest demand in the country, and where there are more job opportunities (L2).

3.1.3.2.1. Foreign Target Markets

There are key target countries these talent attraction initiatives prioritize in their efforts: Brazil (common to both), Turkey, and Philippines (in the case of Work in Lithuania), and Germany and United Kingdom (in the case of Work in Estonia) as revealed by E1 and L1.

Startup Estonia does not target specific markets themselves, instead, this is done by Work in Estonia. Nonetheless, some markets they work in closer cooperation with are Latin American countries and Turkey (E2).

Startup Lithuania is not targeting other countries, yet, however, L2 discloses its future regions of strategic interest: the EU countries, Nordic countries (more specifically), and the United States of America market. Regardless to that, a few foreign founders are registering in Lithuania, participating in accelerator programs, and frequently relocating their businesses afterwards (L2). Similarly, to its counterpart in Estonia, for now, they trust Work in Lithuania and Invest in Lithuania's efforts in reaching international talent.

Brazil and Turkey are the most frequently mentioned countries, with both Estonia and Lithuania, actively recruiting from these markets. Generally, according to E1, E2 and L1, workers from these target markets relocate mainly due to individual motivations, including economic stability and professional, geopolitical and safety factors, better quality of life, and in the case of international workers, the opportunity to enter the EU market (with *"countries like Lithuania becoming an option based on company offers"*, as explained by L1). In Appendix 3 Table B, we present a more detailed description of the target countries.

3.1.3.3. Branding, Marketing and Communication Strategies

All four entities, adopt marketing and branding strategies targeted to their audiences. Although, these entities have a different level of involvement in these strategies and use different channels, tools, and key messages, they all share a common objective: to enhance their countries' visibility and perceived attractiveness as a destination for career development and living.

Work in Estonia's invests mainly in online communications. This approach arises from a successful, award-winning, revamp of their communication strategy, which shifted "from using general, picture-perfect visuals, beautiful nature, and a pleasant living environment, to focusing on personalised story and experience" that started speaking directly to ICT professionals, using humour, and personalized relatable content, to promote Estonia's business and career opportunities, together with relevant everyday life information (Figure 3). The research they have developed, showed that this group shares similar characteristics regardless of their cultural backgrounds. As E1 explains: "*We created a specific ICT persona and built our communication strategy around that (...), we focus on core messages that resonate universally with ICT professionals (...). This helped them build credibility and a strong engagement, even during the COVID-19 pandemic restrictions*". Their main communication channels include social media (LinkedIn®, Facebook®) and Google Ads®, and, in some cases, traditional media (e.g., in markets like UK and Brazil), and participation in "*major tech events*" such as the Web Summit, where they are represented as "Team Estonia" alongside Startup Estonia, to strengthen their presence. Previously they used Reddit® and X® (formerly Twitter®) but decided to leave these platforms as the first was highly effective to reach their target audiences but required "*extensive effort and continuous engagement, making it resource-intensive*" (E1), and X underperformed for ICT talent, probably due to the platforms' political associations (E1).

Their key messages emphasize Estonia's digital society, work-life balance, short commutes with free public transportation, and their Nordic work culture that respects personal time *"when the workday is over, it usually is over"* (E1). These are themes that are highly valued by international professionals, according to their research. Estonia's small size and less competitive job market are also promoted as relevant advantages since they allow *"professionals to climb the career ladder faster; (...) making it easier to access bigger companies"* (E1) and access better work opportunities (E1).

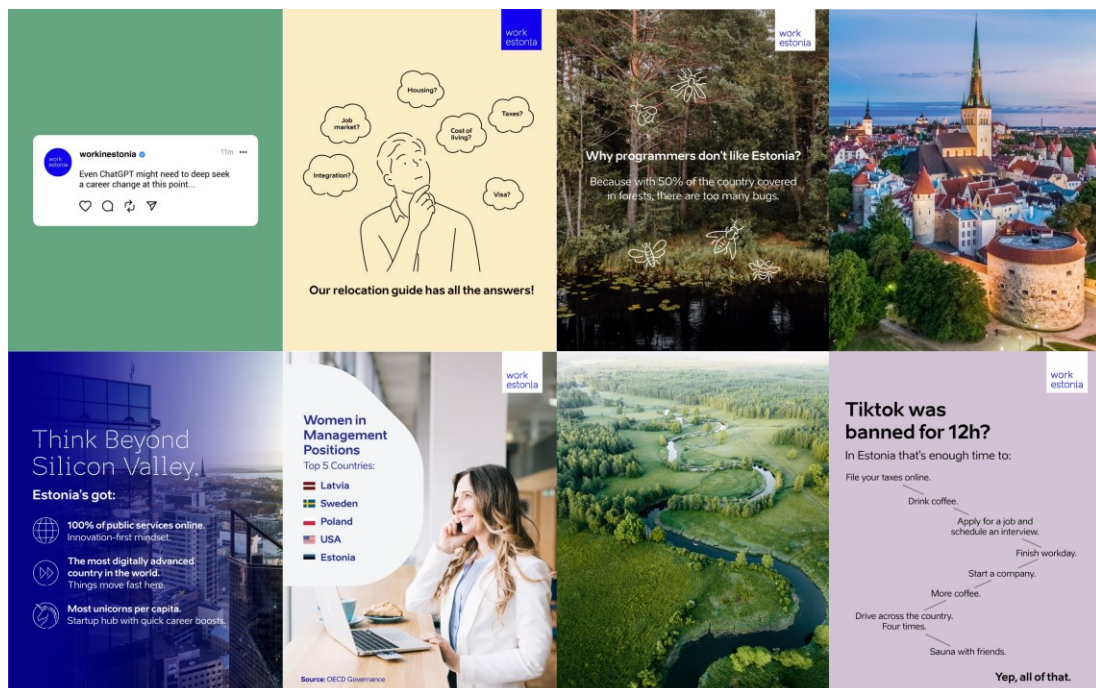


Figure 3: Example of messages and visuals by Work in Estonia
Source: Work in Estonia's Instagram®

With around 90% of its activities focused on marketing (L1), Work in Lithuania intensified its efforts on social media campaigns, job listings, lead generation, fairs, and international events presence (L1) (Work in Lithuania presentation, 2025). L1 states that *"LinkedIn® and Instagram® (Figure 4) are our most effective channels, primarily through paid social media campaigns"*, as organic posts tend to

reach other countries that are non-priority markets, making paid media “necessary to reach our target audiences effectively” (L1).

The messages focus on the specific country and career benefits offered. These are summarized by L1 in the following way, “*we maintain the same consistent messaging strategy across all segments, focusing on three pillars (...) while we slightly adapt job-specific messaging, the core message remains the same*” (L1). Key themes include “*safety, a high quality of life, minimal commute times, with a great work-life balance and a strong healthcare system*”, career growth, short commutes, and green surroundings. (L1).

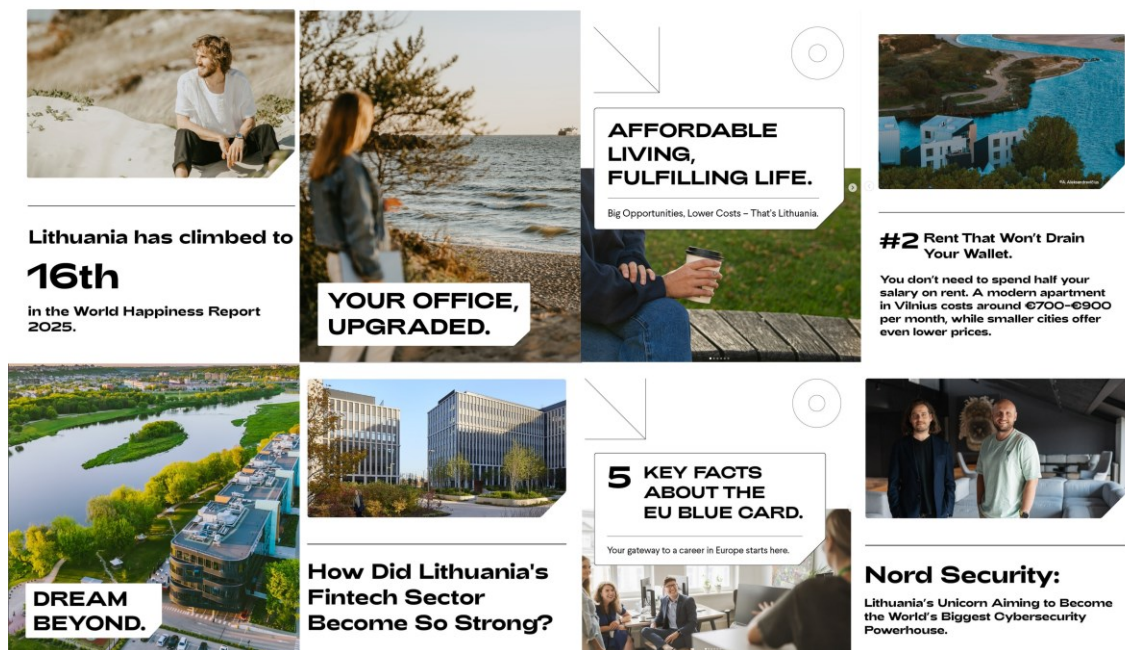


Figure 4: Example of messages and visuals by Work in Lithuania. Source: Work in Lithuania's Instagram®

Startup Estonia discloses that “*Work in Estonia*”, handles most of the country’s branding and marketing efforts” (E2), and so they align with their marketing and branding approaches. However, their actions include attending international events and conferences to present their country’s startup ecosystem (Figure 5), which seems to be “*highly effective*” (E2). They also highlight the importance of

LinkedIn®, and of their website, which are their most effective channels as they attract significant attention (E2). Their key messages are twofold, focusing on Estonia’s startup legacy and its business-related advantages, as explained by E2: *“Many of the first Estonian startups/unicorns were founded by former Skype® employees, who reinvested their knowledge and capital into new ventures”; an “attractive tax policy where reinvested profits are tax-free” and “ample investment opportunities, and government-backed initiatives” (E2).*



Figure 5: Startup Estonia presence in DeepTech Lounge event
Source: Startup Estonia's website

Startup Lithuania, similarly, to its twin initiative in Estonia, operates under another agency that handles most marketing efforts. However, they also focus on social media channels (Facebook® and LinkedIn®), do international press to highlight what is happening in the country (exemplified in Figure 6), and participate in international conferences and tech events like the Web Summit and the Tech BBQ (L2). This entity focuses its message on being the fastest-growing startup ecosystem in Central and Eastern Europe, describing itself in the following way: *“We like to say that Lithuania itself is a startup – we are growing as a*

startup: growing fast, agile, and aiming at building unicorns. We are helping startups to do the same” (L2).



*Figure 6: Example of message and visuals from Startup Lithuania website news feature.
Source: Startup Lithuania's website*

A common characteristic that is transversal to all initiatives, found while searching for secondary data, is the extensive availability of online digital materials, in different channels, written in English, and easily accessible to international professionals. This includes relocation and country guides, data reports, job portals, and legal support documents, among others, which cover most relevant topics to simplify the international skilled professionals' decision-making process.

All initiatives share similar goals and messaging emphasizing their focus on lifestyle and quality of life, career, economic opportunities, and business environment factors. However, each interviewee identifies distinct factors that, in their understanding, position their country apart from others. All their key messages and value propositions used can be found in Appendix 3 Tables C e D.

3.1.3.4. Policy Alignment with Marketing Efforts

All four initiatives align their marketing efforts with government policies. The interviewees confirm that their feedback influences policymaking, and make sure that their marketing initiatives incorporate and or communicate properly these policies to their targets.

Work in Estonia is *“expected to contribute to strategies and policies as we gain insight daily”* (E1). Work in Lithuania, *“act as a think tank, generating insights and recommendations based on our market expertise”*, assisting regularly in shaping immigration policies, incentive programs, and visa programs, among others (L1). They keep companies informed about which benefits they can offer to the candidates, as these are the ones in direct contact with them (L1).

Startup Estonia’s role includes *“creating startup-friendly policies”*, and *“lobbying and influencing policymaking”* through public-private cooperation (E2). Their startup visa program, and e-Residency are some of the policies used *“to encourage more startup founders and tech professionals to work in Estonia”* (E2). Startup Lithuania, likewise, also advises ministries, by collecting feedback from startups and using it to improve the existing instruments and propose new ones (L2).

Both Startup Estonia and Startup Lithuania shared good examples of their policies’ use, as successful companies like CLIA and Flo Health, respectively, started in other countries, used residency permits and later relocated to Estonia and Lithuania and became unicorns while operating there (E2, L2).

Table 3 summarizes the main existing policies and programs towards talent and startup attraction and retention in Estonia and Lithuania that are used as selling propositions by the interviewed entities to enhance their marketing efforts:

Table 3: Main Policies and Programs towards Talent and Startup Attraction and Retention in Estonia and Lithuania. Sources: E1, E2, L1, L2 and initiatives' websites

Country	Policy/Program	Description
Estonia	Digital nomad visa	Permit to temporarily stay in Estonia for remote workers
	E-residency	Allows managing a business online in Estonia, remotely
	Health tech accelerator tender	€2M initiative supporting science-based startups in health tech
	Startup Visa	Visa program for startup founders and tech talent
	Tax policy	Allows reinvestment of business profits tax-free
Lithuania	Defence Investment Fund	Investment for enterprises developing business ideas or products for the defence sector
	Digital nomad visa	Permit to temporarily stay in Lithuania for remote workers
	EU Blue Card Scheme	Residence and work permit for highly qualified non-EU citizens
	Financial incentive for attracting talents	3788€ incentive to help high value adding' foreign professionals, settling in the country
	Startup Visa	Residency permit and business support for non-EU entrepreneurs

3.1.3.5. Stakeholder Engagement

All four entities try to engage stakeholders using different approaches. Work in Estonia supports companies in overcoming hiring and legislation challenges and helps them “understand the process of hiring foreign talent and breaking down

misconceptions” (E1) related to international talent. Work in Lithuania assists companies and recruitment agencies, with hiring, immigration, and onboarding (L1). They also meet other similar organizations in other countries to “*share best practices and insights, discuss trends, strategies, and challenges*” (L1) and to benchmark their efforts.

Startup Estonia cooperates with universities and their entrepreneurship programs to increase deep-tech and science-based startups. It also cooperates with the Nordic Tech Valley initiative that “*connects startup ecosystems in the Baltic and Scandinavian regions to bring startup ecosystems together and share ideas and experiences*” (E2). Startup Lithuania works closely with Venture Capital firms, angel investors, universities, unicorn associations, and local hubs. L2 describes: “*a very tight community*” that holds monthly meetings, including also, a collaboration with other Baltic delegations in the field (L2).

For all the entities analysed, collaboration is seen as an opportunity rather than competition, which helps them gain knowledge through best practices sharing, to better respond to the market needs (E1, E2, L1, L2).

3.1.3.6. Challenges

Each entity faces specific context-specific challenges, such as work in Estonia deals with limited global awareness as it competes for talent with more well-known places, despite ranking 57th out of 193 countries in the Brand Finance’s Global Soft (Brand Finance, 2024), its’ small size it is still a limitation (E1). Work in Lithuania faces funding constraints with some political stakeholders viewing it as “*a private sector responsibility*” (L1) and companies’ reluctance to hire international talent, as some managers “*hesitate to switch to English*” (L1) which restricts international hiring and consequent visibility of job listings (L1).

Startup Estonia notes that the geopolitical position of the country is a challenge, due to its proximity to the current war, as well as the tax increases in the country and, the consequent rise of living costs (E2). Although Startup Lithuania does not account for internal challenges, their startups face talent shortages, and difficulties in raising investments and scaling their business internationally, and this entity emphasizes its active supportive role in *“educating the local market to become entrepreneurs”* and to invest more in attracting *“those talents from foreign countries to come to Lithuania”* (L2).

3.1.3.7. Impact Measurement

Since Work in Estonia and Work in Lithuania do not recruit directly for companies, the number of exact conversions is not possible to be tracked (E1, L1). However, all entities use a combination of metrics, to measure the effectiveness of their strategies and the experience of workers, including tax revenue (E1), qualitative satisfaction (E1), several digital metrics for website and social media (L1), how many registrations and submitted applications in their platforms (L1, E2), number of presentations they do (E2), and multiple metrics related to startup value (L2).

3.2. Discussion

Estonia and Lithuania are among the countries currently facing high talent shortages, as foreseen by the WEF (2011) and the European Commission (2023). Consequently, both countries are investing in increasing their global visibility, as a complement to their governments' policies. By using place branding, they are addressing urgent workforce needs while also contributing to foreign direct investment (FDI) attraction and long-term economic growth (Cleave & Arku, 2020).

A major challenge these countries face, and that can be minimized through place branding, is related with technological changes (Kotler et al., 1993). As economies become more digitally driven, the demand for professionals in this sector increases, which is the case of the studied countries.

The broader reasons behind Estonia and Lithuania's talent attraction efforts, align with the literature: meeting the talent demand of economies in evolution and of sectors that are growing; resolving skills and workforce shortages; difficulties in retaining local talent; mitigating the impacts of an ageing population and the subsequent demographic challenges; boosting R&D and entrepreneurship (as mentioned by, e.g. Silvanto & Ryan, 2014; Lewis & Donald, 2010; Reitz, 2005; Ley, 2003). These motivations are policy related, especially in the case of Estonia as in this country the talent attraction target does not depend exclusively on demand but also on political constraints related to immigration.

Place branding contributes to public sector goals Ashworth & Voogd, (1990), and since it does not generate direct financial returns, the place branding initiatives are usually publicly funded. As argued by Kotler & Gertner, (2002), place branding should be seen as a political activity and it operates through policy instruments (like visa and residency permits) that increase the country's attractiveness (Dinnie, 2010), as it happens in both countries studied. Therefore,

it is essential to highly involve policymakers and stakeholders to address the results desired by the interested parties' (Ashworth & Kavaratzis, 2009). This is mainly accomplished by the studied initiatives, as they seem to integrate properly, at least, private companies, and education institutions. This cooperation matches Barros & Barros's (2023) argument that stakeholder engagement increases mutual benefits.

All the strategies implemented by the entities analysed, align with the broad definitions of place branding proposed by Cleave et al. (2016) and Kavaratzis (2004), comprising: economic and governmental actions, attitudes of key stakeholders, quality of infrastructure, and, traditional marketing and branding methods – including targeting, multi-channel communication and varied marketing actions. Both countries also integrate market research, as suggested in studies that underline the importance of understanding the needs, expectations, and preferences of mobile skilled workers for the development of a successful marketing strategy (Cleave & Arku, 2020).

Even though there is no exact agreement in literature on which dimensions influence talent mobility the most, and also on which ones are more effective in the promotion of places as locations to live and work, the messages and value propositions used by both countries are broad and reflect most mentioned themes in academic research – including lifestyle and quality of life, career and economic opportunities, and business environment factors (as mentioned by, e.g., Silvano & Ryan, 2014; Pottie-Sherman, 2018; Arku, 2013; Florida, 2005).

Customization and tailored approaches are essential to meet diverse preferences (WEF, 2012), and Estonia and Lithuania have created personalized messages, adapted to specific targets, and used the country's unique value propositions in their communications – which also aligns with Cleave & Arku's, (2020) recommendation. However, there is lack of reassurance regarding the

challenges of moving abroad and this limits the building of an emotional connection with the target audience, as suggested in the previous studies.

Regarding alignment between the reality of the place and its promoted image, unlike common examples criticized in the literature (World Bank, 2012; Anholt, 2010), both countries appear to be endorsing their countries based on realistic images. Indeed, secondary data shows that the two countries transparently promote their ecosystem, infrastructures, and quality of life. Another challenge presented in the literature by few authors (Van Assche et al., 2020; Florida, 2005; Kotler & Gertner, 2002) is that sometimes, place branding is used as a generic approach, not addressing local governance needs. Through the analysis of the results gathered, it appears that both countries use place branding to solve an actual existing problem, as there is indeed a talent shortage within their population, instead of using it, for example, only for tourism promotion.

The challenges reported in the findings, are more related to the initiatives developed and to the reality of each country (e.g., budget constraints). However, the challenges mentioned are only based on the perspective of the entities analysed, and do not include the perceptions of the locals, as suggested in the literature (e.g., Ireland and Singapore cases presented by Barrett et al. (2002) and Silvanto e Ryan (2018)).

Talent retention, seems to be a weakness in the initiatives studied, as most of the practices that foster retention are the responsibility of employers – as, creating conditions for job satisfaction and commitment, and contributing to a sense of belonging and a supportive work environment (Aselage & Eisenberger, 2003; Huselid, 1995). In this sense, the initiatives are limited in their reach, contributing mainly to the initial stage in the foreign workers' integration.

Impact measurement is a challenge for both countries. Indeed, they cannot track their number of conversions (successful hires), as applications are done directly through companies, and therefore this data is not available. This

validates one of the difficulties in assessing the actual impact of place branding strategies and explains why there is limited research on this topic.

In summary, the strategies employed by both Estonia and Lithuania are generally aligned with the best practices suggested in the literature. The marketing and branding efforts employed in these two countries seem robust and consistent with each country's reality, suggesting an effective approach, despite difficulties in measurement. Nevertheless, there is room for improvement, especially in talent retention, and impact measurement. The first will increase the effectiveness of the efforts, creating a longer-term effect and reducing the risk of skilled workers starting to seek opportunities elsewhere. The second will help decision makers make faster, more assertive assessments on "what" efforts are working "why" and "how" these can be improved.

3.2.1 Proposed Framework

Building upon the previous discussion and based in the literature and empirical findings of Estonian and Lithuanian case studies, we propose a conceptual framework to diagnose, and guide the development and implementation, of effective place branding strategies for talent attraction and retention. This model is primarily thought for public institutions, such as governmental agencies and place brand managers (regional or national), however it can also be adapted to private entities, including recruitment agencies, who intend to create a grounded strategy and effectively position their places to international professionals.

We propose a circular model (represented in Figure 7), reflecting the iterative and dynamic nature of the process, and representing how each dimension strengthens the others. There is a continuous need for interconnection and

adaptability between dimensions, also due to external factors (including government changes, geopolitical events, or market needs, among others).

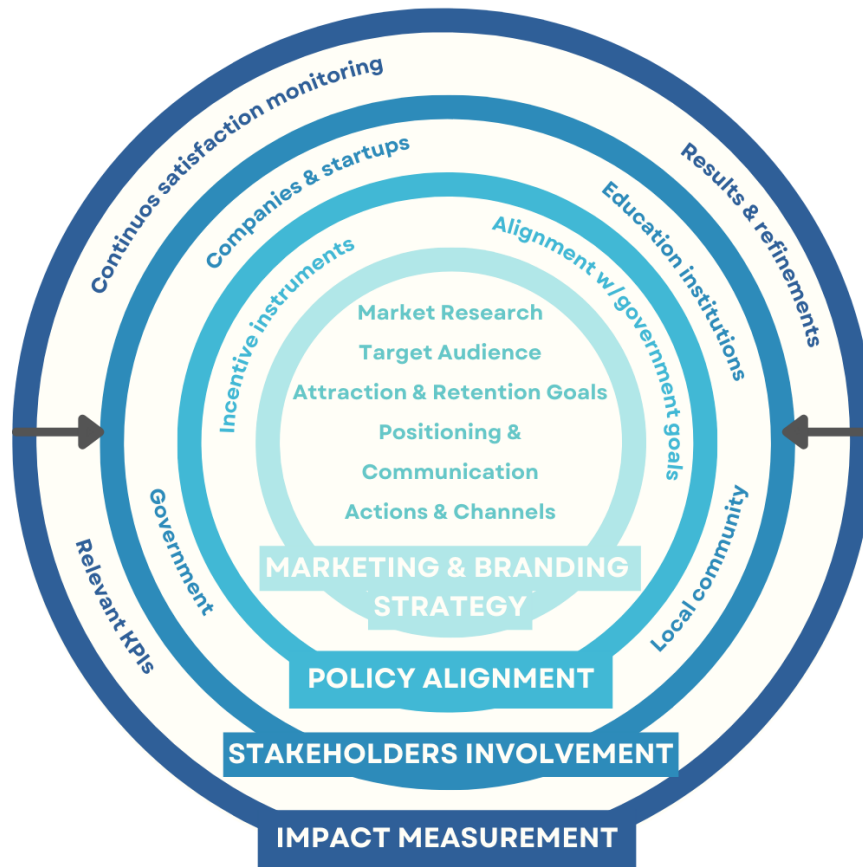


Figure 7: Circular Framework for Place Branding in Talent Attraction and Retention. Source: created by the author

The core of the model is represented by marketing and branding strategies which are responsible for providing strategic direction. These strategies include market research to identify the target and understand its needs and motivations. These fundamental steps should guide the definition of the positioning strategy and value proposal, strategic goals, and action plans (including actions and channels).

In the next circles, policy alignment and stakeholder management operate as “add-ons”. The former adds credibility and value to the marketing strategies, through policy instruments which can be continuously improved based on the

feedback provided by other dimensions. The latter, which includes stakeholders like companies, education institutions and local community, supports the creation of a more compelling and realistic strategy; sometimes the partnerships with these stakeholders provide additional benefits to all parties.

Impact measurement completes the loop by making sure the strategy is evaluated and refined continuously. This happens through the definition of the relevant key performance indicators (KPIs) and the monitoring of satisfaction and results.

This framework is specifically built for talent attraction and retention, unlike broader models proposed by Anholt (2002) and Balakrishnan (2009). It also complements Silvano & Ryan's (2014) model by presenting an actionable and operational approach to "how" to implement the strategy, instead of conceptually defining "what" positions a country as attractive.

This conceptual framework works as an operational tool to support place decision-makers in the development of their strategies. It provides a holistic approach that integrates the main variables highlighted in the literature review and cross-validated with evidence from the case studies, making sure the strategy is grounded in theory but responsive to real-world challenges. The model shows that place branding for talent attraction and retention is neither a "one size fits all approach" or a linear approach. It is shaped by many internal and external factors, requiring continuous market research, impact measurement, learning and agile responsiveness to changes in evolving circumstances.

Conclusion

In an increasingly competitive world, the attraction and retention of mobile highly skilled talent has become critical and a strategic priority for several countries. This research explored how two small economies, Estonia, and Lithuania, strategically use place branding and policies to position themselves as appealing destinations for international professionals and entrepreneurs.

Based on the analysis of the case studies, we concluded that Work in Estonia, Work in Lithuania, Startup Estonia, and Startup Lithuania, invest in robust messaging, in the development of relevant and distinctive value propositions and use appropriate communication strategies to reach and engage with their international target audiences. Findings also revealed alignment between the strategies followed by these entities and the national policies, both influencing each other with policies acting as relevant instruments for the strategies. Stakeholders' involvement, market research, and coherence between the messages conveyed and the reality and living experience in each country were as essential for the achievement of effective results. Limitations include a lack of focus on retention strategies and difficulties in measuring the impacts of the initiatives implemented.

Theoretical and managerial implications

From an academic perspective, this study contributes to advancing the literature on place branding and talent attraction, by focusing on the connection between marketing, branding strategies and public policy. While most analysed literature focused mainly on place branding in the context of tourism or on specific studies focusing on factors influencing the mobility of skilled talent, there

has been limited attention to integrated, policy-aligned strategies. This study contributes to expanding the scope of place branding research and address broader economic challenges, including demographic changes and talent shortages. Empirical insights from Estonia and Lithuania exemplify in practice how place branding can be operationalized for talent attraction.

From a managerial standpoint, the findings offer strategic recommendations for place brand managers and policymakers involved in immigration and talent attraction and retention. This study highlights key managerial topics, including the relevance of aligning policies with place branding efforts, of building a close collaboration between public and private stakeholder, and using data for targeting the right audiences and adjusting campaigns for effective results. These actionable insights are especially valuable for smaller economies seeking to improve their attractiveness and compete for talent in the global landscape.

Limitations and future research directions

Despite the contributions pointed out, it is important to highlight the limitations of this study and the further research avenues that they open. Firstly, the word limit restricted a broader analysis of the interviews' results, and the use of complementary secondary data. Second, this research was limited to two countries and four initiatives and to institutional perspectives, and it does not include the perspective of the skilled workers attracted, of local employees, and employers. Finally, there is also a limitation also found in previous studies, and which is related to the absence of reliable impact measurement methods for place branding initiatives.

Future research should address the limitations presented and provide complementary insights. This could be made by including other countries and government initiatives, companies, recruitment agencies as well as exploring the

perspectives of different stakeholders, including, mobile skilled workers and local workforce. Another relevant opportunity would be to do a study focused on exploring retention efforts, as this is an underexplored theme. Furthermore, future research could also explore effective methodologies to assess the actual impact of place branding initiatives.

Declaration of generative AI and AI-assisted technologies in the writing process

During the preparation of my written work/thesis, “Attracting Talent from Abroad - The Role of Place Branding Strategies and Policy Alignment in Estonia and Lithuania”, ChatGPT was used for the following tasks: research assistance, administrative tasks, summarize articles, discover new ones, text review and summarization, assisting the organization of transcriptions, with the prompts used listed at the end of the document in the Prompts List section. After using this tool, I reviewed and edited the content as necessary, and I take full responsibility for the content of the work presented.

I also declare that I am aware of and respect the Artificial Intelligence Rules of Conduct of Católica Porto Business School.

Prompts List:

- “Summarize the following article highlighting its main findings, methodology and research gaps”;
- “What are the main authors when it comes to books and articles related to methodology?”;
- “Does this structure make sense for a literature review?”;
- “Help me find typos in the following bibliography.”;
- “Besides the following, where can I find additional secondary data on this theme?”;
- “Provide feedback on the writing of this paragraph.”
- “Write a more organized transcription of the following content without changing the way it is written.”;
- “Organize the following abbreviations by alphabetical order”;
- “Find repetitive ideas in the following text and suggest cuts.”.

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Appendices

Appendix 1 – Interviews’ Scripts

A) Interview Questions for Talent Attraction Organisations

(Work in Estonia and Work in Lithuania)

The Interviewee and the [organisation]

1. What is your position within [organisation]? Could you describe your role and responsibilities?
2. What are the main goals of the organization and how they connect to the country's policies and strategies?
3. Which challenges or opportunities led to the creation of this program, and how do you think it tackles talent shortages and contributes to economic growth?
4. How do you evaluate the needs and expectations of international skilled workers, and what methods do you employ to collect feedback from them?
5. Are your efforts both for talent attraction and retention? Or are there any other governmental initiatives focused on the second?

Target Audiences and Communication

6. What is your main target audience for your initiatives?
7. From which countries and professional fields do you attract the most talent, and why do you think these groups choose [country]?

8. How do you identify and segment the target audience and how do you adapt your messaging for different groups (e.g., IT professionals, researchers, entrepreneurs)?
9. Which communication channels are the most effective in reaching international talent?
10. What are the key messages and ideas that you wish to communicate and how they highlight the countries' strengths? (e.g., career opportunities, quality of life, cultural heritage)?

Place Branding Strategies

Marketing and Branding Strategies

11. What marketing and branding strategies are used by the [organization] to attract talent? - Can you give me some examples?
12. How does market research influence your strategies? Do you compare your strategies with other talent attraction initiatives?
13. In your opinion, what makes you and your country's value proposition unique compared to other destinations?

Integration with Governance and Policies

14. Do your marketing efforts align with government policies, such as VISA programs, tax incentives or immigration strategies? Can you provide examples?
15. and how do you ensure that these policies are communicated effectively to your target audience?
16. Does your feedback influence- government policies for talent attraction strategies?

Stakeholder Engagement and Collaboration

17. Do you cooperate with other stakeholders (companies, public authorities, and education institutions)? How does this contribute to your goals?
18. Do you also cooperate with organizations in other countries? If so, what are the results of these collaborations?

Challenges and Results

19. What are the biggest challenges your organization faces in attracting and retaining international talent, and how do you address them?
20. What metrics or KPIs do you use to evaluate the success of your initiatives, and how do you measure both the quantitative and qualitative aspects like satisfaction, integration, and retention?
21. Can you share a success case where your strategies impacted talent attraction or contributed to the country's reputation?

Future Perspectives

22. What are the main future goals to maintain the country's competitiveness in the global talent market?
23. Is there anything we haven't covered that you believe is important to understanding your organization and its role in place branding and talent attraction?

B) Interview Questions for Startup Organisations

(Startup Estonia and Startup Lithuania)

The Interviewee and the [organisation]

1. What is your position within [organization]? Could you describe your role and responsibilities?
2. What are the main goals of the organization and how they connect to the country's policies and strategies?
3. Which challenges or opportunities led to the creation of this program?
4. Does it contribute to tackle talent shortages and contributes to economic growth?
5. How do you evaluate the needs and expectations of international entrepreneurs and skilled professionals considering relocation? and what methods do you employ to collect feedback from them?

Target Audiences and Communication

6. What is your main target audience for your initiatives?
7. From which countries and professional fields do you attract the most talents and startups, and why do you think these groups choose [country]?
8. How do you identify and segment the target audience and how do you adapt your messaging for different groups (e.g., tech entrepreneurs, investors, remote workers)?
9. Which communication channels are the most effective in reaching international startup founders and professionals?
10. What are the key messages and ideas that you wish to communicate and how they highlight the countries' strengths? (e.g., ease of doing business, startup support programs, innovation ecosystem)?

Place Branding Strategies

Marketing and Branding Strategies

11. What marketing and branding strategies are used by the [organization] to attract startups, talent, and investors from abroad? - Can you give me some examples?
12. How does market research influence your strategies? Do you compare your strategies with other startup ecosystems?
13. In your opinion, what differentiates your country's startup ecosystem from other destinations?

Integration with Governance and Policies

14. Do your marketing efforts align with government policies, such as VISA programs, tax incentives or innovation funding? Can you provide examples?
15. And how do you ensure that these policies are communicated effectively to your target audience?
16. Does your feedback influence government policies for future talent and startup attraction strategies? If so, how?

Stakeholder Engagement and Collaboration

17. Do you cooperate with other stakeholders (startups, public authorities, investors, talent attraction/retention initiatives or companies, and education institutions)? How does this contribute to your goals?
18. Do you also cooperate with startup hubs in other countries? If so, what are the results of these collaborations?

Challenges and Results

19. What are the biggest challenges your organization faces in attracting and retaining international startups and talent, and how do you address them?
20. What metrics or KPIs do you use to evaluate the success of your initiatives, and how do you measure both the quantitative and qualitative aspects (like number of startups, investment inflows or founder satisfaction, ecosystem development)?
21. Can you share a success case where your strategies impacted talent attraction or contributed to the country's reputation as a startup hub?

Appendix 2 – Interviews’ Coding

Table A: Interviews’ coding

Category	Subcategory	Coding
Organizational context	Initiatives	Government initiatives under economic development agencies for talent attraction and to support the startup ecosystem.
Marketing, communication, and branding strategies	Market research	All initiatives use multiple research methods.
	Target audiences	ICT professionals are the main audience, with geographic focus on Brazil, UK, Turkey. Startup Estonia targets foreign founders; Startup Lithuania is becoming more open to attract foreign talent.
	Strategies	Campaigns are built around ICT personas (Estonia) and career/safety/lifestyle pillars (Lithuania). Startup Estonia focuses on ease of doing business. Lithuania brands as fast-growing.
	Communication channels	Few types of communication channel with high focus in digital and social media campaigns, conferences, and tech-events.
	Key messages	Estonia: Digital society, fast career growth, quality of life. Lithuania: Safety, work-life balance, career growth.
	Value propositions	Estonia promotes as best destination for global tech talent and easy bureaucracy. Lithuania highlights economic growth, innovation, and startup support.
	Strategies alignment with local policies	All organizations integrate government incentives (startup visa, digital nomad visa) into their branding and contribute to policymaking.

	Stakeholder engagement and cooperation	Organizations collaborate with ministries, companies, universities, and similar initiatives. Stakeholders are seen as partners.
Performance and impact	Challenges	Estonia: Small country awareness, global competition. Lithuania: Reluctance to hire in English, limited listings. Startup Estonia: Ukraine war, taxes and living costs. Startup Lithuania: Talent shortage.
	Impact measurement	Varied quantitative and qualitative KPIs used; conversion is not possible to be tracked.
Future outlook		Strengthen ecosystems and increase country visibility and talent attraction.

Appendix 3 – Additional information retrieved from the interviews and secondary data

Table A: Initiatives' Overview.

Initiative	Mother Organization	Purpose & main goals	References
Work in Estonia	Enterprise Estonia (joint effort of the Ministry of Economic Affairs, Estonian IT cluster, and entrepreneurs)	Attracting and retaining ICT and engineering professionals and FDI	(E1; Work in Estonia; Government Office of the Republic of Estonia, 2021)
Work in Lithuania	Invest Lithuania (Ministry of Economy and Innovation)	Attract international talent; support priority sectors; contribute to FDI and economic development	(L1; TALENTAS, 2021; Work in Lithuania)
Startup Estonia	Estonian Business and Innovation Agency	Attract startup founders; increase startup number; promote startup-friendly policies	(E2; Startup Estonia)
Startup Lithuania	Innovation Agency Lithuania (Ministry of Economy and Innovation)	Increase startup number and value; help scaling their potential.	(L2; Startup Lithuania)

Table B: Target Countries by Initiative

Initiative	Target country	Reasons why this target chooses Estonia/Lithuania
Work in Estonia	Brazil	Strong cultural fit between the countries Estonia's stability and career opportunities (E1)
	Germany	Estonia's strong tech sector (E1)
	United Kingdom	Estonia's strong digital infrastructure; and ease of doing business (E1)
Work in Lithuania	Brazil	Security concerns (L1)
	Philippines	Better career opportunities (L1)
	Turkey	Political instability; safety appreciated (L1)
	Other markets: UK, Argentina, Portugal, Spain, Albania, and Romania	Not specifically mentioned
Startup Estonia	Brazil	LatAm talent demand; Companies opening offices in Mexico City and Brazil (E1)
	Mexico	
	Other markets: Latin America in general	
	Turkey	Interest in establishing a presence in the EU; Proximity to Estonia (3-hour flight) (E2)
Startup Lithuania	EU countries and the US market (as future regions of strategic interest)	Not specifically mentioned

Table C: Key Messages by Initiative.

Work in Estonia (E1, Work in Estonia)	Work in Lithuania (L1, Work in Lithuania)
“Digital Society”: - The world's most advanced digital society - All public services available online - Technology embedded in the culture - Startup nation of Europe - The place to be for Innovation	“Open Lithuania”: - Modern, growing, and safe - A young and thriving democracy - Open, free, and collaborative society - Digital, innovative, future-focused - Gateway to Europe
“Career boost”: - Things happen quickly - Ideas and skills are highly valued - Promotions in a short time	“Inspiring work”: - Driven and globally minded making a real impact - Vibrant tech/scene & a wealth of opportunities - Faster career prospects - Flexible career prospects - Flexible work culture - Gender balance and equality
“Great work-life balance”: - Flexible working hours - Short commute times - Free time for personal life	“Relaxed life”: - Perfect work-life balance - Cities with unique character - Nature front - Short and green commutes - Safety
“Clean environment”: - Clean city air - Everything is close by, and traffic jams are rare - Low population density - Abundant nature	
“Stable & safe”: - Estonians open up in a short time - Low corruption and crime rate	

Startup Estonia Sources: E2	Startup Lithuania Sources: L2
Ease of doing business: - Tax-free reinvested profits	Supportive, community-based environment: - Helpful environment - Strong collaboration - Strong government support
Strong startup ecosystem: - Business incubators and accelerators - Government-backed initiatives	Fastest-growing startup ecosystem: - Rapid growth and agile - Focused on unicorn building
Legacy of startup success: - Startup strong culture - Capital and expertise reinvested into new ventures	

Table D: Value Propositions by Initiative.

Initiative	Value Proposition
Work in Estonia	Best career choice destination for global tech talent; accessibility network (in terms of job opportunities and bureaucracy); high personal-trust environment; values skills over degrees (E1)
Work in Lithuania	Country recognized as one of the best in Europe for economic expectations and current economic growth (L1)
Startup Estonia	Proximity ecosystem; strong cooperation between government and industry; small and highly interconnected ecosystem; Flat leadership style; quick and agile responses to policy issues (E2)
Startup Lithuania	Robust infrastructure; talented tech workforce; Government financial support instruments; Ecosystem's exponential growth despite being a recent one (L2)

Table E: Future goals by Initiative.

Initiative	Future goals
Work in Estonia	Long-term growth of their international workforce despite constitutional restrictions on quotas for foreign talent (E1).
Work in Lithuania	Increase their visibility which will depend on the growth and success of their startups and unicorns, such as NordVPN and Vinted; improve cooperation between governments and businesses (L1).
Startup Estonia	Focuses on increasing the cooperation between universities and researchers, as well as the “need to invite more people outside of the EU to bring more investment for the tech sector” (E2).
Startup Lithuania	Aims to have more globally scaling startups, create a clear path for acceleration across all stages, and bring more foreign startups to Lithuania” (L2).